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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 2021

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 2021, together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March

	Notes	**2021** *HK$'000*	2020 *HK$'000*
REVENUE	*5*	**3,705,241**	1,547,841
Contract costs		**(3,558,208)**	(1,391,313)
Gross profit		**147,033**	156,528
Other income and gains	*5*	**24,802**	13,940
Administrative expenses		**(65,180)**	(90,292)
Other expenses		**–**	(40,588)
Finance costs	*6*	**(8,350)**	(1,320)
Share of profits and losses of joint ventures		**14,485**	1,328
PROFIT BEFORE TAX	*7*	**112,790**	39,596
Income tax expense	*8*	**(18,090)**	(15,621)
PROFIT FOR THE YEAR		**94,700**	23,975

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

Year ended 31 March

	Note	**2021**	2020
		HK$'000	*HK$'000*
PROFIT FOR THE YEAR		**94,700**	23,975
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of joint ventures		**–**	(1,766)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**–**	(1,766)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**94,700**	22,209
Profit for the year attributable to owners of the parent		**94,700**	23,975
Total comprehensive income for the year attributable to owners of the parent		**94,700**	22,209
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted *(HK cents)*		**4.74**	1.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,185,004**	618,512
Investments in joint ventures		**88,606**	89,121
Financial assets at fair value through profit or loss		**5,137**	–
Deferred tax assets		**217**	217
Total non-current assets		**1,278,964**	707,850
CURRENT ASSETS			
Accounts receivable	*11*	**203,611**	201,272
Contract assets	*12*	**521,027**	218,845
Prepayments, other receivables and other assets		**44,835**	58,388
Tax recoverable		**955**	8,165
Restricted cash		**110,000**	110,000
Cash and cash equivalents		**904,933**	616,645
Total current assets		**1,785,361**	1,213,315
CURRENT LIABILITIES			
Accounts payable	*13*	**430,552**	314,936
Tax payable		**9,935**	919
Other payables and accruals		**447,974**	222,234
Interest-bearing bank loans		**340,250**	121,517
Total current liabilities		**1,228,711**	659,606
NET CURRENT ASSETS		**556,650**	553,709
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,835,614**	1,261,559
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**482,000**	–
Other payables		**4,071**	6,716
Total non-current liabilities		**486,071**	6,716
Net assets		**1,349,543**	1,254,843
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*14*	**20,000**	20,000
Reserves		**1,329,543**	1,234,843
Total equity		**1,349,543**	1,254,843

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 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 year ended 31 March 2021 ("**the year**"/"**this year**"), the Group was principally engaged in building construction and repair, maintenance, alteration and addition ("**RMAA**") works.

On 19 November 2020, Profit Chain Investments Limited, the then immediate holding company of the Company, disposed its entire equity interest in the Company to Golden Lux Holdings Limited ("**Golden Lux**", a company incorporated in the British Virgin Islands ("**BVI**") and wholly-owned by Golden More Limited ("**Golden More**", a company incorporated in BVI)). In the opinion of the Directors, Golden Lux has become the intermediate holding company of the Company since 19 November 2020; and Golden More has become the ultimate holding company of the Company accordingly.

2. BASIS OF PREPARATION

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

These financial statements have been prepared under the historical cost convention, except for a life insurance policy and a derivative financial instrument which has 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 2021. 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 Company 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 *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") issued by HKICPA and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKFRS 16	*Covid-19 – Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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

(a) The Conceptual Framework

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and provides assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 – *Definition of a Business*

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – *Interest Rate Benchmark Reform*

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to HKFRS 16 – *Covid-19 – Related Rent Concessions* (early adopted)

Amendments to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Coronavirus Disease ("**COVID-19**"). The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 – *Definition of Material*

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

4. 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 a sub-contractor, primarily in respect of building construction and RMAA works. Accordingly, no segment information is presented. Further details of the Group's revenue from building construction and RMAA works are set out in note 5 to the consolidated financial statements.

The Group's revenue from external customers was derived solely from its operations in Hong Kong and the non-current assets of the Group were all located in Hong Kong.

