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SANBASE CORPORATION LIMITED

莊 皇 集 團 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8501)

DISCLOSEABLE TRANSACTIONS IN RESPECT OF THE ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANIES

THE HK TARGET ACQUISITIONS

The Board is pleased to announce that on 23 March 2018 (after trading hours of the Stock Exchange), 1017 Company, a wholly-owned subsidiary of the Company, entered into the HK Target Agreement with Aeola Investment, pursuant to which 1017 Company agreed to acquire 60% equity interest of HK Target from Aeola Investment for cash consideration of HK\$10,020,000.0.

The Operating Subsidiary of HK Target principally engages in providing interior design services and interior fit-out solutions for commercial premises in Hong Kong.

Upon HK Target Completion, HK Target and the Operating Subsidiary will become non-wholly owned subsidiaries of the Company.

THE PRC TARGET ACQUISITIONS

The Board is pleased to announce that on 23 March 2018 (after trading hours of the Stock Exchange), Sanbase China, a wholly-owned subsidiary of the Company, entered into the PRC Target Agreement with Mr. Ngai, an independent third party, pursuant to which Sanbase China agreed to acquire 65% equity interest of PRC Target from Mr. Ngai for cash consideration of RMB\$1,975,000.0.

PRC Target principally engages in providing interior design services and interior fit-out solutions for commercial premises in China.

Upon the PRC Target Completion, PRC Target will become non-wholly owned subsidiaries of the Company.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under the GEM Listing Rules) for the HK Target Acquisition and the PRC Target Acquisition (in aggregate) exceed 5% but will be less than 25%, the HK Target Acquisition and the PRC Target Acquisition constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules and will be subject to reporting and announcement requirements under the GEM Listing Rules.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 27 February 2018 in relation to, among other things, the possible acquisitions of certain interests in two companies, which principally engage in providing interior design services and interior fit-out solutions for commercial premises in Hong Kong and China respectively.

THE HK TARGET AGREEMENT

The principal terms of the HK Target Agreement are set out as follows:

Date: 23 March 2018

Parties: 1017 Company and Aeola Investment

Aeola Investment is an investment holding company wholly-owned by Mr. Ngai. To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Aeola Investment and its ultimate beneficial owners(s) are independent third parties of the Company and its connected person

Assets to be acquired: 60% of the equity interest in HK Target

HK Target Consideration: HK\$10,020,000.0

The cash consideration will be financed by the Group's internal resources.

Payment schedule:

The HK Target Consideration shall be paid by 1017 Company to Aeola Investment's designated bank account pursuant to the following payment schedule:

- (1) 20% of the HK Target Consideration on the HK Target Completion Date;
- (2) 40% of the HK Target Consideration within ten business days upon delivery of the audited accounts of the Operating Subsidiary for the year ended 31 December 2017 (the "**Second HK Target Payment**"); and
- (3) 40% of the HK Target Consideration within ten business days upon delivery of the audited accounts of the Operating Subsidiary for the year ending 31 December 2018 (the "**Third HK Target Payment**").

Conditions precedent:

Completion of the HK Target Acquisition shall be conditional upon the fulfilment to the satisfaction of 1017 Company in its absolute discretion of the following conditions:

- (1) the delivery by Aeola Investment to 1017 Company of:
 - (a) a certificate of incumbency relating to the HK Target; being incorporated under the laws of the British Virgin Islands, issued by the HK Target's registered agent in the British Virgin Islands;
 - (b) a certificate of good standing of the HK Target; being incorporated under the laws of the British Virgin Islands, issued by the HK Target's registered agent in the British Virgin Islands;
 - (c) a certificate of continuing registration of the Operating Subsidiary; being incorporated under the laws of Hong Kong, issued by the Registrar of Companies of Hong Kong;

which shall in form and substance be satisfactory to 1017 Company;

- (2) the making of such audit, enquiries, investigations and due diligence reviews of the technical, business, legal, operations, human resources and financial position of HK Target and the Operating Subsidiary by 1017 Company as it shall consider necessary and confirmation by 1017 Company that the results of such audit, enquiries, investigations and due diligence reviews are reasonably satisfactory to 1017 Company;
- (3) from the date of the HK Target Agreement and up until the HK Target Completion Date, there is no occurrence of any event which would lead to or its result would lead to material adverse change to the financial, business, assets, intellectual properties, employees, operation results or prospectus of HK Target and the Operating Subsidiary;
- (4) the obtaining by 1017 Company of all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the HK Target Agreement which may be required under the GEM Listing Rules, from the Stock Exchange or any governmental or regulatory authority; and
- (5) the warranties as stated in the HK Target Agreement remaining true, accurate and correct in all material respects and not misleading as if the warranties are repeated by HK Target at all times from the date of the HK Target Agreement to the HK Target Completion Date.

