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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 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**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

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

For the three months and six months ended 30 June 2019

Unaudited interim results

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding periods in 2018, are as follows:

		Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
		2019	2018	**2019**	2018
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**13,671**	34,033	**33,098**	79,641
Cost of sales		**(13,341)**	(29,915)	**(31,537)**	(68,172)
Gross profit		**330**	4,118	**1,561**	11,469
Other income and other gain	*4*	**310**	149	**988**	292
Administrative and other operating expenses	*5*	**(2,961)**	(2,813)	**(5,982)**	(7,462)
Operating (loss)/profit		**(2,321)**	1,454	**(3,433)**	4,299
Finance costs	*6*	**(256)**	(190)	**(522)**	(328)
(Loss)/profit before income tax		**(2,577)**	1,264	**(3,955)**	3,971
Income tax credit/(expense)	*7*	**42**	(319)	**(368)**	(699)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company		**(2,535)**	945	**(4,323)**	3,272
Basic and diluted (loss)/earnings per share *(HK cent)*	*8*	**(0.25)**	0.09	**(0.43)**	0.33

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
ASSETS			
Non-current assets			
Right-of-use assets		**422**	–
Payment for life insurance policy		**2,541**	2,505
Property, plant and equipment	*10*	**24,697**	27,259
		27,660	29,764
Current assets			
Trade and other receivables	*12*	**10,494**	10,122
Contract assets		**53,562**	48,971
Tax recoverable		**–**	2,240
Cash and bank balances		**9,960**	16,041
		74,016	77,374
Total assets		**101,676**	107,138
EQUITY			
Capital and reserves			
Share capital	*13*	**10,000**	10,000
Reserves		**54,428**	58,885
Total equity		**64,428**	68,885

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**148**	–
Borrowings	*14*	**44**	233
Deferred tax liabilities	*11*	**2,588**	2,220
		2,780	2,453
Current liabilities			
Trade and other payables	*15*	**13,934**	14,976
Tax payable		**351**	–
Lease liabilities		**419**	–
Borrowings	*14*	**19,764**	20,824
		34,468	35,800
Total liabilities		**37,248**	38,253
Total equity and liabilities		**101,676**	107,138
Net current assets		**39,548**	41,574
Total assets less current liabilities		**67,208**	71,338

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company				
	Share capital *HK$'000* *(Note 13)*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note i)*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2018 (Audited)	10,000	44,049	1	17,268	71,318
Profit and total comprehensive income for the period	–	–	–	3,272	3,272
Balance at 30 June 2018 (Unaudited)	10,000	44,049	1	20,540	74,590

For the six months ended 30 June 2019

	Attributable to owners of the Company				
	Share capital *HK$'000* *(Note 13)*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note i)*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2019 (Audited)	**10,000**	**44,049**	**1**	**14,835**	**68,885**
Adjustment *(Note 2.1(c)(ii))*	**–**	**–**	**–**	**(134)**	**(134)**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**(4,323)**	**(4,323)**
Balance at 30 June 2019 (Unaudited)	**10,000**	**44,049**	**1**	**10,378**	**64,428**

Note:

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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Unaudited	
	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Cash flows from operating activities		
Net cash used in operations	**(6,743)**	(30,084)
Tax refund	**2,592**	–
Net cash used in operating activities	**(4,151)**	(30,084)
Cash flows from investing activities		
Purchases of property, plant and equipment	**–**	(679)
Increase in amount due from ultimate holding company	**–**	(11)
Net cash used in investing activities	**–**	(690)
Cash flows from financing activities		
Repayment of finance leases	**(3,661)**	(2,172)
Drawdown of bank and other borrowings	**9,679**	15,646
Repayment of bank and other borrowings	**(7,253)**	(9,539)
Repayment of lease liabilities	**(196)**	–
Interest paid on finance leases	**(227)**	(158)
Interest paid on bank and other borrowings	**(111)**	(112)
Interest paid on lease liabilities	**(161)**	–
Net cash (used in)/generated from financing activities	**(1,930)**	3,665
Net decrease in cash and cash equivalents	**(6,081)**	(27,109)
Cash and cash equivalents at the beginning of period	**16,041**	58,266
Cash and cash equivalents at end of period	**9,960**	31,157

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

The Company was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on GEM of the Stock Exchange on 27 June 2017. Its parent and ultimate holding company is Brightly Ahead Limited ("**Brightly Ahead**"), a company incorporated in the British Virgin Islands ("**BVI**") and wholly-owned by Mr. Lau Chung Ho ("**Mr. Lau**") and Ms. Yuen Suk Har. Each of Brightly Ahead and Mr. Lau is a controlling shareholder of the Company.

