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FEG Holdings Corporation Limited

鑄帝控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1413)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Year amounted to approximately HK\$405.0 million (FY2023/24: approximately HK\$618.2 million).
- Gross (loss)/profit margin for the Year was approximately (14.8)% (FY2023/24: approximately 5.6%).
- (Loss)/profit and total comprehensive (loss)/income attributable to the owners of the Company for the Year amounted to approximately HK\$(81.5) million (FY2023/24: approximately HK\$17.3 million).
- Basic and diluted (loss)/earnings per share for the Year amounted to approximately HK cents (7.30) (FY2023/24: approximately HK cents 1.73).
- The Board has resolved not to recommend the declaration of a final dividend for the Year (FY2023/24: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of FEG Holdings Corporation Limited, (formerly known as Kwong Luen Engineering Holdings Limited) (the “**Company**”) is pleased to present the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Year**” or “**FY2024/25**”), together with the comparative figures for the corresponding year ended 31 March 2024 (the “**FY2023/24**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2025	2024
		HK\$'000	HK\$'000
	<i>Notes</i>		
Revenue	3	404,950	618,193
Cost of sales	5	<u>(464,905)</u>	<u>(583,434)</u>
Gross (loss)/profit		(59,955)	34,759
Other income and gains	4	264	1,338
Administrative and other operating expenses	5	(29,349)	(11,425)
Fair value gain on a financial asset at fair value through profit or loss		91	128
Reversal of/(provision for) expected credit losses on trade and other receivables, deposits and contract assets		<u>3,402</u>	<u>(2,493)</u>
(Loss)/profit from operations		(85,547)	22,307
Finance costs	6	<u>(1,099)</u>	<u>(1,144)</u>
(Loss)/profit before income tax		(86,646)	21,163
Income tax credit/(expense)	7	<u>5,122</u>	<u>(3,903)</u>
(Loss)/profit and total comprehensive (loss)/income for the year		<u>(81,524)</u>	<u>17,260</u>
(Loss)/profit for the year and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(81,516)	17,260
Non-controlling interests		<u>(8)</u>	<u>–</u>
		<u>(81,524)</u>	<u>17,260</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share attributable to owners of the Company			
– Basic and diluted	9	<u>(7.30)</u>	<u>1.73</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2025	2024
	Notes	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		24,015	40,712
Right-of-use assets		5,494	1,407
Intangible assets		190	–
Financial asset at fair value through profit or loss		–	4,753
Prepayments and deposits	10	595	5,153
Total non-current assets		30,294	52,025
Current assets			
Trade receivables	11	2,423	63,871
Prepayments, deposits and loan and other receivables	10	8,216	259
Contract assets		216,347	239,869
Amount due from a non-controlling shareholder		3,300	–
Current tax assets		4,113	–
Cash and cash equivalents		33,920	25,148
Total current assets		268,319	329,147
Current liabilities			
Trade and retention payables	12	46,794	63,732
Accruals and other payables		13,293	9,348
Bond	13	–	11,928
Secured bank loans		–	16,277
Lease liabilities		2,068	421
Current tax liabilities		–	5,255
Total current liabilities		62,155	106,961
Net current assets		206,164	222,186
Total assets less current liabilities		236,458	274,211

		As at 31 March	
		2025	2024
<i>Notes</i>		HK\$'000	HK\$'000
Non-current liabilities			
Accruals and other payables		263	263
Long service payment obligations		821	–
Secured bank loans		–	1,471
Lease liabilities		3,517	974
Deferred tax liabilities		–	5,122
		<hr/>	<hr/>
Total non-current liabilities		4,601	7,830
		<hr/>	<hr/>
Net assets		231,857	266,381
		<hr/>	<hr/>
Equity			
<i>Equity attributable to the owners of the Company</i>			
Share capital	14	12,000	10,000
Reserves		209,865	256,381
		<hr/>	<hr/>
		221,865	266,381
Non-controlling interests		9,992	–
		<hr/>	<hr/>
Total equity		231,857	266,381
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

FEG Holdings Corporation Limited (formerly known as Kwong Luen Engineering Holdings Limited) (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’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company is an investment holding company and together with its subsidiaries (collectively the “**Group**”) are principally engaged in the provision of construction services in Hong Kong. Up to the date of issuance of these consolidated financial statements, the Company does not have a controlling party.

