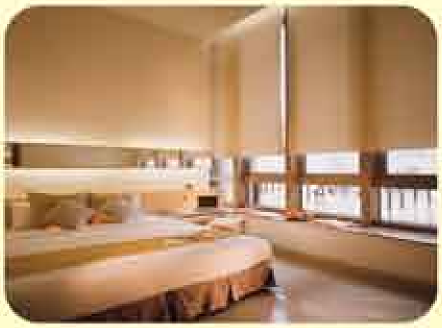
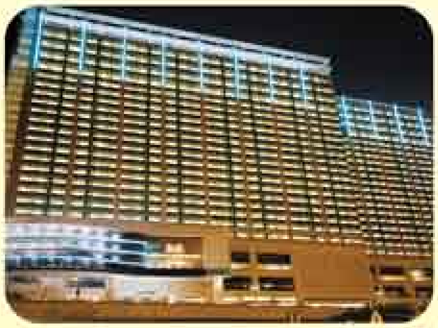
MEXAN LIMITED
茂盛控股有限公司

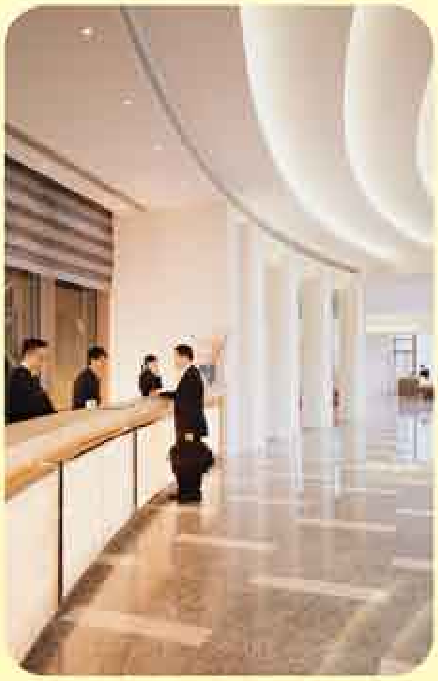
(Incorporated in Bermuda with limited liability)

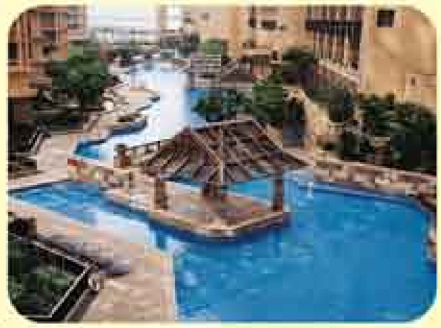
股份代號：22

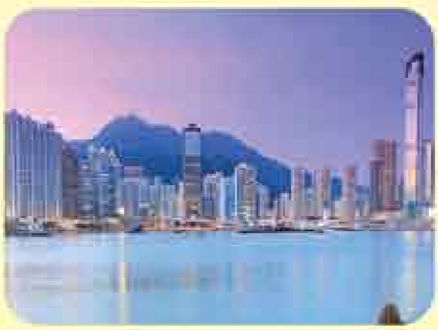
ANNUAL REPORT 2012

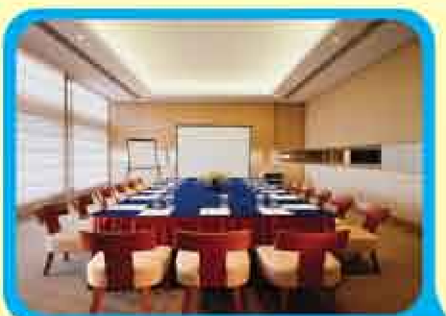


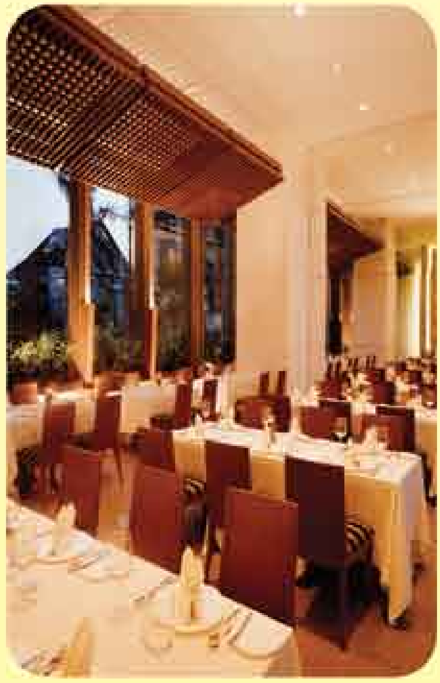


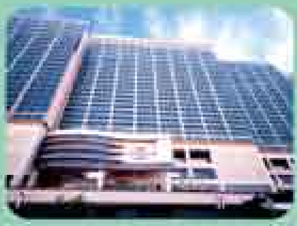


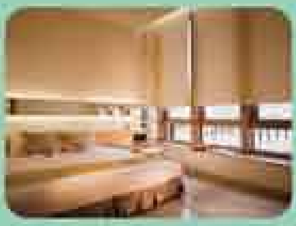
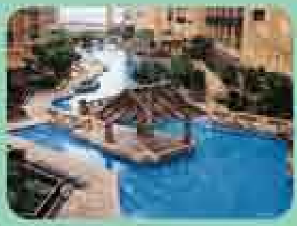










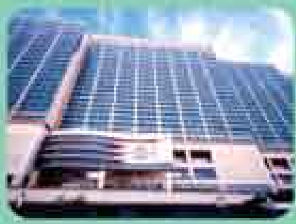




This annual report, in both English and Chinese version, is available on the Company's website at www.mexanhk.com (The Company Website").

Shareholders who have chosen or have been deemed consent to receive 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.

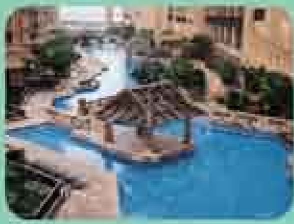
Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

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 languages of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by sending an email to the Hong Kong Branch Share Registrar of the Company at is-ecom@hk.tricorglobal.com.



CONTENTS

CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors:
Lun Chi Yim *(Chairman)*
Lun Yiu Kay Edwin *(Managing Director)*
Suen Chui Fan
Ng Tze Ho Joseph

Independent Non-Executive Directors:
Tse Kwing Chuen
Ng Hung Sui Kenneth
Lam Yiu Pang Albert

COMPANY SECRETARY
Au Chung Shing

PRINCIPAL BANKERS

Dah Sing Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton
HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7th Floor, Mexan Harbour Hotel
Hotel 2, Rambler Crest
No. 1 Tsing Yi Road
Tsing Yi
New Territories
Hong Kong

PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

www.mexanhk.com

STOCK CODE

22

I present the results and operations of MEXAN LIMITED (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2012.

OPERATIONS

The turnover generated from hotel operations for recent years (April to March) was presented as follows:

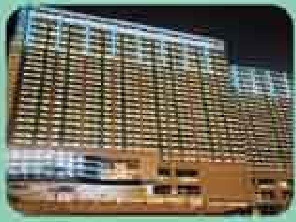
	Year ended 31/3/2012 HK$'000	Year ended 31/3/2011 HK$'000	Year ended 31/3/2010 HK$'000	Year ended 31/3/2009 HK$'000
Hotel room sales	**91,528**	74,028	60,698	70,306
Food and beverage income	**5,058**	5,289	4,822	4,916
Miscellaneous sales	**378**	675	561	546
Turnover	**96,964**	79,992	66,081	75,768

Turnover generated from hotel room sales was increasing when comparing the amount between year ended 31 March 2012 and year ended 31 March 2011.

The turnover generated from hotel operations for recent years (January to December) was presented as follows:

	From 1/1/2011 to 31/12/2011 HK$'000	From 1/1/2010 to 31/12/2010 HK$'000	From 1/1/2009 to 31/12/2009 HK$'000	From 1/1/2008 to 31/12/2008 HK$'000
Hotel room sales	**78,157**	71,525	60,970	69,061
Food and beverage income	**5,045**	5,231	4,957	4,619
Miscellaneous sales	**735**	780	720	508
Turnover	**83,937**	77,536	66,647	74,188

On the other hand, loan interest income was approximately HK$409,000 for year ended 31 March 2012 and it was decreasing when compared with approximately HK$596,000 for the year ended 31 March 2011. The borrower repaid the all loan principal and interest during the year.



PROSPECTS

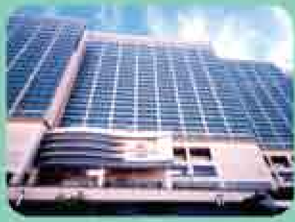
As beneficial from a recovering economic environment, it is expected that the operating performance of the hotel business in the Group for the coming year will be prudently optimistic.

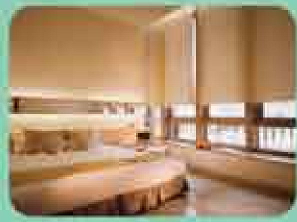
APPRECIATION

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 dedication and commitment.

Lun Chi Yim
Chairman

Hong Kong, 26 June 2012





REVIEW OF OPERATION

Hotel business

The Group operates the Mexan Harbour Hotel, a 800-room hotel in Tsing Yi, maintained an average occupancy rate of approximately 98% for the year under review, compared to an average occupancy rate of approximately 96% for last year. Benefited from the continued economic grownth of mainland China, visitor arrivals during the year hit a record and visitor spending during the year helped the development of industry sectors including hotel and food and beverage consumption. During the Group's core businesses recorded satisfactory performance and overall results grew year-on-year.

Others

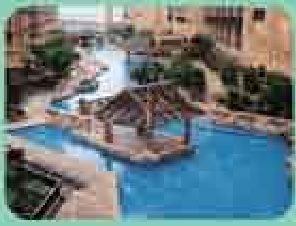
Approximately HK$0.4 million of other income generated for the year ended 31 March 2012 which represented the loan interest income generated from money lending business. The loan interest income was substantially generated from a loan to a third party amounted to HK$2,700,000. During the year, all the loan and interest were fully settled.

LIQUIDITY AND FINANCIAL INFORMATION

During the year under review, cashflow of the Group was mainly generated from the hotel operations and money lending business. As at 31 March 2012, the Group's total borrowings amounted to approximately HK$323 million compared with approximately HK$355 million as at 31 March 2011. The decrease of the Group's total borrowings was due to the repayment of significant amount of loan.

As at 31 March 2012, cash and bank balances amounted to approximately HK$33 million compared with cash and bank balances of approximately HK$12 million last year. The Group's net assets as at 31 March 2012 amounted to approximately HK$251 million compared with approximately HK$234 million last year.

Gearing ration of the Group which expressed as a percentage of total borrowings to total equity was approximately 129% as at 31 March 2012 compared to approximately 152% as at 31 March 2011. Net gearing ration of the Group which is expressed as a percentage of net borrowings (total borrowings less cash and bank balance) to total equity was approximately 116% compared with approximately 147% last year.



LIQUIDITY AND FINANCIAL INFORMATION continued

Of the Group's total borrowings as at 31 March 2012, approximately HK$160 million would be due within one year and approximately HK$163 million would be due repayment after one year which contain a repayable on demand clause. The total borrowings were denominated in HKD and bear a variable interest rate.

The above borrowings were secured by the hotel property, corporate guarantee from the Company and guarantees from directors and their related companies.

TREASURY POLICIES

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

FOREIGN EXCHANGE EXPOSURE

The Group has limited exposure to foreign exchange fluctuations as the Group's transactions including the borrowings are mainly recorded in the currency most connected with the Group's businesses in the countries concerned and the borrowings were balanced by assets in the same currencies.

EQUITY

Total equity of the Group as at 31 March 2012 was approximately HK$251 million compared with approximately HK$234 million last year. Total equity attributable to owners of the Company as at 31 March 2012 was approximately HK$253 million compared with approximately HK$235 million last year. The increase was resulted from the profit generated for the year under review.

