



**SANBASE CORPORATION LIMITED**

**莊皇集團公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8501)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “**Directors**”) of Sanbase Corporation Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## 2021 INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sanbase Corporation Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020, are as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2021

	Note	Unaudited			
		Three months ended 30 September		Six months ended 30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5	122,209	156,624	210,692	301,574
Cost of sales	6	(109,576)	(146,279)	(190,874)	(276,029)
<b>Gross Profit</b>		<b>12,633</b>	<b>10,345</b>	<b>19,818</b>	<b>25,545</b>
Other income	7	–	2,483	–	2,483
Administrative expenses	6	(7,263)	(10,477)	(13,697)	(17,086)
Impairment losses on financial assets	18	(269)	(1,542)	(821)	(1,542)
<b>Operating profit</b>		<b>5,101</b>	<b>809</b>	<b>5,300</b>	<b>9,400</b>
Finance income		33	10	74	69
Finance costs		(52)	(70)	(108)	(136)
Finance costs – net	8	(19)	(60)	(34)	(67)
<b>Profit before income tax</b>		<b>5,082</b>	<b>749</b>	<b>5,266</b>	<b>9,333</b>
Income tax expense	10	(1,536)	(704)	(1,992)	(2,778)
<b>Profit for the period</b>		<b>3,546</b>	<b>45</b>	<b>3,274</b>	<b>6,555</b>
<b>Other comprehensive income, net of income tax</b>					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
– Exchange differences arising on translation of foreign operation		7	279	102	286
<b>Total comprehensive income for the period</b>		<b>3,553</b>	<b>324</b>	<b>3,376</b>	<b>6,841</b>

		<b>Unaudited</b>			
		<b>Three months ended</b>		<b>Six months ended</b>	
		<b>30 September</b>		<b>30 September</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<i>Note</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Profit/(loss) for the period attributable to:</b>					
	Owners of the Company	<b>1,977</b>	2,197	<b>1,395</b>	6,835
	Non-controlling interests	<b>1,569</b>	(2,152)	<b>1,879</b>	(280)
		<u><b>3,546</b></u>	<u>45</u>	<u><b>3,274</b></u>	<u>6,555</u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>					
	Owners of the Company	<b>1,981</b>	2,402	<b>1,461</b>	7,045
	Non-controlling interests	<b>1,572</b>	(2,078)	<b>1,915</b>	(204)
		<u><b>3,553</b></u>	<u>324</u>	<u><b>3,376</b></u>	<u>6,841</u>
		<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
<b>Earnings per share attributable to owners of the Company</b>					
	Basic and diluted	<u><b>1.00</b></u>	1.11	<u><b>0.70</b></u>	<u>3.45</u>
		<i>11</i>			

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2021</b>	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	1,254	1,910
Right-of-use assets		3,907	5,240
Intangible assets	16	11,965	11,965
Financial asset at fair value through profit or loss	4.2	13,200	13,200
Deposits and prepayments		604	607
Deferred tax assets		1,091	926
		<u>32,021</u>	<u>33,848</u>
<b>Current assets</b>			
Trade and retention receivables	18	90,290	59,536
Contract assets		62,659	50,116
Deposits, other receivables and prepayments		9,478	7,274
Income tax recoverable		697	2,147
Cash and cash equivalents		115,918	112,488
		<u>279,042</u>	<u>231,561</u>
<b>Total assets</b>		<u><b>311,063</b></u>	<u><b>265,409</b></u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	20	1,553	1,553
Shares held under share award scheme		(2,998)	(2,998)
Share premium		57,632	57,632
Exchange reserve		335	269
Retained earnings		87,423	86,028
		<u>143,945</u>	<u>142,484</u>
Non-controlling interests		8,636	6,721
<b>Total equity</b>		<u><b>152,581</b></u>	<u><b>149,205</b></u>

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2021</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,042</u>	<u>2,451</u>
<b>Current liabilities</b>			
Trade payables	<i>19</i>	<b>134,983</b>	102,215
Accruals and other payables	<i>19</i>	<b>1,308</b>	2,262
Contract liabilities		<b>18,031</b>	6,246
Lease liabilities		<u>3,118</u>	<u>3,030</u>
		<u>157,440</u>	<u>113,753</u>
<b>Total liabilities</b>		<u><b>158,482</b></u>	<u>116,204</u>
<b>Total equity and liabilities</b>		<u><b>311,063</b></u>	<u>265,409</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Unaudited Attributable to owners of the Company					Subtotal HK\$'000	Unaudited Non- controlling interests HK\$'000	Unaudited Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000			
At 1 April 2020	1,553	57,632	(2,998)	(144)	85,748	141,791	10,414	152,205
<b>Profit/(loss) for the period</b>	-	-	-	-	6,835	6,835	(280)	6,555
<b>Other comprehensive income for the period</b>								
Exchange differences arising on translation of foreign operation	-	-	-	210	-	210	76	286
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	210	6,835	7,045	(204)	6,841
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3,992)	(3,992)
At 30 September 2020	1,553	57,632	(2,998)	66	92,583	148,836	6,218	155,054
At 1 April 2021	1,553	57,632	(2,998)	269	86,028	142,484	6,721	149,205
<b>Profit for the period</b>	-	-	-	-	1,395	1,395	1,879	3,274
<b>Other comprehensive income for the period</b>								
Exchange differences arising on translation of foreign operation	-	-	-	66	-	66	36	102
<b>Total comprehensive income for the period</b>	-	-	-	66	1,395	1,461	1,915	3,376
At 30 September 2021	1,553	57,632	(2,998)	335	87,423	143,945	8,636	152,581

