



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 2022**

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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.*

2022 INTERIM RESULTS

The board of Directors (the “**Board**”) of 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 2022, together with the comparative figures for the corresponding period in 2021, 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 2022

	Note	Unaudited			
		Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	5	135,227	122,209	227,270	210,692
Cost of sales	6	(123,334)	(109,576)	(209,611)	(190,874)
Gross Profit		11,893	12,633	17,659	19,818
Other income	7	556	–	1,529	–
Administrative expenses	6	(6,963)	(7,263)	(13,052)	(13,697)
Impairment losses on financial assets	17	(715)	(269)	(306)	(821)
Operating profit		4,771	5,101	5,830	5,300
Finance income		65	33	115	74
Finance costs		(26)	(52)	(61)	(108)
Finance costs – net	8	39	(19)	54	(34)
Profit before income tax		4,810	5,082	5,884	5,266
Income tax expense	10	(914)	(1,536)	(1,207)	(1,992)
Profit for the period		3,896	3,546	4,677	3,274
Other comprehensive (loss)/income, net of income tax					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
– Exchange differences arising on translation of foreign operation		(226)	7	(477)	102
Total comprehensive income for the period		3,670	3,553	4,200	3,376

		Unaudited			
		Three months ended 30 September		Six months ended 30 September	
		2022	2021	2022	2021
Note		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to:					
	Owners of the Company	2,931	1,977	3,557	1,395
	Non-controlling interests	965	1,569	1,120	1,879
		<u>3,896</u>	<u>3,546</u>	<u>4,677</u>	<u>3,274</u>
Total comprehensive income for the period attributable to:					
	Owners of the Company	2,762	1,981	3,204	1,461
	Non-controlling interests	908	1,572	996	1,915
		<u>3,670</u>	<u>3,553</u>	<u>4,200</u>	<u>3,376</u>
		<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Earnings per share attributable to owners of the Company					
	Basic and diluted	<u>1.48</u>	<u>1.00</u>	<u>1.80</u>	<u>0.70</u>
		<i>11</i>			

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

		Unaudited	Audited
		30 September	31 March
		2022	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>15</i>	1,319	1,707
Right-of-use assets		1,700	3,316
Intangible assets	<i>16</i>	11,965	11,965
Financial asset at fair value through profit or loss	<i>4.2</i>	14,647	14,647
Deposits and prepayments		338	338
Deferred tax assets		1,196	1,189
		<u>31,165</u>	<u>33,162</u>
Current assets			
Trade and retention receivables	<i>17</i>	63,155	44,673
Contract assets		100,257	83,581
Deposits, other receivables and prepayments		3,225	3,158
Income tax recoverable		–	2,692
Cash and cash equivalents		113,790	119,776
		<u>280,427</u>	<u>253,880</u>
Total assets		<u>311,592</u>	<u>287,042</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	<i>19</i>	1,553	1,553
Shares held under share award scheme		(2,998)	(2,998)
Share premium		57,632	57,632
Exchange reserve		25	378
Retained earnings		83,951	80,293
		<u>140,163</u>	<u>136,858</u>
Non-controlling interests		6,287	5,291
Total equity		<u>146,450</u>	<u>142,149</u>

		Unaudited	Audited
		30 September	31 March
		2022	2022
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>421</u>	<u>909</u>
Current liabilities			
Trade payables	<i>18</i>	148,334	124,151
Accruals and other payables	<i>18</i>	1,188	2,172
Contract liabilities		12,578	15,002
Lease liabilities		1,429	2,659
Income tax payable		1,192	–
		<u>164,721</u>	<u>143,984</u>
Total liabilities		<u>165,142</u>	<u>144,893</u>
Total equity and liabilities		<u>311,592</u>	<u>287,042</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

