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ABLE ENGINEERING HOLDINGS LIMITED

安保工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1627)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Able Engineering Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively as the “**Group**”) for the year ended 31 March 2024, together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	5	5,511,537	5,079,222
Cost of sales		<u>(5,187,993)</u>	<u>(4,764,334)</u>
Gross profit		323,544	314,888
Other income and gains	5	49,357	12,109
Administrative expenses		(87,707)	(83,577)
Finance costs	6	(34,761)	(24,508)
Share of profits and losses of joint ventures		184	1,373
PROFIT BEFORE TAX	7	250,617	220,285
Income tax expense	8	<u>(45,728)</u>	<u>(46,217)</u>
PROFIT FOR THE YEAR		<u>204,889</u>	<u>174,068</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 March

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PROFIT FOR THE YEAR		<u>204,889</u>	<u>174,068</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of a subsidiary		<u>(7,597)</u>	<u>(6,217)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u>(7,597)</u>	<u>(6,217)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>197,292</u>	<u>167,851</u>
Profit for the year attributable to owners of the parent		<u>204,889</u>	<u>174,068</u>
Total comprehensive income for the year attributable to owners of the parent		<u>197,292</u>	<u>167,851</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>10.24</u>	<u>8.70</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

		2024	2023
	Note	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,612,720	1,558,770
Intangible asset		25,000	–
Investment in joint ventures		78,808	88,624
Financial assets at fair value through profit or loss		11,665	11,378
		<u>1,728,193</u>	<u>1,658,772</u>
CURRENT ASSETS			
Accounts receivable	11	75,755	10,255
Contract assets	12	814,160	828,677
Inventories		–	3,383
Prepayments, other receivables and other assets		193,413	396,232
Tax recoverable		1,504	3,715
Restricted cash		14,704	14,704
Cash and cash equivalents		2,077,918	1,710,743
		<u>3,177,454</u>	<u>2,967,709</u>
CURRENT LIABILITIES			
Accounts payable	13	1,074,198	939,329
Tax payable		9,117	57,664
Other payables, accruals and contract liabilities		1,716,194	1,506,987
Interest-bearing bank loans		486,700	111,287
		<u>3,286,209</u>	<u>2,615,267</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(108,755)</u>	<u>352,442</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,619,438</u>	<u>2,011,214</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		–	483,500
Other payables		–	7,440
Deferred tax liabilities		<u>1,872</u>	<u>–</u>
Total non-current liabilities		<u>1,872</u>	<u>490,940</u>
Net assets		<u>1,617,566</u>	<u>1,520,274</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	20,000	20,000
Reserves		<u>1,597,566</u>	<u>1,500,274</u>
Total equity		<u>1,617,566</u>	<u>1,520,274</u>

NOTES

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are publicly traded on the Main Board of The Stock Exchange of Hong Kong Limited (“**The Stock Exchange**”). The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

During the year ended 31 March 2024, the Group was principally engaged in building construction, repair, maintenance, alteration and addition (“**RMAA**”) works and sales of prefabricated construction units in Hong Kong.

In the opinion of the Directors, Golden Lux Holdings Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate holding company of the Company; and the ultimate holding company of the Company is Golden More Limited, a company incorporated in the BVI.

2. ACCOUNTING POLICIES

2.1 Basis of Presentation

In preparing the consolidated financial statements, the directors of the Company have given due consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$108,755,000 as at 31 March 2024. The net current liability position was caused by reclassification of certain non-current liabilities to current liabilities due to the maturity date of the respective term loan.

In the opinion of the directors of the Company, the liquidity of the Group is well managed with the sources of finance available. The Group has unutilised revolving loan facilities of HK\$438,400,000 as at 31 March 2024. After taking into account the cash flow projection prepared by the management, the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern. Accordingly, the consolidated financial statements for the year ended 31 March 2024 have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts and to provide for further liabilities which might arise. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

2.2 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for life insurance policies which have been measured at fair value. They are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the annual report. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any material impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the construction segment. The construction segment engages in contract works, acting as a main contractor or sub-contractor and supply of prefabricated construction units, primarily in respect of building construction and RMAA. Accordingly, no segment information is presented. Further details of the Group's revenue from building construction, RMAA and sales of prefabricated construction units are set out in note 5 to the consolidated financial information.

