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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 2018

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 2018, 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	**2018**	2017
		HK$'000	*HK$'000*
REVENUE	*4*	**3,112,264**	2,318,317
Contract costs		**(2,862,972)**	(2,065,285)
Gross profit		**249,292**	253,032
Other income and gains	*4*	**4,793**	1,524
Administrative expenses		**(44,987)**	(108,232)
Finance costs	*5*	**(221)**	(235)
Share of profits and losses of a joint venture		**–**	(18,333)
PROFIT BEFORE TAX	*6*	**208,877**	127,756
Income tax expenses	*7*	**(33,906)**	(26,269)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**174,971**	101,487

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

Year ended 31 March

	Note	**2018** **HK$'000**	2017 HK$'000
Profit and total comprehensive income attributable to owners of the parent		**174,971**	101,487
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted *(HK cents)*		**8.75**	6.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,725**	5,801
Investment in a joint venture		**8,394**	8,394
Prepayment and deposit		**113,641**	–
Deferred tax assets		**41**	53
Total non-current assets		**125,801**	14,248
CURRENT ASSETS			
Gross amount due from customers for contract works		**17,306**	315,864
Accounts receivable	*10*	**530,482**	475,705
Prepayments, deposits and other receivables		**19,567**	15,442
Tax recoverable		**8,809**	20,843
Cash and cash equivalents		**1,185,501**	732,196
Total current assets		**1,761,665**	1,560,050
CURRENT LIABILITIES			
Accounts payable	*11*	**438,171**	483,691
Accruals of costs for contract works		**224,360**	255
Tax payable		**16,572**	7,568
Other payables and accruals		**23,864**	22,259
Due to a joint venture		**7,313**	7,313
Interest-bearing bank loans		**–**	50,769
Total current liabilities		**710,280**	571,855
NET CURRENT ASSETS		**1,051,385**	988,195
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,177,186**	1,002,443
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**43**	271
Total non-current liabilities		**43**	271
Net assets		**1,177,143**	1,002,172
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*12*	**20,000**	20,000
Reserves		**1,157,143**	982,172
Total equity		**1,177,143**	1,002,172

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**").

During the year, the Group was principally engaged in building construction and repair, maintenance, alteration and addition ("**RMAA**") works.

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.

In the opinion of the directors of the Company (the "**Directors**"), Profit Chain Investments Limited ("**Profit Chain**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate holding company of the Company; Vantage International (Holdings) Limited ("**Vantage**"), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the intermediate holding company of the Company; and the ultimate holding company of the Company is Winhale Ltd., a company incorporated in the BVI.

For the purposes of these financial statements, the Company and its subsidiaries are hereinafter collectively referred to as the "**Group**"; whereas Vantage and its subsidiaries, but excluding the Group, are collectively referred to as the "**Remaining Vantage Group**".

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 ("**HKAS**") 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 and are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand 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 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to statement of 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on the financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. 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 sub-contractor, 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.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Contract revenue	**3,112,264**	2,318,317
Other income and gains		
Interest income	**4,468**	1,440
Gain on disposal of items of property, plant and equipment	**–**	84
Sundry income	**325**	–
	4,793	1,524

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans	**221**	235

6. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Contract costs	**2,862,972**	2,065,285
Depreciation*	**2,793**	2,840
Auditor's remuneration	**1,897**	1,800
Employee benefits expense (excluding Directors' remuneration)*:		
Wages and salaries	**196,087**	151,676
Pension scheme contributions (defined contribution schemes)	**5,618**	4,639
	201,705	156,315
Directors' remuneration:		
Fees	**432**	710
Other emoluments:		
Salaries, allowances and benefits in kind	**10,971**	5,210
Discretionary performance-related bonuses	**15,210**	1,381
Pension scheme contributions (defined contribution schemes)	**108**	77
	26,289	6,668
	26,721	7,378
Minimum lease payments under operating leases	**24,352**	20,298
Government subsidies**	**(1,024)**	(45)

* For the year ended 31 March 2018, depreciation and employee benefit expense of HK$755,000 (2017: HK$565,000) and HK$198,361,000 (2017: HK$152,116,000) respectively, are included in contract costs disclosed above.

** 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.

7. 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% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2018	2017
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**34,139**	25,978
Overprovision in the prior year	**(17)**	–
Deferred	**(216)**	291
Total tax charge for the year	**33,906**	26,269

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Special dividends – nil (2017: N/A*) per ordinary share	**–**	600,000
Proposed final – HK5 cents (2017: nil) per ordinary share	**100,000**	–
	100,000	600,000

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.

* 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. 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.

9. 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 (2017: 1,554,794,521) in issue during the year.

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 12(b)) and the 1,499,999,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 12(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 listing of shares of the Company on the Stock Exchange (the "**Share Offer**") (note 12(d)).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2018 and 2017.