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 31 March 2012, the total number of employees of Group was 116 (2011: 129). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the Directors are determined having regard to the comparable market statistics. No director of the Company, or any of his associates, and executive is involved in dealing his own remuneration. The remuneration policies of the Group are normally reviewed on periodic basis. The Group participates in pension schemes that cover all the eligible employees of the Group.

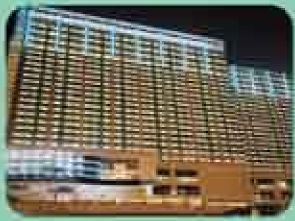


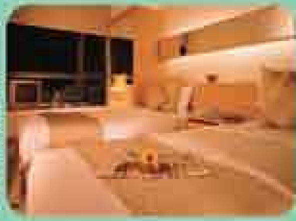
CONTINGENT LIABILITY

(a) In 2008, the Company's wholly owned subsidiary, Winland Mortgage Limited ("Winland Mortgage") granted a borrower (the "Borrower") a HK$104 million loan facility ("Loan Facility") which was secured by a property of the Borrower (the "Property").

Due to default on repayment of the loan, on 10 July 2009, Winland Mortgage, the Borrower and other relevant parties entered into a deed of settlement ("Settlement Deed") in relation to various matters on sale and purchase of the Property for loan settlement. On 17 December 2009, the sale and purchase of the Property was completed and Winland Mortgage received the loan principal amount and part of loan interests. On 16 January 2010, the Borrower commenced a legal action against the Company , Winland Mortgage and a director of the Company for breach of the Settlement Deed.

The court opined that the Settlement Dead did not bar Winland Mortgage's rights to seek redress against the Borrower on the Loan Facility, therefore the claims by the Borrower in the legal action are unlikely to succeed. The Borrower filed a notice to appeal against the decision of Court on 13 February 2010 and subsequently to 24 May 2010, the Borrower was compulsorily wound up by the High Court. Up to the date of this announcement, the liquidators of the Borrower had not made any indication to pursue the above actions.





CONTINGENT LIABILITY continued

No further progress is noted for the above litigation case up to the date of the approval of the consolidated financial statements.

(b) At the end of the reporting period, the Company had a financial guarantee contract issued to a bank in respect of banking facilities of an aggregate amount of HK$532,273,000 (2011: HK$549,141,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$323,272,000 (2011: HK$355,141,000) as at 31 March 2012. 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 values cannot be reliably measured and its transaction price was nil. The Company had not recognised any provision in the financial statements as at 31 March 2012 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.

CORPORATE GOVERNANCE REPORT



CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is committed to maintain 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.

In the opinion of the directors of the Company ("Directors" or individually, the "Director"), the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year under review, except for the deviation from code provision A.4.2 of the CG Code as disclosed in this report. Please refer to the section of "Nomination and re-election of Directors" hereafter.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

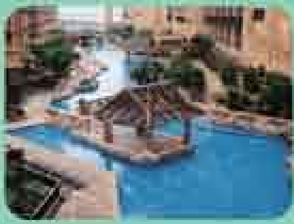
The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry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

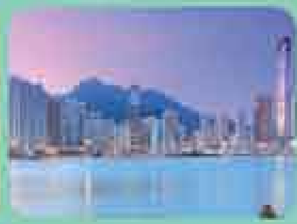
BOARD OF DIRECTORS

The Directors during the year ended 31 March 2012 and up to the date of this report are :

Executive Directors

Lun Chi Yim (Chairman)
Lun Yiu Kay Edwin (Managing Director)
Suen Chui Fan
Ng Tze Ho Joseph





BOARD OF DIRECTORS continued

Independent Non-Executive Directors

Tse Kwing Chuen
Ng Hung Sui Kenneth
Lam Yiu Pang Albert

As at the date of this report, the Board comprised seven Directors, four of whom are Executive Directors (including the Chairman of the Board and the Managing Director) 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.

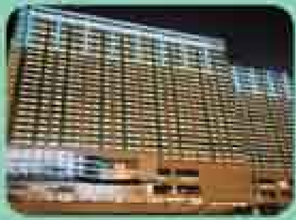
The Board is responsible for the leadership and control of the Company and collectively responsible for promoting the success of the Company and supervising the Company's affairs. It also monitors overall strategic development of the Group, financial performance and the internal controls of the Group's business operations. 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

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. To the best knowledge of the Directors, save as Mr. Lun Chi Yim, the Chairman of the Board, is the father of Mr. Lun Yiu Kay Edwin, Managing Director; Ms. Suen Chui Fan, is the spouse of Mr. Lun Chi Yim and the mother of Mr. Lun Yiu Kay Edwin, there is no financial, business and family relationship among the members of the Board.

For the year ended 31 March 2012, other than resolutions passed by means of resolutions in writing of Directors, the Board held five meetings. The following table shows the attendance records of individual Director at the meetings of the Board held for the year ended 31 March 2012:-



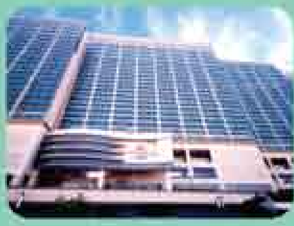
BOARD OF DIRECTORS continued

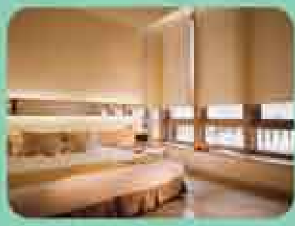
Directors' Attendance

Executive Directors	**Number of Board Meetings held during the Director's term of office during the year ended 31 March 2012**	**Number of meeting(s) attended**
Mr. Lun Chi Yim (Chairman)	5	5
Mr. Lun Yiu Kay Edwin (Managing Director)	5	3
Ms. Suen Chui Fan	5	2
Mr. Ng Tze Ho Joseph	5	5
Independent Non-Executive Directors		
Dr. Tse Kwing Chuen	5	5
Mr. Ng Hung Sui Kenneth	5	5
Mr. Lam Yiu Pang Albert	5	4

CHAIRMAN AND MANAGING DIRECTOR

The positions of the Chairman of the Board and Managing Director are held by Mr. Lun Chi Yim and Mr. Lun Yiu Kay Edwin respectively. This segregation ensures that a clear distinction between the Chairman's responsibility to manage the Board and the Managing Director's responsibility to manage the Company's business. The respective responsibilities of the Chairman and the Managing Director are set out in an internal document entitled "Code of Corporate Governance".





NON-EXECUTIVE DIRECTORS

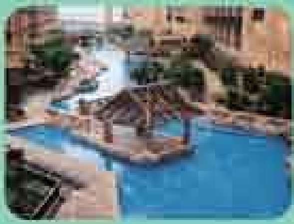
The term of office of each present independent non-executive director is for a period of 2 years from 19 April 2011 to 18 April 2013 , subject to retirement by rotation in accordance with the Bye-laws of the Company.

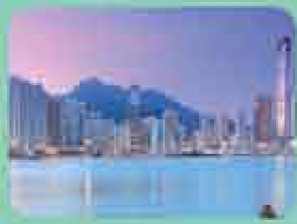
EXECUTIVE COMMITTEE

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 of three executive directors, Mr. Lun Chi Yim, Mr. Lun Yiu Kay Edwin and Mr. Ng Tze Ho Joseph. Mr. Lun Chi Yim 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 2012	Number of meeting(s) attended
Mr. Lun Chi Yim *(Chairman)*	2	2
Mr. Lun Yiu Kay Edwin *(Managing Director)*	2	1
Mr. Ng Tze Ho Joseph	2	2





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 of three members, including the Managing Director, Mr. Lun Yiu Kay Edwin and two Independent Non-Executive Directors, Mr. Ng Hung Sui Kenneth and Mr. Lam Yiu Pang Albert. In compliance with the requirement of appointing an independent non-executive director as the chairman of the remuneration committee under Rule 3.25 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which will come into effect on 1 April 2012, Mr. Lam Yiu Pang Albert, an independent non-executive director of the Company, has been appointed as chairman of remuneration committee of the Company in place of Mr. Lun Yiu Kay Edwin with effect from 1 April 2012. Mr. Lun Yiu Kay Edwin shall remain as a member of the remuneration committee.

During the year, one Remuneration Committee meeting was held and the individual attendance of each member is set out below:

Name of Members	Number of Remuneration committee meeting held during the member's term of office during year ended 31 March 2012	Number of meeting attended
Mr. Lun Yiu Kay Edwin *(Chairman)*	1	1
Mr. Lam Yiu Pang Albert	1	1
Mr. Ng Hung Sui Kenneth	1	1

REMUNERATION COMMITTEE continued

During the meeting, the Remuneration Committee discussed and determined the Director's fee for individual Director. 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 B.1.4 of the CG Code, the terms of reference of the Remuneration Committee are included 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 of three members, all of them are Independent Non-Executive Directors. The Audit Committee comprises of three members, including Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lam Yiu Pang Albert. The chairman of the Audit Committee is Mr. Lam Yiu Pang Albert who is a qualified accountant with appropriate professional qualification and experience in financial matters. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- reviewing and monitoring financial reporting and the reporting judgement contained in them; and

- reviewing financial and internal controls, accounting policies and practices with management and external auditors.

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

AUDIT COMMITTEE continued

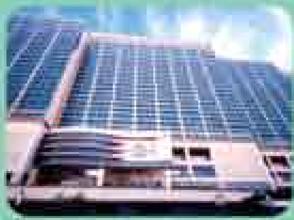
Name of Members	Number of Audit Committee meetings held during the member's term of office during the year ended 31 March 2012	Number of meetings attended
Mr. Lam Yiu Pang Albert (Chairman)	2	2
Mr. Ng Hung Sui Kenneth	2	2
Dr. Tse Kwing Chuen	2	2

Summary of work done for the year ended 31 March 2012:-

- review of final results and draft audited financial statements for the year ended 31 March 2012;
- review of interim results and draft unaudited financial statements for the six months ended 30 September 2011; and
- consider and approve of the re-appointment of auditors.

The Audit Committee has also reviewed with BDO Limited the audited financial statements for the year ended 31 March 2012 and has also discussed auditing, internal controls and financial reporting matters of the Group.

To comply with the code provision C.3.4 of the CG Code, the terms of reference of the Audit Committee are included on the Company's website and also available on request.



NOMINATION COMMITTEE

The Nomination Committee was established in April 2012 with specific written terms of reference and comprised of three members. The Nomination Committee comprises of three members, including Mr. Lun Chi Yim, Dr. Tse Kwing Chuen and Mr. Lam Yiu Pang Albert. The chairman of the Nomination Committee is Mr. Lun Chi Yim.

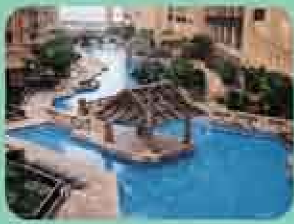
NOMINATION AND RE-ELECTION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his/her qualifications, experience and background. During the year under review, Ms. Suen Chui Fan was appointed as executive director with effect from 28 June 2011.

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

AUDITORS' REMUNERATION

BDO Limited is the auditor of the Company. During the year ended 31 March 2012, the fees charged to the financial statements of the Company and its subsidiaries for statutory audit amounted to HK$460,000.



DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for the preparation of the 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 financial statements for the year ended 31 March 2012, the Directors ensured that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards and have applied them consistently; made judgments and estimates that are prudent, fair and reasonable; and have prepared the financial statements on a going concern basis. The Directors are also responsible for the timely publication of the financial statements of the Group.

The statement of the auditor of the Company, BDO Limited, about their reporting responsibilities on the 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 enquires, 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.

INTERNAL CONTROLS

The Board is responsible for maintaining a proper and effective system of internal control to safeguard the shareholders' investment and the assets of the Group.

The audit committee and the Board also considered the adequacy of resources, qualification and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget under the internal control review.

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 2012.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. During the year, the principal activity of its subsidiaries is hotel operation. Further details of subsidiaries during the year ended 31 March 2012 are set out in note 33 to the financial statements.

