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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 2023

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 2023, 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>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	5	5,079,222	5,577,514
Contract costs		(4,764,334)	(5,324,291)
Gross profit		314,888	253,223
Other income and gains	5	12,109	2,405
Administrative expenses		(83,577)	(86,847)
Finance costs	6	(24,508)	(11,506)
Share of profits and losses of joint ventures		1,373	(1,355)
PROFIT BEFORE TAX	7	220,285	155,920
Income tax expense	8	(46,217)	(33,040)
PROFIT FOR THE YEAR		174,068	122,880

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** (continued)

Year ended 31 March

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PROFIT FOR THE YEAR		<u>174,068</u>	<u>122,880</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of a subsidiary		<u>(6,217)</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		<u>(6,217)</u>	<u>–</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>167,851</u>	<u>122,880</u>
Profit for the year attributable to owners of the parent		<u>174,068</u>	<u>122,880</u>
Profit and total comprehensive income for the year attributable to owners of the parent		<u>167,851</u>	<u>122,880</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>8.70</u>	<u>6.14</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,558,770	1,207,511
Investment in joint ventures		88,624	87,251
Financial assets at fair value through profit or loss		11,378	11,155
		<u>1,658,772</u>	<u>1,305,917</u>
CURRENT ASSETS			
Accounts receivable	<i>11</i>	10,255	307,320
Contract assets	<i>12</i>	828,677	741,451
Inventories		3,383	–
Prepayments, other receivables and other assets		396,232	54,054
Tax recoverable		3,715	–
Restricted cash		14,704	14,704
Cash and cash equivalents		1,710,743	1,502,962
		<u>2,967,709</u>	<u>2,620,491</u>
CURRENT LIABILITIES			
Accounts payable	<i>13</i>	939,329	701,567
Tax payable		57,664	19,327
Other payables, accruals and contract liabilities		1,506,987	1,083,450
Interest-bearing bank loans		111,287	205,442
		<u>2,615,267</u>	<u>2,009,786</u>
NET CURRENT ASSETS			
		<u>352,442</u>	<u>610,705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,011,214</u>	<u>1,916,622</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 31 March*

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		483,500	482,500
Other payables		7,440	11,699
		<hr/>	<hr/>
Total non-current liabilities		490,940	494,199
		<hr/>	<hr/>
Net assets		1,520,274	1,422,423
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>14</i>	20,000	20,000
Reserves		1,500,274	1,402,423
		<hr/>	<hr/>
Total equity		1,520,274	1,422,423
		<hr/>	<hr/>

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 2023 (“**the year**”/“**this year**”), the Group was principally engaged in building construction 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 BVI.

2. BASIS OF PREPARATION

These financial information has 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**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial information has been prepared under the historical cost convention, except for life insurance policies which have been measured at fair value, and 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 2023. 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).

When the Company has, directly or indirectly, 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 (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendment to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no additional onerous contracts were identified. Therefore, the amendments did not have significant impact on the financial position or performance of the Group.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the Group’s financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the contract works segment. The contract works segment engages in contract works, acting as a main contractor or sub-contractor, primarily in respect of building construction. Accordingly, no segment information is presented. Further details of the Group's revenue from building construction 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*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<u>5,079,222</u>	<u>5,577,514</u>

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

(b) *Non-current assets*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	1,338,066	1,294,762
Mainland China	<u>309,328</u>	<u>–</u>
	<u>1,647,394</u>	<u>1,294,762</u>

The non-current asset information above is based on the 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	1,241,548	1,139,398
Customer B	1,951,871	1,334,459
Customer C	<u>1,855,704</u>	<u>2,818,619</u>

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

5. REVENUE, OTHER INCOME AND GAINS

All of the Group's revenue from construction services is recognised over time and an analysis of the Group's revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers:		
Contract works for building construction	<u>5,079,222</u>	<u>5,577,514</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income	7,516	303
Government subsidies	3,706	2,102
Fair value gain on financial assets at fair value through profit or loss	223	–
Exchange differences, net	<u>664</u>	<u>–</u>
	<u>12,109</u>	<u>2,405</u>

