MEXAN LIMITED
茂盛控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

Annual Report 2025

This annual report, in both English and Chinese versions, is available on the Company's website at www.mexanhk.com (the "Company Website").

Shareholders can access the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the annual report posted on the Company Website will promptly upon request be sent the annual report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive the annual report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to the Hong Kong. Branch Share Registrar of the Company at is-ecom@vistra.com.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors:
Mr. Lun Yiu Kay Edwin *(Chairman)*
Mr. Ng Ka Kit
Ms. Wong Yuen Fan (Appointed on 13 November 2024)

Independent Non-Executive Directors:
Dr. Tse Kwing Chuen
Mr. Lau Shu Kan
Mr. Chao Howard

AUDIT COMMITTEE
Mr. Lau Shu Kan *(Chairman)*
Mr. Chao Howard
Mr. Tse Kwing Chuen

REMUNERATION COMMITTEE
Mr. Lau Shu Kan *(Chairman)*
Mr. Lun Yiu Kay Edwin
Mr. Chao Howard
Mr. Tse Kwing Chuen

NOMINATION COMMITTEE
Mr. Lun Yiu Kay Edwin *(Chairman)*
Mr. Lau Shu Kan
Mr. Tse Kwing Chuen

EXECUTIVE COMMITTEE
Mr. Lun Yiu Kay Edwin *(Chairman)*
Mr. Ng Ka Kit
Ms. Wong Yuen Fan

COMPANY SECRETARY
Mr. Tang Sik Ho

PRINCIPAL BANKS
Dah Sing Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
United Overseas Bank Limited

AUDITOR
BDO Limited
Certified Public Accountants and Registered PIE Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE
Clarendon House
Church Street
Hamilton HM11
Bermuda

AUTHORISED REPRESENTATIVE
Mr. Lun Yiu Kay Edwin
Mr. Tang Sik Ho

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1303, 13/F, Bank of America Tower,
12 Harcourt Road, Central, Hong Kong
(With effect from 13 March 2025)

(Formerly 7th Floor, Winland
800 Hotel, Hotel 2, Rambler Crest,
No. 1 Tsing Yi Road
Tsing Yi
New Territories
Hong Kong)

PRINCIPAL SHARE REGISTRAR
Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda
(With effect from 30 December 2024)

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
(With effect from 1 February 2025)

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STOCK CODE
22

CHAIRMAN'S STATEMENT

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 comprised, 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 principal 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 had aged 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. As 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.

Accordingly, the Board proposed to declare VSD special dividend of HK$0.06 per share to the shareholders, which was approved at the Special General Meeting of the Company held on 25 March 2025. A further special interim dividend of HK$0.181 per ordinary share was subsequently declared 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 lower operating costs by saving costs on the manpower required by 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.

Now, turning to the business for the trading of building materials and fit-out construction projects operated under WFSL, the success or failure of this sector will largely hinge on the performance of the property market which remains uncertain. The residential property index has declined by over 30% from its 2021 peak and may not yet have reached its lowest point.

As disclosed in the announcement of the Company dated 6 December 2024, the Group's decision to acquire the minority stake, resulting in full ownership of the WFSL, was driven by the following considerations: (i) taking into account that the business of trading of building materials and operating fit-out construction projects of WFSL (i) contributed a substantial portion of the Group's revenue for the two financial years ended 31 March 2023 and 2024; and (ii) has built an admirable clientele base which include major property developers, the Board remains confident in the long-term prospects of the building and construction sector and considers the acquisition of the minority stake, especially at nominal consideration, to be a good opportunity to continue its long-term strategy in investing in and expanding its business in the industry of supplying building materials and provision of the design and fit-out construction services for diversifying and increasing its revenue stream; and (ii) with unfettered control over its business, the capital management and operations of WFSL would be conducted with a greater flexibility going forward.

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 continues to grapple with territorial conflicts and interconnected challenges in 2025, including the ongoing Russo-Ukrainian and Israeli-Palestinian conflicts, rising food and fuel prices, persistent inflationary pressures, and, notably, the trade war initiated by U.S. President Donald Trump in March 2025, which threatens to push the global economy into recession.

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

Despite the uncertainty surrounding the long-term prospects of the building materials trade, the Directors remain flexible and adaptable in responding to a changing environment and are prepared to adjust business models, explore new markets, and meet evolving customer needs to elevate the Group's business to the next level.

CHAIRMAN'S STATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Hotel Operation

The Group has operated the Winland 800 Hotel, an 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 from HK$74.4 million in 2024 to HK$86.1 million this year as resulted from increase in both occupancy rate and average room rate.

Notwithstanding that 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 of 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 had 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 WFSL, a company which operated in the trading of building materials and fit-out construction projects.

The core business of WFSL 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 WFSL include leading property developers in Hong Kong.

BUSINESS REVIEW – CONTINUED

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

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 has become the wholly owned subsidiary of the Group since 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, which led to the adoption of a rigid cost control program and downsizing of manpower.

Gross profit and gross profit margin decreased from approximately 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 the 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 to impairment loss on investment property.

FINANCIAL REVIEW – CONTINUED

As at 31 March 2025, the Group has investment properties with the carrying amount of HK$56 million, which includes a commercial property with the carrying amount of HK$49 million. The commercial property is stated at cost less accumulated depreciation and impairment and its recoverable amount has been impacted by the recession of economy. Management is required to assess whether the existing events or changes in circumstances, which indicate the commercial property has suffered an impairment loss and if so, to estimate its recoverable amount. Management performed impairment assessment to determine the recoverable amount of the commercial property, which was based on fair value less costs of disposal. Independent external valuation was obtained for the commercial property to support management's estimate. The fair value less costs of disposal is arrived by recent comparable sales prices of commercial properties under market comparison methodology. The management concluded that the recoverable amount of the commercial property is below its carrying value and an impairment loss of HK$31,847,000 was provided in the Group's consolidated statement of profit or loss for the year ended 31 March 2025.

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 has 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.

FINANCIAL REVIEW – CONTINUED

1. **Liquidity, financial resources and capital structure – continued**

   As at 31 March 2025, approximately HK$17.9 million of the Group's bank loans were due within one year or on demand, while around HK$69 million of the Group's bank loans would be due for repayment after one year. The above bank loans are denominated in HK$ and bear a variable interest rate and secured by the hotel property and commercial property, a joint and several corporate guarantee 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**

   References are made to the Company's announcement dated 7 February 2025 (the "VSD Announcement") and the Company's circular dated 26 February 2025 (the "VSD Circular"), in relation to, among others, the VSD Sale and Purchase Agreement entered into between City Promenade Limited, an indirect wholly-owned subsidiary of the Company, and the VSD Purchaser, HKIA Accommodation Limited, a wholly-owned subsidiary of a Hong Kong statutory body, 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. Unless otherwise defined, capitalized terms used in this section have the same meanings as those defined in the VSD Announcement and the VSD Circular. The VSD constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules. Further details in relation to the VSD were disclosed in the VSD Announcement and the VSD Circular. The VSD was completed with the VSD Consideration fully received on 2 April 2025.

   Other than as disclosed in this annual report (which includes, the Acquisition of remaining 49% shareholding and all remaining sale loan of the Winland Firmstone Limited and the proposed very substantial acquisition of all shares of Grand View Properties Limited as set out in the Directors' Report), the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the year under review.

FINANCIAL REVIEW – CONTINUED

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) and the total staff costs for the year under review amounted to approximately HK$16.1 million (2024: HK$21.9 million) for continuing operations. 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/her associates, and executive is involved in dealing with his/her 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

As of 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.

FINANCIAL REVIEW – CONTINUED

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

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is committed to maintaining a high standard of corporate governance. The Board believes that a good, solid and sensible framework of corporate governance will enhance the Company and its subsidiaries (the "Group") to run its business in the best interest of its shareholders as a whole.

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 March 2025, the Company has complied with the code provisions under the CG Code, except for code provision C.2.1 of the CG Code as follows:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive 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 code provision C.2.1 of the CG Code, 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. The Company has considered the issue of balance of power of authority on the Board and believes the structure of the Company, including strong independent elements in the Board, delegation of authorities to the management, supervision by the Board and Board committees, is sufficient to address the potential issue on power concentration. All Directors, who bring different experience and expertise to the Company, are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to an efficient management and implementation of business process and considers Mr. Lun Yiu Kay Edwin to be the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and its shareholders as a whole.

The Company will continue to review and monitor its own corporate governance practices to ensure compliance with the CG Code.

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 of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (the "Model Code") of the Listing Rules. Having made specific enquiry to all directors, all directors confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transaction throughout the year.

WHISTLEBLOWING POLICY

The Company has put in place a Whistleblowing Policy, which is intended to assist employees and those who deal with the Group to disclose information relevant to any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that the Group has been or may become involved in. Any suspected cases can be reported through a confidential reporting channel. All reported cases will be properly addressed and reported to the Audit Committee in a timely manner. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.mexanhk.com).

ANTI-BRIBERY AND CORRUPTION POLICY

The Company has put in place an Anti-bribery and Corruption Policy, which has been adopted by the Board, assisting staff in identifying circumstances which may lead to or give the appearance of corrupt or unethical business conduct, so as to avoid such conduct which is clearly prohibited. Prompt report of any actual or suspected incident of bribery, corruption, extortion, fraud or similar offences to the Audit Committee is required in accordance with procedures set forth in the policy for investigation and follow-up. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.mexanhk.com).

BOARD OF DIRECTORS

The directors during the year ended 31 March 2025 and up to the date of this report were:

Executive Directors:

Mr. Lun Yiu Kay Edwin *(Chairman)*
Mr. Ng Ka Kit
Ms. Wong Yuen Fan (Appointed on 13 November 2024)

Independent Non-Executive Directors:

Dr. Tse Kwing Chuen
Mr. Lau Shu Kan
Mr. Chao Howard

On 13 November 2024, Ms. Wong Yuen Fan ("Ms. Wong") was appointed as an executive Director and a member of the Executive Committee. In compliance with Rule 3.09D of the Listing Rules, Ms. Wong received training and legal advice on 12 November 2024, prior to her appointment taking effect. Ms. Wong confirmed that she has understood her obligation as a director of the Company. In accordance with the Company's bye-laws, Ms. Wong shall remain as a director of the Company until the following annual general meeting of the Company and will be eligible for re-election at that meeting.

BOARD OF DIRECTORS – CONTINUED

As at the date of this report, the Board comprises six directors, three of whom are executive Directors (including the Chairman of the Board) and three of whom are Independent Non-executive Directors. Details of backgrounds and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. The Company has arranged appropriate insurance cover in respect of legal actions against the Directors.

To the best knowledge of the Company, there is no financial, business or family relationship among the members of the Board.

The executive Directors, with assistance from the management, form the core management team of the Company. The executive Directors have the overall responsibility of formulating the business strategies and development plan of the Group and the management are responsible for supervising and executing the plans of the Company and its subsidiaries.

The Board is responsible for the leadership and control of the Company and collectively responsible for promoting the success of the Company and supervising the Company's affairs. It also monitors overall strategic development of the Group, financial performance and the internal controls of the Group's business operations. The Board also assumes full responsibility for the management of issues, policies, and the reporting of matters pertaining to environmental, social and governance ("ESG") within the Group. The Board exercises top-down supervision of the implementation of the Group's sustainability strategy, recognising the crucial significance of identifying and addressing ESG-related risks, including those related to climate. The Board firmly believes that a focus on managing these factors can result in enhanced and long-lasting business value for the Group. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day running of the Company is delegated to the management with department heads responsible for different aspects of the business/functions.

Independent Non-Executive Directors serve the relevant function of bringing independent judgement on issues of strategy, policy, development, performance and risk management of the Group through their contributions in Board meetings. The Board considers that each Independent Non-Executive Director of the Company is independent in character and judgement. The Company has received from each Independent Non-Executive Director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

BOARD OF DIRECTORS – CONTINUED

Mechanism to Ensure Independent View

The Company has an established policy enabling all Directors to seek independent professional advice in appropriate circumstances, at the Company's expense. Mechanisms are in place to ensure independent views and input are available to the Board, with their implementation and effectiveness reviewed annually by the Board. These mechanisms include arranging separate independent professional advice to Directors to assist the relevant Director(s) to discharge their duties to the Company as and when requested or necessary.

The Board meets at least four times each year to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all Directors for all regular Board meetings to give all Directors an opportunity to attend. All regular Board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All directors have access to board papers and related materials, and are provided with adequate information that enables the Board to make an informed decision on the matters to be discussed and considered at the Board meetings. Minutes of Board meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director.

