

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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*This report, 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 report 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 report misleading.*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

Unaudited third quarterly results

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2017, together with the unaudited comparative figures for the corresponding periods in 2016, are as follows:

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	4	33,788	36,485	83,798	103,281
Cost of sales		(29,026)	(31,106)	(69,848)	(82,785)
Gross profit		4,762	5,379	13,950	20,496
Other income and other gain and loss	4	185	57	467	55
Administrative and other operating expenses	5	(4,166)	(2,265)	(17,808)	(9,142)
Operating (loss)/profit		781	3,171	(3,391)	11,409
Finance costs		(97)	(45)	(540)	(274)
(Loss)/profit before income tax		684	3,126	(3,931)	11,135
Income tax expense	6	(1,335)	(105)	(1,830)	(1,921)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company		(651)	3,021	(5,761)	9,214
(Losses)/earnings per share attributable to owners of the Company for the period – Basic and diluted (expressed in HK cents per share)	7	(0.07)	0.40	(0.69)	1.23

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2016 (Audited)	1	-	-	24,717	24,718
Profit and total comprehensive income for the period	-	-	-	9,214	9,214
Balance at 30 September 2016 (Unaudited)	1	-	-	33,931	33,932

For the nine months ended 30 September 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve (Note i) HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2017 (Audited)	1	-	-	32,264	32,265
Loss and total comprehensive expense for the period	-	-	-	(5,761)	(5,761)
Transaction with owners in their capacity as owners					
Dividend paid (Note 8)	-	-	-	(9,000)	(9,000)
Effect of the reorganisation	(1)	-	1	-	-
Issue of shares upon public offer, net of share issue expenses	2,500	51,549	-	-	54,049
Capitalisation of shares	7,500	(7,500)	-	-	-
Balance at 30 September 2017 (Unaudited)	10,000	44,049	1	17,503	71,553

Notes:

- i) 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.
- ii) For the purpose of the preparation of the condensed consolidated statement of changes in equity, the balance of share capital at 1 January 2016, 30 September 2016 and 1 January 2017 represents the aggregate of the paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the reorganisation.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General Information and Reorganisation

(a) General information

Basetrophy Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability. 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 shareholder of the Company.

The registered office of the Company in Cayman Islands is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the principal place of business of the Company is Unit 18, 29th Floor, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of foundation and site formation works and other geotechnical engineering works as a substructure subcontractor (the “**Listing Business**”).

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.

(b) Reorganisation

Prior to the completion of the reorganisation (the “**Reorganisation**”) as described below, the Listing Business was carried out by Workbase Engineering Limited (“**Workbase Engineering**”), a company incorporated in Hong Kong (the “**Operating Company**”).

In preparation for the Listing on the GEM, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

- (i) On 20 November 2015, Wide View Enterprises Limited (“**Wide View**”) was incorporated in the BVI with limited liability. On 11 January 2016, one fully-paid ordinary share of Wide View, representing the entire issued share capital of Wide View, was allotted and issued at par to Brightly Ahead.
- (ii) On 4 January 2016, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the same date, one fully-paid Share was allotted and issued to the initial subscriber to the memorandum and articles of association of the Company, which was subsequently transferred to Brightly Ahead on 29 January 2016.
- (iii) On 12 September 2016, Wide View acquired the entire issued share capital of the Workbase Engineering from Mr. Lau and Ms. Yuen, in consideration of which Wide View allotted and issued 99 fully-paid shares in Wide View to Brightly Ahead.
- (iv) On 7 June 2017, the Company acquired the entire issued share capital of Wide View, in consideration of the Company allotted and issued 9,999 nil-paid Shares to Brightly Ahead.

Upon completion of the Reorganisation, the Company has become the holding company of Wide View and Workbase Engineering, and Brightly Ahead has become the shareholder of the entire issued share capital of the Company.

2 Basis of preparation and presentation

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 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 condensed consolidated financial statements should be read in conjunction with the Company’s combined financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, as set out in the prospectus of the Company dated 14 June 2017 (the “**Prospectus**”).