6. FINANCE COSTS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans	23,952	10,826
Interest on lease liabilities	<u>556</u>	<u>680</u>
	<u>24,508</u>	<u>11,506</u>

7. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract costs	4,764,334	5,324,291
Provision for contract works, net*:		
Additional provision	485,941	779,000
Utilisation/reversal	<u>(116,116)</u>	<u>(148,800)</u>
	<u>369,825</u>	<u>630,200</u>
Depreciation of owned assets	523	610
Depreciation of right-of-use assets*	70,387	78,396
Auditor's remuneration	2,668	2,700
Employee benefit expense (excluding Directors' remuneration)*:		
Wages and salaries	167,981	185,875
Pension scheme contributions (defined contribution schemes)**	<u>4,784</u>	<u>5,408</u>
	<u>172,765</u>	<u>191,283</u>
Directors' remuneration:		
Fees	1,200	860
Other emoluments:		
Salaries, allowances and benefits in kind	16,518	18,220
Discretionary performance-related bonuses	24,900	21,000
Pension scheme contributions (defined contribution schemes)**	<u>72</u>	<u>90</u>
	<u>41,490</u>	<u>39,310</u>
	<u>42,690</u>	<u>40,170</u>
Exchange differences, net	(664)	–
Fair value (gain)/loss on financial assets at fair value through profit or loss	(223)	969
Derecognition of a derivative financial instrument	–	173
Lease payments not included in the measurement of lease liabilities*	68,292	69,890
Government subsidies***	<u>(3,706)</u>	<u>(2,102)</u>

* For the year ended 31 March 2023, depreciation of 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\$25,320,000 (2022: HK\$35,549,000), HK\$168,244,000 (2022: HK\$187,660,000), HK\$369,825,000 (2022: HK\$630,200,000) and HK\$65,484,000 (2022: HK\$67,082,000), 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**”); 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, 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% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	46,217	32,889
Overprovision in prior years	–	(66)
Deferred	–	217
	<hr/>	<hr/>
Total tax charge for the year	46,217	33,040

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Proposed final dividend – HK5.0 cents (2022: HK3.5 cents) per ordinary share	100,000	70,000
	<hr/>	<hr/>

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 (2022: 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 2023 and 2022.

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 (2022: 60 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 2023, the aggregate amount of accounts receivable related to such contract works pledged to secure the relevant banking facilities was HK\$2,313,000 (2022: HK\$40,008,000).

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to six months	<u>10,255</u>	<u>307,320</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 2023 and 31 March 2022.

12. CONTRACT ASSETS

	31 March 2023 HK\$'000	31 March 2022 HK\$'000	1 April 2021 HK\$'000
Contract assets arising from construction contracts:			
Unbilled revenue	340,065	309,125	245,966
Retention receivables	488,612	432,326	275,061
	828,677	741,451	521,027

The movements of contract assets are as follows:

	2023 HK\$'000	2022 HK\$'000
At beginning of the year	741,451	521,027
Addition in contract assets	421,018	546,367
Transfer to accounts receivable	(333,792)	(325,943)
At end of the year	828,677	741,451

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 for the issuance of 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 2023 and 31 March 2022 respectively.

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 2023, the aggregate amounts of unbilled revenue and retention receivables related to such contract works pledged to secure the relevant banking facilities were HK\$330,336,000 (2022: HK\$42,076,000) and HK\$156,100,000 (2022: HK\$62,895,000), 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:

	2023	2022
	HK\$'000	HK\$'000
Within three months	576,597	467,841
Four to six months	61,013	37,188
Over six months	301,719	196,538
	<u>939,329</u>	<u>701,567</u>

Included in accounts payable were balances with related companies amounting to approximately HK\$120,000,000 (2022: Nil), which were unsecured, interest free and repayable in accordance with the terms of the relevant agreement.

At 31 March 2023, retention payables included in accounts payable amounted to HK\$318,223,000 (2022: HK\$255,769,000), which were non-interest bearing and 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

	2023	2022
	HK\$'000	HK\$'000
<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 2023, 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\$330,318,000 (2022: HK\$285,315,000).

