



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 2024**

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2024 INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		Unaudited Six months ended 30 September	
	Note	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated) (Note 2)
Revenue	5	146,127	276,587
Cost of sales	6	(139,482)	(257,118)
Gross Profit		6,645	19,469
Administrative expenses	6	(8,396)	(10,897)
Net reversal of impairment losses on financial assets	16	54	434
Operating (loss)/profit		(1,697)	9,006
Finance income		1,793	1,392
Finance costs		(75)	(35)
Finance income – net	7	1,718	1,357
Profit before income tax		21	10,363
Income tax expense	9	(627)	(1,611)
(Loss)/profit for the period		(606)	8,752
Other comprehensive (loss)/income, net of income tax			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Exchange differences arising on translation of foreign operation		158	(316)
<i>Item that will not be reclassified to profit or loss:</i>			
– Remeasurements of employee benefit obligations		72	284
Total comprehensive (loss)/income for the period		(376)	8,720

**Unaudited
Six months ended
30 September**

		2024	2023
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i> (Restated) (Note 2)
(Loss)/profit for the period attributable to:			
	Owners of the Company	(2,235)	6,880
	Non-controlling interests	1,629	1,872
		(606)	8,752
 Total comprehensive (loss)/income for the period attributable to:			
	Owners of the Company	(2,050)	6,896
	Non-controlling interests	1,674	1,824
		(376)	8,720
		<i>HK Cents</i>	<i>HK Cents</i>
 (Loss)/earnings per share attributable to owners of the Company			
	Basic and diluted	10 (1.12)	3.48

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

		Unaudited	Audited
		30 September	31 March
		2024	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	14	251	334
Right-of-use assets		2,883	4,082
Intangible assets	15	9,544	9,544
Financial asset at fair value through profit or loss	4.2	14,202	14,202
Deposits and prepayments		484	484
Deferred income tax assets		1,126	1,121
		<u>28,490</u>	<u>29,767</u>
Current assets			
Trade and retention receivables	16	39,485	54,550
Contract assets		51,345	39,065
Deposits, other receivables and prepayments		2,789	2,732
Income tax recoverable		–	608
Cash and cash equivalents		125,495	139,638
		<u>219,114</u>	<u>236,593</u>
Total assets		<u><u>247,604</u></u>	<u><u>266,360</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	18	1,553	1,553
Share premium		57,632	57,632
Exchange reserve		24	(96)
Retained earnings		75,666	77,836
		<u>134,875</u>	<u>136,925</u>
Non-controlling interests		8,733	7,059
Total equity		<u><u>143,608</u></u>	<u><u>143,984</u></u>

		Unaudited	Audited
		30 September	31 March
		2024	2024
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		530	1,449
Employee benefit obligations		392	372
		<u>922</u>	<u>1,821</u>
Current liabilities			
Trade payables	<i>17</i>	93,566	110,562
Accruals and other payables	<i>17</i>	2,226	1,920
Contract liabilities		4,882	5,401
Lease liabilities		2,395	2,672
Income tax payable		5	–
		<u>103,074</u>	<u>120,555</u>
Total liabilities		103,996	122,376
Total equity and liabilities		247,604	266,360

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	Unaudited Attributable to owners of the Company						Unaudited Non- controlling interests HK\$'000	Unaudited Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Subtotal HK\$'000		
At 1 April 2023, as previously reported	1,553	57,632	(2,998)	115	81,333	137,635	7,070	144,705
Change in accounting policy (note 2.2)	-	-	-	-	(451)	(451)	(101)	(552)
At 1 April 2023, as restated	1,553	57,632	(2,998)	115	80,882	137,184	6,969	144,153
Profit for the period, as previously reported	-	-	-	-	7,006	7,006	1,892	8,898
Change in accounting policy (note 2.2)	-	-	-	-	(126)	(126)	(20)	(146)
Profit for the period, as restated	-	-	-	-	6,880	6,880	1,872	8,752
Other comprehensive loss for the period:								
Exchange differences arising on translation of foreign operation	-	-	-	(228)	-	(228)	(88)	(316)
Other comprehensive loss for the period, as previously reported	-	-	-	(228)	-	(228)	(88)	(316)
Remeasurement of employee benefit obligations	-	-	-	-	244	244	40	284
Other comprehensive (loss)/income for the period, as restated	-	-	-	(228)	244	16	(48)	(32)
Total comprehensive (loss)/income for the period, as restated	-	-	-	(228)	7,124	6,896	1,824	8,720
Transactions with owners in their capacity as owners:								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,984)	(1,984)
At 30 September 2023, as restated	1,553	57,632	(2,998)	(113)	88,006	144,080	6,809	150,889
At 1 April 2024	1,553	57,632	-	(96)	77,836	136,925	7,059	143,984
(Loss)/profit for the period	-	-	-	-	(2,235)	(2,235)	1,629	(606)
Other comprehensive income for the period:								
Exchange differences arising on translation of foreign operation	-	-	-	120	-	120	38	158
Remeasurement of employee benefit obligations	-	-	-	-	65	65	7	72
Total comprehensive income/(loss) for the period	-	-	-	120	(2,170)	(2,050)	1,674	(376)
At 30 September 2024	1,553	57,632	-	24	75,666	134,875	8,733	143,608

