ATAL

Analogue Holdings Limited
安樂工程集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1977)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Financial Highlights

		For the six months ended 30 June	
		2019	2018
		HK$M	*HK$M*
Revenue	:	**2,079.3**	3,144.1
Gross profit	:	**364.9**	514.3
Profit attributable to equity holders of the Company	:	**107.8**	216.7
Basic earnings per share	:	**HK$0.10**	HK$0.21

The Board declared the payment of interim dividend of HK3.85 cents per share for the six months ended 30 June 2019.[(i)]

(i) The interim dividend for the six months ended 30 June 2019 of HK3.85 cents per share represents a dividend payout ratio of 50%.

RESULTS

The board of directors (the "**Board**") of Analogue Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**2,079,310**	3,144,120
Cost of sales and services		**(1,714,440)**	(2,629,864)
Gross profit		**364,870**	514,256
Other income		**6,817**	5,991
Other gains and losses	*4*	**(1,516)**	9,964
Impairment loss recognised in respect of trade receivables, net	*11*	**(12,113)**	(14,480)
Selling and distribution expenses		**(1,952)**	(2,320)
Administrative expenses		**(232,623)**	(256,642)
Listing expenses		**(6,992)**	(17,290)
Share of results of associates		**15,542**	16,653
Share of results of a joint venture		**–**	40
Finance costs	*5*	**(1,174)**	(433)
Profit before tax		**130,859**	255,739
Income tax expense	*6*	**(23,066)**	(39,083)
Profit for the period	*7*	**107,793**	216,656
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of leasehold properties		**–**	72,865
Income tax relating to gain on revaluation of leasehold properties		**–**	(12,023)
		–	60,842
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation of foreign operations		**(993)**	(6,339)
Reclassification of exchange differences upon dilution of interest in an associate		**20**	(113)
		(973)	(6,452)
Other comprehensive (expense) income for the period, net of tax		**(973)**	54,390
Total comprehensive income for the period		**106,820**	271,046
		HK cents	*HK cents*
Earnings per share			
Basic	*9*	**10**	21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	NOTES	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Non-current assets			
Investment properties		**76,500**	74,300
Property, plant and equipment		**65,166**	44,326
Right-of-use assets		**38,809**	–
Intangible assets		**6,301**	6,592
Deposits paid for acquisition of software		**5,372**	22,415
Interest in associates		**234,995**	241,279
Prepaid land use rights		**–**	2,930
Deferred tax assets		**809**	775
		427,952	392,617
Current assets			
Prepaid land use rights		**–**	88
Inventories		**89,509**	62,390
Contract assets	*10*	**1,035,283**	978,397
Trade receivables	*11*	**708,376**	721,712
Other receivables, deposits and prepayments		**98,367**	80,337
Amount due from an associate		**–**	–
Amounts due from partners of joint operations		**12,127**	4,312
Financial assets at fair value through profit or loss		**19,414**	17,230
Tax recoverable		**9,702**	17,384
Pledged bank deposits		**207,981**	208,553
Bank balances and cash		**475,686**	569,951
		2,656,445	2,660,354
Current liabilities			
Trade and retention payables	*12*	**433,883**	462,922
Other payables and accrued expenses	*13*	**1,133,638**	1,173,774
Dividend payable		**–**	100,000
Amounts due to associates		**12,499**	12,533
Amounts due to partners of joint operations		**5,381**	26,526
Derivative financial instruments		**98**	602
Lease liabilities		**12,447**	–
Bank borrowings	*14*	**95,000**	–
Tax payable		**34,359**	54,667
		1,727,305	1,831,024
Net current assets		**929,140**	829,330
Total assets less current liabilities		**1,357,092**	1,221,947

	NOTES	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Capital and reserves			
Share capital		**94**	94
Reserves		**1,313,333**	1,206,513
		1,313,427	1,206,607
Non-current liabilities			
Deferred tax liabilities		**16,188**	12,371
Lease liabilities		**24,641**	–
Deferred income		**2,836**	2,969
		43,665	15,340
		1,357,092	1,221,947

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Company have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those adopted in the preparation of the Group's financial statements for the three years ended 31 December 2018 which are the underlying financial statements for the preparation of historical financial information as set out in the accountants' report in Appendix I to the prospectus of the Company, except for the changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") as disclosed in note 2.

2. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory and effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current 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 these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. The amounts of such adjustments are considered insignificant.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("**HKFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities of approximately HK$34,674,000 and right-of-use assets approximately of HK$36,751,000 equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8 (b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.125% per annum.

