

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

FEG Holdings Corporation Limited
鑄帝控股集團有限公司

(Formerly known as “Kwong Luen Engineering Holdings Limited 廣聯工程控股有限公司”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1413)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

FINANCIAL HIGHLIGHTS

- Revenue of the Group from continuing operations for the Reporting Period amounted to approximately HK\$298.9 million (six months ended 30 September 2023: approximately HK\$265.3 million).
- Gross profit margin from continuing operations for the Reporting Period was approximately 4.5% (six months ended 30 September 2023: approximately 5.9%).
- Loss from continuing and discontinued operations attributable to the owners of the Company for the Reporting Period amounted to approximately HK\$4.8 million (six months ended 30 September 2023: profit of approximately HK\$9.6 million).
- Basic and diluted loss per share from continuing and discontinued operations of the Company for the Reporting Period amounted to approximately HK cents 0.40 and HK cents 0.47 respectively (six months ended 30 September 2023: earnings per share of approximately HK cents 0.96 and HK cents 0.96 respectively).
- The Board has resolved not to recommend the declaration of an interim dividend for the Reporting Period (six months ended 30 September 2023: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of FEG Holdings Corporation Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited and restated)
CONTINUING OPERATIONS			
REVENUE	3	298,860	265,294
Cost of sales		<u>(285,387)</u>	<u>(249,536)</u>
Gross profit		13,473	15,758
Other income and gains	4	60	1,263
Administrative expenses		(16,313)	(5,335)
Fair value gain on a financial asset at fair value through profit or loss (“FVTPL”)		74	74
Finance costs	6	<u>(801)</u>	<u>(428)</u>
(LOSS)/PROFIT BEFORE INCOME TAX	5	(3,507)	11,332
Income tax expense	8	<u>(1,317)</u>	<u>(1,692)</u>
(Loss)/profit for the period from continuing operations		(4,824)	9,640
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	7	<u>(4)</u>	–
(Loss)/profit for the period		<u>(4,828)</u>	<u>9,640</u>
(Loss)/profit for the period attributable to owners of the Company:			
– from continuing operations		(4,824)	9,640
– from discontinued operation		<u>(4)</u>	–
		<u>(4,828)</u>	<u>9,640</u>
		<i>HK cents</i>	<i>HK cents</i>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	10		
From continuing and discontinued operations			
– Basic		(0.40)	0.96
– Diluted		<u>(0.47)</u>	<u>0.96</u>
From continuing operations			
– Basic		(0.40)	0.96
– Diluted		<u>(0.47)</u>	<u>0.96</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		30,115	40,712
Right-of-use assets		1,179	1,407
Prepayments and deposits		150	5,153
Financial asset at fair value through profit or loss		4,827	4,753
		<hr/>	<hr/>
Total non-current assets		36,271	52,025
CURRENT ASSETS			
Contract assets		300,778	239,869
Trade receivables	11	26,288	63,871
Prepayments and deposits		14,459	259
Current tax assets		–	–
Cash and cash equivalents		18,199	25,148
		<hr/>	<hr/>
Total current assets		359,805	329,147
CURRENT LIABILITIES			
Trade and retention payables	12	63,733	63,732
Accruals and other payables		6,840	9,348
Bond	13	1,008	11,928
Secured bank loans		12,897	16,277
Lease liabilities		434	421
Tax payable		7,973	5,255
		<hr/>	<hr/>
Total current liabilities		92,885	106,961
NET CURRENT ASSETS		<hr/> 266,920 <hr/>	<hr/> 222,186 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 303,191 <hr/>	<hr/> 274,211 <hr/>

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
NON-CURRENT LIABILITIES			
Accruals and other payables		263	263
Secured bank loans		1,200	1,471
Lease liabilities		753	974
Deferred tax liabilities		3,721	5,122
		<hr/>	<hr/>
Total non-current liabilities		5,937	7,830
		<hr/>	<hr/>
Net assets		297,254	266,381
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	12,000	10,000
Reserves		285,254	256,381
		<hr/>	<hr/>
Total equity		297,254	266,381
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is located at Unit 1801, 18/F., V. Heun Building, No. 138 Queen's Road Central, Hong Kong.

