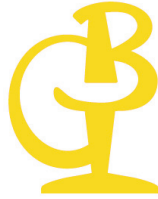


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this announcement.*



**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 2018**

**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 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 in this announcement misleading.*

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

For the three months and nine months ended 30 September 2018

## Unaudited third quarterly results

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods in 2017, are as follows:

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	5	19,081	33,788	98,722	83,798
Cost of sales		<u>(17,205)</u>	<u>(29,026)</u>	<u>(85,377)</u>	<u>(69,848)</u>
<b>Gross profit</b>		<b>1,876</b>	4,762	<b>13,345</b>	13,950
Other income and other gain	5	2,235	185	2,527	467
Administrative and other operating expenses	6	<u>(2,403)</u>	<u>(4,166)</u>	<u>(9,865)</u>	<u>(17,808)</u>
<b>Operating profit/(loss)</b>		<u>1,708</u>	781	<u>6,007</u>	<u>(3,391)</u>
Finance costs		<u>(280)</u>	<u>(97)</u>	<u>(608)</u>	<u>(540)</u>
<b>Profit/(loss) before income tax</b>		<b>1,428</b>	684	<b>5,399</b>	(3,931)
Income tax expense	7	<u>(329)</u>	<u>(1,335)</u>	<u>(1,028)</u>	<u>(1,830)</u>
<b>Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company</b>		<u><b>1,099</b></u>	<u>(651)</u>	<u><b>4,371</b></u>	<u>(5,761)</u>
Basic and diluted earnings/(losses) per share (HK cent)	8	<u><b>0.11</b></u>	<u>(0.07)</u>	<u><b>0.44</b></u>	<u>(0.69)</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Share capital <i>HK\$'000</i> <i>(Note a)</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note b)</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2017 (Audited)	1	–	–	32,264	32,265
Loss and total comprehensive expense for the period	–	–	–	(5,761)	(5,761)
Dividends ( <i>Note 9</i> )	–	–	–	(9,000)	(9,000)
Reorganisation	(1)	–	1	–	–
Capitalisation issue	7,500	(7,500)	–	–	–
Shares issued under public offer	2,500	57,500	–	–	60,000
Shares issuance costs	–	(5,951)	–	–	(5,951)
Balance at 30 September 2017 (Unaudited)	<u>10,000</u>	<u>44,049</u>	<u>1</u>	<u>17,503</u>	<u>71,553</u>

For the nine months ended 30 September 2018

	Share capital <i>HK\$'000</i> <i>(Note a)</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note b)</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2018 (Audited)	<u>10,000</u>	<u>44,049</u>	<u>1</u>	<u>17,268</u>	<u>71,318</u>
Profit and total comprehensive income for the period	–	–	–	4,371	4,371
Balance at 30 September 2018 (Unaudited)	<u>10,000</u>	<u>44,049</u>	<u>1</u>	<u>21,639</u>	<u>75,689</u>

Notes:

- a) For the purpose of the preparation of the condensed consolidated statement of changes in equity, the balance of share capital at 1 January 2017 represents the aggregate of the paid up share capital of the companies comprising the Group held by the controlling parties of the Company prior to the reorganisation.
- b) 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**”) and Ms. Yuen Suk Har (“**Ms. Yuen**”), spouse of Mr. Lau, the controlling parties of the Company.

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 condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), 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 2018 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 2017, 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 The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2018:**

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to the following two HKFRSs: <ul style="list-style-type: none"><li>– HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards</li><li>– HKAS 28 Investments in Associates and Joint Ventures</li></ul>

The adoption of the above HKFRSs did not have any significant financial impact on the unaudited condensed consolidated financial statements.

**2.2 The following new standards and revisions to standards have been issued, but are not effective and have not been early adopted by the Group:**

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16	Leases
HKFRS 17	Insurance Contracts
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

### **3 Estimates**

The preparation of 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 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 that applied to the consolidated financial statements for the year ended 31 December 2017.

### **4 Financial risk management and financial instruments**

#### ***4.1 Financial risk factors***

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The condensed consolidated financial statements do 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 consolidated financial statements as at 31 December 2017.

There have been no changes in the risk management policies since year end.

#### ***4.2 Liquidity risk***

There have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the consolidated financial statements for the year ended 31 December 2017.

