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SANBASE CORPORATION LIMITED

莊皇集團公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8501)

ANNOUNCEMENT – DISCLOSURE UNDER RULES 17.50(2)(s) AND 17.50A(2) OF THE GEM LISTING RULES

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Sanbase Corporation Limited (the “**Company**”, together with its subsidiaries the “**Group**”) pursuant to Rules 17.50(2)(s) and 17.50A(2) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”), to disclose the change of information in relation to Mr. Chan Chi Kwong, Dickson (“**Mr. Chan**”) to comply with the requirements under Rules 17.50(2)(s) and 17.50A(2) of the GEM Listing Rules.

The Board has been informed that the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has settled regulatory proceedings concerning alleged non-compliance of its professional standards involving Mr. Chan, an independent non-executive Director of the Company. This case concerned an audit of the consolidated financial statements of a Hong Kong listed company and its subsidiaries for the year ended 31 December 2016 carried out by JH CPA Alliance Limited, which Mr. Chan was the engagement director. HKICPA found that the audit team failed to obtain sufficient audit evidence, and prepare adequate documentation, on a number of material financial statements items pertaining to the subject company’s acquisition of a business.

As a result, HKICPA found that Mr. Chan failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing (“**HKSA**”) 230 *Audit Documentation*, HKSA 500 *Audit Evidence* and HKSA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.

The HKICPA had reached a settlement agreement with Mr. Chan, pursuant to which: (i) Mr. Chan acknowledges the facts of the case and areas of non-compliance with professional standards; (ii) Mr. Chan is reprimanded; and (iii) Mr. Chan pays a financial penalty of HK\$75,000 and costs of HK\$63,000 (the “**Decision**”). Details of the above were disclosed in the press release published by the HKICPA dated 3 November 2021.

As the Decision does not involve the Company or the Group as a whole, and Mr. Chan has no role in the day-to-day operations of the Group, the Board does not consider that the Decision will have any material adverse impact on the business operation or financial position of the Group. Mr. Chan has confirmed to the Company that save as disclosed in this announcement, there is no other information relating to him that is required to be disclosed pursuant to the requirements of Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules and he is not aware of any other matters that need to be brought to the attention of the shareholders of the Company.

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

Hong Kong, 4 November 2021

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), Ms. Hui Man Yee Maggie and Dr. Sung Tak Wing Leo being the executive Directors; and Mr. Cheung Chi Man Dennis, Mr. Chan Chi Kwong Dickson and Mr. Chan Charles Cham Chuen 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 Listed Company Information” 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.sclhk.com.