(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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contracted, but not provided for:		
Construction in progress for property, plant and equipment	487,333	84,797
Acquisition of a subsidiary	–	181,400
Acquisition of a potential joint venture*	–	125,000
	<u>487,333</u>	<u>391,197</u>

* The related sale and purchase agreement was terminated 5 May 2022.

PERFORMANCE

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

Hong Kong's economy was deeply affected by COVID-19 for the year ended 31 March 2023, however, the Group's performance was not much impacted. For the year ended 31 March 2023, the Group's consolidated revenue amounted to HK\$5,079,222,000, representing a decrease of HK\$498,292,000 from HK\$5,577,514,000 for the year ended 31 March 2022. Profit attributable to owners of the parent of the Company for the year ended 31 March 2023 and 31 March 2022 amounted to HK\$174,068,000 and HK\$122,880,000 respectively, representing an increase of 41.7% during the year. The basic and diluted earnings per share for the year was HK8.70 cents (2022: HK6.14 cents).

The net assets value attributable to owners of the parent of the Company as at 31 March 2023 amounted to HK\$1,520,274,000 (approximately HK\$0.76 per share), representing an increase of 6.9% from HK\$1,422,423,000 (approximately HK\$0.71 per share) as at 31 March 2022.

DIVIDEND

The Board recommended the payment of a final dividend of HK5.0 cents (2022: HK3.5 cents) per ordinary share of the Company for the year ended 31 March 2023 to the shareholders whose names appear on the register of members of the Company on 5 September 2023, Tuesday. The proposed payment of the final dividend is subject to the approval of the Company's shareholders (the "**Shareholder(s)**") at the forthcoming 2023 annual general meeting ("**AGM**") of the Company and has not been recognised as a liability as at 31 March 2023.

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 2023 AGM of the Company will be held in Hong Kong on 29 August 2023, Tuesday. 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 2023 AGM, the register of members of the Company will be closed from 24 August 2023, Thursday, to 29 August 2023, Tuesday, (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 2023, Wednesday.

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 2023, Monday to 6 September 2023, Wednesday (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 1 September 2023, Friday. It is expected that the final dividend will be payable to those entitled Shareholders on or before 27 September 2023, Wednesday.

BUSINESS REVIEW

Market Review

Supported by the HKSAR Government's commitment in increasing land supply for housing and the number of public housing units, the two "10-year Hospital Plan" implemented and the idea "The Northern Metropolis Development Strategy" as introduced in The Chief Executive's 2022 Policy Address, 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 2023, the Group's revenue amounted to HK\$5,079,222,000 (2022: HK\$5,577,514,000), representing a decrease of 8.9% from that of last year. The decrease in revenue was mainly resulted from an exclusion of a substantial completed building construction project which contributed over 50.5% of the revenue in last year.

The Group's overall gross profit margin increased from 4.5% for the year ended 31 March 2022 to 6.2% for the year ended 31 March 2023. The increase was mainly attributable to a substantial building construction project was completed in current period which the actual cost incurred in current period was lower than that previously estimated. Under the adoption of HKFRS 15, 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\$2,405,000 for the year ended 31 March 2022 to HK\$12,109,000 for the year ended 31 March 2023. The increase was mainly due to the subsidies of HK\$2,424,000 was received under the "2022 Employment Support Scheme" under the "Anti-epidemic Fund" set up by the HKSAR Government and an increase in interest income of which the Group placed more idle cash into fixed deposits during the year. The Group did not implement any mandatory no-pay leave or pay-cut measures for the years ended 31 March 2023 and 31 March 2022 under COVID-19 pandemic.

Administrative Expenses

Administrative expenses decreased from HK\$86,847,000 for the year ended 31 March 2022 to HK\$83,577,000 for the year ended 31 March 2023. The decrease in administrative expenses were mainly due to a decrease in donation made.

Finance Costs

For the year ended 31 March 2023, the Group's finance costs amounted to HK\$24,508,000 (2022: HK\$11,506,000). The increase in interest on bank loans by HK\$13,126,000 in this year was due to the general increase in The Hong Kong Interbank Offered Rate. On the other hand, interest on lease liabilities of HK\$556,000 (2022: HK\$680,000) for the year was incurred and recorded under this item in accordance with HKFRS 16.