10. 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$203,219,000 (2017: HK$188,249,000), which are repayable within terms ranging from one to four years.

As at 31 March 2017, amounts due from the Remaining Vantage Group included in accounts receivable amounted to HK$20,403,000, 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 2018, the aggregate amount of accounts receivable related to such contract works pledged to secure the relevant banking facilities amounted to HK$220,143,000 (2017: HK$231,567,000).

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

	2018	2017
	HK$'000	*HK$'000*
Current to three months	**326,645**	306,840
Four to six months	**5,473**	19,575
Over six months	**198,364**	149,290
	530,482	475,705

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

	2018	2017
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**–**	35,125
Four to six months past due	**8,738**	–
Seven to twelve months past due	**270**	4,325
Over one year past due	**8,068**	–
	17,076	39,450
Neither past due nor impaired	**513,406**	436,255
	530,482	475,705

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.

11. ACCOUNTS PAYABLE

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

	2018	2017
	HK$'000	*HK$'000*
Current to three months	**187,941**	243,361
Four to six months	**20,912**	24,408
Over six months	**229,318**	215,922
	438,171	483,691

At 31 March 2018, retentions payable included in accounts payable amounted to HK$197,588,000 (2017: HK$172,507,000), 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.

12. SHARE CAPITAL

	2018	2017
	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

The movements in the Company's share capital during the period from 11 July 2016 (date of incorporation) to 31 March 2018 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, 1 April 2017 and 31 March 2018		10,000,000,000	100,000

	Notes	**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, 1 April 2017 and 31 March 2018		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 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 to 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.

13. CONTINGENT LIABILITIES

(a) As at 31 March 2018, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$179,443,000 (2017: HK$291,836,000).

(b) As at 31 March 2017, the Group has given cross guarantees in favour of certain banks to the extent of HK$1,385,500,000 in respect of banking facilities granted by those banks to the Remaining Vantage Group, of which HK$1,008,379,000 were utilised.

(c) Claims

(i) Personal injuries

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

(ii) Sub-contractors' claims

In the ordinary course of the Group's construction business, the Group has been subject to various claims from sub-contractors from time to time. Provision would be made for claims when the 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.

14. EVENT AFTER THE REPORTING PERIOD

On 8 January 2018 and 9 February 2018, the Group had entered into provisional agreements with various independent third party property owners (the "**Man Shung Vendors**") to acquire 25/26 respective shares in total of the Man Shung Industrial Building located in Kwun Tong at an aggregate consideration of approximately HK$619 million. As at 31 March 2018, prepayment and deposit amounted to approximately HK$114 million in total were paid to the Man Shung Vendors. The acquisition constituted a major transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange and was completed on 12 April 2018. Details of the transactions are set out in the Company's circular dated 28 March 2018.

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 sustained a stable gross profit with the decrease of administrative expenses, so the Group recorded an increase in net profits in the year.

In the year ended 31 March 2018, the Group's consolidated revenue amounted to HK$3,112.3 million, representing an increase of 34.2% from HK$2,318.3 million for the year ended 31 March 2017. Profit attributable to owners of the parent of the Company for the year ended 31 March 2018 amounted to HK$175.0 million, representing an increase of 72.4% from HK$101.5 million for the corresponding year ended 31 March 2017. Basic and diluted earnings per share for the year were HK8.75 cents (2017: HK6.53 cents). The increase in profit was mainly due to the combined effects of (i) decrease in the non-recurring listing expenses approximately HK$14.1 million incurred in prior year; (ii) the decrease in share of losses of a joint venture of approximately HK$18.3 million; and (iii) the decrease in the management fee paid to the Remaining Vantage Group after listing of approximately HK$65.5 million.

The net assets value attributable to owners of the parent as at 31 March 2018 amounted to HK$1,177.1 million (approximately HK$0.59 per share), representing an increase of 17.5% (2017: HK$1,002.2 million (approximately HK$0.50 per share)).

DIVIDEND

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. 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 Board of Directors of the Company recommends the payment of a final dividend of HK5 cents (2017: nil) per ordinary share for the year ended 31 March 2018 to the shareholders whose names appear on the register of members of the Company on 11 September 2018, Tuesday. The proposed payment of the final dividend is subject to the approval of the Company's shareholders at the forthcoming 2018 AGM of the Company and has not been recognised as a liability as at 31 March 2018.

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

ANNUAL GENERAL METTING (“AGM”) AND CLOSURE OF REGISTER OF MEMBERS

The 2018 AGM of the Company will be held in Hong Kong on 31 August 2018, 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 31 August 2018, Friday, the register of members of the Company will be closed from 28 August 2018, Tuesday to 31 August 2018, Friday (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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 27 August 2018, Monday.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Assuming that the final dividend recommended by the Board is approved by the shareholders of the Company at the forthcoming AGM, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from 10 September 2018, Monday to 11 September 2018, Tuesday (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 pm on 7 September 2018, Friday. It is expected that the final dividend will be payable to those entitled shareholders on or before 21 September 2018, Friday.

