SANBASE CORPORATION LIMITED
莊 皇 集 團 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8501)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020 AND CHANGE IN USE OF PROCEEDS

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

*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.*

The board (the "**Board**") of directors (the "**Directors**") of Sanbase Corporation Limited (the "**Company**") is pleased to present the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2020, together with the comparative figures for the year ended 31 March 2019, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*4*	**638,030**	650,455
Cost of sales	*5*	**(572,962)**	(579,608)
Gross profit		**65,068**	70,847
Administrative expenses	*5*	**(32,721)**	(29,811)
Fair value changes of financial asset at fair value through profit or loss		**(737)**	–
Impairment losses on financial assets		**(3,591)**	(3,326)
Operating profit		**28,019**	37,710
Finance income		**410**	60
Finance costs		**(367)**	(376)
Finance income/(costs) – net	*6*	**43**	(316)
Profit before income tax		**28,062**	37,394
Income tax expense	*8*	**(6,321)**	(7,076)
Profit for the year		**21,741**	30,318
Other comprehensive loss, net of income tax			
Item that may be subsequently reclassified to profit or loss:			
—Exchange differences arising on translation of foreign operation		**(140)**	(52)
Total comprehensive income for the year		**21,601**	30,266

	Note	2020 HK$'000	2019 HK$'000
Profit for the year attributable to:			
Owners of the Company		**16,224**	28,116
Non-controlling interests		**5,517**	2,202
		21,741	30,318
Total comprehensive income for the year attributable to:			
Owners of the Company		**16,133**	28,070
Non-controlling interests		**5,468**	2,196
		21,601	30,266
		HK Cents	*HK Cents*
Earnings per share attributable to owners of the Company			
Basic and diluted	*9*	**8.20**	14.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	**2020** **HK$'000**	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,194**	2,783
Right-of-use assets		**4,861**	–
Intangible assets		**9,719**	9,927
Financial asset at fair value through profit or loss		**7,094**	7,831
Deposits and prepayments		**2,595**	1,400
Deferred tax assets		**294**	515
		26,757	22,456
Current assets			
Trade and retention receivables	*11*	**75,556**	122,136
Contract assets		**136,959**	119,842
Deposits, other receivables and prepayments		**11,265**	11,645
Cash and cash equivalents		**120,321**	106,009
		344,101	359,632
Total assets		**370,858**	382,088
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**1,553**	1,553
Shares held under share award scheme		**(2,998)**	(2,998)
Share premium		**57,632**	63,832
Exchange reserve		**(144)**	(53)
Retained earnings		**85,748**	69,524
		141,791	131,858
Non-controlling interests		**10,414**	4,946
Total equity		**152,205**	136,804

	Note	2020 HK$'000	2019 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**29**	66
Lease liabilities		**2,745**	–
		2,774	66
Current liabilities			
Trade payables	*12*	**201,835**	203,641
Accruals and other payables	*12*	**3,046**	6,638
Contract liabilities		**5,656**	18,729
Bank borrowing		**–**	12,800
Lease liabilities		**2,249**	–
Current income tax liabilities		**3,093**	3,410
		215,879	245,218
Total liabilities		**218,653**	245,284
Total equity and liabilities		**370,858**	382,088