The consolidated financial statements are presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors of the Company on 18 July 2025.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on the historical cost basis except for a financial asset at fair value through profit or loss which has been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The consolidated financial statements are prepared on a going concern basis.

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied for the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 April 2024:

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss and other comprehensive income, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Except from the above, the directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards and interpretations. These standards and interpretations are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the requirements. The Group intends to adopt the above new standards and interpretations when they become effective.

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 year.

(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 31 March 2025 and 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 year is set out below:

	2025 HK\$'000	2024 HK\$'000
Customer A	124,382	464,519
Customer B	244,392	124,834

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

3.2 Revenue

The Group's revenue recognised is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
Provision of construction services	404,950	618,193

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

	2025 HK\$'000	2024 HK\$'000
Type of construction services provided		
Residential	246,609	123,765
Non-residential	158,341	494,428
Total	404,950	618,193
Type of customer		
From private sector	280,568	153,674
From public sector	124,382	464,519
Total	404,950	618,193
Timing of revenue recognition		
Services transferred over time	404,950	618,193

4. OTHER INCOME AND GAINS

	2025 HK\$'000	2024 HK\$'000
(Loss)/gain on disposal of property, plant and equipment, net	(430)	1,293
Interest income	219	45
Gain on disposal of a subsidiary	4	–
Others	471	–
	264	1,338

5. EXPENSE BY NATURE

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration	1,223	1,000
Direct materials and other costs	108,268	163,918
Sub-contracting fees	216,875	264,655
Depreciation of property, plant and equipment	11,565	13,963
Depreciation of right-of-use assets	1,316	634
Legal and professional fees	6,057	1,286
Employee benefit expenses	99,697	87,959
Placing commission	1,295	–
Short-term lease payments	38,333	53,567
Repair and maintenance	4,408	5,602
Transportation	1,006	963
Others	4,211	1,312
Total cost of sales and administrative and other operating expenses	<u>494,254</u>	<u>594,859</u>

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on bank loans and overdrafts	792	1,128
Interest expenses on lease liabilities	183	11
Finance expenses on bond	124	5
	<u>1,099</u>	<u>1,144</u>

7. INCOME TAX CREDIT/(EXPENSE)

	2025 HK\$'000	2024 HK\$'000
Current tax – Hong Kong Profits Tax	–	(5,255)
Deferred tax	5,122	1,352
Total income tax credit/(expense)	<u>5,122</u>	<u>(3,903)</u>

For the year ended 31 March 2025, Hong Kong Profits Tax has not been provided as the Group has no assessable profit.

For the year ended 31 March 2024, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which was 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 were taxed at 8.25%, and the profits above HK\$2,000,000 were taxed at 16.5%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI (2024: Nil).

PRC Enterprise Income Tax provision has been provided at a rate of 25% (2024: 25%).

No PRC Corporate Income Tax provision was made as the PRC subsidiaries has sustained a loss for taxation purpose for the year ended 31 March 2025 (2024: Nil).

8. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 March 2025 (2024: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2025 HK\$'000	2024 HK\$'000
(Loss)/earnings		
(Loss)/profit attributable to the owners of the Company, used in the basic and diluted earnings per share calculation	<u>(81,516)</u>	<u>17,260</u>
	2025	2024
Number of shares		
Weighted average number of ordinary shares used in basic and diluted earnings per share calculation (<i>in thousand</i>)	<u>1,117,260</u>	<u>1,000,000</u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same. As at 31 March 2025, the Company had no dilutive potential ordinary shares (2024: Nil).

