



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 2023**

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2023 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 2023, together with the comparative figures for the corresponding period in 2022, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Unaudited			
		Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	5	168,936	135,227	276,587	227,270
Cost of sales	6	(157,062)	(123,334)	(257,012)	(209,611)
Gross Profit		11,874	11,893	19,575	17,659
Other income	7	–	556	–	1,529
Administrative expenses	6	(5,343)	(6,963)	(10,857)	(13,052)
Net reversal of/(provision for) impairment losses on financial assets	17	99	(715)	434	(306)
Operating profit		6,630	4,771	9,152	5,830
Finance income		849	65	1,392	115
Finance costs		(15)	(26)	(35)	(61)
Finance income – net	8	834	39	1,357	54
Profit before income tax		7,464	4,810	10,509	5,884
Income tax expense	10	(1,182)	(914)	(1,611)	(1,207)
Profit for the period		6,282	3,896	8,898	4,677
Other comprehensive income/(loss), net of income tax					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
– Exchange differences arising on translation of foreign operation		(27)	(226)	(316)	(477)
Total comprehensive income for the period		6,255	3,670	8,582	4,200

		Unaudited			
		Three months ended 30 September		Six months ended 30 September	
		2023	2022	2023	2022
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	4,994	2,931	7,006	3,557
	Non-controlling interests	1,288	965	1,892	1,120
		<u>6,282</u>	<u>3,896</u>	<u>8,898</u>	<u>4,677</u>
Total comprehensive income for the period attributable to:					
	Owners of the Company	4,975	2,762	6,778	3,204
	Non-controlling interests	1,280	908	1,804	996
		<u>6,255</u>	<u>3,670</u>	<u>8,582</u>	<u>4,200</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	11 <u>2.52</u>	<u>1.48</u>	<u>3.54</u>	<u>1.80</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	556	790
Right-of-use assets		1,141	1,941
Intangible assets	16	9,544	9,544
Financial asset at fair value through profit or loss	4.2	14,687	14,687
Deposits and prepayments		395	404
Deferred tax assets		1,140	1,233
		<u>27,463</u>	<u>28,599</u>
Current assets			
Trade and retention receivables	17	105,159	88,250
Contract assets		98,726	105,476
Deposits, other receivables and prepayments		3,118	2,454
Cash and cash equivalents		129,741	109,702
		<u>336,744</u>	<u>305,882</u>
Total assets		<u>364,207</u>	<u>334,481</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	19	1,553	1,553
Shares held under share award scheme		(2,998)	(2,998)
Share premium		57,632	57,632
Exchange reserve		(113)	115
Retained earnings		88,339	81,333
		<u>144,413</u>	<u>137,635</u>
Non-controlling interests		6,890	7,070
Total equity		<u>151,303</u>	<u>144,705</u>

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>213</u>	<u>620</u>
Current liabilities			
Trade payables	<i>18</i>	207,334	181,830
Accruals and other payables	<i>18</i>	1,311	3,361
Contract liabilities		428	1,716
Lease liabilities		971	1,404
Income tax payable		<u>2,647</u>	<u>845</u>
		<u>212,691</u>	<u>189,156</u>
Total liabilities		<u>212,904</u>	<u>189,776</u>
Total equity and liabilities		<u>364,207</u>	<u>334,481</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	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 2022	1,553	57,632	(2,998)	378	80,293	136,858	5,291	142,149
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>
At 1 April 2023	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>115</u>	<u>81,333</u>	<u>137,635</u>	<u>7,070</u>	<u>144,705</u>
Profit for the period	-	-	-	-	7,006	7,006	1,892	8,898
Other comprehensive income for the period								
Exchange differences arising on translation of foreign operation	-	-	-	(228)	-	(228)	(88)	(316)
Total comprehensive income for the period	-	-	-	(228)	7,006	6,778	1,804	8,582
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,984)	(1,984)
At 30 September 2023	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>(113)</u>	<u>88,339</u>	<u>144,413</u>	<u>6,890</u>	<u>151,303</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from/(used in) operations	21,755	(6,089)
Interest received	1,392	115
Income tax refund	244	2,585
	<u>23,391</u>	<u>(3,389)</u>
Net cash inflow/(outflow) from operating activities		
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(65)	(173)
	<u>(65)</u>	<u>(173)</u>
Net cash outflow from investing activities		
Cash flows from financing activities		
Dividend paid to non-controlling interests	(1,984)	–
Interest paid	–	(61)
Lease payments	(825)	(1,683)
	<u>(2,809)</u>	<u>(1,744)</u>
Net cash outflow from financing activities		
Net increase/(decrease) in cash and cash equivalents	20,517	(5,306)
Effects of exchange rate changes on cash and cash equivalents	(478)	(680)
Cash and cash equivalents at 1 April	109,702	119,776
	<u>109,702</u>	<u>119,776</u>
Cash and cash equivalents at 30 September	(129,741)	113,790
	<u><u>(129,741)</u></u>	<u><u>113,790</u></u>