The Company is an investment holding company. During the six months ended 30 September 2024, the Group was principally engaged in the provision of construction services in Hong Kong. There has been no significant change in the Group's principal activities during the six months ended 30 September 2024.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial statements do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2024.

The condensed consolidated interim financial information is unaudited.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

The condensed consolidated interim financial statements for the six months ended 30 September 2024 were approved for issue by the board of directors on 28 November 2024.

3. REVENUE AND SEGMENT INFORMATION

3.1 Segment information

The executive directors of the Company, being the chief operating decision maker, have identified that the Group has only one reportable operating segment, which the Group engages in contract work as a subcontractor. Accordingly, no segment information is presented.

Geographical information

(a) Revenue from external customers

No geographical information is presented as all of the Group's revenue from external customers was derived from customers located in Hong Kong during the six months ended 30 September 2024 and 2023.

(b) Non-current assets

No geographical information is presented as all of the Group's non-current assets were located in Hong Kong as at 30 September 2024 and 31 March 2024.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each reporting period during the six months ended 30 September 2024 and 2023 are set out below:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Customer A	134,697	198,061
Customer B	129,307	56,573
Customer C	34,091	N/A*

* Less than 10% of the Group's revenue.

The revenue from the above major customers was all derived from the construction work.

3.2 Revenue

The Group's principal activities are disclosed in note 1 to the condensed consolidated interim financial statements.

The Group's revenue recognised during the six months ended 30 September 2024 and 2023 are as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Revenue from contracts with customers		
Provision of construction services	298,860	265,294

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Type of construction service provided		
Residential	135,497	66,726
Non-residential	163,363	198,568
Total	298,860	265,294
From private sector	164,163	67,234
From public sector	134,697	198,060
Total	298,860	265,294
Timing of revenue recognition		
Services transferred over time	298,860	265,294

4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited and restated)
Gain on disposal of property, plant and equipment, net	2	1,232
Interest income	10	31
Gain on disposal of a subsidiary	4	–
Sundry income	44	–
	60	1,263
	60	1,263

5. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited and restated)
Depreciation included in cost of sales:		
– Owned assets	5,272	6,432
– Right-of-use assets	–	54
Depreciation included in administrative expenses:		
– Owned assets	737	776
– Right-of-use assets	228	281
Lease charges on short-term leases	27,773	26,982
Employee benefit expense (excluding directors' remuneration):		
– Wages, salaries, allowances and benefits in kind	54,101	40,618
– Pension scheme contributions (<i>Note a</i>)	1,299	1,071
	89,410	41,689
	89,410	41,689
Auditor's remuneration	298	513
Gain on disposal of property, plant and equipment, net	(2)	(1,232)
	(2)	(1,232)

Note:

- (a) As at 30 September 2024, the Group had no forfeited contributions under the MPF Scheme which may be used by the Group to reduce the existing levels of contributions (as at 31 March 2024: Nil).

6. FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited and restated)
Interest charges on bank loans and overdrafts	633	420
Finance charges on lease liabilities	46	8
Interest expenses on bond	122	–
	<u>801</u>	<u>428</u>

7. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION

Disposal of a subsidiary

On 2 August 2024, Kwong Luen Information Technology Limited (“KLIT”), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Guang Pu Kong Gu (Shenzhen) Limited (“Guang Pu”), an independent third party to dispose the entire equity interest of Shenzhen Guanglianxing Trading Technology Co., Ltd. (“Shenzhen Guanglianxing”), an indirect wholly-owned subsidiary of the Company which engaged in the provision of agency services of construction project, at a consideration of RMB1 (equivalent to approximately HK\$1) in cash. The disposal was completed on 12 August 2024, on which date control of Shenzhen Guanglianxing passed to the acquirer.

The results of Shenzhen Guanglianxing for the period from 1 April 2024 to 12 August 2024, which have been included in the consolidated statement of profit or loss and comprehensive income, were as follows:

	Period ended 12 August 2024 HK\$'000	Year ended 31 March 2024 HK\$'000
Other income	–	–
Expenses	(4)	–
Loss from discontinued operations before income tax	(4)	–
Attributable income tax expense	–	–
Loss for the period/year	(4)	–
Gain on disposal of operation	–*	–
Attributable income tax expense	–	–
	<u>(4)</u>	<u>–</u>
Loss for the period/year from discontinued operation attributable to owners of the Company	<u>(4)</u>	<u>–</u>

* Approximately HK\$1

Cash flows from discontinued operation are analysed as follows:

	Period ended 12 August 2024 HK\$'000	Year ended 31 March 2024 HK\$'000
Net cash inflows from operating activities	—	—
Net cash inflows	<u>—</u>	<u>—</u>

Disposal of a subsidiary with a loss of control

On 12 August 2024, the Group disposed of its entire interest in Shenzhen Guanglianxing which engaged in the provision of agency services of construction project.