An analysis of turnover of the Company and its subsidiaries (the "Group") for the year by principal activities is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on page 35.

The state of affairs of the Group and the Company as at 31 March 2012 are set out in the statement of financial position on pages 36 to 38.

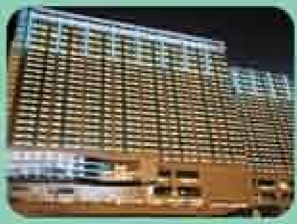
The cash flows of the Group are set out in the consolidated statement of cash flows on pages 40.

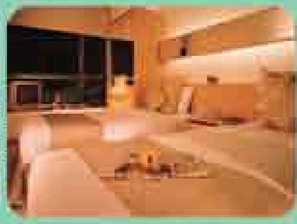
As at 31 March 2012, the distributable reserves of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$31,173,000 (2011:HK $34,122,000).

The Directors do not recommend the payment of final dividend for the year ended 31 March 2012 (2011: Nil).

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.





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 39 and in note 25 to the 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 84.

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 15 to the financial statements.

PRINCIPAL PROPERTY

Particulars of the Group's hotel property and investment property are set out on page 85.

BANK LOANS

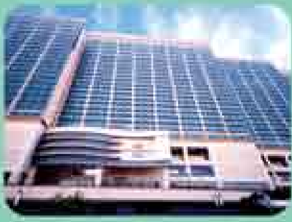
Particulars of the Group's bank loans are set out in note 23 to the financial statements.

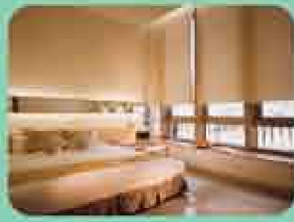
PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

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

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





MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the largest and the five largest customers accounted for 11% and 44% respectively of the turnover of the Group for the year.

None of the Directors, their associates or any shareholders (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 noted above.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% in the year under review.

DIRECTORS

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

Executive Directors:

Lun Chi Yim *(Chairman)*
Lun Yiu Kay Edwin *(Managing Director)*
Suen Chui Fan
Ng Tze Ho Joseph

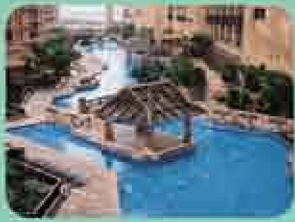
Independent Non-Executive Directors:

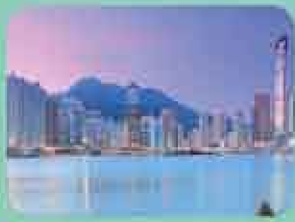
Tse Kwing Chuen
Ng Hung Sui Kenneth
Lam Yiu Pang Albert

In accordance with Bye-law 87 of the Company's Bye-laws, Mr.Tse Kwing Chuen shall retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

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.

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

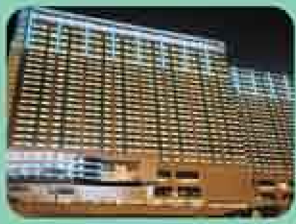
Biographical details of Directors of the Company as at the date of this report are set out below:

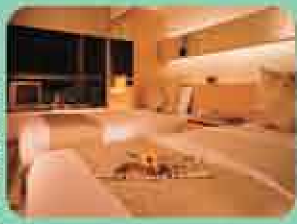
Executive Directors

Mr. Lun Chi Yim, aged 78, has been a Director and the Chairman of the Board since April 2007. Mr. Lun is an experienced real property investor. He is a graduate of the Civil Engineering Department in the South China University of Technology in the People's Republic of China (the "PRC") in 1957. He was engaged in the architectural design and structural engineering design after graduation, and involved in property investment in Hong Kong since late 1960's. He was appointed as a Guest Professor in the South China University of Technology in the PRC in 2001. He is the First Permanent Honorary President and Honorary Chairman of the Hong Kong Real Estate Agencies General Association Limited, an honorary citizen in the city of Lo Din in Guangdong Province of the PRC and the Permanent Honorary President, Deputy Chairman and Chairman of the Past Presidents Council of China Universities Alumni (H.K.) Association, Permanent Honorary President and Executive Director of Federation of Hong Kong Guangdong Community Organisations and the Executive Member of Federation of Hong Kong Guangdong Community Organisations Charitable Foundation Limited.

Mr. Lun is the founder of the Winland Group which is a diversified group of companies established in Hong Kong and principally engaged in the businesses of property investment, money lending (only on security of immovable properties or shares of listed companies) and the provision of hotel and property management services. Mr. Lun also engages in various infrastructure investments in the PRC through joint ventures.

He is also the sole director and ultimate sole shareholder of Winland Wealth (BVI) Limited, which has an interest in the shares of the Company, which falls to be disclosed under the provision of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).





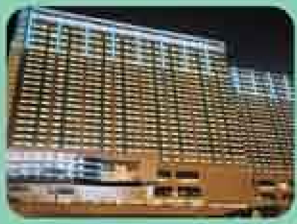
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT continued

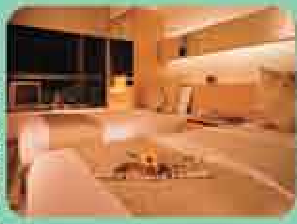
Mr. Lun is also a director of the wholly-owned subsidiaries of the Company, and he is the father of Mr. Lun Yiu Kay Edwin, an executive director and the Managing Director of the Company and he is the spouse of Ms. Suen Chui Fan, an executive director of the Company.

Mr. Lun Yiu Kay Edwin, aged 42, has been a Director and the Managing Director of the Company since April 2007. Mr. Lun holds a Bachelor's Degree in Science (Land Management) from the University of Reading, United Kingdom. He has over 16 years' experience in property investment, finance and management. He is also experienced in hotel management and in the tourism industry. Mr. Lun joined 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 remuneration committee of the Board, a director of all the subsidiaries of the Company, and he is the son of Mr. Lun Chi Yim, an executive director and the Chairman of the Company.

Ms. Suen Chui Fan, aged 70, joined Fook Shing Estate Group Limited in 1969, has over 40 years'experience in property investment and development, leasing and management. Ms. Suen joined the Winland Group in 2004 and is currently a director of several companies of the Winland Group. Ms. Suen Chui Fan is the mother of the Managing Director, Mr. Lun Yiu Kay Edwin and the spouse of the Chairman, Mr. Lun Chi Yim and she is deemed to be interested in Mr. Lun's shares which represented 711,108,037 shares of the Company as held by Winland Wealth (BVI) Limited. Winland Wealth (BVI) Limited was wholly owned by Winland Stock (BVI) Limited, a company wholly-owned by Mr. Lun Chi Yim.





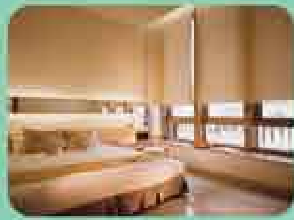
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT continued

She is the Permanent Honorary President, Committee Member and Deputy Secretary of Women's Committee of Federation of Hong Kong Guangdong Community Organisations, Honorary President of the Past Presidents Council of China Universities Alumni (H.K.) Association, Honorary President of Chiao Yao Association, Vice President of Central and Western District Branch of Hong Kong Real Estate Agencies General Association, Honorary President of the Hong Kong Overseas Chinese General Association, Honorary President of the Hong Kong (Eastern District) Heng Fa Women's Association, Honorary President of the Hong Kong Island Federation and an honorary citizen in the city of Lo Din in Guangdong Province of the PRC.

Mr. Ng Tze Ho Joseph, aged 40, has been a Director since April 2007. Mr. Ng holds a Bachelor's Degree in Science (Quantity Surveying) from the University of Reading, United Kingdom. He has over 15 years' experience in property investment and development, leasing and management. Mr. Ng joined the Winland Group in 1997 and is currently a director of several companies in the Winland Group.

Independent Non-Executive Directors

Dr. Tse Kwing Chuen, aged 61, has been a Director since April 2007. He is also a member of the audit committee and nomination committee of the Board. Dr. Tse obtained a Master's Degree in Economics from the Zhongshan 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 director of Zhong Da Technology Limited, a company incorporated in Hong Kong and is experienced in management of business enterprises. He is the Deputy President of China Universities Alumni (H.K.) Association and visiting Professor in Sun Yat-sen University in the PRC, and Tianjin Normal University in the PRC.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT continued

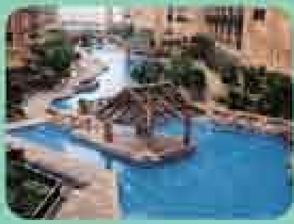
Mr. Ng Hung Sui Kenneth, aged 45, has been a Director since April 2007. He is also a member of the audit committee and remuneration committee of the Board. Mr. Ng obtained a Bachelor's Degree in Laws from the University of Hong Kong and is a solicitor practising in Hong Kong since 1992. He was also admitted as a solicitor in England and Wales in 1993 and as a legal practitioner in Tasmania, Australia in 1994. He is a partner of Ng, Au Yeung & Partners Solicitors & Notaries and is a Notary Public of Hong Kong. He is a member both of the Standing Committee on External Affairs and the Criminal Law & Procedure Committee of the Law Society of Hong Kong.

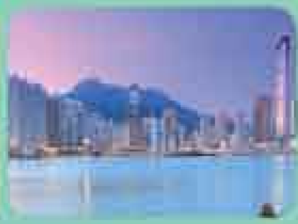
Mr. Ng currently also serves as an independent non-executive director of Samson Paper Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange.

Mr. Lam Yiu Pang Albert, aged 65, has been a Director since April 2007. He is also the Chairman of the audit committee and the remuneration committee and a member of nomination committee of the Board. Mr. Lam obtained a Bachelor's Degree in Economics from the University of Tasmania, Australia. He is an associate member of The Institute of Chartered Accountants in Australia, and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.





SHARE OPTION SCHEME

On 27 September 2004, the Company adopted a new share option scheme (the "Scheme") which is in compliance with Chapter 17 of the Listing Rules. No options have been granted under the Scheme during the period from the date of adoption up to the date of this report.

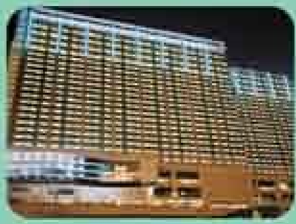
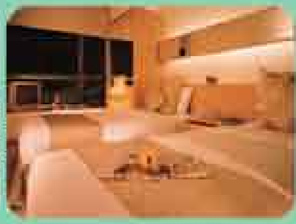
Below is a summary of the principal terms of the Scheme:

1.	Purpose of the Scheme	To enable the Group and any entity in which any member of the Group holds an equity interest (the "Invested Entity") to recruit and retain high caliber employees and attract human resources that are valuable to the Group or the Invested Entity, to recognise the significant contributions of the participants to the growth of the Group or the Invested Entities by rewarding them with opportunities to obtain ownership interest in the Company and to further motivate and give incentives to the participants to continue to contribute to the long term success and prosperity of the Group or the Invested Entity.
2.	Participants of the Scheme	Any participant (including any director or employees, any consultant, advisors or agent engaged by or any vendor, supplier of goods or services or customer of or to any member(s) of the Group or any Invested Entity) as the Board may in its absolute discretion select, having regard to each person's qualification, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Group or any Invested Entity.
3.	Maximum number of shares	The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed thirty (30) per cent of the share capital of the Company from time to time.
4.	Total number of shares available for issue upon exercise of all options under the Scheme	131,092,524 shares unless shareholders' approval has been obtained according to the requirements of the Listing Rules in force, being 10% of the issued share capital of the Company at the date of approval of the Scheme by the shareholders of the Company.
5.	Maximum entitlement of each participant under the Scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant under the Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) in any 12-month period must not exceed one (1) per cent of the issued share capital of the Company unless the same is approved by the shareholders of the Company in general meeting.