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. The 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"), for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan. 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 2023 have been reviewed by the audit committee of the Board ("**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 2023 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 2023.

The unaudited condensed consolidated financial information for the three months and six months ended 30 September 2023 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 these 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 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 2023 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2023 included in the 2023 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 2023.

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 2023.

There have been no changes in the risk management policies since 31 March 2023.

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 2023 and 31 March 2023:

	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 2023 (Unaudited)				
Financial asset at fair value through profit or loss ("FVPL")				
– Unlisted debt investment	–	–	14,687	14,687
	<u>–</u>	<u>–</u>	<u>14,687</u>	<u>14,687</u>
At 31 March 2023 (Audited)				
Financial asset at FVPL				
– Unlisted debt investment	–	–	14,687	14,687
	<u>–</u>	<u>–</u>	<u>14,687</u>	<u>14,687</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 2023 and 31 March 2023.

There were no changes in valuation techniques for the six months ended 30 September 2023.

5. REVENUE AND SEGMENT INFORMATION

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bare shell fit-out	150,221	92,946	240,052	147,609
Restacking	12,335	34,917	20,935	65,973
Reinstatement	–	400	–	400
Design	18	1,116	2,877	2,188
Churn works	6,263	5,470	12,470	10,403
Maintenance and others	99	378	253	697
	<u>168,936</u>	<u>135,227</u>	<u>276,587</u>	<u>227,270</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 2023 and 2022.

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 the provision of interior fit-out solutions in Hong Kong and the PRC for the three months and six months ended 30 September 2023 and 2022. 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	
	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Hong Kong	164,472	133,431	266,220	224,767
The PRC	4,464	1,796	10,367	2,503
	168,936	135,227	276,587	227,270

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	
	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Customer A	56,180	–	97,014	–
Customer B	N/A (Note)	–	28,871	–
Customer C	18,000	–	N/A (Note)	–
Customer D	N/A (Note)	15,705	N/A (Note)	N/A (Note)
Customer E	N/A (Note)	15,674	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 2023 and 2022 are stated after charging the following cost of sales and administrative expenses:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Subcontracting charges	146,967	114,697	237,647	193,186
Staff costs (<i>Note 9</i>)	9,781	10,006	19,781	20,163
Cleaning expenses	2,024	1,262	3,087	2,146
Insurance expenses	610	1,171	1,407	1,734
Short-term lease payments	524	51	1,049	103
Auditor's remuneration	358	681	716	681
Depreciation on right-of-use assets	373	790	749	1,584
Depreciation on property, plant and equipment (<i>Note 15</i>)	150	280	299	559
Legal and professional fees	730	608	1,365	1,078
Other expenses	888	751	1,769	1,429
	<u>162,405</u>	<u>130,297</u>	<u>267,869</u>	<u>222,663</u>
Total cost of sales and administrative expenses				

7. OTHER INCOME

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <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 INCOME – NET

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from bank deposits	849	65	1,392	115
Interest expense on lease liabilities	(15)	(26)	(35)	(61)
	<u>834</u>	<u>39</u>	<u>1,357</u>	<u>54</u>

9. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, bonuses and allowances	9,380	9,604	18,985	19,339
Retirement benefits contributions	401	402	796	824
	<u>9,781</u>	<u>10,006</u>	<u>19,781</u>	<u>20,163</u>

10. INCOME TAX EXPENSE

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax				
– Hong Kong profits tax	1,180	1,013	1,549	1,162
– PRC enterprise income tax	10	–	8	1
Under-provision for prior year	–	57	–	135
Deferred tax	(8)	(156)	54	(91)
	<u>1,182</u>	<u>914</u>	<u>1,611</u>	<u>1,207</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 gazetted 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% (2022: 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 2023 and 2022.

