



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 2018



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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. Iu Tak Meng Teddy

Mr. Chong Kam Fung

Audit Committee

Mr. Ng Ki Man (*Chairman*)

Mr. Iu Tak Meng Teddy

Mr. Chong Kam Fung

Remuneration Committee

Mr. Iu Tak Meng Teddy (*Chairman*)

Mr. Ng Ki Man

Ms. Yuen Suk Har

Mr. Chong Kam Fung

Nomination Committee

Ms. Yuen Suk Har (*Chairman*)

Mr. Ng Ki Man

Mr. Iu Tak Meng Teddy

Mr. Chong Kam Fung

Auditors

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

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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Grand Cayman KY1-1108
Cayman Islands

Share Registrar And Transfer Office In Hong Kong

Tricor Investor Services Limited
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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 2018

Unaudited interim results

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2018, together with the unaudited comparative figures for the corresponding periods in 2017, are as follows:

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	5	34,033	21,118	79,641	50,010
Cost of sales		(29,915)	(16,993)	(68,172)	(40,822)
Gross profit		4,118	4,125	11,469	9,188
Other income and other gain	5	149	143	292	282
Administrative and other operating expenses	6	(2,813)	(10,968)	(7,462)	(13,642)
Operating profit/(loss)		1,454	(6,700)	4,299	(4,172)
Finance costs	7	(190)	(240)	(328)	(443)
Profit/(loss) before income tax		1,264	(6,940)	3,971	(4,615)
Income tax expense	8	(319)	(367)	(699)	(495)
Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		945	(7,307)	3,272	(5,110)
Basic and diluted earnings/(losses) per share (HK cent)	9	0.09	(0.96)	0.33	(0.68)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Unaudited 30 June 2018 HK\$'000	Audited 31 December 2017 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Deposits and prepayments for life insurance policies		3,062	–
Property, plant and equipment	11	20,515	19,372
		23,577	19,372
Current assets			
Trade and other receivables	13	33,684	26,079
Contract assets		25,856	–
Gross amounts due from customers for contract work		–	17,032
Amount due from ultimate holding company		11	–
Tax recoverable		1,820	2,562
Cash and bank balances		31,157	58,266
		92,528	103,939
Total assets		116,105	123,311
EQUITY			
Capital and reserves			
Share capital	14	10,000	10,000
Reserves		64,590	61,318
Total equity		74,590	71,318

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

AS AT 30 JUNE 2018

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2018	2017
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	4,196	4,649
Deferred tax liabilities	12	1,439	1,482
		5,635	6,131
Current liabilities			
Trade and other payables	16	16,128	34,019
Contract liabilities		2,996	–
Gross amounts due to customers for contract work		–	2,261
Borrowings	15	16,756	9,582
		35,880	45,862
Total liabilities		41,515	51,993
Total equity and liabilities		116,105	123,311
Net current assets		56,648	58,077
Total assets less current liabilities		80,225	77,449

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000 <i>(Notes a and 14)</i>	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note b)</i>	Retained earnings 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)
Dividends <i>(Note 10)</i>	-	-	-	(9,000)	(9,000)
Reorganisation	(1)	-	1	-	-
Capitalisation issue	7,500	(7,500)	-	-	-
Shares issued under public offer	2,500	57,500	-	-	60,000
Shares issuance costs	-	(5,951)	-	-	(5,951)
Balance at 30 June 2017 (Unaudited)	10,000	44,049	1	18,154	72,204

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000 <i>(Notes 14)</i>	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note b)</i>	Retained earnings 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

Notes:

- For the purpose of the preparation of the interim condensed consolidated statement of changes in equity, the balance of share capital at 1 January 2017 represents the aggregate of the paid up share capital of the companies comprising the Group held by the controlling parties of the Company prior to the reorganisation.
- 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 2018