SHARE OPTION SCHEME continued

6. the period within which the shares must be taken up under an option	The option period shall be determined by the Board upon grant of each option, provided that it shall not exceed a period of ten (10) years commencing on the date on which the Board grants the options or such later date as the Board may decide.
7. the minimum period for which an option must be held before it can be exercised	Not applicable
8. the amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	The offer of an option made in accordance with the Scheme may be accepted within ten (10) business days from the date of offer and the amount payable on acceptable of the option is HK$1.00
9. the basis of determining the subscription price	The subscription price shall be determined by the Board and shall not be less than the highest of: (a) the official closing price of the shares as stated in daily quotations sheet of the Stock Exchange on the date of offer of the relevant option; (b) the average of the official closing price of the shares as stated in daily quotations sheets of the Stock Exchange for the five (5) business days immediately preceding the date of offer of the relevant option; and (c) the normal value of a share of the Company
10 the remaining life of the Scheme	The Scheme was adopted on 27 September 2004 and shall be valid and effective for a period of ten (10) years commencing from the date of adoption


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

As at 31 March 2012, 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 SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

(i) Long positions in shares of the Company

Name of Director	**No. of shares of HK$0.02 each held**	**Capacity/ nature of interest**	**Approximate shareholding percentage (%)**
Lun Chi Yim	711,108,037	Interest of controlled corporation/ Corporate interest	54.24
Suen Chui Fan	711,108,037	Interest of spouse/ Family interest	54.24

Note:

These 711,108,037 shares are held by Winland Wealth (BVI) Limited. Winland Wealth (BVI) Limited is wholly owned by Winland Stock (BVI) Limited which is in turn wholly owned by Mr. Lun Chi Yim. Accordingly, both Winland Stock (BVI) Limited and Mr. Lun Chi Yim are deemed to be interested in the said 711,108,037 shares under the SFO.



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

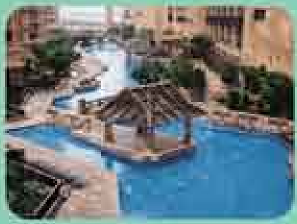
(ii) Long positions in shares of associated corporation

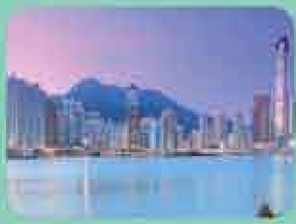
Name of associated corporation	Name of Director	No. of shares of US$1.00 each held	Capacity/ nature of interest	Shareholdi ng percentage (%)
Winland Stock (BVI) Limited	Lun Chi Yim	1	Beneficial owner/ Personal interest	100
	Suen Chui Fan	1	Interest of spouse/ Family interest	100
Winland Wealth (BVI) Limited	Lun Chi Yim	1	Interest of controlled corporation/ Corporate interest	100
	Suen Chui Fan	1	Interest of spouse/ Family interest	100

Save as disclosed above, as at 31 March 2012, none of the Directors or chief executive of the Company or any of their respective associates had registered an interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which are required to be recorded under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the section headed "Share Option Scheme", 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 Directors were 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:

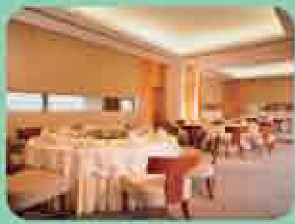
Name of Director	Name of entity of the Competing Business	Description of the Competing Business	Nature of interest of the Director in the entity
Lun Chi Yim	Winland Hotel Management Limited (Note)	Hotel management	As substantial shareholder and director
	Winland Finance Limited	Money lending	As substantial shareholder and director
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 directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interest of the Group.



CORPORATIONS AND PERSONS WHO HAD INTERESTS OR A SHORT POSITION WHICH WAS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 31 March 2012, the following 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$0.10 each held	Capacity/ nature of interest	Approximate shareholding percentage (%)
Winland Wealth (BVI) Limited (Note i)	Long	711,108,037 (Note i)	Beneficial owner/ Beneficial interest	54.24
Suen Chui Fan (Note ii)	Long	711,108,037 (Note ii)	Interest of spouse/ Family interest	54.24
Winland Stock (BVI) Limited (Note iii)	Long	711,108,037 (Note iii)	Interest of controlled corporation/ Corporate interest	54.24

Notes:

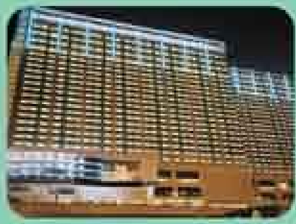
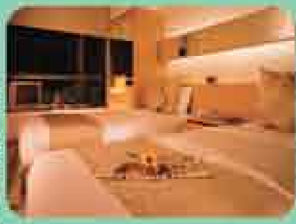
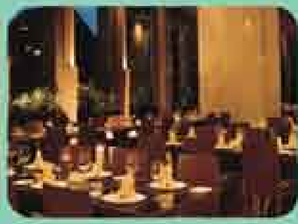
i. Mr. Lun Chi Yim was deemed to be interested by virtue of the SFO in the 711,108,037 shares of the Company held by Winland Wealth (BVI) Limited which was wholly owned by Winland Stock (BVI) Limited, acompany wholly-owned by Mr. Lun.

ii. Mr. Suen Chui Fan, the spouse of Mr. Lun Chi Yim, is deemed to be interested in Mr. Lun's shares which represented the same parcel of shares of the Company as held by Winland Wealth (BVI) Limited.

iii. Winland Stock (BVI) Limited has declared an interest in 711,108,037 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. Ng Hung Sui Kenneth and Mr. Lam Yiu Pang Albert. The Audit Committee has reviewed with the Group's auditors, BDO Limited, the audited financial statements for the year ended 31 March 2012 and has also discussed auditing, internal control and financial reporting matters of the Group.

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.

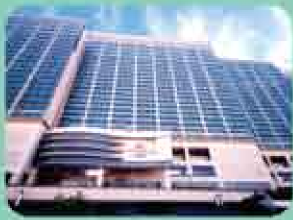
AUDITOR

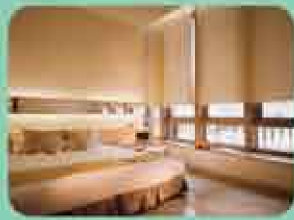
The financial statements have been audited by BDO Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board
MEXAN LIMITED

Lun Chi Yim
Chairman

Hong Kong, 26 June 2012





BDO

Tel : +852 2218 8288
Fax : +852 2815 2239
www.bdo.com.hk

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Central
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF MEXAN LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Mexan Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 83 , which comprise the consolidated and company statements of financial position as at 31 March 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

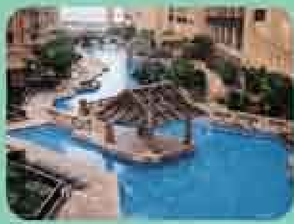
DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

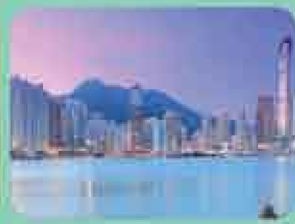
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.





AUDITOR'S RESPONSIBILITY continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Ng Wai Man
Practising Certificate no. P05309

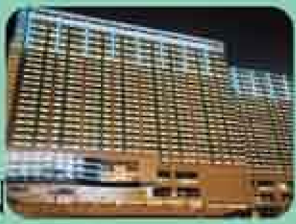
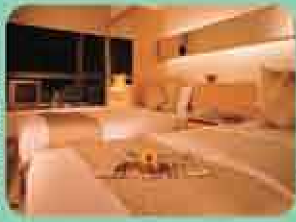
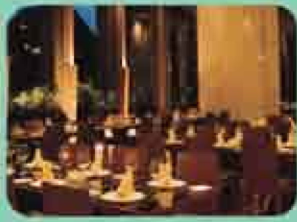
Hong Kong, 26 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Turnover	7	96,964	79,992
Direct costs		(26,667)	(26,304)
Gross profit		70,297	53,688
Other revenue	7	413	599
Administrative and other operating expenses		(26,915)	(25,318)
Depreciation and amortisation		(18,722)	(18,754)
Finance costs	8	(3,990)	(3,376)
Profit before income tax	9	21,083	6,839
Income tax expense	10	(4,366)	(3,762)
Profit and total comprehensive income for the year		16,717	3,077
Profit and total comprehensive income attributable to:			
Owners of the Company		16,873	3,231
Non-controlling interests		(156)	(154)
		16,717	3,077
Basic earnings per share (HK cents)	13	1.29	0.25
Diluted earnings per share (HK cents)	13	N/A	N/A

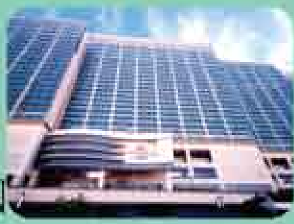
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

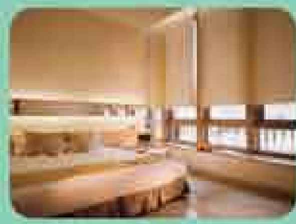




As at 31 March 2012

	Note	31/3/2012 HK$'000	31/3/2011 HK$'000 (Restated)	1/4/2010 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	562,107	579,264	596,489
Intangible assets	16	5,347	6,514	7,681
Investment property	17	10,641	10,943	11,245
Club debentures	19	1,350	1,350	1,350
		579,445	598,071	616,765
Current assets				
Inventories	20	276	194	226
Trade and other receivables, deposits and prepayments	21	4,906	6,225	10,675
Loans receivable	22	-	2,863	2,701
Tax recoverable		-	403	1,577
Bank balances		32,616	12,464	6,202
		37,798	22,149	21,381
Current liabilities				
Other payables, deposits received and accrued charges		24,023	16,530	16,866
Amounts due to directors		87	384	-
Amount due to a non-controlling shareholder of a subsidiary	27(b)	6,414	6,414	6,414
Dividend payable		422	1,515	1,515
Bank loans	23	323,273	355,141	379,302
Tax payable		5,670	-	-
		359,889	379,984	404,097
Net current liabilities		**(322,091)**	(357,835)	(382,716)
Total assets less current liabilities		**257,354**	240,236	234,049

CONSOLIDATED STATEMENT OF FINANCIAL POSITION





As at 31 March 2012

	Note	31/3/2012 HK$'000	31/3/2011 HK$'000 (Restated)	1/4/2010 HK$'000 (Restated)
Total assets less current liabilities		257,354	240,236	234,049
Non-current liabilities				
Deferred tax liabilities	26	6,011	6,703	3,593
Net assets		251,343	233,533	230,456
EQUITY				
Share capital	24	26,218	26,218	26,218
Reserves		226,362	208,396	205,165
Equity attributable to owners of the Company		252,580	234,614	231,383
Non-controlling interests		(1,237)	(1,081)	(927)
Total equity		251,343	233,533	230,456

On behalf of the Board

Lun Chi Yim
Director

Lun Yiu Kay Edwin
Director

STATEMENT OF FINANCIAL POSITION



As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6	8
Interests in subsidiaries	18	220,633	225,104
Club debentures	19	1,350	1,350
		221,989	226,462
Current assets			
Deposits and prepayments		63	60
Bank balances		1,689	1,551
		1,752	1,611
Current liabilities			
Other payables and accrued charges		2,477	2,762
Dividend payable		422	1,515
Amount due to a subsidiary	18(b)	892	897
		3,791	5,174
Net current liabilities		(2,039)	(3,563)
Net assets		219,950	222,899
EQUITY			
Share capital	24	26,218	26,218
Reserves	25	193,732	196,681
Total equity		219,950	222,899

On behalf of the Board

Lun Chi Yim
Director

Lun Yiu Kay Edwin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

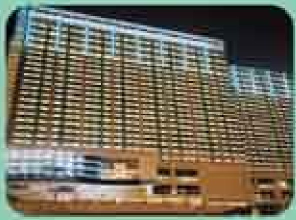
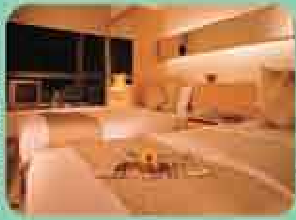


For the year ended 31 March 2012

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Retained profits	Attributable to owners of the Company	Non – controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	26,218	57,556	129	104,874	42,606	231,383	(927)	230,456
Profit and total comprehensive income for the year	–	–	–	–	3,231	3,231	(154)	3,077
At 31 March 2011	26,218	57,556	129	104,874	45,837	234,614	(1,081)	233,533
Profit and total comprehensive income for the year	–	–	–	–	16,873	16,873	(156)	16,717
Unclaimed dividend forfeited	–	–	–	–	1,093	1,093	–	1,093
At 31 March 2012	26,218	57,556	129	104,874	63,803	252,580	(1,237)	251,343

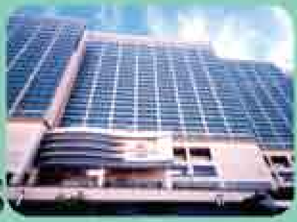
Nature and purpose of the reserves are disclosed in Note 25.