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	31,552
Lease liabilities discounted at relevant incremental borrowing rates	28,162
Add: Extension options reasonably certain to be exercised	15,608
Less: Recognition exemption – short-term leases	(9,096)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	34,674

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		34,674
Add: Reclassified from prepaid land use rights	*(a)*	3,018
Less: Accrued lease liabilities relating to rent free period at 1 January 2019	*(b)*	(941)
		36,751
By class:		
Leasehold lands		3,018
Buildings		33,733
		36,751

Notes:

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid land use rights as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land use rights amounting to approximately HK$88,000 and approximately HK$2,930,000 respectively were reclassified to right-of-use assets.

(b) These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at 1 January 2019 was adjusted to right-of-use assets at transition.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. As at 30 June 2019, no material impact is noted for the Group.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Prepaid land use rights	2,930	(2,930)	–
Right-of-use assets	–	36,751	36,751
Current assets			
Prepaid land use rights	88	(88)	–
Current liabilities			
Other payables and accrued expenses	1,173,774	(941)	1,172,833
Lease liabilities	–	10,627	10,627
Non-current liabilities			
Lease liabilities	–	24,047	24,047

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. REVENUE AND SEGMENT INFORMATION

The Group recognises revenue from three major sources, namely, contracting work, maintenance work and sales of goods.

The following is an analysis of the Group's revenue from its major products and services:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition and category of revenue		
Recognised over time and long-term contracts		
Contracting work	**1,661,048**	2,781,002
Maintenance work	**341,326**	287,127
	2,002,374	3,068,129
Recognised at a point in time and short-term contracts		
Sales of goods	**76,936**	75,991
	2,079,310	3,144,120

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the respective reporting period.

	As at 30 June 2019	As at 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Provision of contracting work	**6,343,856**	5,262,026
Provision of maintenance work	**2,280,647**	1,950,011
	8,624,503	7,212,037

Based on the information available to the Group at the end of the respective reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as of 30 June 2019 and 31 December 2018 will be recognised as revenue during the years ending 31 December 2019 to 31 December 2023 in respect of provision of contracting work and during the years ending 31 December 2019 to 31 December 2035 in respect of provision of maintenance work.

Information reported to the management of the Group, being the chief operating decision maker ("**CODM**") for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments are as follows:

Building services:	Provision of electrical and mechanical engineering building services, including the design, installation, testing and commissioning and maintenance of heating, ventilation and air-conditioning system, fire service system, plumbing and drainage system and electrical and extra low voltage system
Environmental engineering:	Provision of total solutions for the design, construction, operation and maintenance of environmental engineering systems for treatment of sewage, water, solid waste, sludge and gas
Information, communication and building technology ("**ICBT**"):	Provision of total solution for the design, hardware and software development, installation and maintenance of infrastructure communications and security and access systems
Lift and escalators:	Provision of i) total solution for design, supply and installation of a wide range lifts and escalators offered under the trade name of "Anlev Elex"; and ii) repair and maintenance services for lifts and escalators

Disaggregation of revenue

For the six months ended 30 June 2019 (Unaudited)

	Building services *HK$'000*	**Environmental engineering** *HK$'000*	**ICBT** *HK$'000*	**Lift & escalators** *HK$'000*	**Total** *HK$'000*
Revenue					
– Contracting work	1,198,579	248,666	164,001	49,802	1,661,048
– Maintenance work	77,792	151,875	47,671	63,988	341,326
– Sales of goods	13,752	49,491	3,945	9,748	76,936
Total revenue	1,290,123	450,032	215,617	123,538	2,079,310

For the six months ended 30 June 2018 (Unaudited)

	Building services *HK$'000*	Environmental engineering *HK$'000*	ICBT *HK$'000*	Lift & escalators *HK$'000*	Total *HK$'000*
Revenue					
– Contracting work	2,323,263	274,979	145,977	36,783	2,781,002
– Maintenance work	74,856	108,195	41,781	62,295	287,127
– Sales of goods	6,970	41,575	6,464	20,982	75,991
Total revenue	2,405,089	424,749	194,222	120,060	3,144,120

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2019 (Unaudited)

	Building services ***HK$'000***	**Environmental engineering** ***HK$'000***	**ICBT** ***HK$'000***	**Lift & escalators** ***HK$'000***	**Inter segment elimination/ unallocated** ***HK$'000***	**Total** ***HK$'000***
Revenue						
– external	1,290,123	450,032	215,617	123,538	–	2,079,310
– inter-segment	1,080	–	18,575	31	(19,686)	–
Total revenue	1,291,203	450,032	234,192	123,569	(19,686)	2,079,310
Segment profit	64,172	25,064	36,240	12,964	–	138,440
Share of results of associates						15,542
Bank interest income						1,581
Finance costs						(1,174)
Unallocated income						7,500
Unallocated expenses						(31,030)
Profit before tax						130,859
Income tax expense						(23,066)
Profit for the period						107,793
Other segment information						
Depreciation of property, plant and equipment	1,324	620	560	1,852	4,791	9,147
Depreciation of right-of-use of assets	3,889	95	2,020	548	124	6,676
Impairment loss recognised (reversed) in respect of trade receivables, net	3,262	8,970	(349)	230	–	12,113
Amortisation of intangible assets	–	–	13	278	–	291