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Attributable to owners of the Company							
	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*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2018	1,553	68,632	–	–	41,408	111,593	–	111,593
Profit for the year	–	–	–	–	28,116	28,116	2,202	30,318
Other comprehensive loss for the year:								
Exchange differences arising on translation of foreign operation	–	–	–	(46)	–	(46)	(6)	(52)
Total comprehensive (loss)/income for the year	–	–	–	(46)	28,116	28,070	2,196	30,266
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	2,138	2,138
Capital injection by non-controlling interests	–	–	–	(7)	–	(7)	612	605
Acquisition of shares under share award scheme	–	–	(2,998)	–	–	(2,998)	–	(2,998)
Final dividend paid	–	(4,800)	–	–	–	(4,800)	–	(4,800)
At 31 March 2019	1,553	63,832	(2,998)	(53)	69,524	131,858	4,946	136,804
At 1 April 2019	**1,553**	**63,832**	**(2,998)**	**(53)**	**69,524**	**131,858**	**4,946**	**136,804**
Profit for the year	**–**	**–**	**–**	**–**	**16,224**	**16,224**	**5,517**	**21,741**
Other comprehensive loss for the year:								
Exchange differences arising on translation of foreign operation	**–**	**–**	**–**	**(91)**	**–**	**(91)**	**(49)**	**(140)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(91)**	**16,224**	**16,133**	**5,468**	**21,601**
Final dividend paid	**–**	**(6,200)**	**–**	**–**	**–**	**(6,200)**	**–**	**(6,200)**
At 31 March 2020	**1,553**	**57,632**	**(2,998)**	**(144)**	**85,748**	**141,791**	**10,414**	**152,205**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK$'000	2019 HK$'000
Cash flows from operating activities		
Cash generated from operations	**48,111**	51,773
Interest received	**410**	60
Income tax paid	**(6,437)**	(6,130)
Net cash inflow from operating activities	**42,084**	45,703
Cash flows from investing activities		
Deposit paid for acquisition of a subsidiary	**(1,275)**	–
Payment of consideration payable for acquisition of a subsidiary	**(4,008)**	–
Payment for acquisitions of subsidiaries, net of cash acquired	**–**	4,949
Payments for purchase of property, plant and equipment	**(525)**	(1,066)
Payment for financial asset at fair value through profit or loss	**–**	(7,831)
Net cash outflow from investing activities	**(5,808)**	(3,948)
Cash flows from financing activities		
Final dividend paid	**(6,200)**	(4,800)
Interest paid	**(367)**	(127)
Principal elements of lease payments	**(2,443)**	–
Repayment of bank borrowing	**(12,800)**	(7,500)
Payment for acquisition of shares under share award scheme	**–**	(2,998)
Capital injection by non-controlling interests	**–**	605
Proceeds from bank borrowing	**–**	20,300
Net cash (outflow)/inflow from financing activities	**(21,810)**	5,480
Net increase in cash and cash equivalents	**14,466**	47,235
Effects of exchange rate changes on cash and cash equivalents	**(154)**	11
Cash and cash equivalents at 1 April	**106,009**	58,763
Cash and cash equivalents at 31 March	**120,321**	106,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The Company is an investment holding company and its subsidiaries are principally engaged in the 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 of Hong Kong Limited (the "**Stock Exchange**") since 4 January 2018.

These consolidated financial statements are presented in Hong Kong dollar thousands ("**HK$'000**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 18 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group.

2.1 Basis of preparation

*(i) Compliance with HKFRSs (as defined hereinafter) and Companies Ordinance (Chapter 622, Laws of Hong Kong) (the "**Companies Ordinance**")*

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "**HKFRSs**"), which is a collective term for all individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

(ii) Historical cost convention

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

(iii) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the financial year beginning on or after 1 April 2019:

- HKFRS 16 "Lease"
- Prepayment features with negative compensation – Amendments to HKFRS 9
- Long-term interests in Associates and Joint Ventures – Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to HKAS 19
- HK(IFRIC) Interpretation 23 Uncertainty over income tax treatments

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new standard using the modified retrospective approach and recognised the effect of initially applying the new standards on 1 April 2019. The impact of the adoption of HKFRS 16 is disclosed in Note 3. Except for HKFRS 16, other new and amended standards listed above do not have a material impact on or are not relevant to the Group.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements and discloses the new accounting policies that have been applied from 1 April 2019 in note 3(c) below.

The Group has adopted HKFRS 16 "Leases" from 1 April 2019, but has not restated comparatives for 31 March 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 April 2019.

(a) Adjustments recognised on adoption of HKFRS 16 "Leases"

On adoption of HKFRS 16 "Leases", the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". Leases liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 4.3% per annum as of 1 April 2019.

The measurement principles of HKFRS 16 are only applied after that date. The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	5,573
Discounted using the lessee's incremental borrowing rate of at the date of initial application	4,353
Less: short-term leases recognised on a straight-line basis as expense	(57)
Add: adjustments as a result of a different treatment of extension options	2,869
Lease liabilities recognised as at 1 April 2019	7,165
of which are:	
Current lease liabilities	2,295
Non-current lease liabilities	4,870
	7,165

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	At 31 March 2020 ***HK$'000***	At 1 April 2019 *HK$'000*
Properties	**4,457**	6,948
Equipment	**404**	217
Total right-of-use-assets	**4,861**	7,165

Except for the above lease liabilities and right-of-use assets both increased by HK$7,165,000 recognised in the consolidated statement of financial position as at 1 April 2019, there are no impact to other items of the consolidated statement of financial position and retained earnings of the Group as at 1 April 2019.

