



MEXAN LIMITED

茂盛控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

Interim Report
2023/24

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

Shareholders who have chosen or have been deemed consent to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the interim report posted on the Company Website will promptly upon request be sent the interim 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 interim 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.

Shareholders who have chosen to receive printed copy of the Corporate Communication in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Lun Yiu Kay Edwin (*Chairman*)

Ng Ka Kit

Independent Non-Executive Directors:

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

HM 11

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 REGISTRAR

MUFG Fund Services

(Bermuda) Limited

26 Burnaby Street

Hamilton

HM 11

Bermuda

BRANCH REGISTRAR

IN HONG KONG

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

WEBSITE

www.mexanhk.com

STOCK CODE

22

The board (the “Board”) of directors (the “Directors”) of MEXAN LIMITED (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2023. The results have been reviewed by the Audit Committee of the Company. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 together with the comparative figures for the corresponding previous period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	Notes	HK\$'000	HK\$'000
Revenue	6	84,498	38,298
Direct costs		(49,976)	(19,963)
Gross profit		34,522	18,335
Other income	6	1,668	1,028
Administrative and other operating expenses		(16,270)	(15,314)
Selling and distribution expenses		(2,853)	(261)
Depreciation		(14,753)	(13,996)
Impairment loss on investment property		–	(8,805)
(Provision for)/reversal of impairment loss on trade receivables		(6,493)	10
Finance costs	7	(3,797)	(714)
Loss before income tax	8	(7,976)	(19,717)
Income tax expense	9	(1,632)	(67)
Loss and total comprehensive income for the period		(9,608)	(19,784)
Loss and total comprehensive income attributable to:			
Owners of the Company		(9,493)	(19,710)
Non-controlling interests		(115)	(74)
		(9,608)	(19,784)
Loss per share attributable to owners of the Company			
– basic and diluted (HK cents)	10	(0.483)	(1.002)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	377,510	388,271
Investment property		100,038	101,666
Right-of-use assets	12	3,690	5,357
		481,238	495,294
Current assets			
Inventories		6,849	1,373
Trade and other receivables	13	37,545	54,817
Contract assets		2,766	660
Pledged bank deposits		6,600	–
Cash and bank balances		49,882	50,212
		103,642	107,062
Current liabilities			
Trade and other payables, deposits received and accrued charges	14	24,388	31,634
Bank borrowings	15	47,291	38,406
Contract liabilities		7,772	5,980
Lease liabilities		3,532	4,240
Amount due to a director	17(a)	11,000	30,000
Amount due to a related party	17(b)	9,319	–
Amount due to a non-controlling shareholder of a subsidiary	17(c)	6,414	6,414
Tax payables		698	394
		110,414	117,068

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2023

		Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
	Notes		
Net current liabilities		(6,772)	(10,006)
Total assets less current liabilities		474,466	485,288
Non-current liabilities			
Bank borrowings	15	75,000	75,000
Lease liabilities		704	1,496
Contingent consideration payable		3,322	5,072
Deferred tax liabilities		5,837	4,509
		84,863	86,077
Net assets		389,603	399,211
EQUITY			
Share capital	16	39,328	39,328
Reserves		353,495	362,988
Equity attributable to owners of the Company		392,823	402,316
Non-controlling interests		(3,220)	(3,105)
Total equity		389,603	399,211