#### ***4.3 Fair value estimation***

As at 31 December 2017 and 30 September 2018, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying values of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## 5 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	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>				
Foundation and related works	<u>19,081</u>	<u>33,788</u>	<u>98,722</u>	<u>83,798</u>
	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other income and other gain</b>				
Interest income	59	–	189	–
Gain on disposal of property, plant and equipment	2,176	–	2,176	–
Amortisation of deferred gain	–	139	–	417
Others	<u>–</u>	<u>46</u>	<u>162</u>	<u>50</u>
	<u>2,235</u>	<u>185</u>	<u>2,527</u>	<u>467</u>

### *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 financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

## 6 Expenses by nature

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Auditors' remuneration	–	42	–	42
Depreciation of property, plant and equipment	120	221	417	440
Listing expenses	–	32	–	7,746
Operating lease rental on premises	350	434	1,054	801
Staff costs, including directors' emoluments	844	2,133	3,406	5,212
Other expenses	1,089	1,304	4,988	3,567
	<u>2,403</u>	<u>4,166</u>	<u>9,865</u>	<u>17,808</u>

## 7 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 (2017: 16.5%).

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

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax – Hong Kong profits tax	15	426	757	1,194
Deferred income tax	314	909	271	636
	<u>329</u>	<u>1,335</u>	<u>1,028</u>	<u>1,830</u>



## 8 Earnings/(losses) per share

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
Profit/(loss) for the period attributable to owners of the Company ( <i>HK\$'000</i> )	1,099	(651)	4,371	(5,761)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(losses) per share ( <i>in thousand</i> )	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>837,912</u>
Basic earnings/(losses) per share ( <i>HK cent</i> )	<u>0.11</u>	<u>(0.07)</u>	<u>0.44</u>	<u>(0.69)</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 2017 has been determined on the assumption that the reorganisation and capitalisation issue had been effective on 1 January 2017.

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

## 9 Dividends

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>

In June 2017, interim dividends of HK\$9,000,000 were appropriated to the then shareholder of Wide View Enterprises Limited (“**Wide View**”). Interim dividends of approximately HK\$597,000 was settled by cash and the remaining balance of approximately HK\$8,403,000 was settled by offsetting against the amount due from a director.

The Board does not recommend a payment of any dividend for the nine months ended 30 September 2018.

# 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.

For the nine months ended 30 September 2018, the Group recorded a net profit of approximately HK\$4.4 million as compared to a net loss of approximately HK\$5.8 million for the same period in 2017. Setting aside the listing expenses of approximately HK\$7.7 million incurred during the nine months ended 30 September 2017, the Group has achieved an increase in net profit driven by the increase in revenue and gain on disposal of machineries for the nine months ended 30 September 2018, which was partially offset by the decrease in gross profit margin due to competitive project pricing and different project mix.

## **Outlook**

The Shares of the Company were listed on GEM on 27 June 2017 by way of public offer. The Group always strives to improve its operation efficiency and profitability of its business. The Group plans to expand its fleet of machinery and equipment, which enhance the basis of its technical capability to bid future projects. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders. The net proceeds from the public offer of the Shares thereby provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in foundation and site formation works and other geotechnical engineering works.

## **Financial Review**

### ***Revenue***

The Group's revenue increased by approximately 17.8% from approximately HK\$83.8 million for the nine months ended 30 September 2017 to approximately HK\$98.7 million for the nine months ended 30 September 2018, mainly due to the increase in value of works undertaken during 2018.

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

The Group's cost of sales for the nine months ended 30 September 2018 was approximately HK\$85.4 million, representing an increase of approximately 22.3% from HK\$69.8 million for the nine months ended 30 September 2017.

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

The Group's gross profit for the nine months ended 30 September 2018 were approximately HK\$13.3 million, representing a slight decrease of approximately 5.0% from approximately HK\$14.0 million for the nine months ended 30 September 2017. The Group's gross profit margin for the nine months ended 30 September 2018 was approximately 13.5%, representing a decrease of approximately 3.1 percentage points as compared to approximately 16.6% for nine months ended 30 September 2017. Such decrease was primarily due to (i) competitive project pricing arising from intense market competition; and (ii) as the Group was awarded with and undertook a contract of relatively larger contract sum during the nine months ended 30 September 2018, the Group was willing to bid at a lower profit margin as the project with larger contract sum could provide the Group a larger amount of profits.