	Unaudited Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Cash flows from operating activities		
Net cash (used in)/generated from operations	(30,084)	7,547
Tax paid	–	(29)
Net cash (used in)/generated from operating activities	(30,084)	7,518
Cash flows from investing activities		
Purchases of property, plant and equipment	(679)	(761)
Increase in amount due from a director	–	(3,385)
Increase in amount due from ultimate holding company	(11)	–
Net cash used in investing activities	(690)	(4,146)
Cash flows from financing activities		
Dividends paid	–	(597)
Net proceeds from public offer	–	54,049
Decrease in amount due to a director	–	(48)
Repayment of finance leases	(2,172)	(2,137)
Drawdown of bank and other borrowings	15,646	5,986
Repayment of bank and other borrowings	(9,539)	(13,091)
Interest paid on finance leases	(158)	(85)
Interest paid on bank and other borrowings	(112)	(358)
Net cash generated from financing activities	3,665	43,719
Net (decrease)/increase in cash and cash equivalents	(27,109)	47,091
Cash and cash equivalents at beginning of period	58,266	5,521
Cash and cash equivalents at end of period	31,157	52,612

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 (“**Ms. Yuen**”), spouse of Mr. Lau, the controlling parties of the Company.

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

The 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 for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements 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 2017, 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 2018:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to the following two HKFRSs: <ul style="list-style-type: none">– HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards– HKAS 28 Investments in Associates and Joint Ventures

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major source:

- Provision of foundation and related works

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2.1.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation in the provision of foundation and related works is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

2.1.1.2 Summary of effects arising from initial application of HKFRS 15

There was no material impact of transition to HKFRS 15 on retained earnings at 1 January 2018.

The following table summarises the impact of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line item affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK\$'000	HK\$'000	HK\$'000
Current assets			
Gross amounts due from customers			
for contract work	–	25,856	25,856
Contract assets	25,856	(25,856)	–
Current liabilities			
Gross amounts due to customers			
for contract work	–	2,996	2,996
Contract liabilities	2,996	(2,996)	–

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:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16	Leases
HKFRS 17	Insurance Contracts
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 And HKAS 23

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 2017.

4 Financial risk management and financial instruments

4.1 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 consolidated financial statements as at 31 December 2017.

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

4.2 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 consolidated financial statements for the year ended 31 December 2017.

4.3 Fair value estimation

As at 31 December 2017 and 30 June 2018, 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.

5 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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue				
Foundation and related works	34,033	21,118	79,641	50,010

	Unaudited	Unaudited
	Three months ended 30 June 2018 HK\$'000	Six months ended 30 June 2018 HK\$'000
Timing of revenue recognition:		
Over time	34,033	79,641

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Other income and other gain				
Interest income	130	–	130	–
Amortisation of deferred gain	–	139	–	278
Others	19	4	162	4
	149	143	292	282

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.

6 Expenses by nature

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Depreciation of property, plant and equipment	148	120	297	219
Listing expenses	–	7,714	–	7,714
Operating lease rental on premises	352	264	704	367
Staff costs, including directors’ emoluments	906	1,499	2,562	3,079
Other expenses	1,407	1,371	3,899	2,263
	2,813	10,968	7,462	13,642

7 Finance costs

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Interest on finance leases	75	36	159	85
Interest on bank and other borrowings	115	204	169	358
	190	240	328	443

8 Income tax expense

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 current period (2017: 16.5%).

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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Current income tax – Hong Kong profits tax	334	275	742	768
Deferred income tax (<i>Note 12</i>)	(15)	92	(43)	(273)
Income tax expense	319	367	699	495

9 Earnings/(losses) per share

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2018	2017	2018	2017
Profit/(loss) for the period attributable to owners of the Company (<i>HK\$'000</i>)	945	(7,307)	3,272	(5,110)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(losses) per share (<i>in thousand</i>)	1,000,000	760,989	1,000,000	755,525
Basic earnings/(losses) per share (<i>HK cent</i>)	0.09	(0.96)	0.33	(0.68)

The weighted average number of ordinary shares for the purpose of calculating basic earnings/losses per share has been determined on the assumption that the reorganisation and capitalisation issue had been effective on 1 January 2017.

