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MEXAN LIMITED
茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018, together with comparative figures for the corresponding year 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	4	**62,164**	84,885
Direct costs		**(25,281)**	(25,298)
Gross profit		**36,883**	59,587
Other revenue	4	**79**	3,208
Administrative and other operating expenses		**(23,629)**	(24,764)
Depreciation and amortisation		**(18,178)**	(18,757)
Written back of/(Provision for) impairment loss on trade receivables		**6,130**	(17,192)
Finance costs	5	**(572)**	(758)
Profit before income tax	6	**713**	1,324
Income tax expense	7	**(977)**	(1,996)
Loss and total comprehensive income for the year		**(264)**	(672)

* *For identification purpose only*

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Loss and total comprehensive income attributable to:			
Owners of the Company		**(107)**	(516)
Non-controlling interests		**(157)**	(156)
		(264)	(672)
Loss per share			
– basic and diluted *(HK cents)*	*8*	**(0.01)**	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**461,097**	477,580
Intangible assets		**–**	–
Investment property		**8,829**	9,131
		469,926	486,711
Current assets			
Inventories		**151**	67
Trade and other receivables	*9*	**6,019**	8,240
Amounts due from related parties		**68**	63
Tax recoverable		**–**	7,844
Cash and bank balances		**22,945**	19,906
		29,183	36,120
Current liabilities			
Other payables, deposits received and accrued charges		**20,363**	26,219
Amount due to a non-controlling shareholder of a subsidiary		**6,414**	6,414
Amounts due to a director		**–**	8,000
Bank loan		**40,284**	49,643
Tax payable		**14**	–
		67,075	90,276
Net current liabilities		**(37,892)**	(54,156)
Total assets less current liabilities		**432,034**	432,555
Non-current liabilities			
Deferred tax liabilities		**11,449**	11,706
Net assets		**420,585**	420,849
EQUITY			
Share capital		**26,218**	26,218
Reserves		**396,538**	396,645
Equity attributable to owners of the Company		**422,756**	422,863
Non-controlling interests		**(2,171)**	(2,014)
Total equity		**420,585**	420,849

Notes:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective:

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business combinations; HKFRS 11 Joint arrangements; HKAS 12 Income taxes; and HKAS 23 Borrowing costs[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 19	Plan amendment, curtailment or settlement[2]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] Effective for annual periods beginning on or after 1 January 2021

[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Annual Improvements to HKFRSs 2015-2017 Cycle

The amendments to HKFRS 3 and HKFRS 11 clarify whether the previously held interest in a joint operation, which is a business as defined in HKFRS 3, should be remeasured under two scenarios, (a) when a joint operator obtains control over the joint operation; or (b) when an investor which participated in (but did not jointly control) the joint operation subsequently obtains joint control.

The amendments to HKAS 12 clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity.

The amendments to HKAS 23 clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a twelvemonth expected credit loss or lifetime expected credit loss, depending on the assets and the facts and circumstances. The directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 might result in earlier provision of credit losses in relation to the Group's trade and other receivables measured at amortised costs.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group does not have any non-cancellable operating lease commitments. For future arrangements that will meet the definition of a lease under HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

HKFRS 17 – Insurance Contracts

HKFRS 17 replaces HKFRS 4 and it is a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts. Early application is permitted, provided that the entity also applies HKFRS 9 and HKFRS 15 on or before the date it first applies HKFRS 17.

The Group is not yet in a position to state whether the new pronouncement will result in substantial changes to the Group's accounting policies and financial statements.

Amendments to HKFRS 4 – Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts

The amendments introduce the following two approaches: (a) Deferral approach – Temporary exemption from HKFRS 9 Entities whose activities are predominantly connected with insurance may choose to defer the application of HKFRS 9 until 2021 (the effective date of HKFRS 17); (b) Overlay approach – All entities that issue insurance contracts may choose to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when HKFRS 9 is applied before the new insurance contracts standard is applied.

The Group is not yet in a position to state whether the new pronouncement will result in substantial changes to the Group's accounting policies and financial statements.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendments affect entities that finance their associates and joint ventures with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or "LTI"). The amendments, which address equity-accounted loss absorption by LTI, state that LTI are in the scope of both HKFRS 9 and HKAS 28 and explain the annual sequence in which both standards are to be applied.