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022
Profit attributable to owners of the Company (<i>HK\$'000</i>)	4,994	2,931	7,006	3,557
Weighted average number of ordinary shares in issue less shares held under share award scheme (<i>'000</i>)	<u>197,944</u>	<u>197,944</u>	<u>197,944</u>	<u>197,944</u>
Basic earnings per ordinary share (<i>HK cents</i>)	<u>2.52</u>	<u>1.48</u>	<u>3.54</u>	<u>1.80</u>

(b) Diluted

There were no outstanding share options as at 30 September 2023 and 2022 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 2023.

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 2023 and 2022.

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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries, bonuses and allowances	1,507	2,010	3,067	4,020
Retirement benefits contributions	13	18	27	36
	<u>1,520</u>	<u>2,028</u>	<u>3,094</u>	<u>4,056</u>

14. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

	Unaudited	Audited
	As at 30 September 2023 <i>HK\$'000</i>	As at 31 March 2023 <i>HK\$'000</i>
Surety bonds	<u>21,378</u>	<u>14,783</u>

As at 30 September 2023, the Group provided guarantees of surety bonds in respect of 6 (31 March 2023: 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 2023				
Cost	3,667	2,697	475	6,839
Accumulated depreciation	(3,117)	(2,457)	(475)	(6,049)
Net book amount	<u>550</u>	<u>240</u>	<u>–</u>	<u>790</u>
Six months ended 30 September 2023				
At 1 April 2023	550	240	–	790
Additions	65	–	–	65
Depreciation charge (<i>Note 6</i>)	(151)	(148)	–	(299)
At 30 September 2023	<u>464</u>	<u>92</u>	<u>–</u>	<u>556</u>
At 30 September 2023				
Cost	3,732	2,697	475	6,904
Accumulated depreciation	(3,268)	(2,605)	(475)	(6,348)
Net book amount	<u>464</u>	<u>92</u>	<u>–</u>	<u>556</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 2023				
Cost	9,544	2,870	2,421	14,835
Impairment losses	–	–	(2,421)	(2,421)
Accumulated amortisation	–	(2,870)	–	(2,870)
Net book amount	<u>9,544</u>	<u>–</u>	<u>–</u>	<u>9,544</u>
Six months ended 30 September 2023				
At 1 April 2023	9,544	–	–	9,544
Amortisation charge	–	–	–	–
At 30 September 2023	<u>9,544</u>	<u>–</u>	<u>–</u>	<u>9,544</u>
At 30 September 2023				
Cost	9,544	2,870	2,421	14,835
Impairment losses	–	–	(2,421)	(2,421)
Accumulated amortisation	–	(2,870)	–	(2,870)
Net book amount	<u>9,544</u>	<u>–</u>	<u>–</u>	<u>9,544</u>

17. TRADE AND RETENTION RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Trade receivables	104,221	86,765
Less: provision for impairment of trade receivables	(1,437)	(1,846)
	<hr/>	<hr/>
Trade receivables – net	102,784	84,919
	<hr/>	<hr/>
Retention receivables	2,375	3,331
Less: provision for impairment of retention receivables	–	–
	<hr/>	<hr/>
Retention receivables – net	2,375	3,331
	<hr/>	<hr/>
Trade and retention receivables – net	105,159	88,250
	<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 2023 and 31 March 2023, 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
	2023	2023
	HK\$'000	HK\$'000
Within 30 days	36,294	52,948
31 to 60 days	50,071	13,051
61 to 90 days	1,575	7,542
91 to 180 days	10,533	3,814
Over 180 days	5,748	9,410
	<hr/>	<hr/>
	104,221	86,765
	<hr/> <hr/>	<hr/> <hr/>

Impairment assessment on financial assets subject to expected credit loss model

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Impairment losses (reversed)/recognised		
in respect of:		
– Trade receivables	(409)	192
– Contract assets	(25)	114
	<hr/>	<hr/>
	(434)	306
	<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 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023.

