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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Magnus Concordia Group Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2024 with the corresponding comparative figures as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended		
	30 September 2024	30 September 2023	**Change**
Revenue	**HK$101 million**	HK$176 million	**-43%**
Gross profit	**HK$21 million**	HK$31 million	**-32%**
Loss attributable to owners of the Company	**HK$(37) million**	HK$(54) million	**-31%**
Loss per share	**(0.63) HK cents**	(0.94) HK cents	**-33%**

	As at		
	30 September 2024	31 March 2024	**Change**
Shareholders' funds	**HK$107 million**	HK$142 million	**-25%**
Net asset value per share	**HK$0.02**	HK$0.02	**0%**

RESULTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	**2024** ***HK$'000*** **(Unaudited)**	2023 *HK$'000* (Unaudited)
Revenue	*4*	**100,669**	175,981
Cost of sales		**(80,150)**	(145,341)
Gross profit		**20,519**	30,640
Other income, expense and net gains/losses	*4*	**(12,485)**	(2,793)
Selling and marketing expenses		**(5,738)**	(8,958)
Administrative and other operating expenses		**(16,452)**	(21,937)
Impairment of stock of properties	*5*	**(8,601)**	(38,401)
Reversal of impairment/(impairment) of accounts receivable		**719**	(651)
Change in fair value of investment properties		**(11,174)**	(8,639)
Fair value change of financial assets at fair value through profit or loss		**–**	(497)
Operating loss	*6*	**(33,212)**	(51,236)
Finance costs	*7*	**(3,957)**	(5,117)
Loss before tax		**(37,169)**	(56,353)
Income tax credit	*8*	**647**	1,921
Loss for the period		**(36,522)**	(54,432)
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**1,652**	(3,326)
Total comprehensive loss for the period attributable to owners of the Company		**(34,870)**	(57,758)
Basic and diluted loss per share *(HK cents)*	*9*	**(0.63)**	(0.94)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024

	Notes	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
Non-current Assets			
Property, plant and equipment		**10,301**	11,427
Right-of-use assets		**4,062**	13,396
Investment properties		**270,700**	320,804
Intangible assets		**518**	–
Other assets		**14,922**	16,407
Deferred tax assets		**3,473**	3,473
Total non-current assets		**303,976**	365,507
Current Assets			
Inventories		**10,494**	10,197
Completed properties for sale		**230,306**	262,501
Accounts receivable	*11*	**45,968**	32,848
Prepayments, other receivables and other assets		**70,357**	48,659
Restricted bank balances		**8**	8
Cash and bank balances		**42,382**	35,308
Total current assets		**399,515**	389,521
Current Liabilities			
Accounts payable	*12*	**71,049**	65,965
Accrued charges and other payables		**46,081**	52,654
Contract liabilities		**10,059**	8,484
Bank and other borrowings		**138,065**	129,432
Tax payable		**304,357**	297,625
Lease liabilities		**574**	1,523
Total current liabilities		**570,185**	555,683
Net Current Liabilities		**(170,670)**	(166,162)
Total Assets Less Current Liabilities		**133,306**	199,345

	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
Non-current Liabilities		
Bank and other borrowings	**4,000**	26,379
Deferred tax liabilities	**20,814**	21,347
Lease liabilities	**1,225**	9,482
Total non-current liabilities	**26,039**	57,208
Net assets	**107,267**	142,137
Equity		
Equity attributable to owners of the Company		
Share capital	**577,920**	577,920
Deficit	**(470,653)**	(435,783)
Total equity	**107,267**	142,137

NOTES

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2024.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of accounting policies and disclosures as disclosed in Note 2. The Group has not early adopted any other new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") that have been issued but are not yet effective.

