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 2017

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 referred to as the "**Group**") for the year ended 31 March 2017, 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	2017 HK$'000	2016 HK$'000
REVENUE	*3*	**2,318,317**	2,502,920
Contract costs		**(2,065,285)**	(2,204,176)
Gross profit		**253,032**	298,744
Other income and gains	*3*	**1,524**	3,291
Administrative expenses		**(108,232)**	(58,078)
Finance costs	*4*	**(235)**	(2,535)
Share of profits and losses of a joint venture		**(18,333)**	(102)
PROFIT BEFORE TAX	*5*	**127,756**	241,320
Income tax expense	*6*	**(26,269)**	(39,430)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**101,487**	201,890

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

Year ended 31 March

	Notes	2017 HK$'000	2016 HK$'000
Profit and total comprehensive income attributable to owners of the parent		**101,487**	201,890
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted *(HK cents)*		**6.53**	13.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,801**	6,214
Investment in a joint venture		**8,394**	26,727
Deferred tax assets		**53**	931
Total non-current assets		**14,248**	33,872
CURRENT ASSETS			
Gross amount due from customers for contract works		**315,864**	163,502
Accounts receivable	*9*	**475,705**	297,814
Prepayments, deposits and other receivables		**15,442**	12,739
Due from the Remaining Vantage Group		**–**	917
Tax recoverable		**20,843**	989
Cash and cash equivalents		**732,196**	1,084,818
Total current assets		**1,560,050**	1,560,779
CURRENT LIABILITIES			
Accounts payable	*10*	**483,691**	416,836
Accruals of costs for contract works		**255**	74,585
Tax payable		**7,568**	27,617
Other payables and accruals		**22,259**	16,595
Due to a joint venture		**7,313**	33,604
Loans from the Remaining Vantage Group		**–**	22,509
Due to the Remaining Vantage Group		**–**	37,347
Interest-bearing bank loans		**50,769**	2,549
Total current liabilities		**571,855**	631,642
NET CURRENT ASSETS		**988,195**	929,137
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,002,443**	963,009
NON-CURRENT LIABILITY			
Deferred tax liabilities		**271**	858
Total non-current liability		**271**	858
Net assets		**1,002,172**	962,151
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*11*	**20,000**	–
Reserves		**982,172**	962,151
Total equity		**1,002,172**	962,151

NOTES

1. BASIS OF PREPARATION

The Company is a limited liability company incorporated in the Cayman Islands on 11 July 2016. The registered office of the Company is located at Clifton House, 75 Fort Street, 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.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 February 2017 (the "**Listing Date**").

The Company is an investment holding company. The Company's subsidiaries were principally engaged in building construction and repair, maintenance, alteration and addition ("**RMAA**") works.

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 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. All HKFRSs effective for accounting period commencing from 1 April 2016 have been early adopted by the Group in the preparation of the financial statements for the year ended 31 March 2016.

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("**HK$**"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except when otherwise indicated.

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 12 January 2017. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 26 January 2017 (the "**Prospectus**"). Since the companies now comprising the Group were under the common control of the same controlling shareholder both before and after the Reorganisation, these financial statements have been prepared using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2017 and 2016 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the same controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2017 and 2016 have been prepared to present the assets and liabilities of all companies now comprising the Group using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. All intra-group transactions and balances have been eliminated on combination.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2017. 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). As explained in above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statements items of the combined entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or business first came under common control, where there is a shorter period, regardless of the date of the common control combination.

The acquisition of subsidiaries other than those under common control is accounted for using the acquisition method.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the contract works segment of which the Group engages in contract works as a main contractor or subcontractor, primarily in respect of building construction and RMAA works. Accordingly, no segment information is presented.

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.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the appropriate proportion of contract revenue from building construction and RMAA works during the year.

