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ABLE ENGINEERING HOLDINGS LIMITED

安保工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1627)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of directors of Able Engineering Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries for the six months ended 30 September 2024 (the “**Period**”) together with comparative figures for the corresponding period in the previous year. The unaudited condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2024

| | | Unaudited Six months ended 30 September | |
|---|-------|---|------------------|
| | Notes | 2024 HK\$'000 | 2023 HK\$'000 |
| REVENUE | 5 | 3,946,807 | 3,032,016 |
| Cost of sales | 6 | (3,803,544) | (2,913,047) |
| Gross profit | | 143,263 | 118,969 |
| Other income and gains | 5 | 27,412 | 20,841 |
| Administrative expenses | | (36,808) | (47,442) |
| Finance costs | | (19,263) | (14,998) |
| Share of profits and losses of joint ventures | | 2,116 | 661 |
| Share of profits and losses of associates | | 1,154 | (124) |
| PROFIT BEFORE TAX | 6 | 117,874 | 77,907 |
| Income tax expense | 7 | (17,981) | (15,773) |
| PROFIT FOR THE PERIOD | | 99,893 | 62,134 |

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

Six months ended 30 September 2024

| | | Unaudited | |
|---|-------------|-------------------------|-----------------------|
| | | Six months ended | |
| | | 30 September | |
| | | 2024 | 2023 |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| PROFIT FOR THE PERIOD | | <u>99,893</u> | <u>62,134</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of operations outside Hong Kong | | <u>979</u> | <u>(6,662)</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | <u>979</u> | <u>(6,662)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT | | <u>100,872</u> | <u>55,472</u> |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted (<i>HK cents</i>) | 9 | <u>4.99</u> | <u>3.11</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024

| | | Unaudited | Audited |
|---|--------------|---------------------|-----------------|
| | | 30 September | 31 March |
| | | 2024 | 2024 |
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | <i>10</i> | 1,773,186 | 1,612,720 |
| Intangible asset | | 25,000 | 25,000 |
| Investment in joint ventures | | 70,924 | 78,808 |
| Investment in associates | | 1,249 | – |
| Financial assets at fair value through profit or loss | | 11,791 | 11,665 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 1,882,150 | 1,728,193 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Accounts receivable | <i>11</i> | 286,359 | 75,755 |
| Contract assets | | 1,076,270 | 814,160 |
| Prepayments, other receivables and other assets | | 107,267 | 193,413 |
| Tax recoverable | | – | 1,504 |
| Restricted cash | | 14,704 | 14,704 |
| Cash and cash equivalents | | 2,408,896 | 2,077,918 |
| | | <hr/> | <hr/> |
| Total current assets | | 3,893,496 | 3,177,454 |
| | | <hr/> | <hr/> |
| CURRENT LIABILITIES | | | |
| Accounts payable | <i>12</i> | 1,498,662 | 1,074,198 |
| Tax payable | | 13,228 | 9,117 |
| Other payables, accruals and contract liabilities | | 2,088,742 | 1,716,194 |
| Interest-bearing bank loans | | 510,890 | 486,700 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 4,111,522 | 3,286,209 |
| | | <hr/> | <hr/> |
| NET CURRENT LIABILITIES | | (218,026) | (108,755) |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,664,124 | 1,619,438 |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2024

| | | Unaudited | Audited |
|--|-------------|---------------------|-----------------|
| | | 30 September | 31 March |
| | | 2024 | 2024 |
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| NON-CURRENT LIABILITIES | | | |
| Other payables | | 43,630 | – |
| Deferred tax liabilities | | 2,056 | 1,872 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 45,686 | 1,872 |
| | | <hr/> | <hr/> |
| Net assets | | 1,618,438 | 1,617,566 |
| | | <hr/> | <hr/> |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | <i>13</i> | 20,000 | 20,000 |
| Reserves | | 1,598,438 | 1,597,566 |
| | | <hr/> | <hr/> |
| Total equity | | 1,618,438 | 1,617,566 |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2024

