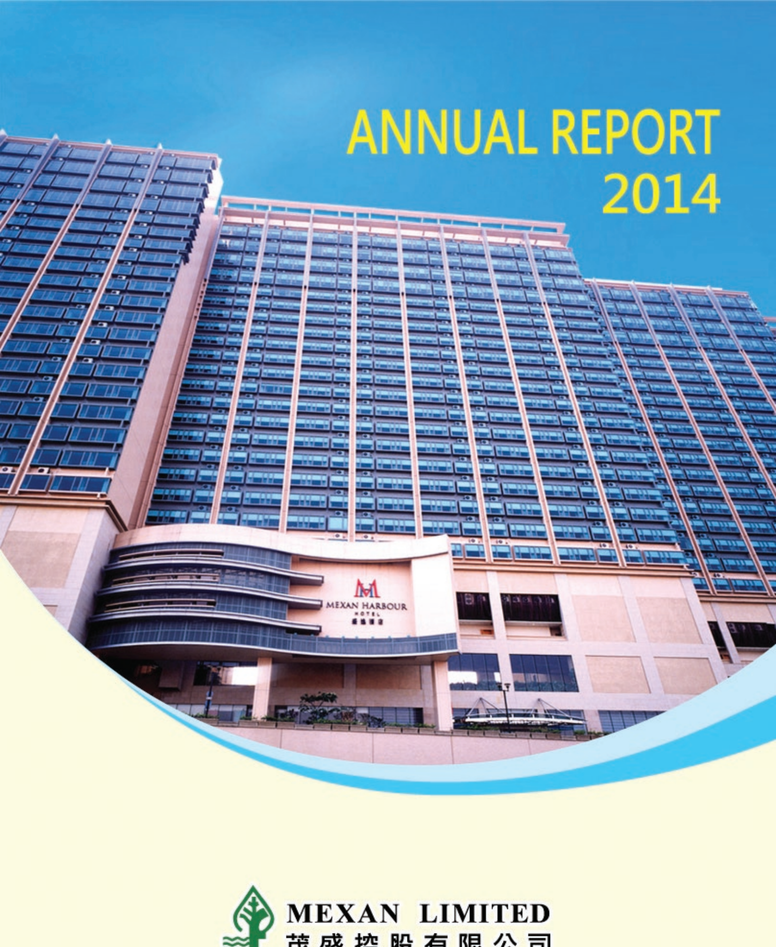
ANNUAL REPORT 2014



MEXAN LIMITED
茂盛控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 22

This annual report, in both English and Chinese versions, 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 language(s) of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company, Tricor Tengis Limited at 22/F, Hopewell Centre, 183 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.

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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 HM11
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 REGISTRARS
MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton
HM 11
Bermuda

BRANCH REGISTRARS IN HONG KONG
Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen’s Road East
Hong Kong

WEBSITE
www.mexanhk.com

STOCK CODE
22

CHAIRMAN'S STATEMENT

I present the results and operations of MEXAN LIMITED (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014.

RESULTS

The Board of directors (the "Board") actively participate in sales and daily operation in the hotel, change the past sales and operation style of the hotel, resulting in increase in average room rates and average occupancy rates in 2013. Due to the changes of economic climate and policy of the Mainland, the visitors to Hong Kong becomes decrease, resulting first three months of 2014 the average room rate and occupancy rates reduced. We expect the 2014 annual average prices will decrease about 30% when compared with 2013 full year.

Turnover generated from hotel operations for recent years

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Hotel room sales	163,465	143,660	91,528	74,028
Food and beverage income	5,199	5,376	5,058	5,289
Miscellaneous sales	396	398	378	675
Turnover	169,060	149,434	96,964	79,992

PROSPECTS

Looking forward, given the uncertainties in global financial markets, the Group operates only one single hotel and it located in Tsing Yi Island which is more isolate and the hotel income is unstable. In addition, since the hotel has opened about ten years since the late of 2004, elevators, air conditioning and water supply system in urgent need of replacement and repair, the majority of hotel rooms need to repair and renovation of facilities required to enhance the competitiveness of the hotel, which is expected in the coming year maintenance costs huge expense for the year is expected to increase significantly over the approximately 50%. In addition, the Company also intends to arrange share placement in order to change the mode of operation of the hotel business in the Group.

CHAIRMAN'S STATEMENT

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 2014

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Hotel business

The Group operates the Mexan Harbour Hotel, a 800-room hotel in Tsing Yi, maintained and average occupancy rate of approximately 99% for the year under review, compared to an average occupancy rate of approximately 99% for last year. Benefited from the continued economic growth 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 year, the Group's core businesses recorded satisfactory performance and overall results grew year-on-year.

LIQUIDITY AND FINANCIAL INFORMATION

During the year under review, cash flow of the Group was mainly generated from the hotel operations. As at 31 March 2014, the Group's total borrowings amounted to approximately HK$151 million compared with approximately HK$233 million as at 31 March 2013. The decrease of the Group's total borrowings was due to the repayment of significant amount of loan.

As at 31 March 2014, cash and bank balances amounted to approximately HK$20 million compared with cash and bank balances of approximately HK$23 million last year. The Group's net assets as at 31 March 2014 amounted to approximately HK$350 million compared with approximately HK$295 million last year.

Gearing ratio of the Group which expressed as a percentage of total borrowings to total equity was approximately 43% as at 31 March 2014 compared to approximately 79% as at 31 March 2013. 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 38% compared with approximately 71% last year.

Of the Group's total borrowings as at 31 March 2014, approximately HK$22 million would be due within one year and approximately HK$129 million would be due repayment after one year which contain repayable on demand clause. The total borrowings were denominated in HK$ and bear a variable interest rate.

LIQUIDITY AND FINANCIAL INFORMATION - CONTINUED

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 HK$.

