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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 2024**

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 2024 with the corresponding comparative figures for the year ended 31 March 2023 as follows:

FINANCIAL HIGHLIGHTS			
	For the year ended		
	31 March 2024	31 March 2023	Change
Revenue	HK\$271 million	HK\$417 million	-35%
Gross profit	HK\$50 million	HK\$58 million	-14%
Loss attributable to owners of the Company	HK\$(117) million	HK\$(353) million	-67%
Loss per share	(2.03) HK cents	(6.11) HK cents	-67%
	As at		
	31 March 2024	31 March 2023	Change
Shareholders’ funds	HK\$142 million	HK\$265 million	-46%
Net asset value per share	HK\$0.02	HK\$0.05	-60%

RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	271,012	416,828
Cost of sales		<u>(221,481)</u>	<u>(358,739)</u>
Gross profit		49,531	58,089
Other income, expense and net losses	6	(7,277)	(20,758)
Selling and marketing expenses		(15,249)	(23,605)
Administrative and other operating expenses		(66,482)	(52,862)
Impairment of stock of properties	7	(4,548)	(317,400)
Impairment of accounts receivable		(2,960)	(2,754)
Change in fair value of investment properties	13	(71,650)	1,608
Fair value change of financial assets at fair value through profit or loss		<u>(488)</u>	<u>(340)</u>
Operating loss	8	(119,123)	(358,022)
Finance costs	9	<u>(10,151)</u>	<u>(2,727)</u>
Loss before tax		(129,274)	(360,749)
Income tax credit	10	<u>11,857</u>	<u>7,902</u>
Loss for the year		<u>(117,417)</u>	<u>(352,847)</u>
Other comprehensive loss:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(5,767)</u>	<u>(34,374)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(123,184)</u>	<u>(387,221)</u>
Basic and diluted loss per share (HK cents)	12	<u>(2.03)</u>	<u>(6.11)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		11,427	13,782
Right-of-use assets		13,396	3,633
Investment properties	<i>13</i>	320,804	398,771
Other assets		16,407	24,162
Deferred tax assets		3,473	–
Total non-current assets		365,507	440,348
CURRENT ASSETS			
Inventories		10,197	11,219
Completed properties for sale		262,501	410,186
Accounts receivable	<i>14</i>	32,848	41,897
Prepayments, other receivables and other assets		48,659	60,950
Financial assets at fair value through profit or loss		–	1,288
Restricted bank balances		8	883
Cash and bank balances		35,308	37,002
Total current assets		389,521	563,425
CURRENT LIABILITIES			
Accounts payable	<i>15</i>	65,965	130,896
Accrued charges and other payables		52,654	50,148
Contract liabilities		8,484	19,028
Bank and other borrowings		129,432	165,862
Tax payable		297,625	309,777
Lease liabilities		1,523	1,100
Total current liabilities		555,683	676,811
NET CURRENT LIABILITIES		(166,162)	(113,386)
TOTAL ASSETS LESS CURRENT LIABILITIES		199,345	326,962

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Bank and other borrowings	26,379	22,980
Deferred tax liabilities	21,347	38,661
Lease liabilities	9,482	–
	<hr/>	<hr/>
Total non-current liabilities	57,208	61,641
	<hr/>	<hr/>
NET ASSETS	142,137	265,321
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	577,920	577,920
Deficit	(435,783)	(312,599)
	<hr/>	<hr/>
TOTAL EQUITY	142,137	265,321
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Magnus Concordia Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Units 02–03, 7/F, Tung Wai Commercial Building, 109–111 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively referred as the “**Group**”) are property development, manufacturing and trading of printed products, property investment and treasury business.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong, and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in the consolidated financial statements.

4. 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 certain cash and bank balances, short-term deposits, property, plant and equipment and right-of-use assets that are managed on a group basis.