For the year ended 31 March 2025, other than resolutions passed by means of resolutions in writing of Directors, the Board held 15 meetings. The following table shows the attendance records of individual Director at the meetings of the Board and the general meetings held for the year ended 31 March 2025:

Directors' Attendance

	Number of Board Meetings attended/held	Number of general meetings attended/held
Executive Directors		
Mr. Lun Yiu Kay Edwin *(Chairman)*	15/15	2/2
Mr. Ng Ka Kit	14/15	2/2
Ms. Wong Yuen Fan (Appointed on 13 November 2024)	13/13	1/1
Independent Non-Executive Directors		
Dr. Tse Kwing Chuen	15/15	2/2
Mr. Lau Shu Kan	15/15	2/2
Mr. Chao Howard	15/15	2/2

BOARD OF DIRECTORS – CONTINUED

Board Diversity

The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board has a balance of skills and experience appropriate for the requirements of the Group's businesses.

As at the date of this Annual Report, members of the Board come from different background, with a diverse range of land management, hotel management, business and professional expertise. Brief biographical information of each of our Directors is set out in the section "Biographical Details of Directors and Senior Management" of this Annual Report.

As at the date of this report, the Board consists of five male directors and one female director. For the purpose of implementation of board diversity, the Board adopted and achieved the measurable objective that at least one member of the Board shall be of different gender. The Company has complied with Rule 13.92 of the Listing Rules with respect to board diversity.

The Company will review the gender diversity of the Board from time to time in accordance with the business development of the Group. The Nomination Committee will review the diversity policy of the Board, as appropriate, to ensure its effectiveness, and the Company will also ensure that there is gender diversity in staff recruitment at mid to senior levels so as to develop a pipeline of potential successors to the Board. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender, background and experience, thus the Board had not set any measurable objectives.

Workforce Diversity

The Company is committed to upholding, protecting and embracing employees with diversified backgrounds, culture and gender, as well as maintaining highly diverse workforce. The Board considered that the Group's workforce is diverse in terms of gender. The Group will continue to maintain the gender diversity of the Group's workforce in the coming years. As at 31 March 2025, the male to female gender ratio in the Company's workforce (including senior management) was 1:1.22 (as at 31 March 2024: 1:1.09). For more details of gender diversity at workforce level, please refer to the standalone 2025 Environmental, Social and Governance ("ESG") report available on the websites of the Stock Exchange and the Company.

Culture and Values

The Board believes that our strong corporate culture, which is aligned with our purpose, values and strategy, is key to the economic success and sustainable growth of the Group. The culture and values of the Company provide a strong foundation for its core governance structure, working in tandem to support the Group's long-term sustainability amid business challenges and an evolving regulatory and market environment. By putting in place the right governance framework and ensuring strong emphasis on culture in the recruitment and conduct of senior management, our Board has incorporated a culture of integrity, accountability and transparency that permeates throughout the Group. This in turn fosters productivity, strong branding and reputation which ultimately generates positive long-term shareholder value.

BOARD OF DIRECTORS – CONTINUED

Training and Support for Directors

The Company recognizes the importance of keeping the directors updated with the latest information of duties and obligations of a director of a company which shares are listed on the Stock Exchange, and the general regulatory requirements for such listed company. To meet this goal, each newly appointed director would receive an introductory training regarding the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Company would also provide regular updates in relation to the latest developments regarding Listing Rules and other applicable regulations.

During the year, training on the Stock Exchange's guidance on ESG and Corporate Governance Code Update were arranged, at the Company's expense, for Directors and management. The Directors also attended the 25th Annual Corporate and Regulatory Update held in June 2024 organized by The Hong Kong Chartered Governance Institute, at the Company's expense.

All Directors have participated in continuous professional development and provided a record of training they received for the year ended 31 March 2025 to the Company. The Directors participated in the following types of continuous professional development:

Name of Directors	Type of continuous professional development
Mr. Lun Yiu Kay Edwin	A, B
Mr. Ng Ka Kit	A, B
Ms. Wong Yuen Fan (Appointed on 13 November 2024)	A, B
Mr. Lau Shu Kan	A, B
Dr. Tse Kwing Chuen	A, B
Mr. Chao Howard	A, B

A: participating in trainings, including but not limited to meeting, seminar, forum and workshop
B: reading guidance notes and updates relating to regulatory requirements for listed companies and obligations as directors

Directors' Liability Insurance

The Company has in place an appropriate directors' and officers' liability insurance policy for each member of the Board to cover their liabilities on damages arising out of corporate activities. The coverage and the sum insured under the policy are reviewed on an annual basis.

RETIREMENT OF DIRECTORS

The term of office of all Directors is subject to retirement by rotation in accordance with the Bye-laws of the Company which provided that every Director shall be subject to retirement at least once every three years.

EXECUTIVE COMMITTEE

The Executive Committee was established with specific written terms of reference. The functions of the Executive Committee include dealing with all financial, commercial, business, legal, management and administration issues of the Company. The Executive Committee comprises three executive directors, Mr. Lun Yiu Kay Edwin, Mr. Ng Ka Kit and Ms. Wong Yuen Fan (who was appointed on 13 November 2024). Mr. Lun Yiu Kay Edwin is the chairman of the Executive Committee.

During the year, two Executive Committee meetings were held and the individual attendance of each member is set out below:

Name of Members	Number of Executive Committee meetings held during member's term of office during the year ended 31 March 2025	Number of meeting(s) attended
Mr. Lun Yiu Kay Edwin *(Chairman)*	2	2
Mr. Ng Ka Kit	2	2
Ms. Wong Yuen Fan (appointed on 13 November 2024)	0	0

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference. In line with its terms of reference approved by the Board, the role and function of the Remuneration Committee is to review, discuss and approve the remuneration mechanism of the directors and senior management of the Company and to establish and maintain a reasonable and competitive remuneration level in order to attract and retain the directors and senior management. The Remuneration Committee comprises four members, including Mr. Lun Yiu Kay Edwin and three Independent Non-Executive Directors, Mr. Lau Shu Kan, Dr. Tse Kwing Chuen and Mr. Chao Howard. The chairman of Remuneration Committee is Mr. Lau Shu Kan.

REMUNERATION COMMITTEE – CONTINUED

The major roles and functions of the Remuneration Committee are:

(a) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(b) either (i) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of the Company and its subsidiaries and the desirability of performance-based remuneration. The Remuneration Committee shall also ensure that the levels of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully but should avoid paying more than what is necessary for this purpose; or (ii) to make recommendation to the Board on the Directors' fees and the fees for members of each committee of the Board;

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(e) to ensure that no director or any of his associates is involved in deciding his own remuneration; and

(f) to advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval in accordance with the Listing Rules.

REMUNERATION COMMITTEE – CONTINUED

During the year, four Remuneration Committee meetings were held and the individual attendance of each member is set out below:

Name of Members	Number of Remuneration Committee meetings held during member's term of office during the year ended 31 March 2025	Number of meeting(s) attended
Mr. Lau Shu Kan *(Chairman)*	4	4
Mr. Lun Yiu Kay Edwin	4	4
Dr. Tse Kwing Chuen	4	4
Mr. Chao Howard	4	4

During the meetings, the Remuneration Committee has reviewed and recommended to the Board the remuneration packages of the Directors and senior management of the Company, assessed the performance of the Directors and senior management and approved the terms of executive directors' employment.

No material matters relating to share schemes were reviewed and/or approved by the Remuneration Committee during the financial year. The emoluments of the directors are based on their respective responsibilities and their involvement in the Group's affairs and are determined by reference to the Group's business condition and the prevailing market practice. A director is not allowed to approve his/her remuneration.

To comply with the code provision E.1.3 of the CG Code, the terms of reference of the Remuneration Committee are published on the Company's website and also available on request.

AUDIT COMMITTEE

The Audit Committee was established in March 1999 with specific written terms of reference and comprised three members, all of them are Independent Non-Executive Directors. The Audit Committee comprises the three Independent Non-Executive Directors, Mr. Lau Shu Kan, Dr. Tse Kwing Chuen and Mr. Chao Howard. 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.

AUDIT COMMITTEE – CONTINUED

The major roles and functions of the Audit Committee are:

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policies regarding the engagement of an external auditor to supply non-audit services. For this purpose, an external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

(d) to monitor the integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, the Audit Committee should focus particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgemental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

AUDIT COMMITTEE – CONTINUED

(e) in relation to paragraph (d) above: (i) members of the committee must liaise with the Company's board of directors and senior management and the committee must meet, at least twice a year, with the Company's auditors; and (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(f) to review the Company's financial controls, internal control and risk management systems;

(g) to discuss with management the system of risk management and internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;

(h) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response;

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(j) to review the Group's financial and accounting policies and practices;

(k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;

(l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(m) to report to the Board on the matters set out in the Code on Corporate Governance Practices (Appendix C1 of the Listing Rules);

(n) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;

AUDIT COMMITTEE – CONTINUED

(o) to act as the key representative body for overseeing the Company's relationship with the external auditor;

(p) to review ongoing connected transactions of the Company and ensure compliance with terms of approval by shareholders of the Company; and

(q) to consider such other matters as the Board may from time to time determine.

During the year, three Audit Committee meetings were held, two of which were attended by the external auditor, BDO Limited. The individual attendance of each member is set out below:

Name of Members	Number of Audit Committee meetings held during the member's term of office during the year ended 31 March 2025	Number of meetings attended
Mr. Lau Shu Kan *(Chairman)*	3	3
Dr. Tse Kwing Chuen	3	3
Mr. Chao Howard	3	3

Summary of major work done for the year ended 31 March 2025:

- review of final results and draft audited financial statements for the year ended 31 March 2025;

- review of interim results and draft unaudited consolidated financial statements for the six months ended 30 September 2024; and

- consider and approve of the re-appointment of auditors.

The Audit Committee and BDO Limited have also reviewed with management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2025.

To comply with the code provision D.3.4 of the CG Code, the terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange of Hong Kong.

NOMINATION COMMITTEE

The Nomination Committee was established in April 2012 with specific written terms of reference. The Nomination Committee comprises three members, including Mr. Lun Yiu Kay Edwin, Dr. Tse Kwing Chuen and Mr. Lau Shu Kan. The chairman of the Nomination Committee is Mr. Lun Yiu Kay Edwin. The Company Secretary acts as the secretary to the Nomination Committee.

The major roles and functions of the Nomination Committee are:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(b) to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;

(c) to identify individuals who are qualified/suitable to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) to assess the independence of independent non-executive directors, to determine their eligibility and to consider the suitability and independence for an independent non-executive director serving more than 9 years;

(e) to make recommendations to the Board on matters relating to the appointment, removal or reappointment of directors and succession planning for directors, in particular, the chairman; and

(f) to review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval.

During the year, two meetings were held by the Nomination Committee and the individual attendance of each member is set out below:

Name of Members	Number of Nomination Committee meetings held during the member's term of office during the year ended 31 March 2025	Number of meetings attended
Mr. Lun Yiu Kay Edwin *(Chairman)*	2	2
Mr. Lau Shu Kan	2	2
Dr. Tse Kwing Chuen	2	2

NOMINATION COMMITTEE – CONTINUED

Summary of major work done for the year ended 31 March 2025:

- review the size, structure, composition and diversity of the Board and the Board diversity policy;
- discuss and make recommendation to the Board on the re-election of retiring directors and re-appointment of Directors and assess the independence of independent non-executive directors;
- discuss the roles of the Chairman and the Managing Director; and
- review the change in composition of Board Committees and the appointment of a director.

SUMMARY OF BOARD DIVERSITY POLICY

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, consideration has been made from a number of aspects, such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of Board members will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy periodically. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

AUDITORS' REMUNERATION

BDO Limited is the auditor of the Company. During the year ended 31 March 2025, the fee charged to the financial statements of the Company and its subsidiaries for statutory audit amounted to HK$1,200,000. The fee for non-audit services was HK$623,000. The non-audit services include agreed-upon procedures on the interim results of the Group and service on work for very substantial acquisition and very substantial disposal and tax service.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors acknowledged their responsibilities for the preparation of the consolidated financial statements for each financial period, which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant period. In preparing the consolidated financial statements for the year ended 31 March 2025, the directors ensured that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards and have applied them consistently; made judgements and estimates that are prudent, fair and reasonable; and have prepared the consolidated financial statements on a going concern basis. The directors are also responsible for the timely publication of the consolidated financial statements of the Group.

The statement of the auditor of the Company, BDO Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" section of this annual report.

The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company established a shareholders' communication policy and shall review it on a periodic basis to ensure its effectiveness. The policy is posted on the Company's website (www.mexanhk.com).

The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meeting and special general meetings, if any, which may be convened for specific purposes and provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and circulars on the websites of the Company and the Stock Exchange of Hong Kong; and (iii) the availability of latest information of the Group on the website of the Company. In addition, the Company recognises that meetings with analysts and significant investors are an important element of investor relations. The Company will meet with analysts and investors on an individual or small group basis as needed from time to time to discuss matters concerning the Company that have been released to the market and to solicit and understand the views of our investors and other stakeholders. The Board has reviewed the implementation and effectiveness of the shareholders' communication policy, having considered the steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication in place, the Board is of the view that the shareholders' communication policy has been properly implemented during the year and is effective.