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	5,645	(10,906)
Interest received	74	69
Income tax paid	(694)	(1,149)
	<u>5,025</u>	<u>(11,986)</u>
<b>Net cash inflow/(outflow) from operating activities</b>		
<b>Cash flows from investing activities</b>		
Payment for acquisition of a subsidiary, net of cash acquired ( <i>note 17</i> )	–	(2,549)
Payment for purchase of property, plant and equipment	(31)	(146)
	<u>(31)</u>	<u>(2,695)</u>
<b>Net cash outflow from investing activities</b>		
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interests	–	(3,992)
Interest paid	(108)	(136)
Lease liabilities paid	(1,521)	(1,610)
	<u>(1,629)</u>	<u>(5,738)</u>
<b>Net cash outflow from financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,365</b>	<b>(20,419)</b>
Effects of exchange rate changes on cash and cash equivalents	65	178
Cash and cash equivalents at 1 April	112,488	120,321
	<u>115,918</u>	<u>100,080</u>
<b>Cash and cash equivalents at 30 September</b>		

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

Sanbase Corporation Limited was incorporated in the Cayman Islands on 24 March 2017 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business is 16/F, Loon Kee Building, 267-275 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of interior fit-out solutions in Hong Kong and the PRC. The ultimate holding company of the Company is Madison Square International Investment Limited. The ultimate controlling party of the Group is Mr. Wong Sai Chuen ("**Mr. Wong**" or the "**Controlling Shareholder**").

The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange since 4 January 2018.

The unaudited condensed consolidated financial information for the three months and six months ended 30 September 2021 have been reviewed by the audit committee of the Company ("**Audit Committee**") but have not been reviewed or audited by the Company's auditor.

### 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months and six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34, "**Interim Financial Reporting**" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The unaudited condensed consolidated financial information does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual report for the year ended 31 March 2021.

The unaudited condensed consolidated financial information for the three months and six months ended 30 September 2021 has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

All amounts are presented in Hong Kong dollar thousands ("**HK\$'000**") in this unaudited condensed consolidated financial information unless otherwise stated.

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 unaudited condensed consolidated financial statements.



The Group's accounting policy in relation to government grant is as follows:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Saved for the above, the significant accounting policies that have been used in the preparation of the unaudited condensed consolidated financial information for the three months and six months ended 30 September 2021 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2021 included in the 2021 Annual Report.

The Group has not applied any new and revised HKFRSs that are not yet effective for the current period.

### **3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the critical judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

### **4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

#### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021.

There have been no changes in the risk management policies since 31 March 2021.

#### **4.2 Fair value estimation**

The following financial instruments that carried at fair value are categorised based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table presents the Group's financial assets measured and recognised at fair value at 30 September 2021 and 31 March 2021:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30 September 2021 (Unaudited)</b>				
Financial asset at fair value through profit or loss ("FVPL")				
– Unlisted debt investment	–	–	<b>13,200</b>	<b>13,200</b>
	<u>–</u>	<u>–</u>	<u>13,200</u>	<u>13,200</u>
<b>At 31 March 2021 (Audited)</b>				
Financial asset at FVPL				
– Unlisted debt investment	–	–	13,200	13,200
	<u>–</u>	<u>–</u>	<u>13,200</u>	<u>13,200</u>

There were no transfers into or out of level 3.

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts.

There are no other financial instruments that were measured at fair value as at 30 September 2021 and 31 March 2021.

There were no changes in valuation techniques for the six months ended 30 September 2021.

## 5. REVENUE AND SEGMENT INFORMATION

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bare shell fit-out	<b>49,028</b>	64,288	<b>96,707</b>	193,760
Restacking	<b>58,158</b>	89,367	<b>83,251</b>	96,928
Reinstatement	<b>3,329</b>	85	<b>6,419</b>	301
Design	<b>91</b>	403	<b>3,008</b>	920
Churn works	<b>10,177</b>	2,007	<b>19,866</b>	8,770
Maintenance and others	<b>1,426</b>	474	<b>1,441</b>	895
	<u><b>122,209</b></u>	<u>156,624</u>	<u><b>210,692</b></u>	<u>301,574</u>

The Group's revenue mainly represents revenue from the provision of interior fit-out solutions for the three months and six months ended 30 September 2021 and 2020.