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Audited)								
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 period	-	-	-	-	(19,710)	(19,710)	(74)	(19,784)
(Unaudited)								
At 30 September 2022	39,328	204,834	129	104,874	57,206	406,371	(3,015)	403,356
(Audited)								
At 1 April 2023	39,328	204,834	129	104,874	53,151	402,316	(3,105)	399,211
Loss and total comprehensive income for the period	-	-	-	-	(9,493)	(9,493)	(115)	(9,608)
(Unaudited)								
At 30 September 2023	39,328	204,834	129	104,874	43,658	392,823	(3,220)	(389,603)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Notes	Unaudited Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
Operating activities			
Loss before income tax		(7,976)	(19,717)
Interest income		(453)	–
Interest expenses on bank loans		3,361	381
Interest expenses on amount due to related parties		9	235
Interest expenses on lease liabilities		47	65
Depreciation of property, plant and equipment	8	10,953	10,216
Depreciation of right-of-use assets	8	2,172	2,039
Depreciation of investment property	8	1,628	1,741
Provision for/(reversal of) impairment loss on trade receivables		6,493	(10)
Impairment loss on investment property		–	8,805
Gain on disposal of property, plant and equipment	8	(111)	(527)
Change in fair value of contingent consideration payable	8	(1,750)	–
Operating profit before working capital changes		14,373	3,228
Increase in inventories		(5,476)	(439)
Decrease/(increase) in trade and other receivables		10,779	(25,186)
Increase in contract assets		(2,106)	(371)
(Decrease)/increase in other payables, deposits received and accrued charges		(7,246)	5,793
Increase in contract liabilities		1,792	5,464
Net cash generated from/(used in) operations		12,116	(11,511)
Interest paid		(3,337)	(750)
Net cash generated from/(used in) operating activities		8,779	(12,261)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 September 2023

	Notes	Unaudited Six months ended 30 September 2023	2022
		HK\$'000	HK\$'000
Investing activities			
Interest received		453	–
Purchases of property, plant and equipment		(231)	(4,093)
Acquisition of a subsidiary		–	(2,494)
Proceeds from disposal of property, plant and equipment		150	639
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		372	(5,948)
		<hr/>	<hr/>
Financing activities			
Drawdown of trade finance loan		8,861	–
Repayment of bank loans		–	(76,665)
Advances from a related party		9,310	–
Advances from a director		–	94,600
Repayment to a director		(19,000)	(400)
Interest elements of lease rentals paid		(47)	(65)
Capital elements of lease rentals paid		(2,005)	(1,711)
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(2,881)	15,759
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		6,270	(2,450)
Cash and cash equivalents at beginning of period		50,212	21,382
		<hr/>	<hr/>
Cash and cash equivalents at end of period		56,482	18,932
		<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		56,482	18,932
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO UNAUDITED CONDENSED INTERIM 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.

As of 30 September 2023, the Company is approximately 69.06% owned by Winland Wealth (BVI) Limited, which is wholly-owned by Winland Stock (BVI) Limited.

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2023 (the “Unaudited Condensed Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 29 November 2023.

The Unaudited Condensed Interim Financial Statements have been prepared with the same accounting policies adopted in the 2023 annual financial statements, except for the adoption of the revised Hong Kong Financial Reporting Standards (the “HKFRS”). Details of any changes in accounting policies are set out in note 3.

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION (Continued)

The Unaudited Condensed Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The Unaudited Condensed Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The Unaudited Condensed Interim Financial Statements and notes do not include all the information required for a complete set of financial statements prepared in accordance with the HKFRSs and should be read in conjunction with the 2023 consolidated financial statements.

The Unaudited Condensed Interim Financial Statements have been prepared on a going concern basis, notwithstanding the fact that the Group had a net current liabilities of HK\$6,772,000 (31 March 2023: HK\$10,006,000 (audited)) as at 30 September 2023.

The directors of the Company prepared a cash flow projection of the Group covering a period of 18-month from the end of the reporting period. In the opinion of the directors, the Group is able to continue as a going concern and have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due for at least twelve months from the end of the reporting period after taking the following into account:

- (i) As the date of approval of these Unaudited Condensed Interim Financial Statements, the Group had unutilized banking facility of HK\$102,950,000 out of the HK\$224,500,000. The banking facilities are subject to Loan-To-Valuation covenant 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) The Group would keep expanding the newly developed business of the construction service and trading of building materials and furniture in order to expand the Group’s source of revenue and cash flow.