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated (used in)/from operations	(14,608)	21,755
Interest received	1,793	1,392
Income tax (paid)/refunded	(2)	244
	<u>(12,817)</u>	<u>23,391</u>
Net cash (outflow)/inflow from operating activities		
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(58)	(65)
	<u>(58)</u>	<u>(65)</u>
Net cash outflow from investing activities		
Cash flows from financing activities		
Dividend paid to non-controlling interests	–	(1,984)
Lease payments	(1,496)	(825)
	<u>(1,496)</u>	<u>(2,809)</u>
Net cash outflow from financing activities		
Net (decrease)/increase in cash and cash equivalents	(14,371)	20,517
Effects of exchange rate changes on cash and cash equivalents	228	(478)
Cash and cash equivalents at 1 April	139,638	109,702
	<u>125,495</u>	<u>129,741</u>
Cash and cash equivalents at 30 September		

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sanbase Corporation Limited was incorporated in the Cayman Islands on 24 March 2017 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 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. The Company and its subsidiaries together are principally engaged in the provision of interior fit-out solutions in Hong Kong and the People's Republic of China (the "PRC", for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan). The ultimate holding company of the Company is Madison Square International Investment Limited. The ultimate controlling party of the Group is Mr. Wong Sai Chuen ("Mr. Wong" or the "Controlling Shareholder").

The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange since 4 January 2018.

The unaudited condensed consolidated financial information for the six months ended 30 September 2024 has been reviewed by the audit committee of the Board (the "Audit Committee") but has not been reviewed or audited by the Company's auditor.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The unaudited condensed consolidated financial information does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual report for the year ended 31 March 2024.

The unaudited condensed consolidated financial information for the six months ended 30 September 2024 has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

All amounts are presented in Hong Kong dollar thousands ("HK\$'000") in these unaudited condensed consolidated financial information unless otherwise stated.

2.1 Application of new and amendments to HKFRSs

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The significant accounting policies that have been used in the preparation of the unaudited condensed consolidated financial information for the six months ended 30 September 2024 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2024 included in the 2024 Annual Report.

The Group has not applied any new and revised HKFRSs that are not yet effective for the current period.

2.2 Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which will be effective from 1 May 2025 (the “**Transition Date**”). Under the Amendment Ordinance, any accrued benefits attributable to the employer’s mandatory contributions under mandatory provident fund scheme (the “**MPF Benefits**”) of an entity would no longer be eligible to offset against its obligations on long service payment (the “**LSP**”) for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 April 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the “**practical expedient**”) to account for the offsettable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “**Guidance**”) which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a ‘simple type of contributory plans’ to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). This change in accounting policy upon the cessation in applying the practical expedient has resulted in a catch-up adjustment for past service costs and a corresponding increase in the Group’s LSP obligations in the year of enactment of the Amendment Ordinance (i.e., as at 1 April 2022 and year ended 31 March 2023). The adjustment is recognised as past service costs in profit or loss as at 1 April 2022 and for the year ended 31 March 2023 as the Amendment Ordinance is not contemplated in the original LSP legislation.

This change in accounting policy has been applied retrospectively by restating the balances as at 30 September 2023 and the results for the period then ended as summarised below:

	As previously reported <i>HK\$’000</i>	Effect of change in accounting policy <i>HK\$’000</i>	As restated <i>HK\$’000</i>
As at 30 September 2023			
Employee benefit obligations	–	506	506
Accruals and other payables	1,311	(92)	1,219
Retained earnings	88,339	(333)	88,006
Non-controlling interests	6,890	(81)	6,809
For the period ended 30 September 2023			
Cost of sales	(257,012)	(106)	(257,118)
Administrative expenses	(10,857)	(40)	(10,897)
Remeasurement of employee benefit obligations	–	284	284
Basic and diluted earnings per share	3.54	(0.06)	3.48
As at 1 April 2023			
Employee benefit obligations	–	644	644
Accruals and other payables	3,361	(92)	3,269
Retained earnings	81,333	(451)	80,882
Non-controlling interest	7,070	(101)	6,969

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of interim condensed consolidated 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 critical judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2024.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does 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 for the year ended 31 March 2024.

There have been no changes in the risk management policies since 31 March 2024.

