MEXAN LIMITED
茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
		(Re-presented [Note 1])	
	3/2025	3/2024	Change
	HK$'000	*HK$'000*	%
Continuing operations			
Revenue	**37,592**	102,501	–63%
Gross profit	**6,928**	28,648	–76%
Loss for the year	**(38,898)**	(13,168)	195%
Core loss from continuing operations [Note 2]	**(7,051)**	(5,728)	23%
Loss attributable to the owners of the Company for the year	**(30,747)**	(20,158)	53%
Basic and diluted Earnings per share *(HK cents)*	**(1.63)**	(1.03)	53%

The Board proposed to declare VSD special dividend of HK$0.06 per share to the shareholders which proposal was passed in the Special General Meeting of the Company held on 25 March 2025 and a further declaration of special interim dividend of HK$0.181 per each ordinary share to the shareholders on 9 May 2025.

Note 1: Last year's financial information is re-presented to exclude discontinued operations.

Note 2: Core loss from continuing operations represents net loss from continuing operations excluding impairment loss on investment property.

The board (the "Board") of directors (the "Directors") of MEXAN LIMITED (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2025, together with comparative figures for the corresponding year 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

			(Re-presented)
		2025	2024
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*5*	**37,592**	102,501
Direct costs		**(30,664)**	(73,853)
Gross profit		**6,928**	28,648
Other income		**7,941**	1,504
Administrative and other operating expenses		**(16,176)**	(14,106)
Selling and distribution expenses		**(3,925)**	(6,470)
Depreciation		**(6,063)**	(9,766)
Impairment loss on investment property	*12*	**(31,847)**	(7,440)
Reversal of provision/(provision) of impairment loss on trade and retention receivables and contract assets, net	*13, 14*	**4,893**	(4,922)
Finance costs	*6*	**(643)**	(844)
Loss before income tax from continuing operations	*7*	**(38,892)**	(13,396)
Income tax (expense)/credit	*8*	**(6)**	228
Loss for the year from continuing operations		**(38,898)**	(13,168)
Discontinued operation			
Profit/(loss) for the year from a discontinued operation	*17*	**6,679**	(7,230)
Loss for the year		**(32,219)**	(20,398)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of provision for long service payments		**1,274**	–
Total comprehensive income for the year		**(30,945)**	(20,398)

	Notes	2025 HK$'000	(Re-presented) 2024 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(32,021)**	(20,158)
Non-controlling interests		**(198)**	(240)
		(32,219)	(20,398)
Total comprehensive income attributable to:			
Owners of the Company		**(30,747)**	(20,158)
Non-controlling interests		**(198)**	(240)
		(30,945)	(20,398)
Loss for the year attributable to owners of the Company			
Continuing operations		**(38,700)**	(12,928)
Discontinued operation		**6,679**	(7,230)
		(32,021)	(20,158)
Loss per share attributable to owners of the Company – basic and diluted (HK cents)	*10*		
Loss for the year		**(1.63)**	(1.03)
Loss from continuing operations		**(1.97)**	(0.66)
Profit/(loss) from a discontinued operation		**0.34**	(0.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**135**	368,177
Investment property	*12*	**56,017**	90,969
Right of use asset		**724**	3,185
		56,876	462,331
Current assets			
Inventories		**4,691**	351
Trade and other receivables	*13*	**94,964**	34,387
Contract assets	*14*	**4,703**	11,213
Secured bank deposits		**4,859**	4,303
Cash and bank balances		**35,446**	42,642
		144,663	92,896
Assets held for sale	*17*	**345,379**	–
		490,042	92,896
Current liabilities			
Trade and other payables, deposits received and accrued charges	*15*	**95,202**	23,688
Bank loans	*16*	**17,948**	45,035
Contract liabilities		**3,342**	6,257
Lease liabilities		**755**	2,666
Amount due to a company controlled by a director of a subsidiary		**–**	10,602
Amount due to a non-controlling shareholder of a subsidiary		**6,414**	6,414
Current tax liabilities		**974**	974
		124,635	95,636
Net current assets/(liabilities)		**365,407**	(2,740)
Total assets less current liabilities		**422,283**	459,591

	Notes	**2025**	2024
		HK$'000	*HK$'000*
Non-current liabilities			
Bank loans	*16*	**69,000**	73,000
Lease liabilities		**–**	755
Provision for long service payments		**34**	4,050
Deferred tax liabilities		**5,381**	2,973
		74,415	80,778
Net assets		**347,868**	378,813
EQUITY			
Share capital		**39,328**	39,328
Reserves		**312,083**	342,830
Equity attributable to owners of the Company		**351,411**	382,158
Non-controlling interests		**(3,543)**	(3,345)
Total equity		**347,868**	378,813

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability on 1 November 1991 under the Companies Act 1981 of Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, Church Street, Hamilton HM 11, Bermuda. Its principal place of business in Hong Kong is located at Room 1303, 13/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the supply of furniture and building materials and provision of the design and fit-out construction service. The Group was also engaged in the operation of a hotel in Hong Kong but was discontinued in the current year (Note 17).

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

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amendments to standards and interpretations

The Hong Kong Institute of Certified Public Accountants has issued a number of amendments to standards and interpretations that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior year.

(b) New standards, interpretation and amendments that have been issued but are not yet effective

The following new standard, interpretations and amendments 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.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards – Volume 112
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associates or Joint venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is currently assessing the effect of these new accounting standards and amendments, other than as explained below, the management did not anticipate these new accountings and amendments will have material impact to the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the HKFRS Accounting Standards) 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 and going concern assumption

The consolidated financial statements are prepared under historical cost convention, except for assets held for sale.

The accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of amendments to standards and interpretation and the impacts on the Group's financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

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 that the Group incurred a loss for the year ended 31 March 2025 of HK$32,219,000 and had ceased hotel operation as at 31 March 2025. Following the cessation of the hotel operation, the Group is now focused on the supply of furniture and building materials, as well as the provision of design and fit-out construction services. Amid a weak economic environment and intense market competition, the Group's business remains exposed to significant uncertainties.

For the purpose of assessing the Group's ability to continue as a going concern and the appropriateness of use of going concern basis for the preparation of these consolidated financial statements, the directors of the Company prepared a cash flow forecast ("Cash Flow Forecast") of the Group covering a period of 18-month from the end of the reporting period. When preparing the Cash Flow Forecast, the directors have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing as well as taken the following into account:

(i) As disclosed in note 17, the Group disposed of its hotel property at consideration of HK$765 million in April 2025. The Group applied the net disposal proceeds for repayment of bank loans of approximately HK$84 million and payment of the special dividends declared on 2 April 2025 and 9 May 2025 of HK$118 million and HK$356 million respectively. The remaining balance of approximately HK$207 million was retained by the Group as general working capital.

(ii) As at date of approval of these consolidated financial statements, the Group had total banking facilities of HK$76.5 million from various banks, of which HK$73.9 million was unutilized. The banking facilities are subject to review by the banks at any time at its discretion with a financial covenant related to the secured bank deposit and the directors of the Company made an assessment of the Group's ability for the ongoing compliance of the covenant and considered that it is unlikely that the Group will breach the loan covenants over the forecast period;

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

4. SEGMENT INFORMATION

(a) Operating segment information

The executive Directors of the Company are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive Directors of the Company that are used to make strategy decision.

During the year ended 31 March 2025, the Group has two reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Hotel operation – letting of hotel rooms to contracted and non-contracted sales agents and walk-in customers, sales of food and beverage and provision of laundry services

- Trading of building materials and fit-out construction service – supply of furniture and building materials and provisions of the design and fit-out construction service

The segment revenue and results for the years ended 31 March 2025 and 2024:

	Discontinued operation – Hotel operation		Continuing operations – Trading of building materials and fit-out construction service		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
External revenue	**86,118**	74,443	**37,592**	102,501	**123,710**	176,944
Segment profit/(loss) before income tax	**9,087**	(7,958)	**(2,219)**	(1,356)	**6,868**	(9,314)
Interest income	**895**	1,056	**160**	229	**1,055**	1,285
Interest expense	**(5,670)**	(6,976)	**(564)**	(719)	**(6,234)**	(7,695)
Depreciation of property, plant and equipment	**(20,086)**	(20,095)	**(497)**	(1,961)	**(20,583)**	(22,056)
Depreciation of properties leased for own use	**–**	–	**(2,461)**	(4,548)	**(2,461)**	(4,548)
Reversal of provision/(provision) of impairment loss on trade and retention receivables and contract assets, net	**–**	–	**4,893**	(4,922)	**4,893**	(4,922)
Income tax (credit)/expense	**(2,408)**	728	**–**	(586)	**(2,408)**	142
Reportable segment assets	**448,642**	404,045	**31,693**	56,827	**480,335**	460,872
Reportable segment liabilities	**(176,230)**	(129,146)	**(12,507)**	(39,163)	**(188,737)**	(168,309)
Additions to non-current assets	**475**	251	**–**	4,148	**475**	4,399

Reconciliation of reportable segment profit or loss, assets and liabilities are as follows:

	2025	2024
	HK$'000	*HK$'000*
Reportable segments loss before tax	**6,868**	(9,314)
Less: (Profit)/loss before income tax from a discontinued operation	**(9,087)**	7,958
Impairment loss on investment property	**(31,847)**	(7,440)
Depreciation on investment property	**(3,105)**	(3,257)
Change in fair value of contingent consideration	**–**	5,072
Other administrative and other operating expenses	**(9,838)**	(5,890)
Other finance costs	**(394)**	(532)
Other income	**8,511**	7
Loss before income tax	**(38,892)**	(13,396)

	2025	2024
	HK$'000	*HK$'000*
Reportable segment assets	**480,335**	460,872
Unallocated corporate asset		
– Investments properties	**56,017**	90,969
– Other receivables	**209**	299
– Cash and bank balances	**10,357**	3,087
Consolidated total assets	**546,918**	555,227

	2025	2024
	HK$'000	*HK$'000*
Reportable segment liabilities	**(188,737)**	(168,309)
Amount due to a non-controlling shareholder of a subsidiary	**(6,414)**	(6,414)
Unallocated other payable and accruals	**(3,899)**	(1,691)
Consolidated total liabilities	**(199,050)**	(176,414)

(b) Geographical segment information

The following table provides an analysis of the Group's revenue from external customers and non-current assets excluding financial instruments and deferred tax assets.

	External revenue by location of customers		**Non-current assets by location of assets**	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**123,710**	175,334	**56,876**	462,331
Macau	**–**	1,610	**–**	–
	123,710	176,944	**56,876**	462,331

(c) Information about major customers

Revenues from each of the major customers accounted for 10% or more of the Group's total revenue are set out below:

	2025 *HK$'000*	2024 *HK$'000*
Discontinued operation – Hotel operation:		
Customer B	**30,513**	32,990
Customer E	**13,462**	–
	43,975	32,990
Continuing operations – Trading of building materials and fit-out construction service:		
Customer A	**–**	33,036
Customer C	**13,963**	27,333
Customer D	**–**	20,578
	13,963	80,947
	57,938	113,937

5. REVENUE

The Group's revenue represents income from the trading of furniture and building materials and construction service.