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 2014 was approximately HK$350 million compared with approximately HK$295 million last year. Total equity attributable to owners of the Company as at 31 March 2014 was approximately HK$352 million compared with approximately HK$296 million last year. The increase was resulted from the profit generated for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 31 March 2014, the total number of employees of Group was 120 (2013: 118). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the Directors are determined having regard to the comparable market statistics. No director of the Company, or any of his associates, and executive is involved in dealing his own remuneration. The remuneration policies of the Group are normally reviewed on periodic basis. The Group participates in pension schemes that cover all the eligible employees of the Group.

CONTINGENT LIABILITIES

(a) On 16 January 2010, a borrower (the "Borrower") commenced a legal action against the Company, Winland Mortgage Limited ("Winland Mortgage"), a wholly owned subsidiary of the Company, and a director of the Company for breach of the settlement deed.

The court opined that the dead of settlement did not bar Winland Mortgage's rights to seek redress against the Borrower on the HK$104 million loan facility ("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 the court on 13 February 2010 and subsequently to 24 May 2010, the Borrower was compulsorily wound up by the High Court and the liquidator 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 these consolidated financial statements.

CONTINGENT LIABILITY - CONTINUED

(b) At the end of the reporting period, the Company provided a financial guarantee to a bank for the banking facilities of an aggregate amount of HK$498,097,000 (2013: HK$515,293,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$151,097,000 (2013: HK$233,293,000) as at 31 March 2014. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

The Company had not recognised any deferred income in respect of the guarantees as the fair value is insignificant and its transaction price was nil. The Company had not recognised any provision in the Company's financial statements as at 31 March 2014 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 followings:

(a) 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.

(b) Under the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Lam Yiu Pang Albert and Mr. Ng Hung Sui Kenneth are independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 16 September 2013 as they had other business engagement.

CORPORATE GOVERNANCE REPORT

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 2014 and up to the date of this report were:

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

BOARD OF DIRECTORS - CONTINUED

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 2014, other than resolutions passed by means of resolutions in writing of Directors, the Board held four meetings. The following table shows the attendance records of individual Director at the meetings of the Board held for the year ended 31 March 2014:

BOARD OF DIRECTORS - CONTINUED

Directors' Attendance

	Number of Board Meetings held during the Director's term of office during the year ended 31 March 2014	Number of meeting(s) attended
Executive Directors		
Dr. Lun Chi Yim (Chairman)	4	4
Mr. Lun Yiu Kay Edwin (Managing Director)	4	2
Ms. Suen Chui Fan	4	4
Mr. Ng Tze Ho Joseph	4	4
Independent Non-Executive Directors		
Dr. Tse Kwing Chuen	4	4
Mr. Ng Hung Sui Kenneth	4	3
Mr. Lam Yiu Pang Albert	4	4

CHAIRMAN AND MANAGING DIRECTOR

The positions of the Chairman of the Board and Managing Director are held by Dr. 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 2013 to 18 April 2015, 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, Dr. Lun Chi Yim, Mr. Lun Yiu Kay Edwin and Mr. Ng Tze Ho Joseph. Dr. 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 2014	Number of meeting(s) attended
Dr. Lun Chi Yim *(Chairman)*	2	2
Mr. Lun Yiu Kay Edwin	2	2
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 four members, including the Managing Director, Mr. Lun Yiu Kay Edwin and three Independent Non-Executive Directors, Mr. Ng Hung Sui Kenneth, Dr. Tse Kwing Chuen and Mr. Lam Yiu Pang Albert.

The major roles and functions of the Remuneration Committee are:

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

REMUNERATION COMMITTEE - CONITINUED

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
(d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
(e) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
(f) to advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval in accordance with the Listing Rules.

During the year, two Remuneration Committee meetings were 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 2014**	**Number of meetings attended**
Mr. Lam Yiu Pang Albert *(Chairman)*	2	2
Mr. Lun Yiu Kay Edwin	2	1
Mr. Ng Hung Sui Kenneth	2	2
Dr. Tse Kwing Chuen	2	2

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. 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 major roles and functions of the Audit Committee are:

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

AUDIT COMMITTEE - CONTINUED

(c) to develop and implement policies regarding the engagement of an external auditor to supply non-audit services. For this purpose, an external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
(d) to monitor the integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, the Audit Committee should focus particularly on:
(i) any changes in accounting policies and practices;
(ii) major judgmental areas;
(iii) significant adjustments resulting from the audit;
(iv) the going concern assumptions and any qualifications;
(v) compliance with accounting standards; and
(vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
(e) in relation to paragraph (d) above: (i) members of the committee must liaise with the Company's board of directors and senior management and the committee must meet, at least once a year, with the Company's auditors; and (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
(f) to review the Company's financial controls, internal control and risk management systems;
(g) to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;

AUDIT COMMITTEE - CONTINUED

(h) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
(j) to review the Group's financial and accounting policies and practices;
(k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
(l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
(m) to report to the Board on the matters set out in the Code on Corporate Governance Practices (Appendix 14 of the Listing Rules);
(n) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
(o) to act as the key representative body for overseeing the Company's relationship with the external auditor;
(p) to review ongoing connected transactions of the Company and ensure compliance with terms of approval by shareholders of the Company; and
(q) to consider such other matters as the Board may from time to time determine.

During the year, 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 2014	Number of meetings attended
Mr. Lam Yiu Pang Albert (Chairman)	2	2
Mr. Ng Hung Sui Kenneth	2	0
Dr. Tse Kwing Chuen	2	2

Summary of work done for the year ended 31 March 2014:-

- review of final results and draft audited financial statements for the year ended 31 March 2014;

- review of interim results and draft unaudited financial statements for the six months ended 30 September 2013; and

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

The Audit Committee and BDO Limited have also reviewed with management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2014.