	Unaudited Attributable to owners of the Company						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	Subtotal HK\$'000		
At 1 April 2021	1,553	57,632	(2,998)	269	86,028	142,484	6,721	149,205
Profit for the period	-	-	-	-	1,395	1,395	1,879	3,274
Other comprehensive income for the period								
Exchange differences arising on translation of foreign operation	-	-	-	66	-	66	36	102
Total comprehensive income for the period	-	-	-	66	1,395	1,461	1,915	3,376
At 30 September 2021	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>335</u>	<u>87,423</u>	<u>143,945</u>	<u>8,636</u>	<u>152,581</u>
At 1 April 2022	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>378</u>	<u>80,293</u>	<u>136,858</u>	<u>5,291</u>	<u>142,149</u>
Profit for the period	-	-	-	-	3,557	3,557	1,120	4,677
Other comprehensive income for the period								
Exchange differences arising on translation of foreign operation	-	-	-	(353)	-	(353)	(124)	(477)
Total comprehensive income for the period	-	-	-	(353)	3,557	3,204	996	4,200
Disposals of subsidiaries	-	-	-	-	101	101	-	101
At 30 September 2022	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>25</u>	<u>83,951</u>	<u>140,163</u>	<u>6,287</u>	<u>146,450</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated (used in)/from operations	(6,089)	5,645
Interest received	115	74
Income tax refund/(paid)	2,585	(694)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(3,389)	5,025
	<hr/>	<hr/>
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(173)	(31)
	<hr/>	<hr/>
Net cash outflow from investing activities	(173)	(31)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(61)	(108)
Lease liabilities paid	(1,683)	(1,521)
	<hr/>	<hr/>
Net cash outflow from financing activities	(1,744)	(1,629)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(5,306)	3,365
Effects of exchange rate changes on cash and cash equivalents	(680)	65
Cash and cash equivalents at 1 April	119,776	112,488
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	113,790	115,918
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED 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 Act 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 People's Republic of China (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 2022 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

The unaudited condensed consolidated financial information for the three months and six months ended 30 September 2022 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 2022.

The unaudited condensed consolidated financial information for the three months and six months ended 30 September 2022 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.

Application of new and amendments to HKFRSs

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 2022 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2022 included in the 2022 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 2022.

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 2022.

There have been no changes in the risk management policies since 31 March 2022.

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 2022 and 31 March 2022:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2022 (Unaudited)				
Financial asset at fair value through profit or loss ("FVPL")				
– Unlisted debt investment	–	–	14,647	14,647
	<u>–</u>	<u>–</u>	<u>14,647</u>	<u>14,647</u>
At 31 March 2022 (Audited)				
Financial asset at FVPL				
– Unlisted debt investment	–	–	14,647	14,647
	<u>–</u>	<u>–</u>	<u>14,647</u>	<u>14,647</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 2022 and 31 March 2022.

There were no changes in valuation techniques for the six months ended 30 September 2022.

5. REVENUE AND SEGMENT INFORMATION

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bare shell fit-out	92,946	49,028	147,609	96,707
Restacking	34,917	58,158	65,973	83,251
Reinstatement	400	3,329	400	6,419
Design	1,116	91	2,188	3,008
Churn works	5,470	10,177	10,403	19,866
Maintenance and others	378	1,426	697	1,441
	<u>135,227</u>	<u>122,209</u>	<u>227,270</u>	<u>210,692</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 2022 and 2021.

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 2022 and 2021. 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 30 September		Six months ended 30 September	
	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Hong Kong	133,431	116,284	224,767	199,227
The PRC	1,796	5,925	2,503	11,465
	135,227	122,209	227,270	210,692