In the following table, revenue is disaggregated by types of good and service provided and timing of revenue recognition.

	2025 *HK$'000*	(Re-presented) 2024 *HK$'000*
Continuing operations		
Trading of furniture and building materials and fit-out construction service		
– Trading of furniture and building materials	**11,276**	79,110
– Fit-out construction service	**26,316**	23,391
Total revenue	**37,592**	102,501
Time of revenue recognition		
– Over time	**26,316**	23,391
– At a point in time	**11,276**	79,110
Total revenue	**37,592**	102,501

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2025	2024
	HK$'000	*HK$'000*
Contract assets	**4,703**	11,213
Contract liabilities	**(3,342)**	(6,257)
	1,361	4,956

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provision of fit-out construction service. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customers.

The contract liabilities mainly relate to the advance consideration received from fit-out construction service and trading of building materials. HK$4,930,000 contract liabilities as at 1 April 2024 and HK$4,202,000 of contract liabilities as at 1 April 2023 has been recognised as revenue for the year ended 31 March 2025 and 2024 respectively from performance obligations satisfied when the fit-out construction service were provided to the customers over time by reference to the period of stay or the building materials were delivered to and accepted by the customers.

Unsatisfied or partial satisfied performance obligations

As at 31 March 2025, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$39 million (2024: HK$65 million). This amount represents revenue expected to recognise in the future from construction contracts and sales and purchase agreements from sales of building materials and furniture entered into with customers. The Group will recognise the expected revenue in the future when or as the work is completed, or control over the ownership of building materials and furniture has been passed to customers. These are expected to occur over the next 12 months.

6. FINANCE COSTS

Finance costs comprise the following:

		(Re-presented)
	2025	2024
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans	**45**	207
Interest on amount due to a company controlled by a director of a subsidiary	**429**	410
Interest on long service obligation	**8**	15
Interest on lease liabilities	**90**	102
Bank charges	**71**	110
	643	844

7. LOSS BEFORE INCOME TAX

	2025 *HK$'000*	(Re-presented) 2024 *HK$'000*
Continuing operations		
Loss before income tax is arrived at after charging/(crediting) the following:		
Cost of services provided	**23,879**	17,949
Cost of inventories	**6,785**	55,904
Auditor's remuneration	**878**	878
Depreciation of property, plant and equipment	**497**	1,961
Depreciation of investment properties	**3,105**	3,257
Depreciation of properties leased for own use	**2,461**	4,548
Loss/(gain) on disposal of property, plant and equipment	**312**	(163)
Change in fair value of contingent consideration	**–**	(5,072)
Staff costs		
– Salaries and allowances	**15,512**	20,007
– Retirement benefit schemes contribution	**554**	842
– Long service payments expenses	**12**	1,072

8. INCOME TAX EXPENSE/(CREDIT)

(a) The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 *HK$'000*	(Re-presented) 2024 *HK$'000*
Continuing operations		
Current tax – Hong Kong Profits Tax		
Provision for the year		
– At 16.5%	**6**	580
Deferred taxation		
Origination and reversal of temporary differences, net	**–**	(808)
Income tax expense/(credit)	**6**	(228)

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2024: Nil).

10. LOSS PER SHARE

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

	2025	2024
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company		
– Continuing operations	**(38,700)**	(12,928)
– Discontinued operation	**6,679**	(7,230)
	(32,021)	(20,158)
Number of shares		
Weighted average number of ordinary shares *('000)* for the purpose of basic loss per share	**1,966,387**	1,966,387

No dilutive loss per share is presented as there was no potential ordinary shares in issue during the years ended 31 March 2025 and 2024.

11. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for both years. During the year ended 31 March 2025, additions to property, plant and equipment approximately amounted to HK$475,000 (2024: HK$2,023,000).

12. INVESTMENT PROPERTY

The fair value of the leasehold land as at 31 March 2025 was approximately HK$25,000,000 (2024: HK$24,700,000. The fair value was determined by independent professional qualified valuer, Prudential Surveyors (Hong Kong) Limited, with reference to recent market prices of similar properties as observable input. At the end of reporting period, no impairment of the leasehold land is considered.

The fair value of the commercial property as at 31 March 2025 was approximately HK$50,000,000 (2024: HK$85,000,000). The fair value was determined by independent professional qualified valuer, Prudential Surveyors (Hong Kong) Limited, with reference to recent market prices of similar properties as observable input. The recoverable amount was based on the fair value less cost of disposal, which amounted to approximately HK$49,300,000 (2024: HK$83,949,000). At the end of reporting period, an impairment loss of HK$31,847,000 (2024: HK$7,440,000) was recognised as the commercial properties market in Hong Kong was deteriorated during to recession of global economic environment during the year ended 31 March 2025.