| | Unaudited | | | | | |
|---|--------------------------------------|-------------------------------------|---------------------------------------|--|--|------------------------------------|
| | Attributable to owners of the parent | | | | | |
| | Issued capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Capital reserve <i>HK\$'000</i> | Exchange reserve <i>HK\$'000</i> | Retained profits <i>HK\$'000</i> | Total equity <i>HK\$'000</i> |
| At 1 April 2024 | 20,000 | 574,485* | (36,742)* | (13,814)* | 1,073,637* | 1,617,566 |
| Profit for the period | - | - | - | - | 99,893 | 99,893 |
| Other comprehensive income for the period: | | | | | | |
| Exchange differences on translation of operations outside Hong Kong | - | - | - | 979 | - | 979 |
| Total comprehensive income for the period | - | - | - | 979 | 99,893 | 100,872 |
| 2023/24 final dividend (<i>note 8</i>) | - | - | - | - | (100,000) | (100,000) |
| At 30 September 2024 | <u>20,000</u> | <u>574,485*</u> | <u>(36,742)*</u> | <u>(12,835)*</u> | <u>1,073,530*</u> | <u>1,618,438</u> |
| At 1 April 2023 | 20,000 | 574,485 | (36,742) | (6,217) | 968,748 | 1,520,274 |
| Profit for the period | - | - | - | - | 62,134 | 62,134 |
| Other comprehensive loss for the period: | | | | | | |
| Exchange differences on translation of operations outside Hong Kong | - | - | - | (6,662) | - | (6,662) |
| Total comprehensive income for the period | - | - | - | (6,662) | 62,134 | 55,472 |
| 2022/23 final dividend (<i>note 8</i>) | - | - | - | - | (100,000) | (100,000) |
| At 30 September 2023 | <u>20,000</u> | <u>574,485</u> | <u>(36,742)</u> | <u>(12,879)</u> | <u>930,882</u> | <u>1,475,746</u> |

* These reserve accounts comprise the consolidated reserves of HK\$1,598,438,000 (31 March 2024: HK\$1,597,566,000) in the consolidated statement of financial position as at 30 September 2024.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2024

| | | Unaudited | |
|---|--------------|-------------------------|-----------------|
| | | Six months ended | |
| | | 30 September | |
| | | 2024 | 2023 |
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net cash flows generated from operating activities | | 516,809 | 388,860 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Return of investment from a joint venture | | 10,000 | 10,000 |
| Proceeds from disposal of property, plant and equipment | | 259 | – |
| Additions of items of property, plant and equipment | <i>10</i> | (80,778) | (45,146) |
| Net cash flows used in investing activities | | (70,519) | (35,146) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New bank loans | | 31,873 | 164,060 |
| Repayment of bank loans | | (7,683) | (132,587) |
| Dividends paid | <i>8</i> | (100,000) | (100,000) |
| Principal portion of lease payments | | (33,084) | (11,826) |
| Net cash flows used in financing activities | | (108,894) | (80,353) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents at beginning of periods | | 2,077,918 | 1,710,743 |
| Effect of foreign exchange rate change | | (6,418) | (1,458) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | 2,408,896 | 1,982,646 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2024

1. CORPORATE INFORMATION

Able Engineering Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares are publicly traded on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

During the six months ended 30 September 2024 (the “**Period**”), the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in building construction, repair, maintenance, alteration and addition (“**RMAA**”) works, piling works and sales of prefabricated construction units in Hong Kong.

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

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements set out in Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those set out in the Group’s audited consolidated financial statements for the year ended 31 March 2024 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the revised or amended HKASs and HKFRSs as stated in note 3 to this unaudited condensed consolidated interim financial information below. This unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for the life insurance policies which have been measured at fair value, and is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

This unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended 31 March 2024. This condensed consolidated interim financial information has not been audited or reviewed by the Company’s external auditor, but has been reviewed by the Audit Committee of the Company (the “**Audit Committee**”).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following revised HKFRSs for the first time for current period's financial information.