The Company's notices to Shareholders for the annual general meeting ("AGM") held in 2024 were sent to Shareholders not less than twenty-one (21) clear days and not less than twenty (20) clear business days before the meeting.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS – CONTINUED

The chairman of the Board and the representatives of external auditor were available at the AGM held on 20 September 2024 to answer questions from the Shareholders. Other directors at the time also attended the AGM held on 20 September 2024 in person or by electronic means. The chairman of the AGM explained the procedures for conducting a poll during the meeting. All resolutions proposed at the AGM were voted separately by way of poll. All the votes cast at the said meeting were properly counted and recorded.

On 25 March 2025, the chairman of the Board, other directors and the representatives of independent financial adviser, financial adviser, valuer, legal adviser and external auditor were available at the special general meeting to answer questions from the Shareholders in relation to the disposal of the Hotel. The chairman of the SGM explained the procedures for conducting a poll during the meeting. All resolutions proposed at the SGM were voted separately by way of poll. All the votes cast at the said meeting were properly counted and recorded.

Pursuant to bye-law no. 58 of the Company, Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene such physical meeting in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Pursuant to the Companies Act of Bermuda, either any number of the Shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Any requisition mentioned above shall be signed by all the requisitionists and be deposited at the principal place of business of the Company in Hong Kong at Room 1303, 13/F, Bank of America Tower 12 Harcourt Road Central Hong Kong, with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition of any resolution requiring notice or not less than one week before the meeting in case of other requisition of any resolution.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS – CONTINUED

Shareholders may send any enquiries and concerns, in written form, to the Board in writing by addressing their enquiries to the Company in the following manners:

In respect of the corporate affairs:
Company Secretary
Room 1303, 13/F, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

In respect of shareholding/entitlement affairs:
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, in considering the declaration and payment of dividends, the Board shall take into account the following factors of the Group:

- business conditions and strategies;
- financial results;
- cash flow situation;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of the Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Bermuda and the Bye-laws. The Board reviews the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the Memorandum of Association and Bye-laws (the "Bye-laws") of the Company during the year.

The Bye-laws of the Company are available on the websites of the Company and the Stock Exchange of Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises effective risk management is an essential and integral part of the Group's effort at achieving business objectives and sustainable development.

The Board is responsible for evaluating and determining the nature and extent of the risks (including ESG risks) it is willing to take in achieving the Group's strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviewing their effectiveness. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives. The main features of these systems include a clear governance structure, defined roles and responsibilities, reporting procedures and clear risk management and internal control procedures, ascertaining its staff to achieve the Group's strategic objectives by implementing effective risk management and internal control systems and fulfilling the respective compliance requirements.

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2025, covering the material financial, operational and compliance controls. The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting on an annual basis. The Board is of the view that the system of risk management and internal control are effective and adequate.

During the year ended 31 March 2025, the Group have engaged independent professionals to assess and review its overall risk management system, internal controls and operation processes and have given recommendations to make any enhancement. It has been reported that there are no material deficiencies found. As set out in the Company's announcement dated 22 April 2025, the internal control review conducted has placed emphasis on connected transaction and notifiable transaction management process to ensure the Group's compliance with the Corporate Governance Code and Chapters 14 and 14A of the Listing Rules, the significant findings of which are as follows:

RISK MANAGEMENT AND INTERNAL CONTROL – CONTINUED

Enhancement of Procedures for Professional Consultations in Notifiable and Connected Transactions

References are made to the announcements of the Company dated 6 December 2024, 17 December 2024 and 10 February 2025 (the "Announcements"). Unless otherwise defined, capitalized terms used in the below paragraphs in this section have the same meanings as those defined in the Announcements.

Background

The Company has sought advice from its legal adviser regarding the acquisition of the remaining 49% shareholding of the Target Company (the "Transaction") before the publication of the announcement dated 6 December 2024 (the "First Announcement").

Findings and remediation:

The Internal Control Advisor considered that the Company had reached out to its legal adviser and classified the Transaction as a discloseable transaction before uploading the First Announcement.

Based on the above, the Internal Control Advisor understood that the Company had obtained necessary advice from professional parties before execution (segregation of duties in place), however, the Group only consulted the legal advisors but did not attempt to consult the Stock Exchange for pre-vetting to get appropriate direction from the authority before execution, such that the obligation as required by the relevant Listing Rules has not been fulfilled.

The Internal Control Adviser reviewed the Information Disclosure and Communication Management System and Procedures (the "Procedures") for handling notifiable and connected transactions and considered that the Company obtained necessary advice from professional parties before forming of judgment on the execution. To ensure ongoing compliance with relevant Listing Rules or other applicable requirements, if the management is still in doubt after obtaining advice from legal advisers, the Company is suggested to obtain supplementary legal opinions where appropriate and/or consult with the Stock Exchange (by its staff or through its advisers) as necessary.

Follow-up review:

As remedial measures to the abovementioned situation, (i) the Company obtained written consent on 2 January 2025 and (ii) arranged training by an external professional legal advisor for the directors regarding applications and requirements of Chapter 14 of the Listing Rules on 23 January 2025 as disclosed in the announcement dated 10 February 2025.

RISK MANAGEMENT AND INTERNAL CONTROL – CONTINUED

Enhancement of Procedures for Professional Consultations in Notifiable and Connected Transactions – continued

Follow-up review: – continued

The internal control advisor obtained the updated Procedures which included guidance on ongoing compliance with relevant Listing Rules or other applicable requirements, if the Management is still in doubt after obtaining advice from legal advisers, the management ought to consult with the Stock Exchange as necessary.

To validate the understanding of the communication flow of a transaction before any publication to the website of the Stock Exchange, the Internal Control Advisor also reviewed a recent transaction regarding the declaration of a special dividend after the financial year ended 31 March 2025 (the "Second Transaction") and understood such practice was in line with the Procedures and that the Company has obtained necessary professional advice before formation of judgment on the execution of the Second Transaction.

The Internal Control Adviser noted that the Company has established training programs for the fiscal year ending 31 March 2026, addressing the requirements of the updated Corporate Governance (CG) Code and also Listing Rules requirements including continuing obligations related to notifiable transactions.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, credit, operational (administrative, system, human resources, tangible and reputation), market, liquidity, legal, regulatory and ESG risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

In specific, the risk management process of the Group is described as follows:

- Risk identification – identify the current risks confronted.
- Risk analysis – conduct analysis on the risk including the impact extent and possibility of occurrence.
- Risk response – choose a proper risk response method and develop a risk mitigation strategy.
- Control measures – propose up-to-date internal control measures and policy and process.
- Risk control – continuously monitor the risks identified and implement relevant internal control measures to ensure the effective operation of the risk response strategy.
- Risk management report – summarise results of risk assessment and analysis and internal audit, formulate and report an action plan.

RISK MANAGEMENT AND INTERNAL CONTROL – CONTINUED

The Group's Internal Audit Function monitors the Group's internal governance and strives to provide objective assurance to the Board that appropriate, adequate and effective risk management and internal control systems are in place. It has unrestricted access to review all aspects of the Group's activities and internal controls. It also conducts special audits of areas of concern identified by management or the Audit Committee. The Internal Audit Function adopts a risk-based audit approach. All audit reports are circulated to the Audit Committee and key management and significant internal control deficiencies will be reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken. The Internal Audit Function is also responsible for following up the implementation of recommendations and corrective actions.

During the year under review, the Audit Committee, as delegated by the Board, discussed the risk management and internal control systems for the financial year under review with Management to ensure that Management has performed its duty to have an effective risk management and internal control systems in place. The Board ensured that the resources, staff qualifications and experience, training programs and the budget of the Group's accounting, internal control and financial reporting functions, as well as those relating to the Group's ESG performance and reporting were adequate. The Board concluded that in general, the Group had set up control environment and installed necessary control mechanisms to monitor and correct non-compliance or material internal control defects, if any. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified.

Procedures and internal controls for the handling and dissemination of inside information

The Group has complied with the relevant applicable requirements of the SFO and the Listing Rules in respect of dissemination of inside information. The Group has disclosed inside information to the public as soon as reasonably practicable. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements and other public disclosures are not false or misleading as to a material fact or as a result of the omission of a material fact by presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. During the year ended 31 Mach 2025, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and similar written guidelines for employees, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMPANY SECRETARY

Mr. Tang Sik Ho ("Mr. Tang") is the Company Secretary and Authorised Representative of the Company. According to rule 3.29 of the Listing Rules, Mr. Tang has taken no less than 15 hours of relevant professional training for the year ended 31 March 2025.

DIRECTORS' REPORT

The directors ("Directors" or individually, the "Director") of MEXAN LIMITED (the "Company") submit their report together with the audited consolidated financial statements for the year ended 31 March 2025.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. During the year under review and 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. The operation of Hotel has discontinued since April 2025 (Note 37). Further details of subsidiaries during the year ended 31 March 2025 are set out in note 27 to the consolidated financial statements.

An analysis of revenue and results from continuing operations of the Company and its subsidiaries (the "Group") for the year is set out in note 7 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) including the description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Company's business is set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 3 to 11 of this annual report. Further discussion of environmental policies and performance together with the compliance with relevant laws and regulations by the Group, and the discussion of the relationship with employees, customers and suppliers, are set out in the Company's Environmental, Social and Governance Report published in parallel with this Annual Report on the websites of the Company and the Stock Exchange. These discussions form part of this Directors' Report. Moreover, the details of the financial risk management of the Group are disclosed in note 34 to the financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and is committed to becoming an environmentally-friendly corporation. Details of our environmental, social and governance policies and performance during the year ended 31 March 2025 shall be published separately in the Environmental, Social and Governance Report in parallel with this Annual Report on the websites of the Company and the Stock Exchange.

The Board believe that it is essential for the Group to commit and maintain high standard of environmental protection in order to support environmental protection and to prevent pollution in balance with socio-economic needs as well as to address the needs of a broad range of interested parties. In the course of delivery of its services, the Group (i) focused on prevention of pollution and waste minimisation; (ii) complied with applicable legal requirements and other requirements which relate to its environment aspects; and (iii) established, implemented and maintained the environmental management system and strive for continual improvement in environmental performance.

DIRECTORS' REPORT

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 55 to 56.

The state of affairs of the Group and the Company as at 31 March 2025 are set out in the consolidated statement of financial position on pages 57 to 58 and in note 26 to the consolidated financial statement respectively.

The cash flows of the Group are set out in the consolidated statement of cash flows on pages 60 to 61.

As at 31 March 2025, the distributable reserves of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK$(104,358,000) (2024: HK$36,413,000). Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 59 of this Annual Report.

No final dividend for the year ended 31 March 2025 was proposed by the Board (2024: nil).

However, the Board proposed to declare VSD special dividend of HK$0.06 per each ordinary share in the issued share capital of the Company to the shareholders, which the proposal was passed in the Special General Meeting of the Company held on 25 March 2025 and the VSD special dividend has been paid on 29 April 2025.

A special interim dividend of HK$0.181 per each ordinary share in the issued share capital of the Company is further declared on 9 May 2025 and paid on 30 May 2025.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

DEBENTURE

The Group did not issue any debenture during the year ended 31 March 2025 (2024: Nil).

EQUITY-LINKED AGREEMENTS

There are no equity-linked agreements were entered into or remained subsisting during the year ended 31 March 2025 (2024: Nil).

DIRECTORS' REPORT

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 59 and in note 23 to the consolidated financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 131.

ANNUAL GENERAL MEETING

The AGM of the Company for the Reporting Period is scheduled to be held on Friday, 19 September 2025. A notice convening the AGM will be issued and dispatched to the Shareholders in due course according to the applicable laws, the Bye-laws and the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 15 September 2025 to Friday, 19 September 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no transfers of Shares shall be effected. In order to qualify for attending and voting at the AGM to be held on Friday, 19 September 2025, all transfers of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 September 2025.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 27 to the financial statements.

CHARITABLE DONATION

The Group had no charitable donations during the year ended 31 March 2025 (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in hotel property and other property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in leasehold land and commercial property of the Group during the year are set out in note 15 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Particulars of the Group's principal properties are set out on page 132.

BANK LOANS

Particulars of the Group's bank loans are set out in note 20 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the Companies Act 1981 of Bermuda (as amended from time to time), which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any treasury shares) during the year ended 31 March 2025. The Company did not hold any treasury shares at 31 March 2025.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group continues to commit to comply with the relevant laws and regulations, such as the Companies Act, the Companies Ordinance, the SFO, the Listing Rules and other rules and regulations implemented in relevant jurisdictions. As far as the Board is concerned and save as disclosed herein, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2025.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the largest and the five largest customers accounted for approximately 25% and 56% of the Group's total revenue in the year under review respectively.

The aggregate purchases attributable to the largest and the five largest suppliers accounted for approximately 32% and 50% of the Group's total purchases in the year under review respectively.