Going Concern basis

During the six months ended 30 September 2024, the Group had a net loss of HK$36,522,000 and as at 30 September 2024 the Group had net current liabilities of HK$170,670,000. In addition, the Group's bank borrowings with the aggregate amount of HK$114,938,000 as at 30 September 2024 contain a repayment on demand clause and included in the aforesaid bank borrowings there were certain bank borrowings of HK$96,000,000 with financial covenants breached during the six months ended 30 September 2024. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The condensed consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 30 September 2024 and subsequently thereto up to the date when the condensed consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the condensed consolidated financial statements are authorised for issue, which include, but are not limited to, the followings:

(i) in relation to the borrowings that the Group had breached the financial covenants during the six months ended 30 September 2024 and are classified as current liabilities, subsequent to the end of the reporting period, the Group has obtained a one-off waiver from the bank for the bank borrowing of HK$96,000,000 and repaid approximately HK$4,000,000 to the banks as disclosed in note 13. Further, the borrowings was secured by a pledge of investment properties amounting to approximately HK$215,000,000. The directors of the Company is of the view that in the event that if the bank takes any legal action against the Group to demand immediate repayment, the investment properties will be disposed for the settlement, it would not have any material adverse impact on the business, operation and financial conditions of the Group;

(ii) the Group has actively carried out promotional activities to attract more customers to purchase the completed properties in order to increase the sale proceeds through sales in the coming twelve months;

(iii) the Group will also continue to seek for other alternative financing and bank borrowing to finance the settlement of the existing financial obligations and future operating and capital expenditure; and

(iv) the Group will also continue to seek for other alternative to increase its working capital such as disposing of the Group's investment properties, if needed.

On the basis of the successful implementation of the measures described above in the foreseeable future and after assessing the Group's current and forecasted cash positions, the directors of the Company are optimistic that the Group will be able to meet in full the Group's financial obligations as they fall due for the twelve months from 30 September 2024. Accordingly, the condensed consolidated financial statements of the Group have been prepared on the going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

2. ADOPTION OF ACCOUNTING POLICIES AND DISCLOSURES

The unaudited interim condensed consolidated financial information has been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRSs and application of certain accounting policies which became applicable during the current period, the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial information for the six months ended 30 September 2024 are the same as those adopted in the Group's annual financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKFRS 7 and HKAS 7	Supplier Finance Arrangements
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK-int 5	Amendments to HKAS 1

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed 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 operating 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:

Printing	—	Manufacture and sale of printed products
Property development	—	Development, sale and trading of real estate properties
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:

	Printing	Property development	Property investment	Treasury	Others and corporate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2024 (unaudited)						
Segment revenue *(note 4)*						
Sales to external customers	**66,526**	**31,169**	**2,974**	**–**	**–**	**100,669**
Total revenue	**66,526**	**31,169**	**2,974**	**–**	**–**	**100,669**
EBITDA/(LBITDA)	**6,838**	**(12,323)**	**(17,633)**	**(773)**	**(7,651)**	**(31,542)**
Depreciation	**(1,271)**	**–**	**–**	**–**	**(399)**	**(1,670)**
Segment result — EBIT/(LBIT)	**5,567**	**(12,323)**	**(17,633)**	**(773)**	**(8,050)**	**(33,212)**
Finance costs						**(3,957)**
Loss before tax						**(37,169)**
Income tax credit						**647**
Loss for the period						**(36,522)**

	Printing *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Treasury *HK$'000*	Others and corporate *HK$'000*	Total *HK$'000*
For the six months ended 30 September 2023 (unaudited)						
Segment revenue *(note 4)*						
Sales to external customers	83,628	88,887	3,466	–	–	175,981
Total revenue	83,628	88,887	3,466	–	–	175,981
EBITDA/(LBITDA)	8,001	(41,292)	(8,288)	(827)	(6,382)	(48,788)
Depreciation	(1,761)	–	(79)	–	(608)	(2,448)
Segment result — EBIT/(LBIT)	6,240	(41,292)	(8,367)	(827)	(6,990)	(51,236)
Finance costs						(5,117)
Loss before tax						(56,353)
Income tax credit						1,921
Loss for the period						(54,432)

	Printing ***HK$'000***	**Property development** ***HK$'000***	**Property investment** ***HK$'000***	**Treasury** ***HK$'000***	**Others and corporate** ***HK$'000***	**Total** ***HK$'000***
As at 30 September 2024 (unaudited)						
Total assets	**93,396**	**282,139**	**298,715**	**708**	**28,533**	**703,491**
Total liabilities	**70,354**	**395,143**	**27,039**	**21**	**103,667**	**596,224**
As at 31 March 2024 (audited)						
Total assets	76,533	303,572	347,788	373	26,762	755,028
Total liabilities	64,838	397,422	29,448	246	120,937	612,891