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION (Continued)

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 the generation of adequate cash flow from the newly developed business as mentioned in (ii) above. Therefore, there is a material uncertainty related to these conditions 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 be unable to continue in business as a going concern, adjustments would have to be made in the Unaudited Condensed Interim Financial Statements to reduce the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets to current assets and to reclassify non-current liabilities to current liabilities. The effect of these adjustments has not been reflected in the Unaudited Condensed Interim Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2023 annual financial statements, except for the following amendments which are effective for the current accounting period of the Group. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

(a) New standards and amendments adopted from 1 April 2023

The following amendments are first effective for the current accounting period of the Group:

- Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements (Disclosure of Accounting Policies);
- Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates); and
- Amendments to HKAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) New standards and amendments adopted from 1 April 2023 (Continued)

Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements (Disclosure of Accounting Policies)

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting policies” with “material accounting policy information”. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. These amendments had no effect on the interim condensed consolidated financial statements of the Group as they relate to disclosures of accounting policies in complete set of financial statements rather than interim condensed financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) New standards and amendments adopted from 1 April 2023 (Continued)

Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)

The amendments to HKAS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. These amendments had no effect on the interim condensed consolidated financial statements of the Group.

Amendments to HKAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

In June 2021, the HKICPA issued amendments to HKAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of HKFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. These amendments had no effect on the interim condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was gazetted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) to offset severance payment (“SP”) and long service payments (“LSP”) (the “Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA (Continued)

Due to the complexities of the accounting for the offsetting of employer's MPF contributions and its LSP obligation and hence the impact arising from the Abolition, in July 2023 the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)26.
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation.

In prior years and in this 6-month interim period, the Group has estimated its LSP obligations along the defined benefit plan accounting requirements under HKAS 19 Employee Benefits whereas its obligations under MPF scheme are accounted for as defined contribution plan. The Group's estimated LSP obligation is reduced by the accrued MPF benefits derived from its contributions. The Guidance provides new information on the accounting for the interaction between the employer's MPF contributions and its LSP obligations. Based on the Group's assessment, it would need to change its accounting policy for the interaction to confirm with the guidance. The Group's management team is now collecting information and assessing the financial statements impacts under the above-mentioned two accounting approaches. At the time when these interim financial statements are authorised for issue, the management team is continuing the information collection and impacts assessment. Therefore the Group has not yet concluded the new accounting policy and the resultant impacts on its financial statements. No matter which of Approach 1 or Approach 2 is the Group's new accounting policy, the new accounting policy would be applied retrospectively in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Group estimated that the new accounting policy would be concluded before the end of reporting period and the resultant impacts on financial statements would be reflected in the Group's 2024 annual financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the Unaudited Condensed Interim Financial Statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 annual financial statements.

5. SEGMENT REPORTING

(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 six months ended 30 September 2023, 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 operation – supply of furniture and building materials and provision of the design and fit-out construction service

5. SEGMENT REPORTING (Continued)

(a) Operating segment information (Continued)

The segment revenue and results are as follows:

	Hotel operation		Trading of building materials and fit-out construction operation		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External revenue	37,309	20,889	47,189	17,409	84,498	38,298
Segment loss before tax	(29)	(5,008)	(5,183)	(1,254)	(5,212)	(6,262)
Interest income	24	-	30	-	54	-
Interest expense	(2,222)	(616)	(93)	(65)	(2,315)	(681)
Depreciation of property, plant and equipment	(10,045)	(9,317)	(909)	(898)	(10,954)	(10,215)
Depreciation of right-of-use assets	-	-	(2,172)	(2,039)	(2,172)	(2,039)
(Provision for)/reversal of impairment loss on trade receivables	-	10	(6,493)	-	(6,493)	10
Income tax expense	(1,261)	-	(304)	-	(1,565)	-
Additions to non-current assets	143	3,981	592	14,754	735	18,735
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 September	31 March	30 September	31 March	30 September	31 March
	2023	2023	2023	2023	2023	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	412,708	430,565	67,354	65,940	480,062	496,505
Reportable segment liabilities	(129,163)	(127,402)	(54,153)	(56,943)	(183,316)	(184,345)

5. SEGMENT REPORTING (Continued)

(a) Operating segment information (Continued)

