



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 2017



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*This report, for which the directors (the “**Directors**”) of Basetrophy Group Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.*

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CORPORATE INFORMATION

Board of Directors

Executive Directors:

Ms. Yuen Suk Har (*Chairman*)

Mr. Lau Chung Ho (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Ng Ki Man

Mr. Lu Tak Meng Teddy

Mr. Chong Kam Fung

Audit Committee

Mr. Ng Ki Man (*Chairman*)

Mr. Lu Tak Meng Teddy

Mr. Chong Kam Fung

Remuneration Committee

Mr. Lu Tak Meng Teddy (*Chairman*)

Mr. Ng Ki Man

Ms. Yuen Suk Har

Mr. Chong Kam Fung

Nomination Committee

Ms. Yuen Suk Har (*Chairlady*)

Mr. Ng Ki Man

Mr. Lu Tak Meng Teddy

Mr. Chong Kam Fung

Auditor

HLB Hodgson Impey Cheng Limited

31/F, Gloucester Tower

The Landmark, 11 Pedder Street

Central

Hong Kong

Company Secretary

Ms. Yim Sau Ping

Authorised Representatives

Mr. Lau Chung Ho

Ms. Yim Sau Ping

Compliance Officer

Mr. Lau Chung Ho

Compliance Adviser

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26/F, Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

Legal Advisers As To Hong Kong Law

CFN Lawyers in association with

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Grand Cayman KY1-1108

Cayman Islands

Headquarters And Principal Place Of Business In Hong Kong

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New Tech Plaza
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San Po Kong
Kowloon

Cayman Islands Principal Share Registrar And Transfer Office

Estera Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar And Transfer Office

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Dah Sing Bank, Limited
The Bank of East Asia, 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 2017

Unaudited interim results

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

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	6	21,118	33,219	50,010	66,796
Cost of sales		(16,993)	(24,620)	(40,822)	(51,679)
Gross profit		4,125	8,599	9,188	15,117
Other income and other gain and loss	6	143	8	282	(2)
Administrative and other operating expenses	7	(10,968)	(2,725)	(13,642)	(6,877)
Operating (loss)/profit		(6,700)	5,882	(4,172)	8,238
Finance costs	8	(240)	(100)	(443)	(229)
(Loss)/profit before income tax		(6,940)	5,782	(4,615)	8,009
Income tax expense	9	(367)	(1,216)	(495)	(1,816)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company		(7,307)	4,566	(5,110)	6,193
(Losses)/earnings per share attributable to owners of the Company for the period – Basic and diluted (expressed in HK cents per share)	10	(0.96)	0.61	(0.68)	0.83

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		Unaudited	Audited
	<i>Note</i>	30 June 2017 HK\$'000	31 December 2016 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	8,894	9,049
Current assets			
Trade and other receivables	14	31,770	30,810
Gross amounts due from customers for contract work		12,754	15,458
Amount due from a director		–	5,018
Cash and bank balances		52,612	5,521
		97,136	56,807
Total assets		106,030	65,856
EQUITY			
Capital and reserves			
Share capital	15	10,000	1
Reserves		62,204	32,264
Total equity		72,204	32,265

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

AS AT 30 JUNE 2017

		Unaudited	Audited
		30 June	31 December
	Note	2017	2016
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	566	615
Deferred tax liabilities	13	510	783
		1,076	1,398
Current liabilities			
Trade and other payables	17	20,683	16,409
Gross amounts due to customers for contract work		4,315	–
Amount due to a director		–	48
Deferred gain		185	463
Borrowings	16	6,643	15,088
Current income tax liabilities		924	185
		32,750	32,193
Total liabilities		33,826	33,591
Total equity and liabilities		106,030	65,856
Net current assets		64,386	24,614
Total assets less current liabilities		73,280	33,663

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total Equity HK\$'000
Balance at 1 January 2016 (Audited)	1	-	-	24,717	24,718
Profit and total comprehensive income for the period	-	-	-	6,193	6,193
Balance at 30 June 2016 (Unaudited)	1	-	-	30,910	30,911