(b) Practical expedients applied

In applying HKFRS 16 "Leases" for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 "Leases" and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, and equipment. Rental contracts are typically made for fixed periods of one to five years but some may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no variable lease payments for the year ended 31 March 2020 and 2019.

Until the year ended 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the asset's lease period on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments (including in-substance fixed lease payments), less any lease incentives receivable.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

4. REVENUE AND SEGMENT INFORMATION

	2020	2019
	HK$'000	*HK$'000*
Bare shell fit-out	**542,037**	557,268
Restacking	**58,506**	37,598
Reinstatement	**16,650**	34,651
Design	**5,531**	9,563
Churn works	**13,836**	9,587
Maintenance and others	**1,470**	1,788
	638,030	650,455

The Group's revenue mainly represents revenue from the provision of interior fit-out solutions for the year ended 31 March 2020 and 2019.

Revenue generated from bare shell fit-out, restacking and reinstatement services were recognised over time while revenue generated from churn works, design, maintenance and other services were recognised at a point in time for the year ended 31 March 2020 and 2019.

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 year ended 31 March 2020 and 2019. 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 statements 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 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.

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**593,950**	627,090
The PRC	**44,080**	23,365
	638,030	650,455

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A	**N/A** *(Note)*	102,328
Customer B	**N/A** *(Note)*	67,069

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

5. EXPENSES BY NATURE

The Group's profit for the year ended 31 March 2020 and 2019 are stated after charging the following cost of sales and administrative expenses:

	2020	2019
	HK$'000	*HK$'000*
Subcontracting charges	**528,058**	537,290
Staff costs *(Note 7)*	**46,410**	39,162
Cleaning expenses	**8,329**	8,148
Insurance expenses	**3,465**	3,209
Operating lease payments	**–**	2,237
Short-term lease payments	**51**	–
Auditor's remuneration		
– Audit service	**1,250**	1,200
– Non-audit service	**345**	345
Depreciation on right-of-use assets	**2,564**	–
Depreciation on property, plant and equipment	**1,112**	891
Amortisation of intangible assets	**208**	2,487
Legal and professional fees	**5,406**	4,814
Other expenses	**8,485**	9,636
Total cost of sales and administrative expenses	**605,683**	609,419
Representing:		
Cost of sales	**572,962**	579,608
Administrative expenses	**32,721**	29,811
	605,683	609,419

6. FINANCE INCOME/(COSTS) – NET

	2020	2019
	HK$'000	*HK$'000*
Interest income from bank deposits	**410**	60
Bank interest expense on bank borrowings	**(49)**	(127)
Unwinding of interests on contingent consideration payable	**–**	(249)
Interest expense on lease liabilities	**(318)**	–
	43	(316)

7. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2020	2019
	HK$'000	*HK$'000*
Salaries, bonuses and allowances	**44,880**	38,179
Retirement benefits contributions	**1,530**	983
	46,410	39,162

8. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**4,627**	7,896
– PRC enterprise income tax	**2,065**	79
(Over)/under-provision for prior years	**(555)**	43
Deferred tax	**184**	(942)
	6,321	7,076

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tired 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 year.

Under the Law of the PRC on enterprise income tax ("**EIT**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2019: 25%).

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

9. 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 year ended 31 March 2020 and 2019.

	2020	2019
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**16,224**	28,116
Weighted average number of ordinary shares in issue less shares held under share award scheme *('000)*	**197,944**	199,449
Basic earnings per ordinary share *(HK cents)*	**8.20**	14.10

(b) Diluted

There were no outstanding share options as at 31 March 2020 and 2019 and have no potential dilutive ordinary share in issue. Accordingly, diluted earnings per share is equal to basic earnings per share.

