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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 2017

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 is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	<i>Note</i>	2017 HK\$'000	2016 HK\$'000
Revenue	3	138,276	131,813
Cost of sales	4	<u>(122,203)</u>	<u>(107,216)</u>
Gross profit		16,073	24,597
Other income and other gain and loss		935	921
Administrative and other operating expenses	4	<u>(21,779)</u>	<u>(14,933)</u>
Operating (loss)/profit		(4,771)	10,585
Finance costs		<u>(514)</u>	<u>(470)</u>
(Loss)/profit before income tax		(5,285)	10,115
Income tax expense	5	<u>(711)</u>	<u>(2,568)</u>
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company		<u>(5,996)</u>	<u>7,547</u>
Basic and diluted (loss)/earnings per share (<i>HK cent</i>)	6	<u>(0.68)</u>	<u>1.00</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 HK\$'000	2016 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		<u>19,372</u>	<u>9,049</u>
Current assets			
Trade and other receivables	8	26,079	30,810
Gross amounts due from customers for contract work		17,032	15,458
Amount due from a director		–	5,018
Tax recoverable		2,562	–
Cash and bank balances		<u>58,266</u>	<u>5,521</u>
		<u>103,939</u>	<u>56,807</u>
Total assets		<u>123,311</u>	<u>65,856</u>
EQUITY			
Capital and reserves			
Share capital	9	10,000	1
Reserves		<u>61,318</u>	<u>32,264</u>
Total equity		<u>71,318</u>	<u>32,265</u>
LIABILITIES			
Non-current liabilities			
Borrowings		4,649	615
Deferred tax liabilities		<u>1,482</u>	<u>783</u>
		<u>6,131</u>	<u>1,398</u>
Current liabilities			
Trade and other payables	10	34,019	16,409
Gross amounts due to customers for contract work		2,261	–
Amount due to a director		–	48
Deferred gain		–	463
Borrowings		9,582	15,088
Current income tax liabilities		<u>–</u>	<u>185</u>
		<u>45,862</u>	<u>32,193</u>
Total liabilities		<u>51,993</u>	<u>33,591</u>
Total equity and liabilities		<u>123,311</u>	<u>65,856</u>
Net current assets		<u>58,077</u>	<u>24,614</u>
Total assets less current liabilities		<u>77,449</u>	<u>33,663</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 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 of Directors on 26 March 2018.

2 BASIS OF PREPARATION AND 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.

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.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, the adoption of these amendments did not have any significant financial impact on these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Foundation and related works (<i>Note a</i>)	<u>138,276</u>	<u>131,813</u>

Note:

(a) Related works included site formation works and other geotechnical engineering works.

Segment information

The chief operating decision-maker has been identified as 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.

Information about major customers

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	39,227	59,193
Customer B	58,260	34,404
Customer C	N/A ¹	33,554
Customer D	<u>29,029</u>	<u>N/A¹</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group during the corresponding years.

4 EXPENSES BY NATURE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of sales		
Construction contracts costs		
Staff costs	10,841	28,201
Depreciation of property, plant and equipment	3,689	3,226
Other construction contracts costs (<i>Note a</i>)	<u>107,673</u>	<u>75,789</u>
	<u><u>122,203</u></u>	<u><u>107,216</u></u>
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Administrative and other operating expenses		
Auditors' remuneration		
– Current year	680	50
– Overprovision in prior year	(10)	–
Depreciation of property, plant and equipment	596	330
Listing expenses	7,746	4,675
Operating lease rental on premises	1,199	800
Staff costs, including directors' emoluments	6,640	5,673
Other expenses	<u>4,928</u>	<u>3,405</u>
	<u><u>21,779</u></u>	<u><u>14,933</u></u>

Note:

- (a) Other construction contracts costs included but are not limited to construction materials, subcontracting charges, machinery and equipment leasing expense and repair and maintenance.

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	12	2,596
Deferred income tax	<u>699</u>	<u>(28)</u>
Income tax expense	<u><u>711</u></u>	<u><u>2,568</u></u>

6 (LOSS)/EARNINGS PER SHARE

	2017	2016
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	<u><u>(5,996)</u></u>	<u><u>7,547</u></u>
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (<i>in thousand</i>)	<u><u>878,767</u></u>	<u><u>750,000</u></u>
Basic (loss)/earnings per share (<i>HK cent</i>)	<u><u>(0.68)</u></u>	<u><u>1.00</u></u>

The weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per shares has been determined on the assumption that the reorganisation and capitalisation issue had been effective on 1 January 2016.

