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## **BASETROPHY GROUP HOLDINGS LIMITED**

**基地錦標集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8460)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Basetrophy Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 (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.*

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

For the three months and nine months ended 30 September 2020

## Unaudited third quarterly results

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2020, together with the unaudited comparative figures for the corresponding periods in 2019, are as follows:

		Unaudited		Unaudited	
		Three months ended		Nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	18,124	37,849	90,552	70,947
Cost of sales		(16,030)	(34,726)	(82,375)	(66,263)
<b>Gross profit</b>		<b>2,094</b>	<b>3,123</b>	<b>8,177</b>	<b>4,684</b>
Other income and other gain	4	1,439	220	2,511	1,208
Administrative and other operating expenses	5	(2,207)	(2,058)	(6,955)	(8,040)
<b>Operating profit/(loss)</b>		<b>1,326</b>	<b>1,285</b>	<b>3,733</b>	<b>(2,148)</b>
Finance costs		(294)	(261)	(697)	(783)
<b>Profit/(loss) before income tax</b>		<b>1,032</b>	<b>1,024</b>	<b>3,036</b>	<b>(2,931)</b>
Income tax expense	6	(241)	(613)	(173)	(981)
<b>Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company</b>		<b>791</b>	<b>411</b>	<b>2,863</b>	<b>(3,912)</b>
Basic and diluted earnings/(losses) per share (HK cent)	7	0.08	0.04	0.29	(0.39)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> (Note a)	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2019 (Audited)	<u>10,000</u>	<u>44,049</u>	<u>1</u>	<u>14,835</u>	<u>68,885</u>
Adjustments	—	—	—	(134)	(134)
Loss and total comprehensive expense for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,912)</u>	<u>(3,912)</u>
Balance at 30 September 2019 (Unaudited)	<u><u>10,000</u></u>	<u><u>44,049</u></u>	<u><u>1</u></u>	<u><u>10,789</u></u>	<u><u>64,839</u></u>

For the nine months ended 30 September 2020

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> (Note a)	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2020 (Audited)	<u>10,000</u>	<u>44,049</u>	<u>1</u>	<u>6,958</u>	<u>61,008</u>
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,863</u>	<u>2,863</u>
Balance at 30 September 2020 (Unaudited)	<u><u>10,000</u></u>	<u><u>44,049</u></u>	<u><u>1</u></u>	<u><u>9,821</u></u>	<u><u>63,871</u></u>

Note:

- a) Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on GEM of the Stock Exchange on 27 June 2017. Its parent and ultimate holding company is Brightly Ahead Limited (“**Brightly Ahead**”), a company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Lau Chung Ho (“**Mr. Lau**”). Each of Brightly Ahead and Mr. Lau is a controlling shareholder of the Company (the “**Controlling Shareholder(s)**”).

The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the Company’s principal place of business is Unit 18, 29th Floor, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Hong Kong. The Company is an investment holding company. The Group is principally engaged in provision of foundation and related works.

The shares of the Company (the “**Share(s)**”) were listed on GEM by way of public offer (the “**Listing**”) on 27 June 2017 (the “**Listing Date**”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HKS**”), unless otherwise stated.

## 2 BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2020 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 3	Definition of a Business (amendments)
HKAS 1 and HKAS 8	Definition of Material (amendments)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting (amendments)

## 2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKAS 1	Classification of liabilities as current or non-current <sup>4</sup>
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous contracts: Cost of fulfilling a contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the conceptual framework <sup>3</sup>
Amendments to HKFRS 16	COVID-19 Related Rent Concessions <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRSs	Annual improvements to HKFRS Standards 2018–2020 Cycle <sup>3</sup>

1. Effective for annual periods beginning on or after 1 June 2020.
2. Effective for annual periods beginning on or after 1 January 2021.
3. Effective for annual periods beginning on or after 1 January 2022.
4. Effective for annual periods beginning on or after 1 January 2023.
5. Effective for annual periods beginning on or after a date to be determined.

The Group will apply the above HKFRSs when they become effective. The Group is in the process of making an assessment of the impact of the above HKFRSs.

## 3 ESTIMATES

The preparation of the unaudited condensed consolidated financial statements 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 the unaudited condensed consolidated financial statements, 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 applied to the consolidated financial statements for the year ended 31 December 2019.