10. DIVIDEND

The Board do not recommend the payment of a final dividend for the year ended 31 March 2020 whereas a final dividend of HK3.1 cents per share, totalling HK$6,200,000 for the year ended 31 March 2019 have been proposed by the Board and approved by the shareholders of the Company (the "**Shareholder**") at the annual general meeting of the Company held on 10 September 2019 ("**2019 AGM**").

11. TRADE AND RETENTION RECEIVABLES

		2020	2019
	Note	***HK$'000***	*HK$'000*
Trade receivables	*(a)*	**79,497**	118,139
Less: provision for impairment of trade receivables		**(4,987)**	(2,194)
Trade receivables – net		**74,510**	115,945
Retention receivables	*(b)*	**1,046**	6,191
Trade and retention receivables – net		**75,556**	122,136

Trade and retention receivables balances are categorised as "financial assets measured at amortised cost". The maximum exposure to credit risk as at 31 March 2020 and 2019 was the carrying amounts of each class of receivables mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade and retention receivables approximate their fair values. The trade and retention receivables were mainly denominated in Hong Kong dollar ("**HKD**") and Renminbi.

(a) 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 after 1 year from the date of completion of the works. As at 31 March 2020 and 2019, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**50,678**	79,950
31 to 60 days	**8,709**	17,781
61 to 90 days	**2,553**	4,821
91 to 180 days	**5,409**	9,326
Over 180 days	**12,148**	6,261
	79,497	118,139

(b) As at 31 March 2020 and 2019, the ageing analysis of the retention receivables based on the invoice date was as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**160**	1,245
31 to 60 days	**–**	–
61 to 90 days	**45**	–
91 to 180 days	**414**	–
Over 180 days	**427**	4,946
	1,046	6,191

12. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**201,835**	203,641
Consideration payable for acquisition of a subsidiary	**–**	4,008
Accruals and other payables	**3,046**	2,630
	3,046	6,638
	204,881	210,279

As at 31 March 2020 and 2019, the ageing analysis of the trade payables, based on the invoice date was as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**134,244**	151,250
31 to 60 days	**14,998**	6,060
61 to 90 days	**15,468**	9,682
91 to 180 days	**17,254**	18,299
Over 180 days	**19,871**	18,350
	201,835	203,641

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

During the year ended 31 March 2020, the Group recorded a decrease in revenue of 1.9% to HK$638.0 million from 650.5 million for the year ended 31 March 2019. The decrease was mainly attributable to the decrease in revenue from the business of bare shell fit-out and reinstatment. The Group's gross profit decrease to HK$65.1 million for the year ended 31 March 2020 from HK$70.8 million for the year ended 31 March 2019, representing a decrease of 8.1%.

The Group's profit attributable to owners of the Company decreased by 42.3% to HK$16.2 million for the current year from HK$28.1 million for the corresponding period of last year.

FINANCE REVIEW

Revenue

The Group's revenue is principally generated from (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design; (v) churn works; and (vi) maintenance and others. During the year ended 31 March 2020, the Group's revenue decreased by 1.9% to HK$638.0 million as compared with HK$650.5 million of last year. The decrease is mainly attributable to the decrease in revenue from the provisions of bare shall fit-out and reinstatement services.

The following table sets forth a breakdown of the Group's revenue by project types for the year ended 31 March 2020 and 2019:

	Year ended 31 March			
	2020		2019	
	HK$'000	*%*	*HK$'000*	*%*
Project type				
Bare shell fit-out	**542,037**	**85.0**	557,268	85.7
Restacking	**58,506**	**9.1**	37,598	5.8
Reinstatement	**16,650**	**2.6**	34,651	5.3
Design	**5,531**	**0.9**	9,563	1.5
Churn works	**13,836**	**2.2**	9,587	1.5
Maintenance and others	**1,470**	**0.2**	1,788	0.2
Total	**638,030**	**100.0**	650,455	100.0

As shown in above table, our bare shell fit-out contributed to 85.0% and 85.7% of the Group's total revenue for the year ended 31 March 2020 and 2019 respectively. Revenue from bare shell fit-out decreased to HK$542.0 million for the year ended 31 March 2020 from HK$557.3 million for the last year, representing a decrease of 2.7%.

