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Analogue Holdings Limited
安樂工程集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1977)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Analogue Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 5 December 2019 and 16 June 2022 (the “**Announcements**”) in relation to the investigations conducted by the Competition Commission (the “**Commission**”) on certain conducts of ATAL Building Services Engineering Limited (“**ATAL Building Services**”) (a wholly-owned subsidiary of the Company) in respect of the Contract and the Proceedings. Capitalised terms used but not otherwise defined herein shall have the same meanings as ascribed to them in the Announcements.

Agreement entered into with the Commission

The board of directors of the Company (the “**Board**”) hereby announces that on 3 November 2022 (after trading hours of the Stock Exchange), the Company and ATAL Building Services entered into a cooperation agreement with the Commission (the “**Agreement**”) in relation to the resolution of the Proceedings and a second set of proceedings to be issued in due course by the Commission (the “**Second Proceedings**”) against a number of respondents, including ATAL Building Services and various third parties. The Company will not be named as a party in the Second Proceedings.

Subject to the terms of the Agreement and compliance by the Company and ATAL Building Services with all conditions thereunder, the Proceedings will not result in a finding of any contravention of the Competition Ordinance on the part of the Company, and the Commission agreed, amongst others, (1) to take out an application before the Competition Tribunal (the “**Tribunal**”) to stay the Proceedings against the Company until it has concluded all its proceedings against the other parties in the Proceedings; (2) to apply to the Tribunal to discontinue its case against the Company in the Proceedings at the conclusion of the Proceedings and the Second Proceedings; and (3) to recommend to the Tribunal for an order to be made by the Tribunal that ATAL Building Services pays an aggregate pecuniary penalty of HK\$150 million (the “**Recommended Sum**”) to the Government of Hong Kong for the conducts forming the subject matter of the Proceedings and the Second Proceedings. The abovementioned applications and the Recommended Sum will be subject to the order of the Tribunal. Some of the key terms of the Agreement include an admission of liability by ATAL Building Services and the key conditions of the Agreement include ongoing cooperation by the Company and ATAL Building Services with the Commission pursuant to the terms of the Agreement.

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, when it resolved to proceed with the Agreement, it had taken into account a number of factors, including the time, internal resources and costs which the Group might otherwise incur for potentially protracted tribunal proceedings. The Board is of the view that the entering into of the Agreement by the Company and ATAL Building Services is in the interest of the Company and its Shareholders as a whole.

The Group has cooperated in the investigation of the Commission in relation to the Proceedings and the Second Proceedings. Save and except the subject matter of the Proceedings and the Second Proceedings which has been dealt with and covered by the Agreement, the Group is not aware of any other ongoing investigations of the Commission relating to the Group.

As mentioned in the Company’s announcement dated 5 December 2019, the Group has had in place internal guidelines on legal compliance by employees as well as on tender submission procedures. The Board wishes to emphasise that the Group does not condone any acts and activities that contravene the Competition Ordinance and will continue to enforce and enhance the relevant guidelines and procedures.

The Group’s business has been operating as usual and it continues to strive to provide quality services to its customers.

Profit Warning

As disclosed in the Company’s Profit Warning announcement of 22 June 2022 based on the facts as of the date of the announcement, and subsequently in the interim results announcement of the Company dated 26 August 2022, the Group had made a provision for the Group’s potential litigation liabilities under the Proceedings in the amount of HK\$60 million.

In view of the Agreement and the Second Proceedings, the Group has now recorded an increase of HK\$90 million in the provision for the Group’s litigation liabilities from HK\$60 million to the total amount of HK\$150 million, being the amount of the Recommended Sum.

Further, based on the latest unaudited consolidated management accounts of the Group for the 9 months ended 30 September 2022, the performance of the businesses of the Group and its associated companies has worsened in comparison with the year ended 31 December 2021, due to the impact of the COVID-19 pandemic, disruption in supply chain, and increase in costs of materials, and halt of subsidy assistance from the relevant authorities in the year 2022.

Given the above, the Board wishes to inform the Shareholders and potential investors that, based on the information currently available to the Board, including the latest unaudited consolidated management accounts of the Group for the 9 months ended 30 September 2022, the Board preliminarily estimates that the Group expects to record a decrease in net profit by around 60% to 65% for the year ending 31 December 2022 as compared with the audited consolidated net profit of approximately HK\$314.3 million recorded for the year ended 31 December 2021. Despite the negative financial impact brought to the Group by the Agreement, the overall business, financial position and cash flow conditions of the Group remain healthy.

The Group is still in the process of preparing and finalising the Group's annual results for the year ending 31 December 2022. The information contained in this Announcement is based on the Board's preliminary assessment of the unaudited management accounts of the Group and the information available for the time being. Such information has not been audited or reviewed by the auditors of the Company and may be subject to change. Further details of the Group's financial results and performance for the year ending 31 December 2022 will be disclosed in the annual results announcement of the Company, which is expected to be published in March 2023 in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
ANALOGUE HOLDINGS LIMITED
Dr. Poon Lok To, Otto
Chairman

Hong Kong, 4 November 2022

As at the date of this announcement, the executive directors of the Company are Dr. Poon Lok To, Otto, Mr. Law Wei Tak and Mr. Chan Hoi Ming; the non-executive director of the Company is Dr. Mak Kin Wah and the independent non-executive directors of the Company are Mr. Chan Fu Keung, Mr. Lam Kin Fung, Jeffrey and Mr. Wong King On, Samuel.