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

As mentioned in the 2017 Policy Address, the Hong Kong Special Administrative Region ("**HKSAR**") Government would continue its effort in increasing the land supply and number of residential units in the coming future to meet the public needs. A new Task Force on Land Supply was established to examine the different land supply options. The HKSAR Government also introduced the "Starter Homes" Scheme to provide 1,000 resident units in the pilot scheme for middle-class families. The HKSAR Government has already set aside a HK$200 billion for a 10-year public development plan in enhancing the infrastructure of healthcare services and facilities in prior year. Recently, to ease the pressure on public healthcare services, the HKSAR Government has set aside a sum of HK$300 billion as an initial provision to support the second 10-year hospital development plan, improve clinic facilities of the Department of Health, and upgrade and increase healthcare teaching facilities. The HKSAR Government is also planning to set up a Hostel Development Fund to provide subsidy of HK$12 billion for the construction of university hostels in this year. Together with the annual spending on the Capital Works Programme of HK$86.8 billion, public expenditure on construction is anticipated to further increase.

The Group's Performance

For the year ended 31 March 2018, revenue from external amounted to HK$3,112,264,000 (2017: HK$2,318,317,000), representing an increase of 34.2% from that of last year. Gross profit margin decreased from 10.9% for the year ended 31 March 2017 to 8.0% for the year ended 31 March 2018. The increase in revenue was mainly due to the increase in the certified contract works for the completion of construction for two projects awarded in previous year and the revenue contribution from the two new projects awarded during the current year. The reduction of gross profit was mainly due to the decrease in proportion of revenue contributed from private sector in this year, the cost incurred for a private residential project which was substantially completed in last year was lower than that budgeted, and the commencement of certain immature projects in this year that the profitability of which had not yet been determined. In general, the gross profit margin from public sector customers is relatively lower than that from private sector customers as the credit risk and other risks associated with public sector customers are commonly lower. As of 31 March 2018, the customers for the Group's substantial contracts on hand were all from the public sector.

Other Income and Gains

Other income and gains recorded significant increase from HK$1,524,000 for the year ended 31 March 2017 to HK$4,793,000 for the year ended 31 March 2018. The increase was mainly attributable to the increase in interest income from HK$1,440,000 for the year ended 31 March 2017 to HK$4,468,000 for the year ended 31 March 2018.

Administrative Expenses

Administrative expenses decreased from HK$108,232,000 for the year ended 31 March 2017 to HK$44,987,000 for the year ended 31 March 2018. The lower administrative expenses were mainly attributable to the decrease in (i) management fee paid to the Remaining Vantage Group; and (ii) listing expenses recorded in profit or loss in relation to the listing in prior year.

Finance Costs

For the year ended 31 March 2018, the Group's finance costs amounted to HK$221,000 (2017: HK$235,000). 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 2018, the Group did not share any profits or losses from a joint venture, Leighton-Able Joint Venture ("**LAJV**"), in which the Group has 49% interest, net of tax, (2017: shares of losses amounted to HK$18,333,000). The projects of LAJV had been completed while some contract costs are yet to finalised with respective sub-contractors.

Income Tax Expenses

Income tax expenses increased by 29.1% from HK$26,269,000 for the year ended 31 March 2017 to HK$33,906,000 for the year ended 31 March 2018. The increase was mainly attributable to the increase in taxable profit for the year ended 31 March 2018.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit attributable to owners of the parent increased from HK$101,487,000 for the year ended 31 March 2017 to HK$174,971,000 for the year ended 31 March 2018.

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 2018 is as follows:

	Actual net proceeds *HK$Million*	**Used amount** *HK$Million*	**Unused amount** *HK$Million*
Maintaining and increasing the employed capital requirement and working capital requirement for future/new projects in the public sector	401	47	354
Payment for the upfront costs	70	70	–
General working capital	52	20	32
Total	523	137	386

As at 31 March 2018, the unused proceeds were deposited in licensed banks in Hong Kong.

PROSPECTS

As mentioned in the 2017 Policy Address, the HKSAR Government would continue its effort in increasing the land supply and number of residential units in the coming future to meet the public needs. A new Task Force on Land Supply was established to examine the different land supply options. The HKSAR Government also introduced the "Starter Homes" Scheme to provide 1,000 resident units in the pilot scheme for middle-class families. The HKSAR Government has already set aside a HK$200 billion for a 10-year public development plan in enhancing the infrastructure of healthcare services and facilities in prior year. Recently, to ease the pressure on public healthcare services, the HKSAR Government has set aside a sum of HK$300 billion as an initial provision to support the second 10-year hospital development plan, improve clinic facilities of the Department of Health, and upgrade and increase healthcare teaching facilities. The HKSAR Government is also planning to set up a Hostel Development Fund to provide subsidy of HK$12 billion for the construction of university hostels in this year. Together with the annual spending on the Capital Works Programme of HK$86.8 billion, public expenditure on construction is anticipated to further increase.