From 1 April 2019 and up to the date of this announcement, we were newly awarded a total of 52 bare shell fit-out projects with a total project sum of HK$567.8 million.

Cost of sales and Direct margin

The Group's cost of sales mainly comprised subcontracting charges and staff costs. The decrease in cost of sales from HK$579.6 million for the last year to HK$573.0 million for the current year, representing a decrease of 1.1%.

Defined as revenue less subcontracting costs, cleaning expenses, insurance expenses and security expenses, direct margin of the Group indicates the overall project profitability before taking into account of other fixed costs. The following table sets forth the breakdown of the Group's direct margin by project types for the year ended 31 March 2020 and 2019:

	Year ended 31 March			
	2020		2019	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Project type				
Bare shell fit-out	**79,757**	**14.7**	73,742	13.2
Restacking	**2,807**	**4.8**	6,892	18.3
Reinstatement	**867**	**5.2**	4,943	14.3
Design	**4,798**	**86.7**	8,242	86.2
Churn works	**4,359**	**31.5**	1,659	17.3
Maintenance and others	**164**	**11.2**	479	26.8
Total	**92,752**	**14.5**	95,957	14.8

The Group's overall direct margin decreased to HK$92.8 million for the year ended 31 March 2020 from HK$96.0 million for the last year. Such decrease in the direct margin was primarily attributable to the increase of direct margin for base shell fit-out to HK$79.8 million offset by the decrease of direct margin for restacking, reinstatement and design for the year ended 31 March 2020. The increase in direct margin for bare shell fit-out was mainly driven by the larger scale of projects awarded during the year.

Administrative Expenses

The Group's administrative expenses amounted to HK$32.7 million for the current year, representing an increase of HK$2.9 million or 9.7% as compared to that of HK$29.8 million for the last year. Such increase was primarily attributable to (i) an increase of HK$1.7 million in staff costs due to the general pay rise; and (ii) an increase of HK$0.7 million in total for travelling, entertainment and IT expenses, etc.

Income tax expense

Income tax expense of the Group for the current year was HK$6.3 million, representing a decrease of HK$0.8 million as compared to HK$7.1million for the last year.

Profit for the year

Profit for the Group decreased to HK$21.7 million for the year ended 31 March 2020 from HK$30.3million for the last year.

Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to HK$16.2 million for the current year, representing a decrease of HK$11.9 million, as compared with HK$28.1 million for the last year.

Dividend

The Board do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: HK3.1 cents per share).

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below:

- We depend on our subcontractors to carry out various trades of work and bear the risks associated with fluctuations in subcontracting costs, substandard performance and instability of their operations;

- The Group's business is project-based. Fee collection and profit margin depend on the terms of the work contract and may not be regular;

- Most of the revenue is derived from contracts awarded through competitive tendering and the contracts are non-recurring in nature. The Group's business depends on its success on project tenders;

- We determine the tender price based on our estimation of the time and costs involved, which may not be accurate; and

- Our liquidity and financial position may be adversely affected if we cannot receive progress payments or retention money in full in time or at all.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year ended 31 March 2020, the Group financed its operation by its internal resources and granted bank facility. As at 31 March 2020, the Group had net current assets of HK$128.2 million (31 March 2019: HK$114.4 million), including cash and cash equivalents balances of HK$120.3 million (31 March 2019: HK$106.0 million) mainly denominated in HKD.

The current ratio, being the ratio of current assets to current liabilities, was 1.6 times as at 31 March 2020 (31 March 2019: 1.5 times). The gearing ratio of the Group as at 31 March 2020 was nil (31 March 2019: 9.4%). The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no change in capital structure of the Company as at 31 March 2020. The equity attributable to owners of the Company amounted to HK$141.8 million as at 31 March 2020 (31 March 2019: HK$131.9 million).

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

PLEDGE OF ASSETS

As at 31 March 2020 and 2019, the Group had not pledged any assets to secure bank facilities or finance lease obligation.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group had capital commitment in respect of the acquisition of a subsidiary contracted for but not recognised as liabilities amounts to HK$1,275,000 (31 March 2019: Nil).