The Group's revenue from external customers was derived solely from its operations in Hong Kong.

Geographical information

(a) *Revenue from external customers*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	<u>5,511,537</u>	<u>5,079,222</u>

The revenue information of continuing operations above is based on the geographical locations of the customers.

(b) *Non-current assets*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	1,383,926	1,338,066
Chinese Mainland	<u>332,602</u>	<u>309,328</u>
Total non-current assets	<u>1,716,528</u>	<u>1,647,394</u>

The non-current asset information above is based on the geographical locations of the assets and excludes financial instruments.

Information about major customers

Revenue from customers which accounted for 10% or more of the Group's revenue for the year, is set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	1,922,560	1,241,548
Customer B	2,815,158	1,951,871
Customer C	<u>507,733*</u>	<u>1,855,704</u>

* *Customer C contributed less than 10% of the Group's revenue for the year ended 31 March 2024.*

Except for the aforesaid, no revenue from any other single customers accounted for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers:		
Contract works for building construction	5,406,064	5,079,222
Contract works for RMAA works	39,520	–
Sales of prefabricated construction units	65,953	–
	<u>5,511,537</u>	<u>5,079,222</u>

An analysis of the Group's other income and gains is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	47,411	7,516
Government subsidies	1,315	3,706
Fair value gain on financial assets at fair value through profit or loss	287	223
Exchange differences, net	170	664
Others	174	–
	<u>49,357</u>	<u>12,109</u>

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank loans	34,296	23,952
Interest on lease liabilities	465	556
	<u>34,761</u>	<u>24,508</u>

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of sales		
Contract costs	5,133,572	4,764,334
Cost of inventories sold	54,421	–
	<u>5,187,993</u>	<u>4,764,334</u>
Provision for contract works, net*:		
Additional provision	410,722	485,941
Utilisation/reversal	(186,615)	(116,116)
	<u>224,107</u>	<u>369,825</u>
Depreciation of owned assets*	8,488	523
Depreciation of right-of-use assets*	65,220	70,387
Auditor's remuneration	2,768	2,668
Employee benefit expense (excluding Directors' remuneration)*:		
Wages and salaries	225,732	167,981
Pension scheme contributions (defined contribution schemes)**	6,255	4,784
	<u>231,987</u>	<u>172,765</u>
Directors' remuneration:		
Fees	1,200	1,200
Other emoluments:		
Salaries, allowances and benefits in kind	15,674	16,518
Discretionary performance-related bonuses	30,400	24,900
Pension scheme contributions (defined contribution schemes)**	63	72
	<u>47,337</u>	<u>42,690</u>
Lease payments not included in the measurement of lease liabilities*	35,575	68,292
Write-off of property, plant and equipment	296	–
Government subsidies***	(1,315)	(3,706)

- * For the year ended 31 March 2024, depreciation of owned assets, right-of-use assets, employee benefit expense, provision for contract works, net and lease payments not included in the measurement of lease liabilities of HK\$7,523,000 (2023: HK\$31,000), HK\$20,994,000 (2023: HK\$25,320,000), HK\$224,803,000 (2023: HK\$168,244,000), HK\$224,107,000 (2023: HK\$369,825,000) and HK\$32,537,000 (2023: HK\$65,484,000), respectively, are included in “Contract costs” on the face of the CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.
- ** There are no forfeited contributions that may be used by the Group as the employer, to reduce the existing level of contributions.
- *** Subsidies have been received from (i) the “Anti-epidemic Fund” set up by the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) for the year ended 31 March 2023; and (ii) the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the HKSAR Government, for providing time-limited financial support to employers to retain their employees and for providing on-the-job training for graduate engineers and trainees for the years ended 31 March 2024 and 2023, respectively. There were no unfulfilled conditions or contingencies relating to these subsidies.

8. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. A subsidiary operated in the Chinese Mainland is subject to corporate income tax rate of 25% (2023: 25%).