In view of the HKSAR Government's development plans, the medium to long-term outlook of the construction industry in Hong Kong looks promising. We believe that our Group has accumulated ample experience and know-how to be competitive in tendering these new projects. During the reporting period, the Group has been awarded two building construction projects from the Hong Kong Housing Authority.

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 2018 was HK$1,177,143,000.

The Group monitors capital structure using a net gearing ratio, which is measured as total bank borrowings less cash and cash equivalents, divided by equity attributable to owners of the parent. As at 31 March 2018, the Group's net gearing ratio was N/A (31 March 2017: N/A).

Due to the combined effects of (i) net cash inflows from operating and investing activities; and (ii) repayment of bank loan during the year ended 31 March 2018, the Group's cash and cash equivalents as at 31 March 2018 amounted to HK$1,185,501,000, representing an increase by HK$453,305,000 from HK$732,196,000 as at 31 March 2017. Current ratio of the Group stood at 2.5 at 31 March 2018, while that as at 31 March 2017 was 2.7. 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 2018 and 31 March 2017, 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 2018 and 2017, 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.

Non-current prepayment and deposit

As at 31 March 2018, the Group recorded non-current prepayment and deposit of approximately HK$114 million (31 March 2017: nil) which represented prepayment and deposit of the acquisition of total 25/26 interest in Man Shung Industrial Building.

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 97% of the trade debtors, other than retention receivable for contract works as at 31 March 2018 were subsequently settled as at 31 May 2018 (31 March 2017: approximately 95% were subsequently settled by 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 2018, 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 nil (2017: HK$1,851,000,000);

- legal charges over the Remaining Vantage Group's land and buildings, which had an aggregate carrying amount of nil (2017: HK$127,586,000);

- the assignment of the Group's financial benefits under certain contract works with an aggregate accounts receivable of HK$220,143,000 (2017: HK$231,567,000); and

- cross guarantees provided by the Remaining Vantage Group of nil (2017: HK$3,580,000,000).

All corporate guarantees and securities provided by the Remaining Vantage Group for the benefit of the Group were released upon the repayment of bank loans during the year ended 31 March 2018.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 13 to the financial information.

SUBSEQUENT ACQUISITION OF PROPERTIES AT MAN SHUNG

On 8 January 2018, Bright Wind Limited ("**Bright Wind**", an indirect wholly-owned subsidiary of the Company) entered into nine provisional sale and purchase agreements with various independent third parties for the acquisition of certain properties (representing 21/26 equal and undivided shares) located at Man Shung Industrial Building ("**Man Shung**"), No. 7, Lai Yip Street, Kwun Tong, Kowloon at an aggregate consideration of HK$438.6 million (the "**First Round Man Shung Acquisition**").

In addition to the First Round Man Shung Acquisition, on 9 February 2018, Bright Wind entered into three provisional sale and purchase agreements with various independent third parties for the acquisition of certain remaining properties (representing 4/26 equal and undivided shares) located at Man Shung at an aggregate consideration of HK$180 million (the "**Second Round Man Shung Acquisition**", together with the First Round Man Shung Acquisition, the "**Man Shung Acquisition**"). Completion of the Man Shung Acquisition took place on 12 April 2018.

After completion of the Man Shung Acquisition, the Group owns the entire Man Shung, except for Portion B on 11th floor of the building. The Man Shung Acquisition will provide a self-owned working space to the Group as office, project rooms, rooms for new BEAM and innovation and technology functions, technical workshop and training centre for its expansion. To allow better usage of the areas and further enhance the utilization of floor space of Man Shung, the Group intends to acquire the remaining unit of Man Shung and be the owner of the entire building.

The Man Shung Acquisition constituted a major transaction for each of the Company and Vantage under Chapter 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (The "**Stock Exchange**"). For further details of the Man Shung Acquisition, please refer to the joint announcements of the Company and Vantage dated 8 January 2018, 9 February 2018 and 12 April 2018, and the circulars of the Company and Vantage, both dated 28 March 2018.

EMPLOYEES

As of 31 March 2018, the Group employed 388 full-time employees (31 March 2017: 344) 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 year ended 31 March 2018.

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 year ended 31 March 2018.

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 year ended 31 March 2018.

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 2018 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 of the Company has reviewed the Group's consolidated financial statements for the year ended 31 March 2018, 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 2018

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