None of the Directors, their associates or any shareholders of the Company (who, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in the major customers and suppliers noted above.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Mr. Lun Yiu Kay Edwin *(Chairman)*
Mr. Ng Ka Kit
Ms. Wong Yuen Fan (appointed on 13 November 2024)

Independent Non-Executive Directors:

Dr. Tse Kwing Chuen
Mr. Lau Shu Kan
Mr. Chao Howard

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Group, which is not determinable by the Group within one year without payment of compensation, other than statutory compensations.

CHANGES TO INFORMATION OF DIRECTORS

Save as disclosed herein, there was no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the Reporting Period and up to the date of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-Executive Directors their annual confirmations of independence and considers that each of the Independent Non-Executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors of the Company as at the date of this report are set out below:

Executive Directors

Mr. Lun Yiu Kay Edwin ("Mr. Lun"), aged 55, has been a Director and the Managing Director of the Company since April 2007 and has been the Chairman of the Company since December 2014. Mr. Lun holds a Bachelor's Degree in Science (Land Management) from the University of Reading, United Kingdom. He has over 30 years' experience in property investment, finance and management. He is also experienced in hotel management and in the tourism industry. Mr. Lun joined the group of companies operating various businesses, which ultimately owned and controlled by him and his immediate family member (the "Winland Group") in 1994 and is currently a director of various companies in the Winland Group.

Mr. Lun is also the member of the executive committee, nomination committee and remuneration committee of the Board, and a director of all the subsidiaries of the Company.

As at 31 March 2025, Mr. Lun had an interest in the shares of the Company, the details of which are set out in the paragraph headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the Directors' Report contained in this annual report.

Mr. Ng Ka Kit ("Mr. Ng"), aged 55, who has been a Director since January 2023, holds a Master of Science Degree in Hotel and Tourism Management from Hong Kong Polytechnic University and also holds a Bachelor Degree in Business Administration from Thomas Valley University (now known as University of West London) in United Kingdom. Mr. Ng has over 32 years' experience in the hotel industry. He first joined Mexan Harbour Hotel (now known as Winland 800 Hotel) (the "Hotel") in 2006 as General Manager until 2013 and later rejoined the Hotel in 2015 as General Manager. Mr. Ng is also a director of several companies directly or indirectly owned by Mr. Lun Yiu Kay Edwin, the Chairman and an executive Director of the Company.

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – CONTINUED

Executive Directors – continued

Ms. Wong Yuen Fan ("Ms. Wong"), aged 39, who has been a Director since November 2024, holds a Master Degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong and holds a Bachelor degree in Accountancy from Hong Kong Baptist University. Prior to joining the Company in 2022, Ms. Wong had worked for two companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Wong has over 14 years of experience in company secretarial and compliance work. She is also an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

Independent Non-Executive Directors

Dr. Tse Kwing Chuen ("Dr. Tse"), aged 73, has been a Director since April 2007. He is also a member of the audit committee, remuneration committee and nomination committee of the Board. Dr. Tse obtained a Master's Degree in Economics from Sun Yat-sen University, the PRC and a Doctorate's Degree of Philosophy in Business Administration from the Bulacan State University, the Republic of the Philippines. Dr. Tse is a Certified Dealmaker as approved by China Mergers & Acquisitions Association. He is also an executive director of Hong Kong Financial Assets Management Limited. He is an honourable director of Sun Yat-sen University in the PRC and the visiting professor in Tianjin Normal University in the PRC.

Mr. Lau Shu Kan ("Mr. Lau"), aged 66, has been a Director since September 2016. He is also a member of the audit committee, remuneration committee and nomination committee. Mr. Lau has over 31 years' experience in working in European and Hong Kong based banks in commercial, corporate and PRC banking sectors. Graduated from the Hong Kong Polytechnic with a Professional Diploma in Company Secretaries and Administration and obtained a Master's degree in Business Administration (Financial Services) from the University of Greenwich. Mr. Lau is currently an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance of the United Kingdom.

Mr. Chao Howard ("Mr. Chao"), aged 41, who has been a Director since January 2023, holds a Master of Science Degree in Real Estate from the University of Greenwich and a Bachelor of Arts Degree in Business Administration from California State University, Fullerton and was awarded a Certificate of Completion for the Leadership Programme on Real Estate Sustainability by the University of Cambridge Institute for Sustainability Leadership.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – CONTINUED

Independent Non-Executive Directors – continued

Mr. Chao has over 18 years of experience in real estate development, construction, corporate finance and asset management; his experience covers the region of Hong Kong, Mainland China, Malaysia and Macau. In the years past, Mr. Chao actively engaged in social work promoting real estate and construction industry's interests, also to advocate and to promote economic ties between Hong Kong and Mainland China. In 2021, Mr. Chao was a running candidate for office of the Legislative Council Election, under the functional constituency of Real Estate and Construction Sector.

Mr. Chao is currently the Chief Executive Officer of Maximus Capital Management Limited and Maximus Surveyors Limited and an executive director of Cheuk Nang (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 131). He is also a member of Hong Kong Southern District Council, a member of the Chinese People's Political Consultative Conference of Chongqing, Committee Member and the Vice-Chairman of Young Executives' Committee of the Chinese General Chamber of Commerce, Advisor of the Our Hong Kong Foundation, Director of the Hong Kong Securities Association, Vice-President of the Hong Kong Chongqing Friendship Federation, Member of the Hong Kong Real Property Federation, and the Convenor of the Hong Kong Real Estate and Construction Concerned Group.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in this annual report, there were no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, or any of its holding companies, its subsidiaries and fellow subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 March 2025.

Contracts of Significance

Save as disclosed in this annual report, none of the Company or any of its subsidiaries entered into any contracts of significance with the Controlling Shareholder(s) or any of its subsidiaries, nor was there any contracts of significance between the Company or any of its subsidiaries and the Controlling Shareholder or any of its subsidiaries in relation to provision of services for the Reporting Period.

EMOLUMENT POLICY

During the Reporting period, the remuneration policy for employees of the Group is determined based on their responsibilities, qualifications, performance, experience and seniority which are reviewed periodically.

The Group's emolument policy and structure for all remuneration of the Directors are reviewed by the Remuneration Committee and approved by the Board, as authorised by the Shareholders at the annual general meeting, which is based on the Group's performance, the executives' respective contributions to the Group and comparable market practices.

Senior Management's Remuneration

The emoluments of the Company's senior management (which comprises the three executive Directors) for the period under review falls within the following bands:

	Number of individuals
HK$Nil to HK$500,000	2
HK$500,001 to HK$1,000,000	1

Please see note 13(a) to the consolidated financial statements for further details of emolument for each Director.

Connected Transactions and Related Party Transactions

Save as disclosed in this Annual Report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

(1) Acquisition of remaining 49% shareholding and all remaining sale loan of the Winland Firmstone Limited (the "Target Company")

    References are made to the announcements dated 9 March 2022, 8 April 2022, 26 May 2022, 6 December 2024, 17 December 2024, 10 February 2025 and 22 April 2025 (the "Announcements") in relation to the Sale and Purchase Agreement dated 9 March 2022 entered into between Winland Building Materials Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) and Result Best Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company (the "Sale Shares") and all sums and liabilities owing by the Target Company to the Vendor (the "Sale Loan") in two tranches. On 8 April 2022, the Purchaser completed its acquisition of the 51% shareholding of the Target Company and 51% of the Sale Loan. Unless otherwise defined, capitalized terms used in this section have the same meanings as those defined in the Announcements.

EMOLUMENT POLICY – CONTINUED

Connected Transactions and Related Party Transactions – continued

(1) Acquisition of remaining 49% shareholding and all remaining sale loan of the Winland Firmstone Limited (the "Target Company") – continued

As the Signed Contracts GP of the Target Company within 30 months from Tranche 1 Completion was less than HK$15 million after deducting the Operating Costs for the 30 months from Tranche 1 Completion, a Termination Event was triggered. As a result, the Purchaser had issued the Termination Notice to the Vendor on 6 December 2024 to purchase the Defaulter's Interest as Compulsory Sale. Completion of the acquisition of the Defaulter's Interest took place on 6 December 2024.

As assessed by the auditor nominated and appointed by the Purchaser, the Target Company (which had no subsidiary) had a net liability of HK$10,581,590 as at 6 December 2024 (i.e. the date of the Termination Notice). Therefore, the Purchaser is entitled to purchase the remaining 49% shareholding of the Target Company at the nominal consideration of HK$1.00 and all the remaining Sale Loan at the nominal consideration of HK$1.00 respectively. The aggregate consideration for the Defaulter's Interest paid by the Purchaser to the Vendor was HK$2.00.

Following the completion of the acquisition of the remaining 49% shareholding of the Target Company, the Target Company has become a wholly-owned subsidiary of the Company.

Further details are set out in the Announcements.

Following the Tranche 1 Completion, the Target Company had become a non-wholly owned subsidiary of the Company and the Vendor, holding 49% shareholding of the Target Company, was a substantial shareholder of Target Company and hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the acquisition of remaining 49% shareholding and all remaining sale loan of the Winland Firmstone Limited constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

EMOLUMENT POLICY – CONTINUED

Connected Transactions and Related Party Transactions – continued

(2) Proposed very substantial acquisition ("VSA") of all shares of Grand View Properties Limited

On 7 February 2025, Solar Trend Limited (the "VSA Vendor") and Grand V Limited (the "VSA Purchaser"), a direct wholly-owned subsidiary of the Company, entered into the VSA Sale and Purchase Agreement, pursuant to which the VSA Vendor conditionally agreed to sell, and the VSA Purchaser conditionally agreed to purchase, all shares of the Grand View Properties Limited (the "VSA Target Company"), representing 100% of its total issued share capital.

The consideration for the VSA ("VSA Consideration") shall be an amount equal to the sum of (i) HK$364,400,800; and (ii) the positive/negative amount of "adjusted net asset" of the VSA Target Company as at the completion date of the VSA to be determined with reference to the audited completion accounts to be prepared in accordance with the terms of the VSA Sale and Purchase Agreement.

The completion of the VSA is subject to the satisfaction and/or waiver (as applicable) of certain conditions precedents, including VSA Independent Shareholders' approval (as defined in the announcement of the Company dated 7 February 2025). As ordinary resolution proposed for the approval of the VSA and the VSA Sale and Purchase Agreement was not passed at the Special General Meeting held on 25 March 2025, the VSA did not proceed to completion.

Further details are set out in the announcements of the Company dated 7 February 2025 and 25 March 2025 and the circular of the Company dated 26 February 2025.

Mr. Lun, our executive Director, chairman and our ultimate controlling Shareholder, is a connected person of the Company. As the entire issued share capital of the VSA Vendor is ultimately owned by Mr. Lun, the VSA Vendor is an associate of Mr. Lun and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The entering into of the VSA Sale and Purchase Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Other related party transactions entered into by the Group during the year ended 31 March 2025 as set out in note 25 to the consolidated financial statements do not constitute discloseable connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Corporate Governance

The Company is committed to maintaining high standards of corporate governance practices. Principal corporate governance practices adopted by our Company are set out in the section headed "Corporate Governance Report" on pages 12 to 32 of this annual report.

As at 31 March 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or the Model Code, or which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, were as follows:

(i) Long positions in shares of the Company

Name of Director	No. of ordinary shares of HK$0.02 each held	Capacity and nature of interest	Approximate shareholding percentage (%)
Mr. Lun Yiu Kay Edwin	1,358,055,354	Interest of controlled corporation	69.06

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the year was the Company, any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, the following Director was considered to have interests in the following businesses ("Competing Business") which compete or are likely to compete, either directly or indirectly, with the businesses of the Group as defined in the Listing Rules as set out below:

Name of Director	Name of entity of the Competing Business	Description of the Competing Business	Nature of interest of the Director in the entity
Mr. Lun Yiu Kay Edwin	Winland Hotel Management Limited (Note)	Hotel management	As director
	Winland Finance Limited	Money lending	As director

Note:

Winland Hotel Management Limited has no hotel management business at present.

The Director interested in the above businesses will, as and when required under the Company's Bye-laws, abstain from voting on any resolution of the Board in respect of any arrangement or proposal in which he or any of his associates has a material interest.

The Directors are of the view that the Group is capable of carrying on its business independently from the Competing Business. When making decisions on the business of the Group, the relevant director, in the performance of his duties as a director of the Company, has acted and will continue to act in the best interest of the Group.