10. PREPAYMENTS, DEPOSITS AND LOAN AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Loan receivables	821	–
Less: ECL allowance	<u>(175)</u>	<u>–</u>
	<u>646</u>	<u>–</u>
Deposits (<i>Note (i)</i>)	7,018	5,403
Less: ECL allowance	<u>(1,134)</u>	<u>–</u>
	<u>5,884</u>	<u>5,403</u>
Other receivables	1,300	–
Prepayments	<u>981</u>	<u>9</u>
	<u>8,811</u>	<u>5,412</u>
Less: Non-current portion (<i>Note (ii)</i>)	<u>(595)</u>	<u>(5,153)</u>
Current portion	<u>8,216</u>	<u>259</u>

The carrying amounts of prepayments, deposits, loan and other receivables approximate their fair values and are denominated in HK\$.

The movement in the ECL allowance of deposits and loan receivables is as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance as at 1 April 2023, 31 March 2024 and 1 April 2024	–	–	–	–
Provision for ECL, net	–	1,134	175	1,309
Balance as at 31 March 2025	–	1,134	175	1,309

During the year ended 31 March 2025, the changes in ECL allowance were due to the increase in the gross balance of deposits and loan receivables.

Notes:

- (i) During the year ended 31 March 2025, the Company's wholly-owned subsidiary, Kwong Luen Information Technology Limited entered into several agreements with independent third parties for acquisition of excavators and procurement of rebar for construction services.
- (ii) In March 2024, the Company's wholly-owned subsidiary, Shenzhen Guanglianxing Trading Technology Co., Ltd. ("**Shenzhen Guanglianxing**") entered into a construction service agreement with a construction company in the PRC ("**Customer Z**") and a co-operation agreement with a supply chain management company ("**Supply Chain Management Company**") in the PRC for the sub-contracting and management of construction services in the PRC (collectively, the "**Arrangements**"). As at 31 March 2024, Shenzhen Guanglianxing paid a partial deposit of RMB4,754,500 (equivalent to approximately HK\$5,153,000) to the Supply Chain Management Company, which was included in "prepayments and deposits" under non-current assets in the consolidated statement of financial position.

In April 2024, Shenzhen Guanglianxing paid the remaining partial deposit of RMB3,808,000 (equivalent to approximately HK\$4,127,000) to the Supply Chain Management Company.

In July 2024, Shenzhen Guanglianxing has entered into termination agreements with Customer Z and the Supply Chain Management Company to terminate the Arrangements, and received the full refund of the deposits paid of RMB8,562,500 (equivalent to approximately HK\$9,280,000) from the Supply Chain Management Company.

11. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	2,451	65,439
Less: ECL allowance	(28)	(1,568)
	<u>2,423</u>	<u>63,871</u>

The directors of the Company 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 (2024: 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.

The carrying amount of the Group's trade receivables is all denominated in HK\$.

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:

	2025 HK\$'000	2024 HK\$'000
0–30 days	2,423	41,855
31–60 days	–	22,016
	<u>2,423</u>	<u>63,871</u>

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

	2025 HK\$'000	2024 HK\$'000
Balance as at beginning of year	1,568	102
(Reversal of)/provision for ECL, net	<u>(1,540)</u>	<u>1,466</u>
Balance as at end of year	<u>28</u>	<u>1,568</u>

12. TRADE AND RETENTION PAYABLES

	2025 HK\$'000	2024 HK\$'000
	<i>Notes</i>	
Trade payables	(a) 11,243	38,720
Retention payables	(b) 35,551	25,012
	<u>46,794</u>	<u>63,732</u>

The carrying amounts of trade and retention payables approximate their fair values and are denominated in HK\$.