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.

The major roles and functions of the Nomination Committee are:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
(b) to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
(c) to identify individuals who are qualified/suitable to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;
(d) to assess the independence of independent non-executive directors and determine their eligibility;
(e) to make recommendations to the Board on matters relating to the appointment or reappointment of directors and succession planning for directors, in particular, the chairman and the chief executive officer; and
(f) to review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval.

NOMINATION COMMITTEE - CONTINUED

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

Name of Members	Number of Nomination Committee meetings held during the member's term of office during the year ended 31 March 2014	Number of meetings attended
Dr. Lun Chi Yim (Chairman)	1	1
Mr. Lam Yiu Pang Albert	1	1
Dr. Tse Kwing Chuen	1	1

AUDITORS' REMUNERATION

BDO Limited is the auditor of the Company. During the year ended 31 March 2014, the fees charged to the financial statements of the Company and its subsidiaries for statutory audit amounted to HK$500,000.

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 2014, 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.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS - CONTINUED

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.

CORPORATE COMMUNICATION

The Company had established a shareholders' communication policy and shall review it on a periodic basis to ensure its effectiveness.

The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meeting and extraordinary general meetings, if any, which may be convened for specific purposes and provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports, circulars on the websites of the Company and the Stock Exchanges of Hong Kong; and (iii) the availability of latest information of the Group on the website of the Company.

Separate resolutions are proposed at the general meetings for such substantial issues, including the re-election of retiring Directors.

CORPORATE COMMUNICATION - CONTINUED

The Company's notices to Shareholders for the annual general meeting ("AGM") held in 2013 were sent to Shareholders at least 20 clear business days or 21 clear days before the meetings, whichever is the longest.

The chairman of the Board and Nomination Committee and the representative of external auditor were available at the AGM held on 16th September 2013 to answer questions from the Shareholders. The chairman of the AGM had explained the procedures for conducting a poll during the meeting. All resolutions proposed at the AGM were voted separately by way of poll. All the votes cast at the said meeting were properly counted and recorded.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the memorandum and articles of association of the Company during the year.

The memorandum and articles of association of the Company are available on the websites of the Company and the Stock Exchange of Hong Kong.

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 financial statements for the year ended 31 March 2014.

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 2014 are set out in note 31 to the financial statements.

An analysis of turnover and results from operations 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 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 42.

The state of affairs of the Group and the Company as at 31 March 2014 are set out in the statement of financial position on pages 43 to 45.

The cash flows of the Group are set out in the consolidated statement of cash flows on page 47.

As at 31 March 2014, the distributable reserves of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$46,575,000 (2013: $47,729,000).

The Directors does not recommend the payment of final dividend for the year ended 31 March 2014 (2013: Nil).

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 23 to the financial statements.

DIRECTORS' REPORT

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 46 and in note 24 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 94.

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 are set out on page 95.

BANK LOANS

Particulars of the Group's bank loans are set out in note 22 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.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the largest and the five largest customers accounted for 26% and 79% 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, Ms. Suen Chui Fan and Mr. Ng Tze Ho Joseph shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' REPORT

DIRECTORS - CONTINUED

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.

DIRECTORS' REPORT

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

Dr. Lun Chi Yim, aged 80, has been a Director and the Chairman of the Board since April 2007. Dr. 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 obtained a Doctor of Humanities from Tarlac State University of Philippines in 2013. He is the 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, Vice President of The Association of Experts for Moderization Limited.

Dr. 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).

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT - CONTINUED

Dr. 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 44, 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 Dr. Lun Chi Yim, an executive director and the Chairman of the Company.

Ms. Suen Chui Fan, aged 72, 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, Dr. Lun Chi Yim and she is deemed to be interested in Dr. Lun's shares which represented 723,148,037 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 Dr. 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 42, 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 18 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 63, 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.

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT - CONTINUED

Mr. Ng Hung Sui Kenneth, aged 47, 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 67, 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

DIRECTORS' REPORT

SHARE OPTION SCHEME - CONTINUED

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
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' REPORT

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

As at 31 March 2014, 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	723,148,037	Interest of controlled corporation/ Corporate interest	55.16
Suen Chui Fan	723,148,037	Interest of controlled corporation/ Corporate interest	55.16

Note:

These 723,148,037 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 Dr. Lun Chi Yim. Accordingly, both Winland Stock (BVI) Limited and Dr. Lun Chi Yim are deemed to be interested in the said 723,148,037 shares under the SFO.

DIRECTORS' REPORT

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	Shareholding 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 2014, 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' REPORT

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
Suen Chui Fan	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 2014, 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	723,148,037 (Note i)	Beneficial owner/ Beneficial interest	55.16
Suen Chui Fan (Note ii)	Long	723,148,037 (Note ii)	Interest of spouse/ Family interest	55.16
Winland Stock (BVI) Limited (Note iii)	Long	723,148,037 (Note iii)	Interest of controlled corporation/ Corporate interest	55.16

Notes:

i. Dr. Lun Chi Yim was deemed to be interested by virtue of the SFO in the 723,148,037 shares of the Company held by Winland Wealth (BVI) Limited which was wholly owned by Winland Stock (BVI) Limited, a company wholly-owned by Dr. Lun.

ii. Ms. Suen Chui Fan, the spouse of Dr. Lun Chi Yim, is deemed to be interested in Dr. 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 723,148,037 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.

DIRECTORS' REPORT

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 2014 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 2014

INDEPENDENT AUDITOR'S REPORT

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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 42 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other 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 1981 of Bermuda, 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.