The executive Directors have been identified as the chief operating decision makers (“CODM”) of the Group who review the Group’s internal reporting in order to assess performance and allocate resources. The Group focuses on provision of interior fit-out solutions in Hong Kong and the PRC for the three months and six months ended 30 September 2021 and 2020. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Directors regard the Group’s business as a single operating segment and review consolidated financial information accordingly. The Group primarily operates in Hong Kong and started its business in the PRC in May 2018. Revenue generated from customers in the PRC is also related to the provision of interior fit-out solutions and the reported geographical segment information is presented as below:

### Geographical information

The geographical location of customers is based on the location at which the service was provided. The Group’s operations and workforce are mainly located in Hong Kong and the PRC. The following table provides an analysis of the Group’s revenue from external customers.

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Hong Kong	116,284	152,766	199,227	296,299
The PRC	5,925	3,858	11,465	5,275
	<u>122,209</u>	<u>156,624</u>	<u>210,692</u>	<u>301,574</u>

### Information about major customers

Revenue from customers contributing over 10% of the Group’s total revenue are set out below:

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Customer A	–	30,122	–	93,874
Customer B	–	57,195	–	61,345
Customer C	–	14,505	–	33,964
Customer D	26,986	N/A (Note)	26,986	N/A (Note)

*Note:* The corresponding revenue did not contribute over 10% of the Group’s total revenue.

## 6. EXPENSES BY NATURE

The Group's profits for the three months and six months ended 30 September 2021 and 2020 are stated after charging the following cost of sales and administrative expenses:

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Subcontracting charges	101,285	136,853	175,251	254,092
Staff costs ( <i>Note 9</i> )	10,230	10,973	20,530	21,805
Cleaning expenses	1,353	2,180	1,770	4,935
Insurance expenses	593	1,787	1,187	2,649
Security expenses	86	211	137	307
Operating lease payments	53	6	83	6
Auditor's remuneration	711	818	711	818
Depreciation on right-of-use assets	731	780	1,532	1,466
Depreciation on property, plant and equipment ( <i>Note 15</i> )	330	271	687	560
Amortisation of intangible assets ( <i>Note 16</i> )	–	44	–	87
Legal and professional fees	686	1,038	1,138	3,811
Other expenses	781	1,795	1,545	2,579
	<u>116,839</u>	<u>156,756</u>	<u>204,571</u>	<u>293,115</u>
Total cost of sales and administrative expenses				

## 7. OTHER INCOME

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Government subsidies	–	2,483	–	2,483
	<u>–</u>	<u>2,483</u>	<u>–</u>	<u>2,483</u>

The amount represents government grant in respect of the Employment Support Scheme received from the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or other contingencies attaching to the grant. The Group did not benefit directly from any other forms of government assistance.

## 8. FINANCE COSTS – NET

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Interest income from bank deposits	33	10	74	69
Interest expense on lease liabilities	(52)	(70)	(108)	(136)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(19)	(60)	(34)	(67)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 9. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Salaries, bonuses and allowances	9,790	10,614	19,668	21,080
Retirement benefits contributions	440	359	862	725
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	10,230	10,973	20,530	21,805
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 10. INCOME TAX EXPENSE

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Current income tax				
– Hong Kong profits tax	1,581	645	1,927	2,690
– PRC enterprise income tax	23	66	218	102
Deferred tax	(68)	(7)	(153)	(14)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	1,536	704	1,992	2,778
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Pursuant to the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of Sanbase Interior Contracting Limited is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at the rate of 16.5% on the estimated assessable profits above HK\$2 million for the period.

Under the Law of the PRC on enterprise income tax (the “EIT”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2020: 25%).

No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the period.

## 11. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less the total number of shares held under share award scheme during the three months and six months ended 30 September 2021 and 2020.

	Unaudited			
	Three months ended 30 September 2021		Six months ended 30 September 2021	
		2020		2020
Profit attributable to owners of the Company (HK\$'000)	1,977	2,197	1,395	6,835
Weighted average number of ordinary shares in issue less shares held under share award scheme ('000)	197,944	197,944	197,944	197,944
Basic earnings per ordinary share (HK cents)	1.00	1.11	0.70	3.45

### (b) Diluted

There were no outstanding share options as at 30 September 2021 and 2020 and has no potential dilutive ordinary share in issue. Accordingly, diluted earnings per share is equal to basic earnings per share.

## 12. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months and six months ended 30 September 2021 and 2020.

## 13. RELATED PARTIES TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the three months and six months ended 30 September 2021 and 2020.