Save as disclosed in this report, as of 31 March 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2025 to the best knowledge of the Directors, the corporations and persons, other than the Directors whose interests are disclosed above, who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Long/short position	No. of shares of HK$0.02 each held	Capacity and nature of interest	Approximate shareholding percentage (%)
Winland Wealth (BVI) Limited (Note i)	Long	1,358,055,354 (Note i)	Beneficial owner	69.06
Winland Stock (BVI) Limited (Note ii)	Long	1,358,055,354 (Note ii)	Interest of controlled corporation	69.06

Notes:

i. Mr. Lun Yiu Kay Edwin was deemed to be interested by virtue of the SFO in the 1,358,055,354 shares of the Company held by Winland Wealth (BVI) Limited which was wholly owned by Winland Stock (BVI) Limited.

ii. Winland Stock (BVI) Limited has declared an interest in 1,358,055,354 shares by virtue of its shareholding in its wholly-owned subsidiary, Winland Wealth (BVI) Limited.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

REVIEW BY AUDIT COMMITTEE

At the date of this report, the Audit Committee of the Company comprises three Independent Non-Executive Directors namely, Dr. Tse Kwing Chuen, Mr. Lau Shu Kan and Mr. Chao Howard. The Audit Committee has reviewed with the Group's auditors, BDO Limited, the audited consolidated financial statements for the year ended 31 March 2025 and has also discussed auditing, internal control and financial reporting matters of the Group.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the shares in the Company. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising any rights in relation to the shares in the Company, they are advised to consult an expert.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed amount of public float as required under the Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to bye-law 164 of the Bye-laws and subject to the applicable laws and regulations, every Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such permitted indemnity provision has been in force during the Reporting Period. The Company has in place an appropriate directors' and officers' liability insurance policy for each member of the Board to cover their liabilities on damages arising out of corporate activities. The coverage and the sum insured under the policy are reviewed on an annual basis.

AUDITOR

The consolidated financial statements have been audited by BDO Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

DIRECTORS' REPORT

EVENT AFTER THE END OF THE REPORTING PERIOD

On 2 April 2025, the Hotel was sold to HKIA Accommodation Limited (a wholly-owned subsidiary of a Hong Kong 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 2025.

By Order of the Board
MEXAN LIMITED

Lun Yiu Kay Edwin
Chairman

Hong Kong, 18 June 2025

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF MEXAN LIMITED
茂盛控股有限公司
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Mexan Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 55 to 130, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF INVESTMENT PROPERTIES

(Refer to note 15 to the consolidated financial statements and the key sources of estimation uncertainty set out in note 5(c))

As at 31 March 2025, the Group has investment properties with the carrying amount of HK$56 million, which comprise a commercial property with the carrying amount of HK$49 million and leasehold land with carrying amount of HK$7 million. The commercial property and leasehold land are stated at cost less accumulated depreciation and impairment.

With respect to the commercial property, its recoverable amount has been impacted by the recession of economy. Management is required to assess whether the existing events or changes in circumstances, which indicate the commercial property has suffered an impairment loss and if so, to estimate its recoverable amount. Management performed impairment assessment to determine the recoverable amount of the commercial property, which was based on fair value less costs of disposal. Independent external valuation was obtained for the commercial property to support management's estimate. The fair value less costs of disposal is arrived by recent comparable sales prices of commercial properties under market comparison methodology. The management concluded that the recoverable amount of the commercial property is below its carrying value and an impairment loss of HK$31,847,000 was provided in the Group's consolidated statement of profit or loss for the year ended 31 March 2025.

With respect to the leasehold land, its recoverable amount may be impacted by the recession of economy. Management is required to assess whether the existing events or changes in circumstance, which indicate the leasehold land has suffered an impairment loss and if so, to estimate its recoverable amount. Management performed impairment assessment to determine the recoverable amount of the leasehold land, which was based on fair value less cost of disposal. Independent external valuation was obtained for the leasehold land to support management's estimate. The fair value less costs of disposal is arrived by recent comparable sales prices of leasehold land under market comparison methodology. The management concluded that the recoverable amount of the leasehold land is higher than its carrying value such that no impairment is indicated.

Determining the impairment of the above assets required significant management judgement, including implementing the key assumptions and estimates with respect to comparable properties and adjustments made for the differences among the comparable properties selected and those of the Group, such as location, grade and condition of the properties.

KEY AUDIT MATTERS – CONTINUED

IMPAIRMENT OF INVESTMENT PROPERTIES – CONTINUED

(Refer to note 15 to the consolidated financial statements and the key sources of estimation uncertainty set out in note 5(c)) – continued

Our response:

Our audit procedures in relation to assess the potential impairment of the investment properties included:

- evaluating the independent external valuer's competence;
- assessing the valuation methodologies used and the appropriateness of key assumptions;
- challenging the key parameters used in the valuations and the relevance of the input data used; and
- checking the mathematical accuracy of the calculation of the valuations.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate Number P05309

Hong Kong, 18 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK$'000	(Re-presented) 2024 HK$'000
Continuing operations			
Revenue	7	**37,592**	102,501
Direct costs		**(30,664)**	(73,853)
Gross profit		**6,928**	28,648
Other income	7	**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	15	**(31,847)**	(7,440)
Reversal of provision/(provision) of impairment loss on trade and retention receivables and contract assets, net	17, 18	**4,893**	(4,922)
Finance costs	8	**(643)**	(844)
Loss before income tax from continuing operation	9	**(38,892)**	(13,396)
Income tax (expense)/credit	10	**(6)**	228
Loss for the year from continuing operations		**(38,898)**	(13,168)
Discontinued operation			
Profit/(loss) for the year from a discontinued operation	37	**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	38	**1,274**	–
Total comprehensive income for the year		**(30,945)**	(20,398)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	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	28	**(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)	12		
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**	2024
		HK$'000	HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**135**	368,177
Investment property	15	**56,017**	90,969
Right of use asset	30	**724**	3,185
		56,876	462,331
Current assets			
Inventories	16	**4,691**	351
Trade and other receivables	17	**94,964**	34,387
Contract assets	18	**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	37	**345,379**	–
		490,042	92,896
Current liabilities			
Trade and other payables, deposits received and accrued charges	19	**95,202**	23,688
Bank loans	20	**17,948**	45,035
Contract liabilities	21	**3,342**	6,257
Lease liabilities	30	**755**	2,666
Amount due to a company controlled by a director of a subsidiary	31(a)	–	10,602
Amount due to a non-controlling shareholder of a subsidiary	31(b)	**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025**	2024
		HK$'000	HK$'000
Non-current liabilities			
Bank loans	20	**69,000**	73,000
Lease liabilities	30	–	755
Provision for long service payments	19	**34**	4,050
Deferred tax liabilities	24	**5,381**	2,973
		74,415	80,778
Net assets		**347,868**	378,813
EQUITY			
Share capital	22	**39,328**	39,328
Reserves	23	**312,083**	342,830
Equity attributable to owners of the Company		**351,411**	382,158
Non-controlling interests	28	**(3,543)**	(3,345)
Total equity		**347,868**	378,813

On behalf of the Board

Lun Yiu Kay Edwin
Director

Ng Ka Kit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2023	39,328	204,834	129	104,874	53,151	402,316	(3,105)	399,211
Loss and total comprehensive income for the year	–	–	–	–	(20,158)	(20,158)	(240)	(20,398)
At 31 March 2024 and 1 April 2024	39,328	204,834	129	104,874	32,993	382,158	(3,345)	378,813
Loss for the year	–	–	–	–	(32,021)	(32,021)	(198)	(32,219)
Other comprehensive income	–	–	–	–	1,274	1,274	–	1,274
Total comprehensive income for the year	–	–	–	–	(30,747)	(30,747)	(198)	(30,945)
At 31 March 2025	39,328	204,834	129	104,874	2,246	351,411	(3,543)	347,868

Nature and purpose of share capital and reserves are disclosed in Note 22 and 23 of the notes to the consolidated financial statements respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 HK$'000	(Re-presented) 2024 HK$'000
Cash flows from operating activities			
Loss before income tax (including discontinued operation)			
– Continuing operation		**(38,892)**	(13,396)
– Discontinued operation	37	**9,087**	(7,958)
Interest income		**(1,058)**	(1,292)
Finance costs	32	**6,234**	7,695
Depreciation of property, plant and equipment	14	**20,583**	22,056
Depreciation on properties leased for own use	30	**2,461**	4,548
Depreciation of investment property	15	**3,105**	3,257
(Reversal of provision)/provision of impairment loss on trade and retention receivables and contract asset, net	17,18	**(4,893)**	4,922
Impairment loss on investment property	15	**31,847**	7,440
Loss/(gain) on disposal of property, plant and equipment		**285**	(177)
Change in fair value of contingent consideration	35	**–**	(5,072)
Gain on debt assignment		**(7,363)**	–
Operating profit before working capital changes		**21,396**	22,023
(Increase)/decrease in inventories		**(2,561)**	1,022
(Increase)/decrease in trade and other receivables		**(55,684)**	15,508
Decrease/(increase) in contract assets		**6,510**	(10,553)
Increase/(decrease) in trade and other payables, deposits received and accrued charges		**68,290**	(8,260)
(Decrease)/increase in contract liabilities		**(2,915)**	277
Increase in provision for long service payments		**482**	4,364
Net cash generated in operations		**35,518**	24,381
Interest paid		**(6,328)**	(7,444)
Income tax paid		**(6)**	–
Net cash generated from operating activities		**29,184**	16,937

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 HK$'000	(Re-presented) 2024 HK$'000
Cash flows from investing activities			
Interest received		**1,058**	1,292
Purchases of property, plant and equipment		**(475)**	(2,023)
Placement of secured bank deposits		**(556)**	(4,303)
Proceeds from disposal of property, plant and equipment		**491**	238
Net cash generated from/(used in) investing activities		**518**	(4,796)
Cash flows from financing activities			
Drawdowns of bank loans		**17,449**	26,430
Repayments of bank loans		**(48,406)**	(21,883)
Advances from a company controlled by a director of a subsidiary		**–**	12,985
Repayments to a company controlled by a director of a subsidiary		**(3,185)**	(2,450)
Repayments to a director		**–**	(30,000)
Interest element of lease liabilities paid		**(90)**	(102)
Capital element of lease liabilities paid		**(2,666)**	(4,691)
Net cash used in financing activities		**(36,898)**	(19,711)
Decrease in cash and cash equivalents		**(7,196)**	(7,570)
Cash and cash equivalents at beginning of year		**42,642**	50,212
Cash and cash equivalents at end of year		**35,446**	42,642
Analysis of the balance of cash and cash equivalents			
Cash and bank balance		**35,446**	42,642

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 37).

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.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS – CONTINUED

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

The following new standards, 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 11[2]
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.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS – CONTINUED

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

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.

3. BASIS OF PREPARATION – CONTINUED

(b) **Basis of measurement and going concern assumption – continued**

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 has ceased hotel operation as at 31 March 2025. Following the cessation of the hotel operation, the Group is now focusing 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 the appropriateness of the use of the 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 37, 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 bank 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. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Property, plant and equipment are depreciated so as to write off their cost net of estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates of depreciation are as follows:

Hotel property	2.5%
Furniture, fixtures and equipment	10% – 20%

(d) Investment property

Investment property is stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment property net of estimated residual value over the estimated useful live. Investment property is depreciated at the range of 36 years to 50 years using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(e) **Impairment of assets (other than financial and contract assets and inventories)**

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets and the Company's investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(f) Financial instruments

(i) **Financial assets**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) **Impairment loss on financial assets**

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

- 12 months ECLs: these are the ECLs that result from possible default events within 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortised cost, ECLs are based on 12 months ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the lifetime ECLs.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(f) **Financial instruments – continued**

(ii) **Impairment loss on financial assets – continued**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes the credit risk or a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(f) **Financial instruments – continued**

(ii) **Impairment loss on financial assets – continued**

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iii) **Financial liabilities**

Financial liabilities at amortised cost including trade and other payables, deposits received and accrued charges, amount due to a non-controlling shareholder of a subsidiary, amount due to a company controlled by a director of a subsidiary and bank loans are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(g) Leases

The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group except for short-term leases, which are recognised on a straight-line basis over the lease term as an expense.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by any impairment loss and adjusted for certain remeasurements of lease liability.

Leasehold land and buildings which are held for own use are accounted for under HKAS 16 and are stated at cost less accumulated depreciation and impairment. Leasehold land and buildings that meet the definition of investment property are accounted for under HKAS 40 and are also stated at cost less accumulated depreciation and impairment. The right-of-use asset arising from the properties under tenancy agreements are also carried at depreciated cost.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. It is subsequently measured at amortised cost under effective interest method and adjusted for certain remeasurement. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate, which is generally the case. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(h) **Income taxes**

Income taxes for the year comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

i) The initial recognition of goodwill

ii) The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit and does not give rise to equal taxable and deductible temporary differences, and

iii) Investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the unused tax losses and deductible temporary differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities are settled.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(h) **Income taxes – continued**

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or

- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(i) **Recognition of revenue**

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue recognition policies are as follows:

(i) Revenue from hotel room sales to contracted sales agents, non-contracted sales agents and walk-in customers is recognised over time by reference to the period of stay, as the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(ii) Revenue from food and beverage and miscellaneous sales is recognised at a point in time when food and beverage and other goods are provided to the customers, being at the point that the customers obtained control of the goods.