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong profits tax provision for the year	39,720	46,217
The Chinese Mainland corporate income tax provision for the year	4,116	–
Deferred tax expense in relation to temporary differences	1,892	–
	<u>45,728</u>	<u>46,217</u>

9. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Proposed final dividend – HK5.0 cents (2023: HK5.0 cents) per ordinary share	<u>100,000</u>	<u>100,000</u>

The final dividend proposed subsequent to the end of the reporting period is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,000,000,000 (2023: 2,000,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

11. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts and the payments are normally due within 30 days (2023: 30 days) from the date of issuance of the payment certificate.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to members of the Group and as at 31 March 2024, the aggregate amount of accounts receivable related to such contract works pledged to secure the relevant banking facilities was nil (2023: HK\$2,313,000).

An ageing analysis of accounts receivable as at the end of the reporting period, based on the payment certificate date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current to six months	<u>75,755</u>	<u>10,255</u>

The Group has applied the simplified approach to provide for impairment for expected credit losses (“ECL(s)”) prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for impairment of all accounts receivable. To measure the ECLs, accounts receivable has been grouped based on shared credit risk characteristics and the days past due. With the incorporation of forward-looking information in the measurement of ECLs, management considered that the ECL rate for the Group’s accounts receivable is minimal and therefore no provision for impairment of accounts receivable was necessary as at 31 March 2024 and 31 March 2023.

12. CONTRACT ASSETS

	31 March 2024 HK\$'000	31 March 2023 HK\$'000	1 April 2022 HK\$'000
Contract assets arising from construction contracts:			
Unbilled revenue	368,620	340,065	309,125
Retention receivables	445,540	488,612	432,326
	814,160	828,677	741,451

The movement of contract assets is as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	828,677	741,451
Addition in contract assets	467,529	421,018
Transfer to accounts receivable	(482,046)	(333,792)
At end of the year	814,160	828,677

Unbilled revenue included in contract assets represents the Group's rights to receive consideration for the work performed and not yet certified by customers because the rights are conditional upon the quality and quantity check by the customers on the construction work performed by the Group and the work is pending for the payment certification by the customers. Contract assets regarding unbilled revenue are transferred to accounts receivable when the rights become unconditional, which is typically at the time the Group obtains the payment certification of the performed construction work from the customers.

Retention receivables included in contract assets represents the Group's rights to consideration for the work performed but not yet collectible because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. Contract assets regarding retention receivables are transferred to the accounts receivable when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for impairment of all contract assets. To measure the ECLs, contract assets have been grouped based on shared credit risk characteristics and the days past due. With the incorporation of forward-looking information in the measurement of ECLs, management considered that the ECL rate for the Group's contract assets is minimal and therefore no provision for impairment of contract assets was necessary as at 31 March 2024 and 31 March 2023.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to members of the Group and as at 31 March 2024, the aggregate amounts of unbilled revenue and retention receivables related to such contract works pledged to secure the relevant banking facilities were HK\$164,210,000 (2023: HK\$330,336,000) and HK\$50,679,000 (2023: HK\$156,100,000), respectively.

13. ACCOUNTS PAYABLE

An ageing analysis of the Group's accounts payable as at the end of the reporting period, based on the date of invoice or the payment certificate date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within three months	587,731	576,597
Four to six months	160,645	61,013
Over six months	<u>325,822</u>	<u>301,719</u>
	<u>1,074,198</u>	<u>939,329</u>

Included in accounts payable are balances with related companies amounting to approximately HK\$303,871,000 (2023: HK\$120,000,000), which are unsecured, interest free and repayable in accordance with the terms of the relevant agreement.

At 31 March 2024, retention payables included in accounts payable amounted to HK\$284,193,000 (2023: HK\$318,223,000), which are non-interest bearing and are normally settled within terms ranging from one to four years.

Other than retention payables, accounts payable are non-interest-bearing and are normally settled within 60 days from the date of invoice or payment certificate date.

14. SHARE CAPITAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Authorised:</i>		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
2,000,000,000 ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>

There was no movement in the Company's share capital during the year.