Information about major customers

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

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Customer A	N/A (Note)	26,986	N/A (Note)	26,986
Customer B	15,705	–	N/A (Note)	–
Customer C	15,674	N/A (Note)	N/A (Note)	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 2022 and 2021 are stated after charging the following cost of sales and administrative expenses:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Subcontracting charges	114,697	101,285	193,186	175,251
Staff costs (<i>Note 9</i>)	10,006	10,230	20,163	20,530
Cleaning expenses	1,262	1,353	2,146	1,770
Insurance expenses	1,171	593	1,734	1,187
Security expenses	–	86	1	137
Operating lease payments	51	53	103	83
Auditor's remuneration	789	711	1,584	711
Depreciation on right-of-use assets	661	731	681	1,532
Depreciation on property, plant and equipment (<i>Note 15</i>)	280	330	559	687
Amortisation of intangible assets (<i>Note 16</i>)	102	–	102	–
Legal and professional fees	608	686	1,078	1,138
Other expenses	670	781	1,326	1,545
	<u>130,297</u>	<u>116,839</u>	<u>222,663</u>	<u>204,571</u>
Total cost of sales and administrative expenses				

7. OTHER INCOME

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government subsidies	556	–	1,529	–

The amount represents government grant in respect of the Employment Support Scheme and the Distance Business Programme 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 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from bank deposits	65	33	115	74
Interest expense on lease liabilities	(26)	(52)	(61)	(108)
	39	(19)	54	(34)

9. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, bonuses and allowances	9,604	9,790	19,339	19,668
Retirement benefits contributions	402	440	824	862
	10,006	10,230	20,163	20,530

10. INCOME TAX EXPENSE

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax				
– Hong Kong profits tax	1,013	1,581	1,162	1,927
– PRC enterprise income tax	–	23	1	218
Under-provision for prior year	57	–	135	–
Deferred tax	(156)	(68)	(91)	(153)
	914	1,536	1,207	1,992

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% (2021: 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 2022 and 2021.

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2022	2021	2022	2021
Profit attributable to owners of the Company (<i>HK\$'000</i>)	2,931	1,977	3,557	1,395
Weighted average number of ordinary shares in issue less shares held under share award scheme (<i>'000</i>)	197,944	197,944	197,944	197,944
Basic earnings per ordinary share (<i>HK cents</i>)	<u>1.48</u>	<u>1.00</u>	<u>1.80</u>	<u>0.70</u>

(b) Diluted

There were no outstanding share options as at 30 September 2022 and 2021 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 2022.

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 2022 and 2021.

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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, bonuses and allowances	2,010	2,010	4,020	4,020
Retirement benefits contributions	18	18	36	36
	2,028	2,028	4,056	4,056

14. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

	Unaudited	Audited
	As at 30 September 2022 <i>HK\$'000</i>	As at 31 March 2022 <i>HK\$'000</i>
Surety bonds	9,255	4,033

As at 30 September 2022, the Group provided guarantees of surety bonds in respect of 5 (31 March 2022: 3) 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 2022				
Cost	3,622	2,581	475	6,678
Accumulated depreciation	(2,440)	(2,165)	(366)	(4,971)
Net book amount	<u>1,182</u>	<u>416</u>	<u>109</u>	<u>1,707</u>
Six months ended 30 September 2022				
At 1 April 2022	1,182	416	109	1,707
Additions	57	116	–	173
Depreciation charge (<i>Note 6</i>)	(357)	(144)	(60)	(561)
At 30 September 2022	<u>882</u>	<u>388</u>	<u>49</u>	<u>1,319</u>
At 30 September 2022				
Cost	3,679	2,697	475	6,851
Accumulated depreciation	(2,797)	(2,309)	(426)	(5,532)
Net book amount	<u>882</u>	<u>388</u>	<u>49</u>	<u>1,319</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 2022				
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>
Six months ended 30 September 2022				
At 1 April 2022	9,544	–	2,421	11,965
Amortisation charge (<i>Note 6</i>)	–	–	–	–
At 30 September 2022	<u>9,544</u>	<u>–</u>	<u>2,421</u>	<u>11,965</u>
At 30 September 2022				
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>

17. TRADE AND RETENTION RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	65,916	48,136
Less: provision for impairment of trade receivables	(5,133)	(4,942)
Trade receivables – net	60,783	43,194
Retention receivables	2,372	1,479
Less: provision for impairment of retention receivables	–	–
Retention receivables – net	2,372	1,479
Trade and retention receivables – net	63,155	44,673

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 2022 and 31 March 2022, the ageing analysis of the trade receivables based on the invoice date is as follows:

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	26,923	15,278
31 to 60 days	7,103	1,890
61 to 90 days	14,390	7,729
91 to 180 days	9,843	19,383
Over 180 days	7,657	3,856
	65,916	48,136

Impairment assessment on financial assets subject to expected credit loss model

	Unaudited	
	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Impairment losses recognised in respect of:		
– Trade receivables	192	727
– Contract assets	114	94
	306	821

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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2022.