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

10 Dividends

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Dividends	-	-	-	9,000

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

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

11 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 2018	24,704	405	760	4,375	30,244
Additions	3,751	-	-	340	4,091
At 30 June 2018	28,455	405	760	4,715	34,335
Accumulated depreciation					
At 1 January 2018	8,758	340	557	1,217	10,872
Charge for the period	2,438	60	46	404	2,948
At 30 June 2018	11,196	400	603	1,621	13,820
Net book value					
At 30 June 2018	17,259	5	157	3,094	20,515
Audited					
Cost					
At 1 January 2017	12,376	405	738	3,314	16,833
Additions	12,328	-	22	2,757	15,107
Disposals	-	-	-	(1,696)	(1,696)
At 31 December 2017	24,704	405	760	4,375	30,244
Accumulated depreciation					
At 1 January 2017	5,458	211	435	1,680	7,784
Charge for the year	3,300	129	122	604	4,155
Disposals	-	-	-	(1,067)	(1,067)
At 31 December 2017	8,758	340	557	1,217	10,872
Net book value					
At 31 December 2017	15,946	65	203	3,158	19,372

12 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:

	Depreciation allowances HK\$'000
Deferred tax liabilities	
At 1 January 2017	783
Charged to profit or loss	699
<hr/>	
At 31 December 2017 and 1 January 2018	1,482
Credited to profit or loss (<i>Note 8</i>)	(43)
<hr/>	
At 30 June 2018	1,439
<hr/>	

13 Trade and other receivables

	Unaudited	Audited
	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Trade receivables	11,601	9,484
Other receivables, deposits and prepayments	6,335	2,467
Retention receivables	15,748	14,128
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	33,684	26,079
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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 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	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
0 – 30 days	2,785	6,098
31 – 60 days	1,283	437
61 – 90 days	–	–
Over 90 days	7,533	2,949
	11,601	9,484

Trade receivables of approximately HK\$4,068,000 (As at 31 December 2017: HK\$6,535,000) as at 30 June 2018 were not yet past due and approximately HK\$7,533,000 (As at 31 December 2017: HK\$2,949,000) as at 30 June 2018 were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made. The ageing analysis of trade receivables that were past due but not impaired are as follows:

	Unaudited	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Overdue by:		
Over 90 days	7,533	2,949

14 Share capital

	<i>Note</i>	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 January 2017		38,000,000	380
Increase in authorised share capital	<i>a</i>	2,962,000,000	29,620
<hr/>			
At 31 December 2017, 1 January 2018 and 30 June 2018		3,000,000,000	30,000
<hr/>			
Issued and fully paid:			
At 1 January 2017		1	–
Reorganisation	<i>b</i>	9,999	–
Capitalisation issue	<i>c</i>	749,990,000	7,500
Shares issued under public offer	<i>d</i>	250,000,000	2,500
<hr/>			
At 31 December 2017, 1 January 2018 and 30 June 2018		1,000,000,000	10,000
<hr/>			

Notes:

- (a) On 7 June 2017, the Company resolved to increase its authorised share capital from HK\$380,000 to HK\$30,000,000 by the creation of an additional 2,962,000,000 shares, each ranking pari-passu with the shares then in issue in all respects.
- (b) On 7 June 2017, the Company acquired the entire issued share capital in Wide View, and as consideration, the Company allotted and issued 9,999 nil-paid shares in the Company, credited as fully-paid, to Brightly Ahead. Pursuant to the aforesaid transactions, the Company became the holding company of Wide View and Workbase Engineering Limited, and Brightly Ahead became the shareholder of the entire issued share capital of the Company.

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

15 Borrowings

	Unaudited	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Non-current		
Finance lease liabilities	4,196	4,649
Current		
Bank and other borrowings	11,323	5,216
Finance lease liabilities	5,433	4,366
	16,756	9,582
Total borrowings	20,952	14,231

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK\$10,876,000 (31 December 2017: HK\$8,743,000) and motor vehicles with an aggregate net book value of approximately HK\$3,061,000 (31 December 2017: HK\$3,087,000). Finance leases with carrying amounts of approximately HK\$166,000 (31 December 2017: HK\$226,000) as at 30 June 2018 are guaranteed by personal guarantee given by a director of the Company.

