MEXAN LIMITED
茂盛控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

Annual Report 2024

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

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

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

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors:
Lun Yiu Kay Edwin *(Chairman)*
Ng Ka Kit

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

COMPANY SECRETARY
Tang Sik Ho

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

AUDITOR
BDO Limited
Certified Public Accountants
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, Winland 800 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

EMAIL
ir@mexanhk.com

WEBSITE
www.mexanhk.com

STOCK CODE
22

CHAIRMAN'S STATEMENT

I present the results of MEXAN LIMITED (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024.

MARKET REVIEW

The Group business mainly comprises of the operation of a 800-room hotel in Tsing Yi, New Territories, Hong Kong and the trading of building materials and operating fit-out construction projects.

In relation to hotel industry, our performance in this sector is very much depended on the incoming of travelers, especially those coming from Mainland China whose travel habits are undergoing change from overnight visitors to day trippers which change poses new challenges to Hong Kong travel industry. In 2023, a total of 34 million visitors entered the city of which 17.159 million were overnight visitors. The average occupancy rate of hotels jumped to 82.5% in 2023 up from 66% in 2022. While overall visitor numbers were still off the 2018 figure of 65 million annual visitors and 29.6 million overnight visitors, the improving trajectory is what the hotel sector greatly needed.

The International Air Transport Association (the "IATA") in Geneva announced that total traffic in 2023 (measured in revenue passenger kilometers or RPKs) rose 36.9% compared to 2022. Globally, full year 2023 traffic was at 94.1% of pre-pandemic (2019) levels. International traffic in 2023 climbed 41.6% versus 2022 and reached 88.6% of 2019 levels. Domestic traffic for 2023 rose 30.4% compared to the prior year. 2023 domestic traffic was at 3.9% above the full year 2019 level.

The Director General of IATA said the pandemic years are behind people and borders are open as normal. Despite economic uncertainties, people are flying to reconnect, explore, and do business. Latest data show passenger traffic at over 90% of 2019 levels. Airports are busier, hotel occupancy is rising, local economies are reviving, and the airline industry has moved into profitability.

Further than that, expansion of Individual Visit Scheme Covering 59 cities in Mainland was announced for expanding the Individual Visit Scheme to 8 Mainland cities from 27 May 2024. They are Taiyuan (Shanxi), Hohhot (Inner Mongolia), Harbin (Heilongjiang), Lhasa (Tibet), Lanzhou (Gansu), Xining (Qinghai), Yinchuan (Ningxia) and Urumqi (Xin-jiang). The 8 newly added cities are all provincial capitals and have a combined population of over 33 million and command enormous spending capability.

CHAIRMAN'S STATEMENT

Turning to the construction industry which fosters our business for trading of building materials and fit out construction projects; the Secretary for Development, Ms. Bernadette Linn announced in February 2023 that the 2023-24 Land Sale Programme comprises 12 residential sites capable of providing about 9,120 flats. Apart from the 12 sites for sale, railway property development projects by MTR Corporation Limited (the "MTRCL") and projects of the Urban Renewal Authority (the "URA") will also contribute to private housing land supply in 2023-24. Taking into consideration the forecasted land supply from Government land sale, projects of the MTRCL and the URA, as well as private development/redevelopment projects, the total potential private housing land supply in 2023-24 is estimated to have a capacity to produce about 20,550 flats.

The completion of new flats will inevitably contribute to robust demands for provisions of building materials and fitting out construction works.

On the flip side, the industry is facing strong competition which diminishes the profit margin of projects, and the demand for luxurious building materials have generally declined due to lackluster economic growth.

PROSPECTS

The world in 2024 continues to face territorial conflicts and interlocking challenges: the Russo-Ukraine conflict; the Israeli-Palestine conflict; rising food and fuel prices, the fight against inflation and more importantly, the uncertain post-pandemic economic recovery speed from mainland China.

In 3 June 2024, Hong Kong Government launched a campaign to promote good hospitality in the city and provide better services to visitors to make them feel welcome and to make courtesy and good services a priority in all sectors. One can discern that the Government continues to boost up the travel industry and keeping the industry as one of the pillars in the Hong Kong economy.

We are hoping that with the further relaxation of visa requirements allowing more travelers from major provincial capital in Mainland to visit Hong Kong and the investment of the Government in bolstering the industry, our hotel operation will continue to harvest from such development.

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

CHAIRMAN'S STATEMENT

The current land sale programme highlights that the availability of residential sites has reached an unprecedented low level which reflects the government's strategic decision to curtail the rate of new site releases as a short term measure. This will inevitably impact on the supply of new residential units in the coming future and hence further limit the demands for building materials. From this prospective, the management remains cautiously reserved on the business development in the segment relating to building materials and related works.

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

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

APPRECIATION

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

Lun Yiu Kay Edwin
Chairman
Hong Kong, 26 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Hotel Operation

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

Because of the recovery of incoming travelers to Hong Kong, the Group has also shifted the customer's basis from domestic long-staying guests to overseas and PRC visitors.

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

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

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

The Group generated revenue from trading of building materials and fit-out construction operation of approximately HK$102.5 million for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the year ended 31 March 2024 amounted to approximately HK$176.9 million (2023: HK$126.4 million), representing a significant increase of 40% as compared to same period last year. Since the Group has two reportable segments, the segment revenue generated from the hotel operation was approximately HK$74.4 million (2023: HK$44.7 million), representing an increase of 67% as compared with same period last year due to the improved room rate and occupancy. Regarding trading of building materials and fit-out construction operation, the segment revenue for the year ended 31 March 2024 was approximately HK$102.5 million (2023: HK$81.7 million).

Gross profit and gross profit margin

Gross profit of the Group for the year ended 31 March 2024 amounted to approximately HK$69.0 million (2023: HK$44.3 million), comprised of gross profit from hotel operation of approximately HK$40.3 million (2023: HK$24.3 million) and gross profit from trading of building materials and fit-out construction projects of approximately HK$28.6 million (2023: HK$20.0 million).

Gross profit margin of the Group for the year ended 31 March 2024 was 39.0% (2023: 35.1%). Gross profit margin for the hotel operation for current year was 54.2% (2023: 54.4%) and gross profit margin for the trading of building materials and fit-out construction operation for current year was 27.9% (2023: 24.5%).

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the year ended 31 March 2024 were approximately HK$36.0 million (2023: HK$34.6 million), comprised of expenses for the hotel operation of approximately HK$25.2 million (2023: HK$20.3 million), the expenses for the trading of building materials and fit-out construction operation of approximately HK$12.8 million (2023: HK$6.9 million).

Selling and distribution expenses

The selling and distribution expenses of the Group for the year ended 31 March 2024 were approximately HK$6.5 million (2023: HK$5.3 million), the whole amount were incurred for the trading of building materials and fit-out construction operation.

FINANCIAL REVIEW – CONTINUED

Loss for the year

The loss after income tax of the Group for the year was approximately HK$20.4 million (2023: HK$23.9 million). The loss was decreased by 14.6% which was mainly attributed from the increase of revenue of the Group.

Liquidity, financial resources and capital structure

During the year under review, cash flow of the Group was mainly generated from the hotel operations and bank borrowings. As at 31 March 2024, the Group's total borrowings, including the bank loans, amount due to a director and amount due to a related party amounted to approximately HK$128.6 million compared with approximately HK$143.4 million as at 31 March 2023.

As at 31 March 2024, cash and bank balances amounted to approximately HK$42.6 million compared with cash and bank balances of approximately HK$50.2 million last year. The Group's net assets as at 31 March 2024 amounted to approximately HK$378.8 million, which decreased from approximately HK$399.2 million as at 31 March 2023, mainly due to depreciation and impairment loss on investment properties.

Gearing ratio of the Group that is expressed as a percentage of total borrowings to total equity was approximately 33.9% as at 31 March 2024 compared with approximately 35.9% as at 31 March 2023. Net gearing ratio of the Group which is expressed as a percentage of net borrowings (total borrowings less cash and bank balance) to total equity was approximately 22.7% compared with approximately 23.3% last year.

Of the Group's bank loan as at 31 March 2024, approximately HK$10.0 million would be due within one year or on demand and approximately HK$108.0 million would be due for repayment after one year. The above bank loans were denominated in HK$ and bear a variable interest rate and secured by the hotel property and commercial property, a joint and several corporate guarantee provided from the Company and a related company controlled by a director of the Company, and a personal guarantee provided by a director of the Company.

Total equity of the Group as at 31 March 2024 was approximately HK$378.8 million while there was approximately HK$399.2 million as at 31 March 2023. Total equity attributable to owners of the Company as at 31 March 2024 was approximately HK$382.2 million while there was approximately HK$402.3 million as at 31 March 2023. The decrease in equity was mainly due to the loss recorded for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – CONTINUED

Treasury policies

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

Material acquisitions and disposals

The Group did not make any material acquisitions and disposals as at 31 March 2024.

Significant investments held

The Group did not have any significant investments held as at 31 March 2024.

Employee information and emolument policy

As at 31 March 2024, the total number of employees of the Group was 157 (2023: 134). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the directors are determined having regard to the comparable market statistics. No director of the Company, or any of his associates, and executive is involved in dealing with his own remuneration. The remuneration policies of the Group are normally reviewed on periodic basis. The Group participates in Mandatory Provident Fund schemes that cover all the eligible employees of the Group.

Pledge of assets

As at 31 March 2024, the hotel property and commercial property with net book value of approximately HK$440.0 million were pledged for bank borrowings in the amount of approximately HK$112.0 million.

FINANCIAL REVIEW – CONTINUED

Contingent liabilities

At the date of approval of these consolidated financial statements, the Company provided a financial guarantee to a bank for the banking facilities of an aggregate amount of approximately HK$145,700,000 (2023: HK$224,500,000) granted to its subsidiaries. The amount utilized by the subsidiaries amounted to approximately HK$78,094,000 (2023: HK$113,406,000) as at 31 March 2024. 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 has not recognised any provision in the Company's financial statements as at 31 March 2024 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.

Capital commitments

As at 31 March 2024, the Group had no commitment (2023: Nil) which has been contracted but not yet been provided for acquisition of property, plant and equipment.

Foreign currency exposure

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

As at 31 March 2024, all of the bank borrowings of the Group were made in HK dollars and cash and bank balances were in HK dollars also. As at the date of this report, the Group did not implement any foreign currencies and interest rates hedging policies. The Group will closely monitor the change in foreign exchange rates to manage currency risks and evaluate necessary actions as required.

Future plans for material investments or capital assets

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

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is committed to 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, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set in Appendix C1 (formerly Appendix 14) of the Listing Rules for the year under review, except for the deviation from the CG Code as follows:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix C3 (formerly Appendix 10) of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry to all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transaction throughout the year.