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

The segment information by business lines is as follows:

	Property development HK\$'000	Printing HK\$'000	Property investment HK\$'000	Treasury HK\$'000	Others and corporate HK\$'000	Total HK\$'000
For the year ended 31 March 2024						
Segment revenue						
Sales to external customers	<u>132,665</u>	<u>130,915</u>	<u>7,432</u>	<u>-</u>	<u>-</u>	<u>271,012</u>
(LBITDA)/EBITDA	<u>(34,630)</u>	<u>8,024</u>	<u>(74,108)</u>	<u>(1,249)</u>	<u>(12,430)</u>	<u>(114,393)</u>
Depreciation	<u>-</u>	<u>(3,108)</u>	<u>(92)</u>	<u>-</u>	<u>(1,530)</u>	<u>(4,730)</u>
Segment results — (LBIT)/EBIT	<u>(34,630)</u>	<u>4,916</u>	<u>(74,200)</u>	<u>(1,249)</u>	<u>(13,960)</u>	<u>(119,123)</u>
Finance costs						<u>(10,151)</u>
Loss before tax						<u>(129,274)</u>
Income tax credit						<u>11,857</u>
Loss for the year						<u>(117,417)</u>
As at 31 March 2024						
Total assets	<u>303,572</u>	<u>76,533</u>	<u>347,788</u>	<u>373</u>	<u>26,762</u>	<u>755,028</u>
Total liabilities	<u>397,422</u>	<u>64,838</u>	<u>29,448</u>	<u>246</u>	<u>120,937</u>	<u>612,891</u>
	Property development HK\$'000	Printing HK\$'000	Property investment HK\$'000	Treasury HK\$'000	Others and corporate HK\$'000	Total HK\$'000
For the year ended 31 March 2023						
Segment revenue						
Sales to external customers	<u>235,374</u>	<u>175,224</u>	<u>6,230</u>	<u>-</u>	<u>-</u>	<u>416,828</u>
(LBITDA)/EBITDA	<u>(329,424)</u>	<u>1,239</u>	<u>5,048</u>	<u>(1,524)</u>	<u>(27,058)</u>	<u>(351,719)</u>
Depreciation	<u>(37)</u>	<u>(4,730)</u>	<u>(159)</u>	<u>-</u>	<u>(1,377)</u>	<u>(6,303)</u>
Segment results — (LBIT)/EBIT	<u>(329,461)</u>	<u>(3,491)</u>	<u>4,889</u>	<u>(1,524)</u>	<u>(28,435)</u>	<u>(358,022)</u>
Finance costs						<u>(2,727)</u>
Loss before tax						<u>(360,749)</u>
Income tax credit						<u>7,902</u>
Loss for the year						<u>(352,847)</u>
As at 31 March 2023						
Total assets	<u>470,226</u>	<u>88,474</u>	<u>427,833</u>	<u>1,586</u>	<u>15,654</u>	<u>1,003,773</u>
Total liabilities	<u>491,003</u>	<u>81,717</u>	<u>39,354</u>	<u>88</u>	<u>126,290</u>	<u>738,452</u>

Geographical segment information

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

	Revenue	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	140,417	263,862
Hong Kong	7,697	11,202
United States of America	70,296	77,033
United Kingdom	27,119	29,072
France	11,239	8,575
Other regions	14,244	27,084
	271,012	416,828
	271,012	416,828

	Non-current assets	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	119,305	130,863
Hong Kong	246,202	309,485
	365,507	440,348
	365,507	440,348

Information about major customers

During the year, none of the customers (2023: nil) of the Group contributed over 10% of the total revenue of the Group.

5. REVENUE

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of properties	132,665	235,374
Sale of printed products	130,915	175,147
Others	–	77
	<u>263,580</u>	<u>410,598</u>
<i>Revenue from other sources</i>		
Rental income	<u>7,432</u>	<u>6,230</u>
Total revenue	<u><u>271,012</u></u>	<u><u>416,828</u></u>

Revenue from the sale of goods is recognised at a point in time when the goods are transferred and the control has been passed to customers, since only at that point in time the Group has an enforceable right to payment for the goods delivered.