Notes:

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

	2025 HK\$'000	2024 HK\$'000
0–30 days	8,080	32,259
31–90 days	2,994	6,084
91–180 days	48	377
181–365 days	116	–
Over 365 days	5	–
	<u>11,243</u>	<u>38,720</u>

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 construction work by the subcontractors, as stipulated in the subcontracting contracts.

	2025 HK\$'000	2024 HK\$'000
Within one year	14,710	8,165
More than one year	20,841	16,847
	<u>35,551</u>	<u>25,012</u>

13. BOND

	2025 HK\$'000	2024 HK\$'000
Bond	<u>–</u>	<u>11,928</u>

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 repayable in July 2024. The bond was fully repaid in July 2024.

14. SHARE CAPITAL

The Company's share capital is as follows:

	Number of shares of issue	Share capital <i>HK\$'000</i>
Authorised:		
As at 31 March 2024 and 2025	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 1 April 2023, 31 March 2024 and 1 April 2024	1,000,000,000	10,000
Issuance of ordinary shares upon placing (<i>Note</i>)	<u>200,000,000</u>	<u>2,000</u>
As at 31 March 2025	<u>1,200,000,000</u>	<u>12,000</u>

Note: On 30 August 2024, 200,000,000 placing shares were allotted and issued at HK\$0.185 per placing share.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Hong Kong has experienced economic slowdown in recent years, leading to a range of unstable factors that pose challenges to the residential and commercial property market. In particular, individuals and property investors have become more hesitate in purchasing property and property developers have become more cautious in tendering residential developments. This leads to a decrease in demand for property developments as well as the overall demand for foundation works in residential and commercial developments. However, the Government of Hong Kong (the “**Government**”) has been actively developing lands, leading a surge in number of infrastructure developments.

The construction industry and foundation industry in Hong Kong have been negatively affected by the COVID-19 continuously. Hong Kong’s business activity has resumed normal since the end of COVID-19 since the end of 2022. Led by inbound tourism and private consumption, the Hong Kong economy continued to recover during the Year. According to the Government, the GDP of Hong Kong in 2024 increased by 2.5% in real terms compared with the previous year, and the GDP growth is estimated to reach around 1.5% in 2025.

Since early 2023, the business activities in Hong Kong have resumed normal. However, the outbreak of COVID-19 has completely reshaped the construction industry and brought along continuous consequences. In particular, shortage of construction-related professions resulting in continuous difficulty in recruiting sufficient construction staff to commence new construction projects. According to the “Manpower Forecast for Hong Kong Construction Industry (February 2023)” published by the Construction Industry Council, the Construction Instruction has a shortage of 17,500 to 24,000 workers and professionals, and the number is expected to increase to 48,500 to 55,000 in 2027.

Despite the aforementioned difficulties, the directors of the Company (the “**Directors**”) expect that there are upsides to the industry. In 2024 and early 2025, the construction industry continued to face a shortage of skilled labour. To mitigate the impact, the Government enhanced the Supplementary Labour Scheme, enabling employers to import workers at technician level or below for positions where suitable local candidates are unavailable. As of 30 April 2025, five rounds of applications had been accepted, with a total of 12,840 quotas approved under the scheme. With the gradual easing of labour constraints and continued government support for infrastructure development, the Group remains optimistic about the growth prospects of the construction industry in the coming 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, 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. During the Year, 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 in this difficult time.

During the Year, the Group recorded a significant gross loss, primarily attributable to construction projects related to the three-runway system at the Hong Kong International Airport. The following key factors contributed to this result:

1. The contractor denied the validity of the agreed item rates under the original contract by later offering a lower market rate, creating substantial cost pressure to the Group throughout the execution phase.
2. At the contractor's request, the Group accelerated construction works by deploying additional resources. Despite these efforts, no acceleration work was recognized by the contractor. Instead, the contractor retroactively alleged that the delays were due to our underperformance, despite the Group having adhered to the agreed construction schedule and acting upon the contractor's own acceleration demands.
3. As a result of the item costing and accelerated timetable, the Group has attempted to present variation orders to recover the additional costs incurred. However, after a lengthy commercial discussion with the contractor, no additional variation orders and billings were approved by the contractor, this led to significant loss incurred for the projects associated with the three-runway system at the Hong Kong International Airport.
4. The contractor also delayed payments by disputing our progress assessments. Despite achieving major completion, the contractor's valuation assessments significantly understated our progress, resulting in notable impacts on both the Group's cash flow and revenue recognition.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract from audited financial report of the Company prepared by Linksfield CPA Limited, the auditor of the Company, for the year ended 31 March 2025.

“Our qualified opinion

In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

We were appointed as the auditor of the Company in respect of the Group’s consolidated financial statements for the year ended 31 March 2025 on 18 November 2024.

Deposits paid for a construction contract

As set out in predecessor’s auditor’s report dated 11 July 2024 on the consolidated financial statements for the year ended 31 March 2024, the predecessor auditor had qualified their opinion due to a limitation on the scope of their audit in relation to a deposit paid of RMB4,754,500 (equivalent to approximately HK\$5,153,000), as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on (a) the nature, business rationale and commercial substance of transactions related to the deposit paid and (b) the classification and accounting treatment of the deposit paid.

As described in Note 18 to the consolidated financial statements, in March 2024, the Group entered into the Arrangements with Customer Z and the Supply Chain Management Company. As at 31 March 2024, the Group paid a partial deposit of RMB4,754,500 (equivalent to approximately HK\$5,153,000) to the Supply Chain Management Company, which was included in “prepayments and deposits” under non-current assets in the consolidated statement of financial position. In July 2024, the Group entered into termination agreements to terminate the Arrangements, and received the full refund of the deposits paid from the Supply Chain Management Company.

Despite the above, given the lack of sufficient appropriate audit evidence to determine the nature, business rationale and the commercial substance of the transaction related to the deposit and the classification and accounting treatment of the deposit, as of the date of this report we were unable to determine whether any adjustments were necessary to the opening balances of the deposit carried at RMB4,754,500 (equivalent to approximately HK\$5,153,000) as at 1 April 2024. Any adjustments to the opening balances of the carrying amounts of the deposit could have a significant consequential effect on the corresponding figures for the year ended 31 March 2024.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.”

THE VIEWS OF THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Audit Committee has reviewed and duly noted the qualified opinion issued by the independent auditors, Linksfield CPA Limited, in relation to the Group’s consolidated financial statements for the year ended 31 March 2025.

The basis for the qualified opinion pertains to the opening balance of a deposit of RMB4,754,500 (approximately HK\$5,153,000) previously paid under a construction-related arrangement. While the Group had entered into termination agreements in July 2024 and successfully recovered the full deposit, the auditors were unable to obtain sufficient appropriate audit evidence regarding the nature, business rationale, and commercial substance of the underlying transaction, nor the classification and accounting treatment of such deposit as at 1 April 2024.

The Audit Committee acknowledges that this matter originates from a scope limitation encountered by the predecessor auditor for the financial year ended 31 March 2024. The current auditor’s qualified opinion only relates to the opening balance and does not extend to the financial reporting or internal controls of the current financial year.

The Audit Committee has engaged in thorough discussions with both management and the current auditors to understand the circumstances surrounding the transaction in question. It notes management’s efforts in recovering the deposit in full and the actions taken to enhance documentation and governance over such arrangements going forward.

The Audit Committee supports continued improvement in the Group’s internal control and financial reporting practices to avoid similar issues in the future, and will closely monitor the implementation of these measures. The qualified opinion does not have any impact on the Company’s consolidated balance sheet as at 31 March 2025 and the Group’s consolidated profit for the year then ended.

