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**融太集團股份有限公司**

**MAGNUS CONCORDIA GROUP LTD**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1172)**

## **PROFIT WARNING**

This announcement is made by Magnus Concordia Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2021 and information currently available to the management, the Group is expected to record a loss attributable to owners of the Company of approximately HK\$100 million for the six months ended 30 September 2021, as compared with a profit attributable to owners of the Company of approximately HK\$8 million for the corresponding period in 2020.

The Board considers that the turnaround of the Group's results was mainly affected by the net loss after taxation of approximately HK\$100 million (2020: profit after taxation of approximately HK\$4 million) of the property development business, resulting from the provision for write-down of stock of properties made as at 30 September 2021 for the property development project in Zigong City, Sichuan Province, the People's Republic of China. The Company measured the stock of properties at the lower of cost and net realizable value, and made provision for impairment loss arising from the excess of carrying values of the properties over their recoverable amounts.

Liquidity issues of numerous property developers emerged in the third quarter of 2021, as well as the tightening regulatory measures had scaled down the overall real estate market in Mainland China by a significant year-on-year drop in contracted residential property sales for September 2021, especially impacted those property developers of non-first-tier cities by triggering price discounting to spur home sales and recoup cash. Moreover, the escalating construction costs inflation arising from ongoing global supply chain issue further deteriorated the gross margin of property developers. Consequently, the estimated gross margin of our high-end residential villas and car parks in Zigong City was being particularly affected and an excess of carrying values of the properties over their recoverable amounts was resulted. Accordingly, a provision for impairment on the stock of properties was made as at 30 September 2021 in accordance with the relevant accounting policies of the Company.

The Board considers that the overall business operation and financial position of the Group remain healthy and solid. Considering that there was no scheduled bulk delivery of presold properties during the six months ended 30 September 2021, the financial performance of the Group is expected to have considerable improvement in the second half of the financial year ending 31 March 2022, as benefiting from the scheduled delivery of presold residential units at the Zigong City C1-10 land plot Yongyaju phase I with gross floor area of more than 170,000 sq. m., which contract sales amount of over HK\$1 billion will be recognized as revenue.

The Company is still in the process of finalizing the interim results of the Group for the six months ended 30 September 2021 (the "**Interim Results**"). The information contained in this announcement is only based on the preliminary assessment of the Group's unaudited consolidated management accounts and information currently available to the management of the Group, which are subject to finalization and adjustments, if any, and has not been reviewed by the independent auditor of the Company nor the audit committee of the Board. The Interim Results announcement will be published in due course pursuant to the requirements of the Listing Rules.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Magnus Concordia Group Limited**  
**Li Qing**  
*Director*

Hong Kong, 15 November 2021

*As at the date of this announcement, Mr. Li Qing, Ms. Au Hoi Lee Janet and Ms. Zeng Zhu are the executive directors of the Company, and Mr. Lam Chi Hung Louis, Mr. Hung Kin Man and Mr. Ho Man are the independent non-executive directors of the Company.*