15. CONTINGENT LIABILITIES

(a) As at 31 March 2024, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain customers of contract works amounted to HK\$492,210,000 (2023: HK\$330,318,000).

(b) Claims

(i) *Personal injuries*

In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

(ii) *Sub-contractors' claims*

In the ordinary course of the Group's construction business, the Group has been subject to various claims from sub-contractors from time to time. Provision would be made for claims when management assessed and can reasonably estimate the probable outcome of the claims. No provision would be made for claims when the claims cannot be reasonably estimated or management believes that the probability of loss is not probable.

16. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Construction in progress for property, plant and equipment	<u>339,279</u>	<u>487,333</u>

PERFORMANCE

During the year under review, the Group was principally engaged in building construction in Hong Kong.

The net assets value attributable to owners of the parent of the Company as at 31 March 2024 amounted to HK\$1,617,566,000 (approximately HK\$0.81 per share), representing an increase of 6.4% from HK\$1,520,274,000 (approximately HK\$0.76 per share) as at 31 March 2023.

DIVIDEND

The Board recommended the payment of a final dividend of HK5.0 cents (2023: HK5.0 cents) per ordinary share of the Company for the year ended 31 March 2024 to the shareholders whose names appear on the register of members of the Company on 6 September 2024, Friday. The proposed payment of the final dividend is subject to the approval of the Company's shareholders (the "**Shareholder(s)**") at the forthcoming 2024 annual general meeting ("**AGM**") of the Company and has not been recognised as a liability as at 31 March 2024.

Based on the 2,000,000,000 ordinary shares of the Company in issue as of the date of this announcement, the total final dividend amounted to HK\$100,000,000.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2024 AGM of the Company will be held in Hong Kong on 29 August 2024, Thursday. Notice of the AGM will be issued and disseminated to the Shareholders in due course.

To ascertain the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from 26 August 2024, Monday, to 29 August 2024, Thursday, (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 23 August 2024, Friday.

DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS

Assuming that the final dividend recommended by the Board is approved by the Shareholders at the forthcoming AGM, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from 4 September 2024, Wednesday to 6 September 2024, Friday (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 3 September 2024, Tuesday. It is expected that the final dividend will be payable to those entitled Shareholders on or before 27 September 2024, Friday.

BUSINESS REVIEW

Market Review

Supported by the Government of the Hong Kong Special Administrative Region (“**HKSAR Government**”)’s commitment in increasing land supply for housing and the number of public housing units, the construction of light public housing units and the “Northern Metropolis Development Strategy”, tendering opportunities of construction contracts from the public sector in the coming years will be sustainable and stable.

The Group's Performance

For the year ended 31 March 2024, the Group's revenue amounted to HK\$5,511,537,000 (2023: HK\$5,079,222,000), representing an increase of 8.5% from that of last year. The Group's overall gross profit margin decreased from 6.2% for the year ended 31 March 2023 to 5.9% for the year ended 31 March 2024. The increase in the net profit of the year was primarily attributed to the progress of the projects as scheduled. However, the reason for the gross profit not increasing at the same pace as the turnover for the year was due to the actual costs incurred during the year being slightly higher than previously estimated. This can be attributed to the rising costs in labor, equipment, and subcontracting fees. In addition, under HKFRS 15 *Revenue from Contracts with Customers*, the gross profit margins of the Group's individual contract works projects over different reporting periods would not remain constant at the overall gross profit margin of that project but would fluctuate over different reporting periods, depending on the actual revenue certified and costs incurred for the specific construction works performed during the period.

Other Income and Gains

Other income and gains increased from HK\$12,109,000 for the year ended 31 March 2023 to HK\$49,357,000 for the year ended 31 March 2024. The increase in other income and gains was mainly due to an increase in interest income of which the Group placed more reserved cash into fixed deposits during the year.

Administrative Expenses

Administrative expenses increased from HK\$83,577,000 for the year ended 31 March 2023 to HK\$87,707,000 for the year ended 31 March 2024. The increase in administrative expenses in the year was mainly due to an increase in directors' bonuses and employee incentive travel.