(iii) Revenue from sales of furniture and building materials is recognised at a point in time when the goods are delivered to and accepted by customers. There is generally only one performance obligation. Invoices are issued according to contractual terms with credit period of 30 days to 60 days.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(i) Recognition of revenue – continued

(iv) For the revenue from fit-out construction service, the Group has determined that the contracts contain only a single performance obligation. Under the terms of the contracts, the Group is contractually required to perform the fit-out construction service at the customers' specified sites such that the Group's performance creates or enhances an asset that the customer controls as the Group performs. Accordingly, the revenue from these contracts are recognised over time. Revenue from provision of such fit-out construction service is recognised over time using input method, i.e. based on the actual costs incurred by the Group to date compared with the total budgeted cost for the project to estimate the revenue recognised during the year. The management of the Group considers that input method would faithfully depict the Group's performance obligation under HKFRS 15. Invoices are issued according to contractual terms.

Contract modification (i.e. variation order) are recognised when they are approved by customer. Generally modification to a fit-out construction contract is not accounted for as a separate contract. Contract modification is accounted for as if it were a part of the existing contract and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the contract sum and on the Group's measures of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis). For approved modifications where a change in price has not been agreed and other claims, they are accounted for following the requirements in relation to variable consideration that the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, a provision is recognised in accordance with the accounting policy for onerous contracts.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(j) **Contract assets and contract liabilities**

Contract assets

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments ("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. Contract asset is reduced by impairment loss, which is assessed on the same basis as trade receivables.

Retention monies retained by customers to secure for the due performance of the contracts are contract assets in nature. When the conditions attached to retention monies are fulfilled (i.e. at expiry of the defect liability period), the retention monies are released by customers and such retention monies have become trade receivables in nature.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the considerations (including advances received from customers) exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(k) **Employee benefits**

(i) **Short term employee benefits**

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(k) Employee benefits – continued

(ii) **Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) **Retirement scheme obligations**

The Group participates in a master trust scheme provided by an independent Mandatory Provident Fund ("MPF") service provider to comply with the requirements under the MPF Schemes Ordinance. Contributions paid and payable by the Group to the scheme are charged to profit or loss as incurred.

The MPF Scheme is a master trust scheme established under trust arrangement and governed by the laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. The Group and the employees contribute to the MPF Scheme (the "MPF contributions") in accordance with the MPF Schemes Ordinance. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(k) **Employee benefits – continued**

(iv) **Long service payment obligations**

Long service payment ("LSP") under the Hong Kong Employment Ordinance (the "Ordinance") is categorised as a defined benefit plan. Employees qualified under the Ordinance are entitled to LSP in certain circumstances specified in the Ordinance. There are no legal funding requirements on employers and the Group does not have any arrangement in place to settle its payment obligation in the future.

The Group's obligation to LSP is measured at gross LSP obligation which is estimated using the projected unit credit method discounted to its present value using market yields available on high quality corporate bonds (or government bonds if there is no deep market in such high-quality corporate bonds) that have maturity dates approximating to the terms of the liabilities and are denominated in Hong Kong Dollars which is the currency of the LSP obligations; less negative service costs. Under the Ordinance and the MPF Schemes Ordinance, the Group can offset the accrued benefits derived from the Group's MPF contributions against the Group's LSP obligations. The Group regards these MPF contributions are deemed contributions by employees towards the LSP benefits. The nature is negative service costs. These deemed contributions are estimated by applying an expected investment return rate on the MPF contributions and then attributed to periods of service using the same attribution method for gross LSP obligation.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(k) Employee benefits – continued

(iv) Long service payment obligations – continued

Service costs are recognised in profit or loss, and include current and past service costs (including result from a plan amendment). Interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the LSP obligation at the beginning of the annual period to the balance of the LSP obligation, considering the effects of benefit payments during the period. Remeasurements of the LSP obligation, including actuarial gains and losses, are recognised in other comprehensive income.

The offsetting mechanism of accrued benefits derived from an employer's mandatory MPF contributions against the employer's LSP obligations would be abolished with effect from 1 May 2025 ("Transition Date"). The HKSAR Government launched a scheme to subsidise a portion of the post-transition LSP payable by an employer. With reference to the education guidance published by the HKICPA in January 2025, the Group consider the LSP Subsidy meets the definition of a government grants and therefore the LSP is accounted for as a government grant in accordance with HKAS 20 Accounting for Government Grants and Disclosure of Government Assistance. After taking into consideration of the eligibility for LSP, the conditions for the LSP Subsidy and the recognition threshold in HKAS 20, the Group determine that the recognition criteria for the LSP Subsidy is generally met when the Group has paid or is about to pay the LSP to the employees in accordance with the Employment Ordinance and is eligible to claim the related LSP Subsidy from the HKSAR Government. Where there are specific facts and circumstances suggesting the recognition criteria is met earlier, the Group would assess the cases with particular care in terms of the exercise of judgement regarding the reasonable assurance threshold in HKAS 20. The grant relating to the LSP Subsidy is presented in gross amount in the consolidated statement of profit or loss and comprehensive income.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(l) **Non-current assets held for sale and discontinued operation**

Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

Discontinued operation

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Where an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Estimation of useful lives and residual value of property, plant and equipment and investment property

The Group's management determines the estimated useful lives and estimated residual value of its property, plant and equipment and investment property. The estimate is based on the historical experience of the actual useful lives and residual value of these property, plant and equipment and investment property of similar nature and functions.

Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of trade and retention receivables and contract assets

The Group's management determines the provision for impairment of trade and retention receivables and contract assets on a regular basis. This estimate is based on the credit history of its customers, the aging analysis and past settlement of the receivables, prevailing market conditions and adjustment for forward-looking factors specific to the debtors. The management reassess the provision for impairment at each reporting date.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – CONTINUED

(c) Impairment assessment of investment property

The investment property of the Group mainly included commercial property and is stated at cost less accumulated depreciation and impairment. At the reporting date, the Group assess whether there is an indication that assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated using fair value less costs of disposal and/or value in use calculations as appropriate. If the carrying amount of an asset exceeds its fair value less costs to sell or recoverable amount as appropriate, an impairment loss is recognised to reduce their carrying amount. Such impairment losses are recognised in the statement of profit or loss. In the current year, the commercial property is subject to impairment assessment and the Group has determined the recoverable amounts of the commercial property which in turn is based on fair value less costs of disposal.

(d) Going Concern

As explained in Note 3(b), the directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration as detailed in Note 3(b). The directors of the Company also believe that the Group will have working capital to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period.

(e) Recognition of contract revenue under fit-out construction service

Contract revenue recognition on individual projects are dependent on management's estimation of the progress of the satisfaction of performance obligations of a construction contract over time, measuring using input method, with reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. The Group reviews and revises the estimates of contract revenue, and contract costs, prepared for each contract as the contract progresses. Budgeted contract income is determined in accordance with the terms set out in the relevant contracts. Budgeted contract costs which mainly comprise subcontracting charges and cost of materials are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

6. 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

For the year ended 31 March 2025

6. SEGMENT INFORMATION – CONTINUED

(a) Operating segment information – continued

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

	2025 HK$'000	2024 HK$'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 HK$'000	2024 HK$'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 HK$'000	2024 HK$'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)

6. SEGMENT INFORMATION – CONTINUED

(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	2024
	HK$'000	HK$'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

7. REVENUE AND OTHER INCOME

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

	2025 HK$'000	(Re-presented) 2024 HK$'000
Continuing operations		
Other income		
Bank interest income	**163**	236
Gain on disposal of property, plant and equipment	**–**	163
Gain on debt assignment (Note 31(a))	**7,363**	–
Sundry income	**415**	1,105
	7,941	1,504
	45,533	104,005

7. REVENUE AND OTHER INCOME – CONTINUED

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

	2025 HK$'000	2024 HK$'000
Contract assets (Note 18)	**4,703**	11,213
Contract liabilities (Note 21)	**(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.

8. FINANCE COSTS

Finance costs comprise the following:

	2025 HK$'000	(Re-presented) 2024 HK$'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

9. 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		
– Audit service	**878**	878
– Non-Audit service	**296**	120
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 (including directors' emoluments as disclosed in Note 13)		
– Salaries and allowances	**15,512**	20,007
– Retirement benefit schemes contribution	**554**	842
– Long service payments expenses	**12**	1,072

10. 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)

(b) Income tax expense/(credit) for the year can be reconciled to the Group's loss before income tax from continuing operations as follows:

	2025 HK$'000	(Re-presented) 2024 HK$'000
Loss before income tax	**(38,892)**	(13,396)
Tax at applicable tax rate of 16.5% (2024: 16.5%)	**(6,417)**	(2,210)
Tax effect of expenses not deductible for tax purposes	**5,888**	2,166
Tax effect of income non-taxable for tax purpose	**(1,242)**	(875)
Tax effect of deductible temporary differences and tax losses not recognised	**2,847**	1,343
Utilisation of tax losses and deductible temporary differences previously not recognised	**(1,112)**	(1,192)
Others	**42**	540
Income tax expense/(credit)	**6**	(228)

10. INCOME TAX EXPENSE/(CREDIT) – CONTINUED

(b) Income tax expense/(credit) for the year can be reconciled to the Group's loss before income tax from continuing operations as follows: – continued

As at 31 March 2025, the Group had estimated unused tax losses of approximately HK$205,330,000 (2024: HK$200,344,000) available for offsetting against future profits, which are subject to the agreement of the Hong Kong Inland Revenue Department. This balance may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK$89,861,000 (2024: HK$100,790,000) of such losses to the extent that the realisation of the related tax benefits through future taxable profits is probable. No deferred tax asset has been recognised in respect of the remaining of approximately HK$115,469,000 (2024: HK$99,554,000) as it is not probable that taxable profit will be available against which the tax losses can be utilised.

At the end of the reporting period, the Group has deductible temporary differences of HK$520,000 (2024: HK$5,526,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2024: Nil), except that the Board proposed to declare VSD special dividend of HK$0.06 per each ordinary share in the issued share capital of the Company to the shareholders, which the proposal was passed in the Special General Meeting of the Company held on 25 March 2025.

12. 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 **HK$'000**	2024 HK$'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.

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The emoluments paid or payable to each of the directors, who are also considered as key management personnel of the Company, during the year are as follows:

Name of director	Director's fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contribution HK$'000	Discretionary bonus HK$'000	Total HK$'000
For the year ended 31 March 2025					
Executive directors					
Lun Yiu Kay Edwin	–	–	–	–	–
Ng Ka Kit	80	507	20	50	657
Wong Yuen Fan (i)	33	227	8	21	289
	113	734	28	71	946
Independent non-executive directors					
Tse Kwing Chuen	180	–	–	50	230
Lau Shu Kan	180	–	–	50	230
Chao Howard	170	–	–	50	220
	530	–	–	150	680
Total	643	734	28	221	1,626

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS – CONTINUED

(a) The emoluments paid or payable to each of the directors, who are also considered as key management personnel of the Company, during the year are as follows: – continued

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contribution HK$'000	Discretionary bonus HK$'000	Total HK$'000
For the year ended 31 March 2024					
Executive directors					
Lun Yiu Kay Edwin	–	–	–	–	–
Ng Ka Kit	80	360	20	227	687
	80	360	20	227	687
Independent non-executive directors					
Tse Kwing Chuen	180	–	–	50	230
Lau Shu Kan	180	–	–	50	230
Chao Howard	170	–	–	50	220
	530	–	–	150	680
Total	610	360	20	377	1,367

Note:

(i) Ms. Wong Yuen Fan were appointed on 13 November 2024.

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS – CONTINUED

(b) Five highest paid individuals

The five highest paid individuals of the Group did not include any directors (2024: Nil) whose emolument is included in the disclosures above. The emoluments of the five (2024: five) individuals were as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries and other benefits	**3,790**	4,148
Retirement benefit scheme contribution	**73**	68
	3,863	4,216

The emoluments of the five (2024: five) individuals fell within the following bands:

	No. of individuals **2025**	2024
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	1
	5	5

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: Nil). None of the directors or any of the highest paid individuals waived or agreed to waive any emoluments during the year (2024: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost			
At 1 April 2023	686,275	25,473	711,748
Additions	–	2,023	2,023
Disposals	–	(174)	(174)
At 31 March 2024 and 1 April 2024	686,275	27,322	713,597
Additions	–	475	475
Transfer to inventory	–	(2,724)	(2,724)
Disposals	–	(4,277)	(4,277)
Transfer to assets held for sale	(686,275)	(20,636)	(706,911)
At 31 March 2025	–	160	160
Accumulated depreciation and impairment			
At 1 April 2023	313,114	10,363	323,477
Charged for the year	17,157	4,899	22,056
Written back on disposal	–	(113)	(113)
At 31 March 2024 and 1 April 2024	330,271	15,149	345,420
Charged for the year	17,157	3,426	20,583
Transfer to inventory	–	(945)	(945)
Written back on disposal	–	(3,501)	(3,501)
Transfer to assets held for sale	(347,428)	(14,104)	(361,532)
At 31 March 2025	–	25	25
Net carrying value			
At 31 March 2025	–	135	135
At 31 March 2024	356,004	12,173	368,177

At 31 March 2025, the Group's hotel property was located in Hong Kong and was pledged to a bank for granting loan to the Group amounting to HK$73,323,000 (2024: HK$75,381,000) (Note 20).