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to HKAS 1 | <i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments") |
| Amendments to HKAS 1 | <i>Non-current Liabilities with Covenants</i> (the "2022 Amendments") |
| Amendments to HKAS 7 and HKFRS 7 | <i>Supplier Finance Arrangements</i> |

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

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the construction segment. The construction segment engages in contract works, acting as a main contractor or sub-contractor, primarily in respect of building construction, RMAA works, piling works and supply of prefabricated construction units. Accordingly, no segment information is presented.

At the end of the reporting period, the Group's non-current assets were located as follows:

| | Unaudited 30 September 2024 <i>HK\$'000</i> | Audited 31 March 2024 <i>HK\$'000</i> |
|------------------|---|--|
| Hong Kong | 1,535,386 | 1,383,926 |
| Chinese Mainland | 334,973 | 332,602 |
| | <u>1,870,359</u> | <u>1,716,528</u> |

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

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

| | Unaudited | |
|--|--------------------------------------|------------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <i>Revenue from contracts with customers</i> | | |
| Contract works for building construction | 3,805,993 | 3,011,249 |
| Contract works for RMAA works | 72,766 | – |
| Contract works for pilling works | 24,278 | – |
| Sales of prefabricated construction units | 43,770 | 20,767 |
| | <u>3,946,807</u> | <u>3,032,016</u> |

Revenue from contracts with customers

Disaggregated revenue information

| | Unaudited | |
|---|--------------------------------------|------------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Types of goods or services | | |
| Contract works for building construction | 3,805,993 | 3,011,249 |
| Contract works for RMAA works | 72,766 | – |
| Contract works for pilling works | 24,278 | – |
| Sales of prefabricated construction units | 43,770 | 20,767 |
| | <u>3,946,807</u> | <u>3,032,016</u> |
| Total | <u>3,946,807</u> | <u>3,032,016</u> |
| Geographical market | | |
| Hong Kong | <u>3,946,807</u> | <u>3,032,016</u> |
| Timing of revenue recognition | | |
| Point in time | 43,770 | 20,767 |
| Over time | 3,903,037 | 3,011,249 |
| | <u>3,946,807</u> | <u>3,032,016</u> |
| Total | <u>3,946,807</u> | <u>3,032,016</u> |

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

| | Unaudited | |
|--|-------------------------------|---------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| <i>Other income and gains</i> | | |
| Interest income | 25,663 | 19,681 |
| Government subsidies | 796 | 1,038 |
| Fair value gain on financial assets at fair value through profit or loss | 125 | 122 |
| Exchange difference | 161 | – |
| Others | 667 | – |
| | <u>27,412</u> | <u>20,841</u> |

6. PROFIT BEFORE TAX

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

| | Unaudited | |
|---|-------------------------------|------------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Contract costs | 3,803,544 | 2,913,047 |
| Depreciation of owned assets | 4,850 | 492 |
| Depreciation of right-of-use assets | 47,971 | 34,099 |
| Employee benefit expenses (excluding directors' remuneration) | 155,359 | 97,508 |
| Directors' remuneration | 7,285 | 8,859 |
| | <u>3,803,544</u> | <u>2,913,047</u> |

7. INCOME TAX

| | Unaudited | |
|----------------------------|-------------------------------|---------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Current – Hong Kong | | |
| Charge for the period | 15,973 | 15,773 |
| Current – Chinese Mainland | | |
| Charge for the period | 1,567 | – |
| Deferred | 441 | – |
| | <u>17,981</u> | <u>15,773</u> |

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. A subsidiary operated in the Chinese Mainland is subject to corporate income tax rate of 25% (six months ended 30 September 2023: 25%).

8. DIVIDEND

During the Period, the Company declared and paid a final dividend of HK\$0.05 (HK5.0 cents) (six months ended 30 September 2023: HK\$0.05 (HK\$5.0 cents)) per share for the year ended 31 March 2024, amounting to a total of HK\$100,000,000 (six months ended 30 September 2023: HK\$100,000,000).

