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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)

**FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022
AND CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

The board (the “**Board**”) of directors (the “**Directors**”) of Magnus Concordia Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022 with the corresponding comparative figures for the year ended 31 March 2021 as follows:

FINANCIAL HIGHLIGHTS			
	For the year ended		
	31 March 2022	31 March 2021	Change
Revenue	HK\$1,587 million	HK\$2,141 million	–26%
Gross profit	HK\$57 million	HK\$118 million	–51%
(Loss)/profit attributable to owners of the Company	HK\$(270) million	HK\$3 million	–9,151%
(Loss)/earnings per share	(4.67) HK cents	0.05 HK cent	–9,440%
	As at		
	31 March 2022	31 March 2021	Change
Shareholders’ funds	HK\$653 million	HK\$899 million	–27%
Net asset value per share	HK\$0.11	HK\$0.16	–31%

RESULTS

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	1,587,349	2,140,562
Cost of sales		(1,529,850)	(2,023,055)
Gross profit		57,499	117,507
Other income, expense and net losses	4	(10,404)	(12,396)
Selling and marketing expenses		(57,918)	(43,315)
Administrative and other operating expenses		(52,845)	(53,163)
(Impairment)/reversal of impairment of stock of properties	5	(417,632)	135
Change in fair value of investment properties	11	(40,721)	(3,145)
Fair value change of financial assets at fair value through profit or loss		(12,028)	7,491
Operating (loss)/profit	6	(534,049)	13,114
Finance costs	7	(2,031)	(2,618)
(Loss)/profit before tax		(536,080)	10,496
Income tax credit/(expense)	8	266,087	(7,513)
(Loss)/profit for the year		(269,993)	2,983
		<i>HK cents</i>	<i>HK cent</i>
Basic and diluted (loss)/earnings per share	10	(4.67)	0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the year	(269,993)	2,983
Other comprehensive income:		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>23,967</u>	<u>53,729</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company	<u>(246,026)</u>	<u>56,712</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		23,332	32,000
Investment properties	<i>11</i>	406,717	442,045
Other non-current assets		24,327	29,442
		<hr/>	<hr/>
Total non-current assets		454,376	503,487
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		18,961	23,735
Properties under development		455,243	1,742,708
Completed properties for sale		294,011	264,099
Accounts receivable	<i>12</i>	53,087	51,994
Prepayments, other receivables and other assets		182,090	288,782
Financial assets at fair value through profit or loss		1,628	42,522
Restricted bank balances		14,934	29,128
Cash and bank balances		54,082	149,220
		<hr/>	<hr/>
Total current assets		1,074,036	2,592,188
		<hr/>	<hr/>
CURRENT LIABILITIES			
Accounts payable	<i>13</i>	161,548	184,830
Accrued charges and other payables		52,562	107,074
Contract liabilities		99,811	1,023,828
Bank borrowings		175,319	219,075
Tax payable		337,683	323,544
Lease liabilities		1,434	2,195
		<hr/>	<hr/>
Total current liabilities		828,357	1,860,546
		<hr/>	<hr/>
NET CURRENT ASSETS		245,679	731,642
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		700,055	1,235,129
		<hr/>	<hr/>

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	46,413	333,887
Lease liabilities	1,100	2,674
	<hr/>	<hr/>
Total non-current liabilities	47,513	336,561
	<hr/>	<hr/>
NET ASSETS	652,542	898,568
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	577,920	577,920
Reserves	74,622	320,648
	<hr/>	<hr/>
TOTAL EQUITY	652,542	898,568
	<hr/> <hr/>	<hr/> <hr/>

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

Segment information by business lines

The operating segments of the Group are determined based on internal reporting to the Group’s chief operation decision maker (“**CODM**”) (the executive directors of the Company) for the purposes of assessing performance and allocating resources. The internal reporting focuses on the strategic operation and development of each business unit, of which business units with similar economic characteristics are organised into an operating segment for the Group’s CODM to evaluate its performance.