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

7 DIVIDENDS

During the year ended 31 December 2017, interim dividends of HK\$9,000,000 were appropriated to the then shareholder of Wide View Enterprises Limited (“**Wide View**”), a subsidiary of the Company. Interim dividends of approximately HK\$597,000 were settled by cash and the remaining balance of approximately HK\$8,403,000 was settled by offset against the amount due from a director.

No final dividend was proposed by the Board for the year ended 31 December 2017 (2016: Nil).

8 TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	9,484	15,153
Other receivables, deposits and prepayments	2,467	6,870
Retention receivables	<u>14,128</u>	<u>8,787</u>
	<u>26,079</u>	<u>30,810</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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	6,098	15,153
31–60 days	437	–
61–90 days	–	–
Over 90 days	<u>2,949</u>	<u>–</u>
	<u>9,484</u>	<u>15,153</u>

9 SHARE CAPITAL

	<i>Note</i>	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
On 4 January 2016 (date of incorporation)	<i>a</i>	<u>38,000,000</u>	<u>380</u>
At 31 December 2016 and 1 January 2017		38,000,000	380
Increase in authorised share capital	<i>b</i>	<u>2,962,000,000</u>	<u>29,620</u>
At 31 December 2017		<u><u>3,000,000,000</u></u>	<u><u>30,000</u></u>
Issued and fully paid:			
On 4 January 2016 (date of incorporation)	<i>a</i>	<u>1</u>	<u>–</u>
At 31 December 2016 and 1 January 2017		1	–
Reorganisation	<i>c</i>	9,999	–
Capitalisation issue	<i>d</i>	749,990,000	7,500
Shares issued under public offer	<i>e</i>	<u>250,000,000</u>	<u>2,500</u>
At 31 December 2017		<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>

Notes:

- (a) The Company was incorporated in the Cayman Islands on 4 January 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares at a par value of HK\$0.01 each. On 4 January 2016, one fully-paid share was allotted and issued to the initial subscriber of the Company, which was subsequently transferred to Brightly Ahead on 29 January 2016.
- (b) On 7 June 2017, the Company resolved to increase its authorised share capital from HK\$380,000 to HK\$30,000,000 by the creation of an additional 2,962,000,000 shares, each ranking pari-passu with the shares then in issue in all respects.
- (c) On 7 June 2017, the Company acquired the entire issued share capital in Wide View, and as consideration, the Company allotted and issued 9,999 nil-paid shares in the Company, credited as fully-paid, to Brightly Ahead. Pursuant to the aforesaid transactions, the Company became the holding company of Wide View and Workbase Engineering Limited, a subsidiary of the Company, and Brightly Ahead became the shareholder of the entire issued share capital of the Company.

- (d) On 7 June 2017, the Company resolved to increase its authorised share capital from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each in order to be positioned to (i) allot and issue 250,000,000 new shares to the public offer; and (ii) allot and issue a further 749,990,000 new shares to the existing shareholder of the Company, namely Brightly Ahead.
- (e) The Company's shares were successfully listed on GEM on 27 June 2017. Upon the completion of the listing, 250,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.24 per share for a total consideration of HK\$60,000,000.

10 TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	26,688	9,278
Accrued employee benefit expenses	1,909	2,559
Other accruals and payables	1,579	1,095
Retention payables	3,843	3,477
	<u>34,019</u>	<u>16,409</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 30 days	10,276	4,723
31 – 60 days	9,711	3,277
61 – 90 days	6,548	1,236
Over 90 days	153	42
	<u>26,688</u>	<u>9,278</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.

For the year ended 31 December 2017, the Group recorded a net loss of approximately HK\$6.0 million as compared to a net profit of approximately HK\$7.5 million for the same period in 2016. The Directors are of the view that the net loss were primarily due to the decrease in gross profit as well as the non-recurring listing expenses incurred during 2017. Set aside the listing expenses, the Group's net profit for the year ended 31 December 2017 would be approximately HK\$1.7 million. In view that there has been increasing number of project quotation invitations received by the Group from the potential customers, and that the net proceeds from the public offer of the shares of the Company can expand the Group's operational capacity, the Directors are cautiously optimistic about the Group's business outlook.

OUTLOOK

The shares of the Company were listed on GEM (the “**Listing**”) on 27 June 2017 (the “**Listing Date**”) 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 HK\$6.5 million or 4.9% from approximately HK\$131.8 million for the year ended 31 December 2016 to approximately HK\$138.3 million for the year ended 31 December 2017.

