



**SANBASE CORPORATION LIMITED**

**莊皇集團公司**

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

**(Stock code: 8501)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 30 JUNE 2023**

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*This announcement, for which the directors (the “**Directors**”) of Sanbase Corporation Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the 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.*

## 2023 FIRST QUARTERLY RESULTS

The board (the “**Board**”) of Directors 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 ended 30 June 2023 (the “**Current Period**”), 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 ENDED 30 JUNE 2023

		Unaudited	
		Three months ended 30 June	
		2023	2022
	Note	HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>107,651</b>	92,043
Cost of sales	5	<b>(99,950)</b>	(86,277)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>7,701</b>	5,766
Other income	4	–	973
Administrative expenses	5	<b>(5,514)</b>	(6,089)
Reversal of impairment losses on financial assets	6	<b>335</b>	409
		<hr/>	<hr/>
<b>Operating profit</b>		<b>2,522</b>	1,059
		<hr/>	<hr/>
Finance income		<b>543</b>	50
Finance costs		<b>(20)</b>	(35)
		<hr/>	<hr/>
Finance income – net	7	<b>523</b>	15
		<hr/>	<hr/>
<b>Profit before income tax</b>		<b>3,045</b>	1,074
Income tax expense	9	<b>(429)</b>	(293)
		<hr/>	<hr/>
Profit for the period		<b>2,616</b>	781
		<hr/>	<hr/>
<b>Other comprehensive loss, net of income tax</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Exchange differences arising on translation of foreign operation		<b>(289)</b>	(251)
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>2,327</b>	530
		<hr/>	<hr/>

	<b>Unaudited</b>	
	<b>Three months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period attributable to:</b>		
Owners of the Company	<b>2,012</b>	626
Non-controlling interests	<b>604</b>	155
	<hr/>	<hr/>
	<b>2,616</b>	781
	<hr/>	<hr/>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>1,803</b>	442
Non-controlling interests	<b>524</b>	88
	<hr/>	<hr/>
	<b>2,327</b>	530
	<hr/>	<hr/>
	<b>HK Cents</b>	<b>HK Cents</b>
<b>Earnings per share attributable to owners of the Company</b>		
Basic and diluted	<b>1.02</b>	0.32
	<hr/>	<hr/>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 30 JUNE 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
<b>Profit for the period</b>	-	-	-	-	626	626	155	781
<b>Other comprehensive loss for the period:</b>								
Exchange differences arising on translation of foreign operation	-	-	-	(184)	-	(184)	(67)	(251)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	(184)	626	442	88	530
Disposals of subsidiaries	-	-	-	-	101	101	-	101
At 30 June 2022	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>194</u>	<u>81,020</u>	<u>137,401</u>	<u>5,379</u>	<u>142,780</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>
<b>Profit for the period</b>	-	-	-	-	2,012	2,012	604	2,616
<b>Other comprehensive loss for the period:</b>								
Exchange differences arising on translation of foreign operation	-	-	-	(209)	-	(209)	(80)	(289)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	(209)	2,012	1,803	524	2,327
At 30 June 2023	<u>1,553</u>	<u>57,632</u>	<u>(2,998)</u>	<u>(94)</u>	<u>83,345</u>	<u>139,438</u>	<u>7,594</u>	<u>147,032</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 (Act 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"). 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 Exchange since 4 January 2018.

The unaudited condensed consolidated financial information for the three months ended 30 June 2023 have been reviewed by the audit committee of the Board (the "Audit Committee") but have not been reviewed or audited by the Company's auditor.

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months ended 30 June 2023 has 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 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 ended 30 June 2023 have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, 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 ended 30 June 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. REVENUE AND SEGMENT INFORMATION

	<b>Unaudited</b>	
	<b>Three months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Bare shell fit-out	<b>89,831</b>	54,663
Restacking	<b>8,600</b>	31,056
Reinstatement	–	–
Design	<b>2,859</b>	1,071
Churn works	<b>6,207</b>	4,934
Maintenance and others	<b>154</b>	319
	<b>107,651</b>	92,043

The Group's revenue mainly represents revenue from the provision of interior fit-out solutions for the three months ended 30 June 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 ended 30 June 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 is 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.

	<b>Unaudited</b>	
	<b>Three months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong	<b>101,748</b>	91,336
The PRC	<b>5,903</b>	707
	<b>107,651</b>	92,043

## Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue is set out below.

	Unaudited	
	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Customer A	40,834	N/A (Note)
Customer B	16,039	N/A (Note)
Customer C	N/A (Note)	12,918
Customer D	N/A (Note)	11,999
Customer E	N/A (Note)	10,401

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

## 4. OTHER INCOME

	Unaudited	
	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Government subsidies	–	973

The amount represents government grants in respect of the Employment Support Scheme and the Distance Business Programme provided by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or other contingencies attached to the grants. The Group did not benefit directly from any other forms of government assistance.