The Group’s operating and reportable segments are as follows:

Property development	—	Development, sale and trading of real estate properties
Printing	—	Manufacture and sale of printed products
Property investment	—	Investment and leasing of real estate properties
Treasury	—	Investment and trading of debts, equity and other instruments, and asset management
Others and corporate	—	Other non-reportable business activities and operating segments and corporate not constituting a reportable segment individually, together with corporate income and expense items

The Group's CODM assesses the performance of the operating segments based on a measure of earnings or loss before interest expense and tax (“**EBIT** or **LBIT**”), representing segment results, and earnings or loss before interest expense, tax, depreciation and amortisation (“**EBITDA** or **LBITDA**”).

Others and corporate segment assets mainly include cash and bank balances, short-term deposits and property, plant and equipment that are managed on a group basis and the assets related to other and other unallocated assets.

Others and corporate segment liabilities mainly include bank borrowings that are managed on a group basis and other unallocated liabilities.

The segment information by business lines is as follows:

	Property development <i>HK\$'000</i>	Printing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2022						
Segment revenue						
Sales to external customers	1,327,215	248,475	9,067	-	670	1,585,427
Other revenue	-	-	-	1,922	-	1,922
	<u>1,327,215</u>	<u>248,475</u>	<u>9,067</u>	<u>1,922</u>	<u>670</u>	<u>1,587,349</u>
Total revenue	<u>1,327,215</u>	<u>248,475</u>	<u>9,067</u>	<u>1,922</u>	<u>670</u>	<u>1,587,349</u>
(LBITDA)/EBITDA	(459,271)	10,389	(38,752)	(11,200)	(27,010)	(525,844)
Depreciation	(102)	(6,014)	(159)	-	(1,930)	(8,205)
	<u>(459,373)</u>	<u>4,375</u>	<u>(38,911)</u>	<u>(11,200)</u>	<u>(28,940)</u>	<u>(534,049)</u>
Segment results — (LBIT)/EBIT	<u>(459,373)</u>	<u>4,375</u>	<u>(38,911)</u>	<u>(11,200)</u>	<u>(28,940)</u>	<u>(534,049)</u>
Finance costs						(2,031)
Loss before tax						(536,080)
Income tax credit						266,087
Loss for the year						<u>(269,993)</u>
As at 31 March 2022						
Total assets	<u>929,019</u>	<u>128,906</u>	<u>436,758</u>	<u>2,537</u>	<u>31,192</u>	<u>1,528,412</u>
Total liabilities	<u>594,709</u>	<u>103,385</u>	<u>42,153</u>	<u>141</u>	<u>135,482</u>	<u>875,870</u>

	Property development <i>HK\$'000</i>	Printing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury <i>HK\$'000</i>	Others and corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2021						
Segment revenue						
Sales to external customers	1,927,950	194,718	10,773	–	1,975	2,135,416
Other revenue	–	–	–	5,146	–	5,146
	<u>1,927,950</u>	<u>194,718</u>	<u>10,773</u>	<u>5,146</u>	<u>1,975</u>	<u>2,140,562</u>
Total revenue	<u>1,927,950</u>	<u>194,718</u>	<u>10,773</u>	<u>5,146</u>	<u>1,975</u>	<u>2,140,562</u>
EBITDA/(LBITDA)	33,559	4,343	4,808	12,606	(32,091)	23,225
Depreciation	(101)	(7,527)	(159)	–	(2,324)	(10,111)
	<u>33,458</u>	<u>(3,184)</u>	<u>4,649</u>	<u>12,606</u>	<u>(34,415)</u>	13,114
Segment result — EBIT/(LBIT)	<u>33,458</u>	<u>(3,184)</u>	<u>4,649</u>	<u>12,606</u>	<u>(34,415)</u>	13,114
Finance costs						(2,618)
Profit before tax						10,496
Income tax expense						(7,513)
Profit for the year						<u>2,983</u>
As at 31 March 2021						
Total assets	<u>2,339,252</u>	<u>152,642</u>	<u>475,451</u>	<u>42,636</u>	<u>85,694</u>	<u>3,095,675</u>
Total liabilities	<u>1,806,585</u>	<u>120,236</u>	<u>52,862</u>	<u>217</u>	<u>217,207</u>	<u>2,197,107</u>

