



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 REPORT

2023

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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 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 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 herein or this report misleading.*

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CORPORATE INFORMATION

Board of Directors

Executive Directors:

Mr. Lau Chung Ho
(Chief Executive Officer)
Mr. Leung Yat Fai Frankie Keith
(Chairman)
Ms. Fong Pui Yin Vivian
Ms. Du Wanfen
Mr. Li Aiming

Independent Non-executive Directors:

Mr. Lam Chee-yau Timothy
Mr. Ngok Ho Wai
Mr. Tao Ming Lee Martin
(appointed on 2 June 2023)
Mr. Ng Ki Man
(resigned on 2 June 2023)

Audit Committee

Mr. Ngok Ho Wai *(Chairman)*
(redesignated as Chairman on 2 June 2023)
Mr. Lam Chee-yau Timothy
Mr. Tao Ming Lee Martin
(appointed on 2 June 2023)
Mr. Ng Ki Man *(Chairman)*
(resigned on 2 June 2023)

Remuneration Committee

Mr. Ngok Ho Wai *(Chairman)*
Mr. Lam Chee-yau Timothy
Mr. Tao Ming Lee Martin
(appointed on 2 June 2023)
Mr. Ng Ki Man
(resigned on 2 June 2023)

Nomination Committee

Mr. Lam Chee-yau Timothy *(Chairman)*
Mr. Ngok Ho Wai
Mr. Tao Ming Lee Martin
(appointed on 2 June 2023)
Mr. Ng Ki Man
(resigned on 2 June 2023)

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark, 11 Pedder Street
Central
Hong Kong

Company Secretary

Mr. Chan Kui Ming

Authorised Representatives

Mr. Lau Chung Ho
Mr. Chan Kui Ming

Compliance Officer

Mr. Lau Chung Ho

Legal Advisors As To Hong Kong Laws

CFN Lawyers in association with
Broad and Bright
Units 4101-04, 41/F
Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

Registered Office In The Cayman Islands

Windward 3,
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office And Principal Place Of Business In Hong Kong

Unit 18, 29/F
New Tech Plaza
34 Tai Yau Street
San Po Kong
Kowloon

Principal Share Registrar And Transfer Office In Cayman Islands

Ocorian Trust (Cayman) Limited
Windward 3,
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Branch Share Registrar And Transfer Office In Hong Kong

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers

Dah Sing Bank, Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Company's Website

www.wbgroupfw.com.hk

Stock Code

8460

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2023

Unaudited interim results

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2023, together with the unaudited comparative figures for the corresponding periods in 2022, are as follows:

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	4	29,191	31,277	43,419	48,399
Cost of sales		(26,017)	(28,984)	(37,327)	(43,096)
Gross profit		3,174	2,293	6,092	5,303
Other income and other gain	4	150	420	207	458
Administrative and other operating expenses	5	(2,814)	(2,339)	(5,347)	(5,038)
Operating profit		510	374	952	723
Finance costs	6	(327)	(122)	(625)	(247)
Profit before income tax		183	252	327	476
Income tax (expense)/credit	7	(126)	(167)	(222)	(305)

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Profit for the period		57	85	105	171
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(100)	–	(88)	–
Total comprehensive income		(43)	85	17	171
(Loss)/Profit attributable to:					
Equity holders of the Company		(134)	85	(46)	171
Non-controlling interests		191	–	151	–
		57	85	105	171
(Loss)/Profit and total comprehensive (expense)/ income for the period attributable to:					
Equity holders of the Company		(185)	85	(91)	171
Non-controlling interests		142	–	108	–
		(43)	85	17	171
Earnings per share attributable to owners of the Company for the period			(Restated)		(Restated)
– Basic and diluted (expressed in HK cents per share)	8	(0.04)	0.08	0.01	0.17

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Unaudited	Audited
	Note	30 June 2023 HK\$'000	31 December 2022 HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets		1,496	2,056
Payment for a life insurance policy		2,882	2,817
Property, plant and equipment	10	23,428	14,322
		27,806	19,195
Current assets			
Inventories		4,004	4,112
Trade and other receivables	12	27,824	17,194
Contract assets		61,710	59,772
Tax recoverable		1,451	1,084
Cash and bank balances		2,737	4,147
		97,726	86,309
Total assets		125,532	105,504
EQUITY			
Capital and reserves			
Share capital	13	11,500	11,500
Reserves		49,693	49,784
Equity attributable to owners of the Company		61,193	61,284
Non-controlling interests		431	323
Total equity		61,624	61,607