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Contract revenue	**2,318,317**	2,502,920
Other income and gains		
Interest income	**1,440**	2,589
Gain on disposals of items of property, plant and equipment	**84**	202
Sundry income	**–**	500
	1,524	3,291

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans	**235**	2,535

5. PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Depreciation	**2,840**	1,791
Auditor's remuneration	**1,800**	1,680
Employee benefits expense (excluding directors' remuneration):		
Wages and salaries	**151,676**	111,701
Pension scheme contributions (defined contribution schemes)	**4,639**	3,383
	156,315	115,084
Directors' remuneration:		
Fees	**710**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**5,210**	5,234
Discretionary performance-related bonuses	**1,381**	654
Pension scheme contributions (defined contribution schemes)	**77**	54
	6,668	5,942
	7,378	5,942
Minimum lease payments under operating leases	**20,298**	18,855
Government subsidies*	**(45)**	(156)

* Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the Hong Kong Special Administrative Region Government, for providing on-the-job training for graduate engineers and trainees, respectively. There were no unfulfilled conditions or contingencies relating to these subsidies.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**25,978**	39,206
Deferred	**291**	224
Total tax charge for the year	**26,269**	39,430

7. DIVIDENDS

During the year ended 31 March 2017 and before the completion of the Reorganisation, certain members of the Group declared special dividends of HK$600,000,000 to their then shareholder, Profit Chain Investments Limited ("**Profit Chain**"). Such special dividends were paid during the year ended 31 March 2017. Investors who became the shareholders of the Company after the Listing Date were not entitled to such special dividends.

The directors do not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

8. 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 owners of the Company and the weighted average number of ordinary shares of 1,554,794,521 (2016: 1,500,000,000) in issue during the year, on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 11(c)) in connection with the listing of the shares of the Company had been completed on 1 April 2016.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2017 includes 1 ordinary share of the Company issued on 11 July 2016, the 999 new shares issued pursuant to the Reorganisation (note 11(b)) and the 1,499,999,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 11(c)), on the assumption that these shares had been in issue throughout the year ended 31 March 2017, and the weighted average of 500,000,000 new ordinary shares issued pursuant to the Share Offer (as defined in note 11(d)).

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2016 was based on 1,500,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the year ended 31 March 2016.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 March 2017 and 2016.

9. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts.

Retentions receivable included in accounts receivable amounted to HK$188,249,000 (2016: HK$136,761,000), which are repayable within terms ranging from one to four years.

Amounts due from Vantage International (Holdings) Limited ("**Vantage**", an intermediate holding company of the Company), and its subsidiaries but excluding the Group (collectively referred as the "**Remaining Vantage Group**") are included in accounts receivable amounted to HK$20,403,000 (2016: HK$46,880,000), which are repayable in one year.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to the Group and as at 31 March 2017, the aggregate amount of accounts receivable related to such contract works pledged to secure the relevant banking facilities amounted to HK$231,567,000 (2016: HK$74,168,000).

The aged analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**35,125**	36,047
Four to six months past due	**–**	–
Seven to twelve months past due	**4,325**	–
Over one year past due	**–**	30,190
	39,450	66,237
Neither past due nor impaired	**436,255**	231,577
	475,705	297,814

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral or other credit enhancements over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

10. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current to three months	**243,361**	254,104
Four to six months	**24,408**	12,448
Over six months	**215,922**	150,284
	483,691	416,836

At 31 March 2017, retentions payable included in accounts payable amounted to HK$172,507,000 (2016: HK$159,659,000), which were normally settled within terms ranging from one to four years.

Accounts payable are non-interest-bearing. The payment terms are stipulated in the relevant contracts.

11. SHARE CAPITAL

	2017
	HK$'000
Authorised:	
10,000,000,000 ordinary shares of HK$0.01 each	**100,000**
Issued and fully paid:	
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**

The movements in the Company's share capital during the period from 11 July 2016 (date of incorporation) to 31 March 2017 were as follows:

	Notes	**Number of ordinary shares of HK$0.01 each**	**Nominal value of ordinary shares** *HK$'000*
Authorised:			
At 11 July 2016 (date of incorporation)	*(a)*	1,000,000	10
Increase in authorised share capital on 18 January 2017	*(c)*	9,999,000,000	99,990
At 31 March 2017		10,000,000,000	100,000

		Number of shares in issue	**Share capital** *HK$'000*
Issued and fully paid:			
At 11 July 2016 (date of incorporation)	*(a)*	1	–
Issue of new shares pursuant to the Reorganisation	*(b)*	999	–
Capitalisation Issue	*(c)*	1,499,999,000	15,000
Issue of new shares pursuant to the Share Offer	*(d)*	500,000,000	5,000
At 31 March 2017		2,000,000,000	20,000

Notes:

(a) The Company was incorporated on 11 July 2016 with an initial authorised share capital of HK$10,000 divided into 1,000,000 shares of HK$0.01 each. On the date of incorporation, 1 ordinary share of HK$0.01 was allotted and issued to the subscriber which was transferred on the same day to Profit Chain.