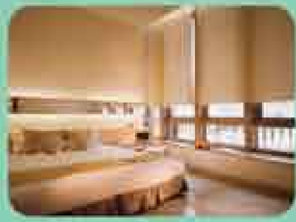
CONSOLIDATED STATEMENT OF CASH FLOWS


For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before income tax	21,083	6,839
Interest income	(413)	(599)
Interest expenses	3,961	3,351
Depreciation of property, plant and equipment	17,253	17,285
Depreciation of investment property	302	302
Amortisation of intangible assets	1,167	1,167
Loss on disposal of property, plant and equipment	1	1
Operating cash flows before working capital changes	43,354	28,346
(Increase)/decrease in inventories	(82)	32
Decrease in trade and other receivables, deposits and prepayments	1,319	4,450
Increase/(decrease) in other payables, deposits received and accrued charges	7,493	(336)
(Decrease)/increase in amounts due to directors	(297)	384
Net cash generated from operations	51,787	32,876
Interest received	576	437
Interest paid	(3,961)	(3,351)
Tax refunded	1,015	522
Net cash generated from operating activities	**49,417**	**30,484**
Investing activities		
Changes in loans receivable	2,700	-
Purchase of property, plant and equipment	(97)	(61)
Net cash generated from/(used in) investing activities	**2,603**	**(61)**
Financing activities		
Repayment of bank loans	(31,868)	(24,161)
Net cash used in financing activities	**(31,868)**	**(24,161)**
Increase in cash and cash equivalents	**20,152**	**6,262**
Cash and cash equivalents at beginning of year	**12,464**	**6,202**
Cash and cash equivalents at end of year	**32,616**	**12,464**
Analysis of the balances of cash and cash equivalents		
Bank balances	**32,616**	**12,464**





1. GENERAL

Mexan Limited (the "Company") was incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of registered office and principal place of operation of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in Note 33. The Company and its subsidiaries are collectively referred to as the "Group".

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

(a) Adoption of revised HKFRSs

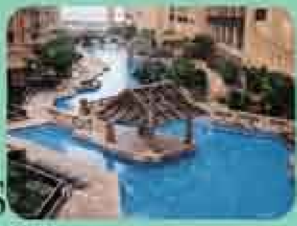
The Group has adopted the following revised HKFRSs which relevant to the Group's consolidated financial statements.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these revised standards and interpretations has no significant impact on the Group's consolidated financial statements.

<u>HKFRS 3 (Amendments) – Business Combination</u>

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements.



2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

(a) Adoption of revised HKFRSs

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition. The adoption of HKAS 24 (Revised) has no impact on the Group's related party disclosures, reported profit or loss, total comprehensive income or equity in the current or prior periods.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

(b) Issued new/revised HKFRSs that are potentially relevant to the Group but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

(b) Issued new/revised HKFRSs that are potentially relevant to the Group but are not yet effective – Continued

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets

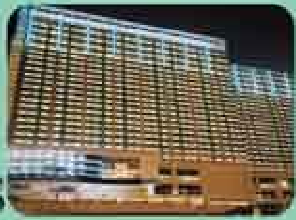
The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

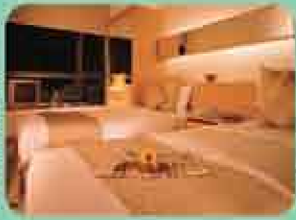
Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.





2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

(b) **Issued new/revised HKFRSs that are potentially relevant to the Group but are not yet effective – Continued**

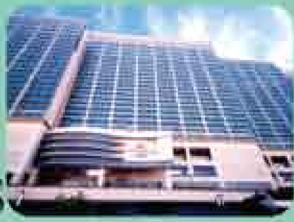
HKFRS 10 – Consolidated Financial Statements

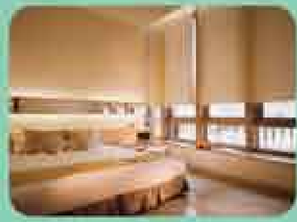
HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The recognised of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.





2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

(b) **Issued new/revised HKFRSs that are potentially relevant to the Group but are not yet effective – Continued**

HKFRS 13 – Fair Value Measurement

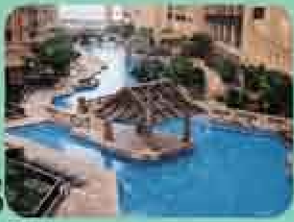
HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

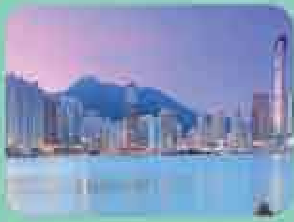
The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) **Statement of compliance**

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





3. BASIS OF PREPARATION - continued

(b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements have been prepared on a going concern basis, notwithstanding the fact that the Group and the Company suffered from net current liabilities of HK$322,091,000 and HK$2,039,000 respectively as at 31 March 2012.

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

(i) Included in the Group's borrowings classified as current liabilities at the end of reporting period were revolving loans of HK$143,000,000 for which the Group is able to continue using under the banking facilities granted by the bank. Moreover as at 31 March 2012, the Group has total banking facilities of HK$532,272,000 of which about HK$209,000,000 still remain unused. These facilities will be drawn under the Group's requisition through the bank's normal procedures; and

(ii) The bank loans with the aggregate carrying amount of approximately HK$163,197,000 that are repayable more than one year after the end of the reporting period per loan agreement, with repayment on demand clause, have been classified as current liabilities as at 31 March 2012 in order to comply with the requirements set out in Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position, the directors believe that the bank will not exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Based on the above, the directors are satisfied that the Group and the Company will have sufficient cash resources to satisfy their future working capital and other financing requirements and it is appropriate to prepare these consolidated financial statements on a going concern basis. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group and the Company fail to continue as a going concern.

(c) Functional and presentation currency

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

3. BASIS OF PREPARATION - continued

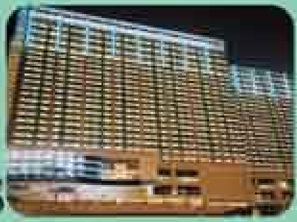
(d) Prior year adjustment

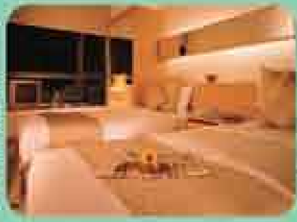
In previous years, a land held by the Group under medium term lease in Hong Kong was classified as prepaid lease payment. The Group has reassessed the classification of this leasehold land interests and has recognised its leasehold land interests as finance lease retrospectively. As the leasehold land is currently held for an undetermined future use, it is classified as investment property.

Effects on this reclassification on the consolidated statement of financial position are as follows:

	31/3/2012 HK$'000	31/3/2011 HK$'000	1/4/2010 HK$'000
Increase/(decrease) in			
Non-current assets			
Investment property	10,641	10,943	11,245
Prepaid lease payment	(10,339)	(10,641)	(10,943)
	302	302	302
Current assets			
Prepaid lease payment	(302)	(302)	(302)

There is no impact on the consolidated statement of comprehensive income and changes in equity.





4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

(a) Business combination and basis of consolidation – Continued

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiary

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

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 accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.



4. SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Property, plant and equipment – continued

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, 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%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Investment property

Investment property is a property held either to earn rentals or for capital appreciation or for both or held for undetermined future use, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. 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 expected residual value over the estimated useful live 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.

(e) Intangible assets

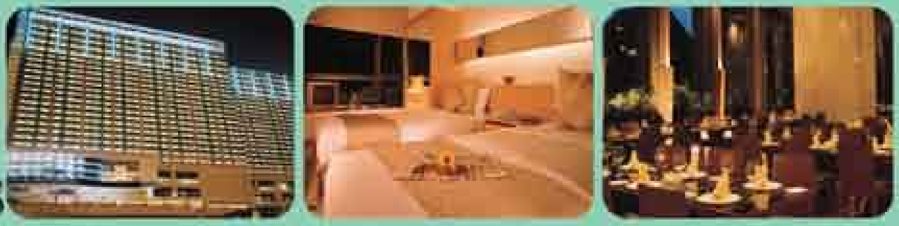
Intangible assets represent the cost of acquisition of a license to install neon light signage for displaying the name of property and is amortised on a straight line basis over its estimated useful life.

(f) Club debentures

Club debentures are stated at cost less impairment losses.

(g) Impairment of other assets

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 to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



4. SIGNIFICANT ACCOUNTING POLICIES – continued

(g) Impairment of other assets – continued

Recoverable amount is the higher of fair value less costs to sell 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

(i) Financial instruments – continued

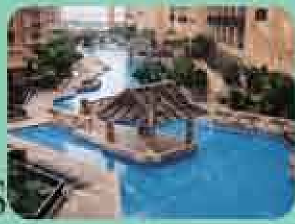
(ii) Impairment loss on financial assets

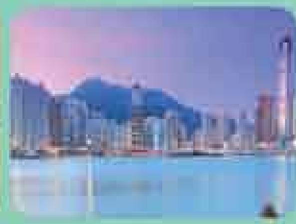
The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include but not limited to:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables
An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance for the relevant financial assets.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.





4. SIGNIFICANT ACCOUNTING POLICIES – continued

(i) Financial instruments – continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost
Financial liabilities at amortised cost including trade and other payables, bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

(i) Financial instruments – continued

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Income taxes

Income taxes for the period comprise current tax and deferred tax.

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.

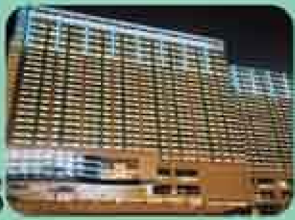
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

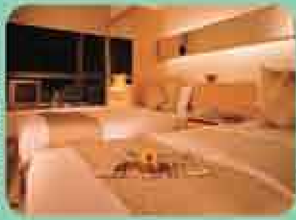
Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.





4. SIGNIFICANT ACCOUNTING POLICIES – continued

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns and other similar allowances.

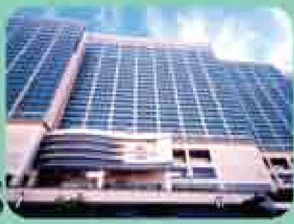
Revenue from room rental, food and beverage sales and other ancillary services in the hotel are recognised when relevant services are rendered.

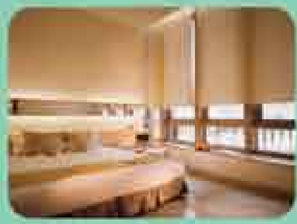
Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(n) Employee benefits

(i) 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.





4. SIGNIFICANT ACCOUNTING POLICIES – continued

(n) Employee benefits – Continued

(ii) 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.

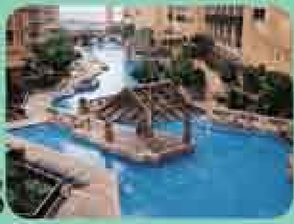
The MPF Scheme is a master trust scheme established under trust arrangement and governed by the laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. The Group and the employees contribute to the MPF Scheme (the "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.

(o) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.



