



【 For Immediate Release 】

20 June 2019



Sanbase Corporation Limited
莊皇集團公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8501

Announces 2018/19 Annual Results
Revenue Surged by 72.9% YoY to HK\$650.5 million
Net Profit Rose by 307.2% YoY to HK\$28.1 million
Dividend Payout Ratio Reached 22.1%

Margin-enhancing Design Business to Create Comprehensive Service Cycle

Financial Highlights

For the year ended	2019	2018	Change
31 March	HK\$ million	HK\$ million	
Revenue	650.5	376.2	+72.9%
Gross profit	70.8	39.3	+80.2%
Profit attributable to owners of the Company	28.1	6.9	+307.2%
Basic earnings per share (HK cents)	14.10	4.27	+230.2%

(Hong Kong – 20 June 2019) The largest interior fit-out solutions provider for Grade A offices in Hong Kong – **Sanbase Corporation Limited** (“Sanbase” or “Company”, and its subsidiaries “Group”, stock code: 8501) is pleased to announce its audited consolidated results for the year ended 31 March 2019 (the “Year”).

During the Year, the Group achieved a year-on-year (“YoY”) increase in revenue of approximately 72.9%, from approximately HK\$376.2 million to approximately HK\$650.5 million, mainly attributable to the i) increase in participating projects from 152 of last year to 177 of this Year, as well as the ii) contributions from the Core Group and Guangzhou Siwu acquisitions in April 2018 and May 2018 respectively. In line with the increase in revenue, gross profit increased to approximately HK\$70.8 million (2017/18: approximately HK\$39.3 million), representing an increase of approximately 80.2% YoY. Due to the strong organic growth and contributions from new acquisitions, along with the absence of non-recurring listing expenses, profit attributable to owners of the Company rose by



approximately 307.2% YoY to approximately HK\$28.1 million (2017/18: approximately HK\$6.9 million). Basic earnings per share reached HK\$14.10 cents (2017/18: HK\$4.27 cents). The Board recommended the payment of final dividend of HK\$3.1 cents per share (2017/18: HK\$2.4 cents), indicating a dividend payout ratio of 22.1%.

The Group's projects can be broadly categorized into (i) bare shell fit-out projects, which are undertaken with respect to the interior space of a vacant premise having basic flooring and plastered walls; (ii) restacking projects, which involve upgrading and re-planning and providing modification work to the existing interior structure of the premise; (iii) reinstatement projects, which involve demolishing any additional moveable structure that were installed by the existing tenant; (iv) design projects, and (v) churn works, 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 consultancy services.

For the Year, the five aforementioned segments have contributed 85.7%, 5.8%, 5.3%, 1.5% and 1.7% of total revenue (2017/18: 81.3%; 9.9%; 5.3%; nil and 3.5%) respectively. Specifically, for its bare shell fit-out services, the major revenue contributor, revenue has increased from approximately HK\$306.0 million to approximately HK\$557.3 million, indicating a 82.1% growth YoY. The increase in revenue from bare shell fit-out was mainly driven by the increase in number of fit-out projects from 44 in 2018 to 81 in 2019, as well as several large scale projects being granted during the Year. Meanwhile, the newly-added design business also contributed HK\$9.6 million (2017/18: nil) during the Year.

Regarding direct margins, the Group's overall direct margin increased from approximately HK\$49.5 million for the year ended 31 March 2018, to approximately HK\$96.0 million for the year ended 31 March 2019, generally in line with the increase in revenue. For bare shell fit-out services, its direct margin increased to approximately HK\$73.7 million (2017/18: 36.9 million), whereas the newly-added design business also contributed an additional of HK\$8.2 million (2017/18: nil) during the Year. In percentage terms, the design business also proved to an efficient margin enhancement tool, as its direct margin of 86.2% was significantly higher than the average of 14.8% for the Year.

Between 1 Apr 2019 and the date of the announcement, the Group was awarded 5 additional bare shell fit-out projects and 5 restacking projects, with a total project sum of approximately HK\$33.3 million and HK\$12.0 million respectively, showing a strong project pipeline for its business growth.

In addition to organic growth, the Group has also completed the i) acquisition of 60% of the issued shares of Core Group Holding Limited, a service provider of interior design and interior fit-out solutions



for commercial premises in Hong Kong, and the ii) acquisition of 65% of equity interest of Guangzhou Siwu, a service provider of interior design and interior fit-out solutions for commercial premises in the PRC during the Year. The two acquisitions would allow the Group to further strengthen its leading position in the interior fit-out market in Hong Kong, while extending its business footprint to the previously untapped China market. It would also complete the Group's one-stop interior fit-out solutions, which include design, coordination, implementation and quality control, allowing it to further boost its scale and influence in the market through its comprehensive service offering.

Mr. Wong Sai Chuen, Chairman of Sanbase Corporation Limited stated, "We are delighted to deliver a set of satisfying results this year. Since listing, our top priority has been strengthening our leading position in the fit-out industry in Hong Kong. We did not disappoint, as we observed a 16.4% increase in the number of projects undertaken, and an increasing trend of contract sum, such as the HK\$95.8 million contract that we have completed during the Year. Such achievements not only reflect our enhanced capabilities in project management, but more importantly, showcasing our growing brand recognition and market share in the highly-competitive fit-out market."

Mr. Wong continued, "The Group also acted quickly in terms of acquisitions, as it has completed one in Hong Kong and one in China respectively within six months after Listing. Through the transactions, we were able to leverage the two acquisitions to expand our business coverage to the previously untapped China market, while the newly-added design business also enabled us to deliver one-stop fit-out solutions to our clients, yielding higher customer stickiness and better financial performance."

"Looking forward, we remain optimistic in the demand of commercial fit-out services in Hong Kong despite a perceived weakness in the commercial property market. Inelastic by nature, clients would require fit-out services even if financial circumstances are not favourable. In the longer term, we will continue to ride on favorable policies such as 'Moving out of Central' and 'Green Office' in Hong Kong, and will strive to increase our market share by focusing on Grade A offices. Meanwhile, we will also explore other project opportunities in Hong Kong, China, and potentially in Asia in the future, in order to further expand our business coverage, geographical coverage, and client base. By combining strong organic growth with M&A contributions, the Group has now a solid foundation in place, and will continue to embrace its corporate values of 'Strive for Betterment' while delivering greater and sustainable returns to its shareholders." **Mr. Wong** concluded.

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Sanbase Corporation Limited

Sanbase 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. The main categories of services include: (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design and (v) churn work, maintenance and others. According to the Industry Report, Sanbase is the largest fit-out solutions provider for Grade A offices in Hong Kong in terms of market share in 2016. During the Track Record Period, the Group worked on 230 projects for a total of 107 clients. Revenue for the two years ended March 31, 2018 and 2019 were HK\$376.2 million and HK\$650.5 million respectively, representing a year-on-year growth of approximately 72.9%.

This press release is issued by DLK Advisory Limited on behalf of **Sanbase Corporation Limited**.

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