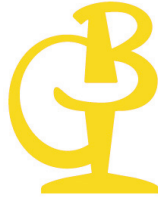


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **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 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

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

*For the year ended 31 December 2019*

		2019	2018
	Note	HK\$'000	HK\$'000
Revenue	3	102,790	127,608
Cost of sales	4	<u>(99,174)</u>	<u>(113,877)</u>
Gross profit		3,616	13,731
Other income and other gain and loss		1,203	1,816
Administrative and other operating expenses	4	(11,454)	(18,010)
Net impairment losses on financial and contract assets		<u>(324)</u>	<u>(13)</u>
Operating loss		(6,959)	(2,476)
Finance costs		<u>(811)</u>	<u>(838)</u>
Loss before income tax		(7,770)	(3,314)
Income tax expense	5	<u>(87)</u>	<u>(740)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u><u>(7,857)</u></u>	<u><u>(4,054)</u></u>
Basic and diluted loss per share (HK cent)	6	<u><u>(0.79)</u></u>	<u><u>(0.41)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK\$'000	2018 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,200	27,259
Right-of-use assets		18,667	–
Payment for a life insurance policy		2,571	2,505
		<u>25,438</u>	<u>29,764</u>
<b>Current assets</b>			
Trade and other receivables	8	9,204	10,122
Contract assets		86,133	48,971
Tax recoverable		–	2,240
Cash and bank balances		7,129	16,041
		<u>102,466</u>	<u>77,374</u>
<b>Total assets</b>		<u><b>127,904</b></u>	<u><b>107,138</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	9	10,000	10,000
Reserves		51,008	58,885
<b>Total equity</b>		<u><b>61,008</b></u>	<u><b>68,885</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		–	233
Lease liabilities		136	–
Deferred tax liabilities		2,336	2,220
		<u>2,472</u>	<u>2,453</u>
<b>Current liabilities</b>			
Trade and other payables	10	39,992	14,976
Tax payable		322	–
Borrowings		16,161	20,824
Lease liabilities		7,949	–
		<u>64,424</u>	<u>35,800</u>
<b>Total liabilities</b>		<u><b>66,896</b></u>	<u><b>38,253</b></u>
<b>Total equity and liabilities</b>		<u><b>127,904</b></u>	<u><b>107,138</b></u>
<b>Net current assets</b>		<u><b>38,042</b></u>	<u><b>41,574</b></u>
<b>Total assets less current liabilities</b>		<u><b>63,480</b></u>	<u><b>71,338</b></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2019*

## 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 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 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 the 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 24 March 2020.

## 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.

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, 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.

### **HKFRS 16 *Leases***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

#### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.98%.

	<b>At 1 January 2019 HK\$'000</b>
Operating lease commitments disclosed as at 31 December 2018	1,377
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(301)
	1,076
Less: Total future interest expenses	(33)
Lease liabilities discounted at relevant incremental borrowing rates upon application of HKFRS 16	1,043
Add: Finance leases recognised at 31 December 2018	14,150
Lease liabilities as at 1 January 2019	<u>15,193</u>
Analysed as	
Current	14,553
Non-current	640
	<u>15,193</u>

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	<b>Right-of-use assets HK\$'000</b>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	1,023
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases	21,110
	<u>22,133</u>

In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to approximately HK\$21,110,000 as right-of-use assets. In addition, the Group reclassified the finance leases of approximately HK\$13,917,000 and HK\$233,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

The following table summarises the impact of transition to HKFRS 16 on retained earnings at 1 January 2019.

	<b>Impact of adopting HKFRS 16 at 1 January 2019 HK\$'000</b>
Impact at 1 January 2019	<u>(20)</u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	27,259	(21,110)	6,149
Right-of-use assets	–	22,133	22,133
<b>Capital and reserves</b>			
Reserves	58,885	(20)	58,865
<b>Non-current liabilities</b>			
Borrowings	233	(233)	–
Lease liabilities	–	640	640
<b>Current liabilities</b>			
Borrowings	20,824	(13,917)	6,907
Lease liabilities	–	14,553	14,553

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

### 3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2019 HK\$'000	2018 HK\$'000
<b>Revenue</b>		
Foundation and related works ( <i>Note</i> )	<u>102,790</u>	<u>127,608</u>

*Note:* Related works included site formation works and other geotechnical engineering works.