For the six months ended 30 June 2018 (Unaudited)

	Building services *HK$'000*	Environmental engineering *HK$'000*	ICBT *HK$'000*	Lift & escalators *HK$'000*	Inter segment elimination/ unallocated *HK$'000*	Total *HK$'000*
Revenue						
– external	2,405,089	424,749	194,222	120,060	–	3,144,120
– inter-segment	5,579	656	55,733	303	(62,271)	–
Total revenue	2,410,668	425,405	249,955	120,363	(62,271)	3,144,120
Segment profit	199,646	4,308	28,301	7,597	–	239,852
Share of results of associates						16,653
Share of results of a joint venture						40
Bank interest income						2,140
Finance costs						(433)
Unallocated income						16,338
Unallocated expenses						(18,851)
Profit before tax						255,739
Income tax expense						(39,083)
Profit for the period						216,656
Other segment information						
Depreciation of property, plant and equipment	1,403	597	170	1,888	5,991	10,049
Impairment loss recognised (reversed) in respect of trade receivables, net	14,902	(901)	355	124	–	14,480
Loss on disposal of property, plant and equipment	2	–	–	22	–	24
Amortisation of intangible assets	–	–	13	278	–	291
Amortisation of prepaid land use rights	–	–	–	–	47	47

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, certain other income, certain other gains and losses, and share of results of associates and shares of results of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment revenue are charged at prevailing market rates.

Segment assets and liabilities

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the CODM for review.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain from change in fair value of investment properties	**2,200**	13,287
Gain from change in fair value of financial assets at fair value through profit or loss	**2,184**	1,094
Loss on disposals of property, plant and equipment	**–**	(24)
Net exchange losses	**(618)**	(873)
Loss on dilution of interest in an associate	**(5,282)**	(3,520)
	(1,516)	9,964

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	**62**	99
Interest expenses on lease liabilities	**841**	–
Ancillary costs in respect of banking facilities	**271**	334
	1,174	433

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong	**16,997**	39,813
Macau	**1,619**	2,823
PRC Enterprise Income Tax	**710**	1,304
	19,326	43,940
Deferred tax	**3,740**	(4,857)
	23,066	39,083

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under Macau Complementary Tax Law, companies are divided into Group A and Group B tax payers. Group A tax payers are assessed based on their actual taxable profits. Group B tax payers are assessed based on deemed profits ascertained by the Macau Finance Bureau.

The Group has Group A and Group B tax payers and Macau Complementary Tax is calculated at a rate of 12% on the assessable profit above Macau Pataca ("**MOP**") 600,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for both periods.

The Company's subsidiaries, associates and joint ventures of the Group that are tax residents in the PRC are subject to the PRC dividend withholding tax at 10% when and if undistributed earnings out of profits that arose on or after 1 January 2008 are declared to be paid as dividends to its immediate holding company which is a non-PRC tax resident. According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" and Guoshuifa [2008] No. 112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. 5% withholding tax rate was used for both periods. A provision for dividend withholding tax of approximately HK$662,000 (unaudited) was charged (six months ended 30 June 2018: a net reversal of provision of approximately HK$3,656,000 (unaudited) was credited) to profit or loss for the six months ended 30 June 2019.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
– Directors' remuneration	**18,858**	20,733
– Salaries and other benefits	**434,793**	453,159
– Retirement benefit scheme contributions (excluding directors)	**21,154**	20,164
	474,805	494,056
Cost of inventories recognised as expenses (included in cost of sales and services)	**116,931**	131,270
Depreciation of property, plant and equipment	**9,147**	10,049
Depreciation of right-of-use assets	**6,676**	–
Amortisation of prepaid land use rights	**–**	47
Amortisation of intangible assets	**291**	291
Write-down of inventories, net	**1,602**	647
Loss from change in fair value of derivative financial instruments	**504**	1,808
Rental income from investment properties	**(1,052)**	(1,046)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	**133**	139
	(919)	(907)
Auditor's remuneration	**4,223**	1,926

8. DIVIDENDS

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK3.85 cents per share will be paid to the Shareholders of the Company whose names appear in the Register of Members of the Company at the close of business on 30 September 2019, amounting to HK$53,900,000 in aggregate, calculated based on HK3.85 cents multiplied by 1,400,000,000 shares.

