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SANBASE CORPORATION LIMITED
莊皇集團公司

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Sanbase Corporation Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2018. This announcement, containing the full text of the 2018 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of interim results.

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

Hong Kong, 12 November 2018

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) and Ms. Hui Man Yee, Maggie being executive Directors; Mr. Cheung Ting Pong being the non-executive Director; 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.

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*This report, for which 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 (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 report 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 report misleading.*

This report will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcement" page for at least seven days from the date of publication and on the website of the Company at www.sanbase.com.hk.

Contents

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Sai Chuen
Mr. Wong Kin Kei
Ms. Hui Man Yee, Maggie
Mr. Cheung Ting Pong
(re-designated from executive Director to non-executive Director on 8 May 2018)

Non-executive Director

Mr. Cheung Ting Pong
(re-designated from executive Director to non-executive Director on 8 May 2018)

Independent Non-executive Directors

Mr. Fan Chun Wah, Andrew
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

AUDIT COMMITTEE

Mr. Wu Kam On, Keith *(Chairman)*
Mr. Fan Chun Wah, Andrew
Mr. Pang Chung Fai, Benny

REMUNERATION COMMITTEE

Mr. Pang Chung Fai, Benny *(Chairman)*
Mr. Fan Chun Wah, Andrew
Mr. Wu Kam On, Keith

NOMINATION COMMITTEE

Mr. Fan Chun Wah, Andrew *(Chairman)*
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

COMPLIANCE OFFICER

Mr. Wong Sai Chuen

COMPANY SECRETARY

Ms. Li Tsz Man (FCPA)

AUTHORIZED REPRESENTATIVES

Mr. Wong Sai Chuen
Ms. Li Tsz Man

AUDITOR

PricewaterhouseCoopers
22/F Prince's Building
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as to Hong Kong Law:
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Kowloon
Hong Kong

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The Hongkong and Shanghai Banking Corporation Limited
8/F Lower Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN HONG KONG

16/F, Loon Kee Building
267–275 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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103 South Church Street, P.O. Box 10240
Grand Cayman KY1–1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP. 622)

16/F, Loon Kee Building
267–275 Des Voeux Road Central
Hong Kong

STOCK CODE

8501

WEBSITE

www.sanbase.com.hk

Dear shareholders,

On behalf of the board of Directors (the "**Board**") of Sanbase Corporation Limited ("**Sanbase Corporation**" or the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present you the Group's unaudited consolidated results for the six months ended 30 September, 2018 (the "**Period**").

Since our establishment in 2009, Sanbase Corporation has been committed to providing interior fit-out service solutions, including bare shell fit-out, restacking, reinstatement, churn work, maintenance, as well as the provision of design and other services, to its Grade A office clients in Hong Kong in order to meet their changing fit-out needs. Through our well-recognized operational philosophy and management model, we were honored to participate in over 230 fit-out projects during the last decade, serving various prominent financial institutions, insurance companies and multi-national companies. In 2016, by virtue of our in-depth understanding of clients, together with our team's excellent execution and management capabilities, we became the largest fit-out solutions provider for Grade A offices in Hong Kong; and in 2018, we were able to achieve new heights through the success of listing on the GEM of the Stock Exchange. It represents an important milestone of the Group, as it has not only raised its brand recognition and competitive edge for future tender submission, but also enhanced its financial position and expand its servicing team, enabling us to undertake more and larger projects.

In echoing the corporate value of "Strive for Betterment", Sanbase Corporation has continued to stride forward ever since. On 17 September 2018, we were awarded a bare shell fit-out project with a total contract sum of approximately HK$95.8 million, which represents more than 25% of total revenue of last year. Along with other large contracts awarded since listing, such series of successful tender has further showcased our growing market recognition, track record and execution capabilities, as we look to maintain a strong organic growth while solidifying our leading market position in Hong Kong.

Apart from organic growth, the Group has also made progress on the acquisition front, as it has completed an acquisition in Hong Kong and in China respectively, as an attempt to complete its one-stop value proposition and to extend its business footprint to the previously untapped Chinese market. We are encouraged by the fact that despite the acquisitions only being completed for less than half a year, the two targets were already able to deliver meaningful revenue contributions, as well as a significant margin enhancement to our maintenance, design and others. As the two target companies continue to integrate into the Group's existing business, we have high hopes in realizing a stronger synergistic effect in the near future.

Looking forward, as the Guangdong-Hong Kong-Macau Greater Bay Area, an area with a GDP of over RMB10 trillion, continues its rapid development, its economic advancement, along with the needs of financial, legal, and other professional services, will together bring ample opportunities of high-end office interior fit-out services in the region. Specifically, cities such as Guangzhou, Shenzhen and Hong Kong all have plans to develop CBDs — Pazhou and International Finance City in Guangzhou, Houhai and Qianhai in Shenzhen and Kowloon East in Hong Kong, are expected to create new office supply of 4.75 million sq. m by 2022.