### Compensation of key management

Key management includes executives of the Group. The compensation paid or payable to key management for employee services is shown below:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, bonuses and allowances	2,010	2,010	4,020	4,020
Retirement benefits contributions	18	18	36	36
	<u>2,028</u>	<u>2,028</u>	<u>4,056</u>	<u>4,056</u>

## 14. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

	Unaudited	Audited
	As at 30 September 2021 <i>HK\$'000</i>	As at 31 March 2021 <i>HK\$'000</i>
Surety bonds	<u>6,055</u>	<u>16,242</u>

As at 30 September 2021, the Group provided guarantees of surety bonds in respect of 3 (31 March 2021: 5) construction contract(s) of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2021				
Cost	2,996	2,463	475	5,934
Accumulated depreciation	(1,747)	(2,029)	(248)	(4,024)
Net book amount	<u>1,249</u>	<u>434</u>	<u>227</u>	<u>1,910</u>
<b>Six months ended 30 September 2021</b>				
At 1 April 2021	<b>1,249</b>	<b>434</b>	<b>227</b>	<b>1,910</b>
Additions	31	–	–	31
Depreciation charge ( <i>Note 6</i> )	(335)	(292)	(60)	(687)
At 30 September 2021	<u>945</u>	<u>142</u>	<u>167</u>	<u>1,254</u>
<b>At 30 September 2021</b>				
Cost	<b>3,027</b>	<b>2,463</b>	<b>475</b>	<b>5,965</b>
Accumulated depreciation	(2,082)	(2,321)	(308)	(4,711)
Net book amount	<u><u>945</u></u>	<u><u>142</u></u>	<u><u>167</u></u>	<u><u>1,254</u></u>

## 16. INTANGIBLE ASSETS

	Goodwill <i>HK\$'000</i>	Customer relationship and contracts <i>HK\$'000</i>	Money lenders licence <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2021				
Cost	9,544	2,870	2,421	14,835
Accumulated amortisation	–	2,870	–	(2,870)
Net book amount	<u>9,544</u>	<u>–</u>	<u>2,421</u>	<u>11,965</u>
<b>Six months ended 30 September 2021</b>				
At 1 April 2021	<b>9,544</b>	<b>–</b>	<b>2,421</b>	<b>11,965</b>
Amortisation charge ( <i>Note 6</i> )	–	–	–	–
At 30 September 2021	<u>9,544</u>	<u>–</u>	<u>2,421</u>	<u>11,965</u>
<b>At 30 September 2021</b>				
Cost	<b>9,544</b>	<b>2,870</b>	<b>2,421</b>	<b>14,835</b>
Accumulated amortisation	–	2,870	–	(2,870)
Net book amount	<u><u>9,544</u></u>	<u><u>–</u></u>	<u><u>2,421</u></u>	<u><u>11,965</u></u>



## 17. BUSINESS COMBINATIONS

### Acquisition of Yu Rong Capital Limited

On 1 June 2020, Morrice Company Limited, a wholly-owned subsidiary of the Company, acquired the entire interest of Yu Rong Capital Limited, a company incorporated in Hong Kong, at a consideration of HK\$2,550,000. The acquisition is expected to diversify the Group's existing business.

Details of the purchase consideration and the net assets acquired are as follows:

	<i>HK\$'000</i>
Purchase consideration	
Cash paid	2,550

The assets and liabilities recognized as a result of the acquisition are as follows:

	<b>Fair value</b> <i>HK\$'000</i>
Cash and cash equivalents	1
Property, plant and equipment	164
Intangible assets	2,421
Deposits, other receivables and prepayments	136
Accruals and other payables	(172)
Net identifiable assets acquired	2,550

### Purchase consideration – net cash outflow

	<i>HK\$'000</i>
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,550
Less: Cash acquired	(1)
Net outflow of cash – investing activities	2,549

## 18. TRADE AND RETENTION RECEIVABLES

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2021</b> <i>HK\$'000</i>	Audited As at 31 March 2021 <i>HK\$'000</i>
Trade receivables	<b>80,384</b>	61,256
Less: provision for impairment of trade receivables	<b>(5,302)</b>	(4,573)
	<hr/>	<hr/>
Trade receivables – net	<b>75,082</b>	56,683
	<hr/>	<hr/>
Retention receivables	<b>15,208</b>	2,853
Less: provision for impairment of retention receivables	<b>–</b>	–
	<hr/>	<hr/>
Retention receivables – net	<b>15,208</b>	2,853
	<hr/>	<hr/>
Trade and retention receivables – net	<b>90,290</b>	59,536
	<hr/> <hr/>	<hr/> <hr/>

Trade and retention receivables balances are categorised as “financial assets measured at amortised cost”. The carrying amounts of trade and retention receivables approximate their fair values.