If the above conditions precedent have not been fulfilled or waived by 1017 Company by the HK Target Completion Date, the provisions of the HK Target Agreement shall from such date have no effect and no party shall have any claim against the others save for claim (if any) in respect of certain continuing provisions or any antecedent breach hereof.

HK Target Completion: Completion shall take place on the HK Target Completion Date and at such place or time as the parties shall mutually agree.

Guaranteed NPAT: Aeola Investment guarantees that the net profit after tax (the “NPAT”) of the Operating Subsidiary for the year ended 31 December 2017 and year ending 31 December 2018 shall not be less than HK\$4,000,000.0 and HK\$5,000,000.0, respectively (each a “Guaranteed NPAT”). Should the actual NPAT (“Actual NPAT”) falls below the Guaranteed NPAT for the respective year, the HK Target Consideration to be paid for the Second HK Target Payment and Third HK Target Payment pursuant to the Payment Schedule shall be adjusted in accordance with the below formulae:

$$\frac{\text{Actual NPAT}}{\text{Guaranteed NPAT}} \times \text{Consideration payable under Second HK Target Payment/Third HK Target Payment}$$

Basis of HK Target Consideration

The HK Target Consideration was arrived at after arm’s length negotiations between 1017 Company and Aeola Investment, taking into account, among others, the financial statements of the Operating Subsidiary for the year ended 31 December 2016 (including the net assets value), future business synergy with the Operating Subsidiary, comparable information and the Guaranteed NPAT. The Directors consider the HK Target Consideration to be fair and reasonable and on normal commercial terms.

Information relating to HK Target and its subsidiary

HK Target is a limited company incorporated in British Virgin Islands and its principal business is investment holding. As at the date of this announcement, the Operating Subsidiary is the only subsidiary of HK Target.

The Operating Subsidiary, a wholly-owned subsidiary of HK Target, principally engages in providing interior design services and interior fit-out solutions for commercial premises in Hong Kong.

Set out below is the audited financial information of the Operating Subsidiary for the two years ended 31 December 2015 and 2016, respectively, extracted from its audited financial statements:

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$</i>	<i>HK\$</i>
Profit before tax	234,432	353,157
Profit after tax	199,909	311,514

	As at 31 December	
	2015	2016
	<i>HK\$</i>	<i>HK\$</i>
Net assets	614,531	926,045

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, HK Target and its subsidiary are independent third parties of the Company and its connected person.

Reasons for the HK Target Acquisition

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 HK Target Acquisition will help strengthen and expand the Group's market share in the interior fit-out industry in Hong Kong.

The Board is of the view that the terms of the HK Target Agreement and the HK Target Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE PRC TARGET AGREEMENT

The principal terms of the PRC Target Agreement are set out as follows:

Date: 23 March 2018

Parties: Sanbase China and Mr. Ngai

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Mr. Ngai is an independent third party of the Company and its connected person

Assets to be acquired: 65% of the equity interest in PRC Target

PRC Target
Consideration: RMB1,975,000.0 (equivalent to approximately HK\$2,438,000.0)

The cash consideration will be financed by the Group's internal resources.

- Payment schedule The PRC Target Consideration shall be paid by 1017 Company to Mr. Ngai pursuant to the following payment schedule:
- (1) RMB987,000.0 no later than 10 working days from the date of the PRC Target Agreement; and
 - (2) RMB988,000.0 no later than 10 working days from the date of the PRC Target Completion Date
- Conditions precedent: Completion of the PRC Target Acquisition shall be conditional upon the fulfilment to the satisfaction of Sanbase China in its absolute discretion of the following conditions:
- (1) all the representations and warranties from Mr. Ngai set out in the PRC Target Agreement remain to be true and accurate in all material respects and not misleading as of the PRC Target Completion Date;
 - (2) each party shall fulfil all the obligations and responsibilities set out in the PRC Target Agreement on or prior to the PRC Target Completion Date;
 - (3) the obtaining of all necessary approval in relation to the transfer of shares shall be formally confirmed and remain effective;
 - (4) the delivery by Mr. Ngai to Sanbase China of:
 - (a) share certificate of PRC Target (if any); and
 - (b) all of the statutory and other accounts and records (including financial records), business licenses, permits, seals and all the business-related contracts and material contracts processed, reserved, and controlled by Mr. Ngai; and
 - (5) no material adverse change since the date of the PRC Target Agreement.
- PRC Target Completion: Completion shall take place on the PRC Target Completion Date.
- Taxation: Sanbase China shall be responsible for any withholding tax the relevant government authorities or applicable laws may impose on the PRC Target Consideration in relation to the PRC Target Acquisition