To capture such market opportunities, the Group will leverage the market position of its new acquisition in China, and aims to solidify its regional presence by going hand in hand with our existing clients by providing one-stop, premium services including design, coordination, implementation, and quality control.

Regarding the local market, we will continue to ride on favorable policies such as "Moving out of Central" and "Green Office", and strive to increase our market share with a particular emphasis on Grade A offices. We will also actively explore suitable acquisitions, partnerships, and investment opportunities in order to add further impetus to our business.

I wish to take this opportunity to thank all of our employees, partners, stakeholders and shareholders for their continuous contribution to the Group's business development. With your unequivocal support, the Group will strive to overcome future challenges, and will aim to offer high quality fit-out services to the industry while delivering greater and sustainable returns to our shareholders.

Chairman of the Board
Wong Sai Chuen

Hong Kong, 12 November 2018

HIGHLIGHTS

- During the six months ended 30 September 2018 (the "**Period**"), the Group achieved an increase in revenue of approximately 25.3% to approximately HK$220.7 million from approximately HK$176.2 million for the six months ended 30 September 2017 (the "**Previous Period**"). The growth was mainly attributable to (i) the acquisitions of the Core Group Holding Limited (the "**Core Group**") and the Guangzhou Siwu Architectural Design Company Limited (the "**Guangzhou Siwu**") in April 2018 and May 2018 respectively; (ii) the increase in revenue from the provision of bare shell fit-out and maintenance, design and others services. In line with the increase in revenue, the Group's gross profit increased to approximately HK$25.1 million for the Period from the approximately HK$21.6 million for the Previous Period, representing an increase of approximately 16.2%.

- The Group's profit attributable to owners of the Company increased by approximately 21.9% to approximately HK$7.8 million for the Period from approximately HK$6.4 million for the Previous Period.

- Basic earning per share for the Period amounted to HK$3.89 cents (Previous Period: HK$4.29 cents).

- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (Previous Period: Nil).

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Note	Six months ended 30 September	
		2018	2017
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	6	**220,721**	176,174
Cost of sales	7	**(195,634)**	(154,571)
Gross profit		**25,087**	21,603
Administrative expenses	7	**(11,918)**	(12,150)
Operating profit		**13,169**	9,453
Finance income		**50**	1
Finance costs		**—**	(35)
Finance income/(costs) — net		**50**	(34)
Profit before taxation		**13,219**	9,419
Income tax	9	**(2,750)**	(2,990)
Profit for the period		**10,469**	6,429
Other comprehensive loss, net of tax			
Item that may be reclassified to profit or loss:			
— Exchange differences on translating foreign operations		**(135)**	—
Total comprehensive income for the period		**10,334**	6,429
Profit attributable to:			
Owners of the Company		**7,777**	6,429
Non-controlling interests		**2,692**	—
		10,469	6,429
Total comprehensive income attributable to:			
Owners of the Company		**7,684**	6,429
Non-controlling interests		**2,650**	—
		10,334	6,429
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in HK cents)	10	**3.89**	4.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,729**	2,238
Intangible assets	12	**10,586**	—
Non-current deposits and prepayments		**1,054**	2,272
		14,369	4,510
Current assets			
Trade and retention receivables	14	**99,364**	67,076
Contract assets		**42,940**	—
Amounts due from customers for contract work		**—**	50,814
Amounts due from shareholders		**—**	383
Deposits, other receivables and prepayments		**12,929**	9,858
Tax recoverables		**—**	191
Cash and cash equivalents		**77,126**	58,763
		232,359	187,085
Total assets		**246,728**	191,595
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,553**	1,553
Share premium		**68,632**	68,632
Exchange reserve		**(93)**	—
Retained earnings		**44,637**	41,660
		114,729	111,845
Non-controlling interests		**4,832**	—
Total equity		**119,561**	111,845

	Note	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Trade payables	15	**109,019**	76,987
Contract liabilities		**3,774**	—
Amounts due to customers for contract work		**—**	525
Accruals and other payables	15	**10,175**	2,238
Current income tax liabilities		**4,199**	—
Total liabilities		**127,167**	79,750
Total equity and liabilities		**246,728**	191,595