WHISTLEBLOWING POLICY

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

ANTI-BRIBERY AND CORRUPTION POLICY

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

BOARD OF DIRECTORS

The directors during the year ended 31 March 2024 and up to the date of this report were:

Executive Directors:

Lun Yiu Kay Edwin *(Chairman)*
Ng Ka Kit

Independent Non-Executive Directors:

Dr. Tse Kwing Chuen
Lau Shu Kan
Chao Howard

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

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

BOARD OF DIRECTORS – CONTINUED

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.

Mechanism to Ensure Independent View

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

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

BOARD OF DIRECTORS – CONTINUED

For the year ended 31 March 2024, other than resolutions passed by means of resolutions in writing of Directors, the Board held 10 meetings. The following table shows the attendance records of individual Director at the meetings of the Board held for the year ended 31 March 2024:

Directors' Attendance

	Number of Board Meetings held during the Director's term of office during the year ended 31 March 2024	Number of meeting(s) attended
Executive Directors		
Mr. Lun Yiu Kay Edwin *(Chairman)*	10	8
Mr. Ng Ka Kit	10	9
Independent Non-Executive Directors		
Dr. Tse Kwing Chuen	10	10
Mr. Lau Shu Kan	10	10
Mr. Chao Howard	10	10

Board Diversity

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

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

BOARD OF DIRECTORS – CONTINUED

Board Diversity – continued

Currently, it is a single gender board for the Company. In order to achieve Board Gender Diversity in accordance to the timeline set in CG Code, the Company is actively looking for a suitable female director within the prescribed time stipulated under the relevant CG Code.

Workforce Diversity

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

Culture and Values

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

Training and Support for Directors

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

During the year, training on the Stock Exchange's guidance on ESG and Corporate Governance Code Update were arranged, at the Company's expense, for Directors and management.

BOARD OF DIRECTORS – CONTINUED

Training and Support for Directors – continued

The directors participated in the following types of continuous professional development:

Name of Directors	Type of continuous professional development
Mr. Lun Yiu Kay Edwin	A, B
Mr. Ng Ka Kit	A, B
Mr. Lau Shu Kan	A, B
Dr. Tse Kwing Chuen	A, B
Mr. Chao Howard	A, B

A: attending business meetings relating to the directors of listed companies
B: reading guidance notes and updates relating to regulatory requirements for listed companies and obligations as directors

Directors' Liability Insurance

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EXECUTIVE COMMITTEE

The Executive Committee was established with specific written terms of reference. The functions of the Executive Committee include dealing with all financial, commercial, business, legal, management and administration issues of the Company. The Executive Committee comprises two executive directors, Mr. Lun Yiu Kay Edwin and Mr. Ng Ka Kit. Mr. Lun Yiu Kay Edwin is the chairman of the Executive Committee.

EXECUTIVE COMMITTEE – CONTINUED

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 2024	Number of meeting(s) attended
Mr. Lun Yiu Kay Edwin *(Chairman)*	2	2
Mr. Ng Ka Kit	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 four members, including Mr. Lun Yiu Kay Edwin and three Independent Non-Executive Directors, Mr. Lau Shu Kan, Dr. Tse Kwing Chuen and Mr. Chao Howard. The chairman of Remuneration Committee is Mr. Lau Shu Kan.

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;

REMUNERATION COMMITTEE – CONTINUED

(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;

(c) to make recommendation to the Board on the Directors' fees and the fees for members of each committee of the Board;

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

(e) 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;

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

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

REMUNERATION COMMITTEE – CONTINUED

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

Name of Members	Number of Remuneration Committee meetings held during member's term of office during the year ended 31 March 2024	Number of meeting(s) attended
Mr. Lau Shu Kan *(Chairman)*	2	2
Mr. Lun Yiu Kay Edwin	2	2
Dr. Tse Kwing Chuen	2	2
Mr. Chao Howard	2	2

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 E.1.3 of the CG Code, the terms of reference of the Remuneration Committee are revised and published on the Company's website and also available on request.

AUDIT COMMITTEE

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

AUDIT COMMITTEE – CONTINUED

The major roles and functions of the Audit Committee are:

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

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

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

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

  (i) any changes in accounting policies and practices;

  (ii) major judgemental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

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

AUDIT COMMITTEE – CONTINUED

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

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

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

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

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

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

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

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

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

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

AUDIT COMMITTEE – CONTINUED

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

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

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

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

Name of Members	Number of Audit Committee meetings held during the member's term of office during the year ended 31 March 2024	Number of meetings attended
Mr. Lau Shu Kan *(Chairman)*	6	6
Dr. Tse Kwing Chuen	6	6
Mr. Chao Howard	6	6

Summary of work done for the year ended 31 March 2024:

- review of final results and draft audited financial statements for the year ended 31 March 2024;

- review of interim results and draft unaudited consolidated financial statements for the six months ended 30 September 2023; 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 2024.

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

NOMINATION COMMITTEE

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

The 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; and their suitability and independence for serving more than 9 years;

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

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

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

Name of Members	Number of Nomination Committee meetings held during the member's term of office during the year ended 31 March 2024	Number of meetings attended
Mr. Lun Yiu Kay Edwin *(Chairman)*	2	2
Mr. Lau Shu Kan	2	2
Dr. Tse Kwing Chuen	2	2

NOMINATION COMMITTEE – CONTINUED

Summary of work done for the year ended 31 March 2024:

- review the structure, composition of the Board and the Board diversity policy;

- make recommendation on the re-appointment of the retiring directors and assessment of the independence of independent non-executive directors; and

- review the change of directors and change in composition of Board Committees.

SUMMARY OF BOARD DIVERSITY POLICY

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

The Nomination Committee comprises two independent non-executive Directors and one executive Director. The Company Secretary acts as the secretary to the Nomination Committee. As at 31 March 2024, the members of the Nomination Committee were Dr. Tse Kwing Chuen, Mr. Lau Shu Kan and Mr. Lun Yiu Kay Edwin. The Nomination Committee held two meetings during the year ended 31 March 2024, whereby the members of the Nomination Committee discussed and made recommendation to the Board on the re-election of retiring Directors and re-appointment of Directors, reviewed the size, structure, composition and diversity of the Board, assessed the independence of independent non-executive Directors and discussed the roles of the Chairman and the Managing Director.

AUDITORS' REMUNERATION

BDO Limited is the auditor of the Company. During the year ended 31 March 2024, the fee charged to the financial statements of the Company and its subsidiaries for statutory audit amounted to HK$1,200,000. The fee for non-audit services was HK$100,000.

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

The directors acknowledged their responsibilities for the preparation of the consolidated financial statements for each financial period, which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant period. In preparing the consolidated financial statements for the year ended 31 March 2024, the directors ensured that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards and have applied them consistently; made judgements and estimates that are prudent, fair and reasonable; and have prepared the consolidated financial statements on a going concern basis. The directors are also responsible for the timely publication of the consolidated financial statements of the Group.

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

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

CORPORATE COMMUNICATION

The Company 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 and circulars on the websites of the Company and the Stock Exchange of Hong Kong; and (iii) the availability of latest information of the Group on the website of the Company.

The Company's notices to Shareholders for the annual general meeting ("AGM") held in 2023 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 the representatives of external auditor were available at the AGM held on 22 September 2023 to answer questions from the Shareholders. The chairman of the AGM explained the procedures for conducting a poll during the meeting. All resolutions proposed at the AGM were voted separately by way of poll. All the votes cast at the said meeting were properly counted and recorded.

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.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board is responsible for evaluating and determining the nature and extent of the risks (including ESG risks) it is willing to take in achieving the Group's strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviewing their effectiveness. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2024, covering the material financial, operational and compliance controls. The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting on an annual basis. The Board is of the view that the system of risk management and internal control are effective and adequate.

During the year ended 31 March 2024, the Group have engaged independent professionals to assess and review its overall risk management system, internal controls and operation processes and have given recommendations to make any enhancement. It has been reported that there are no material deficiencies found.

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

RISK MANAGEMENT AND INTERNAL CONTROL – CONTINUED

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

- Risk identification – identify the current risks confronted.

- Risk analysis – conduct analysis on the risk including the impact extent and possibility of occurrence.

- Risk response – choose a proper risk response method and develop a risk mitigation strategy.

- Control measures – propose up-to-date internal control measures and policy and process.

- Risk control – continuously monitor the risks identified and implement relevant internal control measures to ensure the effective operation of the risk response strategy.

- Risk management report – summarise results of risk assessment and analysis and internal audit, formulate and report an action plan.

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

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

RISK MANAGEMENT AND INTERNAL CONTROL – CONTINUED

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

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

COMPANY SECRETARY

Mr. Tang Sik Ho ("Mr. Tang") is the Company Secretary and Authorised Representative of the Company. According to rule 3.29 of the Listing Rules, Mr. Tang takes no less than 15 hours of relevant professional training for the year ended 31 March 2024.

DIRECTORS' REPORT

The directors ("Directors" or individually, the "Director") of MEXAN LIMITED (the "Company") submit their report together with the audited consolidated financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. During the year, the principal activities of its subsidiaries are hotel operation and supply of furniture and building materials and provision of design and fit-out construction services. Further details of subsidiaries during the year ended 31 March 2024 are set out in note 27 to the consolidated financial statements.

An analysis of revenue 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 consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45.

The state of affairs of the Group and the Company as at 31 March 2024 are set out in the consolidated statement of financial position on pages 46 to 47 and in note 26 to the consolidated financial statement respectively.

The cash flows of the Group are set out in the consolidated statement of cash flows on pages 49 to 50.

As at 31 March 2024, the distributable reserves of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK$36,413,000 (2022: HK$40,444,000).

The Directors does not recommend the payment of final dividend for the year ended 31 March 2024 (2023: Nil).

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 22 to the consolidated 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 105 and in note 23 to the consolidated financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 127.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTIES

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

PRINCIPAL PROPERTIES

Particulars of the Group's principal properties are set out on page 128.

BANK LOANS

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

PRE-EMPTIVE RIGHTS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the largest and the five largest customers were approximately 19% and 71% in the year under review.

The aggregate purchases attributable to the largest and the five largest suppliers were approximately 38% and 70% in the year under review.

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 and suppliers noted above.