Geographical segment information

The business of the Group operates in different geographical areas. Revenue is presented by the regions where customers are located. Capital expenditures and non-current assets are presented by the regions where the assets are located. The segment information by geographical area is as follows:

	Revenue		Capital expenditures	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mainland China	1,379,357	1,968,038	909	2,083
Hong Kong	20,842	25,866	15	3,551
United States of America	105,757	80,825	–	–
United Kingdom	28,712	20,043	–	–
France	20,174	12,762	–	–
Other regions	32,507	33,028	–	–
	<u>1,587,349</u>	<u>2,140,562</u>	<u>924</u>	<u>5,634</u>
			Non-current assets	
			2022	2021
			<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China			151,710	137,762
Hong Kong			302,662	365,719
Other regions			4	6
			<u>454,376</u>	<u>503,487</u>

Information about major customers

During the year, none of the customers (2021: nil) of the Group contributed over 10% of the total revenue of the Group.

4. REVENUE AND OTHER INCOME, EXPENSE AND NET LOSSES

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of properties	1,327,215	1,927,950
Sale of printed products	248,475	194,718
Others	670	1,975
	<u>1,576,360</u>	<u>2,124,643</u>
<i>Revenue from other sources</i>		
Rental income	9,067	10,773
Interest income from financial assets at fair value through profit or loss	1,922	5,146
	<u>10,989</u>	<u>15,919</u>
Total revenue	<u><u>1,587,349</u></u>	<u><u>2,140,562</u></u>

An analysis of other income, expense and net losses is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	457	1,279
Sales of scrap materials	437	1,418
Other service income	2,244	887
Gain on disposal of items of property, plant and equipment	2,311	1,914
Professional fees incurred for potential acquisitions	–	(363)
Write-down of other non-current assets	(6,876)	(660)
Impairment of prepayment	–	(1,185)
Termination benefits costs	(5,840)	–
Net exchange loss	(2,667)	(7,157)
Contingent acquisition consideration related to business combination in prior year	–	(7,725)
Sundries	(470)	(804)
	<u><u>(10,404)</u></u>	<u><u>(12,396)</u></u>

5. (IMPAIRMENT)/REVERSAL OF IMPAIRMENT OF STOCK OF PROPERTIES

An analysis of (impairment)/reversal of impairment of stock of properties is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment of properties under development	(275,212)	–
(Impairment)/reversal of impairment of completed properties for sale	<u>(142,420)</u>	<u>135</u>
	<u><u>(417,632)</u></u>	<u><u>135</u></u>

6. OPERATING (LOSS)/PROFIT

The Group's operating (loss)/profit is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold	205,389	162,420
Cost of properties sold	1,323,279	1,859,441
Depreciation of property, plant and equipment	8,205	10,111
Less: Amount capitalised and included in cost of inventories sold for printing business	<u>(3,823)</u>	<u>(5,945)</u>
Depreciation of property, plant and equipment included in selling and marketing expenses and administrative and other operating expenses	<u>4,382</u>	<u>4,166</u>
Reversal of impairment of accounts receivable	–	(84)
Write-down of other non-current assets	6,876	660
Impairment of inventories	–	1,158
Impairment of prepayment	–	1,185
Government subsidies*	<u>(113)</u>	<u>(1,987)</u>

* *There are no unfulfilled conditions or contingencies relating to the subsidies.*

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	4,675	8,813
Interest on lease liabilities	106	134
Interest arising from revenue contracts	<u>18,298</u>	<u>42,296</u>
Total interest	23,079	51,243
Less: Interest capitalised in properties under development	<u>(21,048)</u>	<u>(48,625)</u>
Total finance costs	<u><u>2,031</u></u>	<u><u>2,618</u></u>

8. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong		
Underprovision/(overprovision) in prior years	15	(4,300)
Current — the Mainland China		
Corporate income tax		
Charge for the year	46,867	144,326
Overprovision in prior years	(42,244)	–
Land appreciation tax		
Charge for the year	25,255	88,705
Deferred tax	<u>(295,980)</u>	<u>(221,218)</u>
Total tax (credit)/charge for the year	<u><u>(266,087)</u></u>	<u><u>7,513</u></u>

9. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: nil). No interim dividend was declared during the year (2021: nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share (2021: earnings per share) is based on the loss for the year attributable to owners of the Company of approximately HK\$269,993,000 (2021: profit for the year attributable to owners of the Company of approximately HK\$2,983,000) and the number of ordinary shares of 5,779,196,660 (2021: 5,779,196,660) in issue during the year.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share since there were no dilutive potential shares in issue during both years.

11. INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount at the beginning of the year	442,045	434,440
Changes in fair value	(40,721)	(3,145)
Exchange realignment	5,393	10,750
	<u>442,045</u>	<u>434,440</u>
Carrying amount at the end of the year	<u><u>406,717</u></u>	<u><u>442,045</u></u>

12. ACCOUNTS RECEIVABLE

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Rental income is received in advance. Proceeds from sale of properties are received in advance or upon delivery of the completed properties to customers. For customer with long-term business relationship, a longer credit period may be granted. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable (mainly arising from printing business) based on the invoice date and net of loss allowance at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	21,588	16,866
31 to 60 days	3,427	6,153
61 to 90 days	8,293	12,926
Over 90 days	19,779	16,049
	<u>53,087</u>	<u>51,994</u>

13. ACCOUNTS PAYABLE

An aging analysis of accounts payable at the end of the reporting periods based on the date of suppliers' invoices is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	110,059	95,289
31 to 60 days	8,335	10,802
61 to 90 days	19,695	16,304
Over 90 days	23,459	62,435
	<u>161,548</u>	<u>184,830</u>

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2022 (2021: nil). No interim dividend was declared and paid during the year (2021: nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Wednesday, 31 August 2022 (the “AGM”). Notice of the AGM will be published and issued to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders’ rights to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 26 August 2022 to Wednesday, 31 August 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, unregistered holders of shares should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the “**Branch Share Registrar**”), at 17th floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 25 August 2022.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 15 August 2022, the Branch Share Registrar, will change its address from Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

**17th Floor, Far East Finance Centre
No. 16 Harcourt Road
Hong Kong**

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of financial performance

For the year ended 31 March 2022, the Group recorded a consolidated revenue of approximately HK\$1,587 million (2021: HK\$2,141 million), representing a decrease of 26% from the last year. The drop in revenue was mainly resulted from the decrease in sales of residential units of a property development project in Zigong City, Sichuan Province, the People's Republic of China (the "PRC").

Consequently, the Group's gross profit decreased by 51% from the last corresponding year to approximately HK\$57 million (2021: HK\$118 million). The Group's gross margin dropped to 4% (2021: 5%) of the consolidated revenue, as a result of lower gross margin recorded from the residential units sold in Zigong City. The printing business was able to maintain similar gross margin of last financial year after spending efforts to lower the production costs while sustaining market share expansion.

During the year under review, a provision for impairment of stock of properties of approximately HK\$418 million (2021: nil) was charged to the consolidated income statement for the property development project in Zigong City. Liquidity issues of numerous property developers emerged during the current financial year and the market-cooling 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. Property developers of non-first-tier cities react by triggering price discounting to spur home sales and recoup cash. Moreover, the escalating construction costs inflation 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 31 March 2022 in accordance with the relevant accounting policies of the Company.

The Group's selling and marketing expenses increased to approximately HK\$58 million (2021: HK\$43 million), which was corresponded to the increase in marketing efforts to encounter the contractionary pressure in residential properties market during the year. The administrative and other operating expenses maintained at similar level of approximately HK\$53 million (2021: HK\$53 million).

The Group's other income, expense and net losses and fair value change of financial assets at fair value through profit or loss amounted to a net loss of approximately HK\$22 million (2021: HK\$5 million). The amount mainly included the fair value drop on mark-to-market valuation of quoted bonds portfolio of approximately HK\$12 million (2021: gain of HK\$7 million), write-down on other non-current assets of approximately HK\$7 million (2021: HK\$1 million) and termination benefit costs of approximately HK\$6 million (2021: nil).