The credit terms granted to its customers were generally 30 days from the invoice date except for the amount relating to retention money which is payable 1 year after the date of completion of the works. As at 30 September 2021 and 31 March 2021, the ageing analysis of the trade receivables based on the invoice date is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2021</b> <i>HK\$'000</i>	Audited As at 31 March 2021 <i>HK\$'000</i>
Within 30 days	<b>34,530</b>	32,144
31 to 60 days	<b>26,084</b>	16,085
61 to 90 days	<b>606</b>	4,591
91 to 180 days	<b>13,769</b>	3,849
Over 180 days	<b>5,395</b>	4,587
	<hr/>	<hr/>
	<b>80,384</b>	61,256
	<hr/> <hr/>	<hr/> <hr/>

### Impairment assessment on financial assets subject to expected credit loss model

	<b>Unaudited</b> <b>Six months ended 30 September</b> <b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment losses recognised/(reversed) in respect of:		
– Trade receivables	<b>727</b>	1,798
– Contract assets	<b>94</b>	(256)
	<hr/>	<hr/>
	<b>821</b>	1,542
	<hr/> <hr/>	<hr/> <hr/>

The basis of determining the inputs and assumptions and the estimation techniques used in this unaudited condensed consolidated financial statements for the three months and six months ended 30 September 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

During the current interim period, the Group provided HK\$727,000 and HK\$94,000 impairment allowance to trade receivable and contract assets respectively, were classified as "financial assets measured at amortised cost".

## 19. TRADE AND OTHER PAYABLES

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2021</b> <i>HK\$'000</i>	Audited As at 31 March 2021 <i>HK\$'000</i>
Trade payables	134,983	102,215
Accruals and other payables	1,308	2,262
	<u>136,291</u>	<u>104,477</u>

An ageing analysis of the trade payables, based on the invoice date was as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2021</b> <i>HK\$'000</i>	Audited As at 31 March 2021 <i>HK\$'000</i>
Within 30 days	108,683	78,899
31 to 60 days	9,089	3,159
61 to 90 days	2,258	6,660
91 to 180 days	4,993	3,931
Over 180 days	9,960	9,566
	<u>134,983</u>	<u>102,215</u>

## 20. SHARE CAPITAL

	<b>Unaudited</b> <b>Number of</b> <b>shares</b> <i>('000)</i>	<b>Share Capital</b> <i>HK\$'000</i>
Ordinary shares, issued and fully paid: At 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021	<u>200,000</u>	<u>1,533</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an interior fit-out solutions provider focusing on providing services to clients whose offices are predominately situated in Grade A offices in Hong Kong and the PRC. Our role in these fit-out projects entails the overall project management, coordination and implementation of fit-out projects by engaging subcontractors from different trades for their services and labour, providing expertise such as controlling the quality aspects of the projects and carrying out corresponding project management.

Our projects can be broadly categorised into (i) bare shell fit-out which is undertaken in the interior space of a vacant premise having basic flooring and plastered walls; (ii) restacking which involve upgrading and re-planning and providing modification work to the existing interior structure of the premise; (iii) reinstatement which involves demolishing any additional moveable structure that were installed by the existing tenant; (iv) design; (v) churn works; and (vi) maintenance and others which involve providing minor repairs and general builder's maintenance work to the tenant's office facilities, pest control and emergency call services, project management services and mechanical, electrical and plumbing ("MEP") consultancy services.

During the six months ended 30 September 2021 (the "**Current Period**"), the Group recorded a decrease in revenue of 30.1% to HK\$210.7 million from HK\$301.6 million for the six months ended 30 September 2020 (the "**Previous Period**"). The decrease was mainly attributable to the combined effect of the facts that (i) the prolonged adverse effect on economy of Hong Kong brought by the constant spread of COVID-19 virus worldwide, in which certain project owners and/or customers have suffered tight cashflow, leading to postponement and/or slowdown in certain projects; and (ii) the fierce competitions in the bare shell fit-out market resulted in a significant decrease of revenue generated from bare shell fit-out. The Group's gross profit decreased to HK\$19.8 million for the Current Period from the HK\$25.5 million for the Previous Period, representing a decrease of 22.4%.

The Group's profit attributable to owners of the Company decreased by 79.6% to HK\$1.4 million for the Current Period from HK\$6.8 million for the Previous Period.

## **OUTLOOK**

By the end of 2021, Hong Kong's economic activities continued to be dragged down by the COVID-19 pandemic. It is still uncertain when the Grade A office fitting-out service industry will recover the prosperity to pre-pandemic level. According to the report issued by Jones Lang LaSalle, the overall vacancy rate of Grade A office buildings in Hong Kong has reached 9.8% as of the end of September 2021, representing an increase of approximately 1.2% year-on-year, reflecting sluggish market demand for Grade A commercial buildings. However, the Group has also noticed that the decline in rent level has gradually slowed down following a long period of adjustment. It is believed that the industry will recover its prosperity gradually when pandemic prevention measures and immigration controls are further relaxed.