Basis of PRC Target Consideration

The PRC Target Consideration was arrived at after arm's length negotiations between Sanbase China and Mr. Ngai, taking into account, among others, the financial statements of PRC Target for the year ended 31 December 2016 (including the net assets value), business synergy and future business prospect of PRC Target. The Directors consider the PRC Target Consideration to be fair and reasonable and on normal commercial terms.

Information relating to PRC Target

PRC Target principally engages in providing interior design services and interior fit-out solutions for commercial premises in China.

For the year ended 31 December 2016, the profit before tax and profit after tax of PRC Target amounted to RMB37,899.3 and RMB34,109.4, respectively. As at 31 December 2016, the net assets of PRC Target amounted to RMB34,109.4.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, PRC Target is an independent third party of the Company and its connected person.

Reasons for the PRC Target Acquisition

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 PRC Target Acquisition will help expand the Group's footprints by providing services to our existing clients who have offices in China.

The Board is of the view that the terms of the PRC Target Agreement and the PRC Target Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY

The Company 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.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless otherwise requires.

“Aeola Investment”	Aeola Investment Limited, a company incorporated in the British Virgin Islands on 15 March 2018, an independent third party of the Company and its connected persons
“Board”	the board of directors of the Company
“business day”	a day (excluding Saturday and Sunday) on which licenced banks in Hong Kong are open for business
“BVI”	British Virgin Islands
“Company”	Sanbase Corporation Limited, a company incorporated on March 24, 2017 under the laws of the Cayman Islands as an exempted company with limited liability
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	Company and its subsidiaries
“HK Target”	Core Group Holding Limited, a company incorporated in the British Virgin Islands on 15 March 2018, an independent third party of the Company and its connected persons
“HK Target Acquisition”	the acquisition of 60% equity interest in HK Target contemplated under the HK Target Agreement
“HK Target Agreement”	the agreement for the sale and purchase of 60% equity interest in HK Target entered into between Aeola Investment and 1017 Company dated 23 March 2018
“HK Target Completion”	completion of the HK Target Acquisition under the HK Target Agreement

“HK Target Completion Date”	means the business day on which the conditions precedent under the HK Target Agreement be satisfied, which date must be no later than ten (10) business days after the date of the HK Target Agreement (unless deferred to such other date as the parties may agree in writing)
“HK Target Consideration”	the cash consideration of HK\$10,020,000.0 for the HK Target Acquisition
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mr. Ngai”	Mr. Ngai Man Kam, Kenny (魏汶鑫), Hong Kong resident and an independent third party of the Company and its connected persons
“Operating Subsidiary”	Studio 5 International Limited, a company incorporated in Hong Kong on 26 April 2013, an independent third party of the Company and its connected persons
“PRC Target Acquisition”	the acquisition of 65% equity interest in PRC Target contemplated under the PRC Target Agreement
“PRC Target Agreement”	the agreement for the sale and purchase of 65% equity interest in PRC Target entered into between Mr. Ngai and Sanbase China dated 23 March 2018
“PRC Target Completion”	completion of the PRC Target Acquisition under the PRC Target Agreement
“PRC Target Completion Date”	means the working day on which Sanbase China become the legal shareholder of PRC Target (with all registration and filing documents with the relevant department and regulatory showing that Sanbase China is the legal shareholder of PRC Target) and obtain the updated business license
“PRC Target Consideration”	the cash consideration of RMB1,975,000.0 for the PRC Target Acquisition
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement only, does not include the Hong Kong and Macau Special Administrative Regions and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Sanbase China”	Sanbase China Holding Limited, a company incorporated in Hong Kong on 9 March 2018, a wholly-owned subsidiary of the Company
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	HK Target and PRC Target
“working day”	a day excluding Saturday or Sunday or the statutory public holiday in the PRC
“%”	per cent
“1017 Company”	1017 Company Limited, a company incorporated in the British Virgin Islands on 23 March 2017, a wholly-owned subsidiary of the Company

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

Hong Kong, 23 March 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.