DIRECTORS

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

Executive Directors:

Mr. Lun Yiu Kay Edwin *(Chairman)*
Mr. Ng Ka Kit

Independent Non-Executive Directors:

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

Executive Directors

Mr. Lun Yiu Kay Edwin ("Mr. Lun"), aged 54, has been a Director and the Managing Director of the Company since April 2007 and has been the Chairman of the Company since December 2014. Mr. Lun holds a Bachelor's Degree in Science (Land Management) from the University of Reading, United Kingdom. He has over 29 years' experience in property investment, finance and management. He is also experienced in hotel management and in the tourism industry. Mr. Lun joined the group of companies operating various businesses, which ultimately owned and controlled by him and his immediate family member (the "Winland Group") in 1994 and is currently a director of various companies in the Winland Group.

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

Mr. Ng Ka Kit ("Mr. Ng"), aged 54, holds a Master of Science Degree in Hotel and Tourism Management from Hong Kong Polytechnic University and also holds a Bachelor Degree in Business Administration from Thomas Valley University (now known as University of West London) in United Kingdom. Mr. Ng has over 31 years' experience in the hotel industry. He first joined Mexan Harbour Hotel (now known as Winland 800 Hotel) (the "Hotel") in 2006 as General Manager until 2013 and later rejoined the Hotel in 2015 as General Manager. Mr. Ng is also a director of several companies directly or indirectly owned by Mr. Lun Yiu Kay Edwin, the Chairman and an executive Director of the Company.

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – CONTINUED

Independent Non-Executive Directors

Dr. Tse Kwing Chuen ("Dr. Tse"), aged 72, has been a Director since April 2007. He is also a member of the audit committee, remuneration committee and nomination committee of the Board. Dr. Tse obtained a Master's Degree in Economics from Sun Yat-sen University, the PRC and a Doctorate's Degree of Philosophy in Business Administration from the Bulacan State University, the Republic of the Philippines. Dr. Tse is a Certified Dealmaker as approved by China Mergers & Acquisitions Association. He is also an executive director of Hong Kong Financial Assets Management Limited. He is an honourable director of Sun Yat-sen University in the PRC and the visiting professor in Tianjin Normal University in the PRC.

Mr. Lau Shu Kan ("Mr. Lau"), aged 65, has been a Director since September 2016. He is also a member of the audit committee, remuneration committee and nomination committee. Mr. Lau has over 31 years' experience in working in European and Hong Kong based banks in commercial, corporate and PRC banking sectors. Graduated from the Hong Kong Polytechnic with a Professional Diploma in Company Secretaries and Administration and obtained a Master's degree in Business Administration (Financial Services) from the University of Greenwich. Mr. Lau is currently an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance of the United Kingdom.

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – CONTINUED

Independent Non-Executive Directors – continued

Mr. Chao Howard ("Mr. Chao"), aged 40, holds a Master of Science Degree in Real Estate from the University of Greenwich and a Bachelor of Arts Degree in Business Administration from California State University, Fullerton and was awarded a Certificate of Completion for the Leadership Programme on Real Estate Sustainability by the University of Cambridge Institute for Sustainability Leadership.

Mr. Chao has over 17 years of experience in real estate development, construction, corporate finance and asset management; his experience covers the region of Hong Kong, Mainland China, Malaysia and Macau. In the years past, Mr. Chao actively engaged in social work promoting real estate and construction industry's interests, also to advocate and to promote economic ties between Hong Kong and Mainland China. In 2021, Mr. Chao was a running candidate for office of the Legislative Council Election, under the functional constituency of Real Estate and Construction Sector.

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

DIRECTORS' REPORT

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.

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

As at 31 March 2024, 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 and nature of interest	Approximate shareholding percentage (%)
Mr. Lun Yiu Kay Edwin	1,358,055,354	Interest of controlled corporation	69.06

DIRECTORS' RIGHT TO ACQUIRE SHARES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, the following 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
Mr. Lun Yiu Kay Edwin	Winland Hotel Management Limited (Note)	Hotel management	As director
	Winland Finance Limited	Money lending	As director

Note:

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

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

The Directors are of the view that the Group is capable of carrying on its business independently from the Competing Business. When making decisions on the business of the Group, the relevant 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.

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

As at 31 March 2024, 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$0.02 each held	Capacity and nature of interest	Approximate shareholding percentage (%)
Winland Wealth (BVI) Limited (Note i)	Long	1,358,055,354 (Note i)	Beneficial owner	69.06
Winland Stock (BVI) Limited (Note ii)	Long	1,358,055,354 (Note ii)	Interest of controlled corporation	69.06

Notes:

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

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

MANAGEMENT CONTRACTS

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

REVIEW BY AUDIT COMMITTEE

At the date of this report, the Audit Committee of the Company comprises three Independent Non-Executive Directors namely, Dr. Tse Kwing Chuen, Mr. Lau Shu Kan and Mr. Chao Howard. The Audit Committee has reviewed with the Group's auditors, BDO Limited, the audited consolidated financial statements for the year ended 31 March 2024 and has also discussed auditing, internal control and financial reporting matters of the Group.

DIRECTORS' REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to contributing to the sustainability of the environment and is committed to becoming an environmentally-friendly corporation. Details of our environmental, social and governance policies and performance during the year ended 31 March 2024 shall be published separately in parallel with the publication of this Annual Report on the websites of the Company and the Stock Exchange.

EVENT AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this report, there were no other important events affecting the Group that have occurred since 31 March 2024 and up to the date of this report.

By Order of the Board
MEXAN LIMITED

Lun Yiu Kay Edwin
Chairman

Hong Kong, 26 June 2024

INDEPENDENT AUDITOR'S REPORT

BDO

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

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

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

香港干諾道中111號
永安中心25樓

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

OPINION

We have audited the consolidated financial statements of Mexan Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 45 to 126, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group incurred loss for the year ended 31 March 2024 of HK$20,398,000 and had net current liabilities of HK$2,740,000 as of the same date. These conditions, along with other matters as set forth in Note 3(b), indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(Refer to note 14 and 15 to the consolidated financial statements and the Group's accounting policies set out in note 5(c))

As at 31 March 2024, the Group has property, plant and equipment with the carrying amount of HK$368 million, which comprise a hotel property with the carrying amount of HK$356 million. Also, the Group has investment property with the carrying amount of HK$91 million, which comprise an commercial property with the carrying amount of HK$84 million and leasehold land with carrying amount of HK$7 million. Such hotel property, commercial property and leasehold land are stated at cost less accumulated depreciation and impairment. The performance of the Group's hotel operation has been impacted by the uncertainties of the tourism market, causing the recession of global economic environment. These conditions resulted in a downward pressure of the hotel room rate. Management is required to assess whether there exist events or changes in circumstances, which indicate that the hotel property has suffered an impairment loss, and if so, to estimate its recoverable amount. Management performed impairment assessment to determine the recoverable amount of the hotel property, which was determined based on fair value less costs of disposal. Independent external valuation was obtained for the hotel property to support management's estimate. The fair value less costs of disposal is arrived at based on discounted cash flow methodology from potential purchaser perspective which represents estimates of the future income potential of the hotel property, and with reference to the direct or market comparison methodology by comparing to the recent sales price of comparable hotel properties. The management concluded that the recoverable amount of the hotel property is higher than its carrying value such that no impairment provision was required.

With respect to the commercial property, its recoverable amount has been impacted by the recession of economy. Management is required to assess whether the existing events or changes in circumstances, which indicate the commercial property has suffered an impairment loss and if so, to estimate its recoverable amount. Management performed impairment assessment to determine the recoverable amount of the commercial property, which was based on fair value less costs of disposal. Independent external valuation was obtained for the commercial property to support management's estimate. The fair value less costs of disposal is arrived by recent comparable sales prices of office properties under market comparison methodology. The management concluded that the recoverable amount of the commercial property is below its carrying value and impairment loss of HK$7,440,000 was provided in the Group's consolidated statement of profit or loss for the year ended 31 March 2024.

KEY AUDIT MATTERS – CONTINUED

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY – CONTINUED

(Refer to note 14 and 15 to the consolidated financial statements and the Group's accounting policies set out in note 5(c)) – continued

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

Determining the recoverable amounts of the hotel property and commercial property required significant management judgement, including implementing the key assumptions and estimates with respect to the underlying cash flows in the valuation model, selecting comparable properties and making adjustments for the differences among the comparable properties and the hotel and commercial property, such as location, grade and condition of the properties.

Our response:

Our audit procedures in relation to assess the potential impairment of the hotel property and commercial property included:

- We evaluated the independent external valuer's competence;

- We assessed the valuation methodologies used and the appropriateness of key assumptions based on our knowledge of the industry;

- We checked, on a sample basis, the accuracy and relevance of the input data used;

- We benchmarked the key parameters used in the valuations against market data and comparables;

- We checked the mathematical accuracy of the calculation of the valuations; and

- We involved our Internal valuation specialist to assist us in evaluating the assumptions and methodologies used by the Group and external experts.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate Number P05309

Hong Kong, 26 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024**	2023
		HK$'000	HK$'000
Revenue	7	**176,944**	126,362
Direct costs		**(107,949)**	(82,044)
Gross profit		**68,995**	44,318
Other income	7	**2,574**	1,067
Administrative and other operating expenses		**(36,003)**	(34,615)
Selling and distribution expense		**(6,470)**	(5,293)
Depreciation and amortisation		**(29,861)**	(28,807)
Impairment loss on investment property	15	**(7,440)**	(7,215)
Provision of impairment loss on trade receivables and contract assets, net	17, 18	**(4,922)**	(481)
Finance costs	8	**(8,227)**	(2,878)
Loss before income tax	9	**(21,354)**	(33,904)
Income tax credit	10	**956**	9,975
Loss and total comprehensive income for the year		**(20,398)**	(23,929)
Loss and total comprehensive income attributable to:			
Owners of the Company		**(20,158)**	(23,765)
Non-controlling interests	28	**(240)**	(164)
		(20,398)	(23,929)
Loss per share attributable to owners of the Company – basic and diluted (HK cents)	12	**(1.03)**	(1.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**368,177**	388,271
Investment property	15	**90,969**	101,666
Right of use asset	30	**3,185**	5,357
		462,331	495,294
Current assets			
Inventories	16	**351**	1,373
Trade and other receivables	17	**34,387**	54,817
Contract assets	18	**11,213**	660
Cash and bank balances		**42,642**	50,212
Secured bank deposits		**4,303**	–
		92,896	107,062
Current liabilities			
Trade and other payables, deposits received and accrued charges	19	**23,688**	31,634
Bank loans	20	**45,035**	38,406
Contract liabilities	21	**6,257**	5,980
Lease liabilities	30	**2,666**	4,240
Amount due to a director	25(c)	**–**	30,000
Amount due to a related party	25(d)	**10,602**	–
Amount due to a non-controlling shareholder of a subsidiary	25(b)	**6,414**	6,414
Tax payables		**974**	394
		95,636	117,068
Net current liabilities		**(2,740)**	(10,006)
Total assets less current liabilities		**459,591**	485,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Non-current liabilities			
Bank loans	20	**73,000**	75,000
Lease liabilities	30	**755**	1,496
Accrued charges	19	**4,050**	–
Contingent consideration payable	37	**–**	5,072
Deferred tax liabilities	24	**2,973**	4,509
		80,778	86,077
Net assets		**378,813**	399,211
EQUITY			
Share capital	22	**39,328**	39,328
Reserves	23	**342,830**	362,988
Equity attributable to owners of the Company		**382,158**	402,316
Non-controlling interests	28	**(3,345)**	(3,105)
Total equity		**378,813**	399,211