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2023

		Unaudited	Audited
	Note	30 June 2023 HK\$'000	31 December 2022 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings		6,658	3,494
Lease liabilities		503	963
Deferred tax liabilities	11	1,014	797
		8,175	5,254
Current liabilities			
Trade and other payables	15	32,761	23,635
Borrowings	14	17,704	11,698
Lease liabilities		1,014	1,092
Contract liabilities		500	500
Amount due to a Director		2,095	–
Amount due to non-controlling interests		1,659	1,718
		55,733	38,643
Total liabilities		63,908	43,897
Total equity and liabilities		125,532	105,504
Net current assets		41,993	47,666
Total assets less current liabilities		69,799	66,861

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2022 (Audited)	11,000	47,217	1	-	8,031	-	-	66,249
Profit and total comprehensive income for the period	-	-	-	-	171	-	-	171
Balance at 30 June 2022 (Unaudited)	11,000	47,217	1	-	8,202	-	-	66,420

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2023 (Audited)	11,500	48,256	1	14	1,513	61,284	323	61,607
Profit for the period	-	-	-	-	(46)	(46)	151	105
Exchange differences arising on translation of foreign operations	-	-	-	(45)	-	(45)	(43)	(88)
Total comprehensive income	-	-	-	(45)	(46)	(91)	108	17
Balance at 30 June 2023 (Unaudited)	11,500	48,256	1	(31)	1,467	61,193	431	61,624

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 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash generated from operations	1,254	(169)
Hong Kong Profits Tax paid	(366)	–
Net cash generated from operating activities	888	(169)
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,410)	–
Net cash used in investing activities	(10,410)	–
Cash flows from financing activities		
Drawdown of bank borrowings	31,172	23,215
Drawdown of other borrowings	10,338	–
Repayment of bank borrowings	(29,905)	(23,214)
Repayment of other borrowings	(2,434)	–
Repayment of lease liabilities	(538)	(127)
Interest paid on bank borrowings	(570)	(241)
Interest paid on lease liabilities	(55)	(6)
Net cash used in financing activities	8,008	(883)
Net decrease in cash and cash equivalents	(1,514)	(1,052)
Effects of foreign exchange rate changes	105	–
Cash and cash equivalents at the beginning of period	4,147	4,352
Cash and cash equivalents at end of period	2,738	3,300

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**”), the controlling party of the Company.

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, 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, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in provision of foundation and related works in Hong Kong and trading of alcoholic beverages in the People Republic of China (the “**PRC**”).

The unaudited 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 2023 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include the applicable disclosure provisions of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong). 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 of the Group for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, except for the new and revised HKFRSs and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. There has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the period presented as a result of adoption of these amendments. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

2 Basis of preparation (Continued)

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.

3 Estimates

The preparation of the 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 applied to the consolidated financial statements for the year ended 31 December 2022.

4 Revenue, other income and other gain and segment information

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 the 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 recognised during the respective periods are follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue				
Foundation and related works	28,268	31,277	42,394	48,399
Sales of alcoholic beverages	923	–	1,025	–
	29,191	31,277	43,419	48,399

4 Revenue, other income and other gain and segment information (Continued)

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Timing of revenue recognition:				
At a point in time	923	–	1,025	–
Over time	28,268	31,277	42,394	48,399
	29,191	31,277	43,419	48,399

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Other income and other gain				
Rental income	–	–	–	360
Fair value change on assets at fair value through profit or loss	12	24	65	62
Others	138	–	142	36
	150	24	207	458

5 Expenses by nature

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Auditors' remuneration	170	170	340	340
Depreciation of property, plant and equipment	18	1	35	2
Depreciation of right-of-use assets	280	63	560	137
Leasing expense	38	23	76	31
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	266	161	(58)	(257)
Staff costs, including directors' emoluments	613	1,174	1,293	2,102
Other expenses	1,429	747	3,101	2,683
	2,814	2,339	5,347	5,038

6 Finance costs

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Interest on bank and other borrowings	302	120	570	241
Interest on lease liabilities	25	2	55	6
	327	122	625	247

7 Income tax expense/(credit)

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 last period.