4.2 Fair value estimation

The following financial instruments that carried at fair value are categorised based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table presents the Group's financial assets measured and recognised at fair value at 30 September 2024 and 31 March 2024:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2024 (Unaudited)				
Financial asset at fair value through profit or loss ("FVPL")				
– Unlisted debt investment	<u>–</u>	<u>–</u>	<u>14,202</u>	<u>14,202</u>
At 31 March 2024 (Audited)				
Financial asset at FVPL				
– Unlisted debt investment	<u>–</u>	<u>–</u>	<u>14,202</u>	<u>14,202</u>

There were no transfers into or out of level 3.

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts.

There are no other financial instruments that were measured at fair value as at 30 September 2024 and 31 March 2024.

There were no changes in valuation techniques for the six months ended 30 September 2024.

5. REVENUE AND SEGMENT INFORMATION

	Unaudited	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bare shell fit-out	126,860	240,052
Restacking	5,585	20,935
Reinstatement	2,489	–
Design	1,783	2,877
Churn works	8,857	12,470
Maintenance and others	553	253
	<u>146,127</u>	<u>276,587</u>

The Group's revenue mainly represents revenue from the provision of interior fit-out solutions for the six months ended 30 September 2024 and 2023.

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 the provision of interior fit-out solutions in Hong Kong and the PRC for the six months ended 30 September 2024 and 2023. 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 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 geographical segment information is presented as below:

Geographical information

The geographical location of customers is based on the location at which the service was provided. The Group’s operations and workforce are mainly located in Hong Kong and the PRC. The following table provides an analysis of the Group’s revenue from external customers.

	Unaudited	
	Six months ended 30 September	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Hong Kong	139,920	266,220
The PRC	6,207	10,367
	<u>146,127</u>	<u>276,587</u>

Information about major customers

Revenue from customers contributing over 10% of the Group’s total revenue are set out below:

	Unaudited	
	Six months ended 30 September	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Customer A	41,200	N/A (Note)
Customer B	20,659	N/A (Note)
Customer C	15,839	N/A (Note)
Customer D	N/A (Note)	97,014
Customer E	N/A (Note)	28,871

Note: The corresponding revenue did not contribute over 10% of the Group’s total revenue.

6. EXPENSES BY NATURE

The Group's profits for the six months ended 30 September 2024 and 2023 are stated after charging the following cost of sales and administrative expenses:

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
		(Note 2)
Subcontracting charges	122,975	237,647
Staff costs (Note 8)	17,821	19,927
Cleaning expenses	961	3,087
Insurance expenses	1,154	1,407
Short-term lease payments	103	1,049
Auditor's remuneration	575	716
Depreciation on right-of-use assets	1,427	749
Depreciation on property, plant and equipment (Note 14)	141	299
Legal and professional fees	1,231	1,365
Other expenses	1,490	1,769
	<u>147,878</u>	<u>268,015</u>

7. FINANCE INCOME – NET

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest income from bank deposits	1,793	1,392
Interest expense on lease liabilities	(75)	(35)
	<u>1,718</u>	<u>1,357</u>

8. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
		(Note 2)
Salaries, bonuses and allowances	16,997	18,985
Retirement benefits contributions	824	942
	<u>17,821</u>	<u>19,927</u>

9. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	616	1,549
– PRC enterprise income tax	–	8
Deferred tax	11	54
	<u>627</u>	<u>1,611</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Pursuant to the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of one of group entities is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at the rate of 16.5% on the estimated assessable profits above HK\$2 million for the period.

Under the Law of the PRC on enterprise income tax (the “**EIT**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2023: 25%).

No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the period.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less the total number of shares held under share award scheme during the six months ended 30 September 2024 and 2023.

	Unaudited	
	Six months ended 30 September	
	2024	2023
		(Restated)
		(Note 2)
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	(2,235)	6,880
Weighted average number of ordinary shares in issue less shares held under share award scheme (<i>'000</i>)	<u>200,000</u>	<u>197,944</u>
Basic (loss)/earnings per ordinary share (<i>HK cents</i>)	<u>(1.12)</u>	<u>3.48</u>

(b) **Diluted**

There were no outstanding share options as at 30 September 2024 and 2023 and has no potential dilutive ordinary share in issue. Accordingly, diluted earnings per share is equal to basic earnings per share.

11. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (Six months ended 30 September 2023: same).

12. 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 2024 and 2023.