RISK MANAGEMENT AND INTERNAL CONTROL

With reference to the announcement of annual results for the prior year ended 31 March 2024 and resumption of trading of the Company dated 11 July 2024, the 2023/24 annual report of the Company dated 25 July 2024 and the announcement of the Company dated 20 January 2025, the Board has engaged an internal control consultant during the Year to conduct an independent internal control review of the Group and provide corresponding recommendations for improving the internal control of the Company.

The internal control consultant has identified, among others, 6 key findings with risk level categorized as high risk findings and the Board has taken actions to address the findings and implement the recommendations made by the internal control consultant.

With reference to the supplemental announcement of delay in publication of 2024/25 annual results dated 15 July 2024, the Board has engaged the internal control consultant to conduct an internal control review addressing the thematic issues that led to the delay in publication of 2024/25 annual results. The internal control consultant has identified a medium risk internal control finding which the Board has taken immediate action to address the finding and implement the recommendation made by the internal control consultant promptly.

The internal control review included a remediation follow-up review and reported that the remediations of the above findings have completed after the Year end.

Having considered the findings of the internal control review, the rectification recommendations and the remedial actions taken by the Group, the Board is of the view, and the Audit Committee agrees, that the Company has in place an adequate and effective internal control system to comply with its obligations under the Listing Rules as of the date of this results announcement.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased to approximately HK\$405.0 million for the Year by approximately HK\$213.2 million or approximately (34.5)%, from approximately HK\$618.2 million for the FY2023/24. The decrease in revenue was mainly attributable to the decrease in the number of construction projects with large contract value and renovation projects undertaken by the Group for the Year compared to the FY2023/24.

Gross (loss)/profit and gross (loss)/profit margin

The Group's cost of sales decreased from approximately HK\$583.4 million for the year ended 31 March 2024 to approximately HK\$464.9 million for the Year, representing a decrease of approximately HK\$118.5 million or approximately (20.3)%, mainly attributable to the decrease in revenue.

For the year ended 31 March 2025 and 31 March 2024, the Group recorded gross loss of approximately HK\$60.0 million and gross profit of approximately HK\$34.8 million, respectively and the gross (loss)/profit margin of the Group was approximately (14.8)% and approximately 5.6% for the respective years. Such decrease in our Group's overall gross margin was mainly attributable to the revenue decline during the Year as discussed above.

Other income and gains

Other income and gains of the Group decreased by approximately HK\$1.0 million from approximately HK\$1.3 million for the year ended 31 March 2024 to approximately HK\$0.3 million for the Year. The decrease was mainly due to increase of approximately HK\$0.4 million in net loss on disposal of property, plant and equipment.

Administrative and other operating expenses

The administrative expenses of the Group increased from approximately HK\$11.4 million for the year ended 31 March 2024 to approximately HK\$29.3 million for the year ended 31 March 2025, representing an increase of approximately HK\$17.9 million or approximately 157.0%. The increase during the Year was mainly due to the increase of approximately HK\$11.7 million in employee benefits expenses (including director's and chief executive emoluments) for the Year.

Reversal of/(provision for) expected credit losses ("ECL") on trade and other receivables, deposits and contract assets

The reversal of ECL on trade and other receivables, deposits and contract assets for the year of the Group approximately HK\$3.4 million for the year ended 31 March 2025 compared with the provision for ECL on trade and other receivables, deposits and contract assets for the year of the Group approximately HK\$2.5 million for the year ended 31 March 2024 to reverse of approximately HK\$5.9 million or (236.0)%. The reversal was primarily to the contract assets of approximately HK\$3.2 million and the trade receivable of approximately HK\$1.5 million.

The Directors assessed the recoverability of contract assets as at 31 March 2025 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 31 March 2025 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 decreased from approximately HK\$1.1 million for the year ended 31 March 2024 to approximately HK\$1.1 million for the Year, representing a decrease of approximately HK\$45,000 or (3.9%). The decrease in our finance costs was primarily attributable to decrease in interest charges on bank loans and overdrafts from approximately HK\$1.1 million for the year ended 31 March 2024 to approximately HK\$0.8 million for the Year, representing a decrease of approximately HK\$0.3 million or (27.3%).