Revenue from the sale of properties is recognised at a point in time when the completed properties are delivered to the buyers.

6. OTHER INCOME, EXPENSE AND NET LOSSES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	580	206
Sales of scrap materials	92	334
Other service income	582	2,237
Gain on disposal of property, plant and equipment	1,530	80
Write-down of other assets	(7,755)	(165)
Impairment of prepayments	(780)	(6,001)
Termination benefits costs	(292)	(3,070)
Net exchange gain/(loss)	1,058	(816)
Sundries	<u>(2,292)</u>	<u>(13,563)</u>
	<u><u>(7,277)</u></u>	<u><u>(20,758)</u></u>

7. IMPAIRMENT OF STOCK OF PROPERTIES

An analysis of impairment of stock of properties is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Impairment of properties under development	–	63,706
Impairment of completed properties for sale	<u>4,548</u>	<u>253,694</u>
	<u><u>4,548</u></u>	<u><u>317,400</u></u>

8. OPERATING LOSS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold (printing business)	99,713	140,901
Carrying amounts of properties sold	121,132	216,803
Depreciation of right-of-use assets	1,613	1,515
Depreciation of property, plant and equipment	3,117	4,788
Less: Amount capitalised and included in cost of inventories sold for printing business	<u>(1,329)</u>	<u>(2,352)</u>
Depreciation of property, plant and equipment included in selling and marketing expenses and administrative and other operating expenses	<u>1,788</u>	<u>2,436</u>
Reversal of impairment of inventories	(350)	(1,767)
Impairment of accounts receivable	2,960	2,754
Impairment of prepayments	780	6,001
Write-down of other assets	7,755	165
Government subsidies*	<u>(88)</u>	<u>(770)</u>

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

9. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank and other borrowings	10,022	7,357
Interest on lease liabilities	129	44
Interest arising from revenue contracts	—	3,009
	<u>10,151</u>	<u>10,410</u>
Total interest	10,151	10,410
Less: Interest capitalised in properties under development	—	(7,683)
	<u>10,151</u>	<u>2,727</u>
Total finance costs	<u>10,151</u>	<u>2,727</u>

10. INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current — Mainland China		
Corporate income tax		
Charge for the year	3,346	1,272
Land appreciation tax		
Charge/(credit) for the year	4,917	(2,968)
Deferred tax	(20,120)	(6,206)
	<u>(11,857)</u>	<u>(7,902)</u>
Total tax credit for the year	<u>(11,857)</u>	<u>(7,902)</u>

11. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil). No interim dividend was declared during the year (2023: nil).

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$117,417,000 (2023: HK\$352,847,000) and the number of ordinary shares of 5,779,196,660 (2023: 5,779,196,660) in issue during the year.

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

13. INVESTMENT PROPERTIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Carrying amount at the beginning of the year	398,771	406,717
Changes in fair value	(71,650)	1,608
Exchange realignment	(6,317)	(9,554)
	<u>320,804</u>	<u>398,771</u>

14. ACCOUNTS RECEIVABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts receivable	38,881	44,971
Less: Impairment	(6,033)	(3,074)
	<u>32,848</u>	<u>41,897</u>

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 customers 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	11,569	11,841
31 to 60 days	5,762	10,171
61 to 90 days	6,668	5,208
Over 90 days	8,849	14,677
	<u>32,848</u>	<u>41,897</u>

15. ACCOUNTS PAYABLE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	24,967	72,194
31 to 60 days	12,374	15,973
61 to 90 days	5,272	6,482
Over 90 days	23,352	36,247
	<u>65,965</u>	<u>130,896</u>

16. EVENTS AFTER THE REPORTING PERIOD

(a) One-off waiver and repayments of bank borrowings

In respect of the bank borrowing of HK\$104,000,000 which the Group breached the financial covenant during the year, the Group has obtained a one-off waiver from the bank on 26 June 2024 for the financial covenant of the aforesaid bank borrowing that throughout the life of the facility, the Group agrees and undertakes to the bank that its consolidated tangible net worth should not at any time be less than a certain level and its consolidated total borrowings shall not at any time exceed certain percent of consolidated tangible net worth. This one-off waiver only applies to the Group's announcement of annual report for the year ended 31 March 2024. The repayment schedules of the borrowing and the repayment on demand clause remain unchanged. Further, the Group has repaid HK\$4,000,000 to the bank on 8 April 2024 in accordance with the repayment schedule.