INDEPENDENT AUDITOR'S REPORT

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 2014 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

Au Yiu Kwan
Practising Certificate Number: P05018

Hong Kong, 26 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Turnover	7	**169,060**	149,434
Direct costs		**(25,188)**	(25,725)
Gross profit		**143,872**	123,709
Other revenue	7	**2,836**	6
Administrative and other operating expenses		**(57,296)**	(45,487)
Depreciation and amortisation		**(18,926)**	(18,772)
Finance costs	8	**(2,326)**	(3,639)
Profit before income tax	9	**68,160**	55,817
Income tax expense	10	**(13,222)**	(12,493)
Profit and total comprehensive income for the year		**54,938**	43,324
Profit and total comprehensive income attributable to:			
Owners of the Company		**55,093**	43,478
Non-controlling interests		**(155)**	(154)
		54,938	43,324
Earnings per share – basic and diluted (HK cents)	13	**4.20**	3.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**528,915**	545,327
Intangible assets	16	**3,013**	4,180
Investment property	17	**10,037**	10,339
Club membership	19	**1,350**	1,350
		543,315	561,196
Current assets			
Inventories	20	**152**	198
Trade receivables, deposits and prepayments	21	**6,093**	11,072
Amounts due from related parties	26(c)	**8**	48
Tax recoverable		**-**	37
Cash and bank balances		**19,637**	22,895
		25,890	34,250
Current liabilities			
Other payables, deposits received and accrued charges		**48,518**	45,847
Amounts due to a director	26(c)	**21**	15
Amounts due to a non-controlling shareholder of a subsidiary	26(c)	**6,414**	6,414
Amount due to a related party	26(c)	**-**	2
Dividend payable		**-**	422
Bank loans	22	**151,097**	233,293
Tax payable		**4,309**	6,885
		210,359	292,878
Net current liabilities		**(184,469)**	(258,628)
Total assets less current liabilities		**358,846**	302,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Total assets less current liabilities		**358,846**	302,568
Non-current liabilities			
Deferred tax liabilities	25	**8,819**	7,901
Net assets		**350,027**	294,667
EQUITY			
Share capital	23	**26,218**	26,218
Reserves		**325,355**	269,840
Equity attributable to owners of the Company		**351,573**	296,058
Non-controlling interests		**(1,546)**	(1,391)
Total equity		**350,027**	294,667

On behalf of the Board

Lun Chi Yim
Director

Suen Chui Fan
Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1**	2
Interests in subsidiaries	18	**232,730**	237,238
Club membership	19	**1,350**	1,350
		234,081	238,590
Current assets			
Deposits and prepayments		**54**	58
Cash and bank balances		**3,130**	1,658
		3,184	1,716
Current liabilities			
Other payables and accrued charges		**502**	2,492
Dividend payable		**-**	422
Amount due to a director		**21**	-
Amounts due to a subsidiary	18(b)	**1,390**	886
		1,913	3,800
Net current assets/(liabilities)		**1,271**	(2,084)
Net assets		**235,352**	236,506
EQUITY			
Share capital	23	**26,218**	26,218
Reserves	24	**209,134**	210,288
Total equity		**235,352**	236,506

On behalf of the Board

Lun Chi Yim Director	Suen Chui Fan Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Attributable to owners of the Company HK$'000	Non – controlling interests HK$'000	Total HK$'000
At 1 April 2012	26,218	57,556	129	104,874	63,803	252,580	(1,237)	251,343
Profit and total comprehensive income for the year	-	-	-	-	43,478	43,478	(154)	43,324
At 31 March 2013 and 1 April 2013	26,218	57,556	129	104,874	107,281	296,058	(1,391)	294,667
Profit and total comprehensive income for the year	-	-	-	-	55,093	55,093	(155)	54,938
Unclaimed dividend forfeited	-	-	-	-	422	422	-	422
At 31 March 2014	26,218	57,556	129	104,874	162,796	351,573	(1, 546)	350,027

Nature and purpose of the reserves are disclosed in Note 24.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Operating activities			
Profit before income tax		**68,160**	55,817
Interest income	7	**(8)**	(6)
Interest expenses	8	**2,118**	3,633
Depreciation of property, plant and equipment	9	**17,457**	17,303
Depreciation of investment property	9	**302**	302
Amortisation of intangible assets	9	**1,167**	1,167
Write back of accrued expenses and provision	7	**(2,809)**	-
Bad debts written off	9	**1,119**	-
Write back of provision for doubtful debts	7	**(19)**	-
Loss on disposals of property, plant and equipment	9	**73**	-
Operating profit before working capital changes		**87,560**	78,216
Decrease in inventories		**46**	78
Decrease/(increase) in trade receivables, deposits and prepayments		**3,879**	(6,166)
Decrease/(increase) in amounts due from related parties		**40**	(48)
Increase in other payables, deposits received and accrued charges		**5,480**	21,824
Increase/(decrease) in amounts due to a director		**6**	(72)
(Decrease)/increase in amounts due to a related party		**(2)**	2
Net cash generated from operations		**97,009**	93,834
Interest received		**8**	6
Interest paid		**(2,118)**	(3,633)
Income tax paid		**(14,843)**	(9,425)
Net cash generated from operating activities		**80,056**	80,782
Investing activities			
Proceeds from disposals of property, plant and equipment		**35**	-
Purchase of property, plant and equipment		**(1,153)**	(523)
Net cash used in investing activities		**(1,118)**	(523)
Financing activities			
Repayments of bank loans		**(82,196)**	(89,980)
Net cash used in financing activities		**(82,196)**	(89,980)
Decrease in cash and cash equivalents		**(3,258)**	(9,721)
Cash and cash equivalent at beginning of year		**22,895**	32,616
Cash and cash equivalent at end of year		**19,637**	22,895
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**19,637**	22,895

NOTES TO THE FINANCIAL STATEMENTS

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 31. The Company and its subsidiaries are collectively referred to as the "Group". There were no significant changes in the Group's business during the year.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2013

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits

Except as explained below, the adoption of these amendments had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRSs (Amendments) - Annual Improvements 2010-2012 Cycle
The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income
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 and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income".