Consideration received

	Six months ended 30 September 2024 HK\$'000	2023 HK\$'000
Consideration received in cash and cash equivalents	—*	—
Total consideration received	<u>—*</u>	<u>—</u>

* Approximately HK\$1

Analysis of assets and liabilities over which control was lost

	As at 12 August 2024 HK\$'000
Deposits and prepayments	640
Cash and cash equivalents	1
Trade and other payables	<u>(645)</u>
Net liabilities disposed of	<u>(4)</u>

Gain on disposal of a subsidiary

	As at 12 August 2024 HK\$'000
Consideration received	–*
Net liabilities disposed of	(4)
	<hr/>
Gain on disposal (<i>Note 4</i>)	4
	<hr/> <hr/>

* Approximately HK\$1

Net cash inflow on disposal of a subsidiary

	Six months ended 30 September 2024 HK\$'000
Consideration received in cash and cash equivalents	–*
Cash and cash equivalent disposed of	(1)
	<hr/>
	(1)
	<hr/> <hr/>

* Approximately HK\$1

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Current tax – Hong Kong		
Current year	(2,717)	(1,462)
Deferred tax	1,400	(230)
	<hr/>	<hr/>
Total income tax expense	(1,317)	(1,692)
	<hr/> <hr/>	<hr/> <hr/>
Income tax credit is attributable to:		
– Continuing operations	(1,317)	(1,692)
– Discontinued operation	–	–
	<hr/>	<hr/>
	(1,317)	(1,692)
	<hr/> <hr/>	<hr/> <hr/>

The provision for Hong Kong Profits Tax for the six months ended 30 September 2024 is calculated at 16.5% (six months ended 30 September 2023: 16.5%) of the estimated assessable profits, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%.

9. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited and restated)
(Loss)/profit for the period attributable to owners of the Company for the purposes of basic and diluted loss/profit per share		
– From continuing operations	(4,824)	9,640
– From discontinued operation	(4)	–
	<u>(4,828)</u>	<u>9,640</u>
Number of shares		
	2024	2023
	<i>No. of shares</i>	<i>No. of shares</i>
	(unaudited)	(unaudited)
Issued ordinary shares at 1 January	1,000,000,000	1,000,000,000
Placing	200,000,000	–
Issued ordinary shares at 30 September	<u>1,200,000,000</u>	<u>1,000,000,000</u>
Weighted average number of ordinary shares	<u>1,034,972,678</u>	<u>1,000,000,000</u>

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2024 and 2023.

11. TRADE RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables	27,856	65,439
Less: ECL allowance	<u>(1,568)</u>	<u>(1,568)</u>
	<u>26,288</u>	<u>63,871</u>

The directors of the Group consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The Group's trading terms with its customers are on credit. The Group's credit periods with customers range from 15 to 60 days (six months ended 30 September 2023: from 15 to 60 days). The Group seeks to maintain strict control over its outstanding receivables and has a policy to manage its risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of reporting period, based on the progress payment certificate date and net of ECL allowance, is as follows:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
0–30 days	1,205	41,855
31–60 days	<u>25,083</u>	<u>22,016</u>
	<u>26,288</u>	<u>63,871</u>

Up to the date of this announcement, 100% of trade receivables have been subsequently settled.