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

	Unaudited 30 September 2023 HK\$'000	2022 HK\$'000
Loss of reportable segments before tax	(5,212)	(6,262)
Impairment loss on investment property	–	(8,805)
Depreciation on investment properties	(1,628)	(1,740)
Other administrative expense (including interest expenses)	(1,535)	(2,910)
Other income (including interest income)	399	–
	<hr/>	<hr/>
Loss before tax	(7,976)	(19,717)
	<hr/> <hr/>	<hr/> <hr/>
	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Reportable segment assets	480,062	496,505
Unallocated corporate assets		
– Investment properties	100,038	101,666
– Other receivables	102	222
– Certain cash and cash equivalents	4,678	3,963
	<hr/>	<hr/>
Consolidated total assets	584,880	602,356
	<hr/> <hr/>	<hr/> <hr/>

5. SEGMENT REPORTING (Continued)

(a) Operating segment information (Continued)

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Reportable segment liabilities	(183,316)	(184,345)
Unallocated corporate liabilities		
– Amount due to a non-controlling shareholder	(6,414)	(6,414)
– Accounts payable and accruals	(4,672)	(11,578)
– Deferred tax liabilities	(875)	(808)
	<hr/>	
Consolidated total liabilities	(195,277)	(203,145)
	<hr/> <hr/>	

(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	
	Unaudited		Unaudited	
	For the six months ended 30 September 2023 HK\$'000	2022 HK\$'000	30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Hong Kong	84,462	37,437	481,238	495,294
Macau	36	861	–	–
	<hr/>		<hr/>	
	84,498	38,298	481,238	495,294
	<hr/> <hr/>		<hr/> <hr/>	

5. SEGMENT REPORTING (Continued)

(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:

	Unaudited	
	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Customer A	19,081	3,973
Customer B	17,315	–
Customer C	16,506	–
Customer D	9,895	–

6. REVENUE AND OTHER INCOME

The Group's revenue are as follows:

	Unaudited Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
Revenue		
Hotel operations in Hong Kong		
– Hotel room sales to contracted sales agents	29,108	–
– Hotel room sales to non-contracted sales agents and walk-in customers	6,386	17,518
– Food and beverage income	1,566	3,175
– Miscellaneous sales	131	24
– Laundry service income	118	172
	37,309	20,889
Trading of building materials and fit-out construction operation		
– Trading of building materials and furniture	36,204	5,052
– Fit-out construction service	10,985	12,357
	47,189	17,409
Total revenue	84,498	38,298
Primary geographical market		
– Hong Kong	84,462	37,437
– Macau	36	861
Total revenue	84,498	38,298

6. REVENUE AND OTHER INCOME (Continued)

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Time of revenue recognition		
– Over time	46,597	30,047
– At a point in time	37,901	8,251
	<hr/>	<hr/>
Total revenue	84,498	38,298
	<hr/> <hr/>	<hr/> <hr/>
Other income		
Bank interest income	453	–
Gain on disposal of property, plant and equipment	111	527
Sundry income	3	101
Insurance claim	1,101	–
Government grants	–	400
	<hr/>	<hr/>
	1,668	1,028
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

Finance costs comprise the following:

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Interest on bank loans	3,325	381
Interest on trade finance loans	36	–
Interest on amount due to related parties	9	235
Interest on lease liabilities	47	65
Bank charges	380	33
	<hr/>	
	3,797	714
	<hr/> <hr/>	

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting) the following:

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Cost of goods sold and service provided	49,976	19,963
Depreciation of property, plant and equipment	10,953	10,216
Depreciation of right-of-use assets	2,172	2,039
Depreciation of investment properties	1,628	1,741
Impairment of investment property	-	8,805
Gain on disposal of property, plant and equipment	(111)	(527)
Change in fair value of contingent consideration payable	(1,750)	-
Staff costs (Note)	21,759	12,721

Note: During the six months period ended 30 September 2023, no one-off subsidy was granted (2022: HK\$2,033,000) from Anti-epidemic supporting scheme of the Hong Kong SAR Government due to the COVID-19 pandemic. The amount received during six months ended 30 September 2022 was included in staff costs. The Group was required to spend the subsidy on paying wages to hygiene and security employees and not to implement redundancies during the subsidy period. There were no unfulfilled conditions or obligation relating to these government subsidy.