Compensation of key management

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

	Unaudited	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Salaries, bonuses and allowances	1,920	3,067
Retirement benefits contributions	18	27
	1,938	3,094

13. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Surety bonds	17,366	15,173

As at 30 September 2024, the Group provided guarantees of surety bonds in respect of 4 (31 March 2024: 4) construction contract(s) of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2024				
Cost	3,745	2,697	475	6,917
Accumulated depreciation	<u>(3,415)</u>	<u>(2,693)</u>	<u>(475)</u>	<u>(6,583)</u>
Net book amount	<u>330</u>	<u>4</u>	<u>–</u>	<u>334</u>
Six months ended 30 September 2024				
At 1 April 2024	330	4	–	334
Additions	58	–	–	58
Depreciation charge (<i>Note 6</i>)	<u>(137)</u>	<u>(4)</u>	<u>–</u>	<u>(141)</u>
At 30 September 2024	<u>251</u>	<u>–</u>	<u>–</u>	<u>251</u>
At 30 September 2024				
Cost	3,517	2,697	475	6,689
Accumulated depreciation	<u>(3,266)</u>	<u>(2,697)</u>	<u>(475)</u>	<u>(6,438)</u>
Net book amount	<u>251</u>	<u>–</u>	<u>–</u>	<u>251</u>

15. INTANGIBLE ASSETS

	Goodwill <i>HK\$'000</i>	Customer relationship and contracts <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2024			
Cost	9,544	2,870	12,414
Accumulated amortisation	<u>–</u>	<u>(2,870)</u>	<u>(2,870)</u>
Net book amount	<u>9,544</u>	<u>–</u>	<u>9,544</u>
Six months ended 30 September 2024			
At 1 April 2024	9,544	–	9,544
Amortisation charge	<u>–</u>	<u>–</u>	<u>–</u>
At 30 September 2024	<u>9,544</u>	<u>–</u>	<u>9,544</u>
At 30 September 2024			
Cost	9,544	2,870	12,414
Accumulated amortisation	<u>–</u>	<u>(2,870)</u>	<u>(2,870)</u>
Net book amount	<u>9,544</u>	<u>–</u>	<u>9,544</u>

16. TRADE AND RETENTION RECEIVABLES

	Unaudited As at 30 September 2024 <i>HK\$'000</i>	Audited As at 31 March 2024 <i>HK\$'000</i>
Trade receivables	38,118	53,606
Less: provision for impairment of trade receivables	(1,695)	(1,892)
	<hr/>	<hr/>
Trade receivables – net	36,423	51,714
	<hr/>	<hr/>
Retention receivables	3,330	2,994
Less: provision for impairment of retention receivables	(268)	(158)
	<hr/>	<hr/>
Retention receivables – net	3,062	2,836
	<hr/>	<hr/>
Trade and retention receivables – net	39,485	54,550
	<hr/> <hr/>	<hr/> <hr/>

Trade and retention receivables balances are categorised as “financial assets measured at amortised cost”. The carrying amounts of trade and retention receivables approximate their fair values.

The credit terms granted to its customers were generally 30 days from the invoice date except for the amount relating to retention money which is payable 1 year after the date of completion of the works. As at 30 September 2024 and 31 March 2024, the ageing analysis of the trade receivables based on the invoice date is as follows:

	Unaudited As at 30 September 2024 <i>HK\$'000</i>	Audited As at 31 March 2024 <i>HK\$'000</i>
Within 30 days	9,028	12,630
31 to 60 days	6,183	17,381
61 to 90 days	982	12,066
91 to 180 days	14,830	1,389
Over 180 days	7,095	10,140
	<hr/>	<hr/>
	38,118	53,606
	<hr/> <hr/>	<hr/> <hr/>

Impairment assessment on financial assets subject to expected credit loss model

	Unaudited Six months ended 30 September 2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Impairment losses (reversed)/ recognised in respect of:		
– Trade and retention receivables	(87)	(409)
– Contract assets	33	(25)
	<hr/>	<hr/>
	(54)	(434)
	<hr/> <hr/>	<hr/> <hr/>

The basis of determining the inputs and assumptions and the estimation techniques used in this unaudited condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2024.

During the current interim period, the Group reversed HK\$87,000 impairment allowance to trade and retention receivables and recognised HK\$33,000 impairment allowance to contract assets were classified as "financial assets measured at amortised cost".

17. TRADE AND OTHER PAYABLES

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Trade payables	93,566	110,562
Accruals and other payables	2,226	1,920
	<u>95,792</u>	<u>112,482</u>

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

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Within 30 days	74,380	80,011
31 to 60 days	1,629	2,667
61 to 90 days	2,827	7,109
91 to 180 days	4,088	10,390
Over 180 days	10,642	10,385
	<u>93,566</u>	<u>110,562</u>

18. SHARE CAPITAL

	Unaudited
	Number of shares ('000)
	Share Capital HK\$'000
Ordinary shares, issued and fully paid:	
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024	<u>200,000</u>
	<u>1,553</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

Our projects can be broadly categorised into (i) bare shell fit-out which is undertaken in the interior space of a vacant premise having basic flooring and plastered walls; (ii) restacking which involves upgrading and re-planning and providing modification works to the existing interior structures of a premise; (iii) reinstatement which involves demolishing any additional moveable structure that the existing tenant installed; (iv) design; (v) churn works; and (vi) maintenance and others which involve providing minor repairs and general builder's maintenance work to the tenant's office facilities, pest control and emergency call services, project management services and mechanical, electrical and plumbing (“MEP”) consultancy services.