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve (Note i) HK\$'000	Retained earnings HK\$'000	Total Equity HK\$'000
Balance at 1 January 2017 (Audited)	1	-	-	32,264	32,265
Loss and total comprehensive expense for the period	-	-	-	(5,110)	(5,110)
Transaction with owners in their capacity as owners					
Dividend paid (Note 11)	-	-	-	(9,000)	(9,000)
Effect of the reorganisation	(1)	-	1	-	-
Issue of shares upon public offer, net of share issue expenses	2,500	51,549	-	-	54,049
Capitalisation of shares	7,500	(7,500)	-	-	-
Balance at 30 June 2017 (Unaudited)	10,000	44,049	1	18,154	72,204

Notes:

- i) Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.
- ii) For the purpose of the preparation of the interim condensed consolidated statement of changes in equity, the balance of share capital at 1 January 2016, 30 June 2016 and 1 January 2017 represents the aggregate of the paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the reorganisation.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Cash flows from operating activities		
Net cash generated from operations	7,547	4,251
Tax paid	(29)	(346)
Net cash generated from operating activities	7,518	3,905
Cash flows from investing activities		
Purchases of property, plant and equipment	(761)	(494)
Increase in amount due from a director	(3,385)	(487)
Net cash used in investing activities	(4,146)	(981)
Cash flows from financing activities		
Decrease in amounts due to directors	(48)	(132)
Repayment of finance leases	(2,137)	(958)
Drawdown of bank borrowings	5,986	–
Repayment of bank borrowings	(13,091)	(3,151)
Interest paid on finance leases	(358)	(85)
Interest paid on bank borrowings	(85)	(144)
Payment of dividend	(597)	–
Net proceeds from shares issuance	54,049	–
Net cash generated from/(used in) financing activities	43,719	(4,470)
Net increase/(decrease) in cash and cash equivalents	47,091	(1,546)
Cash and cash equivalents at beginning of period	5,521	13,077
Cash and cash equivalents at end of period	52,612	11,531

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General Information and Reorganisation

(a) General information

Basetrophy Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability. Its parent and ultimate holding company is Brightly Ahead Limited (“**Brightly Ahead**”), a company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Lau Chung Ho (“**Mr. Lau**”) and Ms. Yuen Suk Har (“**Ms. Yuen**”), spouse of Mr. Lau, the controlling shareholder of the Company.

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

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

The interim condensed consolidated financial statements is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

(b) Reorganisation

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

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

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

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

2 Basis of preparation and presentation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules. The interim condensed consolidated financial statements should be read in conjunction with the Company’s combined financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, as set out in the prospectus of the Company dated 14 June 2017 (the “**Prospectus**”).

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

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

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

3 Accounting policies

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

(a) The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2017:

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

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

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

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

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

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

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

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

4 Estimates

The preparation of interim 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 combined financial statements for the year ended 31 December 2016.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's combined financial statements as at 31 December 2016.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

There have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the combined financial statements for the year ended 31 December 2016.

5.3 Fair value estimation

As at 31 December 2016 and 30 June 2017, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying values of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

6 Revenue, other income and other gain and loss

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

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

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue				
Foundation and related works	21,118	33,219	50,010	66,796

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Other income and other gain and loss				
Rental income	-	-	-	20
Loss on disposal of property, plant and equipment	-	-	-	(58)
Amortisation of deferred gain	139	-	278	-
Others	4	8	4	36
	143	8	282	(2)

7 Expenses by nature

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Auditors' remuneration	-	40	-	40
Depreciation of property, plant and equipment	120	94	219	134
Listing expenses	7,714	1,032	7,714	2,728
Operating lease rental on premises	264	78	367	233
Staff costs, including directors' emoluments	1,499	808	3,079	2,466
Other expenses	1,371	673	2,263	1,276
	10,968	2,725	13,642	6,877

8 Finance costs

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Interest on finance leases	36	28	85	85
Interest on bank borrowings	204	72	358	144
	240	100	443	229

9 Income tax expense

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

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax	275	1,032	768	1,834
Deferred income tax (<i>Note 13</i>)	92	184	(273)	(18)
Income tax expense	367	1,216	495	1,816

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017	2016	2017	2016
Loss/(profit) for the period attributable to owners of the Company (HK\$'000)	(7,307)	4,566	(5,110)	6,193
Weighted average number of ordinary shares ('000)	760,989	750,000	755,525	750,000
Basic (losses)/earnings per share (HK cents per share)	(0.96)	0.61	(0.68)	0.83

For the three months and six months ended 30 June 2017, the calculation of the basic losses per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company for the period of HK\$7,307,000 and HK\$5,110,000 and (ii) the weighted average number of ordinary shares and the effects of 250,000,000 shares issued under public offer respectively.

