



【 For Immediate Release 】

25 June 2018



Sanbase Corporation Limited
莊皇集團公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8501

Announces 2017/18 Annual Results
Revenue Surged by 34.0% YoY to HK\$376.2 million
Completed Hong Kong and China Acquisitions to Complete its Value Proposition
Dividend Payout Ratio Reached 69.5%

Financial Highlights

For the year ended 31 March	2018	2017	Change
	HK\$ million	HK\$ million	
Revenue	376.2	280.7	+34.0%
Gross profit	39.3	36.0	+9.3%
Profit for the year attributable to owners of the Company (excluding listing expenses)	22.5	24.1	-6.8%
Final dividend (HK\$ cent)	2.4	--	--
Dividend payout ratio	69.5%	--	--

(Hong Kong – 25 June 2018) The largest interior fit-out solutions provider for Grade A offices in Hong Kong – **Sanbase Corporation Limited** (“Sanbase” or “Company”, and its subsidiaries “Group”, stock code: 8501) is pleased to announce its annual results for the year ended 31 March 2018 (the “Year”).

During the Year, the Group recorded a year-on-year (“YoY”) increase in revenue of approximately 34.0%, from approximately HK\$280.7 million to approximately HK\$376.2 million, mainly due to the increase in participating projects from 103 to 152, as well as several large-scale projects being granted during the Year. In line with the increase in revenue, gross profit increased to approximately HK\$39.3 million (2017: approximately HK\$36.0 million), representing an increase of approximately



9.3% YoY. Excluding the listing expenses of approximately HK\$15.5 million, profit for the year attributable to owners of the Company decreased by approximately 6.8% YoY to HK\$22.5 million (2017: approximately HK\$24.1 million), as a result of higher sub-contracting cost related to the complicated work required to be carried out. Basic earnings per share reached HK\$4.27 cents. The Board recommended the payment of final dividend of HK\$2.40 cents per share, representing a dividend payout ratio of 69.5%.

The Group's 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; and (iv) maintenance and churn work, which involve providing minor repairs and general builder's maintenance work to the tenant's office facilities, pest control and emergency call service.

For the Year, the four aforementioned segments have contributed 81.3%, 9.9%, 5.3%, and 3.5% of total revenue (2017: 76.9%; 9.4%; 7.9%; and 5.8%) respectively. Specifically, for its bare shell fit-out services, the major revenue contributor, revenue has increased from approximately HK\$215.8 million last year, to approximately HK\$306.0 this year, indicating a 41.8% growth YoY. The increase in revenue was mainly driven by the increase in number of fit-out projects from 36 in 2017 to 44 in 2018, as well as several large-scale projects with large contract sum being granted in 2018.

In addition, between 1 Apr 2018 and the date of the announcement, the Group was awarded 4 additional bare shell fit-out projects, with a total project sum of approximately HK\$13.0 million.

Regarding direct margins, the Group's overall direct margin increased from approximately HK\$48.5 million of last year, to approximately HK\$49.5 million this year, mainly due to the increase of project sum in the Year. For segmental direct margins, bare shell fit-out stood at 12.0% (2017: 14.4%), whereas restacking, reinstatement, maintenance, and churn work were at 20.7%, 11.6%, 21.2% and 19.6% respectively (2017: 30.0%; 4.5%; 36.4%; 54.9%). The decrease in direct margin for bare shell fit-out and restacking projects was mainly driven by the higher sub-contracting cost incurred due to the complicate work granted during the Year.

On the acquisition front, on 12 April 2018, 1017 Company Limited, a wholly-owned subsidiary of the Company, has completed the acquisition of 60% equity interests in Core Group Holding Limited ("HK Target") at a cash consideration of approximately HK\$10,020,000. On 8 May 2018, Sanbase China



Holding Limited, a wholly-owned subsidiary of the Company, also completed the acquisition of 65% equity interests in 廣州斯五建築設計有限公司 (“PRC Target”) at a cash consideration of approximately RMB1,975,000 (equivalent to approximately HK\$2,438,000). The two acquisitions would allow the Group to further strengthen its leading position in the interior fit-out market in Hong Kong, while extending its business footprint to the previously untapped China market. It would also complete the Group’s one-stop interior fit-out solutions, which include design, coordination, implementation and quality control, allowing it to further boost its scale and influence in the market through its comprehensive service offering.

Mr. Wong Sai Chuen, Chairman of Sanbase Corporation Limited stated, “With the corporate values of ‘Strive for Betterment’, the Group has continued to stride forward, and was able to secure two “Ten-million grade” projects, as well as to complete two respective acquisitions in Hong Kong and China within several months after listing. As the 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 to high-end office interior fit-out services in the region. To capture such market opportunities, the Group will actively synergize its clients, partners and human resources in both Hong Kong and China, and will treat the Greater Bay Area as the starting point for introducing high-quality fit-out services into China. We would also look into the possibility of cooperating with larger-scale clients. By providing one-stop fit-out solutions catering their changing development needs, we hope to go hand in hand with our clients and thus, further established ourselves in other areas in China.”

Mr. Wong continued, “In terms of the local market, with our growing market recognition, track record and execution capabilities, along with favourable demand-side policies such as “Moving out of Central” and “Green Office”, we remain confident in the Group’s future business development. We will maintain our focus in the Hong Kong market, and will strive to increase our market share with a particular emphasis on Grade A offices. We will also continue to actively explore suitable acquisitions, partnerships, and investment opportunities, in order to further solidify the Group’s leading market position and to add further impetus to its business.”

“I wish to thank all of our employees, partners, stakeholders and shareholders for their continuous contribution to the Group’s business development. With their 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 its shareholders.” **Mr. Wong** concluded.

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Sanbase Corporation Limited

Sanbase is an interior fit-out solutions provider focusing on providing services to clients whose offices are predominately situated in Grade A offices in Hong Kong. The main categories of services include: (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) maintenance and (v) churn work. According to the Industry Report, Sanbase is the largest fit-out solutions provider for Grade A offices in Hong Kong in terms of market share in 2016. During the Track Record Period, the Group worked on 230 projects for a total of 107 clients. Revenue for the two years ended March 31, 2016 and 2017 were HK\$231.1 million and HK\$280.7 million respectively, representing a growth of approximately 21.5% from the year ended March 31, 2016 to the year ended March 31, 2017.

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

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