15. INVESTMENT PROPERTY

	Leasehold land HK$'000	Commercial property HK$'000	Total HK$'000
Cost			
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	12,000	168,802	180,802
Accumulated depreciation and impairment			
At 1 April 2023	4,678	74,458	79,136
Charged for the year	302	2,955	3,257
Impairment loss	–	7,440	7,440
At 31 March 2024 and 1 April 2024	4,980	84,853	89,833
Charged for the year	303	2,802	3,105
Impairment loss	–	31,847	31,847
At 31 March 2025	5,283	119,502	124,785
Net carrying value			
At 31 March 2025	6,717	49,300	56,017
At 31 March 2024	7,020	83,949	90,969

At 31 March 2025, the Group's commercial property was located in Hong Kong and was pledged to a bank for granting loan to the Group amounting to HK$10,995,000 (2024: HK$36,587,000) (Note 20).

The leasehold land represents a piece of agricultural land held by the Group under medium term leases in Hong Kong and commercial property located in Hong Kong under medium term leases. The Group currently holds the property for capital appreciation.

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.

15. INVESTMENT PROPERTY – CONTINUED

The fair value of leasehold land is determined based on the market observable comparable prices of similar properties ranging from HK$143 to HK$167 per sq. feet, (2024: HK$130 to HK$184 per sq. feet) and adjusted taking into account mainly location, zoning and permitted land use, accessibility, size and surrounding. The higher the price, the higher the fair value. The fair value is based on observable inputs other than unadjusted quoted price and corroborated by observable market data, and is therefore under level 2 hierarchy.

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.

The fair value of commercial property is determined based on the market observable comparable prices of similar properties ranging from HK$23,992 to HK$31,593 per sq. feet (2024: HK$42,836 to HK$49,478 per sq. feet), and adjusted taking into account mainly location, size, floor, view and year of completion. The higher the price, the higher the fair value. The fair value is based on observable inputs other than unadjusted quoted price and corroborated by observable market data, and is therefore under level 2 hierarchy.

The above valuation is carried out on a Market Value basis. Market Value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeable, prudently and without compulsion".

16. INVENTORIES

These represent food and beverage, admission tickets for resale and building materials for trading purpose.

	2025 HK$'000	2024 HK$'000
Hotel operation		
– Finished goods	–	141
Trading of building materials		
– Good in transits	**3,081**	210
– Finished goods	**1,610**	–
	4,691	351

17. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'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

17. TRADE AND OTHER RECEIVABLES – CONTINUED

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

17. TRADE AND OTHER RECEIVABLES – CONTINUED

Note a: – continued

(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 **HK$'000**	2024 HK$'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 (%)	**3.13%**	**–**	**–**	**–**	**46.60%**	
Gross carrying amount (HK$'000)	**45**	**–**	**–**	**–**	**289**	**334**
Expected credit losses (HK$'000)	**1**	**–**	**–**	**–**	**135**	**136**

17. TRADE AND OTHER RECEIVABLES – CONTINUED

Note a: – continued

As at 31 March 2024

Hotel operation

	Not past due
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.

17. TRADE AND OTHER RECEIVABLES – CONTINUED

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 Group.

18. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'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 for impairment analysis. The movement in the allowance for impairment losses during the year is as follows:

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

19. 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 38)	**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 38)	**34**	4,050
	95,236	27,738

Notes:

(a) The aging 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	**858**	6,132
Over 1 month but within 2 months	**–**	2,506
Over 2 months but within 3 months	**–**	196
More than 3 months	**2,697**	–
	3,555	8,834

19. TRADE AND OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUED CHARGE – CONTINUED

Notes: – continued

(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 37).

(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.

20. 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

20. BANK LOANS – CONTINUED

(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 to two years 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.

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20. BANK LOANS – CONTINUED

(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 **HK$'000**	2024 HK$'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

21. CONTRACT LIABILITIES

	2025 **HK$'000**	2024 HK$'000
Contract liabilities arising from:		
– Hotel room sales to walk-in customers	–	123
– Fit-out construction service	**531**	2,476
– Trading of building materials	**2,811**	3,658
	3,342	6,257

21. CONTRACT LIABILITIES – CONTINUED

Typical payment terms which impact on the amount of contract liabilities are as follows:

Hotel room sales to walk-in customers

The Group would collect lump-sum receipts in advance from the customers for (i) less than 3 days of hotel accommodation income for non long-stay customers and (ii) hotel accommodation income on weekly and monthly basis for long-stay customers. Whenever the progress towards complete satisfaction or the relevant performance obligation is passed, such contract liabilities would be derecognised and the respective amount would be recognised as revenue. The balance of contract liabilities would be expected to be recognised as revenue in next financial year.

Fit-out construction service & trading of building materials

The Group requires certain customers to provide upfront deposits ranging from 5% to 50% of total contract sum. When the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount received.

Movements in contract liabilities

	2025 **HK$'000**	2024 HK$'000
At 1 April	**6,257**	5,980
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(4,930)**	(4,202)
Increase in contract liabilities as a result of payment received in advance from customers for hotel operations	–	123
Increase in contract liabilities as a result of billing in advance of construction services	**170**	698
Increase in contract liabilities as a result of receiving forward sales deposits for trading of building materials	**1,845**	3,658
At 31 March	**3,342**	6,257

22. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.02 each		
At 1 April 2023, 31 March 2024,		
1 April 2024 and 31 March 2025	3,000,000,000	60,000
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 April 2023, 31 March 2024,		
1 April 2024 and 31 March 2025	1,966,387,866	39,328

All the shares in issue rank pari passu in all respects including all rights as to dividends, voting and capital.

23. RESERVES

(i) Share premium

The balance represents the premium arising from the issue of shares at a price in excess of their par value per share.

(ii) Contributed surplus

As advised by the Company's Bermuda counsel on 5 September 2008, the credit arising on the cancellation of the share capital under the Capital Reorganisation may be used in such manner as including contributing the credit arising to the Company's contributed surplus account, which is a distributable reserve of the Company, after the approval of the shareholders at the special general meeting.

23. RESERVES – CONTINUED

(iii) Reserves of the Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2023	204,834	129	104,874	40,444	350,281
Loss and total comprehensive income for the year	–	–	–	(4,031)	(4,031)
At 31 March 2024 and 1 April 2024	204,834	129	104,874	36,413	346,250
Loss for the year	–	–	–	(140,914)	(140,914)
Other comprehensive income for the year	–	–	–	143	143
Total comprehensive income for the year				(140,771)	(140,771)
At 31 March 2025	204,834	129	104,874	(104,358)	205,479

24. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movement during the current and prior years is as follows:

	Tax losses HK$'000	Accelerated depreciation HK$'000	Total HK$'000
At 1 April 2023	(14,545)	19,054	4,509
Charged to profit or loss	(2,085)	549	(1,536)
At 31 March 2024 and 1 April 2024	(16,630)	19,603	2,973
Credited to profit or loss	1,804	604	2,408
At 31 March 2025	(14,826)	20,207	5,381

25. RELATED PARTY TRANSACTIONS

As at 31 March 2025, the directors consider the ultimate holding company of the Company to be Winland Stock (BVI) Limited which was incorporated in the British Virgin Islands.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Other than disclosed elsewhere in the consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) During the year, the Group entered into the following transactions with the related parties:

Related party relationship	**Type of transaction**	**2025**	**2024**
		HK$'000	HK$'000
Company controlled by a director	Trading of building materials	**583**	383
	Fit-out construction services	**679**	679
	Purchase of food	**16**	16
	Management fee expense	**–**	21
	Lease payment	**1,141**	225

25. RELATED PARTY TRANSACTIONS – CONTINUED

(b) Compensation of key management personnel

The emoluments of key management personnel (comprising of directors only) during the year were as follows:

	2025	2024
	HK$'000	HK$'000
Salaries, bonus, allowances and benefits in kind	**1,598**	1,347
Contributions to retirement benefit scheme	**28**	20
	1,626	1,367

The emoluments paid or payable to key management personnel (comprising of directors only) were within the following bands:

	No. of individuals	
	2025	2024
Nil to HK$1,000,000	**5**	5

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26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2025** **HK$'000**	2024 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	27	**252,271**	394,818
Current assets			
Deposits and prepayments		**165**	251
Cash and bank balances		**4,940**	1,366
		5,105	1,617
Current liabilities			
Other payables and accrued charges		**3,512**	902
Amounts due to subsidiaries	27	**9,025**	9,514
		12,537	10,416
Net current liabilities		**(7,432)**	(8,799)
Non-current liabilities			
Provision for long service payments		**32**	441
Net assets		**244,807**	385,578
EQUITY			
Share capital	22	**39,328**	39,328
Reserves	23(iii)	**205,479**	346,250
Total equity		**244,807**	385,578

On behalf of the Board

Lun Yiu Kay Edwin
Director

Ng Ka Kit
Director

27. INTERESTS IN SUBSIDIARIES

	2025 HK$'000	2024 HK$'000
Unlisted shares, at cost	**500**	500
Amounts due from subsidiaries (Note (a))	**410,010**	405,768
	410,510	406,268
Less: Provision for impairment loss	**(158,239)**	(11,450)
	252,271	394,818

(a) Amounts due from subsidiaries are unsecured, non-interest bearing and in substance represent the Company's interest in the subsidiaries in the form of quasi-equity loans, except for an amount due from a subsidiary of HK$211 million bear interest at HIBOR plus 1.5% per annum.

(b) Amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Particulars of the principal subsidiaries as at 31 March 2025 are set out below:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held by the Company Directly	Effective interest held by the Company Indirectly	Principal activities
City Promenade Limited	Hong Kong	Paid-up capital of HK$2	–	100%	Inactive
Perfect Plan Development Limited	Hong Kong	Paid-up capital of HK$100	–	51%	Property holding
Goodnews Investments Limited	British Virgin Islands ("BVI")	1 ordinary share of US$1 each	100%	–	Investment holding
Castle Charm Limited	Hong Kong	Paid-up capital of HK$2	–	100%	Property holding
Winland China hotel Limited	Hong Kong	Paid-up capital of HK$1	–	100%	Inactive
Winland Firmstone Limited	Hong Kong	Paid-up capital of HK$100	–	100%	Construction services

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results for the year or constituted a substantial portion of the assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

28. NON-CONTROLLING INTERESTS

Perfect Plan Development Limited ("Perfect Plan"), a 51% owned subsidiary of the Company, has material non-controlling interests.

Summarised financial information in relation to non-controlling interests of Perfect Plan, before intra-group eliminations, is presented below:

	2025 **HK$'000**	2024 HK$'000
For the year ended 31 March		
Revenue	**–**	–
Loss for the year	**(402)**	(490)
Total comprehensive loss for the year	**(402)**	(490)
Loss for the year allocated to non-controlling interests	**(198)**	(240)
Net cash flows generated from operating activities	**–**	–
Net increase in cash and cash equivalents	**–**	–
As at 31 March		
Current assets	**60**	61
Non-current assets	**6,717**	7,019
Current liabilities	**(14,007)**	(13,908)
Net liabilities	**(7,230)**	(6,828)
Accumulated non-controlling interests	**(3,543)**	(3,345)

29. FINANCIAL GUARANTEE

At the end of the reporting period, the Company provided 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 utilised by the subsidiaries amount to approximately HK$74,665,000 (2024: HK$78,094,000) as at 31 March 2025. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economics 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 statement 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 the repayment is remote.

30. LEASES

Disclosures under HKFRS 16

The Group

Nature of leasing activities (in the capacity as lessee)

The Group leases a number a properties in the jurisdictions from which it operates. Lump sum payments were made upfront to acquire the hotel property, commercial property and leasehold land, and there are no ongoing payments to be made under the terms of the lease, other than payment is based on rateables values set by the relevant government authorities. Lease contracts of properties leased for own use are entered into for initial fixed term of 2 years to 3 years (2024: 2 years to 3 years), comprise only fixed payments over the lease terms and do not include any extension nor termination options.