While the industry has not yet bottomed out, the Group will continue to strive to consolidate its existing business. Apart from strengthening contact with owners of Grade A commercial buildings and securing orders in different areas such as bare shell fit-out, reinstatement, restacking and churn works, the Group will also take initiatives to improve the portfolio of subcontractors by introducing subcontractors with stronger competitiveness in pricing and uncompromised service quality. When market rebounds are shown in the future, the Group has higher capabilities to complete various orders with more robust services teams so as to build a better reputation.

In terms of the PRC's business, the Group is actively looking for engineering projects, hoping to diversify the geographical distribution of its business. In the first half of this year, the revenue of the Group's PRC subsidiary has shown signs of recovery. As the PRC's economy continues to rebound, the Group expects that the market demand for Grade A office fitting-out services will gradually increase, and our PRC's business will maintain to develop stably.

In the long run, the Group believes that Grade A office will remain crucial to economic development. After the haze of the epidemic gradually dissipates, the market's demand for fitting-out services will pick up. By then, the Group's business will definitely go back to its normal, even to rise higher. In addition, the Group will strive to explore more and different development opportunities, including evaluating the feasibility of expanding the fitting-out business to areas other than Grade A commercial buildings, and identifying the right time to launch its financing business acquired earlier, in order to create greater returns for shareholders.

## **FINANCE REVIEW**

### **Revenue**

The Group's revenue is principally generated from (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design; (v) churn works; and (vi) maintenance and others. During the Current Period, the Group's revenue decreased by 30.1% to HK\$210.7 million (Previous Period: HK\$301.6 million). The decrease was mainly attributable to the combined effect of the facts that (i) the prolonged adverse effect on economy of Hong Kong brought by the constant spread of COVID-19 virus worldwide, in which certain project owners and/or customers have suffered tight cashflow, leading to postponement and/or slowdown in certain projects; and (ii) the fierce competitions in the bare shell fit-out market resulted in a significant decrease of revenue generated from bare shell fit-out.

The following table sets forth a breakdown of the Group's revenue by project types for the six months ended 30 September 2021 and 2020:

	Unaudited			
	Six months ended 30 September			
Project type	2021		2020	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Bare shell fit-out	96,707	45.9	193,760	64.3
Restacking	83,251	39.5	96,928	32.1
Reinstatement	6,419	3.0	301	0.1
Design	3,008	1.4	920	0.3
Churn works	19,866	9.5	8,770	2.9
Maintenance and others	1,441	0.7	895	0.3
<b>Total</b>	<b>210,692</b>	<b>100.0</b>	<b>301,574</b>	<b>100.0</b>

As shown in above table, our bare shell fit-out contributed to 45.9% and 64.3% of the Group's total revenue for the six months ended 30 September 2021 and 2020 respectively. Revenue from bare shell fit-out decreased to HK\$96.7 million for the Current Period from HK\$193.8 million for the Previous Period, representing a decrease of 50.1%.

From 1 April 2021 and up to the date of this announcement, we were newly awarded a total of 13 bare shell fit-out projects with a total project sum of HK\$69.0 million.

### Cost of sales and Direct margin

The Group's cost of sales mainly comprised subcontracting charges and staff costs. The decrease in cost of sales from HK\$276.0 million for the Previous Period to HK\$190.9 million for the Current Period, representing a decrease of 30.9%.

Defined as revenue less subcontracting costs, cleaning expenses, insurance expenses and security expenses, direct margin of the Group indicates the overall project profitability before taking into account of other fixed costs. The following table sets forth the breakdown of the Group's direct margin by project types for the six months ended 30 September 2021 and 2020:

	Unaudited			
	Six months ended 30 September			
	2021		2020	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
<b>Project type</b>				
Bare shell fit-out	13,398	13.9	21,955	11.3
Restacking	13,516	16.2	14,515	15.0
Reinstatement	845	13.2	37	12.2
Design	2,868	95.3	852	92.6
Churn works	1,710	8.6	2,325	26.5
Maintenance and others	184	12.8	181	20.2
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>32,521</b>	<b>15.4</b>	<b>39,865</b>	<b>13.2</b>

The Group's overall direct margin decreased to HK\$32.5 million for the Current Period from HK\$39.9 million for the Previous Period. Such decrease in the direct margin was primarily due to the decrease of direct margin from bare shell fit-out.

#### **Other income**

The Group's other income amounted to HK\$2.5 million for the Previous Period (Current Period: nil) as a result of the government subsidies received from the HKSAR government under the Employment Support Scheme that provides time-limited financial support to eligible employers to retain their employees due to the adverse situation of COVID-19 in Hong Kong.

#### **Administrative expenses**

The Group's administrative expenses decreased from HK\$17.1 million for the Previous Period to HK\$13.7 million for the Current Period, which were mainly to a decrease in staff cost and legal and professional fee.

#### **Finance costs**

The Group's finance costs for the Current Period mainly comprise interest on the lease liabilities after the coming into effect of HKFRS 16. Finance costs decreased to approximately HK\$108,000 for the Current Period from approximately HK\$136,000 for the Previous Period.