The Group is not yet in a position to state whether the new pronouncement will result in substantial changes to the Group's accounting policies and financial statements.

Amendments to HKAS 19 – Plan amendment, curtailment or settlement

The amendments clarify that (a) on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period; and (b) the effect of the asset ceiling cost is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

The Group is not yet in a position to state whether the new pronouncement will result in substantial changes to the Group's accounting policies and financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of measurement

The consolidated financial statements are prepared under historical cost convention.

The consolidated financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business, notwithstanding the fact that the Group had a net current liabilities of HK$37,892,000 (2017: HK$54,156,000) as at 31 March 2018.

In the opinion of the directors, the Group is able to maintain itself as a going concern in the coming year by taking into consideration that:

(i) The cash flow projections can be achieved the Group would have sufficient working capital to finance its operation and to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period;

(ii) The net assets of the Group approximately HK$420,585,000 (2017: HK$420,849,000), the Group should be able to secure additional loan facilities, if necessary;

(iii) Bank loan with carrying amount of approximately HK$30,769,000 (2017: HK$40,207,000) as at 31 March 2018 that is repayable more than one year after the end of the reporting period pursuant to the repayment schedule included in the loan agreement, with repayment on demand clause, has been classified as current liability as at 31 March 2018 in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position and the securities underlying the loan, the directors believe that the bank will not exercise its discretionary rights to demand immediate repayment. The directors believe that the bank loan will be repaid in accordance with the scheduled repayment dates set out in the loan agreement; and

(iv) The controlling shareholder, who is also a director of the Company, has provided undertaking not to demand payment of director's discretionary bonus totalling HK$11,000,000 (2017: HK$11,650,000) as at 31 March 2018 owing to him by the Group until such time when payment will not affect the Group's abilities to repay other debts in the normal course of business.

Based on the above, the directors are satisfied that the Group will have sufficient cash resources to satisfy their future working capital and other financing requirements and it is appropriate to prepare these consolidated financial statements on a going concern basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("HK$") which is also the functional currency of the Company.

3. SEGMENT REPORTING

(a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The Group has only one reportable operating segment which is the hotel operation. The Group's assets and capital expenditure are principally attributable to this business component.

(b) Geographical segment information

During the years ended 31 March 2018 and 2017, the Group's operations and non-current assets are situated in Hong Kong in which all of its revenue was derived.

(c) Information about major customers

Revenue attributable from a customer (2017: four customers) with whom transactions have exceeded 10% of the Group's revenue during the year as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Customer A	**–**	16,818
Customer B	**–**	35,072
Customer C	**–**	12,624
Customer D	**48,956**	11,989
	48,956	76,503

4. REVENUE AND OTHER REVENUE

The Group's revenue represents the service provided, net of rebates and discounts.

An analysis of the Group's revenue and other revenue are as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Hotel operations		
– Hotel room sales	**58,246**	80,911
– Food and beverage income	**3,515**	3,660
– Miscellaneous sales	**403**	314
	62,164	84,885
Other revenue		
Bank interest income	**3**	2
Gain on disposal of club membership	**–**	3,000
Sundry income	**76**	206
	79	3,208
	62,243	88,093

5. FINANCE COSTS

Finance costs comprise the following:

	2018	2017
	HK$'000	*HK$'000*
Interest on bank loan *(Note)*	**556**	545
Bank charges	**16**	213
	572	758

Note: The analysis shows finance costs of bank loan, which contains a repayment on demand clause in accordance with the agreed schedule dates set out in the loan agreement.

6. PROFIT BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting) the following:		
Cost of services provided	**25,281**	25,298
Auditor's remuneration	**610**	570
Depreciation of property, plant and equipment	**17,876**	17,776
Depreciation of investment property	**302**	302
Amortisation of intangible assets	**–**	679
(Written back of)/Provision for impairment loss on trade receivables	**(6,130)**	17,192
Staff costs (including directors' emoluments)		
– Salaries and allowances	**27,782**	27,350
– Retirement benefit cost	**1,024**	1,024

7. INCOME TAX EXPENSE

Hong Kong profits tax is provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**1,242**	1,198
Over provision in prior years	**(8)**	(20)
	1,234	1,178
Deferred taxation		
Origination and reversal of temporary differences, net	**889**	818
Effect of change in tax rates	**(1,146)**	–
	(257)	818
Income tax expense	**977**	1,996