The movement in the ECL allowance of trade receivable is as follows:

	Six months ended 30 September 2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Balance as at beginning of period	1,568	102
ECL allowance recognised during the six months ended 30 September	<u>–</u>	<u>–</u>
Balance as at end of period (unaudited)	<u>1,568</u>	<u>102</u>
At 31 March 2024 (audited) and 2023 (audited)	<u>1,568</u>	<u>102</u>

An impairment analysis is performed at each reporting date using a probability of default model to measure ECL. The provision rates are based on historical data adjusted by forward-looking information. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

12. TRADE AND RETENTION PAYABLES

	<i>Notes</i>	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Trade payables	(a)	30,472	38,720
Retention payables	(b)	33,261	25,012
		63,733	63,732

Notes:

- (a) An ageing analysis of the trade payables, based on the invoice date, at the end of each reporting period, is as follows:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
0–30 days	18,667	32,259
31–90 days	8,601	6,084
91–180 days	3,046	377
181–365 days	158	–
	30,472	38,720

The trade payables are non-interest-bearing and are normally settled within one month.

- (b) Retention payables held by the Group arose from the Group's construction works and are normally settled to subcontractors within a period ranging from one year to two years after the completion of the contract work by the subcontractors, as stipulated in the subcontracting contracts.

13. BOND

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Bond	1,008	11,928

In July 2024, the Company entered into an agreement to issue a bond with a principal amount of HK\$1,000,000 to an independent third party. The bond is unsecured, interest bearing of 4.00% per annum and repayable in October 2024.

In March 2024, the Company entered into an agreement to issue a bond with a principal amount of RMB11,000,000 (equivalent to approximately HK\$11,923,000) to an independent third party. The bond is unsecured, interest bearing of 3.65% per annum and settled in July 2024.

14. SHARE CAPITAL

The Company's share capital is as follows:

	Number of Shares in issue	Share capital HK\$'000
Authorised:		
As at 30 September 2024 (unaudited) and 31 March 2024 (audited)	10,000,000,000	100,000
Issued and fully paid:		
As at 31 March 2024 (audited)	1,000,000,000	10,000
Placing (<i>Note 1</i>)	200,000,000	2,000
As at 30 September 2024 (unaudited)	1,200,000,000	12,000

Note:

- (1) On 30 August 2024, a total of 200,000,000 new shares of the Company had been successfully placed by the placing agent to not less than six places at the placing price of HK\$0.185 per placing share under the general mandate obtained at the annual general meeting of the Company held on 11 August 2023. Upon the completion of the aforesaid placing of new shares, the total number of issued shares increased from 1,000,000,000 ordinary shares to 1,200,000,000 ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Hong Kong's economy has been recovering from the effect of the outbreak of COVID-19 in 2022. Hong Kong's economy continued to record moderate growth in the second quarter of 2024. According to the Government, the real GDP grew by 3.3% in the second quarter of 2024 compared to the same period a year before. On a seasonally adjusted quarter-to-quarter basis, the real GDP increased by 0.4%. The Government foresees continue growth in the economy but noting that performance of different economic segments may vary amid uncertainties.

In 2023 and early 2024, the construction industry experienced significant shortage of construction-related professions. With the introduction of the Enhanced Supplementary Labour Scheme by the Government, employers may apply to import workers at technician level or below to fill vacancies which they have genuine difficulties in recruiting suitable staff locally. Up to 30 April 2024, four rounds of application were accepted and a total of 9,731 quotas have been approved under the scheme. With the diminished effect of the labour crunch, the Group expects that there are ample room of growth for the construction industry in the upcoming years.

BUSINESS REVIEW AND OUTLOOK

The Group is a foundation works contractor in Hong Kong. The Group has commenced its business in 1995 and has since undertaken foundation works in the role of subcontractor through Kwong Luen Engineering Limited (“**Kwong Luen Engineering**”), the Group's principal operating subsidiary. The Group's foundation works services are widely required in residential and non-residential developments such as commercial and infrastructure developments. In particular, the Group has established a solid track record in undertaking foundation works mainly in residential developments initiated by private property developers in Hong Kong. In the Reporting Period, the majority of the Group's revenue was derived from foundation works in non-residential developments.

The construction industry has always played a vital role in the Hong Kong economy, in particularly the city's infrastructure and housing development. Hong Kong is renowned for its rapid construction of high-rise buildings and office towers, deployment of specialised techniques such as reclamation and design-and build methods. In the Chief Executive 2024 Policy Address, the Government again put housing and land issues as priority. It was proposed that (i) the total public housing supply from 2025–26 to 2029–30 will reach 189,000 units; (ii) the Major Transport Infrastructure Development Blueprint for Hong Kong, as previously promoted, under which the Hung Shui Kiu Station and the Northern Link Main Line are expected to commence construction in 2024 and 2025; and (iii) the statutory environmental impact assessment process for the reclamation works under the Kau Yi Chau Artificial Islands project will commence at the end of 2024 for the development of the area. In view of the proposed development of land and construction of housing, the management expected there will be plenty of opportunities in the construction industry.