#### **Income tax expense**

The Group's income tax expense for the Current Period was HK\$2.0 million, representing a decrease of HK\$0.8 million, as compared with HK\$2.8 million for the Previous Period.

#### **Profit for the period**

The Group's profit for the period decreased to HK\$3.3 million for the Current Period from HK\$6.6 million for the Previous Period.

## **Profit attributable to owners of the Company**

Profit attributable to owners of the Company amounted to HK\$1.4 million for the Current Period, representing a decrease of HK\$5.4 million, as compared with HK\$6.8 million for the Previous Period.

## **LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE**

During the Current Period, the Group financed its operation by its internal resources and granted bank facility. As at 30 September 2021, the Group had net current assets of HK\$121.6 million (31 March 2021: HK\$117.8 million), including cash and cash equivalents balances of HK\$115.9 million (31 March 2021: HK\$112.5 million) mainly denominated in Hong Kong dollars.

The current ratio, being the ratio of current assets to current liabilities, was 1.8 times as at 30 September 2021 (31 March 2021: 2.0 times). The gearing ratio of the Group as at 30 September 2021 was nil (31 March 2021: nil). The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no change in capital structure of the Company as at 30 September 2021. The equity attributable to owners of the Company amounted to HK\$143.9 million as at 30 September 2021 (31 March 2021: HK\$142.5 million).

The Group does not have any exposure to fluctuations in exchange rates and any related hedges.

## **PLEDGE OF ASSETS**

As at 30 September 2021 and 31 March 2021, the Group had not pledged any assets to secure bank facilities or finance lease obligations.

## **CAPITAL COMMITMENTS**

As at 30 September 2021 and 31 March 2021, the Group had no capital commitment.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the Current Period, the Group did not have any significant investment, material acquisition or disposal.

## **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group provided guarantees of surety bonds of HK\$6.1 million (31 March 2021: HK\$16.2 million) in respect of 3 (31 March 2021: 5) construction contract(s) of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

## **HUMAN RESOURCES MANAGEMENT**

As at 30 September 2021, the Group had a total of 83 (31 March 2021: 87) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors were as follows:

### (A) Long Position in the ordinary shares and underlying share of the Company

Name of Directors/ chief executive	Capacity/ nature of interest	Number of issued shares held/ interested in	Percentage of the issued share capital
Mr. Wong Sai Chuen	Interest in a controlled corporation	112,500,000 (Note 1)	56.25%
Ms. Hui Man Yee, Maggie	Interest of spouse	112,500,000 (Note 2)	56.25%
Mr. Wong Kin Kei	Interest in a controlled corporation	37,500,000 (Note 3)	18.75%

#### Notes:

- Shares in which Mr. Wong Sai Chuen is interested in consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under Part XV of the SFO.
- Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled incorporation, Madison Square International Investment Limited, pursuant to Part XV of the SFO.
- Shares in which Mr. Wong Kin Kei is interested in consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly owned by him, in which Mr. Wong Kin Kei is deemed to be interested under Part XV of the SFO.

**(B) Long Position in the Shares of associated corporations**

<b>Name of Directors/ chief executive</b>	<b>Name of associated corporation</b>	<b>Capacity/ nature of interest</b>	<b>Number of issued shares held/ interested in</b>	<b>Percentage of shareholding</b>
Mr. Wong Sai Chuen	Madison Square International Investment Limited ( <i>Note 2</i> )	Beneficial owner	37,500	100%
Ms. Hui Man Yee, Maggie ( <i>Note 1</i> )	Madison Square International Investment Limited ( <i>Note 2</i> )	Interest of spouse	37,500	100%
Mr. Wong Kin Kei	J&J Partner Investment Group Limited ( <i>Note 3</i> )	Beneficial owner	12,500	100%

*Notes:*

1. Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in Mr. Wong Sai Chuen's interest in Madison Square International Investment Limited, pursuant to Part XV of the SFO.
2. Under Part XV of the SFO, a holding company of listed corporation is regarded as an "associated corporation". Madison Square International Investment Limited held 56.25% of our issued share capital and thus was our associated corporation.
3. Under Part XV of the SFO, a holding company of listed corporation is regarded as an "associated corporation". J&J Partner Investment Group Limited held 18.75% of our issued share capital and thus was our associated corporation.