Income tax credit/(expense)

The income tax of the Group decreased from income tax expense of approximately HK\$3.9 million for the year ended 31 March 2024 to income tax credit of approximately HK\$5.1 million for the Year, representing a decrease of approximately HK\$9.0 million. The decrease was due to the Group's gross loss as discussed above.

(Loss)/profit and total comprehensive (loss)/income for the year

The profit and total comprehensive income for the year of the Group approximately HK\$17.3 million for the year ended 31 March 2024 compared with in the loss and total comprehensive loss for the year of the Group approximately HK\$81.5 million for the year ended 31 March 2025, representing a decrease of approximately HK\$98.8 million or approximately 571.1%. The decrease was primarily attributable to the decrease in the Group's gross profit and the increase in the Group's administrative and other operating expenses as discussed above.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the date of listing (the "**Listing Date**") and up to the date of this announcement.

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 placees 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.

As at 31 March 2025, the Group had total cash and cash equivalents of approximately HK\$33.9 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 4.3 times as at 31 March 2025 from approximately 3.1 times as at 31 March 2024. The increase was mainly due to the decrease in trade and retention payables, bond, secured bank loans and current tax liabilities.

GEARING RATIO

Gearing ratio is calculated as total borrowings (including bond, 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 2.4% as at 31 March 2025 from approximately 11.1% as at 31 March 2024. The decrease was mainly due to the decrease in bond and secured bank loans.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. 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 31 March 2025, no carrying amount of a life insurance policy (FY2023/24: HK\$4,753,000) was pledged to secure certain bank loans granted to the Group.

FOREIGN EXCHANGE EXPOSURE

As the Group mainly operated in Hong Kong and all of the revenue and transactions arising from its Hong Kong operations were settled in Hong Kong dollars for the Year, 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 Year.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group did not have any capital commitment and significant contingent liabilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS 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 Year. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 March 2025.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have any other plans for material investments or capital assets during the Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, we employed a total of 156 employees (including executive Directors but excluding 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 independent non-executive Directors, incurred by the Group for the Year was approximately HK\$99.7 million compared to approximately HK\$87.9 million for FY2023/24.

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.

DIVIDENDS

The Board has resolved not to recommend the declaration of final dividend for the Year (FY2023/24: Nil).

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all of the Directors have confirmed that they have complied with the requirements of the Model Code during the period from the Listing Date and up to the date of this announcement.

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 31 March 2025.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates 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 Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an Audit Committee on 19 February 2021 with written terms of reference in compliance with 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 who are independent non-executive Directors, namely, Ms. Lai Pik Chi Peggy, Mr. Wong Kwok On and Mr. Tang Man Joe. Ms. Lai Pik Chi Peggy is the chairlady of the Audit Committee.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the Year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Company's auditor, Linksfield CPA Limited ("**Linksfield**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Linksfield in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Linksfield on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.feg-holdings.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The FY2024/25 Annual Report will be made available on the same websites 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 the Group's shareholders, investors and business partners for their trust and support.

RESUMPTION OF TRADING

At the request of the Company, trading of the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2025 due to delay in publication of financial results under the Listing Rules. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 July 2025.

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

Hong Kong, 18 July 2025

As at the date of this announcement, the executive Directors are Mr. Cheung Tung Tsun Billy, Mr. Yip Kwong Cheung, Ms. Luo Tingting, Mr. Yang Zhenwei, Mr. Xie Rong, Mr. Yang Wei, Mr. Yuen Koon Tung and Mr. Deng Huacheng; and the independent non-executive Directors are Ms. Lai Pik Chi Peggy, Mr. Wong Kwok On, Mr. Tang Man Joe and Mr. Andre Pierre Lajeunesse.