During the six months ended 30 June 2018, the Company declared a total dividend of approximately HK$537,044,000 (equivalent to approximately HK$44,754 per share multiplied by 12,000 shares), which included Distribution in Specie of approximately HK$255,297,000 and a cash dividend of HK$281,747,000 which was settled through the current accounts due from Wise Eagle Holdings Limited and its subsidiary to the Group, to its shareholders.

9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to the equity holders of the Company)	**107,793**	216,656
Number of ordinary shares		
Number of ordinary shares for the purpose of calculating basic earnings per share	**1,050,000,000**	1,050,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that 1,050,000,000 ordinary shares of the Company were in issue and issuable for both reporting periods, comprising an aggregate of 9,360,000 ordinary shares in issue and adjusted for the effect of capitalisation issue of 1,040,640,000 ordinary shares as if the capitalization issue had been effective on 1 January 2018.

No diluted earnings per share was presented as there were no potential ordinary shares in issue for both periods.

10. CONTRACT ASSETS

	As at 30 June 2019	As at 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contract assets	**1,035,283**	978,397

As at 30 June 2019, contract assets include retention receivables of approximately HK$385,024,000 (unaudited) (31 December 2018: HK$375,456,000 (audited)). The Group generally provides their customers with one-year warranty period. Upon the expiration of retention period, the customers will provide a final inspection and acceptance certificate and pay the retention within the term specified in the contract.

Retention receivables are interest-free and repayable at the end of retention period of the respective construction contract. The Group's guaranty cycle with respect to the construction contract is usually one year. The Group did not have any retention receivables that were past due but not impaired at the end of the respective reporting period.

The changes in contract assets are due to i) adjustments arising from changes in the measure of progress of contracting work, or ii) reclassification to trade receivables when the Group has unconditional right to the consideration.

11. TRADE RECEIVABLES

	As at 30 June 2019 ***HK$'000*** **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Trade receivables	**672,808**	708,362
Less: Allowance for impairment	**(61,776)**	(49,839)
	611,032	658,523
Unbilled revenue *(note)*	**97,344**	63,189
	708,376	721,712

Note: Unbilled revenue represents accrued revenue for works performed by the Group but yet to bill. The Group has unconditional right to the payment of the unbilled revenue which is expected to be billed within 90 days and received within 12 months from the end of the respective reporting period.

The Group generally allows credit period ranging from 14 to 90 days. The Group will assess the credit quality of each potential customer and define rating and credit limit for each customer.

Ageing of trade receivables net of allowance for impairment presented based on the invoice dates are as follows:

	As at 30 June 2019 ***HK$'000*** **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
0 – 30 days	**346,829**	350,885
31 – 90 days	**181,606**	232,827
91 – 360 days	**79,463**	72,674
Over 1 year	**3,134**	2,137
Total	**611,032**	658,523

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

For debtors with significant amounts, they are assessed individually for impairment allowance and collectively for remaining debtors based on the Group's internal credit rating, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

During the six months ended 30 June 2019, the Group recognised an impairment allowance for trade receivables of approximately HK$3,122,000 (unaudited) (six months ended 30 June 2018: a net reversal of impairment allowance of approximately HK$5,487,000 (unaudited)), based on the provision matrix. Impairment allowance of approximately HK$8,991,000 (unaudited) (six months ended 30 June 2018: HK$19,967,000 (unaudited)) was made on debtors with significant balances and credit impaired debtors. Impairment allowance for contract assets as at 30 June 2019 and 31 December 2018 was not material.

12. TRADE AND RETENTION PAYABLES

	As at 30 June 2019 ***HK$'000*** **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Trade payables	**237,839**	298,400
Trade accruals	**72,731**	37,588
Retention payables	**123,313**	126,934
	433,883	462,922

The credit period on trade payables is ranging from 0 to 90 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	As at 30 June 2019 ***HK$'000*** **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
0 – 30 days	**134,748**	160,395
31 – 90 days	**38,911**	59,460
91 – 360 days	**20,057**	37,819
Over 1 year	**44,123**	40,726
	237,839	298,400

13. OTHER PAYABLES AND ACCRUED EXPENSES

	As at 30 June 2019 *HK$'000* (Unaudited)	As at 31 December 2018 *HK$'000* (Audited)
Contract liabilities	**36,288**	24,693
Accrued staff costs	**110,967**	155,657
Accrued contract costs	**939,696**	965,593
Accrued issue costs and listing expenses	**12,691**	7,382
Others	**33,996**	20,449
	1,133,638	1,173,774

14. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounted to HK$95,000,000 (31 December 2018: nil). The borrowings carry interest at fixed rate of 4% per annum and are repayable within one year from the end of the reporting period. The proceeds were used to finance short term operation needs of the Group.