13. TRADE AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables *(note a)*	334	26,887
Less: Provision for impairment loss *(note a)*	(136)	(4,539)
	198	22,348
Retention receivable *(note b)*	7,880	6,373
Less: Provision for impairment loss *(note b)*	(246)	(350)
	7,634	6,023
Deposits	1,477	2,443
Deposit receivable *(note c)*	76,500	–
Prepayments	9,054	3,474
Other receivables	101	99
	87,132	6,016
	94,964	34,387

Note (a):

For hotel operation, the Group allows an average credit period of one week (2024: one week) to its trade customers. For construction business, the Group allows maximum credit period of 2 months (2024: 2 months) to its trade customers. All trade receivables are expected to be recovered within one year. The following is an aging analysis of trade receivables, based on invoice date, at the end of the reporting period:

	2025	2024
	HK$'000	*HK$'000*
Within 30 days	45	11,192
Over 30 days but less than 60 days	–	1,544
Over 60 days but less than 90 days	–	4,734
Over 90 days	289	9,417
	334	26,887
Less: Allowance for impairment losses (i) and (ii)	(136)	(4,539)
	198	22,348

(i) Under the segment of hotel operation, as at 31 March 2025, no allowance for impairment losses was recognised (2024: HK$Nil). The movement in the allowance for impairment losses during the year is as follows:

	2025	2024
	HK$'000	*HK$'000*
At 1 April	**–**	4,540
Write off	**–**	(4,540)
At 31 March	**–**	–

(ii) Under the segments of trading of building materials and fit-out construction service, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Normally, other than those receivables secured by deposits, the Group does not hold any collateral over these receivables. The movement in the allowance for impairment losses during the year is as follows:

	2025	2024
	HK$'000	*HK$'000*
At 1 April	**4,539**	491
(Reversal of impairment loss)/impairment loss recognised for the year	**(4,403)**	4,048
At 31 March	**136**	4,539

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix based on the aging analysis by due date and grading respectively:

As at 31 March 2025

Trading of building materials and fit-out construction service

	Not past due	**Within 30 days**	**Over 30 days but less than 60 days**	**Over 60 days but less than 90 days**	**Over 90 days**	**Total**
Expected loss rate *(%)*	**2.22%**	**–**	**–**	**–**	**46.71%**	
Gross carrying amount *(HK$'000)*	**45**	**–**	**–**	**–**	**289**	**334**
Expected credit losses *(HK$'000)*	**1**	**–**	**–**	**–**	**135**	**136**

As at 31 March 2024

	Not past due
Hotel operation	
Expected loss rate *(%)*	0.00%
Gross carrying amount *(HK$'000)*	602
Expected credit losses *(HK$'000)*	–

Trading of building materials and fit-out construction service

	Not past due	Within 30 days	Over 30 days but less than 60 days	Over 60 days but less than 90 days	Over 90 days	Total
Expected loss rate *(%)*	5.29%	14.29%	22.91%	41.38%	67.37%	
Gross carrying amount *(HK$'000)*	16,687	154	3,946	3,748	1,750	26,285
Expected credit losses *(HK$'000)*	883	22	904	1,551	1,179	4,539

Under the segment of hotel operation, an impairment analysis was performed at 31 March 2025 and 2024 using a provision matrix to measure expected credit losses. The provision rates are based on due date or credit rating for grouping of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under the segment of trading of building materials and fit-out construction service, an impairment analysis was performed at 31 March 2025 and 2024 by using a provision matrix based on shared credit risk characteristics and the days past due. The provision rates are based on due date for grouping of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note (b):

The Group typically agrees 5% of the total contract sum as retention monies, of which half will generally be released after the issue of the certificate of practical completion and the remaining portion will be released after the warranty period. The Group generally provides their customers with one to two years warranty period from the date of the practical completion of the project. Upon the expiration of maintenance period, the customers will provide a warranty certificate and pay the retentions within the term specified in the contract. An impairment analysis was performed by using a provision matrix based on shared credit risk characteristics and the days past due. The movement in the allowance for impairment losses during the year is as follows:

	2025	2024
	HK$'000	*HK$'000*
At 1 April	**350**	–
(Reversal of impairment loss)/impairment loss recognised for the year	**(104)**	350
At 31 March	**246**	350

Note (c):

It represents the deposit paid by the purchaser for the acquisition of the hotel property and furniture, which was held by the Company's solicitors on behalf of the Group.

14. CONTRACT ASSETS

	2025	2024
	HK'000	*HK'000*
Contract assets arising from:		
Fit-out construction service	**4,841**	11,737
Less: Allowance for impairment losses	**(138)**	(524)
	4,703	11,213

Contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed and not billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when progress certificate/invoice is issued.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Contract assets have been grouped based on shared credit risk characteristics and the days past due. The movement in the allowance for impairment losses during the year is as follows:

	2025	2024
	HK$'000	*HK$'000*
At 1 April	**524**	–
(Reversal of impairment loss)/impairment loss recognised for the year	**(386)**	524
At 31 March	**138**	524

15. TRADE AND OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUED CHARGE

	2025	2024
	HK$'000	*HK$'000*
Current portion:		
Trade payable *(Note a)*	**3,555**	8,834
Accrued staff costs	**3,778**	2,887
Accrued charges *(Note b)*	**3,872**	2,040
Provision for long service payments *(Note 18)*	**3,538**	314
Deposit received for disposal of assets held for sale *(Note c)*	**76,500**	–
Other deposit received *(Note d)*	**2,330**	7,985
Other payables *(Note e)*	**1,629**	1,628
	95,202	23,688
Non-current portion:		
Provision for long service payments *(Note 18)*	**34**	4,050
	95,236	27,738

Notes:

(a) The ageing analysis of trade payables of the Group, based on invoice dates, as at the end of the year is as follows:

	2025	2024
	HK$'000	*HK$'000*
Within 1 month	**3,555**	6,132
Over 1 month but within 2 months	**–**	2,506
Over 2 months but within 3 months	**–**	196
	3,555	8,834

(b) The accrual charges represent audit fee of HK$1.2 million (2024: HK$1.2 million) and transaction cost of HK$2.3 million (2024: HK$Nil) for disposal of hotel property and furniture that have not been paid.