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company							
	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2017 (audited)	390	—	10	—	34,749	35,149	—	35,149
Profit and total comprehensive income for the period (unaudited)	—	—	—	—	6,429	6,429	—	6,429
Transactions with owners in their capacity as owners								
Effect of Reorganization (audited)	—	—	(10)	—	—	(10)	—	(10)
Balance at 30 September 2017 (unaudited)	390	—	—	—	41,178	41,568	—	41,568
Balance at 31 March 2018 and 1 April 2018 (audited)	**1,553**	**68,632**	**—**	**—**	**41,660**	**111,845**	**—**	**111,845**
Profit for the period (unaudited)	**—**	**—**	**—**	**—**	**7,777**	**7,777**	**2,692**	**10,469**
Other comprehensive loss for the period:								
Exchange differences related to foreign operation (unaudited)	**—**	**—**	**—**	**(93)**	**—**	**(93)**	**(42)**	**(135)**
Total comprehensive income for the period (unaudited)	**—**	**—**	**—**	**(93)**	**7,777**	**7,684**	**2,650**	**10,334**
Non-controlling interests on acquisitions of subsidiaries (unaudited)	**—**	**—**	**—**	**—**	**—**	**—**	**2,182**	**2,182**
Dividend declared (unaudited)	**—**	**—**	**—**	**—**	**(4,800)**	**(4,800)**	**—**	**(4,800)**
Balance at 30 September 2018 (unaudited)	**1,553**	**68,632**	**—**	**(93)**	**44,637**	**114,729**	**4,832**	**119,561**

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**14,586**	13,891
Investing activities		
Purchases of plant and equipment	**(537)**	(97)
Net cash inflow from acquisitions of subsidiaries	**4,262**	—
Net cash generated from/(used in) investing activities	**3,725**	(97)
Financing activities		
Interest paid	**—**	(27)
Proceeds from bank borrowings	**—**	4,000
Net cash generated from financing activities	**—**	3,973
Net increase in cash and cash equivalents	**18,311**	17,767
Effects of foreign exchange rate changes	**52**	—
Cash and cash equivalents at 1 April	**58,763**	19,810
Cash and cash equivalents at 30 September	**77,126**	37,577

1. GENERAL INFORMATION AND REORGANIZATION

1.1 General information

Sanbase Corporation Limited (the "**Company**") 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 (together the "**Group**") are principally engaged in provision of interior fit-out solutions in Hong Kong and China. The ultimate holding company of the Company is Madison Square International Investment Limited ("**Madison Square**"). The ultimate controlling party of the Group is Mr. Wong Sai Chuen ("**Mr. Wong**" or the "**Controlling Shareholder**").

The shares of the Company (the "**Share(s)**") were listed on the GEM of The Stock Exchange of Hong Kong Limited since 4 January 2018 (the "**Listing Date**") (the "**Listing**").

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2018 has been prepared in accordance with HKAS 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Company's consolidated financial statements for the year ended 31 March 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 March 2018, except for the estimation of income tax and the adoption of new and amended standards as set out in Note 3.1.

3.1 New and amended standards adopted by the Group

Below new standards became applicable for the current reporting period and the Group does not have to change its accounting policies except for its impairment methodology under the new expected credit loss model and the presentation of certain financial assets and liabilities as a result of adopting below standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed below.

HKFRS 9 — Financial Instruments — Impact of adoption

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

1. Trade and retention receivables;
2. Contract assets; and
3. Other receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

By using the expected credit losses model, management concluded that there is no material impact to the Group's profit or loss for the six months ended 30 September 2018 and the retained earnings as at 1 April 2018.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

3.1 New and amended standards adopted by the Group (Continued)

HKFRS 15 — Revenue from Contracts with Customers — Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("**HKAS 18**") and HKAS 11 Construction contracts ("**HKAS 11**") that relate to the recognition, classification and measurement of revenue and costs.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognize the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018, thus the comparative figures have not been restated. The reclassifications are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognized in the opening of the interim condensed consolidated statement of financial position on 1 April 2018.

Under HKFRS 15, amounts due from customers for contract work of approximately HK$50,814,000 and amounts due to customers for contract work of approximately HK$525,000 originally presented in the consolidated statement of financial position as at 31 March 2018 are reclassified as contract assets and contract liabilities, respectively, as at 1 April 2018 to be consistent with the terminology used under HKFRS 15.

Except for the above reclassification, management concluded that the adoption of HKFRS 15 does not have material impact to the profit or loss for the six months ended 30 September 2018 and retained earnings as at 1 April 2018.

The following standards and amendments to existing standards are effective to the Group for accounting periods beginning on or after 1 April 2018 but did not result in any significant impact on the results and financial position of the Group.

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendments)	Investment in Associates and Joint Ventures
HKAS 40 (Amendments)	Transfers of Investment Property
Annual improvement project	Annual Improvements 2014–2016 Cycle
HK(IFRIC) -Int 22	Foreign Currency Transactions and Advance Consideration

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

3.2 New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 April 2019.

		Effective for accounting periods beginning on or after
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 April 2019
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 April 2019
HKFRS 16	Leases	1 April 2019
HKFRS 17	Insurance Contracts	1 April 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

Except for the HKFRS 16 "Leases" as explained below, the Group is in the process of making an assessment of the impact of these new standards, amendments and interpretation to existing standards upon initial application but not yet in a position to state whether these new standards, amendments and interpretations to existing standards would have any significant impact on its results of operations and financial position.

HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK$1,861,000 (Note 18b).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2018.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2018.

There have been no changes in the risk management policies since the year end 31 March 2018.