During the six months ended 30 September 2024 (the “**Current Period**”), the Group recorded a revenue of approximately HK\$146.1 million, as compared with approximately HK\$276.6 million for the six months ended 30 September 2023 (the “**Previous Period**”), representing a decrease of approximately 47.2%. The decrease in revenue was mainly attributed to the decrease in revenue from the bare shell fit-out business which was the main source of the Group's income, as a result of the overall economic downturn which affected the demand for such bare shell fit-out services. The Group's gross profit was approximately HK\$6.6 million for the Current Period, as compared with approximately HK\$19.5 million for the Previous Period, representing a decrease of approximately 65.9%.

The Group recorded a loss attributable to owners of the Company in the amount of approximately HK\$2.2 million for the Current Period while the profit attributable to owners of the Company was approximately HK\$6.9 million for the Previous Period.

OUTLOOK

Entering the second half of the 2024/25 financial year, with the start of the interest rate cuts in the United States and the introduction of a series of stimulus policies in Mainland China, the overall business climate and leasing activities in Hong Kong are gradually improving. The latest S&P Global Purchasing Managers Index (“**PMI**”) for Hong Kong rose to 52.2 in October 2024, the highest level since April 2023, reflecting an improvement in the business environment at the beginning of the 4th quarter of 2024, which is on track to end a multi-month stagnation. The Grade A commercial properties in which the Group operates are also expected to benefit from the short-term boost from the improved atmosphere.

In addition, the management is confident that the revenue for the year ending 31 March 2025 will be retrieved based on the projects awarded and projects to be received from the existing and potential customers.

In the medium and long term, the Hong Kong Government has announced in the 2024 Policy Address that it will actively develop the “Headquarters Economy” and attract companies from home and abroad to set up headquarters or branches in Hong Kong, which will inject new momentum into the Grade A commercial properties market. Coupled with the government’s promotion of the second core business district in Kowloon East and the completion of new commercial properties in Quarry Bay and Wong Chuk Hang, the supply of office will increase significantly compared to that of a few years ago. As rents continue to fall and market confidence gradually recovers, more businesses are expected to relocate to newer and larger Grade A commercial properties, driving the demand for renovation services. With the advent of recovery, the Group will continue to adhere to the philosophy of “To Do Better” and strive to provide customers with more diversified and higher quality one-stop fit-out solutions while controlling costs.

FINANCIAL REVIEW

Revenue

The Group’s revenue is generated from the provision of services which include (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design; (v) churn works; and (vi) maintenance and others. For the Current Period, the revenue of the Group was approximately HK\$146.1 million, representing a decrease of approximately 47.2% as compared with approximately HK\$276.6 million recorded in the Previous Period. The decrease in revenue was mainly attributable to the decrease in revenue from the bare shell fit-out business which was the main source of the Group’s income, as a result of the overall economic downturn which affected the demand for such bare shell fit-out services.

The following table sets forth a breakdown of the Group’s revenue by project types for the six months ended 30 September 2024 and 2023:

	Unaudited			
	Six months ended 30 September			
	2024		2023	
	<i>HK\$’000</i>	%	<i>HK\$’000</i>	%
Project type				
Bare shell fit-out	126,860	86.8	240,052	86.8
Restacking	5,585	3.8	20,935	7.6
Reinstatement	2,489	1.7	–	0.0
Design	1,783	1.2	2,877	1.0
Churn works	8,857	6.1	12,470	4.5
Maintenance and others	553	0.4	253	0.1
Total	146,127	100.0	276,587	100.0

As shown in above table, our bare shell fit-out contributed to approximately 86.8% and 86.8% of the Group’s total revenue for the six months ended 30 September 2024 and 2023 respectively. Revenue from bare shell fit-out was approximately HK\$126.9 million for the Current Period as compared with approximately HK\$240.1 million for the Previous Period, representing a decrease of approximately 47.2%.

From 1 April 2024 and up to the date of this announcement, we were newly awarded a total of 20 bare shell fit-out projects with a total project sum of approximately HK\$214.2 million.

Cost of sales and Direct margin (non-GAAP measures)

The Group's cost of sales mainly comprises subcontracting charges and staff costs. Cost of sales was approximately HK\$139.5 million for the Current Period as compared with approximately HK\$257.1 million for the Previous Period, representing a decrease of approximately 45.8%, which is in line with the decrease in revenue.