Geographical segment information

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

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Mainland China	**34,993**	91,354
Hong Kong	**1,281**	1,650
United States of America	**33,451**	45,522
United Kingdom	**17,692**	16,381
Canada	**4,391**	2,032
France	**1,024**	7,095
Japan	**–**	3,507
Other regions	**4,863**	4,974
	97,695	172,515
Revenue from other sources		
Mainland China	**1,318**	1,301
Hong Kong	**1,656**	2,165
	2,974	3,466
Total revenue	**100,669**	175,981

4. REVENUE, OTHER INCOME, EXPENSE AND NET GAINS/LOSSES

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of printed products	**66,526**	83,628
Sale of properties	**31,169**	88,887
	97,695	172,515
Revenue from other sources		
Rental income	**2,974**	3,466
Total revenue	**100,669**	175,981

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.

Included in the Group's revenue from sale of properties are revenue from sales of properties developed by the Group amounting to HK$31,169,000 (2023: HK$52,278,000).

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

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**205**	295
Sales of scrap material	**30**	23
Loss on disposal of investment properties	**(7,089)**	–
Gain on disposal of property, plant and equipment	**11**	1,477
Net exchange (loss)/gain	**(3,898)**	843
Write-down of other assets	**(1,485)**	(1,815)
Impairment loss of prepayments	**(325)**	–
Impairment loss of intangible assets	**(263)**	–
Loss on early termination of a lease contract	**(74)**	–
Sundries	**403**	(3,616)
	(12,485)	(2,793)

5. IMPAIRMENT OF STOCK OF PROPERTIES

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

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Impairment of completed properties for sale	**8,601**	38,401

6. OPERATING LOSS

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

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets	**427**	650
Depreciation of property, plant and equipment	**1,243**	1,798
Less: Amount included in cost of inventories sold for printing business	**(528)**	(812)
Depreciation of property, plant and equipment included in selling and marketing expenses and administrative and other operating expenses	**715**	986
Cost of inventories sold	**48,599**	64,577
Cost of properties sold	**31,223**	80,420
Loss on disposal of investment properties	**7,089**	–
Write-down of other assets	**1,485**	1,815
(Reversal of impairment)/impairment of accounts receivable	**(719)**	651
Impairment loss of prepayments	**325**	–
Impairment loss of intangible assets	**263**	–
Government subsidies *	**(20)**	–

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

7. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**3,899**	5,107
Interest on lease liabilities	**58**	10
Total finance costs	**3,957**	5,117

8. INCOME TAX

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Mainland China		
Corporate income tax		
Charge for the period	**85**	4,544
Land appreciation tax		
(Credit)/charge for the period	**(38)**	471
Deferred tax	**(694)**	(6,936)
Tax credit for the period	**(647)**	(1,921)

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of HK$36,522,000 (2023: HK$54,432,000) and the number of ordinary shares of 5,779,196,660 (2023: 5,779,196,660) in issue during the period.

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

10. DIVIDENDS

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: nil).

11. ACCOUNTS RECEIVABLE

	At 30 September 2024	At 31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts receivable	**51,286**	38,881
Less: Impairment	**(5,318)**	(6,033)
	45,968	32,848

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 sales 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 invoices date and net of loss allowance at the end of reporting period is as follows:

	At 30 September 2024 *HK$'000* (Unaudited)	At 31 March 2024 *HK$'000* (Audited)
Within 30 days	**11,764**	11,569
31 to 60 days	**9,248**	5,762
61 to 90 days	**10,688**	6,668
Over 90 days	**14,268**	8,849
	45,968	32,848

12. ACCOUNTS PAYABLE

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

	At 30 September 2024 *HK$'000* (Unaudited)	At 31 March 2024 *HK$'000* (Audited)
Within 30 days	**16,217**	24,967
31 to 60 days	**11,229**	12,374
61 to 90 days	**7,759**	5,272
Over 90 days	**35,844**	23,352
	71,049	65,965

13. EVENT AFTER THE REPORTING PERIOD

In respect of the bank borrowing of HK$96,000,000 which the Group breached the financial covenant during the period, the Group has obtained a one-off waiver from the bank on 28 November 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 interim report for the six months ended 30 September 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 October 2024 in accordance with the repayment schedule.

DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of financial performance

For the six months ended 30 September 2024, the Group recorded a consolidated revenue of approximately HK$101 million (2023: HK$176 million), representing a decrease of 43% from the last corresponding period. The revenue of the printing business recorded a decrease to approximately HK$67 million (2023: HK$84 million) for the period, resulting from the soft demand of printed products caused by high inflation and geopolitical tensions during the period. Also, the revenue contributed by the sales of completed residential units in respect of the property development project in Zigong City, Sichuan Province, the People's Republic of China (the "**PRC**") and sales of residential villas at the estate Ju Hao Shan Zhuang (also known as Beverly Hills) situated in Changsha City, Hunan Province, the PRC decreased to approximately HK$31 million when compared with revenue of approximately HK$89 million for the last corresponding period.

Consequently, the Group's gross profit decreased by 32% from the last corresponding period to approximately HK$21 million (2023: HK$31 million). The Group's gross margin increased to 20% (2023: 17%) of the consolidated revenue, resulting from a 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 27% (2023: 23%).

During the period, a provision for impairment of stock of properties of approximately HK$9 million (2023: HK$38 million) was charged to the condensed consolidated statement of profit or loss and other comprehensive income for the property development project in Zigong City. Liquidity issues of numerous property developers continued to arise in the current interim period, 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 particularly affected, resulting 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 30 September 2024 in accordance with the relevant accounting policies of the Company.

The Group's selling and marketing expenses as well as the administrative and other operating expenses dropped to approximately HK$6 million (2023: HK$9 million) and approximately HK$16 million (2023: HK$22 million) respectively, which was a result of the various cost control measures.

The Group's other income, expense and net gains/losses, reversal of impairment/ impairment of accounts receivable and fair value change of financial assets at fair value through profit or loss amounted to approximately HK$12 million (2023: HK$4 million). The amount mainly included the loss on disposal of investment properties of approximately HK$7 million (2023: nil), the fair value drop on mark-to-market valuation of quoted bonds of nil (2023: HK$0.5 million), the write-down of other assets of approximately HK$1.5 million (2023: HK$1.8 million), the reversal of impairment of accounts receivable of approximately HK$0.7 million (2023: impairment of accounts receivable of approximately HK$0.7 million), and net exchange loss of approximately HK$3.9 million (2023: net exchange gain of approximately HK$0.8 million).

The fair value loss from revaluation of investment properties as at 30 September 2024 amounted to approximately HK$11 million (2023: HK$9 million). The market values of certain investment properties as at 30 September 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 in Hong Kong.

The Group recorded finance costs of approximately HK$4 million (2023: HK$5 million), which were mainly related to interest charged on bank borrowings to finance the general working capital of the Group during the period. The decrease in finance costs was mainly due to the drop in the Hong Kong Interbank Offered Rate.

During the period, the Group recorded a loss before tax of approximately HK$37 million (2023: HK$56 million), which was attributed to the following operating segments and factors:

(i) Printing — profit of approximately HK$6 million (2023: HK$6 million);

(ii) Property development — loss of approximately HK$12 million (2023: HK$41 million);

(iii) Property investment — loss of approximately HK$18 million (2023: HK$8 million);

(iv) Treasury — loss of approximately HK$1 million (2023: HK$1 million);

(v) Net corporate expenses and other business of approximately HK$8 million (2023: HK$7 million); and

(vi) Finance costs of approximately HK$4 million (2023: HK$5 million).

Loss for the period attributable to owners of the Company amounted to approximately HK$37 million (2023: HK$54 million), and basic and diluted loss per share was 0.63 HK cents (2023: 0.94 HK cents). The decrease in the Group's loss was mainly due to the reduction in net loss after taxation to approximately HK$13 million (2023: HK$42 million) of the property development business, resulting from the drop of the provision for impairment of stock of properties made as at 30 September 2024 for the property development project in Zigong City.

Review of financial position

Regarding the Group's financial position as at 30 September 2024, total assets decreased by 7% to approximately HK$703 million (31 March 2024: HK$755 million). As at 30 September 2024, net current liabilities amounted to approximately HK$171 million (31 March 2024: HK$166 million), whereas current ratio deriving from the ratio of current assets to current liabilities amounted to 0.70 times (31 March 2024: 0.70 times). Such changes were affected by the provision for impairment of stock of properties made as at 30 September 2024 for the property development project in Zigong City.