## 5. EXPENSES BY NATURE

The Group's profit for the three months ended 30 June 2023 and 2022 are stated after charging the following cost of sales and administrative expenses:

	Unaudited	
	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Subcontracting charges	90,680	78,489
Staff costs (Note 8)	10,000	10,158
Cleaning expenses	1,063	884
Insurance expenses	797	563
Security expenses	–	1
Short-term lease payments	525	51
Auditor's remuneration	358	–
Depreciation on right-of-use assets	376	794
Depreciation on property, plant and equipment	149	280
Legal and professional fees	635	470
Other expenses	881	676
Total cost of sales and administrative expenses	105,464	92,366

**6. REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	<b>Unaudited</b>	
	<b>Three months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Impairment losses reversed/(provided) in respect of:		
– Trade and retention receivables	<b>403</b>	372
– Contract assets	<b>(68)</b>	37
	<hr/>	<hr/>
	<b>335</b>	<b>409</b>
	<hr/> <hr/>	<hr/> <hr/>

**7. FINANCE INCOME – NET**

	<b>Unaudited</b>	
	<b>Three months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income from bank deposits	<b>543</b>	50
Interest expense on lease liabilities	<b>(20)</b>	(35)
	<hr/>	<hr/>
	<b>523</b>	<b>15</b>
	<hr/> <hr/>	<hr/> <hr/>

**8. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS**

	<b>Unaudited</b>	
	<b>Three months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Salaries, bonuses and allowances	<b>9,605</b>	9,735
Retirement benefits contributions	<b>395</b>	423
	<hr/>	<hr/>
	<b>10,000</b>	<b>10,158</b>
	<hr/> <hr/>	<hr/> <hr/>

## 9. INCOME TAX EXPENSE

	Unaudited	
	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	369	149
– PRC enterprise income tax	(2)	1
Under-provision for prior years	–	78
Deferred tax	62	65
	<u>429</u>	<u>293</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces 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 (“**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.

## 10. 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 ended 30 June 2023 and 2022.

	Unaudited	
	Three months ended 30 June	
	2023	2022
Profit attributable to owners of the Company (HK'000)	2,012	626
Weighted average number of ordinary shares in issue less shares held under share award scheme ( <i>in thousand</i> )	<u>197,944</u>	<u>197,944</u>
Basic earnings per ordinary share (HK cents)	<u>1.02</u>	<u>0.32</u>

### (b) Diluted

There were no outstanding share options as at 30 June 2023 and 2022 and no potential dilutive ordinary share in issue. Accordingly, diluted earnings per share is equal to basic earnings per share.

## 11. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2023 and 2022.

## 12. RELATED PARTY 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 ended 30 June 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 June	
	2023	2022
	HK\$'000	HK\$'000
Salaries, bonuses and allowances	1,560	2,010
Retirement benefits contributions	14	18
	<u>1,574</u>	<u>2,028</u>

## 13. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

	Unaudited	Audited
	As at 30 June	As at 31 March
	2023	2023
	HK\$'000	HK\$'000
Surety bonds	<u>20,063</u>	<u>14,783</u>

As at 30 June 2023, the Group provided guarantees of surety bonds in respect of 5 (31 March 2023: 5) construction contracts in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

## 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 mainland China. Our role in these fit-out projects entails the overall project management, coordination and implementation of the fit-out projects by engaging subcontractors from different industries for their services and labour, providing expertise such as quality control 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 service, project management services and mechanical, electrical and plumbing ("MEP") consultancy services.

During the three months ended 30 June 2023 (the "**Current Period**"), the Group recorded a revenue of approximately HK\$107.7 million, as compared with approximately HK\$92.0 million for the three months ended 30 June 2022 (the "**Previous Period**"), representing an increase of approximately 17.0%. The increase in revenue was mainly attributed to the increase in revenue from the bare shell fit-out business, which was the main source of our Group's income. The Group's gross profit was approximately HK\$7.7 million for the Current Period as compared with approximately HK\$5.8 million for the Previous Period, representing an increase of approximately 33.6%.

The Group recorded a profit attributable to owners of the Company in the amount of approximately HK\$2.0 million for the Current Period as compared with the profit attributable to owners of the Company in the amount of approximately HK\$0.6 million for the Previous Period.

### OUTLOOK

With the resumption of normal travel between Hong Kong and the mainland China and the introduction of various policies by the Hong Kong Government to attract talents, the Grade A office market in Hong Kong has become more active, with total leasing transactions increased by 13.8% in the first half of the year. The industry report expected that with the completion of large-scale office projects in the second half of the year, the increase in supply would suppress the increase in rent, which is expected to attract more enterprises to take advantage of the opportunity to integrate and improve the quality of office space, thus driving the increase in the number of leasing transactions, and boosting the growth of the business of Sanbase Corporation.