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company nor their close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2021, so far as known to the Directors, the particulars of the corporate or persons (other than a Director or the chief executive of the Company) which had 5% or more interests and short positions in the shares and the underlying shares of the Company as recorded in the register kept pursuant to section 336 of the SFO were as follows:

### Long Position in the ordinary shares and underlying shares

Name of Shareholders	Capacity/ nature of interest	Number of issued shares held/ interested in	Percentage of shareholding
Madison Square International Investment Limited ( <i>Note 1</i> )	Beneficial owner	112,500,000	56.25%
Mr. Wong Sai Chuen ( <i>Note 1</i> )	Interest in a controlled corporation	112,500,000	56.25%
Ms. Hui Man Yee, Maggie ( <i>Note 2</i> )	Interest of spouse	112,500,000	56.25%
J&J Partner Investment Group Limited ( <i>Note 3</i> )	Beneficial owner	37,500,000	18.75%
Mr. Wong Kin Kei ( <i>Note 3</i> )	Interest in a controlled corporation	37,500,000	18.75%
Ms. Ho Sin Ying ( <i>Note 4</i> )	Interest of spouse	37,500,000	18.75%

#### Notes:

- Shares in which Mr. Wong Sai Chuen is interested in consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under Part XV of the SFO.
- Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to Part XV of the SFO.
- Shares in which Mr. Wong Kin Kei is interested in consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly owned by him, in which Mr. Wong Kin Kei is deemed to be interested under Part XV of the SFO.
- Ms. Ho Sin Ying, the spouse of Mr. Wong Kin Kei, is deemed to be interested in the 37,500,000 Shares held by him, through his controlled corporation, J&J Partner Investment Group Limited, pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 September 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this announcement, at no time during the six months ended 30 September 2021 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

#### **INTEREST IN COMPETING BUSINESS**

None of the Directors and Controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest with the Group which any such person has or may have with the Group during the Current Period.

#### **SHARE OPTION SCHEME**

On 8 December 2017, the Company adopted the share option scheme (the "**Share Option Scheme**"), which falls within the ambit of, and is subject to, the regulations under Chapter 23 of the GEM Listing Rules. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

Qualified participants of the Share Option Scheme include directors (including executive, non-executive and independent non-executive Directors) and employees (whether full-time or part-time) of the Company or any of its subsidiaries or any other person who in the absolute discretion of the Board has contributed or will contribute to the Group.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 20,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this announcement.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The offer of a grant of share options under the Share Option Scheme may be accepted upon payment of a consideration of HK\$1 by the grantee.

The Share Option Scheme will remain in force for a period of 10 years commencing on 8 December 2017 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of share options under the Share Option Scheme is determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

A summary of the terms of the Share Option Scheme has been set out in the section headed “E. Share Option Scheme” in Appendix IV of the Prospectus of the Company dated 18 December 2017.

No share options have been granted under the Share Option Scheme since its adoption and up to the date of this announcement.

## **SHARE AWARD SCHEME**

On 16 October 2018, the Board approved the adoption of the share award scheme (the “**Share Award Scheme**”) with immediate effect, pursuant to which all eligible persons will be entitled to participate. The purpose of the Share Award Scheme is to recognise the contributions by certain eligible persons and provided them with incentives in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

The total number of shares which may be granted under the Share Award Scheme is 2,056,000, representing approximately 1.03% of the total issued share capital of the Company as at the date of this announcement.

A summary of the terms of the Share Award Scheme has been set out in the announcement of the Company dated 16 October 2018.

No shares have been granted under the Share Award Scheme since its adoption and up to the date of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 September 2021.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding the interests of Shareholders.

The company has complied throughout the six months ended 30 September 2021 with all the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules, except the following deviation:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong, holds both positions. Mr. Wong has been primarily responsible for overseeing the Group’s management and business development and formulating business strategies and policies of the Group since 2009. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

## **UPDATE ON DIRECTOR’S INFORMATION**

As at the date of this announcement, there is no change in the Directors’ biographical details which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of publication of the annual report of the Company for the year ended 31 March 2021.

## **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021.

## **EVENTS AFTER THE REPORTING PERIOD**

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the six months ended 30 September 2021 and up to the date of this announcement.

## AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference which are no less exacting terms than those set out in the CG Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules. Currently, the Audit Committee comprises three independent non-executive Directors namely Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Chan Charles Cham Chuen, and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated financial information for the six months ended 30 September 2021, which is of the opinion that such information have been prepared in accordance with all applicable accounting standards, the requirements under the Hong Kong Companies Ordinance and the GEM Listing Rules.

## PUBLICATION OF 2021 INTERIM REPORT

The 2021 interim report of the Company containing all the information required by GEM Listing Rules will be dispatched to Shareholders and will also be published on the websites of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.sclhk.com](http://www.sclhk.com)).

By order of the Board  
**Sanbase Corporation Limited**  
**Wong Sai Chuen**  
*Chairman, Chief Executive Officer and  
Executive Director*

Hong Kong, 8 November 2021

*As at the date of this announcement, the Board comprises Mr. Wong Sai Chuen (Chairman and Chief Executive Officer), Mr. Wong Kin Kei (Chief Operating Officer), Ms. Hui Man Yee Maggie and Dr. Sung Tak Wing Leo being the executive Directors; and Mr. Cheung Chi Man Dennis, Mr. Chan Chi Kwong Dickson and Mr. Chan Charles Cham Chuen being the independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at [www.sclhk.com](http://www.sclhk.com).*