The Board resolved not to declare the payment of an interim dividend for the Period (six months ended 30 September 2023: nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period ended 30 September 2024 and 2023 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,000,000,000 in issue during the six months ended 30 September 2024 and 2023.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment amounted to HK\$1,773,186,000 as of 30 September 2024 (31 March 2024: HK\$1,612,720,000). The increase was mainly due to the construction cost incurred for the redevelopment of the site at No.7 Lai Yip Street, Kwun Tong, Kowloon, Hong Kong.

11. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts and payments are normally due within 30 days from the date of issuance of payment certificate.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to members of the Group.

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

| | Unaudited | Audited |
|-----------------------|---------------------|---------------|
| | 30 September | 31 March |
| | 2024 | 2024 |
| | HK\$'000 | HK\$'000 |
| Current to six months | <u>286,359</u> | <u>75,755</u> |

12. ACCOUNTS PAYABLE

Included in accounts payable are balances with related companies amounting to approximately HK\$391,001,000 (31 March 2024: HK\$303,871,000), which are unsecured, interest free and repayable in accordance with the terms of the relevant agreement.

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

| | Unaudited 30 September 2024 <i>HK\$'000</i> | Audited 31 March 2024 <i>HK\$'000</i> |
|-------------------------|---|--|
| Current to three months | 882,432 | 587,731 |
| Four to six months | 47,674 | 160,645 |
| Over six months | 568,556 | 325,822 |
| | <u>1,498,662</u> | <u>1,074,198</u> |

At 30 September 2024, retention payables included in accounts payable amounted to HK\$356,706,000 (31 March 2024: HK\$284,193,000), which are non-interest-bearing and normally settled within terms ranging from one to four years.

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

13. SHARE CAPITAL

| | Unaudited 30 September 2024 <i>HK\$'000</i> | Audited 31 March 2024 <i>HK\$'000</i> |
|---|---|--|
| Authorised: | | |
| 10,000,000,000 ordinary shares of HK\$0.01 each | <u>100,000</u> | <u>100,000</u> |
| Issued and fully paid: | | |
| 2,000,000,000 ordinary shares of HK\$0.01 each | <u>20,000</u> | <u>20,000</u> |

There was no movement in the Company's share capital during the Period (six months ended 30 September 2023: nil).

14. SHARE OPTION SCHEME

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

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

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

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

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

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

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

15. CONTINGENT LIABILITIES

(a) Guarantees

As at 30 September 2024, the guarantees given by the Group to certain banks in respect of performance bonds issued in favour of certain customers of contract works business amounted to HK\$563,367,000 (31 March 2024: HK\$492,210,000).

(b) Claims

(i) *Personal injuries*

In the ordinary course of the Group's 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 not probable.

16. CAPITAL COMMITMENTS

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

| | Unaudited 30 September 2024 HK\$'000 | Audited 31 March 2024 HK\$'000 |
|--|---|---|
| Contracted, but not provided for: | | |
| Construction in progress for property, plant and equipment | <u>302,174</u> | <u>339,279</u> |

17. RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

| | Unaudited | |
|---|-------------------------------|-------------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Rental payments to a company controlled by the controlling shareholder of the Company | 1,494 | 1,494 |
| Purchase of products and installation services from a joint venture | 42,720 | 27,643 |
| Construction fees payable to a company controlled by a close member of the family of the controlling shareholder of the Company | 149,872 | 36,629 |
| Subcontracting service provided to a company controlled by a close member of the family of the controlling shareholder of the Company | – | 2,630 |
| | <u> </u> | <u> </u> |

(b) Compensation of key management personnel of the Group

| | Unaudited | |
|---|-------------------------------|-------------------|
| | Six months ended 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Salaries and other short-term employee benefits | 8,299 | 8,259 |
| Retirement benefit costs | 45 | 36 |
| | <u> </u> | <u> </u> |
| Total compensation paid to key management personnel | <u>8,344</u> | <u>8,295</u> |

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk management

The Group's financial risk management objectives and policies of the Period are the same as those disclosed in the Group's audited consolidated financial statements for the year ended 31 March 2024 except for the Group is also exposed to currency risks primarily through business activities in the Mainland China which give rise to cash and bank balances that are denominated in currencies other than the functional currency of the operations to which the transactions relate.