Finance Costs

For the year ended 31 March 2024, the Group's finance costs amounted to HK\$34,761,000 (2023: HK\$24,508,000). The increase in finance costs by HK\$10,344,000 in the year was mainly due to the general increase in The Hong Kong Interbank Offered Rate.

Share of Profits and Losses of Joint Ventures

The share of net profits of joint ventures amounted to HK\$184,000 (2023: share of net profits HK\$1,373,000), which was solely arisen from the share of results of Gold Victory Resources Inc. and its subsidiaries (collectively, the "**JV Group**") of which the Group has 50% equity interest. The financial results of the JV Group was slightly positive in the year.

Share of Profits and Losses of Associates

The Group acquired 50% equity interest in Synergy Materials Limited and its subsidiaries ("**Synergy Group**") during the year ended 31 March 2024 at a consideration of HK\$1. Since the Synergy Group incurred net losses for the year, the Group only shared net losses from the associates up to the investment cost. As a result, the carrying amount of the interest in the associates was nil as at 31 March 2024.

Income Tax Expense

Income tax expense decreased by 1.1% from HK\$46,217,000 for the year ended 31 March 2023 to HK\$45,728,000 for the year ended 31 March 2024. The slight decrease in tax expense, despite the increase in profit before tax, was mainly due to the fact that the Group generated more interest income from reserved cash, which was non-taxable income.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit attributable to owners of the parent increased by 17.7% from HK\$174,068,000 for the year ended 31 March 2023 to HK\$204,889,000 for the year ended 31 March 2024.

PROSPECTS

According to the 2024-25 Budget, the HKSAR Government will make available land for the production of no less than 80,000 private housing units in the coming five years. Such land will be put to the market in a timely manner. Among them, about 60 per cent comes from New Development Areas/New Town Extensions, with another 40 per cent from government land sale and railway property development projects in other districts.

On public housing supply, the HKSAR Government has identified sufficient land for meeting the supply target of 308,000 public housing units over the next ten years (from 2024/25 to 2033/34). Among which, as at the end of 2023, construction of about 105,000 units under the Hong Kong Housing Authority has commenced with satisfactory progress.

To meet the demand for Modular Integrated Construction (MiC), the newly set up pre-fabrication factory that the Group acquired in May 2022 has also commenced production during the year and it supplied the free-standing integrated modules to the projects of the Group and other contractors. The Group's vertical integration strategy aims to maximize the profit margin and Shareholders' return, particularly with assurance of product quality, product availability, better cost management and increased capacity by shortening the construction time per project. Additionally, this aligns with the HKSAR Government's initiatives to enhance the application of MiC to raise productivity in the construction industry.

Based on the aforementioned initiatives and strategies, the medium to long-term outlook for the construction industry in Hong Kong appears highly promising. The HKSAR Government's proactive approach to addressing housing demands and expediting construction processes demonstrates its commitment to meeting the needs of both public and private housing sectors, while also ensuring sustainable urban development. These efforts will contribute to the overall growth and stability of the construction industry, fostering a positive outlook for the future.

The Group will benefit from the HKSAR Government's policies and is expected to have more opportunities to secure public works and housing projects in the coming years.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

The capital of the Company only comprises ordinary shares. The Group mainly rely on its internally generated capital and bank borrowings to finance its business. The total equity of the Group as at 31 March 2024 was HK\$1,617,566,000 (31 March 2023: HK\$1,520,274,000).

The Group monitors capital structure using net gearing ratio, which is measured as interest-bearing bank loans less cash and bank balances, divided by equity attributable to owners of the parent. As at 31 March 2024, the Group's net gearing ratio was nil (31 March 2023: nil).

The Group's cash and cash equivalents increased by 21.5% from HK\$1,710,743,000 as at 31 March 2023 to HK\$2,077,918,000 at 31 March 2024 was mainly due to strong net cash inflows from operating activities. The current ratio decreased from 1.13 as at 31 March 2023 to 0.97 as at 31 March 2024, primarily due to the long-term bank borrowing of HK\$484,000,000 due in January 2025. However, the Board considers the current ratio to be at a healthy level, especially given the Group's net cash position. Current ratio is measured at total current assets divided by total current liabilities.

