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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)

CONNECTED TRANSACTION IN RELATION TO LEASE OF PROPERTY

THE TENANCY AGREEMENT

The Board is pleased to announce that on 27 November 2020, the Tenant, a wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Landlord in relation to the office premises in North Point, Hong Kong, which will be used by the Group as its office.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Arling Investment Limited is the controlling Shareholder holding 888,650,000 issued shares of the Company (representing approximately 63.48% of the total issued shares of the Company). The Landlord is a wholly-owned subsidiary of Wise Eagle Holdings Limited, which is in turn owned as to 84.63% by Arling Investment Limited, the controlling Shareholder. Accordingly, the Landlord is a connected person of the Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Tenancy Agreement are more than 0.1% and less than 5%, the entering into of the Tenancy Agreement is therefore exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, but is subject to the reporting and announcement requirements.

THE TENANCY AGREEMENT

The major terms of the Tenancy Agreement are as follows:

Date:	27 November 2020
Landlord:	Perfect Motive Limited
Tenant:	ATAL Management Services Limited (a wholly-owned subsidiary of the Company)
Terms:	From 1 January 2021 to 31 December 2022 (both dates inclusive)
Premises:	All that area on 12th Floor and 13th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong
Rents:	HK\$1,350,000 per month (exclusive of Government rates, air conditioning charges and management charges)

The rent under the Tenancy Agreement was determined after arm's length negotiations between the parties thereto and with reference to the prevailing market rent for similar premises in the district. The rental payments will be settled out of the internal resources of the Group.

INFORMATION OF THE GROUP AND THE TENANT

The Group is a leading electrical and mechanical (“E&M”) engineering service provider in Hong Kong which provides multi-disciplinary and comprehensive E&M engineering and technology services, including (i) building services, (ii) environmental engineering, (iii) information, communications and building technologies, and (iv) lifts and escalators.

The Tenant is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in the provision of property management services.

INFORMATION OF THE LANDLORD

The Landlord is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The Landlord is a wholly-owned subsidiary of Wise Eagle Holdings Limited, which is in turn owned as to 84.63% by Arling Investment Limited, the controlling Shareholder. Arling Investment Limited is wholly owned by Ardik Investment Limited which is in turn wholly owned by HSBC International Trustee Limited as trustee of a trust. Dr. Poon Lok To Otto, an executive Director and the chairman of the Company, is the settlor and protector of the trust.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group has been using the property under the Tenancy Agreement as its office premises for its head office in Hong Kong since 2011. The Directors (including the independent non-executive Directors) are of the view that it is in the interest of the Company to enter into the Tenancy Agreement in order to provide the Group with stable and necessary office premises for its business operation.

The Directors (including the independent non-executive Directors) are of the view that the Tenancy Agreement were entered into on normal commercial terms or better in the ordinary and usual course of business of the Company after arm's length negotiations, and the terms of the Tenancy Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the Tenancy Agreement. Accordingly, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules. The value of the right-of-use asset to be recognized by the Company under the Tenancy Agreement is expected to be approximately HK\$30.9 million, being the present value of aggregated lease payments to be made in accordance with HKFRS 16 "Leases". A discount rate of 5% is adopted in calculating the present value of the aggregated lease payments.

As at the date of this announcement, Arling Investment Limited is the controlling Shareholder holding 888,650,000 issued shares of the Company (representing approximately 63.48% of the total issued shares of the Company). The Landlord is a wholly-owned subsidiary of Wise Eagle Holdings Limited, which is in turn owned as to 84.63% by Arling Investment Limited, the controlling Shareholder. Accordingly, the Landlord is a connected person of the Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Tenancy Agreement are more than 0.1% and less than 5%, the entering into of the Tenancy Agreement is therefore exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, but is subject to the reporting and announcement requirements.

As at the date of this announcement, Arling Investment Limited is indirectly wholly owned by HSBC International Trustee Limited as trustee of a trust and Dr. Poon Lok To Otto is the settlor and protector of the trust. Accordingly, Dr. Poon Lok To Otto has abstained from voting on the relevant board resolutions of the Company approving the Tenancy Agreement and the transactions contemplated thereunder. As Mr. Law Wei Tak, an executive Director, owns 5% of the total issued shares of Wise Eagle Holdings Limited, he has also abstained from voting on the aforesaid relevant board resolutions of the Company. Save as disclosed above, none of the Directors has material interests in the Tenancy Agreement or is required to abstain from voting on the Board resolutions approving the Tenancy Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Analogue Holdings Limited (stock code: 1977), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Perfect Motive Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy Agreement”	the tenancy agreement dated 27 November 2020 entered into between the Tenant and the Landlord in relation to leasing of office premises
“Tenant”	ATAL Management Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 27 November 2020

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.