The companies currently comprising the Group, were under the control of Mr. Lau and Ms. Yuen, immediately before and after the Reorganisation. For the purpose of the unaudited third quarterly financial results, the financial results for the nine months ended 30 September 2016 have been prepared on a combined basis.

Immediately prior to and after the Reorganisation, the Listing Business was carried out by the Operating Company. Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The transaction is merely a reorganisation of the Listing Business with no change in management and the controlling shareholders of the Listing Business (the “**Controlling Shareholder(s)**”). Accordingly, the combined financial statements of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented, as if the current group structure had been in existence throughout the periods or since the respective dates of establishments of the companies comprising the Group, whichever is earlier.

Inter-company transactions, balances and unrealised gains/(losses) on transactions between group companies are eliminated on consolidation.

3 Accounting policies

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

(a) 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 2017:

Annual Improvements Project (Amendments) – HKFRS 12	Annual Improvements 2014 – 2016 Cycle
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

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

(b) The following new standards and revisions to standards have been issued, but are not effective for the financial year beginning 1 January 2017 and have not been early adopted by the Group:

Annual Improvements Project (Amendments) – HKFRS 1 and HKAS 28	Annual Improvements 2014 – 2016 Cycle ¹
HKFRS 2 (Amendments)	Classification and Measurement of Share- based Payment Transactions ¹
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 ¹
HKAS 40 (Amendments)	Transfers of Investment Property ¹
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HKFRS 16	Leases ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

^{1.} Effective for annual periods beginning on or after 1 January 2018.

^{2.} Effective for annual periods beginning on or after 1 January 2019.

^{3.} Effective for annual periods beginning on or after a date to be determined.

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

4 Revenue, other income and other gain and loss

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in provision of foundation and related works, including site formation works and other geotechnical engineering works which are carried out in Hong Kong.

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue				
Foundation and related works	33,788	36,485	83,798	103,281

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Other income and other gain and loss				
Rental income	-	-	-	20
Loss on disposal of property, plant and equipment	-	-	-	(58)
Amortisation of deferred gain	139	-	417	-
Others	46	57	50	93
	185	57	467	55

5 Expenses by nature

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Auditors' remuneration	42	–	42	40
Depreciation of property, plant and equipment	221	57	440	191
Listing expenses	32	433	7,746	3,161
Operating lease rental on premises	434	103	801	336
Staff costs, including directors' emoluments	2,133	1,043	5,212	3,509
Other expenses	1,304	629	3,567	1,905
	4,166	2,265	17,808	9,142

6 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits during the respective periods.

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax	426	315	1,194	2,149
Deferred income tax	909	(210)	636	(228)
Income tax expense	1,335	105	1,830	1,921

7 (Losses)/earnings per share attributable to owners of the Company for the period – Basic and diluted

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017	2016	2017	2016
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	(651)	3,021	(5,761)	9,214
Weighted average number of ordinary shares ('000)	1,000,000	750,000	837,912	750,000
Basic (losses)/earnings per share (HK cents per share)	(0.07)	0.40	(0.69)	1.23

For the three months and nine months ended 30 September 2017, the calculation of the basic losses per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company for the period of HK\$651,000 and HK\$5,761,000 and (ii) the weighted average number of ordinary shares and the effects of 250,000,000 shares issued under public offer respectively.

For the three months and nine months ended 30 September 2016, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company for the period of HK\$3,021,000 and HK\$9,214,000 and (ii) the weighted average number of 750,000,000 shares comprising one share in issue and 749,999,999 shares issued during the Reorganisation as if these 750,000,000 shares were outstanding throughout the three and nine months ended 30 September 2016.

The diluted (losses)/earnings per share is equal to the basic (losses)/earnings per share as there were no dilutive potential ordinary shares in issue for the three months and nine months ended 30 September 2017 and 2016.

