

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Analogue Holdings Limited
安樂工程集團有限公司

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

INSIDE INFORMATION

This announcement is made by Analogue Holdings Limited (the “**Company**” and, 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 “**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).

Impact on Financial Results for the Financial Year Ending 31 December 2023 (“FY2023”)

As disclosed in the annual report of the Company for the financial year ended 31 December 2022 (“**FY2022**”), the Group recorded a consolidated profit attributable to owners of the Company of HK\$114.6 million, which has taken into account a special provision for litigation liabilities of HK\$150.0 million (the “**Litigation Liabilities Provision**”) made in FY2022. Excluding the Litigation Liabilities Provision, the consolidated profit attributable to owners of the Company for FY2022 would have been approximately HK\$264.6 million.

For FY2023, as disclosed in the interim report of the Company for the six months ended 30 June 2023, the Group recognised a dilution gain of HK\$124.1 million (“**Dilution Gain**”) upon completion of a private placement by an associate of the Company during the first half of FY2023, which positively impacted the financial performance of the Group despite the fact that no cash was received by the Group as a result of the Dilution Gain.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Board, taking into account the positive impact of the Dilution Gain and the negative impact of the Provision (as defined and detailed below) in the sum of HK\$122 million, the estimated consolidated profit attributable to owners of the Company for FY2023 may be in the range of HK\$245 million to HK\$260 million, as compared to the consolidated profit attributable to owners of the Company of HK\$114.6 million for FY2022, representing an increase of between 113.7% and 126.9%.

However, when comparing the estimated consolidated profit attributable to owners of the Company (excluding the positive impact of the Dilution Gain) for FY2023 which may be in the range of HK\$121 million to HK\$136 million, to the consolidated profit attributable to owners of the Company of approximately HK\$264.6 million (excluding the Litigation Liabilities Provision) for FY2022 as aforesaid, this will represent a decrease of between 54.3% and 48.6%, and such decrease would be mainly attributable to the Provision.

Provision for Estimated Losses of Contracts

The Board wishes to inform the Shareholders and potential investors of the Company that, on 9 November 2023, the Board has resolved to make a provision for estimated losses in the total sum of HK\$122 million (the “**Provision**”) in relation to certain healthcare sector contracts with commencement dates in around the fourth quarter of 2022 (the “**Contracts**”). The Provision was made based on the Board’s latest assessment of the performance of the Contracts based on the reports presented by the management team in late October 2023.

The Contracts are each for a term of three years and will expire in around the fourth quarter of 2025. The Provision covers the full term of the Contracts but shall be recognized in FY2023 in accordance with the applicable accounting standards. It should be noted that the actual amount of loss to be recognized by the Group in relation to the Contracts over the three-year term may be higher than or lower than the amount of the Provision.

The management of the Group had previously taken steps to strengthen the management team in charge of the Contracts to explore options to improve the financial performance of the Contracts. However, in late October 2023, the management team reported that there will likely be an estimated loss in a total sum ranging from HK\$110 million to HK\$125 million over the term of the Contracts. In view of such report, the management of the Group was able to assess the financial performance of the Contracts with more certainty and, accordingly, the Board has resolved to make the Provision.

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 to the Board for the time being. Such information has not been audited or reviewed by the auditors of the Company and may be subject to change. The financial results and performance of the Group for FY2023 are further subject to the impact of future events as well as the results and performance of the Group from the date of this announcement until the end of FY2023. Further details of the Group’s financial results and performance for FY2023 will be disclosed in the annual results announcement of the Company to be published in late March 2024 in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 9 November 2023

As at the date of this announcement, the executive Directors are Dr. Poon Lok To, Otto, Mr. Chan Hoi Ming, Mr. Law Wei Tak and Mr. Cheng Wai Lung; the non-executive Directors are Dr. Mak Kin Wah and Ms. Or Siu Ching, Rerina; and the independent non-executive Directors are Mr. Chan Fu Keung, Mr. Lam Kin Fung, Jeffrey and Ms. Shing Mo Han, Yvonne.