9. INCOME TAX EXPENSE

Hong Kong profits tax is provided at the rate of 16.5% on the estimated assessable profits of all corporations in the Group for the six months ended 30 September 2023 and 2022.

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

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Current tax – Hong Kong profits tax	304	–
Deferred taxation	1,328	67
	1,632	67

10. LOSS PER SHARE

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

	Unaudited Six months ended 30 September 2023		2022
	HK\$'000		HK\$'000
Loss			
Loss for the period attributable to owners of the Company	(9,493)		(19,710)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	1,966,388		1,966,388

No dilutive loss per share is presented as there was no potential ordinary shares in issue during the six months ended 30 September 2023 and 2022.

11. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (2022: Nil).

12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

No impairment losses were recognised in respect of property, plant and equipment and right-of-use assets for the six months ended 30 September 2023 (2022: Nil). During the six months ended 30 September 2023, additions to property, plant and equipment and right-of-use assets amounted to HK\$231,000 (2022: HK\$9,465,000) and HK\$504,000 (2022: HK\$9,434,000) respectively.

13. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Trade receivables	38,158	41,789
Less: Provision for impairment loss	(11,222)	(5,031)
	26,936	36,758
Retention receivables	2,478	2,082
Less: Provision for impairment loss	(145)	–
	2,333	2,082
Deposits, prepayments and other receivables	8,276	15,977
	37,545	54,817

13. TRADE AND OTHER RECEIVABLES (Continued)

For hotel operation, the Group allows an average credit period of one week (2022: one week) to its trade customers. All trade receivables are expected to be recovered within one year. For construction business, the Group allows credit period of 0 to 81 days to its customers. The following is an aging analysis of trade receivables, based on invoice date, at the end of the reporting period:

	Unaudited	Audited
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Within 30 days	10,239	31,095
Over 30 days but less than 60 days	2,135	2,153
Over 60 days but less than 90 days	4,820	3,915
Over 90 days	20,964	4,626
	<hr/>	<hr/>
	38,158	41,789
Less: Allowance for impairment losses	(11,222)	(5,031)
	<hr/>	<hr/>
	26,936	36,758
	<hr/> <hr/>	<hr/> <hr/>

14. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Trade payable (Note a)	11,284	12,944
Accrued charges	4,735	9,614
Deposit received (Note b)	6,642	6,110
Other payables (Note c)	1,727	2,966
	24,388	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:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Within 1 month	10,171	12,900
Over 1 month but within 2 months	1,113	44
	11,284	12,944

- (b) 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.
- (c) Other payables mainly represent the payable regarding leasehold improvement for hotel daily operations HK\$237,000 (31 March 2023: HK\$698,000) and sales commission payable of construction services of HK\$361,000 (31 March 2023: HK\$647,000).

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

15. BANK BORROWINGS

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Secured:		
Bank term loans (Notes a, b and c)	113,413	113,406
Trade finance loan (Note d)	8,878	–
	122,291	113,406
Current portion (Notes c and e)	47,291	38,406
Non-current portion (Notes c and e)	75,000	75,000
	122,291	113,406

- (a) As at 30 September 2023, the bank term loans of HK\$38 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 5.86% per annum respectively.
- (b) The bank term loans are also 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) Bank term loan of carrying amount of HK\$38 million as at 30 September 2023 are repayable more than one year after the end of the reporting period pursuant to the repayment schedule included in the loan agreement, with repayment on demand clause, has been classified as current liability as at 30 September 2023 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.