On behalf of the Board

Lun Yiu Kay Edwin
Director

Ng Ka Kit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	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 2022	39,328	204,834	129	104,874	76,916	426,081	(2,941)	423,140
Loss and total comprehensive income for the year	–	–	–	–	(23,765)	(23,765)	(164)	(23,929)
At 31 March 2023 and 1 April 2023	39,328	204,834	129	104,874	53,151	402,316	(3,105)	399,211
Loss and total comprehensive income for the year	–	–	–	–	(20,158)	(20,158)	(240)	(20,398)
At 31 March 2024	39,328	204,834	129	104,874	32,993	382,158	(3,345)	378,813

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before income tax		**(21,354)**	(33,904)
Interest income	7	**(1,292)**	(38)
Interest expenses of bank loan	8	**7,183**	1,836
Interest expenses on amount due to related parties	8	**410**	235
Interest expenses on lease liabilities	8	**102**	116
Interest expense on long service obligation	8	**111**	–
Depreciation of property, plant and equipment	9	**22,056**	21,248
Depreciation on right-of-use assets	9	**4,548**	4,077
Depreciation of investment properties	9	**3,257**	3,482
Provision of impairment loss on trade receivables and contract asset	17, 18	**4,922**	481
Impairment loss on investment property	15	**7,440**	7,215
Gain on disposal of property, plant and equipment	9	**(177)**	(507)
Change in fair value of contingent consideration	37	**(5,072)**	2,076
Operating profit before working capital changes		**22,134**	6,317
Decrease/(increase) in inventories		**1,022**	(1,251)
Decrease/(increase) in trade and other receivables		**15,508**	(52,294)
(Decrease)/increase in other payables, deposits received and accrued charges		**(4,007)**	22,540
Increase in contract assets		**(10,553)**	(660)
Increase in contract liabilities		**277**	4,936
Net cash generated/(used in) operations		**24,381**	(20,412)
Interest paid		**(7,444)**	(1,740)
Net cash generated from/(used in) operating activities		**16,937**	(22,152)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Interest received		**1,292**	38
Purchases of property, plant and equipment		**(2,023)**	(4,457)
Acquisition of a subsidiary	37	**–**	(2,494)
Proceeds from disposal of property, plant and equipment		**238**	669
Net cash used in investing activities		**(493)**	(6,244)
Cash flows from financing activities			
Drawdowns of bank loans		**26,430**	133,000
Repayments of bank loans		**(21,883)**	(101,665)
Advances from a related party		**12,985**	75,000
Repayments to a related party		**(2,450)**	(75,000)
Placement of secured bank deposit		**(4,303)**	–
Advances from a director		**–**	118,420
Repayments to a director		**(30,000)**	(88,420)
Interest element of lease liabilities paid		**(102)**	(116)
Capital element of lease liabilities paid		**(4,691)**	(3,993)
Net cash (used in)/generated from financing activities		**(24,014)**	57,226
(Decrease)/increase in cash and cash equivalents		**(7,570)**	28,830
Cash and cash equivalents at beginning of year		**50,212**	21,382
Cash and cash equivalents at end of year		**42,642**	50,212
Analysis of the balance of cash and cash equivalents			
Cash and bank balance		**42,642**	50,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability on 1 November 1991 under the Companies Act 1981 of Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, Church Street, Hamilton HM 11, Bermuda. Its principal place of business in Hong Kong is located at 7th Floor, Winland 800 Hotel, Hotel 2, Rambler Crest, No. 1 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are engaged in the operation of Winland 800 Hotel, an 800-room hotel in Tsing Yi, New Territories, Hong Kong, as well as in the supply of furniture and building materials and provision of the design and fit-out construction service.

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

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

(a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 1 and HKFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

(a) Adoption of amended HKFRSs – continued

Amendments to HKAS 1 and HKFRS Practice Statement 2: Disclosure of Accounting Policies – continued

The application of the amendments has had no impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The application of the amendments in the current year had no material impact on the consolidated financial statements of the Group.

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12.

The application of the amendments in the current year had no material impact on the consolidated financial statements of the Group.

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

(b) Amended HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

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

(b) Amended HKFRSs that have been issued but are not yet effective – continued

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised) – continued

HK Interpretation 5 (2022) was revised as a consequence of the Amendments to HKAS 1 issued in December 2022. The revision to HK Interpretation 5 (2022) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 16: Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for a sale and leaseback transaction, where the transfer of the asset satisfies the requirements in HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

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

The amendments address an acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

(b) Amended HKFRSs that have been issued but are not yet effective – continued

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 Cash flow statements stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

Amendments to HKAS 21: Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The directors of the Company do not anticipate that the application of the above amendments in the future will have a material impact on the Group's consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – CONTINUED

(c) Application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

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

(c) Application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong – continued

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The details of the impacts on each financial statement line item and (loss) per share are set out in this Note. This change in accounting policy did not have material impact on the opening balance. As a result, there is no adjustment to the opening balance of retained profits as at 1 April 2023.

Impact on loss for the year ended 31 March 2024	HK'000
Increase in administrative expenses	3,612
Increase in finance costs	111
Net increase in loss for the year	3,723

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 (the "Listing Rules").

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

The consolidated financial statements are prepared under historical cost convention.

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 which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business, notwithstanding that the Group incurred loss for the year ended 31 March 2024 of HK$20,398,000 and had net current liabilities of HK$2,740,000 as of the same date. The economy environment is still weak and highly uncertain in the coming year. As impacted by weak economy environment, the construction industry is unstable and highly competitive.

3. BASIS OF PREPARATION – CONTINUED

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

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

(i) As at 31 March 2024, the Group had total banking facilities of HK$225 million from various banks, of which HK$107 million was unutilized and those facilities were available for coming years. The banking facilities are subject to a financial covenant related to the market value of the collaterals and the directors of the Company made an assessment of the Group's ability for the ongoing compliance of the covenant and considered that it is unlikely that the Group will breach the loan covenants over the forecast period;

(ii) Obtain an undertaking by the related party (Note 25(d)), which controlled by a director of a subsidiary, for not recalling the amount due to it until such time when the repayment will not compromise the Group's ability to repay other creditors;

(iii) Continue to raise the weighting of hotel income from travel agents that provides a relatively stable income stream to the Group; and

(iv) Continue to expand the business of the construction service and trading of building materials and furniture which showed promising performance for the current year.

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

3. BASIS OF PREPARATION – CONTINUED

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

Notwithstanding the above, the validity of the use of the going concern basis depends on the successful implementation of the above plans and measures. However, there are inherent uncertainties associated with the future outcomes of the plans and measures, including the successful achievement of the targeted occupancy rate and renewal of agreements upon expiry with the travel agents for the hotel operations; generating adequate cash flow from the construction service and trading of building materials and furniture as mentioned in (iv) above. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to continue as a going concern, adjustments would have to be made in the consolidated financial statements to reduce the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, to reclassify non-current assets to current assets and to reclassify non-current liabilities to current liabilities. The effects of these adjustments have not been reflected in the consolidated 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. MATERIAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(b) **Subsidiary**

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

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

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

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

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

Hotel property	2.5%
Commercial property	2%
Furniture, fixtures and equipment	10% – 20%

(d) **Investment property**

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(e) Impairment of assets (other than financial 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 of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(f) Financial Instruments

(i) Financial assets

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

(ii) Impairment loss on financial assets

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(f) Financial Instruments – continued

(ii) Impairment loss on financial assets – continued

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(f) Financial Instruments – continued

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

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

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

(iii) **Financial liabilities**

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

Borrowings

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

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(g) Leases

The Group as a lessee

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

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

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

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

Leasehold land and buildings which are held for own use are accounted for under HKAS 16 and are stated at cost and are amortised over the period of the lease. The right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(h) **Income taxes**

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

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

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

i) The initial recognition of goodwill

ii) The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(h) Income taxes – continued

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;

- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and

- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

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

- The same taxable group company, or

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(i) **Recognition of revenue and other income**

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

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates or enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(i) **Recognition of revenue and other income – continued**

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

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

(iii) Revenue from laundry service income is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

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

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(i) **Recognition of revenue and other income – continued**

(v) – continued

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

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

Contract Asset

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(i) **Recognition of revenue and other income – continued**

Contract Asset – continued

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

Contract liabilities

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

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

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

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

(j) **Employee benefits**

(i) **Short term employee benefits**

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

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(j) Employee benefits – continued

(ii) Employee leave entitlements

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

(iii) Retirement scheme obligations

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

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

(k) 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.

4. MATERIAL ACCOUNTING POLICIES – CONTINUED

(k) Related parties – continued

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

(b) Impairment of trade and other receivables

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

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

(c) Impairment assessment of property, plant and equipment and investment property

The property, plant and equipment and investment property of the Group mainly included hotel property and commercial property. At each reporting date or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indication that assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated using fair value less costs of disposal and/or value in use calculations as appropriate. Both the hotel property and commercial property are able to generate cash inflows that are largely independent from other assets, therefore the recoverable amount of hotel property and commercial property can be determined. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised to reduce the property, plant and equipment for hotel property and investment property for commercial property to their recoverable amount. Such impairment losses are recognised in the statement of profit or loss. In the current year, hotel property and commercial property are subject to impairment assessment and the recoverable amounts of the hotel property and commercial property have been determined based on fair value less costs of disposal of hotel property and commercial property. Fair value less costs of disposal is based on management estimates having regard to estimated resale values for hotel property, while the fair value less costs of disposal of commercial property is based on the market value of the premise. Fair value less costs of disposal is a level 3 fair value measurement.