During the current interim period, the Group reversed HK\$409,000 and HK\$25,000 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
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	207,334	181,830
Accruals and other payables	1,311	3,361
	<u>208,645</u>	<u>185,191</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
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	160,359	154,206
31 to 60 days	20,122	7,219
61 to 90 days	3,687	3,434
91 to 180 days	13,075	6,812
Over 180 days	10,091	10,159
	<u>207,334</u>	<u>181,830</u>

19. SHARE CAPITAL

	<u>Unaudited</u>	
	Number of shares	Share Capital
	('000)	<i>HK\$'000</i>
Ordinary shares, issued and fully paid:		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	200,000	1,553
	<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 that already has 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 2023 (the "Current Period"), the Group recorded a revenue of approximately HK\$276.6 million, as compared with approximately HK\$227.3 million for the six months ended 30 September 2022 (the "Previous Period"), representing an increase of approximately 21.7%. 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 the Group's income. The Group's gross profit was approximately HK\$19.6 million for the Current Period, as compared with approximately HK\$17.7 million for the Previous Period, representing an increase of approximately 10.8%.

The Group recorded a profit attributable to owners of the Company in the amount of approximately HK\$7.0 million for the Current Period as compared with approximately HK\$3.6 million for the Previous Period, representing an increase of approximately 97.0%.

OUTLOOK

As we enter the third quarter of the financial year, the Group expects more professionals to come to Hong Kong for development as a result of the Hong Kong Government's "attract talents" measures introduced in the latest Policy Address, including the liberalization of visas for employment in Hong Kong and the relaxation of the threshold for "multiple-entry visas" for business purposes, and the need for companies to expand their office space as a result of this intake, which in turn will drive the demand for Grade A office leasing. According to a recent report published by Savills, rents for commercial properties in Hong Kong are expected to fall by 3% to 5% in the second half of the year. Following further adjustments to rental levels, it is expected that financial and insurance companies will be actively relocating and expanding their offices, which will lead to an increase in the number of leasing transactions in the second half of the year and boost demand for fit-out services.

In the medium to long term, with the development plans of Kwun Tong and Kowloon Bay, as well as the further implementation of the blueprints for Lantau Tomorrow and the Northern Metropolis, the supply of Grade A offices in Hong Kong will increase significantly, which will be conducive to the expansion of the related fit-out market. Leveraging on good reputation, excellent project management team and diversified business network, the Group is confident that it will continue to grow the market share and maximize the return on investment for the shareholders.

FINANCIAL 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\$276.6 million, representing an increase of approximately 21.7% as compared with approximately HK\$227.3 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 2023 and 2022:

	Unaudited			
	Six months ended 30 September			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Project type				
Bare shell fit-out	240,052	86.8	147,609	64.9
Restacking	20,935	7.6	65,973	29.0
Reinstatement	–	0.0	400	0.2
Design	2,877	1.0	2,187	1.0
Churn works	12,470	4.5	10,404	4.6
Maintenance and others	253	0.1	697	0.3
Total	276,587	100.0	227,270	100.0

As shown in above table, our bare shell fit-out contributed to approximately 86.8% and 64.9% of the Group's total revenue for the six months ended 30 September 2023 and 2022 respectively. Revenue from bare shell fit-out was approximately HK\$240.1 million for the Current Period as compared with approximately HK\$147.6 million for the Previous Period, representing an increase of approximately 62.6%.

From 1 April 2023 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 approximately HK\$203.2 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\$257.0 million for the Current Period as compared with approximately HK\$209.6 million for the Previous Period, representing an increase of approximately 22.6%, which is in line with the increase in revenue.

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 2023 and 2022:

	Unaudited			
	Six months ended 30 September			
	2023		2022	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Project type				
Bare shell fit-out	31,739	13.2	18,484	12.5
Restacking	1,928	9.2	8,222	12.5
Reinstatement	–	–	86	21.5
Design	909	31.6	2,077	95.0
Churn works	125	1.0	1,511	14.5
Maintenance and others	76	30.0	198	28.5
Total	34,777	12.6	30,578	13.5

The Group's overall direct margin was approximately HK\$34.8 million for the Current Period as compared with approximately HK\$30.6 million for the Previous Period, representing an increase of approximately 13.7%. The direct margin ratio for the Current Period was approximately 12.6%, representing a decrease of approximately 0.9 percentage points as compared with approximately 13.5% for the Previous Period. Such decrease was mainly due to the increase in subcontracting charges.

