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SANBASE CORPORATION LIMITED

莊 皇 集 團 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8501)

INSIDE INFORMATION — ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL AND SHAREHOLDER’S LOAN OF THE TARGET

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

THE ACQUISITION

The Board is pleased to announce that on 14 February 2020 (after the trading hours), the Purchaser, which is a wholly owned subsidiary of the Company, and the Vendors entered into the Agreement in relation to the Acquisition.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are set out below:

Asset to be acquired: The subject matter of the Acquisition is the Target Sale Shares and the Shareholder’s Loan of the Target.

Conditions Precedent: Completion of the sale and purchase of the Target Sale Shares is conditional upon the fulfilment or waiver of the conditions below, which include but not limited to:

- i. completion of the due diligence exercise on the Target to the reasonable satisfaction of the Purchaser;

- ii. the money lender licence maintained by the Target having remained valid and in full force and effect and not being revoked, suspended or cancelled by the relevant organization or regulatory authority and no circumstances or events that may result in the revocation, suspension and/or cancellation of such licence have occurred up to Completion;
- iii. the net asset of the Target shall not be less than HK\$10,000 at the Completion Date;
- iv. no event, change or effect having occurred which has resulted or is likely to result in a material adverse change or material adverse deterioration in the position or prospects of the Target; and
- v. none of the warranties given by the Vendors and other provisions of the Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or (in respect of any of the warranties) is misleading or untrue in any material respect.

Completion:

Completion will take place on the seventh (7th) Business Day after the fulfilment or waiver of the conditions above.

Consideration:

The consideration (the “**Consideration**”) of the acquisition of the Target Sale Shares and the Shareholder’s Loan is HK\$2,550,000, which shall be payable in the following manner:

- i. HK\$1,275,000, representing 50% of the Consideration, will be payable by the Purchaser to the Vendors by cash upon signing of the Agreement; and
- ii. HK\$1,275,000, being the remaining balance of the Consideration will be payable by the Purchaser to the Vendors by cash upon the Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors on normal commercial terms with reference to (i) the licensed status of the Target to carry on money lending business in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) the amount due to the Vendors by the Target as at the date of the Completion. The Consideration will be funded by the Group's internal resources.

Due Diligence:

Upon signing of the Agreement, the Vendors shall procure the Target to allow the Purchaser to conduct its due diligence exercise on the Target and to allow the Purchaser access to information and documentation of the Target.

The Purchaser shall conduct and complete the due diligence exercise on the Target within thirty (30) Business Days upon signing of the Agreement.

Post-completion obligation:

The Vendors shall procure that one of the directors of the Target will continue his office to operate the business of the Target for a period of at least two (2) years after the Completion Date unless otherwise agreed by the Purchaser.

INFORMATION ON THE VENDORS

At the date of this announcement, the Vendors, namely Ms. Chan See Man Patricia and Mr. Shiu Moon Yuen Simon, are the significant controllers and beneficial owners of the Target who own the entire issued share capital of the Target. To the best of the Directors' knowledge, information and belief after making reasonable enquiries, each of the Vendors is an Independent Third Party.

INFORMATION ON THE TARGET

The Target is a company incorporated in Hong Kong with limited liability on 23 July 2015 and is principally engaged in money lending business in Hong Kong. The Target holds a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in provision of interior fit-out solutions in Hong Kong and the People's Republic of China. The Directors consider that the signing of the Agreement and the Acquisition thereunder presents an opportunity for the Group to explore the opportunity of developing money lending business to diversify the Group's existing business.

In view of the above, the Directors are of the view that the terms of the Agreement are fair and reasonable and the Acquisition is in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules and is not subject to the publication of and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board wishes to emphasise that the Acquisition is subject to the results of due diligence exercise on the Target by the Group and the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Target Sale Shares and the Shareholder's Loan of the Target by the Purchaser from the Vendors
“Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendors in relation to the Acquisition dated 14 February 2020
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day (excluding Saturdays and Sundays) on which banks generally are open in Hong Kong for the transaction of normal banking business
“Company”	Sanbase Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Acquisition under the Agreement
“Completion Date”	the date when the Completion takes place
“Directors”	the directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	third party independent of the Company and its connected persons and their respective associates (within the meaning of the GEM Listing Rules)
“Purchaser”	Morrice Company Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the entire amount due to the Vendors by the Target (if any) immediately before Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Yu Rong Capital Limited, a company incorporated in Hong Kong with limited liability and wholly owned by the Vendors

“Target Sale Shares”	20,000 ordinary shares in the share capital of the Target, representing the entire issued share capital, as at the date of the Agreement
“Vendors”	two individuals namely Ms. Chan See Man Patricia and Mr. Shiu Moon Yuen Simon, who are the legal and beneficial owners collectively holding the entire issued share capital of the Target as at the date of the Agreement
“%”	per cent

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

Hong Kong, 14 February 2020

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 the executive Directors; and Mr. Cheung Chi Man Dennis, Mr. Chan Chi Kwong Dickson 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at www.sclhk.com.