The fair value loss from revaluation of investment properties as at 31 March 2022 amounted to approximately HK\$41 million (2021: HK\$3 million). The market values of certain investment properties as at 31 March 2022 were being affected by the weak market sentiment resulting from the temporary quarantine measures for the novel coronavirus, despite that stable rental income continues to be generated from such properties.

The Group's finance costs amounted to approximately HK\$2 million (2021: HK\$3 million), which were mainly related to interest charged by bank borrowings to finance the general working capital of the Group during the year.

During the year under review, the Group recorded a loss before tax of approximately HK\$536 million (2021: profit before tax of approximately HK\$10 million), which was attributed to the following operating segments and factors:

- (i) Property development — loss of approximately HK\$459 million (2021: profit of approximately HK\$33 million);
- (ii) Printing business — profit of approximately HK\$4 million (2021: loss of approximately HK\$3 million);
- (iii) Property investment — loss of approximately HK\$39 million (2021: profit of approximately HK\$5 million);
- (iv) Treasury — loss of approximately HK\$11 million (2021: profit of approximately HK\$12 million);
- (v) Net corporate expenses and other businesses of approximately HK\$29 million (2021: HK\$34 million); and
- (vi) Finance costs of approximately HK\$2 million (2021: HK\$3 million).

Loss for the year attributable to owners of the Company amounted to approximately HK\$270 million (2021: profit of HK\$3 million), and loss per share was 4.67 HK cents (2021: earnings per share of 0.05 HK cent). The turnaround of the Group's results was mainly affected by the net loss after tax of the property development business, mainly resulting from the provision for impairment of stock of properties made as at 31 March 2022 for the property development project in Zigong City.

Review of financial position

Regarding the Group's financial position as at 31 March 2022, total assets decreased by 51% to approximately HK\$1,528 million (2021: HK\$3,096 million), which was mainly due to the recognition of carrying costs of stock of properties to costs of properties sold arising from the scheduled bulk delivery of presold properties during the year. As at 31 March 2022, net current assets amounted to approximately HK\$246 million (2021: HK\$732 million), whereas current ratio deriving from the ratio of current assets to current liabilities amounted to 1.30 times (2021: 1.39 times). Such changes were affected by the provision for impairment of stock of properties made as at 31 March 2022 for the property development project in Zigong City.

The net cash outflow from operating activities was approximately HK\$16 million (2021: net cash inflow of approximately HK\$30 million). The net cash outflow from investing activities was approximately HK\$30 million (2021: net cash inflow of approximately HK\$9 million). Taking into account the net cash outflow from financing activities of approximately HK\$51 million (2021: HK\$169 million), the Group recorded a net decrease in cash and cash equivalents of approximately HK\$97 million (2021: HK\$130 million). After accounting for the exchange gain on cash and cash equivalents of approximately HK\$2 million during the year under review, the balance of cash and cash equivalents (excluding restricted bank balance of approximately HK\$15 million) amounted to approximately HK\$54 million as at 31 March 2022 (2021: HK\$149 million).

Shareholders' funds attributable to owners of the Company decreased by 27% to approximately HK\$653 million (2021: HK\$899 million), representing HK\$0.11 per share (2021: HK\$0.16 per share) as at 31 March 2022. The change in equity was resulted from the net loss for the year of approximately HK\$270 million, and after net of the Renminbi exchange gain arising from translation of foreign operations of approximately HK\$24 million during the year under review.

Review of operations and business development

Property development business

The property development business involves the development, sale and trading of real estate properties principally in Mainland China. It recorded an operating loss of approximately HK\$459 million (2021: operating profit of approximately HK\$33 million) for the year. The operating loss was mainly resulted from the provision for impairment of stock of properties relating to the high-end residential villas and car parks of approximately HK\$418 million (2021: nil) for the property development project in Zigong City, as being affected by the liquidity crisis of property developers to recoup cash by lowering price and the escalating inflationary construction costs. The project contributed revenue of approximately HK\$1,327 million (2021: HK\$1,928 million) to the Group, which was generated from the delivery of residential units with gross floor area of approximately 186,000 square meters (“sq m”) (2021: 258,000 sq m) during the year.