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:

	2021	2020
	HK$'000	*HK$'000*
Customer A	**996,264**	591,506
Customer B	**1,200,121**	414,551
Customer C	**719,426**	340,045
Customer D	**636,765**	N/A*

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

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:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Contract works for building construction	**3,698,889**	1,478,874
Contract works for RMAA works	**6,352**	68,967
	3,705,241	1,547,841

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

	2021	2020
	HK$'000	*HK$'000*
Interest income	**4,064**	10,658
Gain on disposal of items of property, plant and equipment	**20**	70
Gross rental income with fixed lease payments	**–**	2,314
Government subsidies	**20,711**	753
Sundry income	**7**	145
	24,802	13,940

6. FINANCE COSTS

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

	2021	2020
	HK$'000	*HK$'000*
Interest on bank loans	**7,554**	904
Interest on lease liabilities	**796**	416
	8,350	1,320

7. PROFIT BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Contract costs	**3,558,208**	1,391,313
Provision for contract works, net*:		
Additional provision	**363,126**	10,577
Utilisation/reversal	**(177,899)**	(185,119)
	185,227	(174,542)
Depreciation of owned assets	**585**	1,823
Depreciation of right-of-use assets*	**51,431**	29,202
Auditor's remuneration	**2,600**	2,532
Employee benefit expense (excluding Directors' remuneration)*:		
Wages and salaries	**215,278**	186,730
Pension scheme contributions (defined contribution schemes)	**5,951**	5,400
	221,229	192,130
Director's remuneration:		
Fees	**504**	432
Other emoluments:		
Salaries, allowances and benefits in kind	**11,502**	12,238
Discretionary performance-related bonuses	**15,600**	21,100
Pension scheme contributions (defined contribution schemes)	**90**	106
	27,192	33,444
	27,696	33,876
Loss on derecognition of a building held for redevelopment**	**–**	40,588
Fair value loss on financial assets at fair value through profit or loss	**1,159**	–
Fair value loss on a derivative financial instrument	**–**	21
Lease payments not included in the measurement of lease liabilities*	**22,779**	11,868
Government subsidies***	**(20,711)**	(753)

* For the year ended 31 March 2021, depreciation of right-of-use assets, employee benefit expense, provision for contract works and lease payments not included in the measurement of lease liabilities of HK$21,568,000 (2020: HK$4,338,000), HK$213,597,000 (2020: HK$185,288,000), HK$185,227,000 (2020: utilisation/reversal of HK$174,542,000) and HK$22,779,000 (2020: HK$11,428,000), respectively, are included in "contract costs" on the face of the consolidated statement of profit or loss and other comprehensive income.

** This item is included in the "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** Subsidies have been received from (i) the "Employment Support Scheme" under 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 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 Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2021	2020
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**18,090**	16,254
Overprovision in prior years	**–**	(634)
Deferred	**–**	1
Total tax charge for the year	**18,090**	15,621

9. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Proposed final – HK2.5 cents (2020: Nil) per ordinary share	**50,000**	–

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 (2020: 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 2021 and 2020.

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 payment are normally due within 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. As at 31 March 2021, the aggregate amount of accounts receivable related to such contract works pledged to secure the relevant banking facilities was HK$87,632,000 (31 March 2020: HK$130,653,000).

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:

	2021	2020
	HK$'000	*HK$'000*
Current to six months	**203,472**	192,395
Over six months	**139**	8,877
	203,611	201,272

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 2021 and 2020.

12. CONTRACT ASSETS

The Group's contract assets as at the end of the reporting period is as follows:

	31 March 2021	31 March 2020	1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Contract assets arising from construction contracts:			
Unbilled revenue	**245,966**	50,538	57,742
Retention receivables	**275,061**	168,307	162,418
	521,027	218,845	220,160

The movements of contract assets are as follows:

	2021	2020
	HK$'000	*HK$'000*
At beginning of the year	**218,845**	220,160
Addition in contract assets	**419,467**	99,562
Transfers to accounts receivable	**(117,285)**	(100,877)
At end of the year	**521,027**	218,845

Unbilled revenue included in contract assets represents the Group's rights to receive consideration for the work performed and not yet certified by customers because the rights are conditional upon the quality and quantity check by the customers on the construction work performed by the Group and the work is pending for 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 2021 and 2020.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to members of the Group. As at 31 March 2021, the amount of unbilled revenue and retention receivables related to such contract works pledged to secure the relevant banking facilities were HK$100,411,000 (31 March 2020: HK$43,824,000) and HK$61,034,000 (31 March 2020: HK$103,575,000), respectively.