5.2 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, trade and retention receivables, other receivables and deposits, trade and other payables approximated their fair values, due to their short-term maturities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6. REVENUE AND SEGMENT INFORMATION

The Group's revenue from its major services during the Period is as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bare shell fit-out	**194,285**	137,246
Restacking	**7,843**	21,137
Reinstatement	**7,580**	10,340
Churn work	**5,410**	6,712
Maintenance, design and others	**5,603**	739
	220,721	176,174

The Group's revenue mainly represents revenue from the provision of interior fit-out solutions for the six months ended 30 September 2018 and 2017.

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 for the six months ended 30 September 2018 and 2017. 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 People's Republic of China ("**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 revenue, profit or loss and total assets of the China operation is less than 10% of respective attributes of the Group. Accordingly, no separate operating and geographical segment information is presented.

7. EXPENSES BY NATURE

The Group's profit for each of the six months ended 30 September 2018 and 2017 are stated after charging the following cost of sales and administrative expenses:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Subcontracting charges	**178,931**	144,133
Employee benefit expense *(Notes 8 and 16)*	**16,739**	7,746
Cleaning expenses	**3,818**	3,323
Insurance expenses	**931**	1,548
Security expenses	**608**	147
Operating lease payments	**1,021**	344
Auditor's remuneration	**345**	200
Depreciation charge	**414**	33
Amortization of intangible assets	**1,225**	—
Legal and professional fees	**2,138**	69
Listing expenses charged to profit or loss	**—**	8,289
Other expenses	**1,382**	889
Total cost of sales and administrative expenses	**207,552**	166,721

8. EMPLOYEE BENEFIT EXPENSES, INCLUDING BENEFITS AND INTERESTS OF DIRECTORS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, bonuses and allowances	**16,279**	7,501
Retirement benefit costs		
— Mandatory Provident Fund Scheme *(Note)*	**460**	245
	16,739	7,746

The Group has arranged for its employees to join the Mandatory Provident Fund Scheme (the "**MPF Scheme**"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the entities of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a maximum contribution of HK$1,500 per month and thereafter contributions are voluntary.

9. INCOME TAX

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the Periods. A subsidiary of the Group incorporated in the PRC is subjected to PRC corporate income tax rate of 25%. No overseas profits tax has been calculated as the Company and certain subsidiaries are incorporated in the Cayman Islands and the BVI respectively, and are exempted from tax. Income tax expense charged to the condensed consolidated profit or loss represents:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
— In Hong Kong	**2,625**	2,990
— In the PRC	**125**	—
Income tax	**2,750**	2,990

10. BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

The 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 during the six months ended 30 September 2018 and 2017.

The weighted average number of ordinary shares in issue during the six months ended 30 September 2017 used in the basic earnings per share calculation are determined on the assumption that 150,000,000 ordinary shares of US$0.001 each had been in issue since 1 April 2017 in connection with issuance of shares subsequent to subdivision of original shares and capitalization on 8 December 2017.

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	**7,777**	6,429
Weighted average number of ordinary shares in issue ('000)	**200,000**	150,000
Basic earnings per share (HK cents)	**3.89**	4.29

(b) Diluted

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the respective Periods.

11. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2018 and 2017.

12. CAPITAL EXPENDITURE

All intangible assets, except goodwill, are stated at cost less amortization. Goodwill is stated at cost less impairment, if any. The intangible assets held by the Group increased primarily as a result of the acquisitions of subsidiaries.

	Property, plant and equipment	Intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 September 2018			
Opening net book amount	2,238	—	2,238
Additions	537	—	537
Acquisitions of subsidiaries	374	11,811	12,185
Depreciation charge (Note 7)	(414)	—	(414)
Amortization charge (Note 7)	—	(1,225)	(1,225)
Exchange difference	(6)	—	(6)
Closing net book amount	2,729	10,586	13,315

As at 30 September 2018, intangible assets represented Goodwill of approximately HK$8,935,000 and other intangible assets of approximately HK$1,651,000.

13. BUSINESS COMBINATIONS

(a) Acquisition of the Core Group

On 12 April 2018, the 1017 Company Limited, a wholly-owned subsidiary of the Company, acquired 60% of the issued shares in the Core Group, a service provider of interior design and interior fit-out solutions for commercial premises in Hong Kong, for consideration of HK$9,771,000. The acquisition is expected to increase the group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	
— Cash paid	**6,012**
— Contingent consideration (i)	**3,759**
Total purchase consideration	**9,771**

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value *HK$'000*
Cash and cash equivalents	**11,691**
Property, plant and equipment	**283**
Intangible assets	**2,647**
Receivables	**19,021**
Payables	**(26,374)**
Current income tax liabilities	**(1,713)**
Net identifiable assets acquired	**5,555**
Less: non-controlling interests	**(2,222)**
Add: goodwill	**6,438**
	9,771

13. BUSINESS COMBINATIONS (Continued)

(a) Acquisition of the Core Group (Continued)

The goodwill is attributable to the Core Group's strong position and profitability in interior design market and synergies expected to arise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes. The above purchase price allocation is performed on a provisional basis pending finalization of the fair values of the identifiable assets and liabilities.