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

During the year ended 31 March 2020, the Group did not have any significant investment, material acquisition or disposal.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group provided guarantees of surety bonds of HK$7.1 million (31 March 2019: HK$8.8 million) in respect of 4 (31 March 2019: 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Details of business objectives are set out in the section headed "Business – Business Strategies" of the prospectus dated 18 December 2017 of the Company (the "**Prospectus**").

Business objectives	Business objectives as stated in the Prospectus	Actual business progress up to 31 March 2020
Further strengthen our market leading position in the fit-out industry in Hong Kong	• By taking on more and larger-size projects in the Grade A office premises.	The Group has been pitching for projects continuously. The Group was awarded (i) three bare shell fit-out projects with a contract sum of HK$38.1 million, HK$83.8 million, HK$44.8 million; (ii) a bare shell fit-out project with a contract sum of HK$95.8 million; and (iii) a bare shell fit-out project with a contract sum of HK$53.4 million as disclosed in the announcements dated 27 July 2018, 20 September 2018 and 14 January 2019, respectively.
Expand our project management and client care teams	• By recruiting additional manpower with project management experience to form a designated client servicing team which serves as a direct and regular liaison point for our new and recurring clients; • By expanding our project and construction management teams to enhance our execution capabilities in light of our upcoming project pipeline; • By recruiting additional project managers, site supervisors, site managers, quantity surveyors and MEP specialists to expand our project execution capacity; and • By recruiting extra experienced safety and quality control consultants.	The Group has recruited thirty nine employees in their capacity as project manager, project supervisor, project coordinator, project executive, site manager, site supervisor, registered safety officer, registered safety supervisor, quantity surveyor and surveying officer.

Business objectives	Business objectives as stated in the Prospectus	Actual business progress up to 31 March 2020
Continue to enhance our project implementation system and develop new management system and technology	• By improving our existing standardised project management and execution system to enhance its usability and intuitiveness.	The Group terminated the development of the project management and execution system.
Pursue suitable acquisition, partnership and investment opportunities	By selectively invest in or enter into strategic partnerships with other industry players, such as other peer interior fit-out solution providers in the Grade A office market, to further broaden our collective expertise and resources.	The acquisition of Core Group Holding Limited ("**Core Group**") and Siwu Architectural (Guangzhou) Limited ("**GZ Siwu**")have been completed on 12 April 2018 and 8 May 2018 respectively.

CHANGE IN USE OF PROCEEDS

The net proceeds from the listing of the Shares, after deducting the underwriting commission and related expenses, were HK$56.9 million (the "**Net Proceeds**"). As at 31 March 2020 and the date of this announcement, the unutilised Net Proceeds of the Group amounted to HK$3.3 million and HK$3.3 million respectively.

Having considered the current business needs of the Company, the Board resolved to reallocate the unutilised Net Proceeds in the following manner:

Proposed use of Net Proceeds	Intended use of the Net Proceeds as stated in the Prospectus *(HK$ million)*	Intended use of the Net Proceeds as stated in the Prospectus up to 31 March 2020 *(HK$ million)*	Actual use of Net Proceeds up to 31 March 2020 *(HK$ million)*	Unutilised Net Proceeds up to 31 March 2020 *(HK$ million)*	Actual use of Net Proceeds up to the date of this announcement *(HK$ million)*	Unutilised Net Proceeds up to the date of this announcement *(HK$ million)*	Re-allocation of unutilised Net Proceeds *(HK$ million)*
(i) For project execution and start-up costs for projects	34.2	34.2	34.2	–	34.2	–	–
(ii) For recruiting high calibre and experienced managers and supervisors for the expansion of our project teams and renting additional office space	11.4	7.7	7.7	–	7.7	–	3.3
(iii) For revamping our project management and execution system	4.0	4.0	0.7	3.3	0.7	3.3	(3.3)
(iv) For implementation of enterprise resources planning system	1.7	1.7	1.7	–	1.7	–	–
(v) For additional working capital and other general corporate purpose	5.6	4.6	4.6	–	4.6	–	–
Total	56.9	52.2	48.9	3.3	48.9	3.3	–

The business objectives, future plans and intended use of the proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and its industry.