(b) Fair value measurement

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

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

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

19. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 29 November 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE INTERIM PERIOD

During the Period, Able Engineering Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded a consolidated turnover of HK\$3,946,807,000, representing an increase of 30% from HK\$3,032,016,000 of the same period last year. The Group’s gross profit during the Period was HK\$143,263,000, representing an increase of 20% from HK\$118,969,000 for the same period last year. The profit of this Period amounted to HK\$99,893,000 (six months ended 30 September 2023: HK\$62,134,000). The increase in the net profit of the Period was primarily attributed to the progress of the projects as scheduled. However, the reason for the gross profit not increasing at the same pace as the turnover for the Period was due to the actual costs incurred during the Period being slightly higher than previously estimated. This can be attributed to the rising costs in labor, equipment, and sub-contracting fees. Accordingly, the basic earnings per share increased from HK3.11 cents for the six months ended 30 September 2023 to HK4.99 cents for the Period.

DIVIDEND

The final dividend in respect of the year 2023/24 of HK\$0.05 (HK5.0 cents) per share totaling HK\$100,000,000 (the year 2022/23: HK\$0.05 (HK5.0 cents) per share totaling HK\$100,000,000) was approved and paid during the Period.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved not to declare the payment of an interim dividend for the Period (six months ended 30 September 2023: nil).

BUSINESS REVIEW

Market Review

Supported by the HKSAR Government of the Hong Kong Special Administrative Region (“**HKSAR Government**”)’s commitment in increasing land supply for housing and the number of public housing units, the construction of Light Public Housing units and the idea “The Northern Metropolis Development Strategy”, tendering opportunities of construction contracts from the public sector in the coming years will be sustainable and stable.

The Group's Performance

The Group recorded revenue of HK\$3,946,807,000 for the Period which was representing an increase of 30% comparable with the revenue amounted to HK\$3,032,016,000 for the same period last year. The increase in revenue was primarily attributed to the progress of the projects as scheduled.

The gross profit margin decreased from 3.9% for the same period last year to 3.6% for the Period. The decrease was mainly attributable to rising cost in labor, equipment and sub-contracting fees. Fluctuations in these costs can impact gross profit. In addition, under the adoption of HKFRS 15, gross profit margins of the Group's individual contracts works project will not remain constant at the overall gross profit margin of that project but will fluctuate over different reporting periods, depending on the actual revenue certified and costs incurred for the specific construction works performed during the period.

During the Period, the following substantial construction contracts were awarded to the Group with a total contract value of HK\$4,825 million:

- Construction of Public Housing Development at Fanling North Area 15 East Phase 2.
- Foundation, Site Formation and ELS works for Redevelopment of Cameron Lodge at No.5 Mount Cameron Road, The Peak, Hong Kong.
- Design and Construction of Joint-user Complex with Market in Area 67, Tseung Kwan O was awarded to Paul Y. – Able (TKO67) Joint Venture of which the Group has 40% interest.

Other Income and Gains

Other income and gains increased from HK\$20,841,000 for the same period last year to HK\$27,412,000 for the Period. The significant increase was mainly due to an increase in interest income generated from fixed time deposits.

Administrative Expenses

Administrative expenses decreased by HK\$10,634,000 from HK\$47,442,000 for the same period last year to HK\$36,808,000 for the Period. The decrease was mainly due to decrease in depreciation of leased assets during the Period.