(i) Right-of-use-assets

The analysis of the net book value of right-of-use assets by class of underlying assets is as follow:

	31 March 2025 HK$'000	31 March 2024 HK$'000
Hotel property classified as assets held for sale	**338,847**	356,004
Commercial property classified as investment property	**49,300**	83,949
Leasehold land classified as investment property	**6,717**	7,020
Properties leased for own use classified as right-of-use assets	**724**	3,185
	395,588	450,158

30. LEASES – CONTINUED

Disclosures under HKFRS 16 – continued

The Group – continued

Nature of leasing activities (in the capacity as lessee) – continued

(i) Right-of-use-assets – continued

	Hotel property HK$'000	Commercial property HK$'000	Leasehold land HK$'000	Properties leased for own use HK$'000	Total HK$'000
As at 1 April 2023	373,161	94,344	7,322	5,357	480,184
Addition	–	–	–	2,376	2,376
Depreciation	(17,157)	(2,955)	(302)	(4,548)	(24,962)
Impairment loss	–	(7,440)	–	–	(7,440)
As at 31 March 2024 and 1 April 2024	356,004	83,949	7,020	3,185	450,158
Depreciation	(17,157)	(2,802)	(303)	(2,461)	(22,723)
Impairment loss	–	(31,847)	–	–	(31,847)
As at 31 March 2025	338,847	49,300	6,717	724	395,588

The Group's hotel property, commercial property and leasehold land are held under medium term leases ranged from 50 years to 75 years and situated in Hong Kong where the Group's principal business activities were performed.

As at 31 March 2025, the Group's hotel property and commercial property with an aggregate carrying amount of approximately HK$338,847,000 and HK$49,300,000 (2024: HK$356,004,000 and HK$83,949,000) were pledged to secure general banking facilities granted to the Group respectively.

30. LEASES – CONTINUED

Disclosures under HKFRS 16 – continued

The Group – continued

Nature of leasing activities (in the capacity as lessee) – continued

(ii) Lease liabilities

	HK$'000
As at 1 April 2023	5,736
Addition	2,376
Lease repayment	(4,793)
Interest expense	102
As at 31 March 2024 and 1 April 2024	3,421
Lease repayment	(2,756)
Interest expense	90
As at 31 March 2025	755

	2025 **HK$'000**	2024 HK$'000
Classified under:		
Current liabilities	**755**	2,666
Non-current liabilities	**–**	755
	755	3,421

30. LEASES – CONTINUED

Disclosures under HKFRS 16 – continued

The Group – continued

Nature of leasing activities (in the capacity as lessee) – continued

(ii) Lease liabilities – continued

Future lease payments are due as follow:

31 March 2025	**Future lease payments HK$'000**	**Interests HK$'000**	**Present value HK$'000**
Not later than one year	**773**	**18**	**755**

31 March 2024	Future lease payments HK$'000	Interests HK$'000	Present value HK$'000
Not later than one year	2,756	90	2,666
Later than one year and not later than two years	773	18	755
	3,529	108	3,421

31. AMOUNT DUE TO A COMPANY CONTROLLED BY A DIRECTOR OF A SUBSIDIARY/A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

(a) As at 31 March 2024, the amount due to a company controlled by a director of a subsidiary is unsecured, interest-bearing at 6.875% per annum and repayable on demand. During the year, the outstanding amount of HK$7,363,000 was assigned to the Group at nominal consideration.

(b) Amount due to a non-controlling shareholder of a subsidiary are all unsecured, interest-free and repayable on demand.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank loans (Note 20) HK$'000	Amount due to a director HK$'000	Amount due to a company controlled by a director of a subsidiary (Note 31(a)) HK$'000	Lease liabilities (Note 30) HK$'000
At 1 April 2023 and 1 April 2024	113,406	30,000	–	5,736
Changes from financing cash flows:				
Advances from a company controlled by a director of a subsidiary	–	–	12,985	–
Repayments to a company controlled by a director of a subsidiary	–	–	(2,450)	–
Drawdowns of bank loans	26,430	–	–	–
Repayments of bank loans	(21,883)	–	–	–
Repayments to a director	–	(30,000)	–	–
Repayments of the lease capital elements	–	–	–	(4,691)
Repayments of the lease interest elements	–	–	–	(102)
	4,547	(30,000)	10,535	(4,793)
Other changes:				
Addition of lease liabilities	–	–	–	2,376
Interest paid under operating activities	(7,101)	–	(343)	–
Interest expense	7,183	–	410	102
	82	–	67	2,478
At 31 March 2024 and 1 April 2024	118,035	–	10,602	3,421
Changes from financing cash flows:				
Repayments to a company controlled by a director of a subsidiary	–	–	(3,185)	–
Drawdowns of bank loans	17,449	–	–	–
Repayments of bank loans	(48,406)	–	–	–
Repayments of the lease capital elements	–	–	–	(2,666)
Repayments of the lease interest elements	–	–	–	(90)
	(30,957)	–	(3,185)	(2,756)
Other changes:				
Assigned to the Group	–	–	(7,363)	–
Interest paid under operating activities	(5,845)	–	(483)	–
Interest expense	5,715	–	429	90
	(130)	–	(7,417)	90
At 31 March 2025	86,948	–	–	755

33. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts, which includes bank loan as disclosed in Note 20 and amount due to a company controlled by a director of a subsidiary and a non-controlling shareholder of a subsidiary less cash and bank balances and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in Notes 22 and 23 respectively.

The Group's management reviews the capital structure periodically. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts. No changes were made to the objectives or policies for both years.

The gearing ratio at the end of the reporting period was as follows:

	2025 **HK$'000**	2024 HK$'000
Debts	**93,362**	135,051
Cash and bank balances	**(35,446)**	(42,642)
	57,916	92,409
Equity attributable to owners of the company	**351,411**	382,158
Debt to equity ratio	**16.48%**	24.18%

34. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

(a) Credit risk

The Group's principal financial assets are cash and bank balances and trade and retention receivables.

The Group's credit risk is primarily attributable to its receivables arising from the default of the debtors. Credit risk on bank balances is limited because the counterparty are reputable bank with high credit ratings assigned by international credit agencies. The amounts presented in the consolidated statement of financial position are net of provisions for impairment losses. Provision for impairment is made where there are expected credit losses from assessment by past events, current conditions and forecasts of future economic conditions.

In respect of trade and retention receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's credit history and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and retention receivables is set out in note 17.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

34. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk – continued

The following table details the remaining contractual maturities at the end of the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2025					
Trade and other payables, deposits received and accrued charges (note)	10,913	10,913	10,913	–	–
Bank loans	86,948	97,844	21,827	11,877	64,140
Lease liabilities	755	773	773	–	–
Amount due to a non-controlling shareholder of a subsidiary	6,414	6,414	6,414	–	–
	105,030	115,944	39,927	11,877	64,140
2024					
Trade and other payables, deposits received and accrued charges (note)	20,487	20,487	20,487	–	–
Bank loans	118,035	137,005	52,519	8,316	76,170
Lease liabilities	3,421	3,529	2,756	773	–
Amount due to a company controlled by a director of a subsidiary	10,602	10,602	10,602	–	–
Amount due to a non-controlling shareholder of a subsidiary	6,414	6,414	6,414	–	–
	158,959	178,037	92,778	9,089	76,170

Note: excluding accrued staff cost, provision for long service payments, deposit received for disposal of assets held for sale and other tax payable.

34. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk – continued

The directors consider that the bank term loans will be repaid in accordance with the scheduled repayments dates as set out in the loan agreements. This evaluation was made after considering the financial position of the Group, the Group's compliance with the loan covenant, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the bank loans, the contractual undiscounted payments are as follows:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
31 March 2025	86,948	97,844	21,827	11,877	64,140
31 March 2024	118,035	137,005	52,519	8,316	76,170

34. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's bank loans with a floating interest rate. Interest rate and terms of repayment of the Group's borrowing are disclosed in Note 20. The Group's policy is to obtain the most favourable interest rate available for its borrowings.

Sensitivity analysis

At 31 March 2025, it is estimated that a general increase/decrease of 50 basis points in interest rate, with all other variables held constant, would increase/decrease the Group's loss for the year and decrease/increase retained profits by approximately HK$352,000 (2024: HK$467,000).

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for loan outstanding in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting date. The analysis is performed on the same basis as 2024.

(d) Currency risk

Each member of the group company mainly operated in their local jurisdiction with most of the transactions settled in their functional currency of the operation and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Fair values estimation

With the exception of contingent consideration payable which is stated at fair value, all other financial instruments are carried at amounts not materially different from their fair values as at 31 March 2025 and 2024.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2025 and 2024 may be categorised as follows:

	2025	2024
	HK$'000	HK$'000
Financial assets at amortised costs		
Trade and other receivables, excluding prepayments	**85,910**	30,913
Secured bank deposits	**4,859**	4,303
Cash and bank balances	**35,446**	42,642
	126,215	77,858

	2025	2024
	HK$'000	HK$'000
Financial liabilities at amortised costs		
Trade and other payables, deposits received and accrued charges (note)	**10,913**	20,487
Bank loans	**86,948**	118,035
Lease Liabilities	**755**	3,421
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
	105,030	158,959

Note: excluding accrued staff cost, provision for long service payments, deposit received for disposal of assets held for sale and other tax payable.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY – CONTINUED

The Group financial assets and financial liabilities measured at amortised cost as at 31 March 2025 and 2024 include cash and bank balances and secured bank deposits, trade and other receivables, trade and other payables, deposits received and accrual charges, lease liabilities, amount due to a company controlled by a director of a subsidiary, amount due to a non-controlling shareholder of a subsidiary, and bank loans. The directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values.

The fair value of contingent consideration payable is categorised within Level 3 of the fair value hierarchy. The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

Information about level 3 fair value measurements

As at 31 March 2024, the fair value of contingent consideration payable is estimated by using profit forecast. The valuation technique adopts gross profit margin ranges from 30% to 39% as key unobservable input. As at 31 March 2024, the fair value measurement is positively correlated to gross profit margin. It is estimated that with all other variables held constant, an increase/decrease in gross profit margin by 2% would have decrease/increase the Group's income by approximately HK$Nil.

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	2025 **HK$'000**	2024 HK$'000
At 1 April	–	5,072
Change in fair value	–	(5,072)
At 31 March	–	–

There were no transfers between levels during the year.

36. MATERIAL INTEREST OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in note 25 "Related Party Transactions", no transaction, arrangement or contract of significance to the Company's business to which a director of the Company or his/her connected entity had a material interest, whether directly or indirectly were entered into or subsisting during the financial year (2024: Nil).

37. 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 17(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 assets held for sale accordingly. In addition, hotel operation as disclosed in note 6, represents a separate major line of business has ceased its operations as at 31 March 2025 and is therefore classified as a discontinued operation.

37. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE – CONTINUED

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

	2025 **HK$'000**	2024 HK$'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

38. 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").

38. PROVISION FOR LONG SERVICE PAYMENTS – CONTINUED

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.

38. PROVISION FOR LONG SERVICE PAYMENTS – CONTINUED

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2025	2024
Discount rate	**3.7% p.a**	3.2% p.a
Expected rate of future salary increase	**2% p.a**	1% p.a

The below analysis shows how the long service payment obligations would have increased/(decreased) as a result of change in the principal actuarial assumptions as follow:

	Increase in rate	**Increase/ (decrease) in LSP obligations** HK$'000	**Decrease in rate**	**Increase/ (decrease) in LSP obligations** HK$'000
As at 31 March 2025				
Discount rate	1%	(43)	1%	45
Future salary increase	1%	(34)	1%	34
As at 31 March 2024				
Discount rate	1%	(518)	1%	618
Future salary increase	1%	150	1%	(188)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

39. 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.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 18 June 2025.

FIVE YEARS' FINANCIAL SUMMARY

	2025 HK$'000	2024 HK$'000 (Re-presented)	2023 HK$'000	2022 HK$'000	2021 HK$'000
Results					
Year ended 31 March					
Revenue	**37,592**	102,501	126,362	27,515	24,490
Loss and total comprehensive income	**(30,945)**	(20,398)	(70,818)	(23,929)	(44,603)
Loss and total comprehensive income attributable to owners of the Company	**(30,747)**	(20,158)	(70,661)	(23,765)	(44,406)
Assets and liabilities					
As at 31 March					
Total assets	**546,918**	555,227	602,356	536,209	557,976
Total liabilities	**(199,050)**	(176,414)	(203,145)	(113,069)	(90,233)
Non-controlling interests	**3,543**	3,345	3,105	2,941	2,744
Equity attributable to equity holders of the Company	**351,411**	382,158	402,316	426,081	470,487

PARTICULARS OF PRINCIPAL PROPERTIES

Particulars of the Group's principal properties as at 31 March 2025 are as follows:

HOTEL PROPERTY

Address	Type	Tenure	Group's interest
Hotel 2 Rambler Crest No. 1 Tsing Yi Road Tsing Yi New Territories Hong Kong	Commercial	Medium term lease	100%

LAND

Address	Site Area (Sq. ft)	Lease Expiry	Group's interest
D.D. 243 in Sai Kung New Territories Hong Kong (certain lots)	164,420	2047	51%

COMMERCIAL PROPERTY

Address	Type	Tenure	Group's interest
Office 4701 47th Floor Far East Finance Centre No. 16 Harcourt Road Hong Kong	Commercial	Medium term lease	100%

MEXAN LIMITED
茂盛控股有限公司