(d) Going Concern

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

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

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

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

(f) Recognition and fair value of identifiable assets acquired and liabilities in asset acquisition

Where a group of assets that does not constitute a business is acquired, HKFRS 3 requires the acquiring entity to identify and recognise the individual identifiable assets acquired and liabilities assumed and allocate the cost of the group to the individual identifiable assets and liabilities based on their relative fair values at the date of the acquisition. The transaction price allocates to the identifiable assets acquired and liabilities assumed when the sum of the individual fair values of the identifiable assets and liabilities is different from the transaction price and the group of assets includes identifiable assets and liabilities initially measured both at cost and at an amount other than cost, e.g. financial instruments which are measured on initial recognition at their fair value. Any identifiable asset or liability that is initially measured at an amount other than cost is initially measured at the amount specified in the applicable HKFRS, i.e. fair value in the case of a financial instrument. The entity first deducts from the transaction price of the group the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then determines the cost of the remaining identifiable assets and liabilities by allocating the residual transaction price based on their relative fair values at the date of the acquisition.

6. SEGMENT INFORMATION

(a) Operating segment information

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

During the year ended 31 March 2024, the Group has two reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

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

The segment revenue and results for the years ended 31 March 2024 and 2023:

	Hotel operation		**Trading of building materials and fit-out construction service**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
External revenue	**74,443**	44,702	**102,501**	81,660	**176,944**	126,362
Segment (loss)/profit before tax	**(9,670)**	(17,545)	**(1,356)**	2,794	**(11,026)**	(14,751)
Interest income	**339**	35	**229**	1	**568**	36
Interest expense	**(4,695)**	(2,071)	**(718)**	(116)	**(5,413)**	(2,187)
Depreciation of plant and equipment	**(20,095)**	(19,420)	**(1,961)**	(1,828)	**(22,056)**	(21,248)
Depreciation of right-of-use assets	**–**	–	**(4,548)**	(4,077)	**(4,548)**	(4,077)
(Provision)/reversal of impairment loss on trade receivables and contract assets, net	**–**	10	**(4,922)**	(491)	**(4,922)**	(481)
Income tax credit/(expense)	**728**	10,504	**(586)**	(388)	**142**	10,116
Reportable segment assets	**404,045**	430,565	**56,827**	65,940	**460,872**	496,505
Reportable segment liabilities	**(129,146)**	(127,402)	**(39,163)**	(56,943)	**(168,309)**	(184,345)
Additions to non-current assets	**251**	4,280	**4,148**	14,821	**4,399**	19,101

6. SEGMENT INFORMATION – CONTINUED

(a) Operating segment information – continued

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

	2024 HK'000	2023 HK'000
Loss of reportable segments before tax	**(11,026)**	(14,751)
Impairment loss on investment property	**(7,440)**	(7,215)
Depreciation on investment properties	**(3,257)**	(3,482)
Change in fair value – contingent consideration	**5,072**	(2,075)
Other administrative expense	**(5,427)**	(6,398)
Other income	**724**	17
Loss before tax	**(21,354)**	(33,904)

	2024 HK'000	2023 HK'000
Reportable segment assets	**460,872**	496,505
Unallocated corporate asset		
– Investments properties	**90,969**	101,666
– Other receivables	**298**	222
– Certain cash and cash equivalents	**3,088**	3,963
Consolidated total assets	**555,227**	602,356

	2024 HK'000	2023 HK'000
Reportable segment liabilities	**(168,309)**	(184,345)
Amount due to a non-controlling shareholder of a subsidiary	**(6,414)**	(6,414)
Accounts payable and accruals	**(1,691)**	(11,578)
Deferred tax liabilities	**–**	(808)
Consolidated total liabilities	**(176,414)**	(203,145)

6. SEGMENT INFORMATION – CONTINUED

(b) **Geographical segment information**

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

	External revenue by location of customers		**Non-current assets by location of assets**	
	2024	2023	**2024**	2023
	HK'000	HK'000	**HK'000**	HK'000
Hong Kong	**175,334**	125,501	**462,331**	495,294
Macau	**1,610**	861	**–**	–
	176,944	126,362	**462,331**	495,294

(c) **Information about major customers**

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

	2024	2023
	HK'000	HK'000
Customer A	**33,036**	28,625
Customer B	**32,990**	–
Customer C	**27,333**	15,129
Customer D	**20,578**	–
	113,937	43,754

7. REVENUE AND OTHER INCOME

The Group's revenue represents income from the service provided, including income arising from letting of hotel rooms to both contracted and non-contracted sales agents and walk-in customers, food and beverage income, miscellaneous sales and laundry service income, net of discounts, and construction service.

In the following table, revenue is disaggregated by primary geographical market, major service provided and timing of revenue recognition.

	2024	2023
	HK$'000	HK$'000
Revenue		
Hotel operations in Hong Kong		
– Hotel room sales	**71,540**	39,607
– Food and beverage income	**2,441**	4,642
– Miscellaneous sales	**239**	79
– Laundry service income	**223**	374
	74,443	44,702
Trading of building materials and fit-out construction service		
– Trading of building materials and furniture	**79,110**	65,977
– Fit-out construction service in Hong Kong	**23,391**	15,683
	102,501	81,660
Total revenue	**176,944**	126,362
Time of revenue recognition		
– Over time	**95,154**	55,664
– At a point in time	**81,790**	70,698
Total revenue	**176,944**	126,362

7. REVENUE AND OTHER INCOME – CONTINUED

	2024 HK$'000	2023 HK$'000
Other income		
Bank interest income	**1,292**	38
Gain on disposal of property, plant and equipment	**177**	507
Government grants (Note)	**–**	404
Sundry income	**1,105**	118
	2,574	1,067
	179,518	127,429

Note: The Group obtained government grants of HK$404,000 for the year ended 31 March 2023 from the Government of Hong Kong Special Administrative Region and recognised directly under other income as subsidies for operation of hotel business.

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

	2024 HK$'000	2023 HK$'000
Contract assets (Note 18)	**11,213**	660
Contract liabilities (Note 21)	**(6,257)**	(5,980)
	4,956	(5,320)

7. REVENUE AND OTHER INCOME – CONTINUED

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

The contract liabilities mainly relate to the advance consideration received from walk-in customers for the hotel room sales and fit-out construction service. HK$4,202,000 of the contract liabilities as at 1 April 2023 and HK$1,044,000 of the contract liabilities as at 1 April 2022 has been recognised as revenue for the year ended 31 March 2024 and 2023 respectively from performance obligations satisfied when the hotel room sales and fit-out construction service were provided to the customers over time by reference to the progress toward complete satisfaction.

Unsatisfied performance obligations

As at 31 March 2024, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$64.9 million (2023: HK$92 million). This amount represents revenue expected to recognise in the future from construction contracts and sales and purchase agreements from sales of building materials and furniture entered into with customers. The Group will recognise the expected revenue in the future when or as the work is completed, or control over the ownership of building materials and furniture has been passed to customers. These are expected to occur over the next 12 months.

8. FINANCE COSTS

Finance costs comprise the following:

	2024 **HK$'000**	2023 HK$'000
Interest on bank loans (Note 20)	**7,183**	1,836
Interest on amount due to related parties	**410**	235
Interest on lease liabilities	**102**	116
Interest on long service obligation	**111**	–
Bank charges	**421**	691
	8,227	2,878

9. LOSS BEFORE INCOME TAX

	2024 HK$'000	2023 HK$'000
Loss before income tax is arrived at after charging the following:		
Cost of services provided	**107,949**	82,044
Auditor's remuneration	**1,200**	1,320
Depreciation of property, plant and equipment	**22,056**	21,248
Depreciation of investment properties	**3,257**	3,482
Depreciation of right of use asset	**4,548**	4,077
Gain on disposal of property, plant and equipment	**(177)**	(507)
Change in fair value of contingent consideration	**(5,072)**	2,076
Staff costs (including directors' emoluments as disclosed in Note 13)		
– Salaries and allowances (Note)	**52,050**	33,725
– Retirement benefit cost	**1,851**	1,258
– Long service payments expenses (Note 2c)	**3,612**	69

Note: Included in salaries and allowances was an one-off subsidy of HK$2,233,000 for the year ended 31 March 2023 granted from Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic. The Group is required to spend the subsidy on paying wages to employees and not to implement redundancies during the subsidy period. There were no unfulfilled conditions or obligation relating to the government subsidy.

10. INCOME TAX CREDIT

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

	2024 HK$'000	2023 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year		
– At 16.5%	**580**	394
Deferred taxation (Note 24)		
Origination and reversal of temporary differences, net	**(1,536)**	(10,369)
Income tax credit	**(956)**	(9,975)

10. INCOME TAX CREDIT – CONTINUED

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

	2024 HK$'000	2023 HK$'000
Loss before income tax	**(21,354)**	(33,904)
Tax at applicable tax rate of 16.5% (2023: 16.5%)	**(3,523)**	(5,594)
Tax effect of expenses not deductible for tax purposes	**3,235**	4,572
Tax effect of income non-taxable for tax purpose	**(213)**	(370)
Tax effect of temporary differences not recognised	**189**	15
Tax effect of unused tax losses not recognised	**478**	878
Utilisation of tax losses previously not recognised	**(1,192)**	(476)
Recognition of deferred tax arising from tax loss and temporary difference not recognised in prior years	**–**	(9,030)
Others	**70**	30
Income tax credit	**(956)**	(9,975)

As at 31 March 2024, the Group had estimated unused tax losses of approximately HK$193,819,000 (2023: HK$191,437,000) available for offsetting against future profits, which are subject to the agreement of the Hong Kong Inland Revenue Department. This balance may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK$94,662,000 (2023: HK$88,156,000) of such losses to the extent that the realisation of the related tax benefits through future taxable profits is probable. No deferred tax asset has been recognised in respect of the remaining approximately HK$99,157,000 (2023: HK$103,281,000) due to the unpredictability of future profit streams.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2023: Nil).

12. LOSS PER SHARE

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

	2024	2023
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(20,158)**	(23,765)
Number of shares		
Weighted average number of ordinary shares ('000) for the purpose of basic loss per share	**1,966,387**	1,966,387

No dilutive loss per share is presented as there was no potential ordinary shares in issue during the years ended 31 March 2024 and 2023.

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

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

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefits scheme contribution HK$'000	Discretionary bonus HK$'000	Total HK$'000
For the year ended 31 March 2024					
Executive directors					
Lun Yiu Kay Edwin	–	–	–	–	–
Ng Ka Kit	80	–	2	50	132
	80	–	2	50	132
Independent non-executive directors					
Tse Kwing Chuen	180	–	–	50	230
Lau Shu Kan	180	–	–	50	230
Chao Howard	170	–	–	50	220
	530	–	–	150	680
Total	610	–	2	200	812

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

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

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefits scheme contribution HK$'000	Discretionary bonus HK$'000	Total HK$'000
For the year ended 31 March 2023					
Executive directors					
Lun Yiu Kay Edwin	–	–	–	–	–
Ng Tze Ho Joseph (i)	65	–	3	40	108
Ng Ka Kit (ii)	16	–	–	–	16
	81	–	3	40	124
Independent non-executive directors					
Tse Kwing Chuen	180	–	–	50	230
Ng Hung Sui Kenneth (i)	146	–	–	40	186
Lau Shu Kan	180	–	–	50	230
Chao Howard (ii)	29	–	–	–	29
	535	–	–	140	675
Total	616	–	3	180	799

Notes:

(i) Mr. Ng Tze Ho Joseph and Ng Hung Sui Kenneth resigned on 20 January 2023.