The Group's banking facilities, comprising primarily bank loans, bank overdrafts and performance bonds, amounted to HK\$2,421,200,000 as of 31 March 2024 (31 March 2023: HK\$2,071,000,000), of which HK\$1,442,290,000 (31 March 2023: HK\$1,206,682,000) was unutilised.

Looking forward, due to the redevelopment of the site at No.7 Lai Yip Street, Kwun Tong, Kowloon, Hong Kong (the "Site"), it is expected certain amount of cash will be consumed in the coming twelve months. The Group will continuously take a prudent and cautious approach to cash application and capital commitments.

Interest and Foreign Exchange Exposure

At 31 March 2024 and 31 March 2023, the Group's bank borrowings were all denominated in Hong Kong dollars and on a floating rate basis. The Group's bank accounts were operated with principal bankers in Hong Kong. The interest rates of these bank accounts are determined by reference to the respective banks' offer rates.

The Group mainly operates in Hong Kong and the Chinese Mainland. Entities within the Group are exposed to foreign exchange risk arising from future commercial transactions and monetary assets and liabilities denominated in a currency that is not the entities' functional currency.

For the years ended 31 March 2024 and 31 March 2023, the Group did not engage in any interest rates and currency hedging or speculation activities. The Group closely monitors and manages its exposure to foreign exchange fluctuations and will consider engaging relevant hedging arrangement when appropriate.

Property, Plant and Equipment

The property, plant and equipment amounted to HK\$1,612,720,000 as of 31 March 2024 (31 March 2023: HK\$1,558,770,000). The increase in property, plant and equipment was mainly due to the construction cost incurred for the redevelopment of the Site during the year.

Financial Assets at Fair Value through Profit or Loss

The balance represented the cash values of life insurance policies acquired for an executive Director and a senior management of the Group at respective year end.

Accounts Receivable

The Group's accounts receivable represented the receivables for contract works in relation to completed or on-going contract works projects. Accounts receivable represents progress billing of work performed and the progress payment certificates issued by and received from our customers. The level of accounts receivable is principally affected by our work progress and the amount of the progress payment certificate certified by and received from our customers up to the end of the financial period. 100% of the accounts receivable as at 31 March 2024 was subsequently settled by 14 June 2024 (31 March 2023: approximately 100% was subsequently settled by 4 May 2023).

Contract Assets

As at 31 March 2024, the contract assets mainly represented retention receivables of HK\$445,540,000 (31 March 2023: HK\$488,612,000) and unbilled revenue of HK\$368,620,000 (31 March 2023: HK\$340,065,000). Retention receivables represented the retention monies required by customers to secure our Group's due performance of the contracts.

Prepayments, Other Receivables and Other Assets

As at 31 March 2024, the prepayments, other receivables and other assets mainly represented the loan to a joint operation partner, the prepaid insurance for contract works projects, construction waste disposal deposits and rental and utilities deposit. The decrease in prepayments, other receivables and other assets was mainly due to repayment of the amount due from the partner of a joint operation during the year.

Other Payables, Accruals and Contract Liabilities

As of 31 March 2024, the current and non-current balances of other payables, accruals and contract liabilities amounted to HK\$1,716,194,000 (31 March 2023: HK\$1,506,987,000) and nil (31 March 2023: HK\$7,440,000), respectively, which mainly represented provision for contract works costs, staff costs payable, construction costs payable of the Site and the lease liabilities recognised. The increase in other payables, accruals and contract liabilities during the year was mainly due to the increase in provision for contract works of HK\$224,107,000.

Charges on Assets

As at 31 March 2024, the property, plant and equipment, accounts receivable, unbilled revenue and retention receivables related to certain contract works of HK\$1,235,822,000 (31 March 2023: HK\$1,192,356,000), nil (31 March 2023: HK\$2,313,000), HK\$164,210,000 (31 March 2023: HK\$330,336,000) and HK\$50,679,000 (31 March 2023: HK\$156,100,000), respectively, and equity interest of a subsidiary of the Group were pledged in favour of certain banks to secure certain bank loans and banking facilities granted by those banks to members of the Group.

