

TARGET

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MEXAN LTD: THE COMPANY CONTINUES TO STRUGGLE

ITS LONE HOTEL IS HIGHLY UNLIKELY TO BE PROFITABLE

Mexan Ltd (茂盛控股有限公司) (Code: 22, Main Board, The Stock Exchange of Hongkong Ltd) has a history of 51 years as being a company, principally engaged in the hospitality industry in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

Today, the Company has but one operational hotel, known as Winland 800 Hotel, an 800-room hotel, located on Tsing Yi, the New Territories of the HKSAR.

In respect of the five Financial Years, ended March 31, 2022, the Company recorded Net aggregate Losses Attributable to Shareholders for four of those five Financial Years, being \$HK158,437,000.00.

It was only in the 2019 Financial Year that the Company had been able to announce a Net Profit Attributable to Shareholders – and that profit was in the paltry amount of \$HK1,267,000.00.

The 2022 Annual Report of Mexan Ltd was published and disseminated in the HKSAR on or about Tuesday, July 26, 2022.

At Pages Three and Four of the 112-page Annual Report, Mr Edwin Lun Yiu Kay (倫耀基), the Chairman of the Board of Directors, had this to say about the Company's Results with regard to the Financial Year, ended March 31, 2022:

'RESULTS

'The Group's revenue and loss and total comprehensive income for the year from hotel business and other operation were presented as follows:

| | 2022 | 2021 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| | | |

| | | |
|---|----------|----------|
| Revenue | 27,515 | 24,490 |
| Loss and total comprehensive income for the year | (44,603) | (43,517) |
| Loss and total comprehensive income attributable to owners of the company | (44,406) | (43,263) |

‘Revenue of the Group for the year ended 31 March 2022 amounted to approximately HK\$27.5 million which solely comprised the turnover generated from the hotel operations, representing a slight increase of 12.4% when compared with the turnover of approximately HK\$24.5 million generated in last year.

‘The customer base of the hotel operations mainly derives from long-staying guests since last year, with slight improvement in both the hotel occupancy and average room rate; and revenue of the Group is being maintained at similar level as last year.

‘The Group recorded a loss attributable to owners of the Company of approximately HK\$44.4 million for the year ended 31 March 2022, compared with a loss attributable to owners of the Company of approximately HK\$43.3 million for the year ended 31 March 2021.

PROSPECTS

‘The COVID-19 pandemic and the closure of borders have inhibited both international and PRC tourists (sic) and travelers from visiting Hong Kong which continue to adversely affect our businesses. In Mainland China, the continuous outbreak of the highly infectious pandemic led to substantial travel restrictions and lockdowns in various provinces. In Hong Kong, the HKSAR Government actions to quarantine the COVID-19 pandemic reduced both international and domestic travel since last year, and that the Group was still significantly hard hit by the COVID-19 pandemic.

‘Looking forward, with global growth of the vaccinated population and the gradual relaxation of travel barriers, it is hoped that the hotel and tourist industry will recover rapidly once the quarantine measures are eased. On the flip side, the Group will continue to adopt any measures to control costs and expenditure.

‘The Group has been actively 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 especially in view of the drop in revenue from its hotel business attributable to the spread of COVID-19 coronavirus pandemic in recent years. In April this year, the Group has completed acquisition of 51% equity in a company whose principal businesses are the supply of furniture and building materials and the provision of the design and fit-out construction service.

‘The acquisition is considered by the Board to be a good opportunity to broaden the business portfolio and improve our business. Our directors are optimistic about the long-term prospect of the trade in building materials, and the design and fit-out construction service industry in Hong Kong and hope that the acquisition will take the business of the Group to a new level.’

At Page Five of the 2022 Annual Report, under the heading, ‘**BUSINESS REVIEW**’, one was informed that the Company’s lone hotel, at Tsing Yi, had an ‘*average hotel occupancy rate*’ of approximately 50.80 percent, during the 2022 Financial Year.

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