For the three months and six months ended 30 June 2016, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company for the period of HK\$4,566,000 and HK\$6,193,000 and (ii) the weighted average number of 750,000,000 shares comprising one share in issue and 749,999,999 shares issued during the Reorganisation as if these 750,000,000 shares were outstanding throughout the three and six months ended 30 June 2016.

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

11 Dividends

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

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

The board of Directors (the “**Board**”) does not recommend a payment of an interim dividend for the six months ended 30 June 2017.

12 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 2017	12,376	405	738	3,314	16,833
Additions	1,487	-	22	-	1,509
At 30 June 2017	13,863	405	760	3,314	18,342
Accumulated depreciation					
At 1 January 2017	5,458	211	435	1,680	7,784
Charge for the period	1,270	77	61	256	1,664
At 30 June 2017	6,728	288	496	1,936	9,448
Net book value					
At 30 June 2017	7,135	117	264	1,378	8,894
Audited					
Cost					
At 1 January 2016	14,800	146	613	3,315	18,874
Additions	1,976	259	125	426	2,786
Disposals	(4,400)	-	-	(427)	(4,827)
At 31 December 2016	12,376	405	738	3,314	16,833
Accumulated depreciation					
At 1 January 2016	5,969	122	319	1,309	7,719
Charge for the year	2,862	89	116	456	3,523
Disposals	(3,373)	-	-	(85)	(3,458)
At 31 December 2016	5,458	211	435	1,680	7,784
Net book value					
At 31 December 2016	6,918	194	303	1,634	9,049

13 Deferred tax liabilities

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

	Depreciation allowances in excess of the related depreciation
	HK\$'000
Deferred tax liabilities arising from:	
At 1 January 2016	811
Credited to profit or loss	(28)
<hr/>	
At 31 December 2016	783
Credited to profit or loss (<i>Note 9</i>)	(273)
<hr/>	
At 30 June 2017	510
<hr/>	

14 Trade and other receivables

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Trade receivables	16,238	15,153
Other receivables, deposits and prepayments	6,075	6,870
Retention receivables	9,457	8,787
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	31,770	30,810
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Notes:

- (a) The Group does not have a standardised and universal credit period granted to its customers, and the credit period for each 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	31 December
	2017	2016
	HK\$'000	HK\$'000
0 to 30 days	5,612	15,153
31 to 60 days	4,026	–
61 to 90 days	6,600	–
Total	16,238	15,153

15 Share capital

	Number of	Amount
	shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 4 January 2016 (date of incorporation) (<i>Note a</i>)	38,000,000	380
Increase in authorised share capital (<i>Note c</i>)	2,962,000,000	29,620
As at 30 June 2017	3,000,000,000	30,000
Issued and fully paid:		
As at 4 January 2016 (date of incorporation)	1	–
Issue of shares (<i>Note b</i>)	9,999	–
Issue of shares upon public offer, net of share issue expenses (<i>Note e</i>)	250,000,000	2,500
Capitalisation of shares (<i>Note d</i>)	749,990,000	7,500
As at 30 June 2017	1,000,000,000	10,000

Notes:

- (a) On 4 January 2016, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the same date, one fully-paid Share was allotted and issued to the initial subscriber to the memorandum and articles of association of the Company, which was subsequently transferred to Brightly Ahead on 29 January 2016.
- (b) On 7 June 2017, the Company acquired the entire issued share capital of Wide View, in consideration of which the Company allotted and issued 9,999 nil-paid Shares to Brightly Ahead.
- (c) Pursuant to the written resolutions of the shareholders of the Company passed on 7 June 2017, the authorised share capital of the Company was increased from HK\$380,000 to HK\$30,000,000 by the creation of an additional of 2,962,000,000 Shares of HK\$0.01 each, each ranking pari passu with the Shares then in issue in all respects.
- (d) Pursuant to the written resolutions passed on 7 June 2017, upon completion of the public offer, the Company was authorised to capitalise a sum of approximately HK\$7,500,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 749,990,000 Shares of the Company.
- (e) The Company's Shares were successfully listed on GEM on 27 June 2017. Upon the completion of the Listing, 250,000,000 Shares of HK\$0.01 each were issued at a price of HK\$0.24 per Share for a total consideration, net of share issue expenses, of HK\$54,049,000.