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(107)**	(516)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *('000)*	**1,310,925**	1,310,925

No dilutive loss per share is presented as there were no potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**16,165**	24,457
Less: Provision for impairment loss	**(11,062)**	(17,192)
	5,103	7,265
Deposits, prepayments and other receivables	**916**	975
	6,019	8,240

(a) The Group allows an average credit period of one week (2017: one week) to its trade customers. All trade receivables are expected to be recovered within one year. The following is an ageing analysis of trade receivables, net of allowance, at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**3,900**	1,621
31 – 60 days	**3**	–
61 – 90 days	**–**	1,140
Over 90 days	**1,200**	4,504
	5,103	7,265

(b) Ageing analysis of trade receivables, net of allowance, which are past due but not impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,007**	1,621
Within 30 days	**1,896**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	2,457
Over 90 days	**1,200**	3,187
Amount past due but not impaired	**3,096**	5,644
	5,103	7,265

Before accepting any new customer (other than walk-in customers), the Group assesses the potential customer's quality and defines credit limit by customer.

(c) At 31 March 2018, trade receivables of HK$2,007,000 (2017: HK$1,621,000) are neither past due nor impaired. The Group considers the credit quality of the trade receivables within the credit limit set by the Group using the internal assessment taking into account of the repayment history and financial difficulties (if any) of the trade debtors and did not identify significant credit risk on these trade receivables. Included in the Group's trade receivables balance of HK$3,096,000 (2017: HK$5,644,000) at 31 March 2018 were past due at 31 March 2018 against which the Group has not provided for impairment loss. The management believes that no impairment allowance is necessary in respect of these balances having considered the outstanding balances could be set off against the deposits. Normally, other than those receivables are secured by deposits, the Group does not hold any collateral over these balances.

(d) Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for doubtful debts during the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**17,192**	–
Impairment loss recognised	**–**	17,192
Written back of impairment loss previously recognised	**(6,130)**	–
At 31 March	**11,062**	17,192

At 31 March 2018, included in the allowance for doubtful debts are individually impaired trade receivables. The individually impaired receivables related to invoices that were outstanding for more than one year and the management assessed that none of these balances are expected to be recovered.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year 31 March 2018 (2017: Nil).

BUSINESS REVIEW

Results

The Group's loss and total comprehensive income for the year was presented as follows:

	2018	2017
	HK$'000	*HK$'000*
Hotel business and other operation	**(264)**	(672)
Loss and total comprehensive income for the year	**(264)**	(672)

Revenue of the Group for the year ended 31 March 2018 amounted to approximately HK$62 million which solely comprised the turnover generated from the hotel operation, representing a decrease of 27% when compared with the turnover of approximately HK$85 million generated in last year.

The Group recorded a loss attributable to owners of the Company of approximately HK$0.11 million for the year ended 31 March 2018, when compared with a loss attributable to owners of the Company of approximately HK$0.52 million for the year ended 31 March 2017.

The loss and total comprehensive income in this year was mainly attributable to the decrease of turnover generated from the hotel operation.

Turnover generated from hotel operations for recent years

The turnover generated from hotel operations for recent years was presented as follows:

	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*
Hotel room sales	**58,246**	80,911	129,274
Food and beverage income	**3,515**	3,660	4,547
Miscellaneous sales	**403**	314	391
Turnover	**62,164**	84,885	134,212

Turnover generated from hotel room sales was decreasing when comparing the amount between years ended 31 March 2017 and 31 March 2016.

Review of Operation

Hotel business

The Group operates the Winland 800 Hotel (formerly known as Mexan Harbour Hotel), a 800-room hotel in Tsing Yi, maintained an average occupancy rate of approximately 99% for the year under review. It is because the average room rate decreased from April 2017 to December 2017, resulting the total income decrease when comparing with last year. The Group closely monitors the business environment and adapts quickly to overcome challenges we encountered.

Prospects

Looking forward, Hong Kong's hospitality industry may have stabilised with increase of visitors and PRC individual travelers. The increase of supply of new hotel rooms, competing room rates and occupancy rates may still affect the hospitality industry. The operating environment for the hotel market will be quite challenging this year. With our experienced management team, we are confident that we can tackle these challenges. Our core businesses will continue to generate recurrent and stable income. The Group is financially healthy and will deliver satisfactory growth and sustainable returns to our shareholders.