On 1 August 2019, the Group acquired a residential property development business containing three plots of land forming part of the Zhonggang Shenhai Forest Project (中港欒海森林項目), located in the high-tech industrial development zone of the Yanluyu District of Wolong Lake in Zigong City, Sichuan Province, the PRC (中國四川省自貢市高新技術產業開發區高新臥龍湖鹽鹵浴片區). Despite the gross floor area of approximately 190,000 sq m being sold and delivered before the date of acquisition, the three plots of land have an aggregate remaining gross floor area of approximately 500,000 sq m available for sales recognition subsequent to 1 August 2019. As at 31 March 2022, out of this gross floor area of approximately 500,000 sq m, completed residential units with gross floor area of approximately 458,000 sq m had been delivered to customers and residential units under development with gross floor area of approximately 12,000 sq m had been presold and not yet delivered. As at 31 March 2022, the total carrying value of the completed properties for sale and properties under development in Zigong City amounted to approximately HK\$692 million (2021: HK\$1,952 million).

As at 31 March 2022, the Group also held 18 units of residential villas for sale at the estate Ju Hao Shan Zhuang (also known as Beverly Hills) situated in Changsha City, Hunan Province, the PRC, with total gross floor area of approximately 5,600 sq m and carrying value of approximately HK\$57 million (2021: HK\$55 million). The management has negotiated with potential customers for sales of the properties and such negotiation is yet to conclude. With reference to the latest regional urban planning and development of Changsha City, the management is optimistic about the prospects of these higher-end residential properties and expects to bring substantial yield to the Group.

Benefiting from the expertise of our residential development projects, the Group is exploring business opportunities for the property development business.

Printing business

The printing business includes the manufacture and sale of printed products, including art books, packaging boxes and children's books, with the production facilities located in Huizhou City, Guangdong Province, the PRC. It recorded an operating profit of approximately HK\$4 million (2021: operating loss of HK\$3 million) for the year under review.

After spending efforts to lower the production costs while sustaining market share expansion, the revenue of the printing business recorded an increase to approximately HK\$248 million (2021: HK\$195 million) for the year under review. A profit margin similar to last financial year was being maintained by adopting various cost control measures and by enhancing its competitive edge in innovative design, quality management and production resources. The management also reacts promptly to reduce the market challenges to a minimum by devising various modernized sourcing, manufacturing, distribution, logistics and market segmentation solutions.

The management remains cautiously optimistic about the growth momentum in the global book printing and paper packaging markets, and appropriate risk management and prompt business deployment have been carried out to channel threats into growth opportunities.

Property investment business

The property investment business involves the investment and leasing of real estate properties, which recorded an operating loss of approximately HK\$39 million (2021: operating profit of approximately HK\$5 million) for the year under review. The loss was mainly attributed to the unrealised revaluation loss of the investment properties located in Hong Kong and Mainland China of approximately HK\$41 million (2021: HK\$3 million), which their market values as at 31 March 2022 were adversely affected by the weak market sentiment resulting from the temporary quarantine measures for the novel coronavirus.

As at 31 March 2022, the Group held the following investment properties carried at fair market value of approximately HK\$407 million (2021: HK\$442 million), which contributed rental income of approximately HK\$9 million (2021: HK\$11 million) during the year:

Location	Gross Floor Area	Usage
Investment properties in Hong Kong		
Shop B, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon	1,014 square feet ("sq ft")	Commercial
Shop D, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon	1,293 sq ft	Commercial
Shops 3, 4, 5, Parkes Residence, No. 101 Parkes Street, Kowloon	2,090 sq ft	Commercial
Investment properties in Mainland China		
Level 6, Chengdu Digital Plaza, No. 1 Renmin South Road Fourth Portion, Wuhou District, Chengdu City, Sichuan Province, the PRC	4,255 sq m	Commercial
Units 01, 02, 03, 06 and 07, 38th Floor, R&F Yingkai Square, No. 16 Huaxia Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	895 sq m	Office

The Group remains cautiously optimistic about the prospect of the property investment business. The portfolio of investment properties was acquired for long term investment purpose so as to provide a stable income stream to the Group. The Group keeps on monitoring the capital change and rental yields of the portfolio and considers to rebalance the investment portfolio when ideal opportunities arise.