(b) On 12 January 2017, the Company, Profit Chain and Vital Tool Limited ("**Vital Tool**", a directly wholly-owned subsidiary of the Company), entered into a tripartite agreement and pursuant to which the Company agreed to issue and allot 999 shares to settle in full the total principal amount of HK$55,951,401 due and owing by Vital Tool to Profit Chain pursuant to a promissory note.

(c) On 18 January 2017, an ordinary resolution of the Company was passed and pursuant to which the authorised share capital of the Company was increased from HK$10,000 to HK$100,000,000 by the creation of 9,999,000,000 additional shares of HK$0.01 each.

Pursuant to the resolutions of the shareholder passed on 18 January 2017, the Company allotted and issued a total of 1,499,999,000 ordinary shares, credited as fully paid at par, to Profit Chain on 16 February 2017 by way of capitalisation of the sum of HK$14,999,990 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**").

(d) In connection with the listing of the shares of the Company on the Stock Exchange (the "**Share Offer**"), 500,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$1.1 per share for a total cash consideration, before expenses, of HK$550,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on 20 February 2017.

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. The Group recorded a decrease in operating profits in the year.

In the year ended 31 March 2017, the Group's consolidated revenue amounted to HK$2,318.3 million, representing a decrease of 7.4% from HK$2,502.9 million for the year ended 31 March 2016. Profit attributable to owners of the parent of the Company for the year ended 31 March 2017 amounted to HK$101.5 million, representing a decrease of 49.7% from HK$201.9 million for the corresponding year ended 31 March 2016. Basic and diluted earnings per share for the year were HK6.53 cents (2016: HK13.46 cents). The decrease in profit was mainly due to the combined effects of (i) the non-recurring listing expenses of approximately HK$14.1 million incurred by the Group in relation to the listing of the Company's shares on the main board of the Stock Exchange (the "**Listing**"); (ii) the deterioration in gross profit margin for the year ended 31 March 2017; (iii) the share of loss of a joint venture of approximately HK$18.3 million; and (iv) the increase in the management fee paid to Vantage before the Listing of approximately HK$30.9 million.

The net assets value attributable to owners of the parent as at 31 March 2017 amounted to HK$1,002.2 million (approximately HK$0.50 per share), representing an increase of 4.2% (2016: HK$962.2 million (approximately HK$0.64 per share)).

DIVIDEND

The directors do not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2017 AGM of the Company will be held in Hong Kong on 1 September 2017, Friday. Notice of the AGM will be issued and disseminated to the shareholders in due course.

To ascertain the entitlement to attend and vote at the AGM to be held on 1 September 2017, Friday, the register of members of the Company will be closed from 29 August 2017, Tuesday to 1 September 2017, Friday (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 28 August 2017, Monday.

BUSINESS REVIEW

During the year under review, the Group was mainly engaged as a main contractor in building construction and RMAA works in Hong Kong.

Market review

In recent years, housing policy remains a prime focus of the Hong Kong Special Administrative Region ("**HKSAR**") Government. As addressed in the 2017 Policy Address, the government has been vigorously speeding up the construction of public housing, development of subsidised sale flats and land supply. It has committed to a long-term housing supply target of 94,500 units in the next five years, which includes about 71,800 public rental housing units and about 22,600 subsidised sales flats. The Government has also set aside a dedicated provision of HK$200 billion for a ten-year hospital development plan to enable the Hospital Authority to expand and upgrade healthcare facilities in a more flexible and long-term manner in its 2016-17 Budget. Together with the annual spending on the Capital Works Programme, public expenditure on construction is anticipated to further increase. Accordingly, the Directors believe the long-term outlook of the construction industry in Hong Kong looks promising.