13. ACCOUNTS PAYABLE

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

	2021	2020
	HK$'000	*HK$'000*
Current to three months	**227,507**	131,069
Four to six months	**32,434**	34,940
Over six months	**170,611**	148,927
	430,552	314,936

At 31 March 2021, retention payables included in accounts payable amounted to HK$181,359,000 (31 March 2020: HK$144,927,000), which are non-interest bearing and are normally settled within terms ranging from one to four years.

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

14. SHARE CAPITAL

	2021	2020
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**	20,000

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

15. CONTINGENT LIABILITIES

(a) As at 31 March 2021, 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$306,184,000 (31 March 2020: HK$201,348,000).

(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 certain 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 or 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 remote.

16. CAPITAL COMMITMENTS

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

	2021	2020
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Construction in progress	**143,153**	1,904

PERFORMANCE

During the year under review, the Group was engaged in the contract works business, which mainly comprised building construction and RMAA works in Hong Kong.

For the year ended 31 March 2021, the Group's consolidated revenue amounted to HK$3,705,241,000, representing an increase of 139% from HK$1,547,841,000 for the year ended 31 March 2020. Profit attributable to owners of the parent of the Company for the year ended 31 March 2021 and 31 March 2020 amounted to HK$94,700,000 and HK$23,975,000, respectively, representing an increase of 295% during the year. The basic and diluted earnings per share for the year were HK4.74 cents (2020: HK1.20 cents).

The increase in profit attributable to owners of the parent of the Company was mainly attributable to (i) the onetime loss on derecognition of the entire remaining net book value of the building portion of Man Shung Industrial Building ("**Man Shung Building**") of HK$40,588,000 in last year that the profit attributable to owners of the parent of the Company for the year ended 31 Mach 2020 would be HK$64,563,000 if excluding this loss on derecognition ("**Adjusted 2020 Profit**"); and (ii) the receipt of government subsidies amounted to HK$18,556,000 from the "Employment Support Scheme" under the "Anti-Epidemic Fund" in current year. The profit attributable to owners of the parent of the Company for the year ended 31 March 2021 would be HK$76,144,000 if excluding the government subsidies ("**Adjusted 2021 Profit**"). The Adjusted 2021 Profit represented an increase of 18% from the Adjusted 2020 Profit which was mainly due to the increase in share of profits and losses of joint ventures from HK$1,328,000 to HK$14,485,000.

The net assets value attributable to owners of the parent of the Company as at 31 March 2021 amounted to HK$1,349,543,000 (approximately HK$0.67 per share), representing an increase of 8% from HK$1,254,843,000 (approximately HK$0.63 per share) as at 31 March 2020.

DIVIDEND

The Board recommended the payment of a final dividend of HK2.5 cents (2020: nil) per ordinary share of the Company for the year ended 31 March 2021 to the shareholders whose names appear on the register of members of the Company on 3 September 2021, Friday. The proposed payment of the final dividend is subject to the approval of the Company's shareholders at the forthcoming 2021 annual general meeting ("**AGM**") of the Company and has not been recognised as a liability as at 31 March 2021.

Based on the 2,000,000,000 ordinary shares of the Company in issue as of the date of this announcement, the total dividend amounted to HK$50,000,000.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2021 AGM of the Company will be held in Hong Kong on 26 August 2021, Thursday. Notice of the AGM will be issued and disseminated to the shareholders of the Company (the "**Shareholder(s)**") in due course.

To ascertain the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from 23 August 2021, Monday, to 26 August 2021, Thursday, (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 20 August 2021, Friday.

DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS

Assuming that the final dividend recommended by the Board is approved by the Shareholders at the forthcoming AGM, for the purpose of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from 1 September 2021, Wednesday to 3 September 2021, Friday (both days inclusive). During the closure 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 for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 31 August 2021, Tuesday. It is expected that the final dividend will be payable to those entitled shareholders on or before 24 September 2021, Friday.