Treasury business

The treasury business involves the investment and trading of debts, equity and other treasury instruments, as well as the licensed regulated activities namely advising on securities (Type 4) and asset management (Type 9) under the Securities and Future Ordinance (Chapter 571 of the Law of Hong Kong) in Hong Kong commenced during the year. An operating loss of approximately HK\$11 million (2021: operating profit of approximately HK\$12 million) was recorded for the year under review, which was mainly affected by an unrealised fair value loss of mark-to-market valuation of the corporate bonds portfolio as at 31 March 2022 of approximately HK\$12 million (2021: gain of approximately HK\$7 million). During the year, the portfolio of high-yield corporate bonds generated interest income of approximately HK\$2 million (2021: HK\$5 million).

As at 31 March 2022, the Group held high-yield listed corporate bonds carried at mark-to-market valuation of approximately HK\$2 million (2021: HK\$43 million), equivalent to approximately 0.1% (2021: 1%) of the Group's total assets. Considering the high volatility in returns of the fixed-income market during the year, the Group had strategically reduced the investment portfolio of corporate bonds. The corporate bonds held by the Group as at 31 March 2022 represented bonds issued by a Hong Kong listed property developer with maturity within one year.

The Group remains cautious to monitor the investment portfolio's underlying price risk and credit risk by adopting an optimal risk-return balance investment strategy. In order to capture opportunities in the Hong Kong asset management market emerging from being a leading global financial hub with wealth management connect in the Greater Bay Area, the Group is exploring into the financial and asset management services markets.

Liquidity and capital resources

As at 31 March 2022, the Group's total assets amounted to approximately HK\$1,528 million (2021: HK\$3,096 million), which were financed by shareholders' funds and various credit facilities. Banking facilities are maintained to finance the Group's working capital and committed capital expenditures, which bear interest at market rate with contractual terms of repayment ranging from within one year to five years. The Group adopts a treasury policy to maximize the return on equity, which manages the funding requirements for new capital projects by considering all available options including a hybrid of debt and equity financing.

The Group mainly generated income and incurred costs in Hong Kong dollar, Renminbi and United States dollar. During the year, no financial instruments had been used for hedging purpose, and no foreign currency net investments had been hedged by currency borrowings or other hedging instruments. The Group manages the exposures of fluctuation on exchange rate and interest rate on individual transaction basis.

As at 31 March 2022, the Group's bank borrowings amounted to approximately HK\$175 million (2021: HK\$219 million) and were repayable on demand or within one year. The bank borrowings bore interest at floating rate, approximately HK\$166 million (2021: HK\$205 million) of which were denominated in Hong Kong dollar, approximately HK\$9 million (2021: HK\$12 million) of which were denominated in Renminbi and approximately HK\$0.1 million (2021: HK\$2 million) of which were denominated in United States dollar. The Group's gearing ratio was 0.27 (2021: 0.24), which was calculated based on the ratio of total bank borrowings of approximately HK\$175 million (2021: HK\$219 million) to the shareholders' funds of approximately HK\$653 million (2021: HK\$899 million).

As at 31 March 2022, the Group's cash and cash equivalents amounted to approximately HK\$69 million (2021: HK\$178 million), which included restricted bank balances of approximately HK\$15 million (2021: HK\$29 million). Approximately HK\$25 million (2021: HK\$42 million) of the Group's cash and cash equivalents were denominated in Hong Kong dollar, approximately HK\$9 million (2021: HK\$61 million) were denominated in United States dollar, approximately HK\$34 million (2021: HK\$73 million) were denominated in Renminbi and approximately HK\$1 million (2021: HK\$2 million) were denominated in other currencies. As at 31 March 2022, the Group had a net debt position (being bank borrowings net of cash and cash equivalents) of approximately HK\$106 million (2021: HK\$41 million).

