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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board of directors of Able Engineering Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries for the six months ended 30 September 2023 (the “**Period**”) together with comparative figures for the corresponding period in the previous year. The unaudited condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	5	3,032,016	1,994,285
Contract costs	6	<u>(2,913,047)</u>	<u>(1,893,866)</u>
Gross profit		118,969	100,419
Other income and gains	5	20,841	4,923
Administrative expenses		(47,442)	(36,875)
Finance costs		(14,998)	(7,456)
Share of profits and losses of joint ventures		661	4,023
Share of profits and losses of associates		<u>(124)</u>	–
PROFIT BEFORE TAX	6	77,907	65,034
Income tax expense	7	<u>(15,773)</u>	<u>(15,232)</u>
PROFIT FOR THE PERIOD		<u>62,134</u>	<u>49,802</u>

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

Six months ended 30 September 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD		<u>62,134</u>	<u>49,802</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>(6,662)</u>	<u>(14,303)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		<u>(6,662)</u>	<u>(14,303)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>55,472</u>	<u>35,499</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>HK cents</i>)	9	<u>3.11</u>	<u>2.49</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2023

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	1,575,121	1,558,770
Investments in joint ventures		79,285	88,624
Investments in associates		176	–
Financial assets at fair value through profit or loss		11,500	11,378
		<hr/>	<hr/>
Total non-current assets		1,666,082	1,658,772
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		2,222	3,383
Accounts receivable	<i>11</i>	501,714	10,255
Contract assets		644,263	828,677
Prepayments, other receivables and other assets		103,759	396,232
Tax recoverable		4,957	3,715
Restricted cash		14,704	14,704
Cash and cash equivalents		1,982,646	1,710,743
		<hr/>	<hr/>
Total current assets		3,254,265	2,967,709
		<hr/>	<hr/>
CURRENT LIABILITIES			
Accounts payable	<i>12</i>	852,071	939,329
Tax payable		61,988	57,664
Other payables, accruals and contract liabilities		1,902,877	1,506,987
Interest-bearing bank loans		142,760	111,287
		<hr/>	<hr/>
Total current liabilities		2,959,696	2,615,267
		<hr/>	<hr/>
NET CURRENT ASSETS		294,569	352,442
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,960,651	2,011,214
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2023

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		483,500	483,500
Other payables		1,405	7,440
		<hr/>	<hr/>
Total non-current liabilities		484,905	490,940
		<hr/>	<hr/>
Net assets		1,475,746	1,520,274
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>13</i>	20,000	20,000
Reserves		1,455,746	1,500,274
		<hr/>	<hr/>
Total equity		1,475,746	1,520,274
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2023

	Unaudited					Total HK\$'000
	Attributable to owners of the parent					
	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2023	20,000	574,485*	(36,742)*	(6,217)*	968,748*	1,520,274
Profit for the period	-	-	-	-	62,134	62,134
Other comprehensive loss for the period:						
Exchange differences on translation of a subsidiary	-	-	-	(6,662)	-	(6,662)
Total comprehensive income for the period	-	-	-	(6,662)	62,134	55,472
2022/23 final dividend (note 8)	-	-	-	-	(100,000)	(100,000)
At 30 September 2023	<u>20,000</u>	<u>574,485*</u>	<u>(36,742)*</u>	<u>(12,879)</u>	<u>930,882</u>	<u>1,475,746</u>
At 1 April 2022	20,000	574,485*	(36,742)*	-*	864,680*	1,422,423
Profit for the period	-	-	-	-	49,802	49,802
Other comprehensive loss for the period:						
Exchange differences on translation of a subsidiary	-	-	-	(14,303)	-	(14,303)
Total comprehensive income for the period	-	-	-	(14,303)	49,802	35,499
2021/22 final dividend (note 8)	-	-	-	-	(70,000)	(70,000)
At 30 September 2022	<u>20,000</u>	<u>574,485*</u>	<u>(36,742)*</u>	<u>(14,303)*</u>	<u>844,482*</u>	<u>1,387,922</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,455,746,000 (31 March 2023: HK\$1,500,274,000) in the consolidated statement of financial position as at 30 September 2023.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows generated from/(used in)			
operating activities		<u>388,860</u>	<u>(137,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of investment from a joint venture		10,000	–
Acquisition of a subsidiary		–	(180,543)
Additions of items of property, plant and equipment	<i>10</i>	<u>(45,146)</u>	<u>(69,427)</u>
Net cash flows used in investing activities		<u>(35,146)</u>	<u>(249,970)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		164,060	54,680
Repayment of bank loans		(132,587)	(235,442)
Dividends paid	<i>8</i>	(100,000)	(70,000)
Principal portion of lease payments		<u>(11,826)</u>	<u>(43,445)</u>
Net cash flows used in financing activities		<u>(80,353)</u>	<u>(294,207)</u>
NET INCREASE/(DECREASE) IN CASH AND			
CASH EQUIVALENTS		273,361	(681,717)
Cash and cash equivalents at beginning of periods		1,710,743	1,502,962
Effect of foreign exchange rate change		<u>(1,458)</u>	<u>(1,230)</u>
CASH AND CASH EQUIVALENTS AT END OF			
PERIOD		<u>1,982,646</u>	<u>820,015</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2023