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rule of the PRC subsidiaries is 25% for the period.

The amount of income tax expense/(credit) 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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong profits tax	–	–	–	–
PRC Enterprise Income Tax	5	–	5	–
Deferred income tax (<i>Note 11</i>)	121	167	217	305
Income tax expense/(credit)	126	167	222	305

8 Earnings/(loss) per share

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023	2022	2023	2022
Profit/(loss) for the period attributable to (HK\$'000):				
Equity holders of the Company	(185)	85	(91)	171
Non-controlling interest	142	–	108	–
	(43)	85	17	171
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (<i>in thousand</i>)	115,000	(Restated) 111,959	115,000	(Restated) 111,959
Basic earnings/(loss) per share (HK cent)	(0.04)	0.08	0.01	0.15

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

The weighted average number of ordinary shares for the purpose of basic earnings per share have been adjusted as follows:

- (a) Pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 7 July 2022, every ten (10) issued and unissued existing ordinary share(s) of HK\$0.01 each in the share capital of the Company shall be consolidated into one (1) ordinary share of HK\$0.1 each (“**Consolidated Share(s)**”), so that the authorised share capital of the Company of HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each becomes HK\$30,000,000 divided into 300,000,000 ordinary shares of HK\$0.1 each (the “**Share Consolidation**”). The Share Consolidation took effect on 11 July 2022.

8 Earnings/(loss) per share (Continued)

- (b) On 11 August 2022, 5,000,000 new Consolidated Shares were allotted and issued by the Company to Subscriber 2 upon the completion of the conditions precedent as set out in the Subscription Agreement 2 (as amended by the Supplemental Subscription Agreements) (the “**Share Issuance**”).

For further details of the Share Consolidation and the Share Issuance, please refer to the announcements of the Company dated 31 May 2022, 15 July 2022, 29 July 2022 and 11 August 2022.

9 Dividends

The board of Directors (the “**Board**”) of the Company does not recommend a payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

10 Property, plant and equipment

During the six months ended 30 June 2023, the Group purchased property, plant and equipment of approximately HK\$10.4 million (2022: Nil).

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	Tax loss HK\$'000	Total HK\$'000
Deferred tax liabilities				
At 1 January 2022	2,090	(718)	-	1,372
(Credited)/charged to profit or loss	(50)	404	(929)	(575)
<hr/>				
At 31 December 2022 and 1 January 2023	2,040	(314)	(929)	797
(Credited)/charged to profit or loss	906	-	(689)	217
<hr/>				
At 30 June 2023	2,946	(314)	(1,618)	1,014

12 Trade and other receivables

	Unaudited	Audited
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables	16,703	7,287
Less: Provision for impairment losses	(802)	(1,238)
	15,901	6,049
Other receivables, deposits and prepayments	11,923	11,145
	27,824	17,194

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. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on date of payment certificates issued by customers is as follows:

	Unaudited	Audited
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
0-30 days	6,561	1,842
31-60 days	6,415	1,076
61-90 days	-	-
Over 90 days	3,727	4,369
	16,703	7,287

As at 30 June 2023, trade receivables of approximately HK\$3,727,000 (As at 31 December 2022: HK\$4,369,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

13 Share capital

	<i>Notes</i>	Ordinary shares of HK\$0.01 each	Ordinary shares of HK\$0.1 each	Amount HK\$'000
Authorised:				
At 1 January 2022		3,000,000,000	–	30,000
Share consolidation	(i)	(3,000,000,000)	300,000,000	–
At 31 December 2022, 1 January 2023 and 30 June 2023				
		–	300,000,000	30,000
Issued and fully paid:				
At 1 January 2022		1,100,000,000	–	11,000,000
Share consolidation	(i)	(1,100,000,000)	110,000,000	–
Issue of ordinary shares	(ii)	–	5,000,000	500,000
At 31 December 2022, 1 January 2023 and 30 June 2023				
		–	115,000,000	11,500,000

Notes:

- (i) On 11 July 2022, the Company consolidated every ten issued and unissued shares of par value HK\$0.01 each in the share capital of the Company into one consolidated share of par value HK\$0.10 each in the share capital of the Company.
- (ii) On 11 August 2022, the Company allotted and issued 5,000,000 ordinary shares of HK\$0.1 each in the capital of the Company at a subscription price of HK\$0.4 per share. The Company raised approximately HK\$1,539,000 (net of expenses).