16 Borrowings

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Non-current		
Finance lease liabilities	566	615
<hr style="border-top: 1px dashed black;"/>		
Current		
Bank borrowings	4,967	12,072
Finance lease liabilities	1,676	3,016
	6,643	15,088
<hr style="border-top: 1px dashed black;"/>		
Total borrowings	7,209	15,703

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of HK\$2,213,000 (31 December 2016: HK\$3,269,000) and motor vehicles with an aggregate net book value of HK\$1,342,000 (31 December 2016: HK\$1,593,000). Finance leases with carrying amounts of HK\$1,988,000 (31 December 2016: Nil) are guaranteed by the Company. As at 31 December 2016, finance leases with carrying amounts of HK\$3,293,000 were guaranteed by personal guarantee given by a Director of the Company.

The interest rates per annum of borrowings are ranging from 3.13% to 6.47% (31 December 2016: ranging from 3.13% to 8.23%) as at 30 June 2017.

17 Trade and other payables

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Trade payables	10,229	9,278
Accrued employee benefit expenses	1,065	2,559
Other accruals and payables	6,911	1,095
Retention payables	2,478	3,477
	20,683	16,409

Note:

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

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
0 to 30 days	2,381	4,723
31 to 60 days	1,370	3,277
61 to 90 days	3,787	1,236
Over 90 days	2,691	42
	10,229	9,278

18 Operating lease commitments – Group as lessee

The total future minimum lease payments under non-cancellable operating leases were payable as follows:

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Within one year	785	454
In the second to fifth years inclusive	500	61
	1,285	515

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.

19 Related party transactions

Key management remuneration

Key management includes Directors (executive and non-executive) of the Group. The remuneration 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	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wages, salaries and allowances	369	283	720	538
Retirement benefit contributions	5	5	9	9
	374	288	729	547

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a substructure subcontractor in Hong Kong capable of (i) foundation and site formation works, which mainly include ELS works, sheet piling, pipe piling, pre-boring, pre-bored H-piling, mini-piling, and bored piling; and (ii) other geotechnical engineering works such as slope works and other minor geotechnical works such as shotcreting.

For the six months ended 30 June 2017, the Group recorded a net loss of approximately HK\$5.1 million as compared to a net profit of approximately HK\$6.2 million for the same period in 2016. The Directors are of the view that the net loss was primarily due to delays in works progress in some of the newly awarded foundation projects which are pending approval from the relevant government departments on the construction designs, as well as the non-recurring listing expenses incurred during 2017. Set aside the listing expenses, the Group's net profit for the six months ended 30 June 2017 would be approximately HK\$2.6 million. In view that there has been increasing number of project quotation invitations received by the Group from the potential customers, and that the net proceeds from the public offer of the Shares of the Company can expand the Group's operational capacity, the Directors are cautiously optimistic about the Group's business outlook.

Outlook

The Shares of the Company were listed on GEM 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 plan to expand its fleet of machinery and equipment, which enhance the basis of its technical capability to bid future projects. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders. The net proceeds from the public offer of the Shares thereby provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in foundation and site formation works and other geotechnical engineering works.

Financial Review

Revenue

The Group's revenue decreased by approximately 25.1% from approximately HK\$66.8 million for the six months ended 30 June 2016 to approximately HK\$50.0 million for the six months ended 30 June 2017, primarily due to delays in works progress in some of the Group's projects on hand caused by changes in designs which required re-assessment and/or approvals from the relevant government departments.

Costs of Sales

The Group's cost of sales for the six months ended 30 June 2017 was approximately HK\$40.8 million, representing a decrease of approximately 21.0% from approximately HK\$51.7 million for the six months ended 30 June 2016.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2017 were approximately HK\$9.2 million, representing a decrease of approximately 39.2% from approximately HK\$15.1 million for the six months ended 30 June 2016. The Group's gross profit margin for the six months ended 30 June 2017 was approximately 18.4%, representing a decrease of approximately 4.2% as compared to approximately 22.6% for six months ended 30 June 2016. Such decrease was primarily due to competitive project pricing arising from intense market competition.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the six months ended 30 June 2017 were approximately HK\$13.6 million, representing an increase of approximately 98.4% from approximately HK\$6.9 million for the six months ended 30 June 2016, primarily due to the non-recurring listing expenses incurred during the six months ended 30 June 2017.