The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1–1108, Cayman Islands and the Company's principal place of business is Unit 18, 29th Floor, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Hong Kong. The Company is an investment holding company. The Group is principally engaged in provision of foundation and related works.

The shares of the Company (the "**Share(s)**") were listed on GEM by way of public offer (the "**Listing**") on 27 June 2017 (the "**Listing Date**").

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2 Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

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

2.1 The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2019:

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

Except for HKFRS 16, Leases, none of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

(a) Changes in the accounting policies

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	**Carrying amount as at 31 December 2018**	**Capitalisation of operating leases contracts**	**Carrying amount as at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Right-of-use assets	–	629	629
Liabilities			
Lease liabilities	–	(763)	(763)
Equity			
Reserves	(58,885)	134	(58,751)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 June 2019	At 1 January 2019
	HK$'000	*HK$'000*
Properties leased for own use, carried at depreciated cost	**422**	629

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows

	At 30 June 2019	At 1 January 2019
	HK$'000	*HK$'000*
Within 1 year	**419**	415
After 1 year but within 5 years	**148**	348
	567	763

(iii) Impact on the financial result

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the amortisation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported loss from operations in the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the year.

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result for the six months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

Financial results for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16	**Amounts reported under HKFRS16**	**Add back amortisation and interest expenses under HKFRS 16**	**Less: estimated amounts relating to operating lease as if under HKAS 17**	**Hypothetical amounts for 2019 as if under HKAS 17**	**Amounts reported for 2018 under HKAS 17**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating (loss)/profit	(3,433)	207	(345)	(3,571)	4,658
Finance cost	(522)	150	–	(372)	(328)
(Loss)/profit before income tax	(3,955)	357	(345)	(3,943)	4,330

(iv) The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 December 2018 could be reconciled to the lease liabilities recognized in the Group's consolidated statement of financial position as at the date of initial application (i.e. 1 January 2019).

	As at 1 January 2019
	HK$'000
Operating lease commitments as at 31 December 2018 (disclosed in the Group's consolidated financial statements for the year ended 31 December 2018)	**1,377**
Less: Future interest expenses	**(289)**
Less: Short-term leases accounted for as expense using the straight-line basis	**(200)**
Less: Adjustments for director's quarter expenses	**(125)**
Lease liabilities recognized as at 1 January 2019	**763**

The weighted average leasee's incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position as at 1 January 2019 is 3.98%.

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

HKFRS 17	Insurance Contracts (New Standard)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

3 Estimates

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

4 Revenue, other income and other gain and segment information

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Foundation and related works	**13,671**	34,033	**33,098**	79,641

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Timing of revenue recognition:				
Over time	**13,671**	34,033	**33,098**	79,641

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other income and other gain				
Rental income	**218**	–	**668**	–
Interest income	**1**	130	**3**	130
Fair value change on assets at fair value through profit or loss	**2**	–	**37**	–
Others	**89**	19	**280**	162
	310	149	**988**	292

Segment information

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

5 Expenses by nature

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**113**	148	**226**	297
Depreciation of right-of-use assets	**34**	–	**207**	–
Operating lease rental on premises	**206**	352	**206**	704
Staff costs, including directors' emoluments	**1,118**	906	**2,192**	2,562
Other expenses	**1,490**	1,407	**3,151**	3,899
	2,961	2,813	**5,982**	7,462

6 Finance costs

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on finance leases	**81**	75	**212**	159
Interest on bank and other borrowings	**38**	115	**160**	169
Interest on lease liabilities	**137**	–	**150**	–
	256	190	**522**	328

7 Income tax (credit)/expense

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

Hong Kong profits tax has been provided at the rate of 8.25% for the first HK$2 million of assessable profits and 16.5% for the assessable profits above HK$2 million for the corresponding period.

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax – Hong Kong profits tax	**–**	334	**–**	742
Deferred income tax *(Note 11)*	**(42)**	(15)	**368**	(43)
Income tax (credit)/expense	**(42)**	319	**368**	699

8 (Loss)/earnings per share

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
(Loss)/profit for the period attributable to owners of the Company *(HK$'000)*	**(2,535)**	945	**(4,323)**	3,272
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share *(in thousand)*	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Basic (loss)/earnings per share *(HK cent)*	**(0.25)**	0.09	**(0.43)**	0.33

The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended 30 June 2019 was derived from 1,000,000,000 ordinary shares in issue during the period.