14 Borrowings

	Unaudited	Audited
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Non-current		
Other borrowing	6,658	3,494
Current		
Bank borrowings	11,266	9,999
Other borrowing	6,438	1,699
	17,704	11,698
Total borrowings	24,362	15,192

The interest rates per annum of bank borrowings ranged from 4.8% to 6.3% (31 December 2022: from 5.1% to 5.6%) as at 30 June 2023. The interest rates per annum of other borrowing ranged from 2.6% to 8.3% (31 December 2022: 8.1%) as at 30 June 2023.

15 Trade and other payables

	Unaudited	Audited
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade payables	22,487	10,052
Accrued employee benefit expenses	2,315	1,938
Other accruals and payables	2,860	6,191
Retention payables	5,099	5,454
	32,761	23,635

15 Trade and other payables (Continued)

Note:

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

	Unaudited	Audited
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
0–30 days	8,733	3,455
31–60 days	6,010	759
61–90 days	2,800	674
Over 90 days	4,944	5,164
	22,487	10,052

16 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		Unaudited	
	Three months		Six months	
	ended 30 June		ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fee, discretionary bonuses, salaries, allowances and benefits in kind	348	418	708	887
Retirement scheme contributions	5	5	9	9
	353	423	717	896

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is (i) a contractor of foundation works in Hong Kong capable of foundation jobs which mainly include excavation and lateral support (ELS) works, sheet piling, pipe piling, pre-boring, pre-bored H-piling, mini-piling, and bored piling; (ii) a subcontractor for site formation works and other geotechnical engineering works such as slope works and other minor geotechnical works such as shotcreting; and (iii) a trader of alcoholic beverages in the PRC.

The shares of the Company were listed on GEM on 27 June 2017 by way of public offer.

For the six months ended 30 June 2023, the Group recorded a net profit of approximately HK\$17,000 as compared to a net profit of approximately HK\$171,000 for the same period in 2022.

Outlook

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates remain difficult and challenging. Since January 2020, the outbreak of COVID-19 has had a drastic effect on the Hong Kong economy and imposed negative impacts to the construction industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines and work stoppages due to measures imposed by the Government of the Hong Kong Special Administrative Region. The Group has not encountered or experienced any material difficulty and/or delay in completion of the projects to the customers and from the subcontractors and any material supply chain disruptions of the suppliers due to the outbreak of COVID-19. The Group will also closely monitor its projects' progress and communicate with suppliers and subcontractors, maintain close communication with customers on the latest project works schedules and arrangements, proactively follow up with potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tender and quotation invitations to maintain market competitiveness. In December 2022, the Group planned to start the business of property agency and target to cover property market outside Hong Kong, including but not limited to Japan, Middle-East and Mainland China. The Group will continue to strive to improve its operational efficiency and business profitability and will also proactively seek for potential business opportunities that can broaden the sources of income of the Group and enhance value to the shareholders of the Company (the "**Shareholders**").

Financial Review

Revenue

The Group's revenue decreased by approximately 10.3% from approximately HK\$48.4 million for the six months ended 30 June 2022 to approximately HK\$43.4 million for the six months ended 30 June 2023, mainly due to a number of major projects in the six months ended 30 June 2023 are still in the early stage of construction.

Costs of Sales

The Group's cost of sales decreased from approximately HK\$43.1 million for the six months ended 30 June 2022 to approximately HK\$37.3 million for the six months ended 30 June 2023, which was generally consistent with the decreased in revenue during the period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2023 were approximately HK\$6.1 million, representing an increase of approximately 14.9% from approximately HK\$5.3 million for the six months ended 30 June 2022. The Group's gross profit margin for the six months ended 30 June 2023 was approximately 14%, representing an increase of approximately 3 percentage points as compared to approximately 11% for the six months ended 30 June 2022. Such increase was primarily due to the effects of decisive cost control initiatives which have been taken by the management of the Group.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased from approximately HK\$5 million for the six months ended 30 June 2022 to approximately HK\$5.3 million for the six months ended 30 June 2023, which was generally consistent with the increase in other expense during the period.