Reasons for and benefits of the change in use of proceeds

The Company had planned to use HK$4.0 million of the Net Proceeds for revamping our project management and execution system to enhance its operational efficiency, and HK$0.7 million had been utilised for such purpose. During the year ended 31 March 2020, the Group failed to reach an agreement with the vendor in relation to the transfer of patent rights of the conceptual framework of the project management and executive system (the "**Management System**") for the Group's operational use. As at the date of this announcement, the Company has yet to identify any suitable alternate service providers to resume the design and implementation of the Management System upon research.

Meanwhile, one of our wholly owned subsidiaries requires more high calibre and experienced managers and supervisors to provide a stronger support for the execution of projects awarded. As such, on 18 June 2020, based on the interest of the Company and its Shareholders as a whole, the Board resolved to reallocate HK$3.3 million of the unutilised Net Proceeds, which were originally allocated for revamping our project management and execution system, to supplement for recruiting high calibre and experienced managers and supervisors for the expansion of our project teams and renting additional office space. The Board is of the view that such reallocation of unutilised Net Proceeds will strengthen the efficiency and effectiveness of the capital use, the use of proceeds is appropriately reallocated to better meet the current business needs of the Company, which also enables the Company to invest its financial sources in a more beneficial and effective way so as to cooperate in the future development of the Company and grasp the potential business opportunities in the future.

The Board considers that the development direction of the Company is still in line with the disclosure in the Prospectus in spite of such change in use of Net Proceeds as stated above. The aforesaid change in the use of Net Proceeds will not adversely affect the operation and business of the Group and is in the interest of the Company and its Shareholders as a whole. Save for the aforesaid changes, there is no other change to the use of the Net Proceeds.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND SHAREHOLDERS

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders. During the year ended 31 March 2020, the Group have maintained good relationships with the customers and suppliers and there was no material dispute between the Group and the customers or the suppliers.

Regarding the employees, the Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment. During the year ended 31 March 2020, we have provided competitive remuneration packages to our employees to recognize their contribution to the Group.

The principal goal of the Group is to maximize the return to the Shareholders. The Group will focus on our core business for achieving sustainable profit growth and rewarding the Shareholders with dividend payouts while taking into account the business development needs and financial health of the Group.

HUMAN RESOURCES MANAGEMENT

As at 31 March 2020, the Group had a total of 94 (31 March 2019: 80) 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.

MANAGEMENT CONTRACTS

Other than the Directors' service agreements and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year ended 31 March 2019 or at any time during the year ended 31 March 2020.

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 is 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.

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, hence no outstanding share option as at 31 March 2020 and 2019.

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 recognize the contributions by certain eligible persons and provide 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 Shares, 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.

THE COVID-19 PANDEMIC'S IMPACT

An outbreak of respiratory illness caused by the COVID-19 has been expanded across the PRC and globally and the prevention and control measures to combat the disease have been continued to be implemented nationwide. So far, the Group has fully resumed to work and the operation is normal. As the COVID-19 continues, there is impact on the Group in a certain extent. The Directors will continue to closely monitor the development of the COVID-19 outbreak and assess its impact on the financial position, and operational results of the Group. Given the dynamic nature of the outbreak and the major operation of the Group is in Hong Kong, the Directors estimate the impact on the Group's operation and financial is likely immaterial as at the date of this results announcement.

EVENTS AFTER THE REPORTING PERIOD

On 1 June 2020, the acquisition of Yu Rong Capital Limited (the "**Target**") has been completed. Immediately after the completion of acquisition, the Target has become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company. For details, please refer the announcement of the Company dated 14 February 2020 and 1 June 2020 respectively.

CORPORATE GOVERNANCE PRACTICES

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 year ended 31 March 2020 with all the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (the "**CG Code**"), except the following deviation:

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

OUTLOOK

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected by the International Monetary Fund to contract sharply by -3% in 2020, much worse than during the 2008-09 financial crisis.

There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate.

It is expected that year 2020 will be an even more challenging year ahead. While the Directors are committed to enhance the financial performance of the Group in 2020, it needs to stay vigilant and continuously monitor the changes in the macro-economy, include but not limit to, the impact on the economy brought by COVID-19, US president election, China-US trade frictions, trade negotiation between UK and European Union ("**EU**"), power distribution in EU after Brexit, and global climate change, fluctuation on financial market and shrinking market demands as well as government policies addressing those risks, and their effects on the valuation of different classes of assets so as to adjust business or investment plan accordingly.