#### Disaggregation of revenue from contracts with customers

	2019 HK\$'000	2018 HK\$'000
<b>Timing of revenue recognition</b>		
Over time	<u>102,790</u>	<u>127,608</u>
<b>Types of goods or service</b>		
Foundation and related works	<u>102,790</u>	<u>127,608</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 of the Company 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 2019 and the expected timing of recognising revenue are as follows:

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Foundation and related works HK\$'000
Within 1 year	<b>27,867</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:

	2019 HK\$'000	2018 HK\$'000
Customer A	<b>17,783</b>	51,693
Customer B	N/A <sup>1</sup>	26,272
Customer C	N/A <sup>1</sup>	33,138
Customer D	<b>29,458</b>	14,510
Customer E	<b>39,438</b>	N/A <sup>1</sup>

<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

	2019 HK\$'000	2018 HK\$'000
Cost of sales		
Construction contracts costs		
Staff costs	10,612	10,824
Depreciation of property, plant and equipment	1,810	5,261
Depreciation of right-of-use assets	3,236	–
Leasing expenses	1,653	3,130
Other construction contracts costs ( <i>Note</i> )	<u>81,863</u>	<u>94,662</u>
	<u><b>99,174</b></u>	<u><b>113,877</b></u>
	2019 HK\$'000	2018 HK\$'000
Administrative and other operating expenses		
Auditors' remuneration	720	750
Depreciation of property, plant and equipment	139	461
Depreciation of right-of-use assets	609	–
Leasing expenses	221	1,467
Staff costs	3,975	7,325
Written off of trade receivables	–	2,921
Other expenses	<u>5,790</u>	<u>5,086</u>
	<u><b>11,454</b></u>	<u><b>18,010</b></u>

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

## 5 INCOME TAX EXPENSE

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

	2019 HK\$'000	2018 HK\$'000
Hong Kong profits tax:		
– Over provision for prior year	(29)	–
Deferred income tax	<u>116</u>	<u>740</u>
Income tax expense	<u>87</u>	<u>740</u>

## 6 LOSS PER SHARE

	2019	2018
Loss attributable to owners of the Company (HK\$'000)	<u>(7,857)</u>	<u>(4,054)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	<u>1,000,000</u>	<u>1,000,000</u>
Basic loss per share (HK cent)	<u>(0.79)</u>	<u>(0.41)</u>

Diluted loss per share is equal to the basic 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 2019 (2018: Nil).

## 8 TRADE AND OTHER RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Trade receivables	2,545	4,190
Less: Provision for impairment losses	(21)	(2)
	<u>2,524</u>	<u>4,188</u>
Other receivables, deposits and prepayments	6,680	5,934
	<u>9,204</u>	<u>10,122</u>

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\$.

The ageing analysis of the trade receivables based on date of payment certificates issued by customers is as follows:

	2019 HK\$'000	2018 HK\$'000
0–30 days	760	3,547
31–60 days	695	–
61–90 days	437	–
Over 90 days	653	643
	<u>2,545</u>	<u>4,190</u>

## 9 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>3,000,000,000</u>	<u>30,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>1,000,000,000</u>	<u>10,000</u>

## 10 TRADE AND OTHER PAYABLES

	2019 HK\$'000	2018 HK\$'000
Trade payables	31,176	7,938
Accrued employee benefit expenses	1,299	1,629
Other accruals and payables	2,977	1,903
Retention payables	<u>4,540</u>	<u>3,506</u>
	<u>39,992</u>	<u>14,976</u>

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

	2019 HK\$'000	2018 HK\$'000
0 – 30 days	409	2,867
31 – 60 days	2,398	2,559
61 – 90 days	17,041	2,146
Over 90 days	<u>11,328</u>	<u>366</u>
	<u>31,176</u>	<u>7,938</u>

# **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 way of public offer.

For the year ended 31 December 2019, the Group recorded a net loss of approximately HK\$7.9 million as compared to a net loss of approximately HK\$4.1 million for the same period in 2018. The Board considers that the loss was primarily attributable to (i) decrease in revenue due to lower value of contracts awarded to the Group and delay in progress of certain projects; and (ii) decrease in gross profit margin due to competitive project pricing arising from intense market competition and projects delays as mentioned above.

## **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 competitive project pricing on tenders and quotations, which in turn affects 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 for 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 decreased by approximately HK\$24.8 million or 19.4% from approximately HK\$127.6 million for the year ended 31 December 2018 to approximately HK\$102.8 million for the year ended 31 December 2019, mainly due to delay in progress of certain projects.

## **Costs of Sales**

The Group's cost of sales decreased from approximately HK\$113.9 million for the year ended 31 December 2018 to approximately HK\$99.2 million for the year ended 31 December 2019, representing a decrease of approximately HK\$14.7 million or 12.9%. Such decrease was generally in line with the decrease in revenue.