Looking into the future, the local economy of Hong Kong is expected to improve. The Group will continue leverage its solid track record in the foundation industry and the favourable government policies to explore different options.

FINANCIAL REVIEW

Revenue

The Group's revenue from continuing operations increased by approximately HK\$33.6 million or 12.7% to approximately HK\$298.9 million for the Reporting Period, from approximately HK\$265.3 million for the six months ended 30 September 2023. This was principally due to the increase in revenue be mainly driven by the increase in the amount of works performed by the Group in some of the ongoing sizable projects, including (1) airport projects; (2) projects relating to the Kai Tak projects; (3) a residential project.

Gross profit and gross profit margin

The Group's cost of sales increased from approximately HK\$249.5 million for the six months ended 30 September 2023 to approximately HK\$285.4 million for the Reporting Period, representing an increase of approximately HK\$35.9 million or 14.4%.

The Group's overall gross profit decreased from approximately HK\$15.8 million for the six months ended 30 September 2023 to approximately HK\$13.5 million for the Reporting Period, representing a decrease of approximately 14.6%. This decrease was mainly due to a significant shortage of construction-related professionals and an increase in labor costs. As such, the Group's overall gross profit margin decreased from 5.9% for the six months ended 30 September 2023 to 4.5% for the Reporting Period.

Other income and gains

Other income and gains of the Group decreased by approximately HK\$1.2 million from approximately HK\$1.3 million for the six months ended 30 September 2023 to approximately HK\$0.1 million for the Reporting Period. The decrease was mainly due to the lack of gain on the disposal of property, plant and equipment during the Reporting Period (six months ended 30 September 2023: approximately HK\$1.2 million).

Administrative expenses

The administrative expenses of the Group increased from approximately HK\$5.3 million for the six months ended 30 September 2023 to approximately HK\$16.3 million for the Reporting Period, representing an increase of approximately HK\$11.0 million or approximately 207.6%. The increase during the Reporting Period was mainly due to the development of new projects leading to an increase in employees' salaries and an increase in consulting and professional fees.

Expected credit losses (“ECL”) on contract assets

The Group assessed the ECL on contract assets with significant balance individually for the six months ended 30 September 2023 to nil for the Reporting Period. No ECL allowance for contract assets was provided since the loss given default and exposure at default are low based on historical credit loss experience. The directors of the Company has also assessed all available forward looking information, including but not limited to market data on our industry.

The Directors of the Group assessed the recoverability of contract assets as at 30 September 2024 and believed that the ECL allowances were adequate because:

- For contract assets arisen from projects which were close to or at the final stage, it generally takes longer period of time for customers in the foundation works industry to proceed with the final review and approval for the relevant work done of the entire project before issuing the relevant completion certificate. On such occasion, the recovery of contract assets generally takes a longer period of time but are generally recoverable;
- A substantial portion of the contract assets were from customers which the Group has established long business relationship with. The Directors regularly meet and discuss with the relevant customers to monitor the recoverability of the contract assets and are not aware of any difficulties in the recoverability of the contract assets; and
- The retention receivables are generally released (i) upon completion of works to the satisfaction of the main contractor or project owner; or (ii) pursuant to the terms of the main contracts on back-to-back basis. In general, the retention receivables are fully recoverable in accordance to the contract once the final account is confirmed by the customer. As the contract works of most projects which recorded retention receivables as at 30 September 2024 are still ongoing (the duration of the projects may be up to three years), a portion of the retention receivables have yet to be recovered as at the date of the enquiry. The Directors are not aware of any circumstances that would raise question on the recoverability of the retention receivables.

Finance costs

The finance costs of the Group increased from approximately HK\$428,000 for the six months ended 30 September 2023 to approximately HK\$801,000 for the Reporting Period, representing an increase of approximately HK\$373,000 or 100%. The increase in our finance costs was primarily attributable to the increase in bank import loan interest rate range from approximately 3.5%–6.0% during the six months ended 30 September 2023 to approximately 6.5%–8.2% and also increase in average bank import loan amount during the Reporting Period.