Finance Costs

Finance costs increased by HK\$4,265,000 from HK\$14,998,000 for the same period last year to HK\$19,263,000 for the Period. The increase in finance costs during the Period was mainly due to the general increase in The Hong Kong Interbank Offered Rate in the Period.

Share of Profits and Losses of Joint Ventures

The share of profits of joint ventures for the Period amounted to HK\$2,116,000 (six months ended 30 September 2023: HK\$661,000) was solely arisen from the share of results of Gold Victory Resources Inc. and its subsidiaries, of which the Group has 50% equity interest.

Share of Profits and Losses of Associates

The Group acquired 50% equity interest in Synergy Materials Limited and its subsidiaries at a consideration of HK\$1 during the year ended 31 March 2024. The share of profits of associates for the Period amounted to HK\$1,154,000 representing a net result of 50% equity interest shared for the Period.

Income Tax Expense

Income tax expense increased by HK\$2,208,000 from HK\$15,773,000 for the same period last year to HK\$17,981,000 for the Period as a result of the increase in taxable profit for the Period.

Profit Attributable to Owners of the Parent

As a result of the foregoing, profit attributable to owners of the parent increased by HK\$37,759,000 from HK\$62,134,000 for the same period last year to HK\$99,893,000 for the Period.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

The capital of the Company only comprises ordinary shares. The Group mainly relies on its internally generated capital and bank borrowings to finance its business. The total equity of the Group as at 30 September 2024 was HK\$1,618,438,000 (31 March 2024: HK\$1,617,566,000).

The Group monitors capital structure using net gearing ratio, which is measured as interest-bearing bank loans less cash and cash equivalents and restricted cash, divided by total equity. As at 30 September 2024, the Group's net gearing ratio was 0% (31 March 2024: 0%).

The Group's cash and cash equivalents increased by 16% from HK\$2,077,918,000 as at 31 March 2024 to HK\$2,408,896,000 at 30 September 2024. The increase was mainly due to the enhanced operating cash flow generated by multiple projects that have progressed into their peak construction stage. The current ratio slightly decreased from 0.97 as at 31 March 2024 to 0.95 as at 30 September 2024. The current ratio below 1 was primarily due to the long-term bank borrowing of HK\$484,000,000 due in January 2025. However, the Board considers the current ratio to be at a healthy level, especially given the Group's net cash position. The current ratio is measured at total current assets divided by total current liabilities.

The Group's banking facilities, comprising primarily bank loans, bank overdrafts and performance bond, amounted to HK\$2,496,200,000 as of 30 September 2024 (31 March 2024: HK\$2,421,200,000), of which HK\$1,421,943,000 (31 March 2024: HK\$1,442,290,000) was unutilised.

Looking forward, due to the redevelopment of the site at No.7 Lai Yip Street, Kwun Tong, Kowloon, Hong Kong (the "**Site**"), it is expected a certain amount of cash will be consumed in the coming six months. The Group will continuously take a prudent and cautious approach to cash application and its capital commitments.

Interest and Foreign Exchange Exposure

At 30 September 2024 and 31 March 2024, the Group's bank loans were all denominated in Hong Kong dollars and interest were charged on a floating rate basis. The Group's bank accounts were operated with principal bankers in Hong Kong. The interest rates of these bank accounts are determined by reference to the respective bank's offer rates.

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

For the six months ended 30 September 2024 and 30 September 2023, the Group did not engage in any interest rates and currency hedging or speculation activities.

Property, plant and equipment

The Group's property, plant and equipment amounted to HK\$1,773,186,000 as of 30 September 2024 (31 March 2024: HK\$1,612,720,000). The increase was mainly due to the construction cost incurred for the redevelopment of the Site during the Period.

Financial Assets at Fair Value through Profit or Loss

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

Accounts Receivable

The Group's accounts receivable represented the receivables for contract works in relation to completed and on-going contract works projects. Accounts receivable represents progress billing of works performed and the progress payment certificates issued by and received from customers. The level of accounts receivable is principally affected by our work progress and the amount of the progress payment certificate certified by and received from customers up to the end of the reporting period. All of the accounts receivable as at 30 September 2024 was subsequently settled (31 March 2024: 100% was subsequently settled).