(i) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owner of the Core Group 40% of the total consideration amounted to HK$3,759,000 in March 2019. The payment is contingent on the result of the operating subsidiary of the Core Group for the year ending 31 December 2018. The fair value of such consideration is estimated calculating the present value of future expected cash flow.

(b) Acquisition of the Guangzhou Siwu

On 8 May 2018, Sanbase China Holding Limited, a wholly-owned subsidiary of the Company, acquired 65% of the issued shares in the Guangzhou Siwu, a service provider of interior design and interior fit-out solutions for commercial premises in the PRC, for consideration of HK$2,423,000. The acquisition is expected to increase the group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	
Cash paid	**2,423**

13. BUSINESS COMBINATIONS (Continued)

(b) Acquisition of the Guangzhou Siwu (Continued)

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value *HK$'000*
Cash and cash equivalents	**1,006**
Property, plant and equipment	**91**
Intangible assets	**229**
Receivables	**7,589**
Payables	**(9,029)**
Net identifiable assets acquired	**(114)**
Less: non-controlling interest	**40**
Add: goodwill	**2,497**
	2,423

The goodwill is attributable to the Guangzhou Siwu's strong position and profitability in interior design market and synergies expected to arise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes. The above purchase price allocation is performed on a provisional basis pending finalization of the fair values of the identifiable assets and liabilities.

14. TRADE AND RETENTION RECEIVABLES

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Trade receivables	78,699	44,705
Less: Provision for doubtful debts	(164)	(100)
Trade receivables — net	78,535	44,605
Retention receivables	20,829	22,471
Less: Provision for doubtful debts	—	—
Retention receivable — net	20,829	22,471
Trade and retention receivables – net	99,364	67,076

An ageing analysis of the trade debtors (which are included in trade and retention receivables) as at the end of the relevant period based on the invoice date and net of allowance for doubtful debts, was as follows:

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Within 30 days	64,359	33,605
31 to 60 days	9,206	2,230
61 to 90 days	6,385	9,803
91 to 180 days	1,656	6,037
Over 180 days	17,758	15,401
	99,364	67,076

14. TRADE AND RETENTION RECEIVABLES (Continued)

As at 30 September and 31 March 2018, the trade and retention receivables approximated their fair value and were denominated in the following currencies:

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
HK$	**97,328**	67,076
Renminbi	**2,036**	—
Total	**99,364**	67,076

15. TRADE AND OTHER PAYABLES

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**109,019**	76,987
Accrued salaries payables	**27**	—
Dividend payables	**4,800**	—
Contingent consideration for acquisition of a subsidiary (Note 13)	**3,759**	—
Other accruals and payables	**1,589**	2,238
Accruals and other payables	**10,175**	2,238
	119,194	79,225

15. TRADE AND OTHER PAYABLES (Continued)

An ageing analysis of the trade payables, based on the invoice date, was as follows:

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
To be invoiced/within 30 days	**59,742**	37,866
31 to 60 days	**11,923**	9,407
61 to 90 days	**8,279**	8,248
91 to 180 days	**8,284**	5,724
Over 180 days	**20,791**	15,742
	109,019	76,987

As at 30 September and 31 March 2018, the carrying amounts of trade and other payables approximated their fair values and were denominated in the following currencies:

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
HK$	**107,611**	79,225
Renminbi	**11,583**	—
Total	**119,194**	79,225

16. RELATED PARTIES 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 six months ended 30 September 2018 and 2017.

Benefits and interests of key management

Key management includes executive of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, bonuses and allowances	**4,278**	2,185
Retirement benefit costs		
— Mandatory Provident Fund Scheme	**30**	36
	4,308	2,221

17. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Surety bonds	**2,928**	4,978

As at 30 September 2018, the Group provided guarantees of surety bonds in respect of 1 (31 March 2018: 3) construction contracts of the Group in its ordinary course of business. No deposits (31 March 2018: HK$1,130,000) was in relation to the guarantees the surety bonds in respect of the construction contract as at 30 September 2018 (31 March 2018: 1). The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

18. COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the period/year but not recognized as liabilities is as follows:

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
Acquisitions of subsidiaries	—	11,240

(b) Non-cancellable operating leases

The Group leases an office and equipment which are non-cancellable with lease terms ranged from 1 and 5 years. The lease expenses charged to the profit or loss during the period are disclosed in Note 7.

The future aggregate minimum lease rental expenses in respect of an office and equipment under non-cancellable operating leases are as follows:

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
No later than 1 year	991	715
Later than 1 year and no later than 5 years	870	106
	1,861	821

Unless otherwise stated, the capitalized terms used in this report shall have the same meaning as those used in the audited consolidated financial statements of the Group for the year ended 31 March 2018.