In the mainland China, a series of quarantine measures has been lifted and replaced by more favorable policies. Although the Group's business in the mainland China was hit to a certain extent during the pandemic, its business network accumulated during the period is expected to be transformed into a positive momentum through optimisation of the customer portfolio, which can facilitate the Group to capture a larger market share during post pandemic economy and thus achieve the dual-engine development in Hong Kong and the mainland China.

In the medium to long term, the gradual easing of the impact of the pandemic will give stronger impetus to the economies of Hong Kong and the mainland China. Demand in the decoration market will be driven by companies which are accelerating their expansion and thus choosing to upgrade their office space, or even large-scale development projects such as the Kowloon East core business district and the Northern Metropolis. With an excellent management team, a diversified portfolio of subcontractors and a well-positioned market position, Sanbase Corporation is well positioned to capitalise on the new market opportunities.

## FINANCIAL 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. For the Current Period, the revenue of the Group was approximately HK\$107.7 million, representing an increase of approximately 17.0% as compared with approximately HK\$92.0 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 three months ended 30 June 2023 and 2022:

Project type	Unaudited			
	Three months ended 30 June			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Bare shell fit-out	89,831	83.4	54,663	59.4
Restacking	8,600	8.0	31,056	33.7
Reinstatement	–	0.0	–	0.0
Design	2,859	2.7	1,071	1.2
Churn works	6,207	5.8	4,934	5.4
Maintenance and others	154	0.1	319	0.3
<b>Total</b>	<b>107,651</b>	<b>100.0</b>	<b>92,043</b>	<b>100.0</b>

As shown in the above table, bare shell fit-out contributed to approximately 83.4% and 59.4% of the Group's total revenue for the three months ended 30 June 2023 and 2022 respectively. Revenue from bare shell fit-out was approximately HK\$89.8 million for the Current Period as compared with approximately HK\$54.7 million for the Previous Period, representing an increase of approximately 64.2%.

From 1 April 2023 to the date of this announcement, we had secured a total of 15 new bare shell fit-out projects with a total project sum of approximately HK\$89.3 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\$100.0 million for the Current Period as compared with approximately HK\$86.3 million for the Previous Period, representing an increase of approximately 15.9%.

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 three months ended 30 June 2023 and 2022:

	Unaudited			
	Three months ended 30 June		2022	
	2023	% of	2022	% of
	HK\$'000	revenue	HK\$'000	revenue
<b>Project type</b>				
Bare shell fit-out	13,267	14.8	8,839	16.2
Restacking	328	3.8	1,861	6.0
Reinstatement	–	–	–	–
Design	1,246	43.6	1,028	96.0
Churn works	376	6.1	470	9.5
Maintenance and others	48	31.1	81	25.2
<b>Total</b>	<b>15,265</b>	<b>14.2</b>	<b>12,279</b>	<b>13.3</b>

The Group's overall direct margin was approximately HK\$15.3 million for the Current Period as compared with approximately HK\$12.3 million for the Previous Period, representing an increase of approximately 24.4%. The direct margin ratio for the Current Period was approximately 14.2%, representing an increase of 0.9 percentage points as compared with approximately 13.3% for the Previous Period. Such increase in the direct margin was mainly due to the increase in direct margin from bare shell fit-out.

## Other income

The Group's other income was nil for Current Period (Previous Period: HK\$1.0 million) as our 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\$5.5 million for the Current Period, representing a decrease of approximately 9.8% as compared with approximately HK\$6.1 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\$20,000 for the Current Period as compared with approximately HK\$35,000 for the Previous Period, representing a decrease of approximately 42.9%.

## **Income tax expense**

Income tax expense for the Current Period was approximately HK\$0.4 million, representing an increase of approximately 33.3% as compared with approximately HK\$0.3 million for the Previous Period.

## **Profit for the period**

The Group recorded a profit of approximately HK\$2.6 million for the Current Period as compared with a profit of approximately HK\$0.8 million for the Previous Period.

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

The Group recorded a profit attributable to owners of the Company of approximately HK\$2.0 million for the Current Period as compared with a profit attributable to owners of the Company of approximately HK\$0.6 million for the Previous Period.

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

During the Current Period, the Group financed its operation by its internal resources. As at 30 June 2023, the Group had net current assets of approximately HK\$119.5 million (31 March 2023: HK\$116.7 million), including cash and cash equivalents balances of approximately HK\$103.6 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 June 2023 (31 March 2023: 1.6 times). The gearing ratio of the Group as at 30 June 2023 was 1.1% (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 June 2023. The equity attributable to owners of the Company amounted to approximately HK\$139.4 million as at 30 June 2023 (31 March 2023: HK\$137.6 million).