1. CORPORATE INFORMATION

Able Engineering Holdings Limited (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 of the Company is located at 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 six months ended 30 September 2023 (the “**Period**”), the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in building construction and repair, maintenance, alteration and addition (“**RMAA**”) works in Hong Kong.

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

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those set out in the Group’s audited consolidated financial statements for the year ended 31 March 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the revised or amended HKASs and HKFRSs as stated in note 3 to this unaudited condensed consolidated interim financial information below. This unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for the life insurance policies which have been measured at fair value, and is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

This unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended 31 March 2023. This condensed consolidated interim financial information has not been audited or reviewed by the Company’s external auditor, but has been reviewed by the Audit Committee of the Company (the “**Audit Committee**”).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023, except for the adoption of the following revised HKFRSs for the first time for current period's financial information.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

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

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.

As of 30 September 2023, the segment assets and segment liabilities associated with our pre-fabrication business constitute less than 10% of the total assets and total liabilities of the Group. Due to this relatively small proportion, no specific segment information regarding the total assets and total liabilities is presented for the Period. At the end of the reporting period, the Group's non-current assets were located as follows:

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Hong Kong	1,340,812	1,338,066
Mainland China	313,770	309,328
	<u>1,654,582</u>	<u>1,647,394</u>

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

The interim operation of the Group has no seasonality or cyclicality impact.

5. REVENUE, OTHER INCOME AND GAINS

All of the Group's revenue from contract works is recognised over time. An analysis of the Group's revenue, other income and gains, is as follows:

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>		
Contract works for building construction	3,032,016	1,994,285
<i>Other income and gains</i>		
Interest income	19,681	1,366
Government subsidies	1,038	2,605
Fair value gain on financial assets at fair value through profit or loss	122	110
Exchange difference	–	842
	20,841	4,923

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Contract costs	2,913,047	1,893,866
Depreciation of owned assets	492	222
Depreciation of right-of-use assets	34,099	36,276
Employee benefit expenses (excluding directors' remuneration)	97,508	75,953
Directors' remuneration	8,859	8,268

7. INCOME TAX

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current – Hong Kong:		
Charge for the period	15,773	15,232

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. No provision for Mainland China corporate income tax has been made as the Group did not generate any assessable profits arising in Mainland China during the Period (six months ended 30 September 2022: nil).

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.

8. DIVIDEND

During the Period, the Company declared and paid a final dividend of HK\$0.05 (HK5.0 cents) (six months ended 30 September 2022: HK\$0.035 (HK\$3.5 cents)) per share for the year ended 31 March 2023, amounting to a total of HK\$100,000,000 (six months ended 30 September 2022: HK\$70,000,000).

The Board resolved not to declare the payment of an interim dividend for the Period (six months ended 30 September 2022: nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period ended 30 September 2023 and 2022 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,000,000,000 in issue during the six months ended 30 September 2023 and 2022.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2023 and 2022.

10. PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment amounted to HK\$1,575,121,000 as of 30 September 2023 (31 March 2023: HK\$1,558,770,000). The increase was mainly due to the construction cost incurred for the redevelopment of the site at No.7 Lai Yip Street, Kwun Tong, Kowloon, Hong Kong.

There was no disposal of property, plant and equipment during the Period.

11. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts and payments are normally due within 60 days from the date of issuance of payment certificate.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to relevant members of the Group. As at 30 September 2023, the aggregate amount of accounts receivable related to such contract works were pledged to secure the relevant banking facilities was HK\$116,521,000 (31 March 2023: HK\$2,313,000).

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

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Current to six months	<u>501,714</u>	<u>10,255</u>

12. ACCOUNTS PAYABLE

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

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Current to three months	547,232	576,597
Four to six months	64,587	61,013
Over six months	<u>240,252</u>	<u>301,719</u>
	<u>852,071</u>	<u>939,329</u>

At 30 September 2023, retention payables included in accounts payable amounted to HK\$358,569,000 (31 March 2023: HK\$318,223,000), which are 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.

13. SHARE CAPITAL

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
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 Period (six months ended 30 September 2022: nil).

14. SHARE OPTION SCHEME

Pursuant to a members' resolution of the Company passed on 31 August 2018, the Company has adopted a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any directors and full-time employees of any member of the Group. The Scheme became effective on 31 August 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Pursuant to the Scheme, the maximum number of shares in respect of which options may be granted under the Scheme is such a number of shares representing 10% of the shares of the Company in issue at the adoption date of the Scheme or on the date when such limit is subsequently refreshed with shareholders' approval (excluding for this purpose any share options which have been previously granted pursuant to the Scheme and any other scheme (including those outstanding, cancelled, lapsed or exercised)).

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, officers or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share options is determinable by the Directors, but should not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No option was granted from the date of adoption of the Scheme up to the date of approval of this unaudited condensed consolidated interim financial information.

15. CONTINGENT LIABILITIES

(a) Guarantees

As at 30 September 2023, the guarantees given by the Group to certain banks in respect of performance bonds issued in favour of certain customers of contract works business amounted to HK\$330,318,000 (31 March 2023: HK\$ 330,318,000).

(b) Claims

(i) *Personal injuries*

In the ordinary course of the Group's contract works 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 contract works business, the Group has been subject to various claims from sub-contractors from time to time. Provision would be made for claims when the management assess they 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 believe that the probability of loss is remote.

16. CAPITAL COMMITMENTS

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

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Contracted, but not provided for:		
Construction in progress	<u>443,743</u>	<u>487,333</u>

17. RELATED PARTY TRANSACTIONS

(a) Related party transactions

The Group had the following transactions with related parties during the periods:

	Unaudited Six months ended 30 September 2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental payments to a company controlled by the Non-executive Director of the Company	1,494	1,404
Purchase of products and installation services from a joint venture	27,643	5,935
Construction fees payable to a company controlled by associates of the Non-executive Director of the Company	36,629	–
Subcontracting service provided to a company controlled by associates of the Non-executive Director of the Company	<u>2,630</u>	<u>–</u>

(b) Compensation of key management personnel of the Group

	Unaudited Six months ended 30 September 2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries and other short-term employee benefits	8,259	7,769
Retirement benefit costs	<u>36</u>	<u>36</u>
Total compensation paid to key management personnel	<u>8,295</u>	<u>7,805</u>

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk management

The Group's financial risk management objectives and policies of the Period are the same as those disclosed in the Group's audited consolidated financial statements for the year ended 31 March 2023 except for the Group is also exposed to currency risks primarily through business activities in the Mainland China which give rise to cash and bank balances that are denominated in currencies other than the functional currency of the operations to which the transactions relate.

(b) Fair value measurement

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, contract assets, financial assets included in prepayments, other receivables and other assets, accounts payable, contract liabilities, financial liabilities included in other payables and accruals, an amount due to a joint venture and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial assets at fair value through profit or loss is determined with reference to the cash values as provided by the insurance company.

19. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 28 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE INTERIM PERIOD

During the Period, Able Engineering Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded a consolidated turnover of HK\$3,032,016,000, representing an increase of 52.0% from HK\$1,994,285,000 of the same period last year. The Group’s gross profit during the Period was HK\$118,969,000, representing an increase of 18.5% from HK\$100,419,000 for the same period last year. The profit of this Period amounted to HK\$62,134,000 (six months ended 30 September 2022: HK\$49,802,000). The increase in the net profit of the Period 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 Period was due to the actual costs incurred during the Period being slightly higher than previously estimated. This can be attributed to the rising costs in labor, equipment, and sub-contracting fees. Accordingly, the basic earnings per share increased from HK2.49 cents for the six months ended 30 September 2022 to HK3.11 cents for the Period.

DIVIDEND

The final dividend in respect of the year 2022/23 of HK\$0.05 (HK5.0 cents) per share totaling HK\$100,000,000 (the year 2021/22: HK\$0.035 (HK3.5 cents) per share totaling HK\$70,000,000) was approved and paid during the Period.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved not to declare the payment of an interim dividend for the Period (six months ended 30 September 2022: nil).

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 two “10-year Hospital Plan” implemented and the idea “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

The Group recorded revenue of HK\$3,032,016,000 for the Period which was comparable with the revenue amounted to HK\$1,994,285,000 for the same period last year. As of 30 September 2023, the estimated total gross contract values and estimated total outstanding values of the Group's substantial contracts that were awarded to (i) subsidiaries of the Group amounted to approximately HK\$7,888 million (31 March 2023: approximately HK\$6,861 million) and HK\$5,469 million (31 March 2023: approximately HK\$5,399 million), respectively; and (ii) joint operations of the Group amounted to HK\$16,764 million (31 March 2023: approximately HK\$18,675 million) and HK\$10,686 million (31 March 2023: approximately HK\$9,082 million). These contracts are expected to be completed in around one to three years.

The gross profit margin decreased from 5.0% for the same period last year to 3.9% for the Period. The decrease was mainly attributable to rising cost in labor, equipment and sub-contracting fees. Fluctuations in these costs can impact gross profit. In addition, under the adoption of HKFRS 15, gross profit margins of the Group's individual contracts works project will not remain constant at the overall gross profit margin of that project but will fluctuate over different reporting periods, depending on the actual revenue certified and costs incurred for the specific construction works performed during the period.

During the Period, the following substantial construction contracts were awarded to the Group with a total estimated contract value of HK\$4,753 million:

- Project of Data Centre Development at FSSTL No. 268, Fanling.
- 3-Year District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Kowloon West and Sai Kung for 2023/2026.
- Construction of Public Housing Development at Wah King Street, Pok Fu Lam South.
- Construction Project of New Territories East Cultural Centre in Area 11, Fanling was awarded to Build King – ABLE Joint Venture of which the Group has 30% interest.

On the other hand, the Group completed the following significant construction contract during the Period:

- Main Works for Development of Cingleot Premium Logistics Centre at Kwo Lo Wan of Hong Kong International Airport.

Other Income and Gains

Other income and gains increased from HK\$4,923,000 for the same period last year to HK\$20,841,000 for the Period. The significant increase was mainly due to an increase in interest income generated from fixed time deposits.

Administrative Expenses

Administrative expenses increased by HK\$10,567,000 from HK\$36,875,000 for the same period last year to HK\$47,442,000 for the Period. The increase was mainly due to a few projects commenced during the Period.

Finance Costs

Finance costs increased by HK\$7,542,000 from HK\$7,456,000 for the same period last year to HK\$14,998,000 for the Period. The increase in finance cost during the Period was mainly due to the general increase in The Hong Kong Interbank Offered Rate in the Period.

Share of Profits and Losses of Joint Ventures

The share of profit of joint ventures for the Period amounted to HK\$661,000 (six months ended 30 September 2022: HK\$4,023,000) was solely arisen from the Group's share of profits and losses of Gold Victory Resources Inc. and its subsidiaries, of which the Group has 50% interest.

Share of Profits and Losses of Associates

The share of loss of associates for the Period amounted to HK\$124,000 (six months ended 30 September 2022: Nil) was solely arisen from the Group's share of profits and losses of Synergy Materials Limited and its subsidiaries, of which the Group has 50% interest.