(c) Deposit received from disposal of assets held for sale represented 10% of total consideration for sale of the hotel property and furniture (Note 17).

(d) The balance represents the deposit received from contract agents in accordance with the annual room sales contract where the agents are required to prepay one month room charge as deposit, which was fully refund to contract agents after year end.

(e) Other payables mainly represent the hotel accommodation tax payable of HK$474,000 and sales commission payable of construction services of HK$204,000 (2024: HK$326,000).

The directors of the Company considered the carrying amounts of trade and other payables and accrued charges approximate to their fair values.

16. BANK LOANS

	2025	2024
	HK$'000	*HK$'000*
Secured:		
Letter of credit *(Note c)*	**2,630**	3,161
Export invoice financing *(Note c and d)*	**–**	2,906
Bank term loans *(Note a, b and e)*	**84,318**	111,968
	86,948	118,035
Current portion *(Note e and f)*	**17,948**	45,035
Non-current portion *(Note e and f)*	**69,000**	73,000
	86,948	118,035

(a) As at 31 March 2025, the bank term loans of HK$11 million and HK$73 million (2024: HK$36 million and HK$75 million) are secured by the first legal charge of the commercial property and hotel property of the Group respectively, carried at a variable interest rate with reference to HIBOR. The effective interest rate of the bank term loans are 5.66% per annum and 5.96% per annum respectively.

(b) The bank term loans are secured by the corporate guarantee from the Company, the corporate guarantee from a related company controlled by a Director of the Company and personal guarantee from a Director of the Company.

(c) The letter of credit and export invoice financing are secured by cash deposit, carried at a variable interest rate with reference to HIBOR. They are also secured by the personal guarantee from a director of the Company, and 51% is secured by the corporate guarantee from the Company.

(d) For export invoice financing with full recourse, since the Group has retained substantial risks and rewards relating to the trade receivables including default risks, the trade receivables are regarded as transferred financial assets that should not be derecognised. Accordingly, the trade receivables and the corresponding proceeds of borrowings with same amount as the trade receivables continued to be recognised in the consolidated financial statements even though the trade receivables have been legally transferred to banks. In the event of default by the debtors, the Group is obliged to pay the banks the amount in default.

(e) Bank term loan of carrying amount of HK$Nil as at 31 March 2025 (2024: HK$35 million) are repayable within 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 2025 in accordance with Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause.

(f) Based on the scheduled repayment dates set out in the loan agreements, the amounts repayable in respect of the bank loans are as follows:

	2025	2024
	HK$'000	*HK$'000*
Within one year	**17,948**	10,075
More than one year, but not exceeding two years	**8,000**	38,960
More than two years, but not exceeding five years	**61,000**	69,000
	86,948	118,035
Carrying amount of bank loans with scheduled repayment date after one year which contain a repayment on demand clause (shown under current liabilities)	**–**	34,960

17. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

On 7 February 2025, the Group as vendor and an independent third party as purchaser, entered into the sale and purchase agreement, pursuant to which the Group conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the hotel property and furniture in the hotel property of the Group at the consideration of HK$765,000,000, of which HK$76,500,000 (Note 13(c)) shall be paid as deposit and in part payment within 10 business days after signing the sale and purchase agreement to the Group's solicitors as stakeholders until completion and the remaining HK$688,500,000 shall be paid on the completion. The disposal was completed on 2 April 2025 with the consideration fully received on that day.

As at 31 March 2025, the hotel property and the furniture are available for immediate sale in its present condition and the sale is expected to be completed within twelve months from the reporting date and have been reclassified as asset held for sale accordingly. In addition, hotel operation as disclosed in note 4, represents a separate major line of business has ceased its operations as at 31 March 2025 and is therefore classified as a discontinued operation.

The result and cashflow of the hotel operation for years ended 31 March 2025 and 2024 were as below:

	2025	2024
	HK$'000	*HK$'000*
Revenue	**86,118**	74,443
Other income	**2,042**	1,070
Expense	**(73,403)**	(76,495)
Financial costs	**(5,670)**	(6,976)
Profit/(loss) before income tax	**9,087**	(7,958)
Income tax (expense)/credit	**(2,408)**	728
Profit/(Loss) for the year from a discontinued operation	**6,679**	(7,230)
Net cash inflow/(outflow) from operating activities	**11,953**	(5,576)
Net cash inflow from investment activities	**451**	104
Net cash outflow from financing activities	**(27,520)**	(1,520)
Net decrease in cash	**(15,116)**	(6,992)

The following assets were classified as held for sale in relation to the discontinued operation as at 31 March 2025:

	HK$'000
Property, plant and equipment	
– Hotel property	338,847
– Furniture	6,532
	345,379

18. PROVISION FOR LONG SERVICE PAYMENTS

Under Employment Ordinance, Cap.57, an employee who has been employed under a continuous contract for not less than 5 years of service is eligible for long service payments ("LSP") under the following circumstances:

- The employee resigns at age of 65 or above;
- The employee dies during employment;
- The employee resigns on ground of ill health;
- The fixed term employment contract expires without being renewed;
- The employee is dismissed which is not because of redundancy or serious misconduct

The LSP benefit is determined with reference to the employee's last full month's salary (capped at HK$22,500) and number of years of service. The LSP benefit is capped at HK$390,000 for each eligible employee. The accrued benefits derived from the Group's mandatory contributions under the mandatory provident fund ("MPF") scheme in respect of that employee can be used to offset the LSP benefit.