Contract Assets

Balance at current period end mainly represented retention receivables of HK\$513,204,000 (31 March 2024: HK\$445,540,000) and unbilled revenue of HK\$563,066,000 (31 March 2024: HK\$368,620,000). Retention receivables represented the retention monies required by customers to secure our Group's due performance of the contracts.

Prepayments, Other Receivables and Other Assets

As at 30 September 2024, 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 prepayments, other receivables and other assets was mainly due to the repayment of the amount due from the partner of a joint operation during the period.

Other Payables, Accruals and Contract Liabilities

As of 30 September 2024, the current and non-current balances of other payables, accruals and contract liabilities amounted to HK\$2,088,742,000 (31 March 2024: HK\$1,716,194,000) and HK\$43,630,000 (31 March 2024: nil), respectively, which mainly represented provision for contract works costs, staff costs payable, redevelopment cost payables for the Site and lease liabilities recognised. The increase in balance during the Period was mainly due to the increase in provision for contract works costs.

Charges on Assets

As at 30 September 2024, the Group's property, plant and equipment, unbilled revenue and retention receivables related to certain contract works of HK\$1,292,951,000 (31 March 2024: HK\$1,235,822,000), HK\$146,881,000 (31 March 2024: HK\$164,210,000) and HK\$61,487,000 (31 March 2024: HK\$50,679,000), respectively, and the equity interest of a subsidiary of the Group were pledged in favour of certain banks to secure certain banking facilities granted by those banks to relevant members of the Group.

As at 30 September 2024, bank deposit of HK\$14,704,000 (31 March 2024: HK\$14,704,000) was pledged as a guarantee deposit for a performance bond issued by a bank in relation to a construction project of the Group.

Contingent Liabilities

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

Capital Commitments

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

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

The Group did not have any significant investment held as at 30 September 2024. Apart from those disclosed in this interim results announcement, there were no material investments or material additions of capital assets authorised by the Board.

CONNECTED TRANSACTION

Framework Agreements with WHSE

On 29 August 2024, the Company (for and on behalf of itself and any of its subsidiaries) and Wing Hong Shun Enterprises Limited (“**WHSE**”, a company incorporated in Hong Kong with limited liability) entered into a framework contracting agreement and a framework subcontracting agreement, (collectively the “**Framework Agreements**”), pursuant to which, members of the Group and WHSE could engage the counterparty from time to time in respect of the provision of contracting services as specified in the respective agreements for the period up to 31 March 2027.

On 29 August 2024, Mr. LEUNG Shek On (“**Mr. LEUNG**”) and Bright Realm Limited (“**Bright Realm**”, a company owned indirectly as to 100% by Mr. NGAI Chun Hung (“**Mr. NGAI**”, a controlling shareholder of the Company)) entered into the sale and purchase agreement, pursuant to which, Mr. LEUNG agreed to sell as beneficial owner, and Bright Realm agreed to purchase, conditionally, 90% of the issued shares of WHSE (the “**Acquisition**”). Upon completion of the Acquisition, WHSE is owned as to 10% by Mr. LEUNG and 90% by Bright Realm, and accordingly, being an associate of Mr. NGAI who is a connected person of the Company, become a connected person of the Company under Chapter 14A of the Listing Rules.

Each of the Framework Agreements constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The Framework Agreements and the respective transactions contemplated thereunder were approved by the independent Shareholders by way of poll on 29 November 2024. For further details of the Framework Agreements, please refer to the announcement of the Company dated 29 August 2024, and the circular of the Company dated 25 October 2024.

The Board believes that the Group's collaboration with WHSE, a company principally engaged in, among other things, production and supply of precast concrete elements, could (i) allow the Group to benefit by cross-referring opportunities with WHSE and (ii) expand our customer base without diversifying much of its resources in developing the precast concrete elements business either as a contractor or as a subcontractor, under the Framework Agreements.