Income Tax Expense

Income tax expense increased by HK\$541,000 from HK\$15,232,000 for the same period last year to HK\$15,773,000 for the Period as a result of the increase in taxable profit for the Period.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit attributable to owners of the parent increased by HK\$12,332,000 from HK\$49,802,000 for the same period last year to HK\$62,134,000 for the Period.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

The capital of the Company only comprises ordinary shares. The Group mainly relies on its internally generated capital and bank borrowings to finance its business. The total equity of the Group as at 30 September 2023 was HK\$1,475,746,000 (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 cash equivalents and restricted cash, divided by total equity. As at 30 September 2023, the Group's net gearing ratio was 0% (31 March 2023: 0%).

The Group's cash and cash equivalents increased by 15.9% from HK\$1,710,743,000 as at 31 March 2023 to HK\$1,982,646,000 at 30 September 2023. The increase was mainly due to the enhanced operating cash flow generated by multiple projects that have progressed into their peak construction stage. Current ratio stood at 1.10 and 1.13 at 30 September 2023 and 31 March 2023, 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 bond, amounted to HK\$2,060,000,000 as of 30 September 2023 (31 March 2023: HK\$ 2,071,000,000), of which HK\$1,103,423,000 (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 a certain amount of cash will be consumed in the coming six months. The Group will continuously take a prudent and cautious approach to cash application and its capital commitments.

Interest Rate and Foreign Exchange Exposure

At 30 September 2023 and 31 March 2023, the Group's bank loans were all denominated in Hong Kong dollars and interest were charged on a floating rate basis. The Group's bank accounts were operated with principal bankers in Mainland China and in Hong Kong. The interest rates of these bank accounts are determined with reference to the respective bank's offer rate.

The Group's business operations are solely engaged in Hong Kong and the Group's business transactions are denominated in the local currencies except for the financial assets at fair value through profit or loss which are denominated in United States Dollar. Hence, the Group is not exposed to significant foreign exchange risk.

For the six months ended 30 September 2023 and 30 September 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\$1,575,121,000 as of 30 September 2023 (31 March 2023: HK\$1,558,770,000). The increase was mainly due to the construction cost incurred for the redevelopment of the Site during the Period.

Financial Assets at Fair Value through Profit or Loss

The balance represented the cash values of life insurance policies acquired for Directors. Cash values of the policies are determined by the gross premium paid plus accumulated interest earned and minus any charges made in accordance with the terms and conditions of the policies, and as set out in periodic statements.

Accounts Receivable

The Group's accounts receivable represented the receivables for contract works in relation to completed and on-going contract works projects. Accounts receivable represents progress billing of works performed and the progress payment certificates issued by and received from 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 customers up to the end of the reporting period. All of the accounts receivable as at 30 September 2023 was subsequently settled (31 March 2023: 100% was subsequently settled).

Contract Assets

Balance at current period end mainly represented retention receivables of HK\$190,134,000 (31 March 2023: HK\$488,612,000) and unbilled revenue of HK\$454,129,000 (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 30 September 2023, the prepayments, other receivables and other assets mainly represented the prepaid insurance for contract works projects, construction waste disposal deposits, and rental and utilities deposit.

Other Payables and Accruals

As of 30 September 2023, the current and non-current balances of other payables and accruals amounted to HK\$1,902,877,000 (31 March 2023: HK\$1,506,987,000) and HK\$1,405,000 (31 March 2023: HK\$7,440,000), respectively, which mainly represented provision for contract works costs, staff costs payable, redevelopment cost payables for the Site and lease liabilities recognised. The increase in balance during the Period was mainly due to the increase in provision for contract works costs.

Charges on Assets

As at 30 September 2023, the Group's property, plant and equipment, the accounts receivable, unbilled revenue and retention receivables related to certain contract works of HK\$1,212,497,000 (31 March 2023: 1,192,356,000), HK\$116,521,000 (31 March 2023: HK\$2,313,000), 441,136,000 (31 March 2023: HK\$330,336,000) and HK\$208,540,000 (31 March 2023: HK\$156,100,000), respectively, and the equity interest of a subsidiary of the Group were pledged in favour of certain banks to secure certain banking facilities granted by those banks to relevant members of the Group.