During the current interim period, the Group provided HK\$192,000 and HK\$114,000 impairment allowance to trade receivable and contract assets respectively, were classified as "financial assets measured at amortised cost".

18. TRADE AND OTHER PAYABLES

	<u>Unaudited</u>	<u>Audited</u>
	As at	As at
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	148,334	124,151
Accruals and other payables	1,188	2,172
	<u>149,522</u>	<u>126,323</u>

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

	<u>Unaudited</u>	<u>Audited</u>
	As at	As at
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	114,310	104,833
31 to 60 days	11,850	2,305
61 to 90 days	2,326	7,548
91 to 180 days	10,224	3,417
Over 180 days	9,624	6,048
	<u>148,334</u>	<u>124,151</u>

19. SHARE CAPITAL

	<u>Unaudited</u>	
	<u>Number of shares</u>	<u>Share Capital</u>
	<i>('000)</i>	<i>HK\$'000</i>
Ordinary shares, issued and fully paid:		
At 1 April 2021, 30 September 2021, 1 April 2022 and 30 September 2022	<u>200,000</u>	<u>1,553</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 industries for their services and labour, providing expertise such as controlling the quality aspects of the projects and carrying out the 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 which already have a basic flooring and plastered walls; (ii) restacking which involves upgrading and re-planning and providing modification works to the existing interior structures of a premise; (iii) reinstatement which involves demolishing any additional moveable structure that the existing tenant installed; (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 2022 (the "Current Period"), the Group recorded a revenue of approximately HK\$227.3 million, compared with approximately HK\$210.7 million for the six months ended 30 September 2021 (the "Previous Period"), representing an increase of approximately 7.9%. The increase in revenue was mainly attributed to the increase in revenue from the bare shell fit-out business which was the main source of our Group's income. The Group's gross profit was approximately HK\$17.7 million for the Current Period compared with approximately HK\$19.8 million for the Previous Period, representing a decrease of approximately 10.9%.

The Group recorded a profit attributable to owners of the Company in the amount of approximately HK\$3.6 million for the Current Period compared with approximately HK\$1.4 million for the Previous Period, representing an increase of 155.0%.

OUTLOOK

Entering the third quarter of 2022, it is expected by the Group that the new talents admission schemes announced in the Chief Executive's 2022 Policy Address will attract more talents and enterprises to Hong Kong, driving the leasing demand for Grade A offices. According to the recent industry research report of JLL, the overall vacancy rate of Grade A offices in Hong Kong remains stable despite the continued increase in supply, and with a round of adjustment of rental rates, some large financial companies have redeployed and leased larger office units to expand their operations, reflecting a recovery in the market outlook.

In the face of a gradually improving market environment, the Group will maintain its existing marketing strategy and will go for larger contracts at more competitive prices to capture a higher market share. The Group will maintain good relationships with subcontractors and landlords with a steady volume of business. Such increase in bargaining power should allow the Group to fully grasp market opportunities when the industry eventually rebounds and strive for better performance.

In the medium to long term, with the gradual implementation of development plans in areas such as the northern metropolitan area and the East Kowloon CBDs, the leasing market size for local Grade A offices is expected to further increase, which will inevitably drive the demands for fit-out services. With years of experience in the fit-out industry of Grade A offices, our excellent team is expected to become the preferred choice of customers, setting the ground for fruitful returns to shareholders in the long run.