BUSINESS REVIEW

Market Review

Over the past year, the progress of tendering and approval of public projects has inevitably been affected by the Coronavirus COVID-19 ("**COVID-19**") pandemic. However, with the HKSAR Government's strong commitment in increasing land supply for housing and the number of public housing units and the commencement of two "10-year Hospital Plan", tender opportunities regard construction contracts from the public sector in the coming years will remain sustainable and stable.

The Group's Performance

For the year ended 31 March 2021, the Group's revenue amounted to HK$3,705,241,000 (2020: HK$1,547,841,000), representing an increase of 139% from that of last year. The increase in revenue was mainly resulted from two substantial building construction projects which contributed over 58% of the revenue in this year. These projects are in mature stage and expected to be completed in coming twelve months.

The gross profit margin decreased from 10.1% for the year ended 31 March 2020 to 4.0% for the year ended 31 March 2021. Under the adoption of HKFRS 15, the gross profit margins of the Group's individual contract works will not remain constant but will fluctuate over different reporting periods, depending on the actual revenue certified and costs incurred for the construction works performed.

Other Income and Gains

Other income and gains increased from HK$13,940,000 for the year ended 31 March 2020 to HK$24,802,000 for the year ended 31 March 2021. The increase in other income and gains for current year was mainly due to the government subsidies of HK$18,556,000 under the "Employment Support Scheme" provided by the HKSAR Government during the year. The Group did not implement any involuntary no-pay leave or pay-cut measures amid the adverse economic environment under COVID-19 pandemic.

Administrative Expenses

Administrative expenses decreased from HK$90,292,000 for the year ended 31 March 2020 to HK$65,180,000 for the year ended 31 March 2021. The decrease in administrative expenses were mainly due to (i) decrease in the discretionary performance-related bonuses and donations; (ii) the respective remuneration of three out of five executive directors who were fully engaged in project management being included in the contract costs for the year; and (iii) capitalisation of relevant consultancy fees and demolition costs incurred during the year for the redevelopment as mentioned in the section of "REDEVELOPMENT OF NO. 7 LAI YIP STREET".

Other Expenses

For the year ended 31 March 2021, the Group did not incur any other expense. Other expense for the year ended 31 March 2020 represented the onetime loss on derecognition of the entire remaining net book value of the building portion of Man Shung Building of HK$40,588,000, following the decision to demolish Man Shung Building and redevelop the site at No.7 Lai Yip Street, Kwun Tong, Kowloon, Hong Kong (the "**Site**").

Finance Costs

For the year ended 31 March 2021, the Group's finance costs amounted to HK$8,350,000 (31 March 2020: HK$1,320,000). The interest for bank loans increased by HK$6,650,000 this year was due to the increase in bank loans drawn during the year comparing with last year. On the other hand, the interest on lease liabilities of HK$796,000 (2020: HK$416,000) for the year was incurred and recorded under this item in accordance with HKFRS 16.

Share of Profits and Losses of Joint Ventures

The share of profits of joint ventures was solely arisen from the share of profits of Gold Victory Resources Inc. ("**Gold Victory**") and its subsidiaries (collectively, the "**JV Group**") in which the Group has 50% interest. For the year ended 31 March 2021, net profits shared by the Group from the JV Group amounted to HK$14,485,000 (2020: HK$1,328,000).

Pursuant to an equity transfer agreement (the "**Equity Transfer Agreement**") entered into between Grand Superb Limited ("**Grand Superb**", an indirect wholly-owned subsidiary of the Company), Golden Stone Asia Inc. (the holding company of Gold Victory and a company controlled by Mr. WONG Kin Wah ("**Mr. WONG**", an independent third party)), and Mr. WONG on 30 November 2018, Mr. WONG irrevocably warrants and guarantees to Grand Superb that the actual profits of the JV Group for the period commencing from 1 December 2018 and ending on 31 March 2022 (the "**Profit Warranty Period**") shall not be less than the guaranteed profits (the "**Guaranteed Profits**") of HK$50 million (the "**Profit Warranty**"). In the event the total Guaranteed Profits are not achieved or reached for the entire Profit Warranty Period based on auditor's certification, Golden Stone shall pay Grand Superb 50% of the shortfall between the actual profits and the Guaranteed Profits, unless the shortfall is caused by the event of force majeure as defined in the Equity Transfer Agreement. The Profit Warranty constitutes a derivative financial instrument of the Group.