The Group's Performance

For the year ended 31 March 2017, revenue from external amounted to HK$2,318,317,000 (2016: HK$2,502,920,000), representing a decrease of 7.4% from that of last year. Gross profit margin also decreased from 11.9% for the year ended 31 March 2016 to 10.9% for the year ended 31 March 2017. The decrease in revenue and gross profit margin were mainly attributable to a substantial building construction project which contributed over 40.0% of the Group's revenue in year ended 31 March 2016 was completed in that year. This project had a relative short construction period and a higher gross profit margin when compared to other construction contracts. As this project was completed in year ended 31 March 2016, it did not contribute to the Group's revenue and gross profit margin for the year ended 31 March 2017. Meanwhile, current year's revenue was mainly contributed from public sector projects which normally have a relatively lower gross profit margin compared to private sector projects.

Other Income and Gains

Other income and gains recorded significant decrease from HK$3,291,000 for the year ended 31 March 2016 to HK$1,524,000 for the year ended 31 March 2017. The decrease was mainly attributable to the decrease in interest income from HK$2,589,000 for the year ended 31 March 2016 to HK$1,440,000 for the year ended 31 March 2017.

Administrative Expenses

Administrative expenses increased from HK$58,078,000 for the year ended 31 March 2016 to HK$108,232,000 for the year ended 31 March 2017. The higher administrative expenses were mainly attributable to the increase in (i) bonus and salaries paid to the Directors and employees; (ii) management fee paid to Vantage; and (iii) listing expenses record in profit or loss in relation to the Listing in current year.

Finance Costs

For the year ended 31 March 2017, the Group's finance costs amounted to HK$235,000 (2016: HK$2,535,000). The decrease in finance costs in current year was mainly resulted from the decrease in average bank borrowings during the year.

Share of Profits and Losses of a Joint Venture

For the year ended 31 March 2017, the Group's share of losses from a joint venture, Leighton-Able Joint Venture, in which the Group has 49% interest, net of tax, amounted to losses of HK$18,333,000 (2016: HK$102,000). The Leighton-Able Joint Venture undertakes the contract for the design and construction of Tin Shui Wai Hospital which was substantially completed during the year.

Income Tax Expenses

Income tax expense decreased by 33.4% from HK$39,430,000 for the year ended 31 March 2016 to HK$26,269,000 for the year ended 31 March 2017. The decrease was mainly attributable to the decrease in taxable profit for the year ended 31 March 2017.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit attributable to owners of the parent decreased from HK$201,890,000 for the year ended 31 March 2016 to HK$101,487,000 for the year ended 31 March 2017.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 20 February 2017 (the "**Listing Date**"). Net proceeds from the Listing were approximately HK$524 million (after deducting the underwriting commission and other expenses in relation to the Share Offer). According to the section "Future Plans and Proposed Use of Proceeds" as set out in the Prospectus, the Group used the net proceeds during the period between the Listing Date and 31 March 2017 as follows:

	Actual net proceeds	**Used amount**	**Unused amount**
	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	1	401
Payment for the upfront costs	70	–	70
General working capital	52	–	52
Total	524	1	523

As at 31 March 2017, the unused proceeds were deposited in licensed banks in Hong Kong.

PROSPECTS

In recent years, housing policy remains a prime focus of the HKSAR Government. As addressed in the 2017 Policy Address, the government has been vigorously speeding up the construction of public housing, development of subsidised sale flats and land supply. It has committed to a long-term housing supply target of 94,500 units in the next five years, which includes about 71,800 public rental housing units and about 22,600 subsidised sales flats. The Government has also set aside a dedicated provision of HK$200 billion for a ten-year hospital development plan to enable the Hospital Authority to expand and upgrade healthcare facilities in a more flexible and long-term manner in its 2016-17 Budget. Together with the annual spending on the Capital Works Programme, public expenditure on construction is anticipated to further increase.

With government's effort to increase housing supply and hospital facilities in Hong Kong, the Directors expects there would be ample tender opportunities for our contract works business in the future. We plan to tender for and engage in more public works projects, hospital projects, public housing projects and other private projects with the government, the Hospital Authority, the Hong Kong Housing Authority as well as the private sector to increase our share in these market segments. Subsequent to the reporting period and up to the date of this announcement, the Group has been awarded two building construction projects from the Hong Kong Housing Authority. We believe that our Group is well positioned to capture these emerging business opportunities.

Looking forward, we believe our actions will help create reasonable return for shareholders in a changing marketplace.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

The capital of the Group only comprises ordinary shares. The total equity of the Group as at 31 March 2017 was HK$1,002,172,000.