Share of Profits and Losses of Joint Ventures

This year's share of net profits of joint ventures amounted to HK\$1,373,000 (2022: share of net losses HK\$1,355,000) was solely arisen from the share of results of Gold Victory Resources Inc. and its subsidiaries (collectively, the "JV Group") in which the Group has 50% equity interest. The financial results of the JV Group was improved in current year.

Income Tax Expense

Income tax expense increased by 39.9% from HK\$33,040,000 for the year ended 31 March 2022 to HK\$46,217,000 for the year ended 31 March 2023. The increase was consistent with the increase in taxable profit for this year.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit attributable to owners of the parent increased by 41.7% from HK\$122,880,000 for the year ended 31 March 2022 to HK\$174,068,000 for the year ended 31 March 2023.

PROSPECTS

With reference to The Chief Executive's 2022 Policy Address, solving the problem of housing tops the agenda of the HKSAR Government. The overall land supply in the coming 30 years will be over 7,000 hectares, which exceed the estimated demand of some 6,000 hectares by about 1,000 hectares. The projected demand for public housing in the next 10 years will be 301,000 units and the HKSAR Government has identified sufficient land to build about 360,000 units. As regards to private housing, the projected demand in the next 10 years will be 129,000 units. The HKSAR Government will work to achieve this basic target and get sufficient land ready for providing no less than 72,000 residential units in the next five years.

Also, as mentioned in The Chief Executive's 2022 Policy Address, the "Northern Metropolis" is the foothold for Hong Kong coming strategic development as well as the new engine for Hong Kong to scale new heights. The HKSAR Government will take forward the development of the "Northern Metropolis" in full steam and establish committees to strengthen the governance system for the development of the area. In addition, the HKSAR Government's annual capital works expenditure will exceed \$100 billion in the next few years. The Development Bureau of the Government will establish a cross-departmental steering committee for coordinating the development of high productivity construction methods and the streamlining of related approval processes to remove barriers for the industry.

In view of the high demand for housing from community remains unchanged and the development plan of the “Northern Metropolis”, the medium to long-term outlook of the construction industry in Hong Kong looks promising.

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 2023 was HK\$1,520,274,000 (31 March 2022: HK\$1,422,423,000).

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 2023, the Group’s net gearing ratio was nil (31 March 2022: nil).

The Group’s cash and cash equivalents increased by 13.8% from HK\$1,502,962,000 as at 31 March 2022 to HK\$1,710,743,000 at 31 March 2023 was mainly due to the increase in the net cash inflows from operating activities. Current ratio stood at 1.13 and 1.30 at 31 March 2023 and 31 March 2022, respectively. 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\$2,071,000,000 as of 31 March 2023 (31 March 2022: HK\$2,400,000,000), of which HK\$1,206,682,000 (31 March 2022: HK\$1,425,243,000) 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 2023 and 31 March 2022, 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's business operations are in Hong Kong and the Group's business transactions are denominated in the local currencies. Hence, the Group is not exposed to significant foreign exchange risk.

For the years ended 31 March 2023 and 31 March 2022, the Group did not engage in any interest rates and currency hedging or speculation activities.

Property, Plant and Equipment

The Group's property, plant and equipment amounted to HK\$1,558,770,000 as of 31 March 2023 (31 March 2022: HK\$1,207,511,000). The increase was mainly due to (i) the additions to right-of-use assets and 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 two executive Directors at respective years 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 2023 was subsequently settled as at 4 May 2023 (31 March 2022: approximately 99% was subsequently settled by 10 June 2022).

Contract Assets

Balance at current year end mainly represented retention receivables of HK\$488,612,000 (31 March 2022: HK\$432,326,000) and unbilled revenue of HK\$340,065,000 (31 March 2022: HK\$309,125,000). 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 2023, the prepayments, other receivables and other assets mainly represented the amount due from the partner of a joint operation, the prepaid insurance for contract works projects, construction waste disposal deposits and rental and utilities deposit. The increase in total balance was mainly due to the prepaid insurance for newly awarded building construction projects and an increase in the balance of HK\$330,934,000 due from the partner of a joint operation during the year.

