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SANBASE CORPORATION LIMITED

莊 皇 集 團 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8501)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITIONS

This announcement is made by Sanbase Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that on 27 February 2018, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with an independent third party (the “**Vendor**”) in relation to possible acquisitions (the “**Possible Acquisitions**”) of certain interests in two companies (“**Target Companies**”), which principally engage in providing interior design services and interior fit-out solutions for commercial premises in Hong Kong and China respectively.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor is not a connected person (as defined under the Rules Governing the Listing of Securities on GEM The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”)) of the Company.

MAJOR TERMS OF THE MOU

Definitive agreement

The Vendor and the Company shall use reasonable endeavours to negotiate and enter into a legally binding agreement (the “**Definitive Agreement**”) in respect of the Possible Acquisitions, in form and content acceptable to the Vendor and the Company on or before 23 March 2018 (or such other date as the parties may agree).

Consideration

The consideration relating to the Possible Acquisitions is currently under negotiation and the Vendor and the Company intend that such consideration to be satisfied by cash only. The Directors confirmed that the source of consideration is from internal resources.

Exclusivity

During the period from the date of the MOU up to 23 March 2018 (or such other date as the parties may agree) (the “**Exclusivity Period**”), the Company will have sole and exclusive right to negotiate with the Vendor with a view to agreeing and executing the Definitive Agreement.

Due Diligence

The Company has the right to conduct due diligence review on the business, dealings, financial condition, legal and other affairs of the Target Companies and its subsidiaries (if any) during the Exclusivity Period and determine whether or not to proceed with the signing of the Definitive Agreement and the Possible Acquisitions.

Legally binding

Save for the legally binding provisions relating to, among others, the conduct of confidentiality, exclusivity and termination, the MOU is not legally binding on the parties to the MOU in respect of the Possible Acquisitions. The Possible Acquisitions are subject to the execution and completion of the Definitive Agreement.

REASONS FOR ENTERING INTO THE MOU

The Company is an investment holding company and the Group principally engages in the provision of interior fit-out solutions to clients whose offices are predominately situated in Grade A offices in Hong Kong. The Board considers that the Possible Acquisitions will help strengthen and expand the Group’s market share in the interior fit-out industry in Hong Kong as well as expanding our business footprints by providing services to our existing clients who have offices in China.

LISTING RULES IMPLICATIONS

It is expected that certain percentage ratios under the GEM Listing Rules in respect of the Possible Acquisitions may exceed 5% but will be less than 25%. The Possible Acquisitions, if they materialize may constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules and will be subject to reporting and announcement requirements under the GEM Listing Rules.

Should the Company enter into the Definitive Agreement or decide to terminate the MOU or if there are any material developments with respect to the Possible Acquisitions, the Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

The Board wishes to emphasize that the Possible Acquisitions may or may not lead to the entering into of the Definitive Agreement, shareholders and investors of the Company should exercise caution when dealing in the shares of the Company. If the Possible Acquisitions materialize, they may constitute notifiable transactions of the Company. Further announcement(s) in respect of the Possible Acquisitions will be made by the Company in the event that any binding agreement has been signed or as and when required under the GEM Listing Rules.

By order of the Board of
Sanbase Corporation Limited
Cheung Ting Pong
Executive Director

Hong Kong, 27 February 2018

As at the date of this announcement, the Board comprises Mr. Wong Sai Chuen (chairman), Mr. Wong Kin Kei (chief operating officer), Ms. Hui Man Yee Maggie and Mr. Cheung Ting Pong being the executive Directors; and Mr. Fan Chun Wah Andrew, Mr. Wu Kam On Keith and Mr. Pang Chung Fai Benny being the independent non-executive Directors.

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

This announcement will remain on the “Latest 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.sanbase.com.hk.