Under the Mandatory Provident Fund Schemes Ordinance, Cap. 485, the Group, as an employer, is required to make mandatory MPF contribution at 5% of the employee's monthly salary (capped at HK$1,500). The Group makes the contribution to separate trustees. MPF scheme has attributes of a defined contribution plan.

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP (the "Abolition"). Subsequently, the HKSAR Government announced that the Abolition will take effect on 1 May 2025 (the "Transition Date").

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP in respect of the employment period after the Transition Date.
- The pre-transition LSP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

At the time when the HKSAR Government announced the effective date of the Abolition, it indicated that it would launch a scheme to subsidise a portion of the post-transition portion of LSP payable by employers. Subsequently in November 2024, the Finance Committee of the Legislative Council approved the creation of a commitment for implementing the subsidy scheme for the Abolition ("LSP Subsidy"). Based on the Group's accounting policy on the LSP Subsidy, the subsidy is regarded as government grants for accounting purpose. No government grants are recognised in the year.

Movements in the liability recognised in the consolidated statement of financial position are as follows:

	2025 *HK$'000*	2024 *HK$'000*
At beginning of the year	**4,364**	–
Benefit paid from the plan	**(276)**	–
Remeasurements recognised in other comprehensive income:		
– Actuarial gain arising from changes in financial assumptions	**(1,274)**	–
Expenses recognised in profit or loss:		
Continued Operations		
– Current service cost	**12**	1,072
– Interest cost	**8**	15
Discontinued Operation		
– Current service cost	**640**	3,181
– Interest cost	**98**	96
At end of the year	**3,572**	4,364

Expenses of HK$652,000 (2024: HK$4,253,000) are included in administrative and other operating expenses in the consolidated statement of profit loss and other comprehensive income.

19. EVENT AFTER THE END OF THE REPORTING PERIOD

As the disposal of hotel property has taken place on 2 April 2025, the VSD special dividend of HK$0.06 per each ordinary share has been paid on 29 April 2025. On 9 May 2025, the Group declared to pay a special interim dividend of HK$0.181 per each ordinary share in the issued share capital of the Company and paid on 30 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

I present the results of MEXAN LIMITED (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2025.

MARKET REVIEW

The year 2025 is a fruitful year for shareholders.

Up to April 2025, the Group business mainly comprises firstly, the operation of an 800-room hotel in Tsing Yi, New Territories, Hong Kong in the name of Winland 800 Hotel (the "Hotel") and secondly, the trading of building materials and operating fit-out construction projects through its now wholly owned subsidiary Winland Firmstone Limited ("WFSL"). After April 2025, the only significant business of the Group consists of the latter segment.

The economic down cycle in Hong Kong had affected the Group's hotel operations as the travel industry has yet to see significant rebound after the pandemic. The Group's performance in this sector is dependent on the incoming of travelers, especially those coming from Mainland China. The rise of day trippers and prudent spending pattern pose challenges to the hotel industry. Further, as the Hotel was constructed in 2003 and ages through decades, maintenance and upkeeping costs accelerate rapidly with the passage of time.

In 2024, a Hong Kong statutory body approached the Company through an independent third-party agent to express its interest to acquire the Hotel. Given the recovery of the travel industry remains uncertain, the Group considers that the sale of the Hotel (together with the hotel licence) at approximately HK$765 million ("VSD") represents a good opportunity for the Group to crystallize a gain of approximately HK$400 million on the capital appreciation in value of the Hotel and to realize shareholder value from its operation of the Hotel. With the net proceeds of sale from the VSD, the Group has considered the use of the net proceeds from the VSD to maximize shareholder value.

Hence, the Board proposed to declare VSD special dividend of HK$0.06 per share to the shareholders which proposal was passed in the Special General Meeting of the Company held on 25 March 2025 and a further declaration of special interim dividend of HK$0.181 per each ordinary share to the shareholders on 9 May 2025.

The Company is minded to continue to leverage on its experience in the property industry and has been looking for suitable targets for future business development and acquisition. In addition, the Group believes that the VSD will help the Company to lower operating costs by saving costs on manpower required the Hotel operation. The VSD also allows the Group to consolidate its resources and expand its business portfolio as well as the exploration of other investment opportunities.

Turning to the business for trading of building materials and fit out construction projects operated under WFSL.

The success or failure of this sector will be significantly depended on the performance of the property market which remains worrying. The residential property index sank more than 30% from its peak in 2021 and may not have touched bottom.

The Group's decision to acquire the minority stake, resulting in full ownership of the WFSL, was driven by a strategic assessment of the operational and financial challenges faced by the WFSL and the opportunities available to improve its performance under unified management. The Group anticipates moderate enhancement in the overall working capital of the Group. This will positively impact the trading of building materials and operating fit-out construction projects business as well.

PROSPECTS

The world in 2025 continues to face territorial conflicts and interlocking challenges: the Russo-Ukraine conflict; the Israeli-Palestine conflict; rising food and fuel prices, the fight against inflation and more importantly, the trade war unfurled by US president Donald Trump in March 2025 which may plummet the world economy to recession.

Our remaining business in supply of building materials and installation services continue to pose great challenges due to the general slowdown of the property market and the demands for luxurious products, and rising operation costs. The management will make regular review and supervision to ensure the business remain healthy and adjust business mix if circumstances demand.