2. ADOPTION OF HKFRSs - CONTINUED

(a) Adoption of new/revised HKFRSs – effective 1 April 2013 - Continued

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

The Group has applied the new terminology to rename "statement of comprehensive income" as "statement of profit or loss and other comprehensive income". As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

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 accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see note 4(b)). The adoption of HKFRS 10 does not have any material impact on the Group's financial position or performance.

HKFRS 12 - Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures 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. HKFRS 12 disclosures are provided in note 18. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

2. ADOPTION OF HKFRSs - CONTINUED

(a) Adoption of new/revised HKFRSs – effective 1 April 2013 - 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 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

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

At the date of approval of these financial statements, certain new or amended HKFRSs have been issued but are not yet effective, and have not been early adopted by the Group for the year ended 31 March 2014.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities
This standard is effective for accounting periods beginning on or after 1 January 2014. The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

2. ADOPTION OF HKFRSs - CONTINUED

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

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.

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.

(b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention. The measurement bases are fully described in the accounting policies below.

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

The consolidated financial statements have been prepared on a going concern basis, notwithstanding the fact that the Group had a net current liabilities of HK$184,469,000 (2013: HK$258,628,000) as at 31 March 2014.

3. BASIS OF PREPARATION - CONTINUED

(b) Basis of measurement - Continued

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 as at 31 March 2014 were revolving loans of HK$5,000,000 for which the Group is able to continue using under the banking facilities granted by the bank. Moreover as at 31 March 2014, the Group has total banking facilities of HK$498,097,000 of which about HK$347,000,000 still remain unused. These facilities will be drawn under the Group's requisition though the bank's normal procedures; and

(ii) Bank loans with the aggregate carrying amount of approximately HK$128,869,000 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 2014 in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position, the directors believe that the bank will not exercise its discretionary rights to demand immediate repayment. The directors believe that these 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 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 fail to continue as a going concern. Should the Company be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in these financial statements.

(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.

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 profit or loss and other 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 acquisition method. Cost of 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 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.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controllling interests even if this results in those non-controlling interests having a deficit balance.

(b) **Subsidiary**

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

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

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(c) **Property, plant and equipment**

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

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.

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

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

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

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 estimated 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.

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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 method over its estimated useful life which is 12 years.

(f) Club membership

Club membership 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 ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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 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. At the end of the reporting date, the Group's financial assets included trade receivables, amounts due fom related parties, and cash and bank balance were classified as loans and receivables.

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. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are carried at amortised cost using effective interest method, less any identified impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

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.

Impairment loss on loans and receivables 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. At the end of the reporting date, the Group's financial liabilities included other payables, deposits received and accrued charges, amounts due to a director, amounts due to a non-controlling shareholder of a subsidiary, amount due to a related party and bank loans were classified as financial liabilities at amortised cost.

Financial liabilities at amortised cost
Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable cost incurred and subsequently measured at amortised cost, using 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**

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 year 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 taxable 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 appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(o) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate 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 at 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 HK$ 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;
(i) children of that person's spouse or domestic partner; and
(ii) dependents of that person or that person's spouse or domestic partner.

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(q) Borrwoing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(r) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's service lines. For the years ended 31 March 2014 and 2013, the Group has one single business segment, namely hotel operation.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs.

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**

Classification of the leasehold land

The Group determines if the leasehold land of the Group qualifies as a finance lease based 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, management consider the leasehold land of the Group 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**

Estimation of useful lives and residual value of property, plant and equipment

The Group's management determines the estimated useful lives and estimated 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.

6. SEGMENT REPORTING

The Group has only one reportable operating segment which is hotel operation. No operating segments have been aggregated to form the above reportable operating segment.

(a) Geographical information

During the years ended 31 March 2014 and 2013, the Group's operations and non-current assets are situated in Hong Kong in which all of its revenue was derived.

(b) Information about major customers

The Group's customer base is diversified and there were three customers (2013: one) with whom transactions have exceeded 10% of the Group's revenue during the year as follows:

	2014 **HK$'000**	**2013** **HK$'000**
Customer A	44,211	19,744
Customer B	40,504	N/A
Customer C	25,006	N/A
	109,721	19,744

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:

	2014 HK$'000	2013 HK$'000
Turnover		
Hotel operations		
- Hotel room sales	163,465	143,660
- Food and beverage income	5,199	5,376
- Miscellaneous sales	396	398
	169,060	149,434
Other revenue		
Bank interest income	8	6
Write back of provision for doubtful debts	19	-
Write back of accrued expense and provision	2,809	-
	2,836	6
	171,896	149,440

8. FINANCE COSTS

Finance costs comprise the following:

	2014 HK$'000	2013 HK$'000
Interest on bank loans		
- wholly repayable within five years (Note)	788	2,029
- not wholly repayable within five years (Note)	1,330	1,604
Total borrowing costs incurred	2,118	3,633
Bank charges	208	6
	2,326	3,639

Note: The analysis show finance costs of bank loans, all of which contain a repayment on demand clause in accordance with the agreed schedule dates set out in the loan agreements.