15. PLEDGE OF ASSETS

At the end of the respective reporting period, the Group pledged the following assets to secure general banking facilities granted to the Group:

	As at 30 June 2019 *HK$'000* (Unaudited)	As at 31 December 2018 *HK$'000* (Audited)
Investment properties	**76,500**	74,300
Pledged bank deposits	**207,981**	208,553
Financial assets at fair value through profit or loss	**19,414**	17,230
	303,895	300,083

MANAGEMENT DISCUSSION & ANALYSIS

Interim Business Review

Overview

The first half of 2019 was a very busy six months for us during which the Group had put in great effort to replenish and build our order book, following a year of record high business turnover in 2018. During the reporting period, the Group submitted a total of approximately 637 tenders or quotations each of an individual value of over HK$1 million. In the reporting period, approximately 150 tenders and quotations each of an individual value of over HK$1 million were awarded, the total value of which amounted to approximately HK$2.91 billion. As at 30 June 2019, the overall value of outstanding contracts in hand amounted to approximately HK$8.87 billion (including contracting work, maintenance work and sales of goods), representing an increase of approximately HK$1.66 billion over that at 30 June 2018. It is particularly encouraging that the increase in outstanding contracts in hand has been achieved across all the four business segments of the Group, namely Building Services, Environmental Engineering, Information Communication and Building Technologies (ICBT) and Lifts and Escalators.

The Group recorded a total revenue of HK$2,079.3 million in the first six months of 2019, which was 33.9% lower as compared to the same period of 2018 (the year 2018 has been a year of record high business turnover). The decrease in revenue in the reporting period was mainly attributable to a few factors, including the significant revenue recognised from one of the Group's notable projects during the six months ended 30 June 2018, and the delay in progress of some of our electrical and mechanical ("**E&M**") engineering projects in Hong Kong (the delay of which was caused by, among other reasons, third party's delay in the completion of their engineering works preceding the Group's work stage in the relevant projects) resulting in a decrease in project billing for the period as compared to the corresponding period in 2018.

Following the factors mentioned above, the Group recorded a consolidated net profit for the period of HK$107.8 million, which represents a decrease of 50% compared to the same period of 2018. Notwithstanding the drop in profit, the gross profit margin of the Group remained stable in the reporting period compared to that of the corresponding period in 2018.

Building Services

Building services continued to be the largest business segment of the Group in terms of revenue in the reporting period. Our capability encompasses the design, installation, testing and commissioning and maintenance of heating ventilation and air-conditioning (HVAC) systems, fire services systems, plumbing and drainage systems and electrical and extra low voltage (ELV) systems as well as combined services E&M engineering contracts. We serve customers in Hong Kong, Macau and mainland China for a wide range of buildings and premises including residential, commercial, industrial, institutional, data centre, hospital and healthcare, as well as infrastructure facilities such as airport, public transportation, road and tunnel, etc.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK$5,034 million, representing an increase of HK$1,377 million over that at 30 June 2018.

To maintain our leading position in the market, we are committed to investing in, developing and implementing innovative construction technologies. We have built up a strong capability in Building Information Modelling (BIM) which enables us to deliver our projects in a better coordinated and more professional manner in the design, planning and construction stages. Coupled with our endeavour in digitalisation of construction process and assets, it also opens up many opportunities for improved life cycle management of built engineering systems and buildings after their handover to customers. To quest for higher level of safety, quality and productivity, when the construction industry is suffering from the acute problems of aging and shortage of site workers, we are developing and adopting prefabrication and modularisation techniques in our projects. In the first half of 2019, we secured the contract for the combined electrical and mechanical services installation of the InnoCell development project in Pak Shek Kok of the Hong Kong Science & Technology Park, which is one of the first projects in Hong Kong adopting the latest construction technology – Modular Integrated Construction (MiC). This exemplifies that we are at the forefront of innovative and technological E&M construction in Hong Kong.

Apart from tendering for many projects of private developers in the reporting period, we also actively partnered with a few reputable main contractors to tender for infra-structure related projects. The award of the Intermodal Transfer Terminal Building of the Hong Kong International Airport Mechanical & Electrical Plumbing (MEP) (Mechanical, Ventilation and Air-conditioning (MVAC), Electrical and Plumbing and Drainage & Seawater Pump House installations) in the first half of 2019 of approximately HK$300 million will further strengthen our experience and track records in airport projects, better position ourselves to bid for other forthcoming and sizable third runway related projects in the second half of 2019.