## 4 REVENUE, OTHER INCOME AND OTHER GAIN AND SEGMENT INFORMATION

Revenue and other income and other gain recognised during the respective periods are as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
Foundation and related works	<u>18,124</u>	<u>37,849</u>	<u>90,552</u>	<u>70,947</u>

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other income and other gain</b>				
Government subsidy ( <i>Note</i> )	676	—	766	—
Rental income	744	15	1,664	683
Interest income	—	—	—	3
Fair value change on assets at fair value through profit or loss	19	34	61	71
Others	—	171	20	451
	<u>1,439</u>	<u>220</u>	<u>2,511</u>	<u>1,208</u>

*Note:* Government subsidy represents mainly subsidies under the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat COVID-19. Government subsidy received where related expenditure has not been undertaken are included in “trade and other payables” in the condensed consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to the subsidy recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

#### Segment information

The chief operating decision-maker has been identified as the board of Directors (the “**Board**”) of the Company. The Board regards the Group’s business as a single operating segment and reviews the Group’s financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

## 5 EXPENSES BY NATURE

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	25	113	75	339
Depreciation of right-of-use assets	151	103	457	310
Leasing expenses	4	3	9	209
Staff costs, including directors' emoluments	740	722	2,506	2,914
Other expenses	1,287	1,117	3,908	4,268
	<u>2,207</u>	<u>2,058</u>	<u>6,955</u>	<u>8,040</u>

## 6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 8.25% for the first HK\$2 million of assessable profits and 16.5% for the assessable profits above HK\$2 million for the current period.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profit in Hong Kong for the last period.

The amount of income tax expense charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax — Hong Kong profits tax	182	—	332	—
Deferred income tax	59	613	(159)	981
Income tax expense	<u>241</u>	<u>613</u>	<u>173</u>	<u>981</u>

## 7 EARNINGS/(LOSSES) PER SHARE

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2020	2019	2020	2019
Profit/(loss) for the period attributable to owners of the Company ( <i>HK\$'000</i> )	<b>791</b>	411	<b>2,863</b>	(3,912)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(losses) per share ( <i>in thousand</i> )	<u><b>1,000,000</b></u>	<u>1,000,000</u>	<u><b>1,000,000</b></u>	<u>1,000,000</u>
Basic earnings/(losses) per share ( <i>HK cent</i> )	<u><b>0.08</b></u>	<u>0.04</u>	<u><b>0.29</b></u>	<u>(0.39)</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings/(losses) per share for the nine months ended 30 September 2020 and 2019 were derived from 1,000,000,000 ordinary shares in issue during the period.

Diluted earnings/(losses) per share is equal to the basic earnings/(losses) per share as there was no dilutive potential shares.

## 8 DIVIDENDS

The Board does not recommend a payment of any dividend for the nine months ended 30 September 2020 (2019: Nil).



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group is a substructure subcontractor in Hong Kong capable of (i) foundation and site formation works, which mainly include ELS works, sheet piling, pipe piling, pre-boring, pre-bored H-piling, mini-piling, and bored piling; and (ii) other geotechnical engineering works such as slope works and other minor geotechnical works such as shotcreting.

The shares of the Company were listed on GEM on 27 June 2017 by the way of public offer.

For the nine months ended 30 September 2020, the Group recorded a net profit of approximately HK\$2.9 million as compared to a net loss of approximately HK\$3.9 million for the same period in 2019.

### **Outlook**

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates remain difficult and challenging. The intense market competition has led to fewer number of successful tenders and quotations and lower value of contracts awarded to the Group. The Group's gross profit margin is also under pressure from the competitive project pricing on tenders and quotations, which in turn affect the financial performance of the Group. Nevertheless, the Group will continue to strive to improve its operational efficiency and business profitability. The Group will also proactively seek potential business opportunities that can broaden the sources of income of the Group and enhance value to the shareholders.

### **Financial Review**

#### ***Revenue***

The Group's revenue increased by approximately 27.6% from approximately HK\$70.9 million for the nine months ended 30 September 2019 to approximately HK\$90.6 million for the nine months ended 30 September 2020, mainly due to (i) increase in value of works certified in projects; and (ii) projects completed on schedule attributed by improved work efficiency.

#### ***Costs of Sales***

The Group's cost of sales increased from approximately HK\$66.3 million for the nine months ended 30 September 2019 to approximately HK\$82.4 million for the nine months ended 30 September 2020, which was generally consistent with the increase in revenue during the period.

### ***Gross Profit and Gross Profit Margin***

The Group's gross profit for the nine months ended 30 September 2020 were approximately HK\$8.2 million, representing an increase of approximately 74.6% from approximately HK\$4.7 million for the nine months ended 30 September 2019. The Group's gross profit margin for the nine months ended 30 September 2020 was approximately 9.0%, representing an increase of approximately 2.4 percentage points as compared to approximately 6.6% for nine months ended 30 September 2019. Such increase was mainly attributable to the effects of (i) increase in value of works certified in projects; and (ii) projects completed on schedule due to improved works efficiency during the nine months ended 30 September 2020.