9. PROFIT BEFORE INCOME TAX

	2014 HK$'000	2013 HK$'000
Profit before income tax is arrived at after charging the following:		
Cost of services provided	25,188	25,725
Auditor's remuneration	500	485
Depreciation of property, plant and equipment	17,457	17,303
Depreciation of investment property	302	302
Amortisation of intangible assets	1,167	1,167
Loss on disposals of property, plant and equipment	73	-
Bad debts written off	1,119	-
Staff costs (including directors' emoluments as disclosed in Note 14)		
- Salaries and allowances	59,673	48,945
- Retirement benefit cost	963	909

10. INCOME TAX EXPENSE

(a) Hong Kong profits tax is provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

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

	2014 HK$'000	2013 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	12,314	10,672
Over-provision in prior years	(10)	(69)
	12,304	10,603
Deferred taxation (Note 25)		
Origination and reversal of temporary differences, net	918	1,890
Income tax expense	13,222	12,493

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

	2014 HK$'000	2013 HK$'000
Profit before income tax	68,160	55,817
Tax at applicable tax rate of 16.5% (2013: 16.5%)	11,246	9,210
Tax effect of expenses not deductible for tax purposes	1,722	2,773
Tax effect of income not taxable for tax purposes	(1)	(1)
Over-provision in prior years	(10)	(69)
Unrecognised tax losses	265	580
Income tax expense	13,222	12,493

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the year include a loss of HK$1,576,000 (2013: HK$3,444,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's (loss)/profit and total comprehensive income for the year:

	2014 HK$'000	**2013 HK$'000**
Amount of consolidated loss attributable to owners dealt with the Company's financial statements	(1,576)	(3,444)
Add: Write back of provision for impairment loss on amounts due from subsidiaries	-	20,000
The Company's (loss)/profit and total comprehensive income for the year (Note 24(iii))	(1,576)	16,556

12. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2013: Nil).

13. EARNINGS PER SHARE

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

	2014 HK$'000	**2013 HK$'000**
Profit for the year attributable to owners of the Company	55,093	43,478
	'000	**'000**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,310,925	1,310,925

There is no dilutive potential share for the years ended 31 March 2014 and 2013.

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 2014

Name of director	**Fees**	**Salaries, allowances and benefits in kind**	**Bonus**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Executive directors				
Lun Chi Yim	600	381	17,500	18,481
Lun Yiu Kay Edwin	500	-	10,500	11,000
Ng Tze Ho Joseph	80	-	-	80
Suen Chui Fan	362	86	5,820	6,268
	1,542	467	33,820	35,829
Independent non-executive directors				
Tse Kwing Chuen	160	-	40	200
Ng Hung Sui Kenneth	160	-	40	200
Lam Yiu Pang Albert	160	-	40	200
	480	-	120	600
Total	2,022	467	33,940	36,429

For the year ended 31 March 2013

Name of director	**Fees**	**Salaries, allowances and benefits in kind**	**Bonus**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Executive directors				
Lun Chi Yim	600	696	13,500	14,796
Lun Yiu Kay Edwin	500	-	8,000	8,500
Ng Tze Ho Joseph	80	-	-	80
Suen Chui Fan	350	83	2,300	2,733
	1,530	779	23,800	26,109
Independent non-executive directors				
Tse Kwing Chuen	160	-	-	160
Ng Hung Sui Kenneth	160	-	-	160
Lam Yiu Pang Albert	160	-	-	160
	480	-	-	480
Total	2,010	779	23,800	26,589

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 (2013: three) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining two (2013: two) individuals were as follows:

	2014	**2013**
	HK$'000	**HK$'000**
Salaries and other benefits	847	973
MPF contributions	30	29
	877	1,002

Their emoluments fell within the emolument band of Nil – HK$1,000,000 for the years ended 31 March 2014 and 2013.

(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 (2013: Nil).

15. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Hotel property HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost			
At 1 April 2012	686,275	2,675	688,950
Additions	-	523	523
At 31 March 2013 and 1 April 2013	686,275	3,198	689,473
Additions	-	1,153	1,153
Disposals	-	(189)	(189)
At 31 March 2014	686,275	4,162	690,437
Accumulated depreciation			
At 1 April 2012	124,388	2,455	126,843
Charged for the year	17,157	146	17,303
At 31 March 2013 and 1 April 2013	141,545	2,601	144,146
Charged for the year	17,157	300	17,457
Written back on disposals	-	(81)	(81)
At 31 March 2014	158,702	2,820	161,522
Net carrying value			
At 31 March 2014	527,573	1,342	528,915
At 31 March 2013	544,730	597	545,327

At 31 March 2014, 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$151,097,000 (2013: HK$233,293,000) (Note 22).

16. INTANGIBLE ASSETS - GROUP

	Licence for neonlight signage HK$'000
Cost	
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	14,000
Accumulated amortisation	
At 1 April 2012	8,653
Charged for the year	1,167
At 31 March 2013 and 1 April 2013	9,820
Charged for the year	1,167
At 31 March 2014	10,987
Net carrying value	
At 31 March 2014	3,013
At 31 March 2013	4,180

Amortisation charged on the licence during the year is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

17. INVESTMENT PROPERTY - GROUP

	2014 HK$'000	2013 HK$'000
At cost		
Cost		
At beginning and end of year	12,000	12,000
Accumulated depreciation		
At beginning of year	1,661	1,359
Charged for the year	302	302
At end of year	1,963	1,661
Net carrying value		
At end of year	10,037	10,339

The balance represents a piece of agricultural land held by the Group under medium term leases in Hong Kong. The Group has not yet determined the future use of the land and currently holds the property 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 determined 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

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note (a))	232,911	237,419
	232,912	237,420
Less: Provision for impairment loss	(182)	(182)
	232,730	237,238

(a) Amounts due from subsidiaries are unsecured, non-interest bearing and in substance represent the Company's interest in the subsidiaries in the form of quasi-equity loans.