For the remaining bank borrowings of approximately HK\$14,652,000 which the Group breached the financial covenant during the year, the Group has repaid approximately HK\$12,136,000 to the bank from April 2024 to June 2024.

(b) Disposal of investment properties

On 21 June 2024 (after trading hours), 廣州融太投資諮詢服務有限公司, an indirectly wholly-owned subsidiary of the Company, entered into four sales and purchase agreements with an independent individual in respect of the sales of four office properties in Mainland China at the aggregate consideration of approximately RMB25.56 million.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil). No interim dividend was declared and paid during the year (2023: nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Wednesday, 28 August 2024 (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, 23 August 2024 to Wednesday, 28 August 2024 (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, 22 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of financial performance

For the year ended 31 March 2024, the Group recorded a consolidated revenue of approximately HK\$271 million (2023: HK\$417 million), representing a decrease of 35% 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").

The Group's gross profit decreased by 14% from the last corresponding year to approximately HK\$50 million (2023: HK\$58 million). However, the Group's gross margin rose to 18% (2023: 14%) of the consolidated revenue, as a result of higher gross margin recorded from the sale of printed products in the printing business after spending efforts to lower the production costs. The printing business was able to expand its gross margin to 24% (2023: 20%).

During the year under review, a provision for impairment of stock of properties of approximately HK\$5 million (2023: HK\$317 million) was charged to the consolidated income statement for the property development project in Zigong City. Liquidity issues of numerous property developers in Mainland China continued to arise during the current financial year leading to a year-on-year drop in contracted residential property sales. Property developers of non-first-tier cities reacted by offering price discount to spur property sales and recoup cash. Consequently, the estimated gross margin of our high-end residential villas in Zigong City was being particularly affected and resulted in an excess of carrying values of the properties over their recoverable amounts. Accordingly, a provision for impairment on the stock of properties was made as at 31 March 2024 in accordance with the relevant accounting policies of the Company.

The Group's selling and marketing expenses dropped to approximately HK\$15 million (2023: HK\$24 million), which correlated to the decrease in revenue during the year. The administrative and other operating expenses increased to approximately HK\$66 million (2023: HK\$53 million).

The Group's other income, expense and net losses, impairment of accounts receivable and fair value change of financial assets at fair value through profit or loss amounted to a net loss of approximately HK\$11 million (2023: HK\$24 million). The amount mainly included the fair value drop on mark-to-market valuation of quoted bonds portfolio of approximately HK\$0.5 million (2023: HK\$0.3 million), impairment of accounts receivable of approximately HK\$3 million (2023: HK\$3 million), impairment of prepayments of approximately HK\$0.8 million (2023: HK\$6 million), write-down on other assets of approximately HK\$8 million (2023: HK\$0.2 million) and termination benefits costs of approximately HK\$0.3 million (2023: HK\$3 million).

The fair value loss from revaluation of investment properties as at 31 March 2024 amounted to approximately HK\$72 million (2023: gain of approximately HK\$2 million). The market values of investment properties as at 31 March 2024 were being affected by the weak market sentiment resulting from the slower-than-expected growth in Mainland China and Hong Kong's economy, despite that stable rental income continues to be generated from such properties. Moreover, a shift in the Hong Kong market was observed, with increased cross-border consumption in Mainland China. This shift contributed to a moderation in the demand of properties for retail use.

The Group's finance costs amounted to approximately HK\$10 million (2023: 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. The increase in finance costs was mainly due to the rising Hong Kong Interbank Offered Rate and no interest capitalisation in the properties under development during the year.