OUTLOOK

As outlined in the 2024 Policy Address, the HKSAR Government has identified land for providing sufficient public housing units to meet the long-term demand and enhanced the speed as well as efficiency of housing development, land creation and housing construction take time. To bridge the short-term supply gaps in these few years, the HKSAR government announced in 2022 the introduction of the innovative Light Public Housing (“LPH”) with the provision of 30,000 units, in order to reduce the composite waiting time for subsidised rental housing.

This measure has been bearing fruit. Coupled with LPH, the total public housing supply in the coming five years (2025-26 to 2029-30) will reach 189,000 units, which is about 80% higher than that of the first five-year period since the current-term Government took office (2022-23 to 2026-27).

Based on the aforementioned initiatives and strategies, the medium to long-term outlook for the construction industry in Hong Kong appears highly promising. The HKSAR Government's proactive approach to addressing housing demands and expediting construction processes demonstrates its commitment to meeting the needs of both public and private housing sectors, while also ensuring sustainable urban development. These efforts will contribute to the overall growth and stability of the construction industry, fostering a positive outlook for the future.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2024, the Group employed around 560 (31 March 2024: 468) full-time employees in Hong Kong and Chinese Mainland. The Group remunerates its employees based on their performance and work experience and with reference to the prevailing market conditions. On top of the regular remuneration, discretionary bonus and share options may be granted to senior management and staff members by reference to the Group's performance, specific project's performance as well as the individual employee's performance. Staff benefits include mandatory provident fund, medical insurance, incentive travel, subsidies for education and training programmes, etc.

At the Annual General Meeting of the Company held on 31 August 2018, the adoption of a share option scheme (the “**Scheme**”) was considered and approved. The purposes of the Scheme are to provide incentives for the directors and full-time employees of the members of the Group to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme provides the Group with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants of the Scheme. From the date of adoption of the Scheme and up to 30 September 2024, the Company did not grant any share options under the Scheme and no equity-settled share option expense was charged to the profit or loss.

CORPORATE GOVERNANCE

The Board and the management of the Company are committed to upholding strong corporate governance practices. The Board believes that good governance is crucial for protecting shareholders' interests, increasing corporate value, developing business strategies, and promoting transparency and accountability. The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to the Listing Rules as the foundation of the Company's corporate governance practices.

In the opinion of the Board, the Company has complied with all the code provisions in Part 2 of the CG Code throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “*Model Code for Securities Transactions by Directors of Listed Issuers*” as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding securities transactions by the Directors. Following specific enquiry made by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code during the Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

REVIEW BY AUDIT COMMITTEE

As at 30 September 2024, the Audit Committee comprises five Independent Non-executive Directors, namely Mr. MONG Chan (*Chairman*), Prof. KO Jan Ming, Dr. LEE Man Piu Albert, Dr. LI Yok Sheung and Ms. MAK Suk Hing, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. Mr. MONG Chan is a certified public accountant and possesses the appropriate accounting qualifications and experiences in financial matters. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risk management and financial reporting matters. The Audit Committee has also reviewed the unaudited condensed consolidated interim financial information for the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The Company’s interim results announcement is published on the websites of HKExnews (<http://www.hkexnews.hk>) and the Company (<http://www.ableeng.com.hk>). The Company’s 2024/25 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and be available on the above websites in due course.

APPRECIATION

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

By Order of the Board
ABLE ENGINEERING HOLDINGS LIMITED
YAU Kwok Fai
Chairman

Hong Kong, 29 November 2024

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

Executive Directors

Mr. YAU Kwok Fai (*Chairman*)

Mr. LEE Hang Wing James (*Chief Executive Officer*)

Mr. LAU Chi Fai Daniel

Independent Non-executive Directors

Prof. KO Jan Ming

Dr. LEE Man Piu Albert

Dr. LI Yok Sheung

Ms. MAK Suk Hing

Mr. MONG Chan