4. SIGNIFICANT ACCOUNTING POLICIES – continued

(p) **Related parties**

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependents of that person or that person's spouse or domestic partner.

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) **Critical judgements in applying accounting policies**

(i) **Classification of the leasehold land**

The Group determines if the leasehold land of the Group qualifies as a finance lease base on the management judgement on whether or not substantially all risks and rewards incidental to ownership of leased asset have been transferred to the lessee.

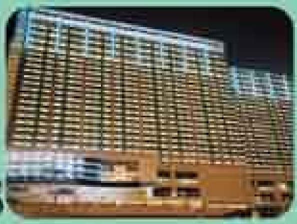
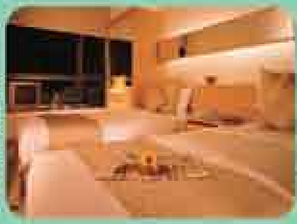
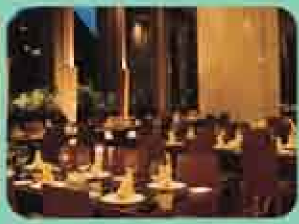
Based on information that existed at the inception of the leases, the management consider the leasehold land of the Group was fulfilled the requirement of an finance lease classification which all risks and rewards incidental to ownership of the leasehold land have been transferred to the Group.

(b) **Key sources of estimation uncertainty**

(i) **Estimation of useful lives and residual value of property, plant and equipment**

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

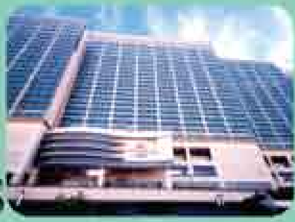




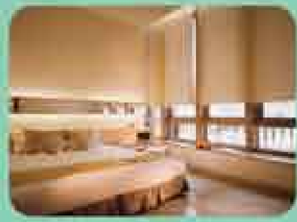
5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

(b) **Key sources of estimation uncertainty - continued**

(ii) **Assessment of impairment of assets**

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. Impairment of assets is measured by a comparison of the carrying amount of an asset to its recoverable amount of which the higher of value in use or fair value less costs to sell. If such assets are considered by management to be impaired or no longer be impaired, the impairment or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated recoverable amount. In the analysis of fair value, the Group uses independent valuations which are based on various assumptions and estimates.





6. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions. In 2010, the Group had two reportable segments which were Hotel operation business and money lending business. The segments were managed separately as each business offered different products and services and required different business strategies. Since the prior period, money lending business segment has become inactive or insignificant to the Group. The CODM considered that the Group has only one single reportable segment during the current and prior years.

(a) Geographical information

During 2012 and 2011, the Group's operations and non-current assets are situated in Hong Kong in which all of its revenue are derived.

(b) Information about a major customer

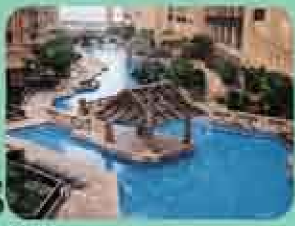
The Group's customer base is diversified and there are three customers (2011 : one) with whom transactions have exceeded 10% of the Group's revenue during the year. In 2012, revenue from three customers amounted to approximately HK$29,978,000 (2011: revenue from one customer amounted to approximately HK$17,815,000).

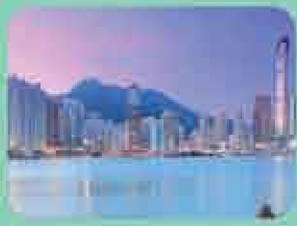
7. TURNOVER AND OTHER REVENUE

Turnover which is also the Group's revenue, represents the service provided, net of rebates and discounts.

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

	2012 HK$'000	2011 HK$'000
Turnover		
Hotel operations		
- Hotel room sales	91,528	74,028
- Food and beverage income	5,058	5,289
- Miscellaneous sales	378	675
	96,964	79,992
Other revenue		
Loan interest income	409	596
Bank interest income	4	3
	413	599
	97,377	80,591





8. FINANCE COSTS

Finance costs comprise the following:

	2012 HK$'000	2011 HK$'000
Interest on bank loans		
- wholly repayable within five years	2,279	1,437
- not wholly repayable within five years	1,682	1,914
Total borrowing costs incurred	3,961	3,351
Bank charges	29	25
	3,990	3,376

9. PROFIT BEFORE INCOME TAX

	2012 HK$'000	2011 HK$'000
Profit before income tax is arrived at after charging/(crediting) the following:		
Cost of services provided	26,667	26,304
Auditor's remuneration	460	440
Depreciation of property, plant and equipment	17,253	17,285
Depreciation of investment property	302	302
Amortisation of intangible assets	1,167	1,167
Loss on disposal of property, plant and equipment	1	1
Reversal of doubtful debt	-	(232)
Staff costs (including directors' emoluments as disclosed in Note 14)		
- Salaries and allowances	29,951	27,210
- Retirement benefit cost	911	928

10. INCOME TAX EXPENSE

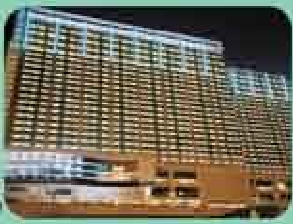
(a) Hong Kong profits tax is provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

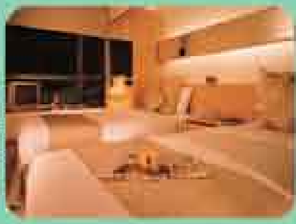
The income tax expense in the consolidated statement of comprehensive income represents:

	2012 HK$'000	2011 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,082	652
Over-provision in prior year	(24)	-
	5,058	652
Deferred taxation (Note 26)		
Origination and reversal of temporary differences, net	(692)	3,110
Income tax expense	4,366	3,762

(b) The income tax expense for the year can be reconciled to the accounting profit as follows:

	2012 HK$'000	2011 HK$'000
Profit before income tax	21,083	6,839
Tax at applicable tax rate of 16.5% (2011: 16.5%)	3,478	1,128
Tax effect of expenses not deductible for tax purposes	255	1,795
Over-provision in prior year	(24)	-
Utilisation of tax losses previously not recognised	(20)	-
Unrecognised tax losses	677	839
Income tax expense	4,366	3,762





11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company for the year include loss of HK$4,042,000 (2011 : loss of HK$4,702,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profits and total comprehensive income for the year:

	2012 HK$'000	2011 HK$'000
Amount of consolidated loss attributable to owners dealt with the Company's financial statements	(4,042)	(4,702)
Reversal of provision for impairment loss on amounts due from subsidiaries made in prior years	-	14,180
Company's (loss)/profit	(4,042)	9,478

12. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2011: HK$Nil).

13. EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Profit for the year attributable to owners of the Company	16,873	3,231
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,310,925,244	1,310,925,244

No diluted earnings per share is shown as the Company has no dilutive potential ordinary shares outstanding during both years.



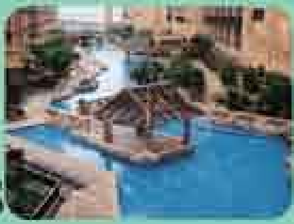
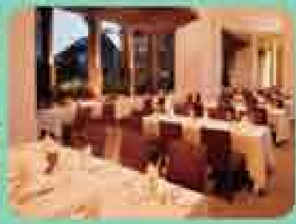
14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The emoluments paid or payable to each of the directors of the Company during the year are as follows:

For the year ended 31 March 2012

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonus HK$'000	Total HK$'000
Executive directors				
Lun Chi Yim	300	345	3,000	3,645
Lun Yiu Kay Edwin	300	7	1,800	2,107
Ng Tze Ho Joseph	50	-	-	50
Suen Chui Fan (note)	200	187	500	887
	850	539	5,300	6,689
Independent non-executive directors				
Tse Kwing Chuen	120	-	-	120
Ng Hung Sui Kenneth	120	-	-	120
Lam Yiu Pang Albert	120	-	-	120
	360	-	-	360
Total	1,210	539	5,300	7,049

Note: Ms. Suen Chui Fan was appointed as executive director on 28 June 2011.

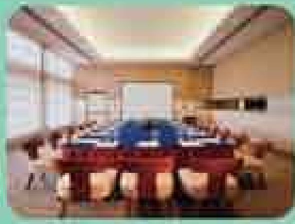




14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS continued

(a) Continued

For the year ended 31 March 2011

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonus HK$'000	Total HK$'000
Executive directors				
Lun Chi Yim	120	385	1,400	1,905
Lun Yiu Kay Edwin	120	51	1,400	1,571
Ng Tze Ho Joseph	40	-	-	40
	280	436	2,800	3,516
Independent non-executive directors				
Tse Kwing Chuen	120	-	-	120
Ng Hung Sui Kenneth	120	-	-	120
Lam Yiu Pang Albert	120	-	-	120
	360	-	-	360
Total	640	436	2,800	3,876



14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS - continued

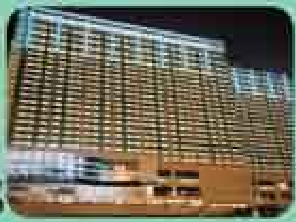
(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2011: two) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining two (2011: three) individuals were as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	1,043	1,662
MPF contributions	24	24
	1,067	1,686

Their emoluments fell within the emolument band of HK$0 – HK$1,000,000 for the years ended 31 March 2012 and 2011.

(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.

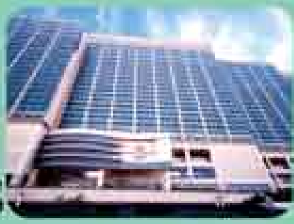


15. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel property	Furniture, fixtures and equipment	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2010	686,275	2,532	688,807
Additions	-	61	61
Disposals	-	(13)	(13)
At 31 March 2011	686,275	2,580	688,855
Additions	-	97	97
Disposals	-	(2)	(2)
At 31 March 2012	686,275	2,675	688,950
Accumulated depreciation			
At 1 April 2010	90,074	2,244	92,318
Charge for the year	17,157	128	17,285
Written back on disposal	-	(12)	(12)
At 31 March 2011	107,231	2,360	109,591
Charge for the year	17,157	96	17,253
Written back on disposal	-	(1)	(1)
At 31 March 2012	124,388	2,455	126,843
Net carrying value			
At 31 March 2012	561,887	220	562,107
At 31 March 2011	579,044	220	579,264

At 31 March 2012, the Group's hotel property was located in Hong Kong under medium-term lease and was pledged to a bank for granting loans to the Group amounting to HK$323,273,000 (2011: HK$355,141,000) (Note 23).



16. INTANGIBLE ASSETS

Group

	HK$'000
Cost	
At 1 April 2010, 31 March 2011 and 2012	14,000
Accumulated amortisation	
At 1 April 2010	6,319
Charge for the year	1,167
At 31 March 2011	7,486
Charge for the year	1,167
At 31 March 2012	8,653
Net carrying value	
At 31 March 2012	5,347
At 31 March 2011	6,514

Intangible asset represents licence to install neon light signage which is amortised over its estimated useful life of twelve years. The amortisation charged on the licence during the year is included in administrative expenses in the consolidated statement of comprehensive income.

17. INVESTMENT PROPERTY

Group

	2012 HK$'000	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)
At cost			
Cost			
At beginning and end of year	12,000	12,000	12,000
Accumulated depreciation			
At beginning of year	1,057	755	453
Charge for the year	302	302	302
At end of year	1,359	1,057	755
Net carrying value			
At end of year	10,641	10,943	11,245

The investment property represents an agricultural land held by the Group under medium term leases in Hong Kong. Currently the Group has not yet determined the future use of the land and holds of it for capital appreciation. At the end of reporting period, the directors consider no impairment of the investment property is necessary.

In the opinion of the directors, the fair value of the investment property cannot be determine reliably because the comparable market transactions are infrequent and alternative reliable estimates of fair value are not available. Accordingly, no information in respect of fair value of this investment property is disclosed.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (a)	240,814	245,285
	240,815	245,286
Less: Provision for impairment loss	(20,182)	(20,182)
	220,633	225,104

18. INTERESTS IN SUBSIDIARIES - continued

(a) The 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.