Environmental Engineering

Our environmental engineering segment provides total solutions for the design, construction, maintenance and operation of environmental engineering systems and treatment plants for water, sewage, sludge, solid wastes and gas.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK$2,775 million, representing an increase of HK$102 million over that at 30 June 2018.

Our strong technological expertise and proven track records in project delivery set us apart from our competitors, and firmly place us in the market leading position in environmental engineering segment in Hong Kong. Internally and jointly with reputable universities, research institutes and technological partners in Hong Kong, mainland China and overseas, we have developed a wide range of advanced treatment processes, such as electrocoagulation, extra deep bed filter, compact black stream water treatment plant and nano bubble technology for waste water treatment plant, etc. During the reporting period, we also obtained one new patent named "A system to inject gel material into a kiln (一种膏狀物料焚燒入窑裝置)" in mainland China, a technology that enhances the performance of incineration process and produces cement from sludge.

These inhouse advanced treatment processes give us the competitive edge not only for bidding tenders in Hong Kong but also for tapping into the vast mainland China market which has set stringent environmental control standards and ambitious national environmental targets under its current five years plan. Leveraging on our strong technological expertise and proven track records in Hong Kong and mainland China, we are also exploring opportunities of exporting our environmental expertise to overseas, particularly to belt and road countries.

ICBT

The mission of our ICBT segment is to offer solutions to help build green and intelligent buildings and make Hong Kong a smart city through integrating a wide range of information and communication technologies with building energy and management technologies. Through inhouse R&D as well as collaboration with many leading hardware and software business partners, universities and research institutes, we provide customised software and one-stop engineering solutions to meet diverse needs of our customers.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK$655 million, representing an increase of HK$98 million over that at 30 June 2018.

Our ICBT segment is constantly engaged in the development and implementation of innovative solutions. In the first half of 2019, our self-developed Cloud-based Chiller Plant Energy Management Platform, which proved to be able to provide further energy saving in the chilled water system of a Beam Plus Platinum rating office building by about 10%, won us the Silver Award in Smart Business (Big Data and Open Data Applications) in the Hong Kong ICT Awards 2019. This solution works on a subscription-based business model and has attracted the interests of many reputable customers and a number of orders were received or under negotiation during the reporting period. On top of our existing types of ICBT business, we are also actively engaged in developing and growing business in new areas such as retro-commissioning of building services in existing buildings, IoT infrastructure installation for new and existing buildings, Automated Guided Vehicular (AGV) Parking System, etc.

Lifts & Escalators

Our lifts and escalators segment encompasses the design, manufacturing (under the trade name "Anlev"), sale, installation and maintenance of a wide range of lifts, escalators and moving walkways meeting different uses and requirements, including heavy duty escalators for public transport and large cargo and vehicular lifts. Anlev Elex Elevator Ltd, our wholly owned subsidiary, has obtained the highest rating in safety and quality performance for both the Lift Contractors' Performance Rating and Escalator Contractors' Performance Rating systems of the Hong Kong Electrical and Mechanical Services Department for 26 consecutive quarters since the commencement of the systems in January 2013 up to the second quarter of 2019.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK$400 million, representing an increase of HK$79 million over that at 30 June 2018.

Capitalising on our outstanding performance ratings in safety and quality, the segment continued to see a steady growth in order intake, revenue and gross profit in the first half of 2019. On top of our normal projects of new lift installation and maintenance, we received many enquiries for modernisation of aged lifts recently, primarily due to increasing safety concern. During the reporting period, we secured orders for modernisation of 43 lifts and completed 32 installations. Moreover, as the Chief Executive of HKSAR announced in the 2018 Policy Address that the Government planned to launch a HK$2.5 billion "Lift Modernisation Subsidy Scheme" ("LIMSS") over six years starting from 2019-20 to promote lift modernisation in the community through provision of financial incentive to building owners in need, we are well positioned to capture these forthcoming business opportunities.

Subsequent to our admission to the Hong Kong Housing Authority ("**HKHA**") approved contractor list of lift installations in March 2018, we started submitting tenders to HKHA actively in the latter part of 2018 and in the first half of 2019. As the HKHA is the single largest customer of lifts in Hong Kong, we are keen and hopeful to gain a share of this important market sector as early as possible.

In subways or shopping centres where access is very limited, it is difficult to remove the old escalators and to replace them with new escalators. We have developed a solution to offer a complete package to carry out the retrofit on such highly constrained sites and completed our first retrofit project of this kind in Hong Kong in the reporting period. We believe there is also a big market globally for this kind of installation and will promote our solution to overseas distributors and partners.