Nevertheless, the Directors will continue to focus on our core business with an insightful business strategy, stable and conservative financial position in order to strives to reward its Shareholders.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the year ended 31 March 2020.

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 31 March 2020, 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 (the "**SFO**") (Chapter 571 of the Laws of Hong Kong)), 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 5.68 of the GEM Listing Rules relating to the securities transactions by the directors were as follows:

(A) Long Position in the Company's Shares

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

Notes:

1. Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to the SFO.

2. 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 the SFO.

3. 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 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
Ms. Hui Man Yee, Maggie *(Note 1)*	Madison Square International Investment Limited *(Note 2)*	Interest of spouse	37,500	100%
Mr. Wong Kin Kei	J&J Partner Investment Group Limited *(Note 3)*	Beneficial owner	12,500	100%
Mr. Wong Sai Chuen	Madison Square International Investment Limited *(Note 2)*	Beneficial owner	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 the SFO.

2. Under the SFO, a holding company of listed corporation is regarded as an "associated corporation". Madison Square International Investment Limited held 56.25% of our issued share capital and thus was our associated corporation.

3. Under the SFO, a holding company of listed corporation is regarded as an "associated corporation". J&J Partner Investment Group Limited held 18.75% of our issued share capital and thus was or associated corporation.

Save as disclosed above, as at 31 March 2020, 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 SHAREHOLDINGS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2020, 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 Company's Shares

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

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 the SFO.

2. Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to the SFO.

3. 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 the SFO.

4. Ms. Ho Sin Ying, the spouse of Mr. Wong Kin Kei, is deemed to be interested in the 37,500,000 Shares held by him, through his controlled corporation, J&J Partner Investment Group Limited, pursuant to the SFO.

Save as disclosed above, as at 31 March 2020, 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 year ended 31 March 2020 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, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

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 nor are they aware of any other conflicts of interest which any such person has or may have with the Group during the year.

INTEREST OF COMPLIANCE ADVISER

With effect from 1 May 2019, the Company and TC Capital International Limited ("**TC Capital**") have mutually agreed to terminate the compliance adviser agreement entered into between the Company and TC Capital dated 6 July 2017 (the "**TC Capital Agreement**"). The Company has appointed Messis Capital Limited ("**Messis Capital**") as the new compliance adviser of the Company and signed a compliance adviser agreement with Messis Capital (the "**Messis Capital Agreement**") with effect from 1 May 2019.

As notified by TC Capital and Messis Capital respectively, save for the TC Capital Agreement and Messis Capital Agreement, neither TC Capital nor Messis Capital, as the compliance adviser of the Company during the respective periods, nor any of their directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2020.

FINAL DIVIDENDS

The Board do not recommend the payment of a final dividend for the year ended 31 March 2020 whereas a final dividend of HK3.1 cents per share, totalling HK$6,200,000 for the year ended 31 March 2019 have been proposed by the board and approved by the Shareholders at 2019 AGM.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to ascertain the entitlement of Shareholders to attend and vote at the annual general meeting of the Company (the "**AGM**"), the transfer books and register of members of the Company will be closed from Tuesday, 28 July 2020 to Friday, 31 July 2020 (both days inclusive), during of which no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 27 July 2020.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes of this results announcement of the Group's results for the year ended 31 March 2020 have been agreed by the Company's auditor, PricewaterhouseCoopers, that they were consistent with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements nor Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

AUDIT COMMITTEE

The Company has established an audit committee of the Company (the "**Audit Committee**") with written terms of reference which are no less exacting terms than those set out in the CG Code. Currently, the Audit Committee comprises three independent non-executive Directors namely Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Pang Chung Fai, Benny, and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2020, which is of the opinion that such information have been prepared in accordance with all applicable accounting standards, the requirements under the Companies Ordinance and the GEM Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND 2020 ANNUAL REPORT

This announcement is published on the websites of HKEXnews (www.hkexnews.hk) as well as the website of the Company (www.sclhk.com). The Company's 2020 annual report will be dispatched to Shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 18 June 2020

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication. This announcement will also be published on the Company's website at www.sclhk.com.