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 China. 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 labor, providing expertise such as controlling the quality aspects of the projects and carrying out corresponding project management.

Our projects can be broadly categorized into (i) bare shell fit-out projects which 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) churn works, maintenance, design 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.

During the six months ended 30 September 2018, the Group achieved an increase in revenue of approximately 25.3% to approximately HK$220.7 million from approximately HK$176.2 million for the six months ended 30 September 2017. The growth was mainly attributable to (i) the acquisitions of the Core Group and the Guangzhou Siwu in April 2018 and May 2018 respectively; (ii) the increase in revenue from the provision of bare shell fit-out and maintenance, design and others. In line with the increase in revenue, the Group’s gross profit increased to approximately HK$25.1 million for the Period from the approximately HK$21.6 million for the Previous Period, representing an increase of approximately 16.2%.

The Group’s profit attributable to owners of the Company increased by approximately 21.9% to approximately HK$7.8 million for the Period from approximately HK$6.4 million for the Previous Period.

FUTURE PROSPECTS

Looking forward, the Group is positive about the prospects of the interior fit-out market and will continue to focus on our core business. In order to maximize the long term returns of our shareholders, the Group will devote more resources towards the development of our interior fit-out business for commercial premises and pursue strategic partnership with or investment in peer interior fit-out solution providers or other industry players to enhance our market share.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) churn work; and (v) maintenance, design and others. During the Period, the Group's revenue increased by approximately 25.3% to approximately HK$220.7 million (Previous Period: HK$176.2 million). The increase is mainly attributable to (i) the acquisitions of the Core Group and the Guangzhou Siwu during the Period; and (ii) the increase in revenue from the provision of bare shell fit-out and maintenance, design and others.

The following table sets forth a breakdown of the Group's revenue by project types for the six months ended 30 September 2018 and 2017:

	Six months ended 30 September			
	2018		2017	
	HK$'000	**%**	*HK$'000*	%
Project type				
Bare shell fit-out	**194,285**	**88.0**	137,246	77.9
Restacking	**7,843**	**3.6**	21,137	12.0
Reinstatement	**7,580**	**3.4**	10,340	5.9
Churn work	**5,410**	**2.5**	6,712	3.8
Maintenance, design and others*	**5,603**	**2.5**	739	0.4
Total	**220,721**	**100.0**	176,174	100.0

* We provide maintenance, design, Mechanical, Electrical and Plumbing (the "**MEP**") consultancy service and project management service.

As shown in above table, our bare shell fit-out projects contributed to approximately 88.0% and 77.9% of the Group's total revenue for the six months ended 30 September 2018 and 2017 respectively. Revenue from bare shell fit-out projects increased to approximately HK$194.3 million for the six months ended 30 September 2018 from approximately HK$137.2 million for the six months ended 30 September 2017, representing an increase of approximately 41.6%. The increase in revenue from bare shell fit-out projects was mainly attributable to (i) three major bare-shell fit-out projects, each accounted for revenue over HK$10.0 million, for the six months ended 30 September 2018 and (ii) the acquisitions of the Core Group and the Guangzhou Siwu during the Period.

From 1 October 2018 and up to the date of this report, we were newly awarded a total of eight bare shell fit-out projects with a total project sum of approximately HK$23.5 million.

Cost of sales and Direct Margin

The Group's cost of sales mainly comprised subcontracting charges and employee benefit expenses. The increase in cost of sales from HK$154.6 million for the six months ended 30 September 2017 to HK$195.6 million for the six months ended 30 September 2018 was generally in line with the rise in revenue for the Period.

Defined as revenue less subcontracting costs, 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 six months ended 30 September 2018 and 2017:

	Six months ended 30 September			
	2018		2017	
	HK$'000	***%***	*HK$'000*	*%*
	(Unaudited)		(Unaudited)	
Project type				
Bare shell fit-out	**25,931**	**13.4**	18,215	13.3
Restacking	**2,818**	**35.9**	6,029	28.5
Reinstatement	**2,553**	**33.7**	1,125	10.9
Churn work	**713**	**13.2**	1,496	22.3
Maintenance, design and others	**4,593**	**82.0**	190	25.7
Total	**36,608**		27,055	