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

(c) Particulars of principal subsidiaries are set out in Note 31 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

18. INTERESTS IN SUBSIDIARIES - COMPANY - CONTINUED

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

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

	2014 HK$'000	2013 HK$'000
For the year ended 31 March		
Revenue	-	-
Loss for the year	316	315
Total comprehensive income for the year	316	315
Loss for the year allocated to non-controlling interests	155	154
Net cash flows generated from/(used in) operating activities	20	(1)
Net increase/(decrease) in cash and cash equivalents	20	(1)
As at 31 March		
Current assets	25	5
Non-current assets	10,038	10,340
Current liabilities	(13,217)	(13,184)
Net liabilities	(3,154)	(2,839)
Accumulated non-controlling interests	(1,546)	(1,391)

19. CLUB MEMBERSHIP - GROUP AND COMPANY

The club membership is stated at cost as at the end of reporting dates. As the membership does not have a quoted market price in an active market, its fair value cannot be reliably measured.

20. INVENTORIES - GROUP

These represent food and beverage, admission tickets for resale and other consumables.

21. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS - GROUP

	2014 HK$'000	2013 HK$'000
Trade receivables	4,829	9,775
Less: Allowance for doubtful debts (Note (c))	-	(19)
	4,829	9,756
Deposits and prepayments	1,264	1,316
	6,093	11,072

(a) The Group allows an average credit period of one week (2013: one week) to its trade customers. All trade receivables are expected to be recovered within one year. The following is an ageing analysis of trade receivables, net of allowance, at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
Within 30 days	4,698	9,212
31 – 60 days	4	410
61 – 90 days	-	134
Over 90 days	127	-
	4,829	9,756

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

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	3,211	6,731
Within 30 days	1,491	2,684
31 – 60 days	-	207
61 – 90 days	127	134
Amount past due but not impaired	1,618	3,025
	4,829	9,756

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

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS - GROUP - CONTINUED

(b) The ageing analysis of trade receivables, net of allowances, which are past due but not impaired is as follows: - Continued

At 31 March 2014, trade receivables of HK$3,211,000 (2013: HK$6,731,000) 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$1,618,000 (2013: HK$3,025,000) at 31 March 2014 were past due at 31 March 2014 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.

(c) Movements in the allowance for doubtful debts during the year are as follows:

	2014 **HK$'000**	**2013** **HK$'000**
At 1 April	19	19
Less: Write-back of provision for doubtful debts	(19)	-
At 31 March	-	19

Allowance for bad debts as at 31 March 2013 have been recovered.

22. BANK LOANS - GROUP

	2014 HK$'000	2013 HK$'000
Secured		
Bank instalment loans	146,097	163,293
Bank revolving loans	5,000	70,000
	151,097	233,293

(a) All bank loans are denominated in HK$, carried at a variable interest rate with reference to HIBOR. At 31 March 2014, effective interest rate of the bank instalment loans and revolving loans are 0.86% and 2.16% (2013: 0.93% and 2.03%) per annum respectively.

(b) All bank loans are secured by the first legal charge of the hotel property of the Group (Note 15), the corporate guarantee from the Company and guarantees from the directors of the Company and their related companies.

(c) Bank instalment loans are repayable in monthly instalments until May 2022 and bank revolving loans are granted for a period of one to three months. In accordance with HK Interpretation 5, the Group's instalment loans of HK$146,097,000 (2013: HK$163,293,000) which contain repayment on demand clause, are classified as a current liability.

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

	2014 HK$'000	2013 HK$'000
On demand or within one year	22,228	87,038
More than one year, but not exceeding two years	17,385	17,197
More than two year, but not exceeding five years	53,112	52,559
After five years	58,372	76,499
	128,869	146,255
	151,097	233,293

23. SHARE CAPITAL

	2014 and 2013	
	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.

24. 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 2012	57,556	129	104,874	31,173	193,732
Profit and total comprehensive income for the year	-	-	-	16,556	16,556
At 31 March 2013 and 1 April 2013	57,556	129	104,874	47,729	210,288
Loss and total comprehensive income for the year	-	-	-	(1,576)	(1,576)
Unclaimed dividend forfeited	-	-	-	422	422
At 31 March 2014	57,556	129	104,874	46,575	209,134

25. DEFERRED TAX LIABILITIES - GROUP

Deferred taxation is calculated in full on temporary differences under the liabilities method using a taxation rate of 16.5% (2013:16.5%). Movement in deferred tax liabilities during year is as follows:

	Accelerated tax depreciation HK$'000
At 1 April 2012	6,011
Charge to profit or loss (Note 10(a))	1,890
At 31 March 2013 and 1 April 2013	7,901
Charge to profit or loss (Note 10(a))	918
At 31 March 2014	8,819

Unrecognised temporary differences, represented by unutilised tax losess as at 31 March 2014 amounted to HK$77,356,000 (2013: HK$75,817,000). This balance may be carried forward indefinitely.

No deferred tax asset for such losses has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised due to the unpredictability of future profits streams of the Company and its subsidiaries.

26. RELATED PARTY TRANSACTIONS

As at 31 March 2014, 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 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) During the year, the Group entered into the following transactions with related party:

Related party relationship	Type of transaction	2014 HK$'000	2013 HK$'000
A company controlled by the director	Purchase of goods	-	2
A company controlled by the director	Sales of goods	-	61

(b) As at 31 March 2014, the Group's bank loans of HK$151,097,000 (2013: HK$233,293,000) 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.

(c) Amounts due from/(to) related parties, amounts due to a director and amounts due to a non-controlling shareholders of a subsidiary are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel

The emoluments of directors and the senior management during the year were as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	36,429	26,589
Contributions to retirement benefits schemes	2	2
	36,431	26,591

26. RELATED PARTY TRANSACTIONS - CONTINUED

(d) Compensation of key management personnel - Continued

The emoluments paid or payable to the directors and the senior management were within the following bands:

	2014 No. of individuals	2013 No.of individuals
Nil to HK$1,000,000	4	4
HK$2,500,001 to HK$3,000,000	-	1
HK$6,000,001 to HK$6,500,000	1	-
HK$8,000,001 to HK$8,500,000	-	1
HK$10,500,001 to HK$11,000,000	1	-
HK$14,500,001 to HK$15,000,000	-	1
HK$18,000,001 to HK$18,500,000	1	-

27. CONTINGENT LIABILITIES

(a) On 16 January 2010, a borrower ("the Borrower") commenced a legal action against the Company, Winland Mortgage Limited ("Winland Mortgage"), a wholly owned subsidiary of the Company, and a director of the Company for breach of settlement deed.