As at 30 September 2023, bank deposit of HK\$14,704,000 (31 March 2023: HK\$14,704,000) was pledged as a guarantee deposit for a performance bond issued by a bank in relation to a construction project of the Group. In addition, the Group's bank loans with an aggregate carrying amount of HK\$101,930,000 (31 March 2023: HK\$74,948,000) at period end were secured by certain deposits accounts maintained with the relevant banks as continuing security for the obligation of the relevant members of the Group.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 15 to the unaudited condensed consolidated interim financial information.

Capital Commitments

Details of the Group's capital commitments are set out in note 16 to the unaudited condensed consolidated interim financial information.

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

The Group did not have any significant investment held as at 30 September 2023. Apart from those disclosed in this interim results announcement, there were no material investments or material additions of capital assets authorised by the Board.

OUTLOOK

As outlined in the 2023 Policy Address, the HKSAR Government has successfully identified sufficient land to meet housing demands in the forthcoming 10 years to resolve long-term housing shortage and the HKSAR Government is committed to generating more land and housing at a quicker pace and more efficiently, speed up urban renewal and unleash development potential.

The public housing demand for the next 10 years (from 2024-25 to 2033-34) is 308,000 units. The HKSAR Government has identified sufficient land for developing about 410,000 public housing units, approximately 100,000 units above the supply target. A comprehensive set of measures will be implemented to enhance public housing. This includes strategic plan of the Hong Kong Housing Authority for redevelopment projects, resulting in the provision of a total of 32,800 flats. Moreover, the Hong Kong Housing Authority is committed to optimizing the Modular Integrated Construction approach to enhance speed, efficiency, and quality of public housing supply.

Furthermore, recognizing the high demand for private housing, projected to reach 132,000 units for the next decade, the HKSAR Government is dedicated to ensuring an adequate land supply to provide approximately 80,000 residential units within the next five years. To achieve this, the HKSAR Government will continue to take proactive measures to expedite land production. These measures include streamlining statutory and administrative procedures, extending the arrangement for standardisation of land premium and expediting building plan approvals.

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.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2023, the Group employed 389 (31 March 2023: 320) full-time employees 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, subsidies for education and training programmes, etc.

At the Annual General Meeting 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 its shares for the benefit of the Company and its shareholders as a whole. The Scheme provides the Group with a flexible means of 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 30 September 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.

CORPORATE GOVERNANCE

Mr. CHEUNG Ho Yuen resigned as the Executive Director and Chief Executive Officer (the “**CEO**”) of the Company effective from 29 August 2023 to focus more on the Group's operations. Following his resignation, Mr. YAU Kwok Fai, the Chairman and Executive Director, was appointed as the new CEO.

According to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Board is of the view that the balance of power and authority is ensured by its operations which comprises experienced and high caliber individuals with a highly independent element. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to execute business strategies and decisions efficiently.

In the opinion of the Board, apart from the aforementioned arrangement, the Company complied with the code provisions as set out in the “*Corporate Governance Code*” contained in Appendix 14 to the Listing Rules throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “*Model Code for Securities Transactions by Directors of Listed Issuers*” as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding securities transactions by the Directors. Following specific enquiry made by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code during the Period.

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 Period.

REVIEW BY AUDIT COMMITTEE

As at 30 September 2023, the Audit Committee comprises five independent non-executive Directors, namely 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 is a certified public accountant and possesses the appropriate accounting qualifications and experiences in financial matters. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risk management and financial reporting matters. The Audit Committee has also reviewed the unaudited condensed consolidated interim financial information for the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The Company’s interim results announcement is published on the websites of HKExnews (<http://www.hkexnews.hk>) and the Company (<http://www.ableeng.com.hk>). The Company’s 2023/24 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and be available on the above websites in due course.

APPRECIATION

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

By Order of the Board
ABLE ENGINEERING HOLDINGS LIMITED
YAU Kwok Fai
Chairman and Chief Executive Officer

Hong Kong, 28 November 2023

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

Executive Directors

Mr. YAU Kwok Fai

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