Other Payables, Accruals and Contract Liabilities

As of 31 March 2023, the current and non-current balances of other payables and accruals amounted to HK\$1,506,987,000 (31 March 2022: HK\$1,083,450,000) and HK\$7,440,000 (31 March 2022: HK\$11,699,000), respectively, which mainly represented provision for contract works costs, staff costs payable, construction costs payable of the Site and and the lease liabilities recognised. The increase in total balance during the year was mainly due to the increase in provision for contract works of HK\$369,825,000.

Charges on Assets

As at 31 March 2023, the Group's property, plant and equipment, accounts receivable, unbilled revenue and retention receivables related to certain contract works of HK\$1,192,356,000 (31 March 2022: HK\$1,176,000,000), HK\$2,313,000 (31 March 2022: HK\$40,008,000), HK\$330,336,000 (31 March 2022: HK\$42,076,000) and HK\$156,100,000 (31 March 2022: HK\$62,895,000), 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 2023, bank deposit of HK\$14,704,000 (31 March 2022: HK\$14,704,000) was pledged as a guaranteed deposit for the performance bond issued by the relevant bank in relation to a construction project of the Group. The Group's bank loans with an aggregate carrying amount of HK\$74,948,000 (31 March 2022: HK\$110,442,000) at year end were also secured by certain deposits accounts 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 GAIN CAPITAL

On 18 February 2022, Tregunter Global Limited (“**Tregunter Global**”, an indirect wholly-owned subsidiary of the Group) and Mr. NGAI Chun Hung (“**Mr. NGAI**”, the controlling shareholder and the then chairman and executive Director of the Company) entered into a sale and purchase agreement to which Tregunter Global conditionally agreed to purchase and Mr. NGAI conditionally agreed to sell the entire issued share capital of Gain Capital Corporation Limited (“**Gain Capital**”) and all such sum of money due and owing by Gain Capital and its subsidiary to Mr. NGAI at a cash consideration of HK\$181,400,000 (the “**GC Acquisition**”).

The GC Acquisition constituted a discloseable and connected transaction of the Company under Chapter 14 and Chapter 14A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and required Shareholders’ approval. The GC Acquisition and the transactions contemplated thereunder were approved by independent Shareholders by way of poll on 29 April 2022 and was then completed on 5 May 2022. For further details of the GC Acquisition, please refer to the announcements of the Company dated 18 February 2022, 29 April 2022 and 5 May 2022, and the circular of the Company dated 31 March 2022.

The Board believes the acquisition of Gain Capital could expand the Group’s business to upstream manufacturing of the free-standing integrated modules and is in line with the Group’s vertical integration strategy to maximise the profit margin and Shareholders’ return, in particular with assurance of products quality, product availability, better management or control of the cost and the increase in capacity by shortening the construction time utilised per project. During the year under review, the pre-fabrication factory had commenced the trial production and the free-standing integrated modules from the trial production were transported to the construction sites of the Group for installation and the operation was not of a sufficient size to be reported separately.

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

Save as the headline of “ACQUISITION OF GAIN CAPITAL” above, the Group did not have any other significant investment held and future investment plan as at 31 March 2023.

EMPLOYEES AND REMUNERATION POLICY

As of 31 March 2023, the Group employed 320 full-time employees (31 March 2022: 352) in Hong Kong. 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 (suspended in the year under COVID-19 pandemic), 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 2023, 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 2023.

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 2023.

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 2023.

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 2023 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 annual results 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 2023.

PUBLICATION OF 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 2022/2023 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 2023

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

Executive Directors

Mr. YAU Kwok Fai

Mr. CHEUNG Ho Yuen

Mr. LAU Chi Fai Daniel

Non-executive Director

Mr. NGAI Chun Hung

Independent Non-executive Directors

Prof. KO Jan Ming

Dr. LEE Man Piu Albert

Dr. LI Yok Sheung

Ms. MAK Suk Hing

Mr. MONG Chan