Costs of Sales

The Group's cost of sales increased from approximately HK\$107.2 million for the year ended 31 December 2016 to approximately HK\$122.2 million for the year ended 31 December 2017, representing an increase of approximately HK\$15.0 million or 14.0%. Such increase was mainly due to the increase in construction costs and subcontracting charges for the year ended 31 December 2017.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 December 2017 were approximately HK\$16.1 million, representing a decrease of approximately 34.6% from approximately HK\$24.6 million for the year ended 31 December 2016. Such decrease was mainly due to the decrease in gross profit margin. The Group's gross profit margin for the year ended 31 December 2017 was approximately 11.6%, representing a decrease of approximately 7.1 percentage points as compared to approximately 18.7% for the year ended 31 December 2016. Such decrease were primarily due to the competitive project pricing arising from intense market competition and the delay in works progress for the year ended 31 December 2017.

Administrative and other Operating Expenses

The Group's administrative and other operating expenses for the year ended 31 December 2017 were approximately HK\$21.8 million, representing an increase of approximately HK\$6.9 million or 46.3% from approximately HK\$14.9 million for the year ended 31 December 2016, primarily due to the increase in non-recurring listing expenses and professional fees incurred after listing for the year ended 31 December 2017.

Finance Costs

Finance costs of the Group are approximately HK\$0.5 million for the years ended 31 December 2016 and 2017. Finance costs consist of interest on bank borrowings and overdrafts and interest on obligations under finance leases. The Group's finance costs remained stable for both periods.

Income Tax Expense

Income tax expense for the Group decreased by approximately HK\$1.9 million or 73.1% from approximately HK\$2.6 million for the year ended 31 December 2016 to approximately HK\$0.7 million for the year ended 31 December 2017. The decrease was mainly due to the decrease in taxable profit for the year ended 31 December 2017.

Loss/Profit for the year

For the year ended 31 December 2017, the Group recorded a loss attributed to owners of the Company of approximately HK\$6.0 million as compared to profit for the year ended 31 December 2016 of approximately HK\$7.5 million. The loss attributed to owner of the Company were mainly attributable to the decrease in gross profit and the increase in administrative and other operating expenses and the non-recurring listing expenses for the year ended 31 December 2017 as mentioned above. Set aside the listing expenses, the Group's net profit for the year ended 31 December 2017 would be approximately HK\$1.7 million.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2017, the Group had cash and bank balances of approximately HK\$58.3 million (2016: HK\$5.5 million).

As at 31 December 2017, the Group's total equity attributable to owners of the Company amounted to approximately HK\$71.3 million (2016: HK\$32.3 million). As of the same date, the Group's total debt, comprising bank borrowings and liability of the finance lease obligations, amounted to approximately HK\$14.2 million (2016: HK\$15.7 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 2017, the Group had borrowings of approximately HK\$14.2 million which was denominated in Hong Kong Dollars (2016: HK\$15.7 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2017, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 20.0% (2016: 48.7%).

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 take advantage of future growth opportunities.

CHARGE ON GROUP ASSETS

As at 31 December 2017, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$8.7 million (2016: HK\$3.3 million) and motor vehicles with an aggregate net book value of approximately HK\$3.1 million (2016: HK\$1.6 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. As such, the Directors are of the view that the Group did not have significant 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 2017, the Company's issued share capital was HK\$10 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 2017, the Group had material capital commitments of approximately HK\$2.8 million (2016: 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 2017.

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

During the year ended 31 December 2017, 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 2017, the Group did not have any material contingent liabilities (2016: Nil).

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: Nil).

During the year ended 31 December 2017, a wholly-owned subsidiary of the Company declared an interim dividend in the sum of HK9.0 million to its then shareholder, which approximately HK\$0.6 million was settled by cash and the remaining balance of approximately HK\$8.4 million was settled by offset against the amount due from a director.

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.

An analysis of the utilisation of net proceeds from the Listing as at 31 December 2017 is set out below:

	Planned use of net proceeds up to 31 December 2017	Actual use of net proceeds up to 31 December 2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
Strengthening the Group's machinery fleet	6.4	7.2
Expanding the Group's manpower	2.0	0.3
Purchase of steel materials	4.4	4.4
General working capital	2.4	2.4

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

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 since the Listing Date and up to the date of this announcement. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2017 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 as at 31 December 2017 are set out in the consolidated statement of financial position. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

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 2017.

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, an independent non-executive Director of the Company, and other members included Mr. Iu Tak Meng Teddy and Mr. Chong Kam Fung, each an independent non-executive Director.

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 2017 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. 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
Executive Director

Hong Kong, 26 March 2018

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