(b) The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand.

(c) Particulars of principal subsidiaries are set out in Note 32 to the consolidated financial statements.

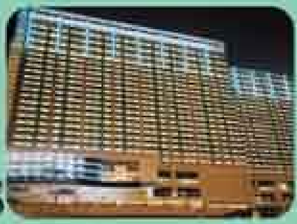
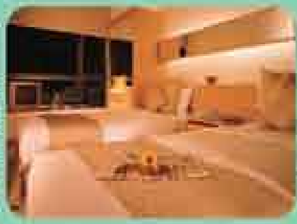
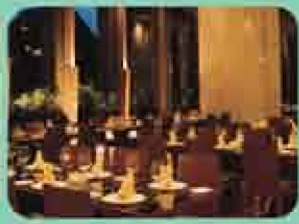
19. CLUB DEBENTURES

	Group and Company	
	2012 HK$'000	2011 HK$'000
Club membership – at cost	1,350	1,350

The club membership does not have a quoted market price in an active market and whose fair value cannot be reliably measured.

20. INVENTORIES

The amount represents food and beverage, admission tickets for resale and other consumables.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

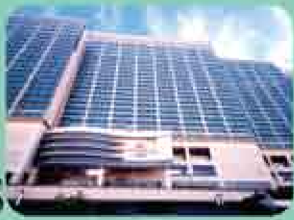
	Group	
	2012 **HK$'000**	**2011** **HK$'000**
Trade receivables	4,041	5,249
Less: allowance for doubtful debts (Note (b))	(19)	(19)
	4,022	5,230
Other receivables	-	80
Deposits and prepayments	884	915
	4,906	6,225

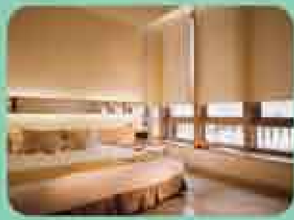
(a) The Group allows a credit period from nil to one month to its trade customers. All the trade receivables are expected to be recovered within one year. The following is an ageing analysis of trade receivables, net of allowance, at the end of the reporting period:

	2012 **HK$'000**	**2011** **HK$'000**
Within 30 days	3,724	4,786
31 – 60 days	2	156
61 – 90 days	9	261
Over 90 days	287	27
	4,022	5,230

Before accepting any new customer, the Group assesses the potential customer's quality and defines credit limit by customer.

At 31 March 2012, trade receivables of HK$3,724,000 (2011: HK$4,786,000) are neither past due nor impaired. The Group considers the credit quality of the trade receivables within the credit limit set by the Group using the internal assessment taking into account of the repayment history and financial difficulties (if any) of the trade debtors and did not identify any credit risk on these trade receivables. Included in the Group's trade receivables balance of HK$298,000 (2011: HK$444,000) at 31 March 2012 were past due at 31 March 2012 against which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.





21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued

(b) The movements in the allowance for doubtful debts during the year are as follows:

The below table reconciled the impairment loss of trade receivables for the year:

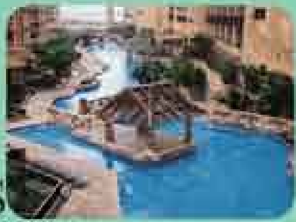
	Group	
	2012 HK$'000	2011 HK$'000
At 1 April	19	251
Recovery of impairment loss previously recognised	-	(232)
At 31 March	19	19

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balance of HK$19,000 (2011: HK$19,000) which related to customers that were in financial difficulties and management assessed that the receivables is expected to be recovered.

22. LOANS RECEIVABLE

	Group	
	2012 HK$'000	2011 HK$'000
Facilities	-	2,700
Interest receivables	-	163
	-	2,863

The loan facilities were lent to an individual third party with a monthly interest rate charged from 1.5% to 2% (2011: from 1.5% to 2%), and the loans were secured in favour to Winland Mortgage, a wholly owned subsidiary of the Company by immovable properties in Hong Kong. During the year, all the loan and interest were fully settled.



23. BANK LOANS

	Group	
	2012	**2011**
	HK$'000	**HK$'000**
Secured		
Bank installment loans	180,273	197,141
Bank revolving loans	143,000	158,000
	323,273	355,141

(a) All bank loans are denominated in Hong Kong Dollars, carried at a variable interest rate with reference to HIBOR. At 31 March 2012, the effective interest rate of the bank installment loans and revolving loans are 0.89% and 1.44% (2011: 0.88% and 0.82%) respectively.

(b) The bank loans are secured by the first legal charge of the hotel property of the Group, the corporate guarantee from the Company and guarantees from the directors of the Group and their related companies.

(c) The bank installment loans are repayable in monthly installments until May 2022 and the bank revolving loans are granted for a period of one to three months.In accordance with HK Interpretation 5,the Group's installment loans of HK$180,273,000 (2011: HK$197,141,000) containing a repayment on demand clause are classified as a current liability in its entirety.

Based on the scheduled repayment date set out in the loan agreements, the amounts repayable in respect of the installment and revolving loans are as follows:

	Group	
	2012	**2011**
	HK$'000	**HK$'000**
On demand or within one year	160,076	175,028
More than one year, but not exceeding two years	17,216	17,171
More than two year, but not exceeding five years	52,499	52,385
After five years	93,482	110,557
	163,197	180,113
	323,273	355,141

24. SHARE CAPITAL

	2012 and 2011	
	Number of shares	Amount HK$'000
Authorised: Ordinary shares of HK$0.02 each	3,000,000,000	60,000
Issued and fully paid: Ordinary shares of HK$0.02 each	1,310,925,244	26,218

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

25. RESERVES

Nature and purpose of reserves

(i) **Share premium**

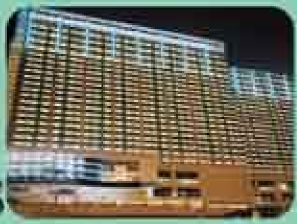
The balance represents the premium arising from the issue of shares at a price in excess of their par value per share.

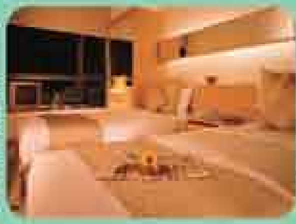
(ii) **Contributed surplus**

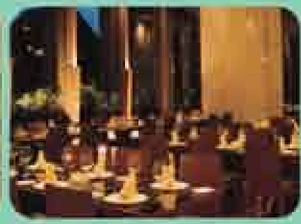
As advised by the Company's Bermuda counsel on 5 September 2008, the credit arising on the cancellation of the share capital under the Capital Reorganisation may be used in such manner as including contributing the credit arising to the Company's contributed surplus account, which is a distributable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

(iii) **Reserves of the Company**

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2011	57,556	129	104,874	24,644	187,203
Profit and total comprehensive income for the year	-	-	-	9,478	9,478
At 31 March 2011	57,556	129	104,874	34,122	196,681
Loss and total comprehensive income for the year	-	-	-	(4,042)	(4,042)
Unclaimed dividend forfeited	-	-	-	1,093	1,093
At 31 March 2012	57,556	129	104,874	31,173	193,732







26. DEFERRED TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liabilities method using a taxation rate of 16.5% (2011:16.5%). The movement in deferred tax liabilities and assets (prior to offsetting of balances within the same taxation jurisdiction) during year is as follows:

Group

		Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 April 2010		5,858	(2,265)	3,593
Charge to profit and loss	(Note 10)	845	2,265	3,110
At 31 March 2011		6,703	-	6,703
Credit to profit and loss	(Note 10)	(692)	-	(692)
At 31 March 2012		6,011	-	6,011

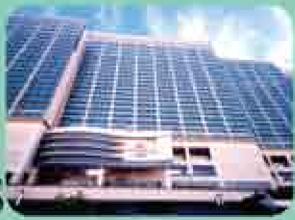
Deferred tax balances are presented in the statement of financial position as follows:

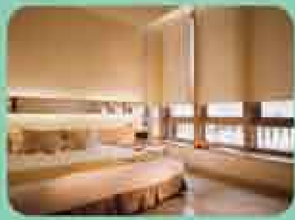
	2012 **HK$'000**	**2011** **HK$'000**
Deferred tax liabilities	6,011	6,703

Details of unrecognised temporary differences as of the end of reporting period are as follows:

	2012 **HK$'000**	**2011** **HK$'000**
Unutilised tax losses	72,314	68,332

The tax losses as at 31 March 2012 may be carried forward indefinitely. No deferred tax asset has been recognised in relation to such losses as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.





27. RELATED PARTY TRANSACTIONS

As at 31 March 2012, the directors consider the ultimate holding company of the Company to be Winland Stock (BVI) Limited which is incorporated in the British Virgin Islands.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) As at 31 March 2012, the Group's bank loans of HK $323,273,000 (2011: HK$355,141,000) were secured by personal guarantees from Mr. Lun Chi Yim and Mr.Lun Yiu Kay Edwin, directors of the Company, and corporate guarantees from Winland Finance Limited, Winland Enterprises Limited and Falcome Company Limited in which Mr. Lun Chi Yim and Mr. Lun Yiu Kay Edwin have beneficial interests.

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

(c) The remuneration of directors and other members of key management personnel during the year are disclosed in Note 14.

28. CONTINGENT LIABILITY

(a) In 2008, the Company's wholly owned subsidiary, Winland Mortgage Limited ("Winland Mortgage") granted a borrower (the "Borrower") a HK$104 million loan facility ("Loan Facility") which was secured by a property of the Borrower (the "Property")

Due to default on repayment of the loan, on 10 July 2009, Winland Mortgage, the Borrower and other relevant parties entered into a deed of settlement ("Settlement Deed") in relation to various matters on sale and purchase of the Property for loan settlement. On 17 December 2009, the sale and purchase of the Property was completed and Winland Mortgage received the loan principal amount and part of loan interests. On 16 January 2010, the Borrower commenced a legal action against the Company, Winland Mortgage and a director of the Company for breach of the Settlement Deed.

The court opined that the Settlement Dead did not bar Winland Mortgage's rights to seek redress against the Borrower on the Loan Facility, therefore the claims by the Borrower in the legal action are unlikely to succeed. The Borrower filed a notice to appeal against the decision of Court on 13 February 2010 and subsequently to 24 May 2010, the Borrower was compulsorily wound up by the High Court and the liquidators of the Borrower had not made any indication to pursue the above actions.

No further progress is noted for the litigation case up to date of approval of those consolidated financial statements.

28. CONTINGENT LIABILITY- continued

(b) At the end of the reporting period, the Company had a financial guarantee contract issued to a bank in respect of banking facilities of an aggregate amount of HK$532,273,000 (2011: HK$549,141,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$323,272,000 (2011: HK$355,141,000) as at 31 March 2012. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

The Company has not recognised any deferred income in respect of the guarantees as the fair values cannot be reliably measured and its transaction price was nil. The Company had not recognised any provision in the financial statements as at 31 March 2012 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.

29. CAPTIAL 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 loans disclosed in Note 23, less cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in Notes 24 and 25 respectively.

The Group's management reviews the capital structure periodically. As part of this review, the 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:

	2012 HK$'000	2011 HK$'000
Debt	323,273	355,141
Cash and cash equivalents	(32,616)	(12,464)
	290,657	342,677
Equity	251,343	233,533
Debt to equity ratio	116%	147%

30. 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, currency risk and price 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, trade and other receivables and loans receivable.

The Group's credit risk is primarily attributable to its receivables arising from the default of the debtors. The amounts presented in the statements of financial position are net of provisions for doubtful receivables. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

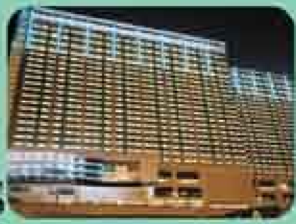
The Group has no significant concentrations of credit risk. It has policies in place to ensure that transactions are carried out only with customers with an appropriate credit history and the management continuously monitors the level of exposure to ensure follow-up action is taken.