The Group defines direct margin (non-GAAP measures) as revenue less subcontracting costs, cleaning expenses and insurance expenses. Direct margin (non-GAAP measures) of the Group indicates the overall project profitability before taking into account the staff costs. The following table sets forth the breakdown of the Group's direct margin (non-GAAP measures) by project types for the six months ended 30 September 2024 and 2023:

	Unaudited			
	Six months ended 30 September			
	2024		2023	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Project type				
Bare shell fit-out	16,923	13.3	31,739	13.2
Restacking	682	12.2	1,928	9.2
Reinstatement	323	13.0	–	–
Design	1,721	96.5	909	31.6
Churn works	1,478	16.7	125	1.0
Maintenance and others	206	37.3	76	30.0
Total	21,333	14.6	34,777	12.6

The Group's overall direct margin (non-GAAP measures) was approximately HK\$21.3 million for the Current Period as compared with approximately HK\$34.8 million for the Previous Period, representing a decrease of approximately 38.7%. The direct margin ratio for the Current Period was approximately 14.6%, representing an increase of approximately 2.0 percentage points as compared with approximately 12.6% for the Previous Period. Such increase was mainly due to the increase of direct margin ratio from design and churn works projects.

Administrative expenses

Administrative expenses were approximately HK\$8.4 million for the Current Period, representing a decrease of approximately 23.0% as compared with approximately HK\$10.9 million for the Previous Period. Such decrease was primarily attributable to a decrease in administrative staff costs.

Finance costs

Finance costs comprised mainly the interest on the lease liabilities. Finance costs were approximately HK\$75,000 for the Current Period as compared with approximately HK\$35,000 for the Previous Period, representing an increase of approximately 114.3%.

Income tax expense

Income tax expense for the Current Period was approximately HK\$0.6 million, representing a decrease of approximately 61.1% as compared with approximately HK\$1.6 million for the Previous Period.

(Loss)/profit for the period

The Group recorded a loss of approximately HK\$0.6 million for the Current Period due to the reasons mentioned above, while the profit was approximately HK\$8.8 million for the Previous Period.

(Loss)/profit attributable to owners of the Company

The Group recorded a loss attributable to owners of the Company of approximately HK\$2.2 million for the Current Period while the profit attributable to owners of the Company was approximately HK\$6.9 million for the Previous Period.

Non-GAAP measures

Non-GAAP measures are numerical measures of historical performance, financial position or cash flow that are not GAAP measures based on HKFRS. As supplemental measures to our condensed consolidated financial statements which are presented in accordance with GAAP, we also use direct margin (non-GAAP measure) as additional financial measures, which are not required by, or presented in accordance with, GAAP. We believe that this non-GAAP measure facilitates comparisons of operating performance from different periods and provides useful information to investors and others in understanding and evaluating our overall project profitability in the same manner as they help our management. However, our presentation of the direct margin (non-GAAP measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-GAAP measure has limitations as an analytical tool, and it should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under GAAP.

The Group's cost of sales comprised subcontracting costs, cleaning expenses, insurance expenses and staff costs. The Group defines non-GAAP direct margin as revenue less subcontracting costs, cleaning expenses and insurance expenses to indicate the overall project profitability before taking into account the staff costs of HK\$14,688,000 which are fixed in nature. The reconciliation of our non-GAAP direct margin for the six months ended 30 September 2024 is calculated as cost of sales less staff cost approximately HK\$14,688,000 (for the six months ended 30 September 2023: approximately HK\$15,308,000).

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Current Period, the Group financed its operation by its internal resources. As at 30 September 2024, the Group had net current assets of approximately HK\$116.0 million (31 March 2024: HK\$116.0 million), including cash and cash equivalents balances of approximately HK\$125.5 million (31 March 2024: HK\$139.6 million) mainly denominated in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.1 times as at 30 September 2024 (31 March 2024: 2.0 times). The gearing ratio of the Group as at 30 September 2024 was 2.0% (31 March 2024: 2.9%). The gearing ratio is calculated as total debt (including lease liabilities) divided by total equity as at the respective period end.

There was no change in capital structure of the Company as at 30 September 2024 since the date of publication of the annual report of the Company for the year ended 31 March 2024 (“**Annual Report 2024**”). The equity attributable to owners of the Company amounted to approximately HK\$134.9 million as at 30 September 2024 (31 March 2024: HK\$136.9 million).

The Directors will continue to adopt a prudent financial management approach towards its treasury and funding policy in managing the Group’s cash and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

The Group was not exposed to material fluctuations in exchange rates and did not make any foreign exchange related hedges for the Current Period and the Previous Period.

There has been no material change to the capital management policy of the Company since the date of publication of Annual Report 2024.

PLEDGE OF ASSETS

As at 30 September 2024 and 31 March 2024, the Group had not pledged any assets to secure bank facilities or finance lease obligation.