For the period from 1 December 2018 to 31 March 2021, the JV Group recognised an accumulated profit of HK$51,425,000, higher than that previously estimated and illustrated in the joint announcement dated 30 November 2018. The Group will closely monitor the financial performance of the JV Group during the remaining Profit Warranty Period to ensure the Guaranteed Profits are met or remedy action has been taken according to the Equity Transfer Agreement.

Income Tax Expense

Income tax expense increased by 16% from HK$15,621,000 for the year ended 31 March 2020 to HK$18,090,000 for the year ended 31 March 2021. 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 295% from HK$23,975,000 for the year ended 31 March 2020 to HK$94,700,000 for the year ended 31 March 2021.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the "**Share(s)**") were listed (the "**Listing**") on the Main Board of The Stock Exchange on 20 February 2017. Net proceeds from the Listing were approximately HK$524 million (after deducting the underwriting commission and other expenses in relation to the 500,000,000 new ordinary shares issued pursuant to the listing of Shares on The Stock Exchange. The balance of net proceeds was fully utilised during the year (31 March 2020: the unused net proceeds were approximately HK$82 million).

According to the section "Future Plans and Proposed Use of Proceeds" as set out in the prospectus of the Company dated 26 January 2017 (the "**Prospectus**"), the Group used the net proceeds during the year ended 31 March 2021 as follows:

	Net proceeds from the Listing	Unused amount at 1 April 2020	Used in this year	Unused amount at 31 March 2021
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Maintaining and increasing the employed capital requirement and working capital requirement for future/new projects in the public sector	**402**	**82**	**(82)**	**–**
Payment for the upfront costs	**70**	**–**	**–**	**–**
General working capital	**52**	**–**	**–**	**–**
Total	**524**	**82**	**(82)**	**–**

PROSPECTS

Over the past year, economic activities and people's living in Hong Kong were inevitably affected by the COVID-19 pandemic. Given that the Group has received full support and cooperation of our staff and business partners, the Group's COVID-19 preventive measures could be effectively implemented to mitigate the risk of COVID-19 from spreading on the Group's premises or construction sites. We believe that the impact of COVID-19 pandemic on our Group's day-to-day operation in the next year will be modest even though the COVID-19 pandemic may not be fully extinguished.

Although Hong Kong's economy and the property market have been affected since the social unrest in the second half of 2019 and the COVID-19 outbreak in early 2020, the community's high demand for housing and healthcare services remains unchanged. As mentioned by the Chief Executive of the HKSAR Government in the 2020 Policy Address, the HKSAR Government had already identified 330 hectares of land for providing 316,000 public housing units in the coming 10 years (2021/22 to 2030/31) and committed to facility the provision of 15,000 transitional housing units within three years from 2020/21. In addition, the HKSAR Government has earmarked HK$500 billion for two "10-year Hospital Development Plans" to cope with the increasing demand for healthcare service arising from the ageing population. Accordingly, we expect that there will be a steady flow of construction contracts from the public sector in the coming years.

The HKSAR Government has been implementing the "Construction 2.0" initiatives and set up a HK$1 billion "Construction Innovation and Technology Fund" to encourage wider adoption of innovative constructive methods and new technologies in the construction industry with a view to promoting productivity, uplifting built quality, improving site safety and enhancing environmental performance. In line with the HKSAR Government's plan, the Group keeps actively investing in innovation and technology so as to enhance work efficiency, quality of work and health and safety performance. We believe that our ever-improving technology will help to increase the successful rate in future tendering for new projects. Our investment in innovation technology will also support the long-term growth of the Group's business.

Looking forward, we will keep looking for opportunities to integrate with our business partners in order to reduce construction costs, enhance project efficiency and create synergy, which will create reasonable return for the Group and the Shareholders in the long run.

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 2021 was HK$1,349,543,000 (31 March 2020: HK$1,254,843,000).