During the year under review, the Group recorded a loss before tax of approximately HK\$129 million (2023: HK\$361 million), which was attributed to the following operating segments and factors:

- (i) Property development — loss of approximately HK\$35 million (2023: HK\$330 million);
- (ii) Printing — profit of approximately HK\$5 million (2023: loss of approximately HK\$3 million);
- (iii) Property investment — loss of approximately HK\$74 million (2023: profit of approximately HK\$5 million);
- (iv) Treasury — loss of approximately HK\$1 million (2023: HK\$2 million);
- (v) Net corporate expenses and other businesses of approximately HK\$14 million (2023: HK\$28 million); and
- (vi) Finance costs of approximately HK\$10 million (2023: HK\$3 million).

Loss for the year attributable to owners of the Company amounted to approximately HK\$117 million (2023: HK\$353 million), and loss per share was 2.03 HK cents (2023: 6.11 HK cents). The decrease in the Group's loss was mainly due to the reduction in net loss after taxation to approximately HK\$37 million (2023: HK\$323 million) of the property development business, resulting from the drop of the provision for impairment of stock of properties made as at 31 March 2024 for the property development project in Zigong City.

Review of financial position

Regarding the Group's financial position as at 31 March 2024, total assets decreased by 25% to approximately HK\$755 million (2023: HK\$1,004 million), which was mainly due to the recognition of carrying costs of stock of properties to costs of properties sold arising from the sale of properties during the year and the fair value loss from revaluation of investment properties made as at 31 March 2024. As at 31 March 2024, net current liabilities amounted to approximately HK\$166 million (2023: HK\$113 million), whereas current ratio deriving from the ratio of current assets to current liabilities amounted to 0.70 times (2023: 0.83 times). Such changes were mainly affected by the recognition of carrying costs of stock of properties to costs of properties sold arising from the sale of properties during the year.

The net cash inflow from operating activities was approximately HK\$40 million (2023: net cash outflow of approximately HK\$35 million). The net cash inflow from investing activities was approximately HK\$2 million (2023: HK\$13 million). Taking into account the net cash outflow from financing activities of approximately HK\$43 million (2023: net cash inflow of approximately HK\$6 million), the Group recorded a net decrease in cash and cash equivalents of approximately HK\$1 million (2023: HK\$16 million). After accounting for the exchange loss on cash and cash equivalents of approximately HK\$1 million during the year under review, the balance of cash and cash equivalents amounted to approximately HK\$35 million as at 31 March 2024 (2023: HK\$37 million).

Shareholders' funds attributable to owners of the Company decreased by 46% to approximately HK\$142 million (2023: HK\$265 million), representing HK\$0.02 per share (2023: HK\$0.05 per share) as at 31 March 2024. The change in equity was resulted from the net loss for the year of approximately HK\$117 million (2023: HK\$353 million), and after net of the Renminbi exchange loss arising from translation of foreign operations of approximately HK\$6 million (2023: HK\$34 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\$35 million (2023: HK\$330 million) for the year. The operating loss was mainly resulted from the provision for impairment of stock of properties relating to the residential properties of approximately HK\$5 million (2023: HK\$317 million) for the property development project in Zigong City, which was affected by the liquidity crisis of property developers to recoup cash by lowering price. The project contributed revenue of approximately HK\$85 million (2023: HK\$225 million) to the Group, which was generated from the sale of residential units with gross floor area of approximately 7,000 square meters (“sq m”) (2023: 17,000 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 (中港榮海森林項目), 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 2024, out of this gross floor area of approximately 500,000 sq m, completed residential units with gross floor area of approximately 482,000 sq m had been delivered to customers. As at 31 March 2024, the carrying value of the completed properties for sale in Zigong City amounted to approximately HK\$263 million (2023: HK\$366 million).