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

The Group's gross profit for the year ended 31 December 2019 were approximately HK\$3.6 million, representing a decrease of approximately 73.7% from approximately HK\$13.7 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in revenue and gross profit margin. The Group's gross profit margin for the year ended 31 December 2019 was approximately 3.5%, representing a decrease of approximately 7.3 percentage points as compared to approximately 10.8% for the year ended 31 December 2018. Such decrease was primarily due to the competitive project pricing arising from intense market competition and the delay in works progress for the year ended 31 December 2019.

## **Administrative and other Operating Expenses**

The Group's administrative and other operating expenses for the year ended 31 December 2019 were approximately HK\$11.5 million, representing a decrease of approximately HK\$6.5 million or 36.1% from approximately HK\$18.0 million for the year ended 31 December 2018, primarily due to lower staff costs and the impact of trade receivables written off of approximately HK\$2.9 million for the year ended 31 December 2018.

## **Finance Costs**

Finance costs of the Group were approximately HK\$0.8 million and HK\$0.8 million for the years ended 31 December 2019 and 2018, respectively. Finance costs consist of interest on bank borrowings and interest on lease liabilities.

## **Income Tax Expense**

Income tax expense for the Group were approximately HK\$87,000 and HK\$0.7 million for the years ended 31 December 2019 and 2018, respectively.

## **Loss for the year**

For the year ended 31 December 2019, the Group recorded a loss attributable to owners of the Company of approximately HK\$7.9 million as compared to loss for the year ended 31 December 2018 of approximately HK\$4.1 million. The loss for the year ended 31 December 2019 was mainly attributable to (i) decrease in revenue due to lower value of contracts awarded to the Group and delay in progress of certain projects; and (ii) decrease in gross profit margin due to competitive project pricing arising from intense market competition and project delays as mentioned above.

## **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 2019, the Group had cash and bank balances of approximately HK\$7.1 million (2018: HK\$16.0 million).

As at 31 December 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK\$61.0 million (2018: HK\$68.9 million). As of the same date, the Group's total debt, comprising bank borrowings and lease liabilities, amounted to approximately HK\$24.2 million (2018: HK\$21.0 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 by 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 2019, the Group had borrowings and lease liability of approximately HK\$24.2 million which was denominated in Hong Kong Dollars (2018: HK\$21.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2019, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 39.7% (2018: 30.6%).

## **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 2019, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$16.0 million (2018: HK\$18.5 million) and motor vehicles with an aggregate net book value of approximately HK\$1.9 million (2018: HK\$2.6 million).

As at 31 December 2019, the Group pledged the payment for a life insurance policy of a bank with the carrying amount of approximately HK\$2.6 million to secure the bank borrowings of the Group (2018: HK\$2.5 million).

## **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 2019, 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 2019, the Group had no material capital commitments (2018: Nil) contracted but not provided for property, plant and equipment. The details of commitments are set out in Note 27 to the consolidated financial statements of the annual report.

## **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 2019.

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

During the year ended 31 December 2019, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the corporate reorganisation (as detailed in the Prospectus).

## **CONTINGENT LIABILITIES**

As at 31 December 2019, the Group did not have any material contingent liabilities (2018: Nil).

## **FINAL DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: 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, a 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 to 31 December 2019 is set out below:

	Planned use of net proceeds up to 31 December 2019 HK\$ million	Actual use of net proceeds up to 31 December 2019 HK\$ million	Unutilised net proceeds up to 31 December 2019 HK\$ million
Strengthening the Group's machinery fleet	22.1	22.1	–
Expanding the Group's manpower	7.5	5.9	1.6
Purchase of steel materials	7.4	7.4	–
General working capital	2.4	2.4	–
	<hr/>	<hr/>	<hr/>
Total	<u>39.4</u>	<u>37.8</u>	<u>1.6</u>

The remaining unutilised net proceeds as at 31 December 2019 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the Announcements.

## EVENTS AFTER THE REPORTING PERIOD

The outbreak of novel coronavirus (Covid-19) in early 2020 has certain impact to the operations to the Group. In the opinion of the Directors, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group's financial statements at the date of these financial statements.

## 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 2019, 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 expected 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 an 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.

## **RESULTS AND DIVIDENDS**

The results of the Group for the year ended 31 December 2019 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 2019 are set out in the consolidated statement of financial position and Note 31 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 2019.

## **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 2019.

## **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 2019 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 2019. 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, 24 March 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).*