8 Dividends

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Dividends	-	-	9,000	-

In June 2017, the Operating Company, a wholly-owned subsidiary of the Company declared an interim dividend in the sum of HK\$9,000,000 to its then shareholder.

The board of Directors (the “**Board**”) does not recommend the payment of dividend for the nine months ended 30 September 2017.

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 2017, the Group recorded a net loss of approximately HK\$5.8 million as compared to a net profit of approximately HK\$9.2 million for the same period in 2016. The Directors are of the view that the net loss was primarily due to delays in work progress in some significant foundation projects which are pending approval from the relevant government departments on the construction designs, as well as the non-recurring listing expenses incurred during 2017. Set aside the listing expenses, the Group's net profit for the nine months ended 30 September 2017 would be approximately HK\$2.0 million. In view that the delayed projects are expected to commence works in late 2017, 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 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 decreased by approximately 18.9% from approximately HK\$103.3 million for the nine months ended 30 September 2016 to approximately HK\$83.8 million for the nine months ended 30 September 2017, primarily due to delays in works progress in some of the Group's projects on hand caused by changes in designs which required re-assessment and/or approvals from the relevant government departments.

Costs of Sales

The Group's cost of sales for the nine months ended 30 September 2017 was approximately HK\$69.8 million, representing a decrease of approximately 15.6% from HK\$82.8 million for the nine months ended 30 September 2016.

Gross Profit and Gross Profit Margin

The Group's gross profit for the nine months ended 30 September 2017 were approximately HK\$14.0 million, representing a decrease of approximately 31.9% from approximately HK\$20.5 million for the nine months ended 30 September 2016. The Group's gross profit margin for the nine months ended 30 September 2017 was approximately 16.6%, representing a decrease of approximately 3.2% as compared to approximately 19.8% for nine months ended 30 September 2016. 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 2017, 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..

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the nine months ended 30 September 2017 were approximately HK\$17.8 million, representing an increase of approximately 94.8% from approximately HK\$9.1 million for the nine months ended 30 September 2016, primarily due to the non-recurring listing expenses incurred during the nine months ended 30 September 2017.

Listing Expenses

During the nine months ended 30 September 2017, the Group recognised non-recurring listing expenses under accrual basis of approximately HK\$7.7 million, as expenses in connection with the Listing on GEM.

Loss for the Period

For the nine months ended 30 September 2017, the Group recorded loss attributed to owners of the Company of approximately HK\$5.8 million as compared to profit for the nine months ended 30 September 2016 of approximately HK\$9.2 million. The loss was mainly attributable to the non-recurring listing expenses.

Set aside the listing expenses, the Group's net profit for the nine months ended 30 September 2017 would be approximately HK\$2.0 million.

Dividend

The Board does not recommend the payment of dividend for the nine months ended 30 September 2017.

OTHER INFORMATION

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

As at 30 September 2017, 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	750,000,000	75%
Ms. Yuen (<i>Note 1</i>)	Interested in a controlled corporation/ Interest of spouse	750,000,000	75%

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 2017, 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 2017, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long position in the Shares

Name	Capacity/Nature of interest	Number of Shares held/interested	Percentage of shareholding
Brightly Ahead	Beneficial owner	750,000,000	75%

Save as disclosed above, as at 30 September 2017, 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 2017.

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 2017.

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 2017.

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 in the section headed "D. Share Option Scheme" in Appendix IV to the Prospectus.

For the nine months ended 30 September 2017, 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 enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and 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 was listed on GEM on 27 June 2017. To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code during the nine months ended 30 September 2017 and up to the date of this report.

Audit Committee

Pursuant to Rules 5.28 and 5.29 of the GEM Listing Rules, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Ng Ki Man (the chairman of the Audit Committee), Mr. Lu Tak Meng Teddy and Mr. Chong Kam Fung, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group, this report and the third quarterly results announcement of the Group for the nine months ended 30 September 2017. The condensed consolidated financial results for nine months ended 30 September 2017 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
Executive Director

Hong Kong, 7 November 2017

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