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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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**” and 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 (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

## FINAL RESULTS

The board of Directors (the “**Board**”) of the Company hereby announces the consolidated financial results of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

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

*For the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Revenue	3	<b>109,067</b>	102,790
Cost of sales	4	<b>(101,769)</b>	(99,174)
Gross profit		<b>7,298</b>	3,616
Other income and other gain	3	<b>3,290</b>	1,203
Administrative and other operating expenses	4	<b>(9,399)</b>	(11,454)
Net impairment losses on financial and contract assets		<b>(1,244)</b>	(324)
Operating loss		<b>(55)</b>	(6,959)
Finance costs		<b>(819)</b>	(811)
Loss before income tax		<b>(874)</b>	(7,770)
Income tax credit/(expense)	5	<b>1,361</b>	(87)
Profit/(loss) and total comprehensive income/ (expense) for the year attributable to owners of the Company		<b>487</b>	(7,857)
Basic and diluted earnings/(loss) per share (HK cent)	6	<b>0.05</b>	(0.79)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>7,482</b>	4,200
Right-of-use assets		<b>14,098</b>	18,667
Payment for a life insurance policy		<b>2,650</b>	2,571
		<b>24,230</b>	25,438
<b>Current assets</b>			
Trade and other receivables	8	<b>20,469</b>	9,204
Contract assets		<b>63,273</b>	86,133
Cash and bank balances		<b>5,423</b>	7,129
		<b>89,165</b>	102,466
<b>Total assets</b>		<b>113,395</b>	127,904
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	9	<b>10,000</b>	10,000
Reserves		<b>51,495</b>	51,008
<b>Total equity</b>		<b>61,495</b>	61,008

	<i>Note</i>	<b>2020</b> <b><i>HK\$'000</i></b>	<b>2019</b> <b><i>HK\$'000</i></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>949</b>	–
Lease liabilities		<b>767</b>	136
Deferred tax liabilities		<b>1,297</b>	2,336
		<b>3,013</b>	2,472
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>30,807</b>	39,992
Tax payable		–	322
Borrowings		<b>12,894</b>	16,161
Lease liabilities		<b>5,186</b>	7,949
		<b>48,887</b>	64,424
<b>Total liabilities</b>		<b>51,900</b>	66,896
<b>Total equity and liabilities</b>		<b>113,395</b>	127,904
<b>Net current assets</b>		<b>40,278</b>	38,042
<b>Total assets less current liabilities</b>		<b>64,508</b>	63,480

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2020*

## 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, a company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Lau Chung Ho (“**Mr. Lau**”), the controlling party of the Company.

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, 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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 23 March 2021.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss.

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.

***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:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

***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 and the related Amendments <sup>1</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group in the future.

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>		
Foundation and related works ( <i>Note a</i> )	<u>109,067</u>	<u>102,790</u>
<b>Other income and other gain</b>		
Interest income	–	3
Fair value change on assets at fair value through profit or loss	79	66
Rental income	2,014	683
Government grants ( <i>Note b</i> )	1,177	–
Others	<u>20</u>	<u>451</u>
	<u>3,290</u>	<u>1,203</u>

*Notes:*

- a Related works included site formation works and other geotechnical engineering works.
- b During the year ended 31 December 2020, the Group recognised the subsidies of approximately HK\$1,177,000 in relation to Construction Industry Anti-epidemic Fund launched by the Construction Industry Council, a subsidy for registered owners of goods vehicles provided by Transport Department and Employment Support Scheme for Regular Employees and Construction Sector (Casual Employees) under Anti-epidemic Fund provided by the Government of Hong Kong Special Administrative Region as part of the relief measures on COVID-19 pandemic.

#### Disaggregation of revenue from contracts with customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
Over time	<u>109,067</u>	<u>102,790</u>
<b>Types of goods or service</b>		
Foundation and related works	<u>109,067</u>	<u>102,790</u>

#### Performance obligations for contracts with customers

The Group provides services of foundation and site formation works and other geotechnical engineering works to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these works is therefore recognised over time using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers

or payment applications confirmed by internal surveyor. The Directors consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

#### **Transaction price allocated to the remaining performance obligations from contracts with customers**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and the expected timing of recognising revenue are as follows:

	<b>Foundation and related works HK\$'000</b>
Within 1 year	<b>42,547</b>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	<b>Foundation and related works HK\$'000</b>
Within 1 year	<b>88,670</b>

#### **Segment information**

The chief operating decision-maker has been identified as the Board. The Board regards the Group's business as a single operating segment and reviews financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

#### **Information about major customers**

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	<b>2020 HK\$'000</b>	<b>2019 HK\$'000</b>
Customer A	N/A <sup>1</sup>	17,783
Customer B	<b>29,721</b>	N/A <sup>1</sup>
Customer C	<b>48,558</b>	N/A <sup>1</sup>
Customer D	N/A <sup>1</sup>	29,458
Customer E	<b>20,327</b>	39,438

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group during the corresponding years



#### 4 EXPENSES BY NATURE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of sales		
Construction contract costs		
Staff costs	7,902	10,612
Depreciation of property, plant and equipment	2,266	1,810
Depreciation of right-of-use assets	2,991	3,236
Leasing expenses	1,398	1,653
Other construction contract costs ( <i>Note</i> )	87,212	81,863
	<u>101,769</u>	<u>99,174</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Administrative and other operating expenses		
Auditors' remuneration	680	720
Depreciation of property, plant and equipment	42	139
Depreciation of right-of-use assets	296	609
Leasing expenses	10	221
Staff costs	3,761	3,975
Other expenses	4,610	5,790
	<u>9,399</u>	<u>11,454</u>

*Note:* Other construction contract costs included but are not limited to construction materials, subcontracting charges and repair and maintenance.

#### 5 INCOME TAX (CREDIT)/EXPENSE

No provision for Hong Kong profits tax has been made as the Group has sufficient tax loss brought forward to set off against assessable profits for the year. No provision for Hong Kong profits tax has been made as the Group did not have assessable profits in Hong Kong for last year.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong profits tax:		
– Over provision for prior year	(322)	(29)
Deferred income tax	<u>(1,039)</u>	<u>116</u>
Income tax (credit)/expense	<u>(1,361)</u>	<u>87</u>

## 6 EARNINGS/(LOSS) PER SHARE

	2020	2019
Profit/(loss) attributable to owners of the Company ( <i>HK\$'000</i> )	<u>487</u>	<u>(7,857)</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share ( <i>in thousand</i> )	<u>1,000,000</u>	<u>1,000,000</u>
Basic earnings/(loss) per share ( <i>HK cent</i> )	<u>0.05</u>	<u>(0.79)</u>

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

## 7 DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 December 2020 (2019: Nil).

## 8 TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	17,613	2,545
Less: Provision for impairment losses	<u>(1,071)</u>	<u>(21)</u>
	16,542	2,524
Other receivables, deposits and prepayments	<u>3,927</u>	<u>6,680</u>
	<u>20,469</u>	<u>9,204</u>

### Notes:

- (a) The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. Trade receivables are denominated in HK\$.

- (b) The ageing analysis of the trade receivables based on date of payment certificates issued by customers or invoice date is as follows:

	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
0–30 days	<b>8,915</b>	760
31–60 days	<b>880</b>	695
61–90 days	<b>6,976</b>	437
Over 90 days	<b>842</b>	653
	<u><b>17,613</b></u>	<u>2,545</u>

As at 31 December 2020, trade receivables of approximately HK\$7,629,000 (2019: HK\$1,764,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

## 9 SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital</b> <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>3,000,000,000</u>	<u>30,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>1,000,000,000</u>	<u>10,000</u>

## 10 TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	20,095	31,176
Accrued employee benefit expenses	1,244	1,299
Other accruals and payables	2,594	2,977
Retention payables	6,874	4,540
	<u>30,807</u>	<u>39,992</u>

### *Notes:*

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	631	409
31–60 days	5,642	2,398
61–90 days	3,747	17,041
Over 90 days	10,075	11,328
	<u>20,095</u>	<u>31,176</u>

All of the retention payables are expected to be settled within one year.

(b) All trade and other payables are denominated in HK\$.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is (i) a contractor of foundation works in Hong Kong capable of foundation jobs which mainly include ELS works, sheet piling, pipe piling, pre-boring, pre-bored H-piling, mini-piling, and bored piling; and (ii) a subcontractor for site formation works and 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 (the “**Listing Date**”) by way of public offer (the “**Listing**”).