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

9 Dividends

The Board does not recommend a payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

10 Property, plant and equipment

	Machinery and equipment HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Unaudited					
Cost					
At 1 January 2019 and 30 June 2019	**32,153**	**405**	**760**	**4,713**	**38,031**
Accumulated depreciation					
At 1 January 2019	**7,696**	**403**	**649**	**2,024**	**10,772**
Charge for the period	**2,132**	**2**	**36**	**392**	**2,562**
At 30 June 2019	**9,828**	**405**	**685**	**2,416**	**13,334**
Net book value					
At 30 June 2019	**22,325**	**–**	**75**	**2,297**	**24,697**
Audited					
Cost					
At 1 January 2018	24,704	405	760	4,375	30,244
Additions	15,473	–	–	338	15,811
Disposals	(8,024)	–	–	–	(8,024)
At 31 December 2018	32,153	405	760	4,713	38,031
Accumulated depreciation					
At 1 January 2018	8,758	340	557	1,217	10,872
Charge for the year	4,760	63	92	807	5,722
Disposals	(5,822)	–	–	–	(5,822)
At 31 December 2018	7,696	403	649	2,024	10,772
Net book value					
At 31 December 2018	24,457	2	111	2,689	27,259

11 Deferred tax liabilities

The components of deferred tax liabilities recognised in the condensed consolidated statement of financial position and the movements during the respective periods are as follows:

	Tax depreciation allowances *HK$'000*	Expected credit losses provision *HK$'000*	Total *HK$'000*
Deferred tax liabilities			
At 1 January 2018	1,482	(2)	1,480
Charged to profit or loss	742	(2)	740
At 31 December 2018 and 1 January 2019	2,224	(4)	2,220
Charged to profit or loss	368	–	368
At 30 June 2019	2,592	(4)	2,588

12 Trade and other receivables

	Unaudited 30 June 2019 ***HK$'000***	Audited 31 December 2018 *HK$'000*
Trade receivables	**4,947**	4,190
Less: Provision for impairment losses	**(2)**	(2)
	4,945	4,188
Other receivables, deposits and prepayments	**5,549**	5,934
	10,494	10,122

Notes:

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

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

	Unaudited 30 June 2019 ***HK$'000***	Audited 31 December 2018 *HK$'000*
0 – 30 days	**1,063**	3,547
31 – 60 days	**209**	–
61 – 90 days	**3,032**	–
Over 90 days	**643**	643
	4,947	4,190

As at 30 June 2019, trade receivables of approximately HK$643,000 (As at 31 December 2018: HK$643,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

13 Share capital

	Note	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019		3,000,000,000	30,000
Issued and fully paid:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019		1,000,000,000	10,000

14 Borrowings

	Unaudited 30 June 2019 *HK$'000*	Audited 31 December 2018 *HK$'000*
Non-current		
Finance lease liabilities	**44**	233
Current		
Bank borrowings	**9,319**	6,907
Finance lease liabilities	**10,445**	13,917
	19,764	20,824
Total borrowings	**19,808**	21,057

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK$16,769,000 (31 December 2018: HK$18,523,000) and motor vehicles with an aggregate net book value of approximately HK$2,240,000 (31 December 2018: HK$2,587,000).

The carrying amounts of all finance lease liabilities are denominated in HK$.

The interest rates per annum of borrowings are ranging from 3.26% to 5.22% (31 December 2018: ranging from 3.26% to 5.22%) as at 30 June 2019.

15 Trade and other payables

	Unaudited 30 June 2019	Audited 31 December 2018
	HK$'000	*HK$'000*
Trade payables	**7,320**	7,938
Accrued employee benefit expenses	**1,077**	1,629
Other accruals and payables	**1,473**	1,903
Retention payables	**4,064**	3,506
	13,934	14,976

Note:

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

	Unaudited 30 June 2019	Audited 31 December 2018
	HK$'000	*HK$'000*
0 – 30 days	**2,595**	2,867
31 – 60 days	**2,156**	2,559
61 – 90 days	**1,543**	2,146
Over 90 days	**1,026**	366
	7,320	7,938

16 Commitments

Operating lease commitments – Group as lessee

As at 31 December 2018, the future minimum lease payments under non-cancellable operating leases were payable as follows:

	Audited 31 December 2018 *HK$'000*
Within one year	964
In the second to fifth years inclusive	413
	1,377

The Group is the lessee in respect of office premises, quarters and warehouses under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the leases when all terms are renegotiated.