FINANCE REVIEW

Revenue

The Group's revenue is generated from the provision of services which include (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design; (v) churn works; and (vi) maintenance and others. For the Current Period, the revenue of the Group was approximately HK\$227.3 million, representing an increase of approximately 7.9% compared with approximately HK\$210.7 million recorded in the Previous Period. The increase in revenue was mainly attributable to the increase in revenue from the bare shell fit-out business which was the main source of our Group's income.

The following table sets forth a breakdown of the Group's revenue by project types for the six months ended 30 September 2022 and 2021:

	Unaudited			
	Six months ended 30 September			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Project type				
Bare shell fit-out	147,609	64.9	96,707	45.9
Restacking	65,973	29.0	83,251	39.5
Reinstatement	400	0.2	6,419	3.0
Design	2,187	1.0	3,008	1.4
Churn works	10,404	4.6	19,866	9.5
Maintenance and others	697	0.3	1,441	0.7
Total	<u>227,270</u>	<u>100.0</u>	<u>210,692</u>	<u>100.0</u>

As shown in above table, our bare shell fit-out contributed to 64.9% and 45.9% of the Group's total revenue for the six months ended 30 September 2022 and 2021 respectively. Revenue from bare shell fit-out was approximately HK\$147.6 million for the Current Period compared with approximately HK\$96.7 million for the Previous Period, representing an increase of approximately 52.6%.

From 1 April 2022 and up to the date of this announcement, we were newly awarded a total of 20 bare shell fit-out projects with a total project sum of HK\$168.7 million.

Cost of sales and Direct margin

The Group's cost of sales mainly comprises subcontracting charges and staff costs. Cost of sales was approximately HK\$209.6 million for the Current Period compared with approximately HK\$190.9 million for the Previous Period, representing an increase of approximately 9.8%.

The Group defines direct margin 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 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 2022 and 2021:

	Unaudited			
	Six months ended 30 September			
Project type	2022		2021	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Bare shell fit-out	18,484	12.5	13,398	13.9
Restacking	8,222	12.5	13,516	16.2
Reinstatement	86	21.5	845	13.2
Design	2,077	95.0	2,868	95.3
Churn works	1,511	14.5	1,710	8.6
Maintenance and others	198	28.5	184	12.8
Total	30,578	13.5	32,521	15.4

The Group's overall direct margin was approximately HK\$30.6 million for the Current Period compared with approximately HK\$32.5 million for the Previous Period, representing a decrease of approximately 6.0%. The direct margin ratio for the Current Period was approximately 13.5%, representing a decrease of 1.9 percentage points compared with approximately 15.4% for the Previous Period. Such decrease was mainly due to the increase in subcontracting charges.

Other income

Other income was approximately HK\$1.5 million for the Current Period (Previous Period: nil) which represented government grants in respect of the Employment Support Scheme and the Distance Business Programme provided by the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions or other contingencies attached to the grants. The Group did not benefit directly from any other forms of government assistance.

Administrative expenses

Administrative expenses were approximately HK\$13.1 million for the Current Period, representing a decrease of approximately 4.7% compared with approximately HK\$13.7 million for the Previous Period. Such decrease was primarily attributable to a decrease of approximately HK\$0.6 million in administrative staff costs.

Finance costs

Finance costs comprised mainly the interest on the lease liabilities. Finance costs were approximately HK\$61,000 for the Current Period compared with approximately HK\$108,000 for the Previous Period, representing a decrease of approximately 43.3%.

Income tax expense

Income tax expense for the Current Period was approximately HK\$1.2 million, representing a decrease of approximately 39.4% as compared with approximately HK\$2.0 million for the Previous Period.

Profit for the period

The Group recorded a profit of approximately HK\$4.7 million for the Current Period compared with approximately HK\$3.3 million for the Previous Period, representing an increase of approximately 42.9%.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$3.6 million for the Current Period compared with approximately HK\$1.4 million for the Previous Period, representing an increase of approximately 155.0%.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Current Period, the Group financed its operation by its internal resources. As at 30 September 2022, the Group had net current assets of approximately HK\$115.7 million (31 March 2022: HK\$109.9 million), including cash and cash equivalents balances of approximately HK\$113.8 million (31 March 2022: HK\$119.8 million) mainly denominated in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”).