Income tax expenses

The Group recorded income tax expense of approximately HK\$1,317,000 for the Reporting Period whilst the Group recorded income tax expense of approximately HK\$1,692,000 for the six months ended 30 September 2023. The decrease in income tax expenses was due to the decrease in the Group's gross profit as discussed above.

(Loss)/profit and total comprehensive (expense)/income

The Group recorded loss and total comprehensive expense from continuing and discontinued operations of approximately HK\$4.8 million for the Reporting Period whilst the Group recorded profit and total comprehensive income of approximately HK\$9.6 million for the six months ended 30 September 2023. The loss was mainly due to the effect of (i) a decrease in gross profit margin and (ii) an increase in administrative expenses during the Reporting Period.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

The net proceeds from the placing of new shares under general mandate on 30 August 2024, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$35.6 million. The net proceeds have been applied in accordance with the proposed applications set out in the announcements of the Company dated 26 July 2024, 29 July 2024, 9 August 2024 and 30 August 2024.

Up to 30 September 2024, the Group had used the net proceeds as follows:

Intended uses of the net proceeds	Original allocation of net proceeds	Utilisation up to 30 September 2024	Remaining balance of unused net proceeds as at 30 September 2024	Expected timeline on utilisation of unutilised net proceeds
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i> (unaudited)	<i>HK\$ (million)</i> (unaudited)	
General working capital of the Group	35.6	(27.5)	8.1	Q1 2025
Total	<u>35.6</u>	<u>(27.5)</u>	<u>8.1</u>	

There was no material change between the intended use and the actual use of the net proceeds. Up to 30 September 2024, the utilized net proceeds were approximately HK\$27.5 million and the remaining proceeds as at 30 September 2024 were approximately HK\$8.1 million and they were deposited with licensed banks as saving deposits in Hong Kong.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

During the period, the Group's primary use of liquidity was for its operations. These funds were sourced from a combination of capital contributions by shareholders and cash generated from operations.

As at 30 September 2024, the Group had total cash and cash equivalents of approximately HK\$18.2 million (31 March 2024: approximately HK\$25.1 million).

CURRENT RATIO

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

The current ratio of the Group increased to approximately 3.9 times as at 30 September 2024 from approximately 3.1 times as at 31 March 2024. The increase was mainly due to the decrease in secured bank loans and bond.

GEARING RATIO

Gearing ratio is calculated as total borrowings (including secured bank loans and lease liabilities) divided by the total equity as at the respective reporting dates.

The gearing ratio of the Group decreased to approximately 10.5% as at 30 September 2024 from approximately 11.7% as at 31 March 2024. The decrease was mainly due to the decreased in secured bank loans.

CAPITAL STRUCTURE

On 30 August 2024, a total of 200,000,000 new shares of the Company had been successfully placed by the placing agent to not less than six places at the placing price of HK\$0.185 per placing share under the general mandate obtained at the annual general meeting of the Company held on 11 August 2023. Upon the completion of the aforesaid placing of new shares, the total number of issued shares increased from 1,000,000,000 ordinary shares to 1,200,000,000 ordinary shares.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 September 2024, a life insurance policy with a carrying amount of approximately HK\$4,827,000 (31 March 2024: approximately HK\$4,753,000) was pledged to secure certain bank loans granted to the Group.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollars, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Reporting Period.

CAPITAL EXPENDITURE

During the Reporting Period, the Group did not have any capital expenditure invested (six months ended 30 September 2023: approximately HK\$8.5 million).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2024 and 31 March 2024, the Group did not have any capital commitment and significant contingent liabilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Apart from the reorganisation in relation to the Listing (as set out under the section headed "History, reorganisation and corporate structure" of the prospectus of the Company dated 26 February 2021 (the "**Prospectus**")), there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Reporting Period. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 September 2024.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of interim dividend for the Reporting Period (six months ended 30 September 2023: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, we employed a total of 173 employees (including four executive Directors but excluding three independent non-executive Directors), as compared to a total of 197 employees as at 31 March 2024. The remuneration packages that the Group offers to employees includes salaries, allowances, discretionary bonuses, and/or other benefits in kind. In general, the Group determines employees' salaries based on their qualifications, position and seniority. The Group also adopted a share option scheme whereby qualified participants may be granted options to acquire shares in the Company. The total staff cost, excluding three independent non-executive Directors, incurred by the Group for the Reporting Period was approximately HK\$54.9 million compared to approximately HK\$42.7 million for the six months ended 30 September 2023.