Since 1 January 2019, such leases were accounted for according to HKFRS 16. As at 30 June 2019 and 1 January 2019, the Group had recognized lease liabilities of approximately HK$567,000 and HK$763,000 for such leases, respectively.

17 Related party transactions

Compensation of key management personnel of the Group

Key management includes directors (executive and non-executive) and the chief executive of the Group. The compensation paid or payable to key management for employee services is disclosed as follows:

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fee, discretionary bonuses, salaries, allowances and benefits in kind	**482**	470	**900**	1,122
Retirement scheme contributions	**–**	9	**3**	18
	482	479	**903**	1,140

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 excavation and lateral support 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 six months ended 30 June 2019, the Group recorded a net loss of approximately HK$4.3 million as compared to a net profit of approximately HK$3.3 million for the same period in 2018.

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 has expanded 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 58.4% from approximately HK$79.6 million for the six months ended 30 June 2018 to approximately HK$33.1 million for the six months ended 30 June 2019, mainly due to delay in progress of certain projects.

Costs of Sales

The Group's cost of sales decreased from approximately HK$68.2 million for the six months ended 30 June 2018 to approximately HK$31.5 million for the six months ended 30 June 2019, which was generally consistent with the drop in revenue during the period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2019 were approximately HK$1.6 million, representing a decrease of approximately 86.1% from approximately HK$11.5 million for the six months ended 30 June 2018. The Group's gross profit margin for the six months ended 30 June 2019 was approximately 4.7%, representing a decrease of approximately 9.7 percentage points as compared to approximately 14.4% for the six months ended 30 June 2018. Such decrease was primarily due to competitive project pricing arising from intense market competition and the delay in works progress of certain projects for the six months ended 30 June 2019.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the six months ended 30 June 2019 were approximately HK$6.0 million, representing a decrease of approximately 20.0% from approximately HK$7.5 million for the six months ended 30 June 2018. The decrease were attributable to the decrease in staff costs and professional fees.

Loss/profit for the Period

For the six months ended 30 June 2019, the Group recorded loss attributed to owners of the Company of approximately HK$4.3 million as compared to profit for the six months ended 30 June 2018 of approximately HK$3.3 million. The loss was mainly attributable to the decrease in revenue due to delay in progress of certain projects.

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 of the Company dated 14 June 2017 (the "**Prospectus**") and subsequently amended as summarized 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 as at 30 June 2019 is set out below:

	Planned use of net proceeds up to 30 June 2019 *HK$'million*	Actual use of net proceeds up to 30 June 2019 *HK$'million*	Unutilised net proceeds up to 30 June 2019 *HK$'million*
Strengthening the Group's machinery fleet	22.1	22.1	–
Expanding the Group's manpower	7.5	4.0	3.5
Purchase of steel materials	7.4	4.9	2.5
General working capital	2.4	2.4	–
Total	39.4	33.4	6.0

The remaining unutilised net proceeds as at 30 June 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.

Comparison Between Business Objectives with Actual Business Progress

The Group will endeavor to achieve the following business objectives:

Business Strategies as stated in the Prospectus and the Announcements	Business objectives up to 30 June 2019 as stated in the Prospectus and the Announcements	Actual business progress up to 30 June 2019
Strengthening the Group's machinery fleet	– To acquire crawler cranes for carrying out piling, excavation and lateral support and pile caps works in the Group's foundation and site formation projects	The Group has acquired 1 new telescopic boom crawler crane and 1 new heavy duty crawler crane.
	– To acquire two new hydraulic crawler drills for carrying out drilling and piling works in the Group's foundation and site formation projects	The Group has acquired 2 new hydraulic micro drilling rigs.
	– To acquire four new air compressors	The Group has acquired 4 new air compressors.

Business Strategies as stated in the Prospectus and the Announcements	Business objectives up to 30 June 2019 as stated in the Prospectus and the Announcements	Actual business progress up to 30 June 2019
	– To acquire other supporting tools and equipment and accessories to enhance the Group's machinery fleet	The Group has acquired other supporting tools and equipment and accessories.
	– To provide maintenance for the acquired machinery	The Group has paid the relevant maintenance expenditure during the period.
	– Evaluate the capacity of the Group's machinery fleet and assess for the need for additional machinery and equipment	The Group has acquired 2 new generators.
Expanding the Group's manpower	– Recruit a project manager and an assistant project manager to strengthen the Group's project management and supervision capabilities	The Group has hired 3 assistant project managers and is in the progress of recruiting a project manager.
	– Recruit two machinery operators to enhance the Group's capacity on project execution	The Group has hired 2 machinery operators.
	– Recruit a foreman and a site engineer to enhance the Group's capacity on project execution	The Group has recruited 3 site engineers.
	– Conduct staff training	The Group has provided internal training to staff.
	– Continue to assess the sufficiency of the human resources having regard to the Group's business development	
Purchase of steel materials	– Purchase of steel sheet piles, steel H-piles and steel bars for the Group's pile cap construction works of projects in Kowloon Tong and Sham Shui Po and the latest project in hand of the Group	The Group has purchased steel sheet piles, steel H-piles and steel bars for the pile cap construction works.