The Group's overall direct margin increased to approximately HK$36.6 million for the six months ended 30 September 2018 from approximately HK$27.1 million for the six month ended 30 September 2017. The remarkable increase in the direct margin was primarily attributable to the acquisitions of the Core Group and the Guangzhou Siwu during the Period and the increase of direct margin for bare shell fit-out and maintenance, design and others services to approximately HK$25.9 million and HK$4.6 million respectively for the Period (Previous Period: HK$18.2 million and HK$0.2 million respectively). The increase in direct margin for bare shell fit-out and maintenance, design and others services was mainly driven by the larger scale of projects awarded during the Period.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$11.9 million and approximately HK$12.2 million for the six months ended 30 September 2018 and 2017, respectively. Listing expenses charged to profit or loss of approximately HK$8.3 million was included in the Previous Period. Excluding the amount of Listing expenses, an increase of approximately 205.1% during the Period in the administrative expenses was primarily attributable to (i) an increase of HK$4.2 million in staff costs due to our acquisitions of the Core Group and the Guangzhou Siwu; (ii) an increase of HK$2.0 million in professional service fees mainly arising after the Listing and acquisitions of subsidiaries; (iii) an increase of HK$0.5 million in the office expenses and rental expenses primarily arising from an increase in our office floor area as a result of our acquisitions of the Core Group and the Guangzhou Siwu; and (iv) an increase of HK$1.2 million in the amortization of intangible assets as a result of the increase of intangible assets held by the Group due to the acquisitions of the Core Group and the Guangzhou Siwu.

Income Tax Expense

Income tax of the Group for the Period was approximately HK$2.8 million (Previous Period: HK$3.0 million) and the such decrease was due to the net effect of increase in assessable profits during the Period and Listing expenses incurred during the Previous Period. Listing expenses incurred during the Previous Period were not deductible for tax purpose.

Profit for the Period

As a result of the foregoing, the Group's profit for the period increased from approximately HK$6.4 million during the six months ended 30 September 2017 to approximately HK$10.5 million during the six months ended 30 September 2018, which was mainly due to acquisitions of the Core Group and the Guangzhou Siwu during the period and the listing expenses incurred during the Previous Period.

Profit attributable to Owners of the Company

Profit attributable to owners of the Company amounted to approximately HK$7.8 million, representing an increase of approximately 21.9%, as compared with approximately HK$6.4 million for the Previous Period.

Dividend

The Board does not recommend the payment of an interim dividend for the Period (Previous Period: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2018, the Group financed its operation by internal resources and granted bank facility. As at 30 September 2018, the Group had net current assets of approximately HK$105.2 million (31 March 2018: HK$107.3 million), including cash and cash equivalents balances of approximately HK$77.1 million (31 March 2018: HK$58.8 million) mainly denominated in Hong Kong dollars. As at 30 September 2018, the Group had an unutilized bank facility of HK$64.1 million (31 March 2018: HK$17.2 million). The granted bank facility was secured by personal guarantee of Controlling Shareholder, Mr. Wong Sai Chuen, our Chairman, Chief Executive Officer and Executive Director. The personal guarantee provided by Mr. Wong was released following to the listing of the Group on 4 January 2018 (the "**Listing Date**") and the Group provided corporate guarantee as security.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.8 times as at 30 September 2018 (31 March 2018: 2.3 times). The decrease was mainly due to the increase in current income tax liabilities of approximately HK$4.2 million and increase in contract liabilities of approximately HK$3.2 million. As at 30 September 2018, the Group had no interest-bearing bank and other borrowings. Accordingly, no gearing ratio is presented (31 March 2018: Nil).

CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange on the Listing Date subsequently by way of placing and public offering and 50,000,000 new shares offered by the Company at a listing price of HK$1.56 per share. There has been no change in capital structure of the Company as at 30 September 2018. The equity attributable to owners of the Company amounted to approximately HK$114.7 million as at 30 September 2018 (31 March 2018: HK$111.8 million).

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

CONTINGENT LIABILITIES

As at 30 September 2018 and 31 March 2018, the Group provided guarantees of surety bonds of approximately HK$2.9 million and HK$5.0 million in respect of one and three construction contracts of the Group respectively in its ordinary course of business during both Periods. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

CAPITAL COMMITMENTS

As at 30 September 2018, the Group had no capital commitment in relation to acquisition of a subsidiary (31 March 2018: HK$11.2 million).

HUMAN RESOURCES MANAGEMENT

As at 30 September 2018, the Group had a total of 70 employees. To ensure that the Group is able to attract and retain staff who are 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.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the reporting period that requires disclosure.

ACHIEVEMENT OF BUSINESS OBJECTIVES AS COMPARED WITH ACTUAL BUSINESS PROGRESS

Business objectives	Business objectives up to 30 September 2018 as stated in the Prospectus	Actual business progress up to 30 September 2018
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 three bare shell fit-out projects with a contract sum of approximately HK$38.1 million, HK$83.3 million, HK$44.8 million and a bare shell fit-out project with a contract sum of approximately HK$95.8 million as disclosed in the announcements dated at 27 July 2018 and 20 September 2018, respectively.
Expand our project management and client care teams	• By recruiting and maintaining the payroll of 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 and maintaining the payroll of our project and construction management teams to enhance our execution capabilities in light of our upcoming project pipeline;	The Group has recruited seventeen employees in their capacity as project manager, site manager, project supervisor, project coordinator and surveying officer.