15. BANK BORROWINGS (Continued)

- (d) The trade finance loan is secured by cash deposit, carried at a variable interest rate with reference to HIBOR. The trade finance loan is also secured by the personal guarantee from a Director of the Company, and 51% of the trade finance loan is secured by the corporate guarantee from the Company.
- (e) Based on the scheduled repayment date set out in the loan agreements, the amounts repayable in respect of the bank loans are as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
On demand or within one year	10,811	406
More than one year, but not exceeding two years	5,520	2,000
More than two year, but not exceeding five years	105,960	111,000
	122,291	113,406
Carrying amount of bank loans for repayments after one year which contain a repayment on demand clause (shown under current liabilities) (Note c)	38,000	38,000

16. SHARE CAPITAL

	Unaudited 30 September 2023		Audited 31 March 2023	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.02 each	3,000,000,000	60,000	3,000,000,000	60,000
Issued and fully paid:				
Ordinary shares of HK\$0.02 each	1,966,387,866	39,328	1,966,387,866	39,328

17. RELATED PARTY TRANSACTIONS

As at 30 September 2023, 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. Details of transactions between the Group and other related parties are disclosed below.

- (a) Amount due to a director is unsecured and interest-free since 11 August 2022.
- (b) 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.
- (c) Amount due to a non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.
- (d) During the period, the Group has no material related party transactions.

18. CONTINGENT CONSIDERATION PAYABLE – FINANCIAL LIABILITIES AT FAIR VALUE

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 30 September 2023, the fair value of contingent consideration payable is estimated by using profit forecast. The valuation technique adopts gross profit margin ranges from 16% to 50% as key unobservable input. As at 30 September 2023, 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\$2,074,178.

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

	Unaudited 30 September 2023 HK\$'000
At beginning of period	5,072
Change in fair value (note 8)	(1,750)
	<hr/>
At end of period	3,322
	<hr/> <hr/>

There were no transfers between levels during the period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS REVIEW

The business of the Group mainly comprises of the operation of an 800-room hotel in Tsing Yi, New Territories, Hong Kong known as Winland 800 hotel and the trading of building materials and operating fit-out construction projects through its non-wholly owned subsidiary.

According to the report from the Hong Kong Tourist Association, since Hong Kong's full resumption of normal travel with the Mainland and the rest of the world in early February 2023, the total visitor arrivals surged to about 9.5 million as at end May 2023, as compared to about 0.6 million for the whole year of 2022. The average daily visitor arrivals after resumption of normal travel have recovered to 47% of the pre-pandemic level. By the end of April 2023, there were 319 hotels in Hong Kong, providing about 89,300 rooms. In 2022, the hotel room occupancy rate was 66%, 25 and 13 percentage points lower than those of 2018 and 2019 respectively. Following the full resumption of normal travel in early February 2023, the hotel room occupancy rate picked up to 78% in the first four months of 2023.

Furthermore, the Hong Kong Tourism Board recorded more than 4 million visitor arrivals in August 2023, reaching 84% of pre-pandemic levels. Tourist numbers in August 2023 rose 14% from July, and 84% of the visitors were from the mainland.

To ride on this trend, our hotel also witnessed a satisfactory growth in terms of occupancy and room rate when compared with last year's performance.

Turing to trading of building materials and fit out construction business, according to the provisional results of the “Report on the Quarterly Survey of Construction Output” published by the Census and Statistics Department of the Hong Kong Government, the gross value of construction works (the “GVCW”) performed by main contractors in the second quarter of 2023 increased by 7.5% year-on-year in nominal terms, while GVCW performed by main contractors in the second quarter of 2023 increased by 8.6% year-on-year in real terms.

We expect the growth in construction works and therefor revenue for the main construction contractors would definitely have a spillover effect to their sub-contractors. As the Group has participated as sub-contractors, the Group may benefit from the increase in demands for building materials and fitting out works.

As expected, our Group’s participation in trading of building materials and fit out construction business since last year boosted up the Group’s revenue significantly, and the turnover in this sector increased more than double when compared with last year’s performance.

PROSPECTS

Despite the fact that the Hong Kong economy improved visibly in the first quarter of 2023, led by the strong recovery of inbound tourism and domestic demand. Real GDP resumed year-on-year growth of 2.7%, having contracted by 4.1% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP surged by 5.3%.

Looking forward, inbound tourism and domestic demand will remain the major drivers of economic growth this year. Visitor arrivals should recover further as transportation and handling capacity continue to catch up. The improving economic situation and prospects should boost domestic demand, though tight financial conditions will remain a constraint. The continued improvement of the labour market, promotion of the image of Hong Kong in the international arena, and a series of “Night Vibes Hong Kong” events will provide additional support to private consumption.