(ii) Mr. Ng Ka Kit and Chao Howard were appointed on 20 January 2023.

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

(b) Five highest paid individuals

The five highest paid individuals of the Group did not include any directors (2023: nil) whose emolument is included in the disclosures above. The emoluments of the remaining five (2023: five) individuals were as follows:

	2024	2023
	HK$'000	HK$'000
Salaries and other benefits	**4,148**	5,656
MPF contributions	**68**	86
	4,216	5,742

The emoluments of the remaining five (2023: five) individuals fell within the following bands:

	No. of individuals	
	2024	2023
Nil to HK$1,000,000	**4**	4
HK$1,000,000 to HK$1,600,000	**1**	1
	5	5

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil). None of the directors or any of the highest paid individuals waived or agreed to waive any emoluments during the year (2023: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost			
At 1 April 2022	686,275	17,784	704,059
Acquisition of subsidiary	–	5,209	5,209
Additions	–	4,457	4,457
Disposals	–	(1,977)	(1,977)
At 31 March 2023 and 1 April 2023	686,275	25,473	711,748
Additions	–	2,023	2,023
Disposals	–	(174)	(174)
At 31 March 2024	686,275	27,322	713,597
Accumulated depreciation and impairment			
At 1 April 2022	295,957	8,087	304,044
Charged for the year	17,157	4,091	21,248
Written back on disposal	–	(1,815)	(1,815)
At 31 March 2023 and 1 April 2023	313,114	10,363	323,477
Charged for the year	17,157	4,899	22,056
Written back on disposal	–	(113)	(113)
At 31 March 2024	330,271	15,149	345,420
Net carrying value			
At 31 March 2024	356,004	12,173	368,177
At 31 March 2023	373,161	15,110	388,271

At 31 March 2024, the Group's hotel property was located in Hong Kong and was pledged to a bank for granting loan to the Group amounting to HK$75,381,000 (2023: HK$75,292,000) (Note 20).

15. INVESTMENT PROPERTY

	Leasehold land HK$'000	Commercial property HK$'000	Total HK$'000
Cost			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	12,000	168,802	180,802
Accumulated depreciation and impairment			
At 1 April 2022	4,376	64,063	68,439
Charged for the year	302	3,180	3,482
Impairment loss	–	7,215	7,215
At 31 March 2023 and 1 April 2023	4,678	74,458	79,136
Charged for the year	302	2,955	3,257
Impairment loss	–	7,440	7,440
At 31 March 2024	4,980	84,853	89,833
Net carrying value			
At 31 March 2024	7,020	83,949	90,969
At 31 March 2023	7,322	94,344	101,666

At 31 March 2024, the Group's commercial property was located in Hong Kong and was pledged to a bank for granting loan to the Group amounting to HK$36,587,000 (2023: HK$38,114,000).

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

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

15. INVESTMENT PROPERTY – CONTINUED

The fair value of the leasehold land as at 31 March 2024 was approximately HK$24,700,000. The fair value was determined by independent professional qualified valuer, Knight Frank Petty Limited, with reference to recent market prices of similar properties as observable input. At the end of reporting period, no impairment of the leasehold land is considered.

The fair value of leasehold land is determined based on the market observable comparable prices of similar properties ranging from HK$130 to HK$184 per sq. feet, and adjusted taking into account mainly location, zoning and permitted land use, accessibility, size and surrounding. The higher the price, the higher the fair value. The fair value is based on observable inputs other than unadjusted quoted price and corroborated by observable market data, and is therefore under level 3 hierarchy.

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

The fair value of commercial property is determined based on the market observable comparable prices of similar properties ranging from HK$42,836 to HK$49,478 per sq. feet, and adjusted taking into account mainly location, size, floor, view and year of completion. The higher the price, the higher the fair value. The fair value is based on observable inputs other than unadjusted quoted price and corroborated by observable market data, and is therefore under level 3 hierarchy.

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

16. INVENTORIES

These represent food and beverage, admission tickets for resale and sales of goods.

	2024 HK$'000	2023 HK$'000
Hotel operation		
– Finished goods	**141**	129
Trading of building materials and retails		
– Good in transits	**210**	1,244
	351	1,373

17. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**26,887**	41,789
Less: Provision for impairment loss (note a)	**(4,539)**	(5,031)
	22,348	36,758
Retention receivable	**6,373**	2,082
Less: Provision for impairment loss (note b)	**(350)**	–
	6,023	2,082
Deposits, prepayments and other receivables	**6,016**	15,977
	34,387	54,817

17. TRADE AND OTHER RECEIVABLES – CONTINUED

Note (a):

For hotel operation, the Group allows an average credit period of one week (2023: one week) to its trade customers. All trade receivables are expected to be recovered within one year. For construction business, the Group allows maximum credit period of 2 months to its trade customers. The following is an aging analysis of trade receivables, based on invoice date, at the end of the reporting period:

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**11,192**	31,095
Over 30 days but less than 60 days	**1,544**	2,153
Over 60 days but less than 90 days	**4,734**	3,915
Over 90 days	**9,417**	4,626
	26,887	41,789
Less: Allowance for impairment losses (i) and (ii)	**(4,539)**	(5,031)
	22,348	36,758

(i) Under the segment of hotel operation, as at 31 March 2024, the allowance for doubtful debts had been revised to nil (2023: HK$4,540,000). The movement in the allowance for doubtful debts during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 April	**4,540**	4,550
Reversal of impairment loss for the year	**–**	(10)
Write off	**(4,540)**	–
At 31 March	**–**	4,540

17. TRADE AND OTHER RECEIVABLES – CONTINUED

Note (a): – continued

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

	2024 **HK$'000**	2023 HK$'000
At 1 April	**491**	–
Impairment loss recognised for the year	**4,048**	491
At 31 March	**4,539**	491

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

As at 31 March 2024

Hotel operation

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

Trading of building materials and fit-out construction service

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

17. TRADE AND OTHER RECEIVABLES – CONTINUED

Note (a): – continued

As at 31 March 2023

Hotel operation

	Current	Within 30 days	Over 30 days but less than 60 days	Over 60 days but less than 90 days	Over 90 days	Total
Expected loss rate (%)	0.00%	–	–	–	100.00%	
Gross carrying amount (HK$'000)	480	–	–	–	4,540	5,020
Expected credit losses (HK$'000)	–	–	–	–	4,540	4,540

Trading of building materials and fit-out construction service

Credit rating	Group A	Group B	Total
Expected loss rate (%)	0.00%	1.81%	
Gross carrying amount (HK$'000)	9,605	27,163	36,768
Expected credit losses (HK$'000)	–	491	491

Under the segment of hotel operation, an impairment analysis was performed at 31 March 2024 and 2023 using a provision matrix to measure expected credit losses. The provision rates are based on due date or credit rating for grouping of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under the segment of trading of building materials and fit-out construction, an impairment analysis was performed at 31 March 2024 by provisional matrix based on shared credit risk characteristics and the days past due. The provision rates are based on due date for grouping of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For the year ended 31 March 2023, an impairment analysis was performed using the probability of default method to measure expected credit losses. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

17. TRADE AND OTHER RECEIVABLES – CONTINUED

Note (b):

The Group typically agrees 5% of the total contract sum as retention monies, of which half will generally be released after the issue of the certificate of practical completion and the remaining portion will be released after the warranty period. The Group generally provides their customers with one to two years warranty period from the date of the practical completion of the project. Upon the expiration of maintenance period, the customers will provide a warranty certificate and pay the retentions within the term specified in the contract. The impairment analysis was performed as at 31 March 2024 by provisional matrix based on shared credit risk characteristics and the days past due.

	2024 **HK$'000**	2023 HK$'000
Retention receivable	**6,373**	2,082
Less: Allowance for impairment losses	**(350)**	–
	6,023	2,082

The movement in the allowance for doubtful debts during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 April	**–**	–
Impairment loss recognised for the year	**350**	–
	350	–

18. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Contract assets		
Fit-out construction service, net	**11,737**	660
Less: Allowance for impairment losses	**(524)**	–
	11,213	660

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

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

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

	2024 HK$'000	2023 HK$'000
At 1 April	**–**	–
Impairment loss recognised for the year	**524**	–
At 31 March	**524**	–

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

	2024 HK$'000	2023 HK$'000
Current portion:		
Trade payable (Note a)	**8,834**	12,944
Accrued charges (Note b)	**5,271**	9,614
Deposit received (Note c)	**7,985**	6,110
Other payables (Note d)	**1,598**	2,966
	23,688	31,634
Non-current portion:		
Accrued charges (Note b)	**4,050**	–
	27,738	31,634

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

	2024 HK$'000	2023 HK$'000
Within 1 month	**6,132**	12,900
Over 1 month but within 2 months	**2,506**	44
Over 2 months but within 3 months	**196**	–
	8,834	12,944

(b) The balance mainly represents the provision for long service payment of HK$4,364,000 (2023: HK$640,000).

(c) The balance represents the deposit received from contract agents in accordance with the annual room sales contract where the agents are required to prepay one month room charge as deposit.

(d) Other payables mainly represent the payable regarding laundry fee for hotel daily operations of HK$478,000 and sales commission payable of construction services of HK$326,000.

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

20. BANK LOANS

	2024 HK$'000	2023 HK$'000
Secured:		
Letter of credit (Note c)	**3,161**	–
Export invoice financing (Note c and d)	**2,906**	–
Bank term loans (Note a, b and e)	**111,968**	113,406
	118,035	113,406
Current portion (Note e and f)	**45,035**	38,406
Non-current portion (Note e and f)	**73,000**	75,000
	118,035	113,406

(a) As at 31 March 2024, the bank term loans of HK$36 million and HK$75 million are secured by the first legal charge of the commercial property and hotel property of the Group respectively, carried at a variable interest rate with reference to HIBOR. The effective interest rate of the bank term loans are 5.48% per annum and 6.24% per annum respectively.

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

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

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

20. BANK LOANS – CONTINUED

(e) Bank term loan of carrying amount of HK$35 million as at 31 March 2024 are repayable within one year to two years after the end of the reporting period pursuant to the repayment schedule included in the loan agreement, with repayment on demand clause, has been classified as current liability as at 31 March 2024 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.