Liquidity and Financial Information

During the year under review, cash flow of the Group was mainly generated from the hotel operations. As at 31 March 2018, the Group's total borrowings amounted to approximately HK$40 million compared with approximately HK$50 million as at 31 March 2017. The decrease of the Group's total borrowings was due to the repayment of significant amount of the bank loan.

As at 31 March 2018, cash and bank balances amounted to approximately HK$23 million compared with cash and bank balances of approximately HK$20 million last year. The Group's net assets as at 31 March 2018 amount to approximately HK$421 million which remain approximately the same as last year.

Gearing ratio of the Group that is expressed as a percentage of total borrowings to total equity was approximately 10% as at 31 March 2018 compared with approximately 14% as at 31 March 2017. Net gearing ratio of the Group which is expressed as a percentage of net borrowings (total borrowings less cash and bank balance) to total equity was approximately 4% compared with approximately 9% last year.

Of the Group's total borrowings as at 31 March 2018, approximately HK$9 million would be due within one year and approximately HK$31 million would be due for repayment after one year which contain a repayable on demand clause. The total borrowings were denominated in HK$ and bear a variable interest rate.

The above borrowings were secured by the hotel property and the corporate guarantee from the Company.

Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities. Bank deposits are denominated in HK$.

Equity

Total equity of the Group as at 31 March 2018 was approximately HK$421 million which remain approximately the same as last year. Total equity attributable to owners of the Company as at 31 March 2018 was approximately HK$423 million which remain approximately the same as last year.

Employee Information and Emolument Policy

As at 31 March 2018, the total number of employees of Group was 110 (2017: 106). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the directors are determined having regard to the comparable market statistics. No director of the Company, or any of his associates, and executive is involved in dealing his own remuneration. The remuneration policies of the Group are normally reviewed on periodic basis. The Group participates in pension schemes that cover all the eligible employees of the Group.

Contingent Liabilities

At the end of the reporting period, the Company provided a financial guarantee to a bank for the banking facilities of an aggregate amount of HK$40,284,000 (2017: HK$49,643,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$40,284,000 (2017: HK$49,643,000) as at 31 March 2017. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

The Company has not recognised any deferred income in respect of the guarantees as the fair value is insignificant and its transaction price was nil. The Company had not recognised any provision in the Company's financial statements as at 31 March 2018 as the directors considered that the probability for the holder of the guarantees to call upon the Company as a result of default in repayment is remote.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set in Appendix 14 of the Listing Rules for the year under review, except for the deviation from the CG Code as follows:

Under code provision A.2.1 of the CG Code, the roles of chairman and managing director should be separate and should not be performed by the same individual. Mr. Lun Yiu Kay Edwin is both the Chairman of the Board and Managing Director of the Company. The Board considers that although such structure deviates from A.2.1 of the Code, the effective operation of the Group will not be impaired since Mr. Lun Yiu Kay Edwin has exercised sufficient delegation in the daily operation of the Group's business as Managing Director while being responsible for the effective operation of the Board as Chairman of the Board. The Board and senior management have benefited from the leadership and experience of Mr. Lun Yiu Kay Edwin.

Under the code provision A.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the independent non-executive directors without the executive directors present. Although the chairman did not hold a meeting with the independent non-executive Directors during the year ended 31 March 2017, he delegated the company secretary to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

Under the code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in accordance with the Bye-laws, the Chairman and Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes as a deviation from code provision of A.4.2 of the CG Code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of the Chairman and Managing Director provide the Group with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

Under the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Ng Hung Sui Kenneth is an independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 6 September 2017 as they had other business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry to all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transaction throughout the year.

AUDIT COMMITTEE

The Audit Committee was established in March 1999 with specific written terms of reference and comprised of three members, all of them are Independent Non-Executive Directors. The Audit Committee comprises of three members, including Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lau Shu Kan. The chairman of the Audit Committee is Mr. Lau Shu Kan. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.mexanhk.com under "Announcement". The annual report for the year ended 31 March 2018 will be dispatched to the shareholders and published on the above websites in due course.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

By Order of the Board
MEXAN LIMITED
Lun Yiu Kay Edwin
Chairman

Hong Kong, 26 June 2018

As at the date of this announcement, the Executive Directors are Mr. Lun Yiu Kay Edwin (Chairman) and Mr. Ng Tze Ho Joseph and the Independent Non-Executive Directors are Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lau Shu Kan.