Capital Structure, Liquidity and Financial Resources

The Shares 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 capital of the Group only comprises of ordinary shares.

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

As at 30 June 2019, the Group had cash and bank balances of approximately HK$10.0 million (31 December 2018: HK$16.0 million).

As at 30 June 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK$64.4 million (31 December 2018: HK$68.9 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$19.8 million (31 December 2018: HK$21.0 million).

On the Listing Date, the Company was listed on the GEM by way of public offer and completed the public offer of 250,000,000 Shares by offer price of HK$0.24 per Offer 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 30 June 2019, the Group had borrowings of approximately HK$19.8 million which was denominated in Hong Kong Dollars (31 December 2018: HK$21.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2019, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 30.7% (31 December 2018: 30.6%).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies, and Future Plans for Material Investments or Capital Assets

In preparation for the Listing, the Company underwent reorganisation, the detail of which are set out in the section headed "History, Development and Reorganisation" of the Prospectus.

Save as disclosed in the Prospectus, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 June 2019. There was no future plan for material investments or capital assets as at 30 June 2019.

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.

Treasury Policies

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 30 June 2019, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK$16.8 million (31 December 2018: approximately HK$18.5 million) and motor vehicles with an aggregate net book value of approximately HK$2.2 million (31 December 2018: approximately HK$2.6 million).

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities (31 December 2018: Nil).

Capital Commitments

As at 30 June 2019, the Group did not have any capital commitments (31 December 2018: Nil) contracted but not provided for property, plant and equipment.

Segment Information

The Group principally operated in one business segment, which is the foundation subcontractors in the foundation and site formation industry.

Information on Employees

As at 30 June 2019, the Group had 30 full-time employees working in Hong Kong (As at 31 December 2018: 31). The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2019 amounted to approximately HK$7.3 million (for the six months ended 30 June 2018: HK$9.6 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019.

OTHER INFORMATION

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

As at 30 June 2019, 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	Number of shares held/interested	Percentage of shareholding
Mr. Lau *(Note 1)*	Interested in a controlled corporation	510,000,000	51.0%

Note:

1. Mr. Lau and Ms. Yuen Suk Har 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.

Save as disclosed above, as at 30 June 2019, 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 June 2019, the following person/entity (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 interests 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	Number of shares held/interested	Percentage of shareholding
Brightly Ahead	Beneficial owner	510,000,000	51.0%

Save as disclosed above, as at 30 June 2019, 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 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 interests 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.

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 six months ended 30 June 2019.

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 six months ended 30 June 2019.

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 six months ended 30 June 2019.

Share Option Scheme

The Company conditionally adopted a share option scheme on 7 June 2017 (the "**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 six months ended 30 June 2019, 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 adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. The Company has fully complied with the CG Code during the six months ended 30 June 2019 except for the deviation from provision A.2.1 of the CG Code which is explained below:

Provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. Lau performs the roles of chairman and chief executive officer of the Company, the Company has deviated from this Code Provision from 1 November 2018. However, the Board believes that vesting the roles of both chairman and chief executive officer of the Company in Mr. Lau has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises three independent non-executive Directors and two executive Directors also provides added independence to the Board. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Audit Committee

Pursuant to Rule 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code, the Company established 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 announcement, the Audit Committee comprises Mr. Ng Ki Man (the chairman of the Audit Committee), Mr. Iu Tak Meng Teddy and Mr. Chong Kam Fung, all of whom are independent non-executive Directors. The written terms of reference of the Audit Committee on posted on the Stock Exchange's website and on the Company's website.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group, the interim report and the interim results announcement of the Group for the six months ended 30 June 2019. The condensed consolidated financial results for the six months ended 30 June 2019 are unaudited, but have been reviewed by the Audit Committee. Such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 7 August 2019

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

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk 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.