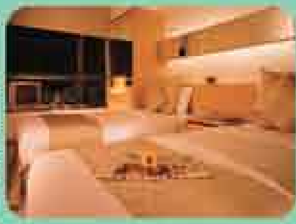
(b) **Liquidity risk**

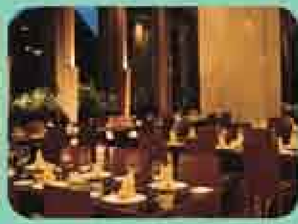
Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels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

The Group relies on bank loans as a significant source of liquidity. As at 31 March 2012, the Group had total available unutilised short-term bank loan facilities of approximately HK$209,000,000 (2011: HK$194,000,000).







30. FINANCIAL RISK MANAGEMENT – continued

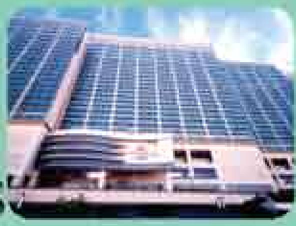
(b) Liquidity risk – Continued

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.

The Group	Carrying Amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
2012			
Other payables, deposits received and accrued charges	24,023	24,023	24,023
Amount due to directors	87	87	87
Amount due to a minority shareholder	6,414	6,414	6,414
Dividend payable	422	422	422
Bank loans	323,273	323,273	323,273
	354,219	354,219	354,219
2011			
Other payables, deposits received and accrued charges	16,530	16,530	16,530
Amount due to directors	384	384	384
Amount due to a minority shareholder	6,414	6,414	6,414
Dividend payable	1,515	1,515	1,515
Bank loans	355,141	355,141	355,141
	379,984	379,984	379,984

Included in the interest-bearing bank borrowings are mortgaged term loan and revolving loans which the related agreement contain a repayment on-demand clause giving the bank unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors consider that the loan will be repaid in accordance with the scheduled repayments dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time.



30. FINANCIAL RISK MANAGEMENT – continued

(b) Liquidity risk – Continued

In accordance with the terms of the loans, the contracted undiscounted payments are as follow:

The Group	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but Less than 2 years	More than 2 year but Less than 5 years	More than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2012	323,273	330,913	161,483	18,483	55,449	95,498
31 March 2011	355,141	365,939	178,050	18,613	55,839	113,437

The Company	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK$'000	HK$'000	HK$'000
2012			
Other payables and accrued charges	2,478	2,478	2,478
Dividend payable	422	422	422
Amount due to a subsidiary	892	892	892
	3,792	3,792	3,792
Finance guarantees issued – maximum amount grants	-	323,273	323,273
2011			
Other payables and accrued charges	2,762	2,762	2,762
Dividend payable	1,515	1,515	1,515
Amount due to a subsidiary	897	897	897
	5,174	5,174	5,174
Finance guarantees issued – maximum amount grants	-	355,141	355,141

30. FINANCIAL RISK MANAGEMENT – continued

(c) Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's borrowings with a floating interest rate. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 23 to the consolidated financial statements. The Group's policy is to obtain the most favorable interest rates available for its borrowings.

Sensitivity analysis

At 31 March 2012, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year by approximately HK$1,349,663 (2011: HK$1,483,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for loans outstanding in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2011.

(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) Price risk

The Group is not exposed to any equity securities risk or commodity price risk.

30. FINANCIAL RISK MANAGEMENT – continued

(f) Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2012 and 2011.

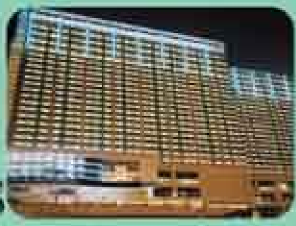
31. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

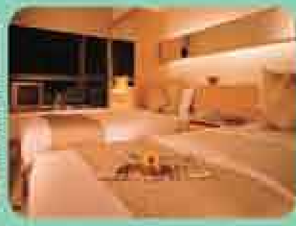
(a) The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2012 and 2011 may be categorised as follows:

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	36,638	20,637
Financial liabilities		
Financial liabilities measured at amortised cost	343,180	373,583

32. COMPARATIVE FIGURES

Certain comparative figures regarding administrative and other operating expenses and depreciation and amortisation have been reclassified in the consolidated statement of comprehensive income because the directors believe that the present classification is more appropriate in reflecting the Group affairs.





33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The principal subsidiaries of the Company as at 31 March 2012 are set out below:

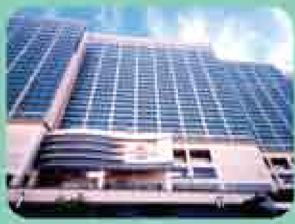
Name of subsidiary	Place of Incorporation and operation	Particulars of capital	Percentage held by holding		Principal activities
			directly	indirectly	
Shares held:					
City Promenade Limited	Hong Kong	2 ordinary shares of HK$1 each	-	100%	Hotel operation
Perfect Plan Development Limited	Hong Kong	100 ordinary shares of HK$1 each	-	51%	Property holding
Winland Mortgage Limited	Hong Kong	1 ordinary share of HK$1 each	100%	-	Money lending
Goodnews Investments Limited	British Virgin Islands ("BVI")	1 ordinary share of US$1 each	100%	-	Investment holding
Winland Hotel Limited	Hong Kong	1 ordinary share of HK$1 each	100%	-	Act as agent for hotel room sales contracts

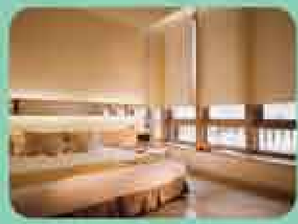
The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results of the year or constituted a substantial portion of the assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

34. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

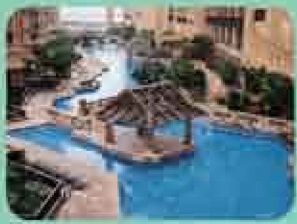
The consolidated financial statements were approved by the board of directors on 26 June 2012.

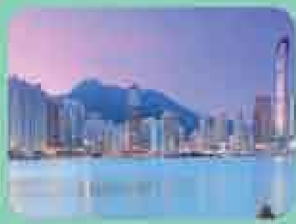
FINANCIAL SUMMARY





	2012 **HK$'000**	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000
Results					
Year ended 31 March					
Turnover	**96,964**	79,992	66,081	75,768	80,390
Profit/(loss) attributable to owners of the Company	**16,873**	3,231	1,713	14,066	(11,619)
Total comprehensive income attributable to owners of the Company	**16,717**	3,077	1,559	13,905	(12,231)
Assets and liabilities					
As at 31 March					
Total assets	**617,243**	620,220	638,146	770,867	667,155
Total liabilities	**(365,900)**	(386,687)	(407,690)	(541,970)	(452,163)
Minority interests	**1,237**	1,081	927	773	612
Equity attributable to owners of the Company	**252,580**	234,614	231,383	229,670	215,604





HOTEL PROPERTY

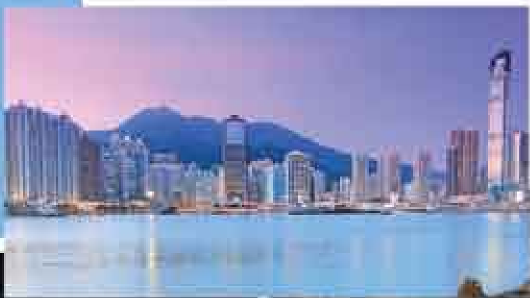
Particulars of the Group's hotel property as at 31 March 2012 are as follows:

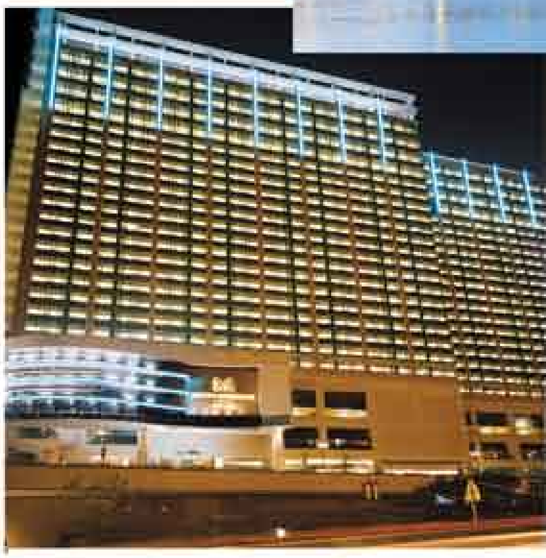
Address	Type	Tenure	Group's interest
Hotel 2 Rambler Crest No. 1 Tsing Yi Road Tsing Yi New Territories Hong Kong	Commercial	Medium lease	100%

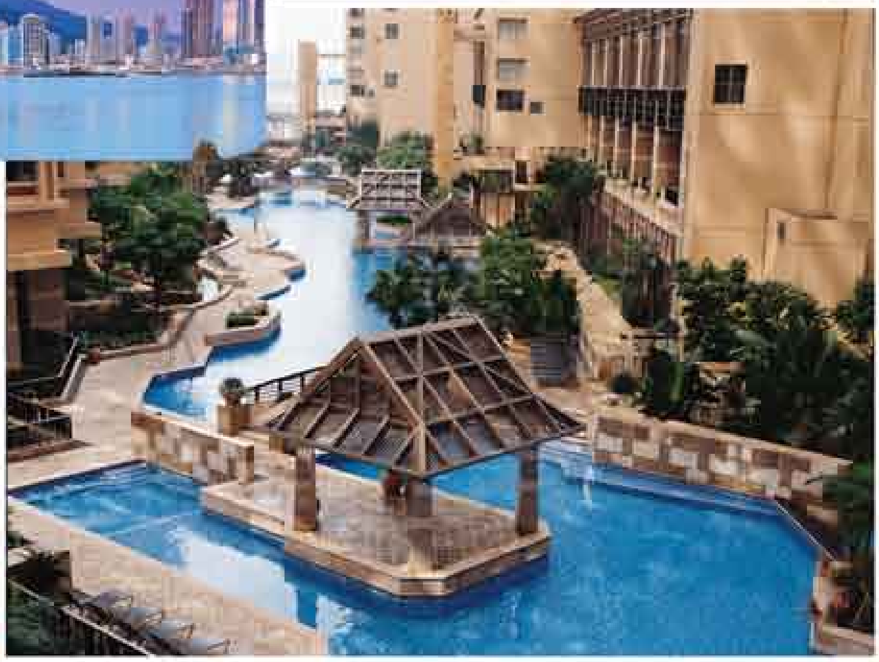
LAND

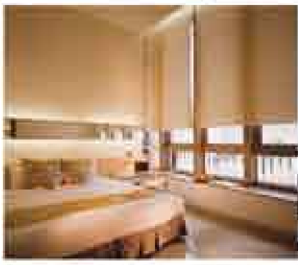
Address	Site Area (Sq. ft)	Lease Expiry	Group's interest
D.D. 243 in Sai Kung New Territoires Hong Kong (certain lots)	165,748.30	2047	51%

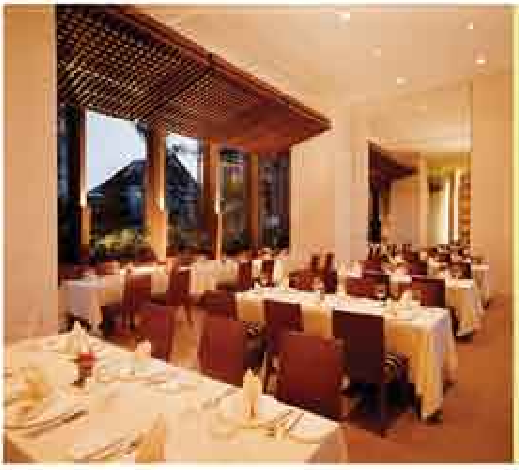
年報2012











MEXAN LIMITED
茂盛控股有限公司

MEXAN LIMITED
茂盛控股有限公司