The court opined that the deed of settlement did not bar Winland Mortgage's rights to seek redress against the Borrower on the HK$104 million loan facility ("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 the court on 13 February 2010 and subsequently to 24 May 2010, the Borrower was compulsorily wound up by the High Court and the liquidator of the Borrower had not made any indication to pursue the above actions.

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

(b) At the end of the reporting period, the Company provided a financial guarantee to a bank for the banking facilities of an aggregate amount of HK$498,097,000 (2013: HK$515,293,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$151,097,000 (2013: HK$233,293,000) as at 31 March 2014. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

The Company has not recognised any deferred income in respect of the guarantees as the fair value is insignificant and its transaction price was nil. The Company had not recognised any provision in the Company's financial statements as at 31 March 2014 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.

28. 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 22, less cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in Notes 23 and 24 respectively.

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

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

	2014 **HK$'000**	**2013** **HK$'000**
Debts	151,097	233,293
Cash and cash equivalents	(19,637)	(22,895)
	131,460	210,398
Equity	350,027	294,667
Debt to equity ratio	38%	71%

29. FINANCIAL RISK MANAGEMENT

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

29. FINANCIAL RISK MANAGEMENT – CONTINUED

(a) Credit risk

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

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. 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 2014, the Group had total available unutilised short-term bank loan facilities of approximately HK$347,000,000 (2013: HK$282,000,000).

29. 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
2014			
Other payables, deposits received and accrued charges	48,518	48,518	48,518
Amounts due to a director	21	21	21
Amounts due to a non-controlling shareholder of a subsidiary	6,414	6,414	6,414
Bank loans	151,097	151,097	151,097
	206,050	206,050	206,050
2013			
Other payables, deposits received and accrued charges	45,847	45,847	45,847
Amounts due to a director	15	15	15
Amounts due to a non-controlling shareholder of a subsidiary	6,414	6,414	6,414
Amounts due to a related party	2	2	2
Dividend payable	422	422	422
Bank loans	233,293	233,293	233,293
	285,993	285,993	285,993

Included in the interest-bearing bank loans are mortgaged term loan and revolving loans which the related agreement contain 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.

29. 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 HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
31 March 2014	151,097	156,665	23,483	18,483	55,449	59,250
31 March 2013	233,293	240,456	88,483	18,483	55,449	78,041

The Company	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
2014			
Other payables and accrued charges	502	502	502
Amounts due to a subsidiary	1,390	1,390	1,390
Amounts due to a director	21	21	21
	1,913	1,913	1,913
Finance guarantees issued – maximum amount granted	-	151,097	151,097
2013			
Other payables and accrued charges	2,492	2,492	2,492
Dividend payable	422	422	422
Amounts due to a subsidiary	886	886	886
	3,800	3,800	3,800
Finance guarantees issued – maximum amount granted	-	233,293	233,293

29. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's bank loans with a floating interest rate. Interest rates and terms of repayment of the Group's borrowings are disclosed in Note 22 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 2014, 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$631,000 (2013: HK$974,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the 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 2013.

(d) Currency risk

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

(e) Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2014 and 2013.

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2014 and 2013 may be categorised as follows:

	2014 HK$'000	2013 HK$'000
Financial assets		
Trade receivables, net	4,829	9,756
Amounts due from related parties	8	48
Cash and bank balances	19,637	22,895
	24,474	32,699
Financial liabilities		
Other payables, deposits received and accrued expenses	48,518	45,847
Amounts due to a director	21	15
Amounts due to a non-controlling shareholder of a subsidiary	6,414	6,414
Amount due to a related party	-	2
Dividend payable	-	422
Bank loans	151,097	233,293
	206,050	285,993

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The principal subsidiaries of the Company as at 31 March 2014 are set out below:

Name of subsidiary	Place of incorporation and operation	Particulars of capital	Percentage held by holding directly	Percentage held by holding indirectly	Principal activities
City Promenade Limited	Hong Kong	2 ordinary shares of HK$1.00 each	-	100%	Hotel operation
Perfect Plan Development Limited	Hong Kong	100 ordinary shares of HK$1.00 each	-	51%	Property holding
Winland Mortgage Limited	Hong Kong	1 ordinary share of HK$1.00	100%	-	Money lending
Goodnews Investments Limited	British Virgin Islands ("BVI")	1 ordinary share of US$1.00	100%	-	Investment holding
Winland Hotel Limited	Hong Kong	1 ordinary share of HK$1.00	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.

32. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 26 June 2014.

FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Year ended 31 March					
Turnover	**169,060**	149,434	96,964	79,992	66,081
Profit attributable to equity holders of the Company	**55,093**	43,478	16,873	3,231	1,713
Total comprehensive income attributable to owners of the Company	**54,938**	43,324	16,717	3,077	1,559
Assets and liabilities					
As at 31 March					
Total assets	**569,205**	595,446	617,243	620,220	638,146
Total liabilities	**(219,178)**	(300,779)	(365,900)	(386,687)	(407,690)
Non-controlling interests	**1,546**	1,391	1,237	1,081	927
Equity attributable to equity holders of the Company	**351,573**	296,058	252,580	234,614	231,383

PARTICULARS OF PRINCIPAL PROPERTY

HOTEL PROPERTY

Particulars of the Group's hotel property as at 31 March 2014 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%

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MEXAN LIMITED
茂盛控股有限公司

(Incorporated in Bermuda with limited liability)