### ***Other income and other gain***

The Group's other income and other gain increased by approximately 107.9% from approximately HK\$1.2 million for the nine months ended 30 September 2019 to approximately HK\$2.5 million for the nine months ended 30 September 2020, primarily due to subsidies of HK\$766,000 received by the Group under the Anti-epidemic Fund launched by the Hong Kong Government.

### ***Administrative and Other Operating Expenses***

The Group's administrative and other operating expenses for the nine months ended 30 September 2020 were approximately HK\$7.0 million, representing a decrease of approximately 13.5% from approximately HK\$8.0 million for the nine months ended 30 September 2019. The decrease was primarily due to the strengthening of cost control.

### ***Profit/(loss) for the Period***

For the nine months ended 30 September 2020, the Group recorded profit attributable to owners of the Company of approximately HK\$2.9 million as compared to loss for the nine months ended 30 September 2019 of approximately HK\$3.9 million.

### ***Dividend***

The Board does not recommend the payment of dividend for the nine months ended 30 September 2020.

## OTHER INFORMATION

### Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2020, 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules, were as follows:

#### *Long position in the Shares*

Name	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of shareholding
Mr. Lau ( <i>Note</i> )	Interested in a controlled corporation	510,000,000	51.0%

*Note:* Mr. Lau beneficially own the entire issued share capital of Brightly Ahead. Therefore, Mr. Lau is deemed, or taken to be, interested in all the Shares held by Brightly Ahead for the purpose of the SFO. Mr. Lau is the sole director of Brightly Ahead.

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company has any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules.

## **Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares**

As at 30 September 2020, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have 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 10% 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 member of the Group:

### ***Long position in the Shares***

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held/ interested</b>	<b>Percentage of shareholding</b>
Brightly Ahead	Beneficial owner	510,000,000	51.0%

Save as disclosed above, as at 30 September 2020, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Other information — Directors’ and chief executives’ interests and short positions in Shares, underlying Shares and debentures” above, had or were deemed to have 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 interests in 10% 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 member of the Group.

### **Purchase, Sale or Redemption of Listed Securities of the Company**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the nine months ended 30 September 2020.

### **Competition and Conflict of Interests**

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with Group during the nine months ended 30 September 2020.

## **Directors' Securities Transactions**

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the securities of the Company. Having made specific enquiry of all Directors, each Director has confirmed that he/she complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the nine months ended 30 September 2020.

## **Share Option Scheme**

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 7 June 2017 to attract and retain the best available personnel, to provide additional incentive to the eligible participants and to promote the success of the business of the Group under the Scheme.

Under the Scheme, the Directors may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, substantial shareholder, consultant or adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participant to the grant of any option shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

An offer for the grant of share options might be accepted in writing within 7 days, inclusive of the day on which such offer was made. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The amount payable by the grantee to the Company on acceptance of the offer for the grant of an option is HK\$1.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.

The Scheme will remain in force for a period of ten years commencing on 7 June 2017, subject to early termination provisions contained in the Scheme.

For the nine months ended 30 September 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

## **Corporate Governance Practice**

The Directors are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules. The Company has fully complied with the CG Code during the nine months ended 30 September 2020 except for the deviation from provision A.2.1 of the CG Code as further explained below.

Provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. Lau performs the roles of chairman and chief executive officer of the Company, the Company has deviated from this Code Provision from 1 November 2018. However, the Board believes that vesting the roles of both chairman and chief executive officer of the Company in Mr. Lau has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises three independent non-executive Directors and one executive Director also provides added independence to the Board. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

### **Audit Committee**

Pursuant to Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code, the Company established the Audit Committee with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the Audit Committee comprises Mr. Ng Ki Man (the chairman of the Audit Committee), Mr. Iu Tak Meng Teddy and Mr. Chong Kam Fung, all of whom are independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group, the third quarterly report and the third quarterly results announcement of the Group for the nine months ended 30 September 2020. The condensed consolidated financial results for the nine months ended 30 September 2020 are unaudited, but have been reviewed by the Audit Committee. Such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Basetrophy Group Holdings Limited**  
**Lau Chung Ho**  
*Chairman and Executive Director*

Hong Kong, 6 November 2020

*As at the date of this announcement, the Board comprises Mr. Lau Chung Ho as executive Director; and Mr. Ng Ki Man, Mr. Iu Tak Meng Teddy and Mr. Chong Kam Fung as independent non-executive Directors.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at [www.wbgroupfw.com.hk](http://www.wbgroupfw.com.hk).*