Other income

The Group's other income was nil for Current Period (Previous Period: HK\$1.5 million) as the Group received the government subsidies from the HKSAR government under the Employment Support Scheme and the Distance Business Programme during the Previous Period, but no such subsidies were available during the Current Period.

Administrative expenses

Administrative expenses were approximately HK\$10.9 million for the Current Period, representing a decrease of approximately 16.8% as compared with approximately HK\$13.1 million for the Previous Period. Such decrease was primarily attributable to a decrease in administrative staff costs.

Finance costs

Finance costs comprised mainly the interest on the lease liabilities. Finance costs were approximately HK\$35,000 for the Current Period as compared with approximately HK\$61,000 for the Previous Period, representing a decrease of approximately 42.6%.

Income tax expense

Income tax expense for the Current Period was approximately HK\$1.6 million, representing an increase of approximately 33.3% as compared with approximately HK\$1.2 million for the Previous Period.

Profit for the period

The Group recorded a profit of approximately HK\$8.9 million for the Current Period as compared with approximately HK\$4.7 million for the Previous Period, representing an increase of approximately 89.4%.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$7.0 million for the Current Period as compared with approximately HK\$3.6 million for the Previous Period, representing an increase of approximately 97.0%.

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 2023, the Group had net current assets of approximately HK\$124.1 million (31 March 2023: HK\$116.7 million), including cash and cash equivalents balances of approximately HK\$129.7 million (31 March 2023: HK\$109.7 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 1.6 times as at 30 September 2023 (31 March 2023: 1.6 times). The gearing ratio of the Group as at 30 September 2023 was 0.8% (31 March 2023: 1.4%). The gearing ratio is calculated as total debt (including lease liabilities) divided by total equity as at the respective period end.

There was no change in capital structure of the Company as at 30 September 2023 since the date of publication of the annual report of the Company for the year ended 31 March 2023 (“**Annual Report 2023**”). The equity attributable to owners of the Company amounted to approximately HK\$144.4 million as at 30 September 2023 (31 March 2023: HK\$137.6 million).

The Group was not exposed to material fluctuations in exchange rates and did not make any foreign exchange related hedges for the Current Period and the Previous Period.

There has been no material change to the capital management policy of the Company since the date of publication of Annual Report 2023.

PLEDGE OF ASSETS

As at 30 September 2023 and 31 March 2023, the Group had not pledged any assets to secure bank facilities or finance lease obligation.

CAPITAL COMMITMENTS

As at 30 September 2023 and 31 March 2023, the Group did not have any material capital commitment.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND AFFILIATED COMPANIES

During the Current Period, the Group did not have any significant investment or any material acquisition or disposal of subsidiaries, associates, joint ventures or affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2023, the Group did not have any future plans for material investments or capital assets.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group provided guarantees of surety bonds of approximately HK\$21.4 million (31 March 2023: HK\$14.8 million) in respect of 6 (31 March 2023: 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 2023, the Group had a total of 72 (31 March 2023: 75) 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. The total staff cost for the six months ended 30 September 2023 amounted to approximately HK\$19.8 million (30 September 2022: HK\$20.2 million).

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 2023, 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 Director/ chief executive	Capacity/ Nature of interest	Number of issued ordinary Shares held/ interested in (Note 3)	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%

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 which Mr. Wong Sai Chuen is deemed to be interested in, pursuant to Part XV of the SFO.
- All the above Shares are held in long position.

(B) Long Position in the Shares of associated corporations

Name of Director/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of issued shares held/ interested in (Note 3)	Percentage of shareholding
Mr. Wong Sai Chuen	Madison Square International Investment Limited (Note 2)	Beneficial owner	37,500	100%
Ms. Hui Man Yee, Maggie (Note 1)	Madison Square International Investment Limited (Note 2)	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.
3. All the above shares are held in long position.