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

	2024 **HK$'000**	2023 HK$'000
On demand or within one year	**10,075**	406
More than one year, but not exceeding two years	**38,960**	2,000
More than two years, but not exceeding five years	**69,000**	111,000
	118,035	113,406
Carrying amount of bank loans for repayment after one year which contain a repayment on demand clause (shown under current liabilities)(note e)	**34,960**	38,000

21. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Contract liabilities arising from:		
Hotel room sales to walk-in customers	**123**	304
Fit-out construction service	**2,476**	1,993
Trading of building materials	**3,658**	3,683
	6,257	5,980

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

Hotel room sales to walk-in customers

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

Fit-out construction service & trading of building materials

The Group requires certain customers to provide upfront deposits ranging from 5% to 50% of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the full amount of deposit is deducted proportionately from monthly progress payment.

21. CONTRACT LIABILITIES – CONTINUED

Movements in contract liabilities

	2024 **HK$'000**	2023 HK$'000
At 1 April	**5,980**	1,044
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(4,202)**	(1,044)
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities as a result of payment received in advance from customers for hotel operations	**(762)**	(28,943)
Increase in contract liabilities as a result of payment received in advance from customers for hotel operations	**885**	29,247
Increase in contract liabilities as a result of billing in advance of construction services	**4,356**	5,676
At 31 March	**6,257**	5,980

22. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.02 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	3,000,000,000	60,000
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,966,387,866	39,328

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

23. RESERVES

(i) Share premium

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

(ii) Contributed surplus

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

23. RESERVES – CONTINUED

(iii) Reserves of the Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contribution surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2022	204,834	129	104,874	37,556	347,393
Profit and total comprehensive income for the year	–	–	–	2,888	2,888
At 31 March 2023 and 1 April 2023	204,834	129	104,874	40,444	350,281
Loss and total comprehensive income for the year	–	–	–	(4,031)	(4,031)
At 31 March 2024	204,834	129	104,874	36,413	346,250

24. DEFERRED TAX LIABILITIES

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

	Tax losses HK$'000	Accelerated depreciation HK$'000	Total HK$'000
At 1 April 2022	(2,862)	17,740	14,878
Charged to profit or loss (Note 10(a))	(11,683)	1,314	(10,369)
At 31 March 2023 and 1 April 2023	(14,545)	19,054	4,509
Credited to profit or loss (Note 10(a))	(2,085)	549	(1,536)
At 31 March 2024	(16,630)	19,603	2,973

25. RELATED PARTY TRANSACTIONS

As at 31 March 2024, the directors consider the ultimate holding company of the Company to be Winland Stock (BVI) Limited which was incorporated in the British Virgin Islands.

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

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

Related party relationship	Type of transaction	2024 HK$'000	2023 HK$'000
Company controlled by a director	Trading of building materials	**383**	–
	Fit out work business	**679**	–
	Purchase of food	**16**	–
	Management fee expense	**21**	–
	Lease payment	**225**	–
	Interest expenses	**–**	235

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

(c) Amount due to a director is unsecured, interest-free and repayable on demand.

(d) Amount due to a related party is unsecured, interest-bearing and repayable on demand. The related party is beneficially owned by a director of a subsidiary.

25. RELATED PARTY TRANSACTIONS – CONTINUED

(e) Compensation of key management personnel

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

	2024	2023
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**810**	796
Contributions to retirement benefits schemes	**2**	3
	812	799

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

	No. of individuals	
	2024	2023
Nil to HK$1,000,000	**5**	5

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2024** HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	27	**394,818**	397,046
Current assets			
Deposits and prepayments		**251**	184
Cash and bank balances		**1,366**	1,300
		1,617	1,484
Current liabilities			
Other payables and accrued charges		**902**	312
Amount due to subsidiaries		**9,514**	8,609
		10,416	8,921
Net current liabilities		**(8,799)**	(7,437)
Non-current liabilities			
Accrued charges		**441**	–
Net assets		**385,578**	389,609
EQUITY			
Share capital	22	**39,328**	39,328
Reserves	23(iii)	**346,250**	350,281
Total equity		**385,578**	389,609

On behalf of the Board

Lun Yiu Kay Edwin
Director

Ng Ka Kit
Director

27. INTERESTS IN SUBSIDIARIES

	2024 HK$'000	2023 HK$'000
Unlisted shares, at cost	**500**	500
Amounts due from subsidiaries (Note (a))	**405,768**	396,727
	406,268	397,227
Less: Provision for impairment loss	**(11,450)**	(181)
	394,818	397,046

(a) Amounts due from subsidiaries are unsecured, non-interest bearing and in substance represent the Company's interest in the subsidiaries in the form of quasi-equity loans, except for an amount due from a subsidiary of HK$200 million bear interest at HIBOR plus 1.5% per annum.

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

27. INTERESTS IN SUBSIDIARIES – CONTINUED

Particulars of the principal subsidiaries as at 31 March 2024 are set out below:

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

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results 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.

28. NON-CONTROLLING INTERESTS

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

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

	2024	2023
	HK$'000	HK$'000
For the year ended 31 March		
Revenue	–	–
Loss for the year	**490**	335
Total comprehensive loss for the year	**490**	335
Loss for the year allocated to non-controlling interests	**240**	164
Net cash flows generated from operating activities	–	1
Net increase in cash and cash equivalents	–	1
As at 31 March		
Current assets	**61**	61
Non-current assets	**7,019**	7,321
Current liabilities	**(13,908)**	(13,719)
Net liabilities	**(6,828)**	(6,337)
Accumulated non-controlling interests	**(3,345)**	(3,105)

29. CONTINGENT LIABILITIES

At the end of the reporting period, the Company provided financial guarantee to a bank for the banking facilities of an aggregate amount of approximately HK$145,700,000 (2023: HK$224,500,000) granted to its subsidiaries. The amount utilised by the subsidiaries amount to approximately HK$78,094,000 (2023: HK$113,406,000) as at 31 March 2024. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economics benefits.

The Company has not recognised any deferred income in respect of the guarantees as the fair value is insignificant and its transaction price was nil. The Company had not recognised any provision in the Company's financial statement as at 31 March 2024 as the directors considered that the probability for the holder of the guarantees to call upon the Company as a result of default in the repayment is remote.

30. LEASES

Disclosures under HKFRS 16

The Group

Nature of leasing activities (in the capacity as lessee)

The Group leases a number a properties in the jurisdictions from which it operates. Lease payment were paid in full when the property leases were acquired.

(i) Right-of-use-assets

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

	31 March 2024 HK$'000	31 March 2023 HK$'000
Carried at depreciated cost and net of impairment loss		
Hotel property classified as property, plant and equipment	**356,004**	373,161
Commercial property classified as investment property	**83,949**	94,344
Leasehold land classified as investment property	**7,020**	7,322
Properties leased for own use classified as right-of-use assets	**3,185**	5,357
	450,158	480,184

30. LEASES – CONTINUED

Disclosures under HKFRS 16 – Continued

The Group – Continued

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

(i) Right-of-use-assets – Continued

	Hotel property HK$'000	Commercial property HK$'000	Leasehold land HK$'000	Properties leased for own use HK$'000	Total HK$'000
As at 1 April 2022	390,318	104,739	7,624	–	502,681
Acquisition of subsidiaries (note 38)	–	–	–	9,434	9,434
Depreciation	(17,157)	(3,180)	(302)	(4,077)	(24,716)
Impairment loss	–	(7,215)	–	–	(7,215)
As at 31 March 2023 and 1 April 2023	373,161	94,344	7,322	5,357	480,184
Addition	–	–	–	2,376	2,376
Depreciation	(17,157)	(2,955)	(302)	(4,548)	(24,962)
Impairment loss	–	(7,440)	–	–	(7,440)
As at 31 March 2024	356,004	83,949	7,020	3,185	450,158

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

As at 31 March 2024, the Group's hotel property and commercial property with an aggregate carrying amount of approximately HK$356,004,000 and HK$83,949,000 (2023: HK$373,161,000 and HK$94,344,000) were pledged to secure general banking facilities granted to the Group respectively.

30. LEASES – CONTINUED

Disclosures under HKFRS 16 – Continued

The Group – Continued

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

(ii) Lease liabilities

The Group has lease contracts for office premises. Leases of office premises generally have lease terms for two and half years to three years and lease payments are fixed over the lease terms.

	HK$'000
As at 1 April 2022	–
Acquisition of a subsidiary (Note 37)	9,729
Interest expenses	116
Lease payment	(4,109)
As at 31 March 2023 and 1 April 2023	5,736
Addition	2,376
Interest expenses	102
Lease repayment	(4,793)
As at 31 March 2024	3,421

	2024 **HK$'000**	2023 HK$'000
Classified under:		
Current portion	**2,666**	4,240
Non-current portion	**755**	1,496
	3,421	5,736

30. LEASES – CONTINUED

Disclosures under HKFRS 16 – Continued

The Group – Continued

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

(ii) Lease liabilities – Continued

Future lease payments are due as follow:

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

31 March 2023	Future lease payments HK$'000	Interests HK$'000	Present value HK$'000
Not later than one year	4,294	54	4,240
Later than one year and not later than two years	1,498	2	1,496
	5,792	56	5,736

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings (note 20) HK$'000	Amount due to a director (note 25(c)) HK$'000	Amount due to a related party (note 25 (d)) HK$'000	Lease liabilities (note 30) HK$'000
At 1 April 2022	81,740	–	–	–
Acquisition of subsidiary	–			9,729
	81,740	–	–	9,729
Changes from financing cash flows:				
Drawdowns of bank loans	133,000	–	–	–
Repayments of bank loans	(101,665)	–	–	–
Advances from a director	–	118,420	–	–
Repayments to a director	–	(88,420)	–	–
Advances from a related party	–	–	75,000	–
Repayments to a related party	–	–	(75,000)	–
Repayments of the lease capital elements	–	–	–	(3,993)
Interest paid	(1,505)	–	(235)	(116)
	29,830	30,000	(235)	(4,109)
Other charge:				
Interest expense	1,836	–	235	116
At 31 March 2023 and 1 April 2023	113,406	30,000	–	5,736
Non-cash activities:				
Acquisition of lease liabilities	–	–	–	2,376
	113,406	30,000	–	8,112
Changes from financing cash flows:				
Advances from a related party	–	–	12,985	–
Repayments to a related party	–	–	(2,450)	–
Drawdowns of bank loans	26,430	–	–	–
Repayments of bank loans	(21,883)	–	–	–
Repayments to a director	–	(30,000)	–	
Repayments of the lease capital elements				(4,691)
Interest paid	(7,101)	–	(343)	(102)
	(2,554)	(30,000)	10,192	(4,793)
Other charge:				
Interest expense	7,183	–	410	102
At 31 March 2024	118,035	–	10,602	3,421

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which includes bank loan as disclosed in Note 20 and amount due to a related party and director less cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in Notes 22 and 23 respectively.