The Group will continue to implement strict cost controls and prudent business development plans to cope with economic hard time.

Looking forward, the Group will attempt to consolidate our business investments in order to maximize the interests of the stakeholders and seize opportunities to take the business of the Group to the next level.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months period ended 30 September 2023 amounted to approximately HK\$84.5 million (2022: HK\$38.3 million), representing a significant increase of 121% as compared to same period last year. The Group has two reportable segments, the segment revenue generated from the hotel operation was approximately HK\$37.3 million (2022: HK\$20.9 million), representing an increase of 78% as compared with same period last year due to the improved room rate and occupancy. As for the reportable segment of trading of building materials and fit-out construction operation, the segment revenue for the period was approximately HK\$47.2 million (2022: HK\$17.4 million), representing an increase of 171% as compared with same period last year due to business expansion after acquisition on 8 April 2022.

Gross profit and gross profit margin

Gross profit of the Group for the six months period ended 30 September 2023 amounted to approximately HK\$34.5 million (2022: HK\$18.3 million), comprised of gross profit from hotel operation of approximately HK\$22.6 million (2022: HK\$12.5 million) and gross profit from trading of building materials and fit-out construction projects of approximately HK\$11.9 million (2022: HK\$5.8 million).

Gross profit margin of the Group for the six months period ended 30 September 2023 was 40.9% (2022: 47.9%). Gross profit margin for the hotel operation was 60.6% (2022: 60.0%) and gross profit margin for the trading of building materials and fit-out construction operation was 25.2% (2022: 33.3%).

Other income

The other income for the six months period ended 30 September 2023 was mainly comprised of insurance claim of approximately HK\$1.1 million (2022: Nil) which was related to trading of building materials and fit-out construction business. The other income also included bank interest income and gain on disposal of property, plant and equipment, in the total amount of HK\$0.6 million (2022: HK\$0.5 million).

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the six months period ended 30 September 2023 were approximately HK\$16.3 million (2022: HK\$15.3 million), mainly comprised of expenses for the hotel operation of approximately HK\$10.1 million (2022: HK\$8.7 million) and the expenses for the trading of building materials and fit-out construction operation of approximately HK\$5.7 million (2022: HK\$4.3 million). The other non-segment related expenses were mainly offset by the change in fair value of contingent consideration of approximately HK\$1.8 million (2022: Nil).

Selling and distribution expenses

The selling and distribution expenses of the Group for the six months period ended 30 September 2023 were approximately HK\$2.9 million (2022: HK\$0.3 million), the whole amount were incurred for the trading of building materials and fit-out construction operation.

(Provision for)/reversal of impairment loss on trade receivables

The provision for impairment loss on trade receivables of the Group for the six months period ended 30 September 2023 was approximately HK\$6.5 million, the whole amount was related to the trading of building materials and fit-out construction operation. The reversal of impairment loss for same period last year was related to the hotel operation.

Loss for the year

The loss after income tax of the Group for the six months period ended 30 September 2023 was approximately HK\$9.6 million (2022: HK\$19.8 million). The loss was decreased by 51% which was mainly attributed from the increase of gross profit of the Group.

Liquidity, financial resources and capital structure

During the period under review, cash flow of the Group was mainly generated from the hotel operations and bank borrowings. As at 30 September 2023, the Group's total borrowings, including the bank borrowings, amount due to a director and amount due to a related party of a director of a subsidiary amounted to approximately HK\$142.6 million, which was slightly decreased from HK\$143.4 million as at 31 March 2023.

As at 30 September 2023, cash and bank balances amounted to approximately HK\$56.5 million compared with cash and bank balances of approximately HK\$50.2 million as at 31 March 2023. The Group's net assets as at 30 September 2023 amounted to approximately HK\$389.6 million, which decreased from approximately HK\$399.2 million as at 31 March 2023, mainly due to depreciation and provision for impairment loss on trade receivables recorded for the six months period ended 30 September 2023.