The interest rates per annum of borrowings are ranging from 3.12% to 6.74% (31 December 2017: ranging from 3.12% to 8.47%) as at 30 June 2018.

16 Trade and other payables

	Unaudited	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Trade payables	7,067	26,688
Accrued employee benefit expenses	1,638	1,909
Other accruals and payables	933	1,579
Retention payables	6,490	3,843
	16,128	34,019

Note:

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

	Unaudited	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
0 – 30 days	3,778	10,276
31 – 60 days	2,555	9,711
61 – 90 days	14	6,548
Over 90 days	720	153
	7,067	26,688

17 Commitments

(a) Capital comments

Capital commitments outstanding at the end of reporting period not provided for in the condensed consolidated financial statements were as follows:

	Unaudited	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Contracted but not provided for:		
Property, plant and equipment	–	2,819

(b) Operating lease commitments – Group as lessee

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

	Unaudited	Audited
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Within one year	349	516
In the second to fifth years inclusive	185	133
	534	649

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 2 years, with an option to renew the leases when all terms are renegotiated.

18 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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Fee, discretionary bonuses, salaries, allowances and benefits in kind	470	369	1,122	720
Retirement scheme contributions	9	5	18	9
	479	374	1,140	729

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 2018, the Group recorded a net profit of approximately HK\$3.3 million as compared to a net loss of approximately HK\$5.1 million for the same period in 2017. Setting aside the listing expenses of approximately HK\$7.7 million incurred during the six months ended 30 June 2017, the Group has achieved an increase in net profit driven by the increase in revenue and gross profit for the six months ended 30 June 2018, which was partially offset by the increase in administrative and other operating expenses following the Listing.

Outlook

The Shares of the Company were listed on GEM on 27 June 2017 by way of public offer. The Group always strives to improve its operation efficiency and profitability of its business. The Group plans to expand its fleet of machinery and equipment, which enhance the basis of its technical capability to bid future projects. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders. The net proceeds from the public offer of the Shares thereby provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in foundation and site formation works and other geotechnical engineering works.

Financial Review

Revenue

The Group's revenue increased by approximately 59.2% from approximately HK\$50.0 million for the six months ended 30 June 2017 to approximately HK\$79.6 million for the six months ended 30 June 2018, mainly due to the increase in value of works undertaken during 2018.

Costs of Sales

The Group's cost of sales increased from approximately HK\$40.8 million for the six months ended 30 June 2017 to approximately HK\$68.2 million for the six months ended 30 June 2018, which was generally consistent with the rise in revenue during the period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2018 were approximately HK\$11.5 million, representing an increase of approximately 24.8% from approximately HK\$9.2 million for the six months ended 30 June 2017. The Group's gross profit margin for the six months ended 30 June 2018 was approximately 14.4%, representing a decrease of approximately 4.0 percentage points as compared to approximately 18.4% for the six months ended 30 June 2017. 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 2018 were approximately HK\$7.5 million, representing a decrease of approximately 44.9% from approximately HK\$13.6 million for the six months ended 30 June 2017. The decrease were attributable to the non-recurring listing expenses for the six months ended 30 June 2017 and the increase in rental expenses, staff costs and professional fees.

Profit/loss for the Period

For the six months ended 30 June 2018, the Group recorded profit attributed to owners of the Company of approximately HK\$3.3 million as compared to loss for the six months ended 30 June 2017 of approximately HK\$5.1 million. The profit was mainly attributable to the increase in revenue and gross profit of approximately HK\$29.6 million and HK\$2.3 million, respectively.