As at 31 March 2023, the Group also held 15 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 4,700 sq m and carrying value of approximately HK\$44 million. During the year ended 31 March 2024, 15 units (2023: 3 units) of residential villas with gross floor area of approximately 4,700 sq m (2023: 900 sq m) had been sold and contributed revenue of approximately HK\$48 million (2023: HK\$10 million) to the Group.

The Group remains cautious in monitoring the real estate market in Mainland China in order to continue to optimise the operations of property development business to maximise return for its shareholders.

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\$5 million (2023: operating loss of approximately HK\$3 million) for the year under review.

Under the influence of the soft demand of printed products resulting from the decelerating economic growth momentum under the high inflationary environment in Europe and the United States of America, the revenue of the printing business recorded a decline to approximately HK\$131 million (2023: HK\$175 million) for the year under review. However, the gross margin compared to last financial year has improved 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\$74 million (2023: operating profit of approximately HK\$5 million) for the year under review. The loss was mainly resulted from the unrealised revaluation loss of the investment properties located in Hong Kong and Mainland China of approximately HK\$72 million (2023: gain of approximately HK\$2 million), which their market values as at 31 March 2024 were being affected by the weak market sentiment resulting from the slower-than-expected growth in Mainland China and Hong Kong's economy. Moreover, a shift in the Hong Kong market was observed, with increased cross-border consumption in Mainland China. This shift contributed to a moderation in the demand of properties for retail use.

As at 31 March 2024, the Group held the following investment properties carried at fair market value of approximately HK\$321 million (2023: HK\$399 million), which contributed rental income of approximately HK\$7 million (2023: HK\$6 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. An operating loss of approximately HK\$1 million (2023: HK\$2 million) was recorded for the year under review, which was mainly affected by an fair value loss of the corporate bonds portfolio as at 31 March 2024 of approximately HK\$0.5 million (2023: HK\$0.3 million).

Considering the high volatility in returns of the fixed-income market during the year, the Group had strategically sold all the remaining corporate bonds.

In order to capture opportunities in the Hong Kong asset management market emerging from being a leading global financial hub within the Greater Bay Area, the Group is exploring into the financial and asset management services markets.

Liquidity and capital resources

As at 31 March 2024, the Group's total assets amounted to approximately HK\$755 million (2023: HK\$1,004 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 2024, the Group's bank and other borrowings amounted to approximately HK\$156 million (2023: HK\$189 million) while bank borrowings approximately HK\$129 million (2023: HK\$161 million) which were repayable on demand or within one year. The bank borrowings bore interest at floating rate, approximately HK\$118 million (2023: HK\$157 million) of which were denominated in Hong Kong dollar, approximately HK\$11 million (2023: HK\$3 million) of which were denominated in Renminbi and nil (2023: HK\$1 million) of which were denominated in United States dollar. The Group's gearing ratio was 1.10 (2023: 0.71), which was calculated based on the ratio of total bank and other borrowings of approximately HK\$156 million (2023: HK\$189 million) to the shareholders' funds of approximately HK\$142 million (2023: HK\$265 million).

As at 31 March 2024, the Group's cash and cash equivalents and restricted bank balances amounted to approximately HK\$35 million (2023: HK\$37 million) and approximately HK\$0.01 million (2023: HK\$1 million) respectively. Approximately HK\$12 million (2023: HK\$20 million) of the Group's cash and cash equivalents and restricted bank balances were denominated in Hong Kong dollar, approximately HK\$1 million (2023: HK\$3 million) were denominated in United States dollar, approximately HK\$22 million (2023: HK\$15 million) were denominated in Renminbi and approximately HK\$0.2 million (2023: HK\$0.2 million) were denominated in other currencies. As at 31 March 2024, the Group had a net debt position (being bank and other borrowings net of cash and cash equivalents and restricted bank balances) of approximately HK\$121 million (2023: HK\$151 million).