CAPITAL COMMITMENTS

As at 30 September 2024 and 31 March 2024, the Group did not have any material capital commitment.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND AFFILIATED COMPANIES

As at 31 March 2024 and 30 September 2024, the Company had only one significant investment with a value over 5% of the total assets of the Company as at 31 March 2024 and 30 September 2024, respectively. The significant investment represented the Company’s equity interest of 10,000 shares, or approximately 2.73% of the total issued shares, of Wonder New Economy Cambodia Fund SP I, an unlisted private fund with limited liability incorporated in the Cayman Islands with an underlying residential and commercial projects located in Cambodia (the “**Cambodia Fund**”), which the Company acquired on 18 December 2018. The Cambodia Fund is a segregated portfolio of Wonder New Economy Fund SPC which mainly pursues medium to long-term capital appreciation through the acquisition of a land parcel in Koh Pich, Phnom Penh, Cambodia (the “**Land**”) and the development of the Land as well as participating in property management and other related businesses. The Cambodia Fund was denominated in United States dollar (“**US\$**”).

The investment cost of the above investment on 18 December 2018 was US\$1,000,000 (equivalent to approximately HK\$7,831,000). The fair value of the Company's equity interest in the Cambodia Fund was approximately HK\$14,202,000 and approximately HK\$14,202,000 as at 31 March 2024 and 30 September 2024, respectively, representing approximately 5.33% and 5.74% of the total assets of the Company as at 31 March 2024 and 30 September 2024, respectively. The fair value of such investment during the year ended 31 March 2024 and the six months ended 30 September 2024 remained steady. For the year ended 31 March 2024 and the six months ended 30 September 2024, an unrealized loss of approximately HK\$437,000 and nil and an exchange translation difference of approximately HK\$48,000 and nil was recognized, respectively. No dividend had ever been received from the Cambodia Fund by the Company since its acquisition of such investment. The Board considers the Cambodia Fund as a long-term investment for potential capital gains which diversified the investment of the Group to residential and commercial projects within Cambodia and also allows the Group to diversify its streams of income if dividend is received in the future.

Save as disclosed above, during the year ended 31 March 2024 and the Current Period, the Group did not have any other significant investment or any material acquisition or disposal of subsidiaries, associates, joint ventures or affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2024, the Group did not have any future plans for material investments or capital assets.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group provided guarantees of surety bonds of approximately HK\$17.4 million (31 March 2024: HK\$15.2 million) in respect of 4 (31 March 2024: 4) construction contract(s) of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

HUMAN RESOURCES MANAGEMENT

As at 30 September 2024, the Group had a total of 68 (31 March 2024: 67) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonuses are offered to eligible employees by reference to the Group's results and individual performance. The total staff costs for the six months ended 30 September 2024 amounted to approximately HK\$17.8 million (30 September 2023: HK\$19.9 million).

The terms of employment of employees conform to normal commercial practice. The remuneration of the employees, Directors and senior management of the Group is set and paid on the basis of the relevant employees', Director's and senior management's qualifications, competence, work performance, industry experience, relevant market trend and the Group's operating results, etc. Other benefits including share options, retirement benefits, subsidised medical care, pension funds and training programmes are offered to eligible employees.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors were as follows:

(A) Long Position in the Ordinary Shares and Underlying Shares of the Company

Name of Director/ chief executive	Capacity/ Nature of interest	Number of issued ordinary Shares held/ interested in	Percentage of the issued share capital
Mr. Wong Sai Chuen	Interest in a controlled corporation	112,500,000 (<i>Note 1</i>)	56.25%
Ms. Hui Man Yee, Maggie	Interest of spouse	112,500,000 (<i>Note 2</i>)	56.25%

Notes:

- 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 Sai Chuen is deemed to be interested in under Part XV of the SFO.
- Ms. Hui Man Yee, Maggie, is the spouse of Mr. Wong Sai Chuen and she was also deemed to be interested in the 112,500,000 Shares, pursuant to Part XV of the SFO.

(B) Long Position in the Shares of associated corporations

Name of Director/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of issued ordinary shares held/ interested in	Percentage of shareholding
Mr. Wong Sai Chuen	Madison Square International Investment Limited (<i>Note 2</i>)	Beneficial owner	37,500	100%
Ms. Hui Man Yee, Maggie (<i>Note 1</i>)	Madison Square International Investment Limited (<i>Note 2</i>)	Interest of spouse	37,500	100%

Notes:

1. Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in Mr. Wong Sai Chuen's interest in Madison Square International Investment Limited, pursuant to Part XV of the SFO.
2. Under Part XV of the SFO, a holding company of listed corporation is regarded as an "associated corporation". Madison Square International Investment Limited held 56.25% of the Company's issued share capital and thus was an associated corporation of the Company.