The Group's banking facilities, comprising primarily bank loans, overdrafts and performance bond, amounted to HK$1,245,000,000 as of 31 March 2017 (2016: HK$1,193,877,000), of which HK$902,395,000 (2016: HK$898,528,000) was unutilised. The gearing ratio (define as the total debts divided by the total equity) was 5.1% as at 31 March 2017 (2016: 2.6%).

Due to the combined effect from (i) net cash outflows used in operating and investing activities; (ii) proceeds received from the Listing; and (iii) dividends paid by subsidiaries of the Company to their then shareholders before the Listing during the year ended 31 March 2017, the Group's cash and cash equivalents as at 31 March 2017 amounted to HK$732,196,000, representing a decrease by HK$352,622,000 from HK$1,084,818,000 as at 31 March 2016. Current ratio of the Group stood at 2.7 at 31 March 2017, while that as at 31 March 2016 was 2.5. Current ratio is measured as total current assets divided by total current liabilities.

The Group maintains sufficient working capital resources to execute its contract works. The Group generally takes a prudent and cautious approach to cash application and its capital commitments.

Interest Exposure

At 31 March 2017 and 31 March 2016, the Group's bank borrowings were all denominated in Hong Kong dollars and on a floating rate basis. The interest rates of these bank borrowings are determined by reference to the respective bank offer rate. For the two years ended 31 March 2017 and 2016, the Group did not engage in any interest rates and currency speculation activities. The Group's bank accounts were operated with principal bankers in Hong Kong.

Accounts Receivable

The Group's accounts receivable represented the receivables for contract works, which combined (i) trade debtors; and (ii) retention receivables in relation to completed and on-going contract works projects. Trade debtors represent progress billing of work performed by us and the progress payment certificates issued by and received from our customers. The level of our trade debtors is principally affected by our work progress and the amount of the progress payment certificate received from our customer before the end of the reporting period. Approximately 95% of the trade debtors as at 31 March 2017 were subsequently settled as at 31 May 2017. Retention receivables represent the retention monies required by our customers to secure our Group's due performance of the contracts. Generally, the first half of the retention money is released upon practical completion and the second half of the retention money is released upon expiry of the defect liability period.

Charges on Assets

At 31 March 2017, the following assets of the Group or assets of the Remaining Vantage Group were pledged in favour of certain banks to secure the banking facilities granted by those banks to certain members of the Group:

- legal charges over the Remaining Vantage Group's investment properties, which had an aggregate carrying amount of HK$1,851,000,000 (2016: HK$1,001,000,000);

- legal charges over the Remaining Vantage Group's land and buildings, which had an aggregate carrying amount of HK$127,586,000 (2016: HK131,596,000);

- as at 31 March 2016, legal charges over the Remaining Vantage Group's property under development, which had a carrying amount of HK$220,125,000 (2017: Nil);

- the assignment of the Group's financial benefits under certain contract works with an aggregate accounts receivable of HK$231,567,000 (2016: HK$74,168,000); and

- cross guarantees provided by the Remaining Vantage Group of HK$3,580,000,000 (2016: HK$3,280,000,000).

The Group is in the process of replacing or releasing all corporate guarantees and securities provided by the Remaining Vantage Group for the benefit of the Group which has commenced upon the Listing.

EMPLOYEES

As of 31 March 2017, the Group employed 344 full-time employees in Hong Kong. The Group remunerates its employees based on their performance and working experience and with reference to the prevailing market conditions. On top of the regular remuneration, discretionary bonus 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 medical, mandatory provident fund, incentive travel, subsidies for education and training programmes.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date to 31 March 2017.

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 to the Listing Rules throughout the period from the Listing Date to 31 March 2017.

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 standard set out in the Model Code throughout the period from the Listing Date to 31 March 2017.

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 2017 as set out in this announcement have been agreed by the Company's external auditors, 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 of the Company has reviewed the Group's consolidated financial statements for the year ended 31 March 2017, including the accounting principles and practices adopted by the Group and recommended to the Board for approval.

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 of the Company for their support.

By Order of the Board
ABLE ENGINEERING HOLDINGS LIMITED
NGAI Chun Hung
Chairman

Hong Kong, 22 June 2017

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

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

Independent Non-executive Directors
Dr. LI Yok Sheung
Ms. MAK Suk Hing
Ms. LEUNG Yuen Shan, Maisy