Despite our directors are uncertain about the long-term prospect of the trade in building materials, they remain flexible and adaptable to respond to changing environment and are prepared to make decisions to change business modules, chart into new markets to meet changing customer needs in order to take the business of the Group to a new level.

The Group has always been active in seeking for potential investment opportunities which will enable the Group to expand its business portfolio and diversify its revenue sources to enhance return to the Shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend our sincere appreciation to our shareholders, professional advisers, bankers and customers for their continuous support and trust. I would also like to thank the management and staff for their continuous dedication and commitment.

Lun Yiu Kay Edwin
Chairman

Hong Kong, 18 June 2025

BUSINESS REVIEW

1. Hotel Operation

The Group operates the Winland 800 Hotel, a 800-room hotel located at Tsing Yi, New Territories, Hong Kong, which maintained an average occupancy rate of approximately 98% for the year under review. Revenue increased when compared to last year as resulted from increase in both occupancy rate and average room rate.

Notwithstanding the hotel operation of the Group generated profit, the uncertain economic environment continues to pose challenges to the hotel industry as full recovery of the Hong Kong tourist industry remains indeterminate.

In order to realize shareholders' benefit, the Group came to the decision to end the Hotel operation altogether by entering into the VSD in February 2025 for the consideration of HK$765 million.

As mentioned earlier and, considering, inter alias, the current global economy, politics, epidemic, risk and cost control management and the Group's future development strategy, the Board decided to dispose the Hotel to an independent third party at a consideration of HK$765 million and discontinued the operation of this business segment, such disposal was completed on 2 April 2025. The Directors considered that the disposal has no material negative impact on the Group's financial position, and the consideration of the disposal was arrived at arm's length negotiations between the two parties on normal commercial terms, and was fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors also take into account a number of factors in making their decision, in particular the current financial situation of the subsidiary and its business prospects.

2. Trading of building materials and fit-out construction operation

In April 2022, the Group acquired majority equity interests in Winland Firmstone Limited, a company which operated in the trading of building materials and fit-out construction projects.

The core business of Winland Firmstone includes but not limited to supply of imported European high-end kitchen cabinet, furniture and decorative lighting, supply of a wide range of building materials including ceramic tiles, mosaics, carpet and fabrics etc; supply of high-quality natural stones and provision of design and construction service for fit-out projects. Some major customers of Winland Firmstone include leading property developers in Hong Kong.

On 6 December 2024, pursuant to the sale and purchase agreement for the acquisition of the entire shareholding of WFSL by two tranches entered on 9 March 2022 (the "SPA"), the Company through its wholly owned subsidiary Winland Building Materials Limited acquired the remaining 49% shareholding of WFSL together with the related shareholder's loan for an aggregate consideration of HK$2.00 by way of a compulsory sale triggered by the occurrence of a termination event pursuant to the provisions of the SPA. As a result, WFSL became the wholly owned subsidiary of the Group from December 2024.

The Group generated revenue from trading of building materials and fit-out construction operation of approximately HK$37.6 million for the year under review.

FINANCIAL REVIEW

Revenue from continuing operations of the Group (which does not include the operation of the Hotel) for the year ended 31 March 2025 underperformed as compared to same period last year. The revenue decreased from approximately HK$102.5 million for the year ended 31 March 2024 to approximately HK$37.6 million for the year ended 31 March 2025, representing a significant decrease of 63% as compared to same period last year.

Such drop in revenue was attributed to multifaceted and wide ranged factors. One of the main factors is the slowdown in the momentum of the construction industry due to lack of interests in property developers to roll out new flats for completion and sale as a result of the recent sluggish property price. Further than that, the continuing operations of the Group had adopted a very rigid cost control program coupled with a drastic downsizing of manpower which dampen and vitiate its overall performance.

Gross profit and gross profit margin decreased from HK$28.6 million and 28% to HK$6.9 million and 18%, respectively, for the year ended 31 March 2025. Administrative expenses amounted to approximately HK$16.1 million for the year ended 31 March 2025.

The selling and distribution expenses decreased from approximately HK$6.5 million to approximately HK$3.9 million. The whole amount was incurred for the trading of building materials and fit-out construction operation.

As a result, the loss after tax from continuing operations increased from approximately HK$13.2 million for the year ended 31 March 2024 to approximately HK$38.9 million for the year ended 31 March 2025. Increase in loss were mainly attributed from impairment loss on investment property.

1. Liquidity, financial resources and capital structure

During the year under review, cash flow of the Group was mainly generated from the hotel operations, trading of building materials and fit-out construction operation and bank borrowings. As at 31 March 2025, the Group's total borrowings, including the bank loans amounted to approximately HK$86.9 million compared with approximately HK$128.6 million as at 31 March 2024.

As at 31 March 2025, cash and bank balances amounted to approximately HK$35.4 million compared with cash and bank balances of approximately HK$42.6 million last year. The Group's net assets as at 31 March 2025 amounted to approximately HK$347.9 million, which decreased from approximately HK$378.8 million as at 31 March 2024, mainly due to depreciation and impairment loss on investment properties.

Gearing ratio of the Group that is expressed as a percentage of total borrowings to total equity was approximately 24.7% as at 31 March 2025 compared with approximately 30.9% as at 31 March 2024. 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 14.7% compared with approximately 19.7% last year.