The Group monitors capital structure using a net gearing ratio, which is measured as total interest-bearing bank loans less cash and cash equivalents, divided by equity attributable to owners of the parent. As at 31 March 2021, the Group's net gearing ratio was 0 (31 March 2020: 0).

The Group's cash and cash equivalents increased by 47% from HK$616,645,000 as at 31 March 2020 to HK$904,933,000 at 31 March 2021 mainly due to net effect of (i) increase in net borrowing; (ii) the net cash inflows from operating activities; and (iii) payment of land premium of the Site. Current ratio stood at 1.45 and 1.84 at 31 March 2021 and 31 March 2020, 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$2,950,000,000 as of 31 March 2021 (31 March 2020: HK$2,040,000,000), of which HK$1,819,566,000 (31 March 2020: HK$1,717,135,000) was unutilised.

Looking forward, due to (i) the new substantial projects awarded to a subsidiary of the Group and the joint operations in which a subsidiary of the Group is a joint operator are in the preliminary stage of development; and (ii) the redevelopment of the Site, it is expected significant 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 2021 and 31 March 2020, 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 currency. Hence, the Group is not exposed to significant foreign exchange risk.

For the years ended 31 March 2021 and 31 March 2020, the Group did not engage in any interest rate and currency hedging or speculation activities.

Property, plant and equipment

The Group's property, plant and equipment amounted to HK$1,185,004,000 as of 31 March 2021 (31 March 2020: HK$618,512,000). The increase was due to the net effect of (i) the additions to right-of-use assets and items of property, plant and equipment totalling HK$618,508,000 (including the land premium paid for the Site); and (ii) the depreciation of HK$52,016,000 provided during the year.

Financial assets at fair value through profit or loss

The balance represented a life insurance acquired for an executive Director during the year ended 31 March 2021.

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 received from our customers up to the end of the financial period. Approximately 99% of the accounts receivable as at 31 March 2021 was subsequently settled as at 16 June 2021 (31 March 2020: approximately 93% was subsequently settled by 10 June 2020).

Contract Assets

Balance at current year end mainly represented retention receivables of HK$275,061,000 (31 March 2020: HK$168,307,000) and unbilled revenue of HK$245,966,000 (31 March 2020: HK$50,538,000). Retention receivables represent the retention monies required by our customers to secure our Group's due performance of the contracts.

Prepayments, other receivables and other assets

As at 31 March 2021, 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. The decrease in total balance during the year was mainly due to the net effect of (i) the refund of stamp duty recoverable amounting to HK$26,979,000 in respect of the redevelopment of the Site; and (ii) prepaid insurance for newly awarded construction projects during the year.

Other Payables and Accruals

As of 31 March 2021, the current and non-current balances of other payable and accruals amounted to HK$447,974,000 (31 March 2020: HK$222,234,000) and HK$4,071,000 (31 March 2020: HK$6,716,000), respectively, which mainly represented provision for contract works costs, staff costs payable and the lease liabilities recognised. The increase in total balance during the period was mainly due to the combine effect of (i) the increase in provision for contract works costs of HK$185,227,000; and (ii) the increase in the recognition of lease liabilities of HK$35,562,000.

Charges on Assets

As at 31 March 2021, the property, plant and equipment, accounts receivable, unbilled revenue and retention receivables related to certain contract works of HK$1,156,000,000 (2020: nil), HK$87,632,000 (31 March 2020: HK$130,653,000), HK$100,411,000 (31 March 2020: HK$43,824,000) and HK$61,034,000 (31 March 2020: HK$103,575,000), 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 2021, bank deposit of HK$110,000,000 (31 March 2020: HK$110,000,000) was pledged as a guarantee 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$87,276,000 (31 March 2020: HK$121,517,000) at year end were also secured by certain deposits accounts maintained with these banks as continuing security for the obligations of the Group.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 15 to the consolidated financial statements.

Capital Commitments

Details of the Group's capital commitments are set out in note 16 to the consolidated financial statements.

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

Save as disclosed elsewhere in this announcement, the Group did not have other significant investment and other plans for material investments on capital assets as at 31 March 2021.