The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

EVENTS AFTER THE REPORTING PERIOD

Change of Company Name, Stock Short Names and Company Website

The English name of the Company has been changed from "Kwong Luen Engineering Holdings Limited" to "FEG Holdings Corporation Limited" and the dual foreign name "鑄帝控股集團有限公司" has been adopted as the new dual foreign name of the Company in place of "廣聯工程控股有限公司". The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 2 October 2024 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 24 October 2024. The stock short name of the Company for trading in the shares on the Stock Exchange has been changed from "KWONG LUEN ENG" to "FEG HOLDINGS" in English and from "廣聯工程控股" to "鑄帝控股" in Chinese. The website address of the Company has been changed from www.kwong-luen.com.hk to www.feg-holdings.com. For details please refer to the Company's announcements dated 14 August 2024, 27 September 2024 and 6 November 2024.

Changes in Composition of the Board

On 5 November 2024, Mr. Lin Rida ceased to be as an executive Director, the chairman of the Board, the chairman of the Nomination Committee, a member of the Remuneration Committee and an authorised representative of the Company.

On 5 November 2024, Mr. Cheung Tung Tsun Billy was appointed as an executive Director, the chairman of the Board, a member of the Remuneration Committee and an authorised representative of the Company.

On 5 November 2024, Mr. Yang Zhenwei was appointed as an executive Director and the chairman of the Nomination Committee of the Company.

Change of Auditors

The Company has changed its external auditors since 18 November 2024, details of which are set out in the announcement of the Company dated 18 November 2024.

Formation of Joint Venture Company

On 22 November 2024, Kwong Luen Information Technology Limited (“**Kwong Luen Information**”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Pinestone Capital Limited (“**Pinestone**”) in relation to the establishment of a Joint Venture company in Hong Kong (the “**Joint Venture Company**”) with a registered capital of HK\$25,000,000 to engage in the digital asset business in virtual real estate and decentralised finance aspect. Pursuant to the terms of the Joint Venture Agreement, Pinestone and Kwong Luen Information will contribute HK\$10,000,000 and HK\$15,000,000 respectively to the registered capital of the Joint Venture Company which will be owned as to 40% by Pinestone and 60% by Kwong Luen Information. For details, please refer to the Company’s announcement dated 22 November 2024.

Except as disclosed herein, the Group had no significant events from the end of the Reporting Period to the date of this announcement.

CORPORATE GOVERNANCE/OTHER INFORMATION

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, THE UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2024, none of the Directors nor the chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, the following parties (other than the Directors or the chief executive of the Company) had interests of 5% or more in the Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial shareholder	Nature of interest	Number of shares held/ interested	Percentage of shareholding (Note 7)
Arena Investment Management (Singapore) Pte Ltd	Investment manager (Note 1)	291,855,000	24.3%
Arena Investors, LP	Investment manager (Note 2)	291,855,000	24.3%
Arena SG SPV I, LLC	Interest of Controlled Corporation (Note 3)	291,855,000	24.3%
TGGA, LLC	Beneficial Owner and having a security interest in shares (Note 4)	291,855,000	24.3%
Cheung Tung Tsun Billy	Beneficial Owner (Note 5)	100,075,000	8.3%
Lam Sha Chau	Interest of Controlled Corporation (Note 6)	90,000,000	7.5%
Illuminati International Artworks Trading Limited	Beneficial Owner (Note 6)	90,000,000	7.5%
Ma Wenkui	Beneficial owner	64,075,000	5.3%
Lin Tongbing	Beneficial owner	67,495,000	5.6%

Notes:

1. Arena Investment Management (Singapore) Pte Ltd acts as the investment manager of Arena Investors APAC VCC, which holds 90% of the issued share capital of TGGA, LLC. Therefore, both Arena Investment Management (Singapore) Pte Ltd and Arena Investors APAC VCC are deemed to have an interest in the shares in which TGGA, LLC has invested.