Save as disclosed above, as at 30 September 2023, 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 2023, 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 ordinary Shares held/ interested in (Note 3)	Percentage of shareholding
Madison Square International Investment Limited	Beneficial owner	112,500,000	56.25%
J&J Partner Investment Group Limited (Note 1)	Beneficial owner	37,500,000	18.75%
Mr. Wong Kin Kei (Note 1)	Interest in a controlled corporation	37,500,000	18.75%
Ms. Ho Sin Ying (Note 2)	Interest of spouse	37,500,000	18.75%

Notes:

1. 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.
2. 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 which Mr. Wong Kin Kei is deemed to be interested in, pursuant to Part XV of the SFO.
3. All the above Shares are held in long position.

Save as disclosed above, as at 30 September 2023, the Company had not been notified by any person (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 2023 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 10% of the total issued share capital of the Company as at the beginning and the end of the Current Period and 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 to the Prospectus of the Company dated 18 December 2017.

No share options have 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 beginning and the end of the Current Period and 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.

On 22 September 2023, a total of 2,056,000 shares (the “**Award Shares**”) were granted to 38 eligible persons (“**Grantees**”). No Shares will be issued in respect of the award since the Award Shares were existing shares held by the trustee of the Share Award Scheme (the “**Trustee**”) through acquisition from the open market by utilising the Company’s internal resources provided to the Trustee. The Award Shares were granted at nil consideration and there were no performance target, attached to them. The closing price of the Shares immediately before the date of grant is HK\$0.43. The Award Shares represent a fair value of approximately HK\$884,000, taking into account the closing price of HK\$0.43 per Share on the date of grant. The 2,056,000 Award Shares represented approximately 1.03% of the issued share capital of the Company as at the date of Grant. Save for one Grantee who was a director and substantial shareholder of a subsidiary of the Company and was therefore a connected person of the Company at the subsidiary level, all Grantees were employees of the Group. For details, please refer to the announcements of the Company dated 22 September 2023 and 3 November 2023 respectively.

No Shares were awarded but unvested as at the beginning and the end of the Current Period.

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 to all Directors, all Directors have confirmed that they have fully complied with the required standards set out in the Required Standard of Dealings and the code of conduct throughout the six months ended 30 September 2023.

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 2023 with all the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to 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 the soundness and effectiveness of 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 and other matters of the Group, the Board (including the independent non-executive Directors) is of the view that advice from various perspectives could be sought and the above arrangement will not impair the balance of power and authority of the Board and the executive management. The Board further considers that the above arrangement is beneficial to and in the interest of the Company and the Shareholders as a whole since it promotes the efficiency and effectiveness of corporate planning and implementation of corporate strategies and decisions. The Board will continue to review the effectiveness of the structure and composition of the Board from time to time in light of prevailing circumstances.

UPDATE ON DIRECTORS' 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 2023.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023.

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 2023 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 to the GEM Listing Rules. Currently, the Audit Committee comprises two independent non-executive Directors, Mr. Cheung Chi Man, Dennis 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 2023 and is of the opinion that such information has been prepared in accordance with all applicable accounting standards and the requirements under the Hong Kong Companies Ordinance and the GEM Listing Rules.

Following the retirement of Mr. Chan Charles Cham Chuen as an independent non-executive Director on 18 August 2023 and as at the date of this announcement, the Audit Committee comprised Mr. Cheung Chi Man, Dennis and Mr. Law Chun Yat as the chairman and member, respectively, and accordingly, the Company would not be able to comply with (i) Rule 5.05(1) of the GEM Listing Rules, which stipulates that every board of directors of a listed issuer must include at least three independent non-executive directors; and (ii) Rule 5.28 of the GEM Listing Rules, which stipulates that the audit committee of a listed issuer must comprise a minimum of three members of non-executive directors only. As at the date of this announcement, the Company has identified a suitable candidate to fill up the vacancy and will make further announcement as and when appropriate in accordance with the GEM Listing Rules.

PUBLICATION OF 2023 INTERIM REPORT

The 2023 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, 9 November 2023

As at the date of this announcement, the Board comprises Mr. Wong Sai Chuen (Chairman and Chief Executive Officer) and Ms. Hui Man Yee, Maggie being the executive Directors; and Mr. Cheung Chi Man, Dennis 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 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.