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executive of the Company nor their close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, so far as known to the Directors, the particulars of the corporate or persons (other than a Director or the chief executive of the Company) which had 5% or more interests and short positions in the Shares and the underlying Shares of the Company as recorded in the register kept pursuant to section 336 of the SFO were as follows:

Long Position in the Ordinary Shares and Underlying Shares of the Company

Name of Shareholders	Capacity/ nature of interest	Number of issued ordinary Shares held/ interested in	Percentage of shareholding
Madison Square International Investment Limited (<i>Note 1</i>)	Beneficial owner	112,500,000	56.25%
J&J Partner Investment Group Limited (<i>Note 2</i>)	Beneficial owner	37,500,000	18.75%
Mr. Wong Kin Kei (<i>Note 2</i>)	Interest in a controlled corporation	37,500,000	18.75%
Ms. Ho Sin Ying (<i>Note 3</i>)	Interest of spouse	37,500,000	18.75%

Notes:

1. 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 Sai Chuen is deemed to be interested in under Part XV of the SFO. Ms. Hui Man Yee, Maggie is the spouse of Mr. Wong Sai Chuen and she was also deemed to be interested in the 112,500,000 Shares pursuant to Part XV of the SFO.
2. 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 in under Part XV of the SFO.

3. Ms. Ho Sin Ying is the spouse of Mr. Wong Kin Kei and she was also deemed to be interested in the 37,500,000 Shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 September 2024, the Company had not been notified by any person (other than Directors or chief executive of the Company) who has interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, at no time during the six months ended 30 September 2024 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Current Period (including sale of treasury shares). As at 30 September 2024, the Company did not hold any treasury shares.

INTEREST IN COMPETING BUSINESS

None of the Directors and Controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest with the Group which any such person has or may have with the Group during the Current Period.

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 10% of the total issued share capital of the Company as at the beginning and the end of the Current Period and the date of this announcement.

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.

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 to the Prospectus of the Company dated 18 December 2017.

No share options have lapsed, or have been granted, exercised or cancelled under the Share Option Scheme since its adoption and up to the date of this announcement.

SHARE AWARD SCHEME

On 16 October 2018, the Board adopted a share award scheme (the “**Share Award Scheme**”), under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme. For details of the Share Award Scheme, please refer to the announcements of the Company dated 16 October 2018, 22 September 2023, 3 November 2023, 29 December 2023 and 6 March 2024.

On 6 March 2024, the Board has resolved to terminate the Share Award Scheme with effect from 6 March 2024. Prior to the termination of the Share Award Scheme, there were no unvested share awards, and no share awards were cancelled or lapsed. No further Award Shares may be granted under the Share Award Scheme from 6 March 2024. For details, please refer to the announcement of the Company dated 6 March 2024 and the annual report of the Company for the year ended 31 March 2024.

ISSUE FOR CASH OF EQUITY SECURITIES

During the six months ended 30 September 2024, the Company did not issue for cash any equity securities (including shares, debentures, and securities convertible into equity securities) or sell treasury shares for cash.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). Having made specific enquiry to all Directors, all Directors have confirmed that they have fully complied with the required standards set out in the Required Standard of Dealings and the code of conduct throughout the six months ended 30 September 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding the interests of the shareholders of the Company.

The Company has complied throughout the six months ended 30 September 2024 with all the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules, except the following deviation:

Under code provision C.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, being the chairman and chief executive officer of the Company, has been primarily responsible for scrutinizing the performance of management in achieving agreed corporate goals and objectives, monitoring the Group’s performance reporting, management and business development, ensuring corporate governance practices and procedures of the Group and formulating business strategies and policies of the Group since 2009. As the Board meets regularly to consider matters relating to business operations of the Group, all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company, and the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

To maintain a high standard of corporate governance practice for the Company, the nomination committee of the Board and the Board shall nevertheless review the effectiveness of the structure and composition of the Board from time to time in light of the prevailing circumstances. The Company will continue to review and monitor its corporate governance practices to ensure its compliance with the CG Code.

UPDATE ON DIRECTORS' INFORMATION

As at the date of this announcement, there is no change in the Directors' biographical details which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of publication of the 2024 Annual Report of the Company.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the six months ended 30 September 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference which are no less exacting than those set out in the CG Code contained in Appendix C1 to the GEM Listing Rules. Currently, the Audit Committee comprises three independent non-executive Directors, Mr. Cheung Chi Man, Dennis, Mr. Law Chun Yat and Mr. Siu Chi Wai, and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by Rules 5.05 and 5.28 of the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated financial information for the six months ended 30 September 2024 and is of the opinion that such information has been prepared in accordance with all applicable accounting standards and the requirements under the Hong Kong Companies Ordinance and the GEM Listing Rules.

PUBLICATION OF 2024 INTERIM REPORT

The 2024 interim report of the Company containing all the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and will also be published on the websites of HKEXnews (www.hkexnews.hk) as well as the website of the Company (www.sclhk.com).

By order of the Board
Sanbase Corporation Limited
Wong Sai Chuen

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 November 2024

As at the date of this announcement, the Board comprises Mr. Wong Sai Chuen (Chairman and Chief Executive Officer) and Ms. Hui Man Yee, Maggie being the executive Directors; and Mr. Cheung Chi Man, Dennis, Mr. Law Chun Yat and Mr. Siu Chi Wai 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 website of the Stock Exchange at www.hkexnews.hk 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.