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

## **PLEDGE OF ASSETS**

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

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

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

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group provided guarantees of surety bonds of approximately HK\$20.0 million (31 March 2023: HK\$14.8 million) in respect of 5 (31 March 2023: 5) construction contracts in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

## **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2023 (30 June 2022: nil).

## **HUMAN RESOURCES MANAGEMENT**

As at 30 June 2023, the Group had a total of 76 (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.

## 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 June 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 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 Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors were as follows:

### (A) Long Position in the Ordinary Shares and Underlying Shares of the Company

Name of Directors/ chief executive	Capacity/ nature of interest	Number of issued ordinary Shares held/ interested in <i>(Note 3)</i>	Approximate percentage of the issued share capital
Mr. Wong Sai Chuen	Interest in a controlled corporation	112,500,000 <i>(Note 1)</i>	56.25%
Ms. Hui Man Yee, Maggie	Interest of spouse	112,500,000 <i>(Note 2)</i>	56.25%

*Notes:*

- Shares in which Mr. Wong Sai Chuen is interested consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly-owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under Part XV of the SFO.
- Ms. Hui Man Yee, Maggie is the spouse of Mr. Wong Sai Chuen and she was also deemed to be interested in the 112,500,000 Shares pursuant to Part XV of the SFO.
- All the above Shares are held in long position.

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

<b>Name of Directors/ chief executive</b>	<b>Name of associated corporation</b>	<b>Capacity/ nature of interest</b>	<b>Number of issued ordinary Shares held/ interested in (Note 3)</b>	<b>Percentage of shareholding</b>
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 the listed corporation is regarded as an "associated corporation" Madison Square International Investment Limited held 56.25% of the Company's 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 June 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 June 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:

- Shares in which Mr. Wong Kin Kei is interested consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly-owned by him, in which Mr. Wong Kin Kei is deemed to be interested under Part XV of the SFO.
- Ms. Ho Sin Ying is the spouse of Mr. Wong Kin Kei and she was also deemed to be interested in the 37,500,000 Shares pursuant to Part XV of the SFO.
- All the above Shares are held in long position.

Save as disclosed above, as at 30 June 2023, 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 three months ended 30 June 2023 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

Save for the purchase of Shares by the trustee through on-market transactions at prevailing market price as stipulated under the Share Award Scheme (as defined hereinafter), neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Current Period.

## **INTEREST IN COMPETING BUSINESS**

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

## **SHARE OPTION SCHEME**

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

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

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

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

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

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

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

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

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

## **SHARE AWARD SCHEME**

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

The total number of Shares which may be granted under the Share Award Scheme is 2,056,000, representing approximately 1.03% of the total issued share capital of the Company as at the date of this announcement. No Shares have been granted under the Share Award Scheme since its adoption and up to the date of this announcement.

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

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). Having made specific enquiry to all Directors, all Directors have confirmed that they have fully complied with the required standards set out in the Required Standard of Dealings throughout the three months ended 30 June 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 three months ended 30 June 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 Sai Chuen, being the Chairman and Chief Executive Officer, has been primarily responsible for scrutinizing the performance of the management in achieving agreed corporate goals and objectives, monitoring the Group’s performance reporting, management and business development, ensuring corporate governance practices and procedures of the Group and formulating business strategies and policies of the Group since 2009. Under the leadership of Mr. Wong Sai Chuen, the Board is and has been able to work effectively and performs its responsibilities with key and appropriate issues discussed in a timely manner. In addition, all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives. The Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company. To maintain a high standard of corporate governance practices of the Company, the Board shall nevertheless review the effectiveness of the structure and composition of the Board from time to time in light of prevailing circumstances.

## **EVENT 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 three months ended 30 June 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 three independent non-executive Directors, Mr. Cheung Chi Man, Dennis, Mr. Chan Charles Cham Chuen and Mr. Law Chun Yat, and is 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 of the Group for the three months ended 30 June 2023, and is of the opinion that such information has been prepared in accordance with all applicable accounting standards, the requirements under the Hong Kong Companies Ordinance and the GEM Listing Rules.

## **PUBLICATION OF 2023 FIRST QUARTERLY REPORT**

The 2023 first quarterly report of the Company containing all the information required by the GEM Listing Rules will be despatched to Shareholders and will also be published on the website of the HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.sclhk.com](http://www.sclhk.com)).

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

Hong Kong, 4 August 2023

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

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

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Exchange at [www.hkexnews.hk](http://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](http://www.sclhk.com).*