Profit for the Period

For the six months ended 30 June 2023, the Group recorded profit attributed to owners of the Company of approximately HK\$17,000 as compared to a profit for the six months ended 30 June 2022 of approximately HK\$171,000.

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 2023, the Group had cash and bank balances of approximately HK\$2.7 million (31 December 2022: HK\$4.1 million).

As at 30 June 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$61.6 million (31 December 2022: HK\$61.3 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$25.9 million (31 December 2022: HK\$17.2 million).

As at 30 June 2023, the Group's net assets were approximately HK\$61.6 million (31 December 2022: HK\$61.6 million). The Group remained at a net cash position as at 30 June 2023 and 2022 respectively. Based on the above, the Directors believe that 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 2023, the Group had borrowings and lease liabilities of approximately HK\$25.9 million which was denominated in Hong Kong dollars (31 December 2022: HK\$17.2 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2023, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 42.0% (31 December 2022: 28.0%).

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

There was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 June 2023. There was no future plan for material investments or capital assets as at 30 June 2023.

Foreign Exchange Exposure

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong Dollars which is the presentation currency of the Group, except for certain bank balances and payment for life insurance policy which are denominated in US\$. Since HK\$ is pegged to US\$, the Directors are of the view that the Group has limited exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

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 capture future growth opportunities.

Charge on Group Assets

As at 30 June 2023, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$11.2 million (31 December 2022: approximately HK\$9.3 million) and motor vehicles with an aggregate net book value of approximately HK\$9.8 million (31 December 2022: Nil).

As at 30 June 2023, the Group pledged the payment for a life insurance policy of a bank with the carrying amount of approximately HK\$2.9 million to secure the bank borrowings of the Group (31 December 2022: approximately HK\$2.8 million).

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: Nil).

Capital Commitments

As at 30 June 2023, the Group did not have any capital commitments (31 December 2022: Nil) contracted but not provided for property, plant and equipment.

Segment Information

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

Information on Employees

As at 30 June 2023, the Group had 51 full-time employees working in Hong Kong (As at 31 December 2022: 54). The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2023 amounted to approximately HK\$11.7 million (for the six months ended 30 June 2022: HK\$8.4 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 2023 (2022: Nil).

Events After the Reporting Period

Unless otherwise disclosed herein, there has been no other important event affecting the Group since 30 June 2023 and up to the date of this report.

OTHER INFORMATION

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

As at 30 June 2023, 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 5.48 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 (<i>Note</i>)	Interested in a controlled corporation	51,000,000	44.35%

Note:

Mr. Lau beneficially own the entire issued share capital of Brightly Ahead. 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 2023, 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 5.48 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 2023, 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 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	Number of shares held/ interested	Percentage of shareholding
Brightly Ahead	Beneficial owner	51,000,000	44.35%

Save as disclosed above, as at 30 June 2023, 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 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.

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 six months ended 30 June 2023.

Competition and Conflict of Interests

None of the Directors, the controlling shareholders or substantial Shareholders or any of its respective close associate as defined in the GEM Listing Rules has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with Group during the six months ended 30 June 2023.

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 with 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 2023.

Share Option Scheme

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 7 June 2017 to attract and retain the best available personnel, to provide additional incentive to the eligible participants and to promote the success of the business of the Group under the Scheme.

For the six months ended 30 June 2023, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

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. During the six months ended 30 June 2023, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

Audit Committee

Pursuant to Rule 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 and D.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 report, the Audit Committee comprises Mr. Ngok Ho Wai (the chairman of the Audit Committee), Mr. Lam Chee-yau Timothy and Mr. Tao Ming Lee Martin, 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 2023. The condensed consolidated financial results for the six months ended 30 June 2023 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, 14 August 2023

As at the date of this report, the Board comprises Mr. Lau Chung Ho, Mr. Leung Yat Fai Frankie Keith, Ms. Fong Pui Yin Vivian, Ms. Du Wanfen and Mr. Li Aiming as executive Directors; and Mr. Chee-yau Timothy, Mr. Ngok Ho Wai and Mr. Tao Ming Lee Martin as independent non-executive Directors.