Business objectives	Business objectives up to 30 September 2018 as stated in the Prospectus	Actual business progress up to 30 September 2018
	• By recruiting and maintaining the payroll of additional project managers, site supervisors, site managers, quantity surveyors and MEP specialists to expand our project execution capacity; and • By recruiting and maintaining the payroll of extra experienced safety and quality control consultants.	
Continue to enhance our project implementation system and develop new management system and technology	• By improving our existing standardized project management and execution system to enhance its usability and intuitiveness.	The Group is in the progress of developing the project management and execution system with enhanced usability and intuitiveness.
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.	On 26 March 2018, the Group entered into a sales and purchase agreement to acquire Core Group and Guangzhou Siwu, respectively, for the purpose of strengthening the Group's market share in Hong Kong and expanding the Group's footprint in China, which have been completed on 12 April 2018 and 8 May 2018 respectively.

USE OF PROCEEDS

The Shares were listed on the Stock Exchange on the Listing Date, being 4 January 2018. The net proceeds from the listing of the shares of the Company in connection with the Listing was approximately HK$56.9 million. As at 30 September 2018, the net proceeds from the Listing were applied and utilized as follows:

	Planned use of the net proceeds as stated in the Prospectus *(HK$ million)*	**Actual use of the net proceeds up to 30 September 2018** *(HK$ million)*
For project execution and start-up costs for our projects	34.1	27.0
For recruiting high caliber and experienced managers and supervisors for the expansion of our project teams and renting additional office space	11.4	2.8
For revamping our project management and execution system	4.0	0.7
For implementation of ERP system	1.7	0.9
For additional working capital and other general corporate purposes	5.7	2.3
Total:	**56.9**	**33.7**

The business objectives, future plans and planned use of proceeds as stated in the prospectus dated 18 December 2017 (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 the industry.

Please refer to the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus for more details of the Company's intended use of the net proceeds from the Global Offering.

The Directors will constantly evaluate the Group's business strategies and objectives and where appropriate will change or modify the plans against the changing market condition to suit the business growth of the Group.

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.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (Previous Period: Nil).

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this report.

The Company has complied with the principles and applicable code provisions of the CG Code for the six months ended 30 September 2018, except the deviation from CG Code provision A.2.1 as set out below.

Chairman and Chief Executive Officer

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 Sai Chuen, holds both positions. Mr. Wong Sai Chuen has been primarily responsible for overseeing the Group's general management and business development of the Group and for formulating business strategies and policies for our business management and operations since he founded the Group in 2009. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider it is most suitable for Mr. Wong Sai Chuen to hold both the positions of chief executive officer and the chairman of the Board and the existing arrangements are beneficial and in the interests of the Company and the shareholders as a whole.

Based on the above factors, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares (the "**Code of Conduct**"). Having made specific enquiries to all Directors, each of them has confirmed that he/she has fully complied with the required standard of dealings set out in the Code of Conduct during the six months ended 30 September 2018.

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 interim report.

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 have been granted under the Share Option Scheme since its adoption and up to the date of this interim report.

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.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the six months ended 30 September 2018.

DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of Directors in the Shares, underlying shares or debentures of the Company and its associated corporations

As at 30 September 2018, the Directors had the following interests and/or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, will be required to be notified to the Company and the Stock Exchange:

(i) Interests in the Company

Name of Director	Capacity/ nature of interest	Number of Shares held/ interested in (Note 1)	Approximate percentage of issued share capital
Ms. Hui Man Yee, Maggie	Interest of spouse	112,500,000 (Note 2)	56.25%
Mr. Wong Kin Kei	Interest in a controlled corporation	37,500,000 (Note 3)	18.75%
Mr. Wong Sai Chuen	Interest in a controlled corporation	112,500,000 (Note 4)	56.25%

Notes:

1. All interests stated are long position.

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. 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 is deemed to be interested under the SFO.

(ii) Interests in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/ nature of interest	Number of shares held/ interested	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 *(Note 1)*	Madison Square International Investment Limited *(Note 2)*	Beneficial owner	37,500	100%

Notes:

1. Ms. Hui Man Yee, Maggie is the wife of Mr. Wong Sai Chuen. Therefore, under the SFO, Ms. Hui Man Yee, Maggie is deemed to be interested in Mr. Wong Sai Chuen's interest in Madison Square International Investment Limited.

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

Save as disclosed above, as at 30 September 2018, none of our Directors had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

(b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at 30 September 2018, so far as known to the Directors, the following persons/entities had an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

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

Notes:

1. All interests stated are long position.
2. 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 is deemed to be interested under the SFO.
3. 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.
4. 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.
5. 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, so far as is known to the Directors, as at 30 September 2018, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the voting power at general meetings or any other members of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Other than members of the Group, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, TC Capital International Limited ("**TC Capital**"), except for the compliance adviser's agreement entered into between the Company and TC Capital on 6 July 2017, neither TC Capital nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in 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 30 September 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and financial statements, interim reports, quarterly reports and risk management and internal control systems and to provide comments thereon to the Board. The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2018, and is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosure have been made.