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

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

	2024 **HK$'000**	2023 HK$'000
Debts	**128,637**	143,406
Cash and cash equivalents	**(42,642)**	(50,212)
	85,995	93,194
Equity	**378,813**	399,211
Debt to equity ratio	**22.70%**	23.34%

33. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

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

The Group's credit risk is primarily attributable to its receivables arising from the default of the debtors. The amounts presented in the consolidated statement of financial position are net of provisions for doubtful receivables. Provision for impairment is made where there are expected credit losses from assessment by past events, current conditions and forecasts of future economic conditions.

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

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

(b) Liquidity risk

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

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

33. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk – Continued

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

	Carrying amount HK$000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2024					
Trade and other payables, deposits received and accrued charges	28,359	28,470	24,309	4,161	–
Lease liabilities	3,421	3,529	2,756	773	–
Amount due to a non-controlling shareholder of a subsidiary	6,414	6,414	6,414	–	–
Amount due to a related company	10,602	10,602	10,602	–	–
Bank loans	118,035	137,005	52,519	8,316	76,170
	166,831	186,020	96,600	13,250	76,170
2023					
Trade and other payables, deposits received, and accrued charges	31,634	31,634	31,634	–	–
Lease liabilities	5,736	5,792	4,294	1,498	–
Contingent consideration payable	5,072	5,072	–	5,072	–
Amount due to a non-controlling shareholder of a subsidiary	6,414	6,414	6,414	–	–
Amount due to a director	30,000	30,000	30,000	–	–
Bank loans	113,406	128,222	41,457	5,324	81,441
	192,262	207,134	113,799	11,894	81,441

33. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk – Continued

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

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

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
31 March 2024	118,035	132,761	14,663	43,829	74,269
31 March 2023	113,406	133,027	5,187	7,168	120,672

33. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) **Interest rate risk**

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

Sensitivity analysis

At 31 March 2024, it is estimated that a general increase/decrease of 50 basis points in interest rate, with all other variables held constant, would increase/decrease the Group's loss for the year and decrease/increase retained profits by approximately HK$480,000 (2023: HK$599,000).

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

(d) **Currency risk**

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

(e) **Fair values estimation**

With the exception of consideration payable which is stated at fair value as at 31 March 2024, all other financial instruments are carried at amounts not materially different from their fair values as at 31 March 2024 and 2023.

34. 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 2024 and 2023 may be categorised as follows:

	2024	2023
	HK$'000	HK$'000
Financial assets at amortised costs		
Trade and other receivables, net	**30,913**	53,804
Cash and bank balances	**42,642**	50,212
	73,555	104,016

	2024	2023
	HK$'000	HK$'000
Financial liabilities at amortised costs		
Trade and other payables, deposits received and accrued charges	**27,738**	31,634
Lease Liabilities	**3,421**	5,736
Amount due to a related party	**10,602**	–
Amount due to a non-controlling shareholder of a subsidiary	**6,414**	6,414
Amount due to a director	–	30,000
Bank loans	**118,035**	113,406
Financial liabilities at fair value through profit or loss		
Contingent consideration payable	–	5,072
	166,210	192,262

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

The Group and the Company's financial assets and financial liabilities measured at amortised cost as at 31 March 2024 and 2023 include cash and bank balances, trade and other receivables, trade and other payables, lease liabilities, amount due to a non-controlling shareholder of a subsidiary, amount due to a director and bank loans. The directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values.

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

Information about level 3 fair value measurements

As at 31 March 2024, the fair value of contingent consideration payable is estimated by using profit forecast. The valuation technique adopts gross profit margin ranges from 30% to 39% (2023: 16% to 50%) as key unobservable input. As at 31 March 2024, the fair value measurement is positively correlated to gross profit margin. It is estimated that with all other variables held constant, an increase/decrease in gross profit margin by 2% would have decrease/increase the Group's income by approximately HK$nil (2023: HK$2,102,407).

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

	2024 **HK$'000**	2023 HK$'000
At 1 April	**5,072**	–
Addition (Note 38)	**–**	2,996
Change in fair value (Note 9)	**(5,072)**	2,076
	–	5,072

There were no transfers between levels during the year.

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

Saved as disclosed in note 25 "Related Party Transactions" of this report, no transaction, arrangement or contract of significance to the Company's business to which a director of the Company or his/her connected entity had a material interest, whether directly or indirectly were entered into or subsisting during the financial year (2023: Nil).

36. LITIGATIONS

In 2008, Winland Mortgage Limited ("Winland Mortgage"), a wholly-owned subsidiary of the Company, made a loan to an independent third party borrower (the "Borrower") on security of a property (the "Security Property") and subsequently the Borrower defaulted to repay the loan. On 10 July 2009, the Borrower entered into a provisional sale and purchase agreement with an independent third-party purchaser (the "Purchaser") with leasing back of the Security Property to a related company of the Borrower. Rental deposits and first month rental in advance in total of HK$4,550,000 (the "Sum") were deducted from the balance of sale proceeds which formed part of the redemption money. The sale and purchase of the Security Property was completed on 17 December 2009 without lease back but the Purchaser refused to return the Sum.

In July 2015, Winland Mortgage commenced in Hong Kong High Court (the "High Court") a legal action (HCA no. 1509 of 2015) against the Purchaser for recovery of the Sum. The full trial since 14 October 2020 took place and on 30 December 2020, the High Court delivered a judgement against Winland Mortgage (the "Judgment") and ordered it to pay 85% of the legal cost incurred by the Purchaser (the "Cost Order") in the action. Provision for its own legal costs is made and included as administrative and other operating expenses and the Group has made assessment on the amount payable under the Cost Order after consultation with the Group legal advisors to reflect its obligations under the Cost Order.

On 26 January 2021, Winland Mortgage issued a Notice of Appeal to the Court of Appeal (CACV no. 26 of 2021) against the Judgement (the" Appeal"). The Group's legal counsel was planned to proceed to set down the appeal for hearing in due course after the Purchaser's response and reply. Legal costs was either paid or accrued, and included as administrative and other operating expenses to reflect counsel and solicitors' fees incurred in relation to the appeal for the year ended 2023. For the year ended 31 March 2023, there was provision of legal expenses of approximately HK$3,800,000. During the year ended 31 March 2024, the settlement proposal of HK$3,500,000 was agreed between the parties and fully settled during the year ended 31 March 2024.

37. ACQUISITION OF A SUBSIDIARY

On 9 March 2022, the Group signed an agreement with an independent third party for acquisition of Winland Firmstone Limited ("Winland Firmstone"), which is principally engaged in supply of furniture and building material and provision of the design and fit-out construction service in Hong Kong to be completed in two tranches. Tranche 1 was, completed on 8 April 2022, related to the Group's acquisition of 51% of the issued share capital of Winland Firmstone, settled by payment of approximately HK$3,595,000 as consideration in cash. Tranche 2 will be completed on 31 March 2025 with contingent consideration of approximately HK$2,996,000. In addition, the consideration includes the assignment of shareholder's loan payable by Winland Firmstone to the Group.

Pursuant to the sale and purchase agreement, the consideration price for Tranche 2 is set at a multiple of profits which profit forecast is used to measure the value of the contingent consideration and will be settled by cash.

In addition, out of the aforementioned contingent consideration, according to HKFRS, a contingent payment arrangement in which the payments are automatically forfeited if employment terminates is remuneration for post-combination services. Since the agreement specifically sets out that if selling shareholder ceases or terminates his employment relationship with the Group before 31 March 2025, the consideration price is based on the net asset value of the Winland Firmstone. As such, remuneration for post-combination services of HK$5,072,000 will not be included as the contingent consideration for the acquisition. For the period from 8 April 2022 to 31 March 2023, remuneration for the post-combination service amounting to approximately HK$1,691,000 was charged under administrative and other operating expenses in the consolidated statement of comprehensive income. For the year ended 31 March 2024, remuneration for the post-combination service amounting to approximately HK$1,690,000 was reversed under administrative and other operating expenses in the consolidated statement of comprehensive income.

The directors consider this acquisition is an asset acquisition in substance rather than a business combination, and therefore consolidated the related assets and liabilities at its respective purchased value directly into the Group's consolidated financial statements at the date of completion of the transaction.

37. ACQUISITION OF A SUBSIDIARY – CONTINUED

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	HK$'000
Non-current assets	
Property, plant and equipment	5,209
Right-of-assets	9,434
Current assets	
Deposit	1,677
Cash and cash equivalents	101
Current liabilities	
Accrued charges	(101)
Amounts due to shareholders	(7,060)
Lease liabilities	(9,729)
	(469)

	HK$'000
Fair value of consideration	
Cash consideration	3,595
Contingent consideration (i)	2,996
Shareholder loan receivable from the Group by Winland Firmstone	(7,060)
	(469)
Cash consideration	3,595
Less: consideration prepaid in prior year	(1,000)
cash and cash equivalents acquired	(101)
Net cash outflow on acquisition	2,494

There is no deferred tax impact resulted

(i) As at 31 March 2024, the fair value of contingent consideration payable was reassessed as HK$nil (2023: HK$5,072,000) and fair value gain of approximately HK$5,072,000 (2023: fair value loss of HK$2,076,000) was charged to "administrative and other operating expenses" in the consolidated statement of comprehensive income.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 26 June 2024.

FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Year ended 31 March					
Revenue	**176,944**	126,362	27,515	24,490	43,541
Loss and total comprehensive income	**(20,398)**	(23,929)	(44,603)	(43,517)	(70,818)
Loss and total comprehensive income attributable to owners of the Company	**(20,158)**	(23,765)	(44,406)	(43,263)	(70,661)
Assets and liabilities					
As at 31 March					
Total assets	**555,227**	602,356	536,209	557,976	565,835
Total liabilities	**176,414**	203,145	(113,069)	(90,233)	(54,575)
Non-controlling interests	**3,345**	3,105	2,941	2,744	2,490
Equity attributable to equity holders of the Company	**382,158**	402,316	426,081	470,487	513,750

PARTICULARS OF PRINCIPAL PROPERTIES

Particulars of the Group's principal properties as at 31 March 2023 are as follows:

HOTEL PROPERTY

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

LAND

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

COMMERCIAL PROPERTY

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

MEXAN LIMITED
茂盛控股有限公司