For the year ended 31 December 2020, the Group recorded a net profit of approximately HK\$0.5 million as compared to a net loss of approximately HK\$7.9 million for the same period in 2019. The Board considers that the profit was primarily attributable to (i) enhanced operational efficiency and control; (ii) launched business with some renowned clients; and (iii) the increase in other income for subsidies provided by the Government of the Hong Kong Special Administrative Region as part of the relief measures on the coronavirus disease 2019 (“**COVID-19**”) and rental income attributable to the leased assets.

### 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. Since January 2020, the outbreak of COVID-19 has had a drastic effect on the Hong Kong economy and imposed negative impacts to the construction industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines and work stoppages due to measures imposed by the Government of the Hong Kong Special Administrative Region. The Group has not encountered or experienced any material difficulty and/or delay in completion of the projects to the customers and from the subcontractors and any material supply chain disruptions of the suppliers due to the outbreak of COVID-19. The Group will also closely monitor the projects’ progress and communicate with suppliers and subcontractors, maintain close communication with customers on the latest project works schedules and arrangements, proactively follow up with potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tender and quotation invitations to maintain market competitiveness. The Group will continue to strive to improve its operational efficiency and business profitability and will also proactively seek for potential business opportunities that can broaden the sources of income of the Group and enhance value to the shareholders of the Company.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$6.3 million or 6.1% from approximately HK\$102.8 million for the year ended 31 December 2019 to approximately HK\$109.1 million for the year ended 31 December 2020, mainly due to enhanced efficiency.

### **Costs of sales**

The Group's cost of sales increased from approximately HK\$99.2 million for the year ended 31 December 2019 to approximately HK\$101.8 million for the year ended 31 December 2020, representing an increase of approximately HK\$2.6 million or 2.6%. Such increase was generally in line with the increase in revenue.

### **Gross profit and gross profit margin**

The Group's gross profit for the year ended 31 December 2020 were approximately HK\$7.3 million, representing an increase of approximately 102.8% from approximately HK\$3.6 million for the year ended 31 December 2019. Such increase was mainly due to the increase in revenue and gross profit margin. The Group's gross profit margin for the year ended 31 December 2020 was approximately 6.7%, representing an increase of approximately 3.2 percentage points as compared to approximately 3.5% for the year ended 31 December 2019. Such increase was primarily due to the enhanced management control.

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

The other income and other gain increased by approximately HK\$2.1 million from approximately HK\$1.2 million for the year ended 31 December 2019 to approximately HK\$3.3 million for the year ended 31 December 2020, primarily due to subsidies provided by the Government of the Hong Kong Special Administrative Region as part of the relief measures on COVID-19 pandemic and rental income attributable to the leased assets.

### **Administrative and other operating expenses**

The Group's administrative and other operating expenses for the year ended 31 December 2020 were approximately HK\$9.4 million, representing a decrease of approximately HK\$2.1 million or 18.3% from approximately HK\$11.5 million for the year ended 31 December 2019, primarily due to (i) lower staff costs due to cost effective control; (ii) decrease in professional fees due to completion of appointment of the compliance advisor; and (iii) decrease in depreciation of right-of-assets.

## **Finance Costs**

Finance costs of the Group were approximately HK\$0.8 million and HK\$0.8 million for the years ended 31 December 2020 and 2019, respectively. Finance costs consist of interest on bank borrowings and interest on lease liabilities.

## **Income Tax Credit/(expense)**

For the years ended 31 December 2019 and 2020, the Group recorded income tax expense of approximately HK\$87,000 and income tax credit of approximately HK\$1.4 million, respectively.

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

For the year ended 31 December 2020, the Group recorded a profit attributable to owners of the Company of approximately HK\$0.5 million as compared to loss for the year ended 31 December 2019 of approximately HK\$7.9 million. The profit during the period was mainly attribute to (i) cost effective control; (ii) engagement with well-trained workers and well-managed subcontractors; and (iii) the increase in other income for subsidies provided by the Government of the Hong Kong Special Administrative Region as part of the relief measures on COVID-19 pandemic and rental income attributable to the leased assets.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group finances its liquidity and capital requirements primarily through cash generated from operations, borrowings, lease liabilities and equity contribution from shareholders.

As at 31 December 2020, the Group had cash and bank balances of approximately HK\$5.4 million (2019: HK\$7.1 million).