We will continue to put in effort to expand overseas markets and actively support our distributors in bidding projects, such as metro/railway tenders in South Korea, Australia, Mexico and Egypt. During the reporting period, we were awarded our first order in Mexico and Portugal respectively and signed new distributorship agreements in Eurasia and Eastern Europe regions. We will continue to expand our distributor network overseas.

Financial Review

Gross profit

The Group's overall gross profit decreased by HK$149.4 million or 29% to HK$364.9 million for the period under review from HK$514.3 million for the six months ended 30 June 2018. The gross profit margin was 17.5% in the six months ended 30 June 2019, representing an increase of 1.1% as compared with the 16.4% gross profit margin in the same period last year.

Other income

The Group recorded other income of HK$6.8 million (six months ended 30 June 2018: HK$6 million) during the reporting period, mainly included bank interest income and rental income.

Administrative expenses

Administrative expenses of the Group decreased by approximately HK$24 million or 9.4% compared with that in the same period last year, mainly on lower bonus provision.

Liquidity and financial resources

As at 30 June 2019, the Group had total cash and bank balances (excluding pledged bank deposits) of HK$475.7 million, of which 69.8%, 26.6% and 3.6% (31 December 2018: 74.8%, 23.9%, 1.3%) were denominated in Hong Kong dollars or Macau Pataca, RMB and other currencies, respectively.

The Group maintained a healthy liquidity position throughout the reporting period. The Group was in net cash position. As at 30 June 2019, the Group had banking facilities in respect of bond, bank overdraft and loans, and other trade finance of approximately HK$1,761.2 million (31 December 2018: HK$1,761.8 million), of which approximately HK$420.4 million (31 December 2018: HK$426.9 million) had been utilised.

Use of proceeds from listing

The aggregate net proceeds raised by the Company from the listing through the issue of an aggregate of 350,000,000 new shares (the "**Offer Shares**") of HK$0.01 each in the Company at the final offer price of HK$1.2 per Offer Share pursuant to the global offering referred to the prospectus issued by the Company on 28 June 2019 (the "**Prospectus**") (the "**Listing**") were approximately HK$335.7 million.

The net proceeds from the Listing had not been utilised up to the date of this announcement and are placed as short-term time deposits in licensed banks in Hong Kong.

Gearing Ratio and Indebtedness

As at 30 June 2019, the Group's gearing ratio (being gross borrowings divided by total equity) stood at 7.2%, compared to nil gearing as at the same period of 2018. The borrowings are denominated in Hong Kong dollars and are at fixed interest rate. The gearing arose due to the short-term operation needs during the six months ended 30 June 2019.

Charges on Group Assets

The Group had pledged assets of HK$303.9 million as at 30 June 2019. These represented bank deposits, financial assets at fair value through profit or loss, and investment properties pledged to banks to secure general short-term banking facilities granted to certain of the Company's subsidiaries. The pledged deposit is classified as current assets and will be released upon the release of relevant banking facilities.

Capital Commitment

As at 30 June 2019, the Group had a capital commitment contracted but not provided for in the condensed consolidated financial statements for upgrading human resources management system in an amount of HK$5.8 million.

Human Resources

As at 30 June 2019, a total of 2,273 employees, including 66 contract staff and 153 term contract staff, were employed by the Group in Hong Kong, Macau and Mainland China.

The Group provides competitive remuneration to attract and retain staff. The Group aims to compete in the market for the best skills available. Quality and committed staff are valuable assets contributing to the success of the Group. To attract and retain talents, the Group's remuneration policy is built upon the principles of providing equitable and market-competitive remuneration packages. The Group's remuneration policy is also performance-linked to motivate staff to achieve the Group's strategic business goals, and to share the fruit of success of the Group with its staff. We have a comprehensive system of goals setting and performance appraisal which provides a robust framework to serve the purpose.

Remuneration of directors and senior management is recommended by the remuneration committee of the Board and approved by the Board, which is subject to periodic review.

The Group's vision is to be an innovative, leading and sustainable multi-disciplinary E&M engineering group. We believe in continuous improvement and development, encourage life-long learning, and foster innovation culture within the Group. To support staff development, we make great effort and invest ample resources in staff training, in managerial, engineering and technician levels.

We are an equal opportunity employer and treat our staff on a fair basis. We require our staff to act with integrity at work, and we uphold a high standard of business ethics in dealing with our customers and business partners. The full set of Code of Conduct of the Group which sets out the standard of ethics and conducts expected of the Group and its staff is readily accessible by all staff via the Group's intranet.