Gearing ratio of the Group that is expressed as a percentage of total borrowings to total equity was approximately 36.6% as at 30 September 2023 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 22.1% compared with approximately 23.3% as at 31 March 2023.

Of the Group's bank borrowings as at 30 September 2023, approximately HK\$10.8 million would be due within one year or on demand and approximately HK\$111.5 million would be due for repayment after one year. The bank term loans were denominated in HK\$ and bear a variable interest rate and secured by the hotel property and commercial property, a 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. The trade finance loan was denominated in HK\$ and bear a variable interest rate and secured by the cash deposit, corporate guarantee provided from the Company up to 51% of the loan balance and a personal guarantee provided by a director of the Company.

Total equity of the Group as at 30 September 2023 was approximately HK\$389.6 million while there was approximately HK\$399.2 million as at 31 March 2023. Total equity attributable to owners of the Company as at 30 September 2023 was approximately HK\$392.8 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.

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

During the period, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

Significant investments held

The Group did not have any significant investments held as at 30 September 2023.

Employee information and emolument policy

As at 30 September 2023, the total number of employees of the Group was 152 (31 March 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 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 30 September 2023, the fixed assets with net book value and cash of approximately HK\$457.5 million (31 March 2023: HK\$467.5 million) and HK\$6.6 million (31 March 2023: Nil) respectively were pledged for bank borrowings in the amount of approximately HK\$122.3 million.

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 (31 March 2023: HK\$224,500,000) granted to its subsidiaries. The amount utilized by the subsidiaries amount to approximately HK\$79,361,000 (31 March 2023: HK\$113,406,000) as at 30 September 2023. 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 30 September 2023 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

The Group had no commitment as at 30 September 2023 (31 March 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 30 September 2023, 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.

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

As at 30 September 2023, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(1) 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 as at 30 September 2023 (%)
Lun Yiu Kay Edwin	1,358,055,354	Interest of controlled corporation	69.06

Note:

These 1,358,055,354 shares are held by Winland Wealth (BVI) Limited. Winland Wealth (BVI) Limited is wholly owned by Winland Stock (BVI) Limited which is in turn wholly owned by Mr. Lun Yiu Kay Edwin.

(2) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATION

Name of associated corporation	Name of Director	No. of shares of US\$1.00 each held	Capacity and nature of interest	Shareholding percentage as at 30 September 2023 (%)
Winland Stock (BVI) Limited	Lun Yiu Kay Edwin	1	Beneficial owner	100
Winland Wealth (BVI) Limited	Lun Yiu Kay Edwin	1	Interest of controlled corporation	100

Save as disclosed above, as at 30 September 2023, none of the Directors of the Company or any of their respective associates had registered an interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which are required to be recorded under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the six months ended 30 September 2023 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2023, 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 as at 30 September 2023 (%)
Winland Wealth (BVI) Limited (Note i)	Long	1,358,055,354	Beneficial owner	69.06
Winland Stock (BVI) Limited (Note ii)	Long	1,358,055,354	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.

Save as disclosed above, as at 30 September 2023, none of the substantial shareholder or other persons, other than the Directors of the Company, had any interest or 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set in Appendix 14 of the Listing Rules for the period under review, except for the deviation from the CG Code as follows:

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

CHANGE OF DIRECTORS’ INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company’s last published annual report.

AUDIT COMMITTEE

The Audit Committee of the Company, with terms of reference in compliance with the provisions set out in the CG Code, comprises all the independent non-executive directors. The Audit Committee has reviewed the Unaudited Condensed Interim Financial Statements of the Group for the six months ended 30 September 2023 and discussed with the management the accounting principles and practices and internal control of the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of Appendix 10 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 period.

EVENT AFTER THE END OF THE REPORTING PERIOD

The Group has no material event subsequent to the period end 30 September 2023 and up to the date of this 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.

APPRECIATION

We would like to thank all of our customers, suppliers, shareholders, professional advisers and bankers for their continuous support and all members of our management and staff for their dedicated work and effort during the period under review.

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

Hong Kong, 29 November 2023