Comparison Between Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the prospectus of the Company dated 14 June 2017 (“**Prospectus**”) with the Group’s actual business progress for the period from the Listing Date to 30 June 2018 is set out below:

Business Strategies

as stated in the Prospectus	Business objectives up to 30 June 2018 as stated in the Prospectus	Actual business progress up to 30 June 2018
Strengthening the Group’s machinery fleet	<ul style="list-style-type: none"> - To acquire a new telescopic boom crawler crane and a new hydraulic crawler crane for carrying out piling, ELS and pile caps works in the Group’s foundation and site formation projects 	The Group has purchased 1 new telescopic boom crawler crane.
	<ul style="list-style-type: none"> - To acquire two new hydraulic crawler drill for carrying out drilling and piling works in the Group’s foundation and site formation projects 	The Group has purchased 2 new hydraulic micro drilling rig.
	<ul style="list-style-type: none"> - To acquire four new air compressors 	The Group has purchased 4 new air compressors.
	<ul style="list-style-type: none"> - 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.
	<ul style="list-style-type: none"> - To provide maintenance for the acquired machinery 	The Group has paid the relevant maintenance expenditure during the period.
	<ul style="list-style-type: none"> - 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.

Business Strategies

as stated in the Prospectus

Business objectives up to 30 June 2018 as stated in the Prospectus

Actual business progress up to 30 June 2018

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 1 assistant project manager and is in the progress of recruiting a project manager.
	-	Maintain the cost of additional staff recruited	
	-	Recruit four machinery operators to enhance the Group's capacity on project execution	The Group has hired 1 machinery operator.
	-	Recruit a foreman and a site engineer to enhance the Group's capacity on project execution	The Group is in the progress of recruiting foreman and site engineer.
	-	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	The Group has purchased steel sheet piles, steel H-piles and steel bars for the pile cap construction works.

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. After the Listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the Listing as at 30 June 2018 is set out below:

	Planned use of net proceeds up to 30 June 2018	Actual use of net proceeds up to 30 June 2018
	HK\$ million	HK\$ million
Strengthening the Group's machinery fleet	14.0	8.9
Expanding the Group's manpower	4.5	0.7
Purchase of steel materials	4.4	4.4
General working capital	2.4	2.4

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

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 2018, the Group had cash and bank balances of approximately HK\$31.2 million (31 December 2017: HK\$58.3 million).

As at 30 June 2018, the Group's total equity attributable to owners of the Company amounted to approximately HK\$74.6 million (31 December 2017: HK\$71.3 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\$21.0 million (31 December 2017: HK\$14.2 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 2018, the Group had borrowings of approximately HK\$21.0 million which was denominated in Hong Kong Dollars (31 December 2017: HK\$14.2 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2018, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 28.2% (31 December 2017: 20.0%).

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 2018. There was no future plan for material investments or capital assets as at 30 June 2018.

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 2018, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$10.9 million (31 December 2017: approximately HK\$8.7 million) and motor vehicles with an aggregate net book value of approximately HK\$3.1 million (31 December 2017: approximately HK\$3.1 million).

Contingent Liabilities

As at 30 June 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

Capital Commitments

As at 30 June 2018, the Group did not have any capital commitments (31 December 2017: HK\$2.8 million) 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 2018, the Group had 33 full-time employees working in Hong Kong (As at 31 December 2017: 39). The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2018 amounted to approximately HK\$9.6 million (for the six months ended 30 June 2017: HK\$9.2 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 2018.

OTHER INFORMATION

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

As at 30 June 2018, 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 (<i>Note 1</i>)	Interested in a controlled corporation	594,000,000	59.4%
Ms. Yuen (<i>Note 1</i>)	Interested in a controlled corporation/ Interest of spouse	594,000,000	59.4%

Note:

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

Save as disclosed above, as at 30 June 2018, 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 2018, 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	594,000,000	59.4%

Save as disclosed above, as at 30 June 2018, 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 2018.

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 2018.

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 2018.

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 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Interests of the Compliance Adviser

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

Corporate Governance Practice

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

The Company was listed on GEM on 27 June 2017. To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code during the six months ended 30 June 2018 and up to the date of this report.

Update in Directors' Particulars

An update of information of a Director is as follow:

Mr. Chong Kam Fung, an independent non-executive Director, has resigned as a non-executive director of Hao Bai International (Cayman) Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8431) with effect from 16 May 2018.

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 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 written terms of reference of the Audit Committee are 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, this report and the interim results announcement of the Group for the six months ended 30 June 2018. The condensed consolidated financial results for the six months ended 30 June 2018 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, 8 August 2018

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.