The net cash outflow from operating activities was approximately HK$7 million (2023: net cash inflow of approximately HK$23 million) and the net cash inflow from investing activities was approximately HK$33 million (2023: HK$2 million). Taking into account the net cash outflow from financing activities of approximately HK$20 million (2023: HK$20 million), the Group recorded a net increase in cash and cash equivalents of approximately HK$6 million (2023: HK$5 million). After accounting for the exchange gain on cash and cash equivalents of approximately HK$1 million during the period under review, the balance of cash and cash equivalents amounted to approximately HK$42 million as at 30 September 2024 (31 March 2024: HK$35 million).

Shareholders' funds attributable to owners of the Company decreased by 25% to approximately HK$107 million (31 March 2024: HK$142 million), representing HK$0.02 per share (31 March 2024: HK$0.02 per share) as at 30 September 2024. The change in equity was a result of the net loss for the period of approximately HK$37 million and the Renminbi exchange gain arising from translation of foreign operations of approximately HK$2 million during the period under review.

Review of operations and business development

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$6 million (2023: HK$6 million) for the period under review.

Under the influence of the soft demand for printed products resulting from high inflation and geopolitical tensions, the revenue of the printing business recorded a decrease to approximately HK$67 million (2023: HK$84 million) for the period under review. However, the gross margin compared to last corresponding period was being improved by adopting various cost control measures and by enhancing its competitive edge in innovative design, quality management and production resources. The management also reacted promptly to reduce the market challenges to a minimum by devising various modernised 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 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$12 million (2023: HK$41 million) for the period. The operating loss was mainly resulted from the provision for impairment of stock of properties relating to the high-end residential villas of approximately HK$9 million (2023: HK$38 million) for the property development project in Zigong City, which was affected by the liquidity crisis of numerous property developers to recoup cash by lowering price. The project contributed revenue of approximately HK$31 million (2023: HK$52 million) to the Group, which was generated from the delivery of residential units with gross floor area of approximately 3,000 square meters ("**sq m**") (2023: 4,300 sq m) during the period.

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•燊海森林項目）, which is 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 30 September 2024, out of this gross floor area of approximately 500,000 sq m, completed residential units with gross floor area of approximately 485,000 sq m had been delivered to customers. As at 30 September 2024, the total carrying value after impairment provision of the completed properties for sale and properties under development in Zigong City amounted to approximately HK$230 million (31 March 2024: HK$263 million).

As at 30 September 2024 and 31 March 2024, the Group no longer held any residential villas for sale at the estate Ju Hao Shan Zhuang (also known as Beverly Hills) situated in Changsha City, Hunan Province, the PRC because the residential villas had been fully sold. During the six months ended 30 September 2023, 11 units (2024: nil) of residential villas with gross floor area of approximately 3,500 sq m (2024: nil) had been sold and contributed revenue of approximately HK$37 million (2024: nil) 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 the shareholders.

Property investment business

The property investment business involves the investment and leasing of real estate properties, which recorded an operating loss of approximately HK$18 million (2023: HK$8 million) for the period under review. The operating loss was mainly attributed to the unrealised revaluation loss of the investment properties located in Hong Kong and Mainland China of approximately HK$11 million (2023: HK$9 million), which their market values as at 30 September 2024 were 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 in Hong Kong.

Meanwhile, the Group has fully disposed the investment properties located in Guangzhou City, Guangdong Province, the PRC with net loss amounted to approximately HK$7 million during the period under review.

As at 30 September 2024, the Group held the following investment properties carried at fair market value of approximately HK$271 million:

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

The Group remains cautiously optimistic about the prospects 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) in Hong Kong. An operating loss of approximately HK$1 million (2023: HK$1 million) was recorded for the period under review. The operating loss was mainly attributed to an impairment loss of intangible assets of approximately HK$0.3 million (2023: nil) during the period.

The Group remains cautious in monitoring 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 within the Greater Bay Area, the Group is exploring into the financial and asset management services markets.