REDEVELOPMENT OF NO. 7 LAI YIP STREET

As disclosed in the announcement of the Company dated 10 November 2020, Bright Wind Limited ("**Bright Wind**", an indirect wholly-owned subsidiary of the Company) received a formal written offer (the "**Offer**"), with conditions, from Lands Department in respect of its proposed modification of the lease of the Site from industrial use to non-residential use (the "**Proposed Lease Modification**"). Pursuant to the Offer, the premium of the Proposed Lease Modification amounted to HK$554,570,000 (the "**Premium**") and the Site could be redeveloped for non-residential use that the total gross floor area of the non-residential building to be erected shall not exceed 14,775 square meters. The redevelopment of the Site could provide more flexibility to the Group for its future development with an option to lease out surplus space of the building, if any.

As at the date of approval of this announcement, Bright Wind accepted the Offer and paid the Premium. The demolition works of Man Shung Building were completed in July 2020. The foundation works of the new building is in progress. Further announcement(s) in relation to the redevelopment of the Site will be made by the Company as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rule**").

POSSIBLE ACQUISITION

As disclosed in the joint announcement of the Company and Vantage International (Holdings) Limited (a company incorporated in Bermuda and which shares were listed on the Main Board of the Stock Exchange (stock code: 15) from 8 September 2000 to 22 October 2020, was the 75% intermediate holding company of the Company until 19 November 2020) dated 9 July 2019, Rhythm Classic Limited (the "**Purchaser**", an indirect wholly-owned subsidiary of the Company) entered into a framework agreement on 9 July 2019 (the "**Framework Agreement**") with an independent third party (the "**Vendor**") for the possible acquisition of 100% of the equity interest of a Hong Kong company (the "**Target Company**") and 100% of the interest-free shareholder loan (if any) advanced by the Vendor to the Target Company at a consideration of HK$130,000,000 (the "**Possible Acquisition**"). Pursuant to the Framework Agreement, the Possible Acquisition is conditional upon, among others, the fulfilment of the conditions as stated in the Framework Agreement (the "**Conditions Precedent**") within 180 days from the date of signing of the Framework Agreement, or such other period as duly agreed by both parties in writing (the "**Agreement Valid Period**").

The Agreement Valid Period was extended to 2 July 2020 (or such other period as duly agreed by both parties in writing) (the "**Extended Agreement Valid Period**") as further disclosed in the other joint announcement of the Company and Vantage dated 2 January 2020.

Given that the Conditions Precedent were not fulfilled or waived by the Purchaser within the Extended Agreement Valid Period and no further agreement was entered into between the Purchaser and the Vendor, the Company and Vantage jointly announced on 3 July 2020 that the Framework Agreement was lapsed after the end of the Extended Agreement Valid Period on 2 July 2020 pursuant to the terms of the Framework Agreement. Therefore, the Possible Acquisition constituted under the Framework Agreement was not proceeded.

EMPLOYEES AND REMUNERATION POLICY

As of 31 March 2021, the Group employed 330 full-time employees (31 March 2020: 336) 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 the 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 2021, 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 2021.

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 2021.

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 2021.

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 2021 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 performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

AUDIT COMMITTEE'S REVIEW

The Audit Committee comprises six independent non-executive Directors of the Company, Ms. LEUNG Yuen Shan Maisy (Chairman), Prof. KO Jan Ming, Dr. LEE Man Piu Albert, Dr. LI Yok Sheung, Ms. MAK Suk Hing and Mr. MONG Chan, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. Ms. LEUNG Yuen Shan, Maisy and Mr. MONG Chan both possess 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 2021.

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 2020/21 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and 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
NGAI Chun Hung
Chairman

Hong Kong, 23 June 2021

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

Executive Directors
Mr. NGAI Chun Hung
Mr. CHEUNG Ho Yuen
Mr. IP Yik Nam
Mr. LAU Chi Fai, Daniel
Mr. YAU Kwok Fai

Independent Non-executive Directors
Prof. KO Jan Ming
Dr. LEE Man Piu, Albert
Dr. LI Yok Sheung
Ms. LEUNG Yuen Shan, Maisy
Ms. MAK Suk Hing
Mr. MONG Chan