As at 31 December 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK\$61.5 million (2019: HK\$61.0 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$19.8 million (2019: HK\$24.2 million).

On the Listing Date, the Company was listed on GEM by way of public offer and completed the public offer of 250,000,000 shares at the offer price of HK\$0.24 per share. The net proceeds from the Listing amounted to approximately HK\$39.4 million. The Directors believe that with the new capital from the public offer, the Group is in a healthy financial position to expand its business and achieve its business objectives.

## **BORROWINGS AND GEARING RATIO**

As at 31 December 2020, the Group had borrowings and lease liabilities of approximately HK\$19.8 million which was denominated in Hong Kong dollars (2019: HK\$24.2 million). The Group's borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2020, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 32.2% (2019: 39.7%).

## **TREASURY POLICY**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to capture future growth opportunities.

## **CHARGE ON GROUP ASSETS**

As at 31 December 2020, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$11.9 million (2019: HK\$16.0 million) and motor vehicles with an aggregate net book value of approximately HK\$0.8 million (2019: HK\$1.9 million).

As at 31 December 2020, the Group pledged the payment for a life insurance policy of a bank with the carrying amount of approximately HK\$2.7 million to secure the bank borrowings of the Group (2019: HK\$2.6 million).

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2020, the Group has raised approximately HK\$1,910,000 (2019: Nil) borrowings in respect of such sale and leaseback arrangements.

## **FOREIGN EXCHANGE EXPOSURE**

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong dollars which is the presentation currency of the Group, except for certain bank balances and payment for life insurance policy which are denominated in US\$. Since HK\$ is pegged to US\$, the Directors are of the view that the Group has limited exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

## **CAPITAL STRUCTURE**

The shares of the Company were successfully listed on GEM of the Stock Exchange on 27 June 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2020, the Company's issued share capital was HK\$10.0 million and the number of its issued ordinary shares was 1,000,000,000 of HK\$0.01 each.



## **CAPITAL COMMITMENTS**

As at 31 December 2020, the Group had no material capital commitments (2019: Nil) contracted but not provided for property, plant and equipment.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 14 June 2017 (the “**Prospectus**”) and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2020.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2020, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group did not have any material contingent liabilities (2019: Nil).

## **FINAL DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended 31 December 2020 (2019: Nil).

## **USE OF PROCEEDS**

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$39.4 million. After the Listing, part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus and subsequently amended as summarised in the announcements of the Company dated 28 September 2018 and 18 June 2019, respectively (the “**Announcements**”).

An analysis of the utilisation of net proceeds from the Listing Date to 31 December 2020 is set out below:

	Planned use of net proceeds up to 31 December 2020 <i>HK\$'million</i>	Actual use of net proceeds up to 31 December 2020 <i>HK\$'million</i>	Unutilised net proceeds up to 31 December 2020 <i>HK\$'million</i>
Strengthening the Group's machinery fleet	22.1	22.1	–
Expanding the Group's manpower	7.5	7.5	–
Purchase of steel materials	7.4	7.4	–
General working capital	2.4	2.4	–
	<hr/>	<hr/>	<hr/>
Total	39.4	39.4	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## EVENTS AFTER THE REPORTING PERIOD

Mr. Leung Yat Fai Frankie Keith (“**Mr. Leung**”), an executive Director and vice chairman of the Board, joined the Company on 8 February 2021. The Board considers with the expertise of Mr. Leung, the Group is able to launch a sustainable business strategy in upcoming years.

## CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 December 2020, to the best knowledge of the Board, the Company has complied with the CG Code except for the deviation from provision A.2.1 of the CG Code which is explained below:

Code 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 two executive Directors 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.

## **RESULTS AND DIVIDENDS**

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. The state of affairs of the Group and the Company as at 31 December 2020 are set out in the consolidated statement of financial position and Note 29 to the consolidated financial statements of the annual report, respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020.

## **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 Company's shares during the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established on 7 June 2017. The chairman of the Audit Committee is Mr. Ng Ki Man, the independent non-executive Director, and other members included Mr. Iu Tak Meng Teddy and Mr. Chong Kam Fung, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

## REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

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

Hong Kong, 23 March 2021

*As at the date of this announcement, the Board comprises Mr. Lau Chung Ho and Mr. Leung Yat Fai Frankie Keith as executive Directors; 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).*