Corporate Recognition

During the reporting period, the Group received numerous awards from various organisations including Construction Industry Council, Development Bureau, Electrical and Mechanical Services Department, Labour Department, and the Office of the Government Chief Information Officer, recognising our outstanding performances and achievements on innovation, environment, occupational health and safety.

The Group will continue to strive for innovation and adhere to stringent quality, safety and environmental standards in order to deliver high quality services and products and upkeep workplace safety for all stakeholders.

Outlook

The trade conflicts between China and the United States of America has an adverse impact on the global economic performance and outlook and, inevitably, the economy in Hong Kong, Macau and mainland China, which are our three major business regions. Locally in Hong Kong, the social unrest which stemmed in early June and is still continuing as at the date of this announcement may have an impact on the award, commencement and progress of some construction and fitting out projects. According to the advance estimates on Gross Domestic Product for second quarter of 2019 released by the Census and Statistics Department (C&SD) on 31 July 2019, on a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 0.3% in real terms in the second quarter of 2019 when compared with the first quarter. Recently, the Secretary of Finance has pointed out that if our third quarter GDP continues to show a negative growth, technically speaking, the Hong Kong economy will be slipping into a period of recession. Amid the volatile economic atmosphere globally and locally, market competition has become increasingly fierce, exerting pressure on the Group's profit margin.

On the other hand, the HKSAR Secretary for Development has advised that the Hong Kong Government's spending in capital expenditure of public works will be no less than HK$100 billion per annum in the coming few years, with overall construction outputs increasing to HK$300 billion per annum. To Hong Kong construction and E&M companies, this is a particularly positive and reassuring message about the outlook of our industry.

Against the backdrop of the multitude of market factors mentioned above, the Group managed to secure a satisfactory value of order intake of HK$3.52 billion in the first half of 2019 as compared to HK$2.68 billion over the same period of 2018. The Group maintained a comfortable level of outstanding contracts in hand of approximately HK$8.87 billion as at 30 June 2019, as compared to HK$7.21 billion as at 30 June 2018 and HK$7.42 billion as at 31 December 2018. As at the date of this announcement, there are also a number of tenders and quotations that have been submitted in the first half of 2019 which are under active negotiation. Moreover, we foresee that there is a healthy pipeline of tenders that will come out for tendering in the second half of 2019 and beyond. Therefore, we remain cautiously optimistic about the business outlook in the second half of 2019 and in the coming few years.

Soon after the Group's successful Listing on 12 July 2019 (the "**Listing Date**"), we started actively pursuing mergers and acquisitions opportunities which will facilitate our business growth horizontally, vertically and/or geographically. We have started some preliminary enquiries to companies in South East Asia and North America on building services and lifts and escalators segments respectively, but no concrete proposals have been offered or agreed as at the date of this announcement. As disclosed in the section headed "Business – Our Business Strategies" of the Prospectus, the Company has been looking out for opportunities to expand our various business segments, and may therefore enter into value-enhancing transactions (such as acquisition and formation of joint venture) in the future using internal resources of the Group and/or external financing if necessary. As at the date of this announcement, the Company has not entered into any definitive legal agreements for any such transactions which are required to be disclosed under the Listing Rules.

With our strong commitment and continuous investment in innovation, technology, process improvement and people development, we are confident in harvesting material benefits of improved productivity and competitiveness and opening of new business opportunities in the medium future, which will further strengthen our market leadership position and translate into increased shareholder value.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.85 cents per share of the Company (the "**Share(s)**") for the reporting period (the "**Interim Dividend**") to the shareholders whose names appear on the register of members of the Company (the "**Register of Members**") as at the close of business on Monday, 30 September 2019. The Interim Dividend is expected to be paid to the shareholders of the Company (the "**Shareholders**") on or about Friday, 18 October 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the Interim Dividend, the Register of Members will be closed from Friday, 27 September 2019 to Monday, 30 September 2019, both days inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Wednesday, 25 September 2019. In order to be entitled to the Interim Dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 26 September 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

All the Shares were not yet listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as at 30 June 2019. The principles and code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules were not applicable to the Company during the reporting period.

On the Listing Date, the Company has adopted the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

The Company has complied with all the code provisions set out in the Corporate Governance Code from the Listing Date up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was established by the Board for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises two independent non-executive directors and one non-executive director of the Company. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 and discussed financial related matters with the management and the external auditors of the Company.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 from the Listing Date up to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS AND 2019 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.atal.com).

The Company's 2019 interim report containing all the information required under the Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board of
ANALOGUE HOLDINGS LIMITED
Dr. Poon Lok To, Otto
Chairman

Hong Kong, 28 August 2019

As at the date of this announcement, the executive directors of the Company are Dr. Poon Lok To, Otto, Mr. Cheng Siu Ngai, Kevin, 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.