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

The Group's other income and other gain increased by approximately 435.3% from approximately HK\$467,000 for the nine months ended 30 September 2017 to approximately HK\$2.5 million for the nine months ended 30 September 2018, mainly attributable to the increase in gain on disposal of machineries.

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

The Group's administrative and other operating expenses for the nine months ended 30 September 2018 were approximately HK\$9.9 million, representing a decrease of approximately 44.4% from approximately HK\$17.8 million for the nine months ended 30 September 2017. The decrease was attributable to the non-recurring listing expenses of HK\$7.7 million for the nine months ended 30 September 2017.

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

For the nine months ended 30 September 2018, the Group recorded profit attributed to owners of the Company of approximately HK\$4.4 million as compared to loss for the nine months ended 30 September 2017 of approximately HK\$5.8 million.

### ***Dividend***

The Board does not recommend the payment of dividend for the nine months ended 30 September 2018.

## OTHER INFORMATION

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

As at 30 September 2018, 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 5.67 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 1</i> )	Interested in a controlled corporation	510,000,000	51.0%
Ms. Yuen ( <i>Note 1</i> )	Interested in a controlled corporation/ Interest of spouse	510,000,000	51.0%

#### *Note:*

1. Mr. Lau and Ms. Yuen beneficially own 99.9% and 0.1% of the issued share capital of Brightly Ahead, respectively. 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. Ms. Yuen is the spouse of Mr. Lau. Under the SFO, Ms. Yuen is deemed to be interested in the same number of Shares in which Mr. Lau is interested.

Save as disclosed above, as at 30 September 2018, 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 5.67 of the GEM Listing Rules.

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

As at 30 September 2018, 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 5% 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%
Yi Feng Investment Limited	Beneficial owner	84,000,000	8.4%
Ms. Li Xiuyan	Interested in a controlled corporation	84,000,000	8.4%

Save as disclosed above, as at 30 September 2018, 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 any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **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 2018.

### **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 has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the nine months ended 30 September 2018.

## **Directors' Securities Transactions**

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have 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 2018.

## **Share Option Scheme**

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Company has adopted a Share Option Scheme on 7 June 2017. Further details of the Share Option Scheme are set out in the section headed "D. Share Option Scheme" in Appendix IV to the prospectus of the Company dated 14 June 2017.

For the nine months ended 30 September 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## **Interests of the Compliance Adviser**

As confirmed by the Company's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **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 enhances 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 applied the principles and save as disclosed below, complied with all code provisions of Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

The Company has fully complied with the CG Code during the nine months ended 30 September 2018 and up to the date of this announcement, except for the deviation from provision A.2.1 of the CG Code which is explained below:

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lau Chung Ho has been the chairman and chief executive officer of the Company with effect from 1 November 2018, and is responsible for overall strategic planning and development, project management and client management of the Group.

The Board believes that vesting the roles of both chairman and chief executive officer of the Company in Mr. Lau Chung Ho 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. Further, the audit committee of the Company (the "**Audit Committee**") composed exclusively of independent non-executive Directors has free and direct access to the Company's external auditors and independent professional advisers when necessary.

#### **Event after the Reporting Period**

##### ***Change of Chairman, Executive Director and Composition of Board Committees***

- (1) Ms. Yuen Suk Har resigned as the chairman of the Board and an executive Director and ceased to be a member of the remuneration committee of the Company and the chairman of the nomination committee of the Company (the "**Nomination Committee**") with effect from 1 November 2018.
- (2) Mr. Lau Chung Ho, the existing executive Director, was appointed as the chairman of the Board with effect from 1 November 2018.
- (3) Ms. Deng Li was appointed as an executive Director with effect from 1 November 2018.
- (4) Mr. Chong Kam Fung, the existing independent non-executive Director, was appointed as the chairman of the Nomination Committee.

For further details, please refer to the announcement of the Company dated 1 November 2018 in relation to the change of chairman, executive Director and composition of Board committees.

Save as disclosed above, there are no other significant events subsequent to 30 September 2018 which would materially affect the Group's operating and financial performance as of the date of this announcement.



## **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. 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 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.

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 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 2018. The condensed consolidated financial results for the nine months ended 30 September 2018 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 2018

*As at the date of this announcement, the Board comprises Mr. Lau Chung Ho and Ms. Deng Li 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).*