Listing Expenses

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

Loss for the Period

For the six months ended 30 June 2017, the Group recorded loss attributed to owners of the Company of approximately HK\$5.1 million as compared to profit for the six months ended 30 June 2016 of approximately HK\$6.2 million. The loss was mainly attributable to the non-recurring listing expenses.

Set aside the listing expenses, the Group's net profit for the six months ended 30 June 2017 would be approximately HK\$2.6 million.

Comparison Between Business Objectives with Actual Business Progress

The Company has been listed on GEM since 27 June 2017. The latest practical date prior to the Listing Date (that is, 5 June 2017, defined in the Prospectus) to the six months ended 30 June 2017 was relatively short and no proceeds was available. The Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the Prospectus. The Group will strive to achieve the milestone events as stated in the Prospectus.

Use of Proceeds from Public Offer

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 which will be used for the intended purposes as set out in the section headed “Business Objectives and Future Plans” of the Prospectus.

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 2017, the Group had cash and bank balances of approximately HK\$52.6 million (31 December 2016: HK\$5.5 million).

As at 30 June 2017, the Group’s total equity attributable to owners of the Company amounted to approximately HK\$72.2 million (31 December 2016: HK\$32.3 million). As of the same date, the Group’s total debt, comprising bank borrowings and liability of the finance lease obligations, amounted to approximately HK\$7.2 million (31 December 2016: HK\$15.7 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 2017, the Group had borrowings of approximately HK\$7.2 million which was denominated in Hong Kong Dollars (31 December 2016: HK\$15.7 million). The Group’s bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2017, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 10.0% (31 December 2016: 48.7%).

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

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 herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 June 2017.

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 2017, the Group has pledged its machinery and equipment with an aggregate net book value of HK\$2,213,000 (31 December 2016: HK\$3,269,000) and motor vehicles with an aggregate net book value of HK\$1,342,000 (31 December 2016: HK\$1,593,00).

Contingent Liabilities

As at 30 June 2017, the Group did not have any material contingent liabilities (31 December 2016: Nil).

Commitments

The Group is the lessee in respect of office premises, quarters and warehouses under operating leases. As at 30 June 2017, the Group’s total future minimum lease payments under non-cancellable operating leases were approximately HK\$1.3 million (31 December 2016: HK\$0.5 million).

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 2017, the Group had 39 full-time employees working in Hong Kong (As at 31 December 2016: 52). 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. The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2017 amounted to approximately HK\$9.2 million (for the six months ended 30 June 2016: HK\$15.0 million).

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

OTHER INFORMATION

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

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.68 of the GEM Listing Rules ("Model Code"), 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	750,000,000	75%
Ms. Yuen (Note 1)	Interested in a controlled corporation/ Interest of spouse	750,000,000	75%

Note:

1. Mr. Lau and Ms. Yuen beneficially own 99.9% and 0.1% of the issued share capital of Brightly Ahead Limited ("**Brightly Ahead**"), respectively. Therefore, Mr. Lau is deemed, or taken to be, interested in all the Shares held by Brightly Ahead for the purpose of the SFO. Mr. Lau is the sole director of Brightly Ahead. Ms. Yuen is the spouse of Mr. Lau. Under the SFO, Ms. Yuen is deemed to be interested in the same number of Shares in which Mr. Lau is interested.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company has any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2017, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be 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	750,000,000	75%

Save as disclosed above, as at 30 June 2017, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Other information – Directors’ and chief executives’ interests and short positions in Shares, underlying Shares and debentures of the Company” above, had any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Listed Securities of the Company

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2017.

Competition and Conflict of Interests

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the six months ended 30 June 2017.

Directors’ Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.68 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 from the Listing Date up to the date of this report.

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 2017, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Interests of the Compliance Adviser

As confirmed by the Company's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Corporate Governance Practice

The Directors are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

The Company was listed on GEM on 27 June 2017. To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code from the Listing Date up to the date of this report.

Audit Committee

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

The Audit Committee has reviewed with the management of the Company on the accounting principles and practices adopted by the Group, this report and the interim results announcement of the Group for the six months ended 30 June 2017, and is of the view that 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, 10 August 2017

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