Outlook

Looking ahead to 2024, it is anticipated that inflation will decelerate towards the end of the year. Although interest rates in major global economies remain elevated in the first half of 2024, they are likely to begin a gradual decline. This trend will set the stage for a stable reduction in interest rates over the coming years, fostering a recovery in global economic growth. It is expected that the Chinese government will intensify its efforts to stabilise macroeconomic growth, leading to gradual improvements in key economic indicators. The Chinese economy is projected to make consistent progress while maintaining stability.

Although economic recovery is expected, we believe that investors will maintain a cautious and conservative approach, only considering high-quality and impactful investments and seizing opportunities that have a solid foundation in the market to achieve risk diversification. Changes in investment sentiment will also result in fluctuations in the evaluation of real estate investment and fixed income investment returns.

Leveraging on the effective risk management and internal control systems, the Group is staying particular alert to market value volatility of our investment portfolios. Supported by decades of remarkable operation of the printing business, the Group is seeking further business development in growth-enhancing investment opportunities in various industries.

CONTINGENT LIABILITIES

As at 31 March 2024, 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\$706 million (2023: HK\$1,061 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed 119 staff and workers (2023: 157). 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 2024, the Group pledged certain assets including right-of-use assets, property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of approximately HK\$234 million (2023: HK\$297 million) to secure bank facilities of the Group. The bank facilities of the Group are also secured by charges over equity interests in a subsidiary of the Group.

COMMITMENTS

As at 31 March 2024, the Group did not have capital expenditure contracted for but not provided for in the consolidated financial statements (2023: nil).

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 2024.

EVENTS AFTER THE REPORTING PERIOD

(a) One-off waiver and repayments of bank borrowings

In respect of the bank borrowing of HK\$104,000,000 which the Group breached the financial covenant during the year, the Group has obtained a one-off waiver from the bank on 26 June 2024 for the financial covenant of the aforesaid bank borrowing that throughout the life of the facility, the Group agrees and undertakes to the bank that its consolidated tangible net worth should not at any time be less than a certain level and its consolidated total borrowings shall not at any time exceed certain percent of consolidated tangible net worth. This one-off waiver only applies to the Group's announcement of annual report for the year ended 31 March 2024. The repayment schedules of the borrowing and the repayment on demand clause remain unchanged. Further, the Group has repaid HK\$4,000,000 to the bank on 8 April 2024 in accordance with the repayment schedule.

For the remaining bank borrowings of approximately HK\$14,652,000 which the Group breached the financial covenant during the year, the Group has repaid approximately HK\$12,136,000 to the bank from April 2024 to June 2024.

(b) Disposal of investment properties

On 21 June 2024 (after trading hours), 廣州融太投資諮詢服務有限公司, an indirectly wholly-owned subsidiary of the Company, entered into four sales and purchase agreements with an independent individual in respect of the sales of four office properties in Mainland China at the aggregate consideration of approximately RMB25.56 million.

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 C1 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 2024.

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 C3 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 2024.

COMPETING INTERESTS

During the year ended 31 March 2024, 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 consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this preliminary results announcement have been agreed by the Group’s independent auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA 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 opinion or assurance conclusion has been expressed by ZHONGHUI ANDA 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. Liu Ying Shun (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 2024, including the accounting principles and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 March 2024.

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which mentions that the Group incurred a loss of HK\$117,417,000 for the year ended 31 March 2024 and as at 31 March 2024 the Group had net current liabilities of HK\$166,162,000. In addition, the Group’s bank loans with the aggregate amount of HK\$118,652,000 as at 31 March 2024 contain repayment on demand clause and financial covenants which were breached during the year ended 31 March 2024, as detailed in note 32 to the consolidated financial statements. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2024, 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 (2023: 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). The annual report of the Company for the year ended 31 March 2024 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
Mou Li
Director

Hong Kong, 27 June 2024

As at the date of this announcement, the executive directors of the Company are Ms. Mou Li and Mr. Liang Fan, and the independent non-executive directors of the Company are Mr. Xu Jianfeng, Mr. Wang Zhengjun and Mr. Liu Ying Shun.