2. Arena Investors, LP acts as the investment manager of Arena SPV Manager, LLC, which is the manager of TGGA, LLC. Therefore, both Arena Investors, LP and Arena SPV Manager, LLC are deemed to have an interest in the shares in which TGGA, LLC has invested.
3. Arena SG SPV I, LLC holds 100% of the issued share capital of Arena Investors APAC VCC, which holds 90% of the issued share capital of TGGA, LLC. Therefore, both Arena SG SPV I, LLC and Arena Investors APAC VCC are deemed to have an interest in the shares in which TGGA, LLC has invested.
4. These 291,855,000 Shares included (i) 110,000,000 Shares owned by TGGA, LLC as beneficial owner and (ii) 181,855,000 Shares held as security interest. TGGA, LLC is an investment holding company incorporated under the laws of Cayman Islands, 90% of the issued share capital is directly held by Arena Investors APAC VCC, a company incorporated in Singapore, is wholly-owned by Arena Investment Management (Singapore) Pte Ltd. Accordingly, Arena Investment Management (Singapore) Pte Ltd and Arena Investors APAC VCC are deemed to be interested in the 291,855,000 Shares held by TGGA, LLC under the SFO.
5. These 100,075,000 Shares owned by Cheung Tung Tsun Billy as beneficial owner. Out of these, 50,000,000 shares have been charged to TGGA, LLC.
6. Illuminati International Artworks Trading Limited is an investment holding company incorporated under the laws of Hong Kong, is wholly-owned by Mr. Lam Sha Chau. Accordingly, Mr. Lam Sha Chau is deemed to be interested in the 90,000,000 Shares held by Illuminati International Artworks Trading Limited, which have been charged to TGGA, LLC, under the SFO.
7. As at 30 September 2024, the number of issued ordinary shares of the Company was 1,200,000,000.

Save as disclosed above, as at 30 September 2024, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 19 February 2021. The purpose of the Share Option Scheme is to reward the participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and shareholders as a whole, and to maintain or attract business relationships with the participants whose contributions are or may be beneficial to the growth of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 19 February 2021, and there is no outstanding share option as at 30 September 2024.

The number of options available for grant under the Share Option Scheme was 100,000,000 as at 1 April 2024 and 30 September 2024.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Board confirms that during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including sale of treasury shares).

As at 30 September 2024, the number of treasury shares held by the Company is nil.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time during the Reporting Period was a Director or his connected entity had, directly or indirectly, a material interest subsisted at any time during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and within the best knowledge of the Directors, the Company maintained a sufficient amount of public float for its Shares as required under the Listing Rules.

COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company, or any of their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving and maintaining a high standard of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules. To the best knowledge of the Board, the Company has complied with the CG Code for the Reporting Period and up to the date of this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the Shares (the “**Code of Conduct**”). After specific enquiries by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Reporting Period.

AUDIT COMMITTEE

The Group established the audit committee (the “**Audit Committee**”) on 19 February 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to, among other things, review and approve the Group’s financial reporting process and internal control and risk management system, oversee the Group’s audit process and perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of three members, namely Ms. Lai Pik Chi Peggy, Mr. Wong Kwok On and Mr. Tang Man Joe. The chairlady of the Audit Committee is Ms. Lai Pik Chi Peggy.

REVIEW OF INTERIM RESULTS

The Group’s condensed consolidated interim results for the Reporting Period have not been audited, but have been reviewed by the Audit Committee. Based on their review and discussions with the management, there is no disagreement by the Audit Committee with the accounting treatment adopted by the Group, the Audit Committee was satisfied that the interim results were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the Reporting Period.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.feg-holdings.com). The interim report of the Company for the Reporting Period containing all the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company who have requested to receive printed copies and will be available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

By order of the Board
FEG Holdings Corporation Limited
CHEUNG Tung Tsun Billy
Chairman and Executive Director

Hong Kong, 28 November 2024

As at the date of this announcement, the executive directors are Mr. CHEUNG Tung Tsun Billy, Mr. YIP Kwong Cheung, Ms. LUO Tingting, Ms. HUANG Jiayi and Mr. YANG Zhenwei; and the independent non-executive directors are Ms. LAI Pik Chi Peggy, Mr. WONG Kwok On and Mr. TANG Man Joe.