Of the Group's bank loan as at 31 March 2025, approximately HK$17.9 million would be due within one year or on demand and approximately HK$69 million would be due for repayment after one year. The above bank loans were denominated in HK$ and bear a variable interest rate and secured by the hotel property and commercial property, a joint and several corporate guarantees provided from the Company and a related company controlled by a director of the Company, and a personal guarantee provided by a director of the Company.

Total equity of the Group as at 31 March 2025 was approximately HK$347.9 million while there was approximately HK$378.8 million as at 31 March 2024. Total equity attributable to owners of the Company as at 31 March 2025 was approximately HK$351.4 million while there was approximately HK$382.2 million as at 31 March 2024. The decrease in equity was mainly due to the loss recorded for the year.

2. Treasury policies

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

3. Material acquisitions and disposals

On 7 February 2025, the Group entered into the VSD Sale and Purchase Agreement, pursuant to which the VSD Vendor conditionally agreed to sell, and the VSD Purchaser conditionally agreed to purchase, the VSD Properties at the consideration of the VSD Consideration. The Disposal constituted a very substantial transaction for the Company under Rule 14.06(5) of the Listing Rules. Further details in relation to the Disposal were disclosed in the announcements of the Company dated 7 February 2025. The disposal was completed with consideration fully received on 2 April 2025.

Other than as disclosed above together with the acquisition of the minority stake of WFSL in December 2024 mentioned earlier, the Group does not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Financial Year.

4. **Significant investments held**

The Group did not have any significant investments held as at 31 March 2025.

5. **Employee information and emolument policy**

As at 31 March 2025, the total number of employees of the Group was 113 (2024: 157). 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 with his own remuneration. The remuneration policies of the Group are normally reviewed on periodic basis. The Group participates in Mandatory Provident Fund schemes that cover all the eligible employees of the Group.

6. **Pledge of assets**

As at 31 March 2025, the hotel property and commercial property with net book value of approximately HK$388 million were pledged for bank borrowings in the amount of approximately HK$84 million.

7. **Financial Guarantee**

At the date of approval of these consolidated financial statements, the Company provided a financial guarantee to a bank for the banking facilities of an aggregate amount of approximately HK$145,700,000 (2024: HK$145,700,000) granted to its subsidiaries. The amount utilized by the subsidiaries amounted to approximately HK$74,665,000 as at 31 March 2025 (2024: HK$78,094,000). 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 recognized any deferred income in respect of the guarantees as the fair value is insignificant and its transaction price was nil. The Company has not recognized any provision in the Company's financial statements as at 31 March 2025 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.

8. **Capital commitments**

As at 31 March 2025, the Group had no commitment (2024: Nil) which has been contracted but not yet been provided for acquisition of property, plant and equipment.

9. **Foreign currency exposure**

As the Group operates the two segment businesses in Hong Kong, all of the revenue were settled in Hong Kong dollar. The Group pays some suppliers for trading of building materials and fit-out construction business in USD and Euro. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties.

As at 31 March 2025, all of the bank borrowings of the Group were made in HK dollars and cash and bank balances were in HK dollars also. As at the date of this announcement, the Group did not implement any foreign currencies and interest rates hedging policies. The Group will closely monitor the change in foreign exchange rates to manage currency risks and evaluate necessary actions as required.

10. Future plans for material investments or capital assets

As at the date of this announcement, the Group did not have any plans for material investments or capital assets.

EVENT AFTER THE END OF THE REPORTING PERIOD

On 2 April 2025, the Hotel was sold to HKIA Accommodation Limited (a statutory body) at approximately HK$765 million ("VSD") and VSD special dividend of HK$0.06 per share was declared in the Special General Meeting of the Company held on 25 March 2025 ("SGM") and a further declaration of special interim dividend of HK$0.181 per each ordinary share to the shareholders on 9 May 2025.

More details on the VSD and the VSD dividend are available in the (i) the announcement of the Company dated 7 February 2025 and 7 March 2025; (ii) the circular of the Company dated 26 February 2025; and (iii) the poll results announcement of the Company for the SGM dated 25 March 2025.

Details of the special interim dividend of HK$0.181 are available in announcement of the Company dated 9 May 2025.

Save as disclosed in the above, there were no other important events affecting the Group that have occurred since 31 March 2024.

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.

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 C1 of the Listing Rules for the year under review, except for the deviation from the CG Code as follows:

Under code provision C.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 C.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.

As at the date of this announcement, the Board consists of five male directors and one female director. The Company has complied with Rule 13.92 of the HK Exchange Listing Rules with respect to board diversity.

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 C3 of the Listing Rules, the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). 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 of the Company comprises three members, namely Dr. Tse Kwing Chuen, Mr. Lau Shu Kan and Mr. Chao Howard, all of them are Independent Non-Executive Directors. 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 and our Group's external auditor the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining Shareholders' eligibility to attend and vote at the 2025 AGM, the Register of Members will be closed from Monday, 15 September 2025 to Friday, 19 September 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch registrar in Hong Kong, Tricor Investor Services Limited (the "Hong Kong Branch Registrar"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 September 2025.

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 2025 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 HKICPA and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

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 "Announcements". The annual report for the year ended 31 March 2025 will be dispatched to the shareholders and published on the above websites by the end of July 2025.

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

Hong Kong, 18 June 2025

As at the date of this announcement, the Executive Directors are Mr. Lun Yiu Kay Edwin (Chairman), Mr. Ng Ka Kit, Ms. Wong Yuen Fan and the Independent Non-Executive Directors are Dr. Tse Kwing Chuen, Mr. Lau Shu Kan and Mr. Chao Howard.

* *For identification purpose only*