As at 31 March 2024, a bank deposit of HK\$14,704,000 (31 March 2023: HK\$14,704,000) was pledged for the performance bond issued by the relevant bank in relation to a construction project of the Group. The Group had no outstanding bank loans (31 March 2023: HK\$74,948,000) which were previously secured by certain deposits maintained with these banks as continuing security for the obligations of the related members of Group.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 15 to this announcement.

Capital Commitments

Details of the Group's capital commitments are set out in note 16 to this announcement.

ACQUISITION OF A SUBSIDIARY

During the year ended 31 March 2024, the Group acquired 100% of the share capital of CWF Piling & Civil Engineering Company Limited, a company incorporated in Hong Kong. CWF Piling & Civil Engineering Company Limited holds licenses for Roads and Drainage (Group A probation), Site Formation (Group C probation), Land Piling (Group II), and Landslip Preventive/Remedial Works to Slopes/Retaining Walls under the Development Bureau of the HKSAR Government. The acquisition was made at a consideration of HK\$25 million.

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

Save as the headline of “ACQUISITION OF A SUBSIDIARY” above, the Group did not have any other significant investment held and future investment plan as at 31 March 2024.

EMPLOYEES AND REMUNERATION POLICY

As of 31 March 2024, the Group employed 468 full-time employees (31 March 2023: 320) in Hong Kong and the Chinese Mainland. The Group remunerates its employees based on their performance and work experience and with reference to the prevailing market conditions. On top of the regular remuneration, discretionary bonus and share options may be granted to senior management and staff members by reference to the Group’s performance, specific project’s performance as well as the individual employee’s performance. Staff benefits include mandatory provident fund, medical insurance, incentive travel, subsidies for education and training programmes, etc..

At the AGM of the Company held on 31 August 2018, the adoption of a share option scheme (the “**Scheme**”) was considered and approved. The purposes of the Scheme are to provide incentives for the directors and full-time employees of the members of the Group to work towards enhancing the value of the Company and the Shares for the benefit of the Company and its shareholders as a whole. The Scheme provides the Group with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants of the Scheme. From the date of adoption of the Scheme and up to 31 March 2024, the Company did not grant any share options under the Scheme and no equity-settled share option expense was charged to the profit or loss.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with the code provisions as set out in the “Corporate Governance Code” contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2024, apart from the period from 29 August 2023 to 31 March 2024, during which Mr. YAU Kwok Fai assumed the role of Chief Executive Officer (“**CEO**”) while the Board sought a qualified executive to fill the CEO position.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as the code of conduct regarding the Directors’ securities transactions. Following specific enquiry made by the Company, the Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 31 March 2024.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Company’s external auditor, Ernst & Young (“**EY**”), to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on this announcement.

AUDIT COMMITTEE’S REVIEW

At the date of approval of this announcement, the Audit Committee comprises five independent non-executive Directors of the Company, including Mr. MONG Chan (*Chairman*), Prof. KO Jan Ming, Dr. LEE Man Piu Albert, Dr. LI Yok Sheung and Ms. MAK Suk Hing, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. Mr. MONG Chan possesses the appropriate accounting qualifications and experiences in financial matters. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control, risk management and financial reporting matters. The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 March 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual results announcement is published on the websites of HKExnews at <http://www.hkexnews.hk> and the Company at <http://www.ableeng.com.hk>. The Company’s 2023/2024 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and be available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all management and staff members of the Group for their hard work and dedication and all Shareholders for their support.

By Order of the Board
ABLE ENGINEERING HOLDINGS LIMITED
YAU Kwok Fai
Chairman

Hong Kong, 27 June 2024

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors

Mr. YAU Kwok Fai (*Chairman*)
Mr. LEE Hang Wing James (*CEO*)
Mr. LAU Chi Fai Daniel

Independent Non-executive Directors

Prof. KO Jan Ming
Dr. LEE Man Piu Albert
Dr. LI Yok Sheung
Ms. MAK Suk Hing
Mr. MONG Chan