Outlook

The post-pandemic global economic recovery continues, while the supply chain disruption and inflation dynamics pose challenges to the recovery momentum. Central banks worldwide are trying to alleviate the threat to economic growth and labor market recovery brought by rising interest rate and liquidity tightening. Consequently, investors are becoming more cautious and conservative, with growing interest in making quality impact investments and capturing alternative market opportunities with strong fundamentals to achieve investment diversification. The change in investment sentiments has also induced the volatility in evaluating the real estate investing and fixed-income investing returns.

The Group has succeeded in refining its development strategy to expand the property development business and has brought substantial business growth to the Group. The Group remains optimistic about the economic benefits to be brought by the project's competitive edges through its expertise resources and privileged natural environment. Leveraging on the effective risk management and internal control systems, we are staying particular alert to market value volatility of our investment portfolios. Anchored by decades of remarkable operation of the printing business, we are seeking further business development in growth-enhancing investment opportunities of various industries.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group provided financial guarantees in respect of mortgage loans made by certain banks to certain purchasers of the properties in the PRC, either directly provided to the banks or to the housing provident fund management center who arranged the bank mortgage, which amounted to approximately HK\$1,369 million (2021: HK\$1,818 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group employed 237 staff and workers (2021: 450). The Group provides its employees with benefits including performance-based bonus, retirement benefits contribution, medical insurance and staff training. Also, the Company adopts a share option scheme to provide alternative means to align the employees' career goal with the Group's business strategy.

PLEDGE OF ASSETS

As at 31 March 2022, the Group pledged certain assets including right-of-use assets and owned assets under property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of approximately HK\$289 million (2021: HK\$320 million) to secure bank facilities of the Group. The bank facilities of the Group are also secured by charges over equity interests in certain subsidiaries of the Group.

COMMITMENTS

As at 31 March 2022, the Group did not have capital expenditure contracted for but not provided for in the consolidated financial statements (2021: approximately HK\$3 million in respect of acquisition of an equity).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

CORPORATE GOVERNANCE

The Company has applied the principles of and has complied with all code provisions contained in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the year ended 31 March 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiries by the Company, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2022.

COMPETING INTERESTS

During the year ended 31 March 2022, none of the Directors or their respective close associates had any interest in a business that compete or is likely compete with the business of the Group.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s results for the year ended 31 March 2022 as set out in this preliminary results announcement have been agreed by the Group’s independent auditor, Moore Stephens CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this preliminary results announcement.

AUDIT COMMITTEE

An audit committee has been established by the Company (the “**Audit Committee**”) with clear terms of reference. The current members of the Audit Committee are three independent non-executive Directors, namely Mr. Ho Man (chairman of the Audit Committee), Mr. Xu Jianfeng and Mr. Wang Zhengjun.

The principal duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or independent auditor before submission to the Board; reviewing and supervising the Group’s financial reporting process and its risk management and internal control systems, and reviewing the relationship with and the terms of appointment of the independent auditor and making relevant recommendation to the Board.

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 March 2022, including the accounting principles and practices adopted by the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float as required by the Listing Rules throughout the year ended 31 March 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities listed and traded on the Stock Exchange (2021: nil).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange (www.hkexnews.hk) and the Company (www.mcgroup.hk.com). The annual report of the Company for the year ended 31 March 2022 containing all applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

We would like to take this opportunity to express our gratitude to our shareholders, customers and partners for their continuous support and confidence in the Group, as well as our appreciation to our executives and staff for their dedication and contribution throughout the year.

By Order of the Board
Magnus Concordia Group Limited
Zeng Zhu
Director

Hong Kong, 29 June 2022

As at the date of this announcement, Ms. Au Hoi Lee Janet, Ms. Zeng Zhu and Mr. Liang Fan are the executive directors of the Company, and Mr. Ho Man, Mr. Xu Jianfeng and Mr. Wang Zhengjun are the independent non-executive directors of the Company.