Liquidity and capital resources

As at 30 September 2024, the Group's total assets amounted to approximately HK$703 million (31 March 2024: HK$755 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 three years. The Group adopts a treasury policy to maximise 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 period, 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 30 September 2024, the Group's bank and other borrowings amounted to approximately HK$142 million (31 March 2024: HK$156 million) including bank borrowings of approximately HK$115 million (31 March 2024: HK$129 million) which were repayable on demand or within one year. The bank borrowings bore interest at floating rate, approximately HK$96 million (31 March 2024: HK$118 million) of which were denominated in Hong Kong dollar and approximately HK$19 million (31 March 2024: HK$11 million) of which were denominated in Renminbi. The Group's gearing ratio was 1.33 (31 March 2024: 1.10), which was calculated based on the ratio of total bank and other borrowings of approximately HK$142 million (31 March 2024: HK$156 million) to the shareholders' funds of approximately HK$107 million (31 March 2024: HK$142 million).

As at 30 September 2024, the Group's cash and cash equivalents and restricted bank balances amounted to approximately HK$42 million (31 March 2024: HK$35 million) and approximately HK$0.01 million (31 March 2024: HK$0.01 million) respectively. Approximately HK$16 million (31 March 2024: HK$12 million) of the Group's cash and cash equivalents and restricted bank balances were denominated in Hong Kong dollar, approximately HK$0.02 million (31 March 2024: HK$1 million) were denominated in United States dollar, approximately HK$26 million (31 March 2024: HK$22 million) were denominated in Renminbi and approximately HK$0.1 million (31 March 2024: HK$0.2 million) were denominated in other currencies. As at 30 September 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$100 million (31 March 2024: HK$121 million).

Outlook

Looking ahead to 2025, it is expected that inflation will continue to remain at a high level, and interest rates will also remain relatively high. Global economic growth is projected to continue slowing down, with some major economies facing risk of recession.

Despite the Chinese government's implementation of measures to support stable economic and real estate development, the prevailing negative sentiment and systemic risks permeate the property market showing no sign of subsiding in the near future, thus posing challenges to the Group's property development business in Mainland China.

In respect of the printing business, the Group will continue its effort to solidify existing customers and enhance its competitive edge through innovation design, quality management and production efficiency.

The Group will closely monitor market conditions and adjust its strategies accordingly. The Group will continue to take prudent and responsible measures with a view to improve the Group's financial position that will allow it to sustain its operations and pursue new opportunities.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group has 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 which arranged the bank mortgage amounting to approximately HK$688 million (31 March 2024: HK$706 million) in aggregate.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed 117 staff and workers (31 March 2024: 119). The Group provides its employees with benefits including performance-based bonus, retirement benefits contribution, medical insurance and staff training. Also, the Company has adopted 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 30 September 2024, the Group pledged certain assets including right-of-use assets, property, plant and equipment and investment properties with an aggregate carrying value of approximately HK$224 million (31 March 2024: HK$234 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 30 September 2024, the Group did not have capital expenditure contracted for but not provided for in the consolidated financial statements (31 March 2024: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2024.

EVENT AFTER THE REPORTING PERIOD

In respect of the bank borrowing of HK$96,000,000 which the Group breached the financial covenant during the period, the Group has obtained a one-off waiver from the bank on 28 November 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 interim report for the six months ended 30 September 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 October 2024 in accordance with the repayment schedule.

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 six months ended 30 September 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 six months ended 30 September 2024.

REVIEW OF ACCOUNTS

The audit committee of the Board has reviewed, with management of the Company, the Group's unaudited interim condensed consolidated financial information for the six months ended 30 September 2024, the interim report, the accounting principles and practices adopted by the Group and has discussed risk management, internal controls, and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the 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 six months ended 30 September 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities which are listed and traded on the Stock Exchange (2023: Nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mcgrouphk.com). The interim report of the Company for the six months ended 30 September 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 period.

By Order of the Board
Magnus Concordia Group Limited
Mou Li
Executive Director

Hong Kong, 28 November 2024

As at the date of this announcement, the executive directors of the Company are Ms. Mou Li and Ms. Zhou Lan, and the independent non-executive directors of the Company are Mr. Wang Zhengjun, Mr. Liu Ying Shun and Mr. Wang Ping.