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 times as at 30 September 2022 (31 March 2022: 1.8 times). The gearing ratio of the Group as at 30 September 2022 was nil (31 March 2022: nil). The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There was no change in capital structure of the Company as at 30 September 2022. The equity attributable to owners of the Company amounted to approximately HK\$140.2 million as at 30 September 2022 (31 March 2022: HK\$136.9 million).

The Group did not make any foreign exchange related hedges for the Current Period and the Previous Period.

PLEDGE OF ASSETS

As at 30 September 2022 and 31 March 2022, the Group had not pledged any assets to secure bank facilities or finance lease obligation.

CAPITAL COMMITMENTS

As at 30 September 2022 and 31 March 2022, the Group did not have any material 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 2022, the Group provided guarantees of surety bonds of HK\$9.3 million (31 March 2022: HK\$4.0 million) in respect of 5 (31 March 2022: 3) 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 2022, the Group had a total of 79 (31 March 2022: 83) 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 2022, 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 Shares 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 (<i>Note 1</i>)	56.25%
Ms. Hui Man Yee, Maggie	Interest of spouse	112,500,000 (<i>Note 2</i>)	56.25%

Notes:

1. 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.
2. Ms. Hui Man Yee, Maggie, is the spouse of Mr. Wong Sai Chuen and she was also deemed to be interested in the 112,500,000 Shares, pursuant to Part XV of the SFO.

(B) Long Position in the Shares of associated corporations

Name of Directors/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of issued shares held/ interested in	Percentage of shareholding
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%

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.

Save as disclosed above, as at 30 September 2022, 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 2022, 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 of the Company

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, is the spouse of Mr. Wong Sai Chuen and she was also deemed to be interested in the 112,500,000 Shares, 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, is the spouse of Mr. Wong Kin Kei and she was also deemed to be interested in the 37,500,000 Shares, pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 September 2022, 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 2022 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

Save for the purchase of Shares by the trustee through on-market transactions at prevailing market price as stipulated under the Share Award Scheme (as defined hereinafter), 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 has lapsed, or have been granted, exercised or cancelled 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. No shares have been granted under the Share Award Scheme since its adoption and up to 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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standards set out in the Required Standard of Dealings throughout the six months ended 30 September 2022.

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 2022 with all the code provisions in the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 15 of the GEM Listing Rules, except the following deviation:

Under code provision C.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, being the Chairman and Chief Executive Officer, has been primarily responsible for scrutinizing the performance of management in achieving agreed corporate goals and objectives, monitoring the Group’s performance reporting, management and business development, ensuring corporate governance practices and procedures of the Group 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 2022.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022.

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 2022 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 contained in Appendix 15 of the GEM Listing Rules. Currently, the Audit Committee comprises three independent non-executive Directors, Mr. Cheung Chi Man, Dennis, Mr. Chan Charles Cham Chuen and Mr. Law Chun Yat, and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by Rules 5.05 and 5.28 of the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated financial information for the six months ended 30 September 2022, which is of the opinion that such information has been prepared in accordance with all applicable accounting standards, the requirements under the Hong Kong Companies Ordinance and the GEM Listing Rules.

PUBLICATION OF 2022 INTERIM REPORT

The 2022 interim report of the Company containing all the information required by the GEM Listing Rules will be dispatched to Shareholders and will also be published on the websites of HKEXnews (www.hkexnews.hk) as well as the website of the Company (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 2022

As at the date of this announcement, the Board comprises Mr. Wong Sai Chuen (Chairman and Chief Executive Officer), Ms. Hui Man Yee Maggie and Dr. Sung Tak Wing Leo being the executive Directors; and Mr. Cheung Chi Man Dennis, Mr. Chan Charles Cham Chuen and Mr. Law Chun Yat 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 Stock Exchange website at www.hkexnews.hk 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.