



**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

**2021**  
INTERIM REPORT

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors:

Mr. Lau Chung Ho

*(Chief Executive Officer)*

Mr. Leung Yat Fai Frankie Keith

*(Chairman)*

#### Independent Non-executive Directors:

Mr. Ng Ki Man

Mr. Lu Tak Meng Teddy

Mr. Chong Kam Fung

Mr. Lam Chee-yau Timothy

*(appointed on 10 May 2021)*

### 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

Mr. Chong Kam Fung

### Nomination Committee

Mr. Chong Kam Fung *(Chairman)*

Mr. Ng Ki Man

Mr. Lu Tak Meng Teddy

### 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

### Legal Advisors As To Hong Kong Laws

CFN Lawyers in association with

Broad and Bright

Units 4101-04, 41/F

Sun Hung Kai Centre

30 Harbour Road

Wan Chai

Hong Kong

### Registered Office In The Cayman Islands

Windward 3,

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## **Head Office And Principal Place Of Business In Hong Kong**

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

## **Principal Share Registrar And Transfer Office In Cayman Islands**

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

## **Branch Share Registrar And Transfer Office In Hong Kong**

Tricor Investor Services Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
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](http://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 2021

### Unaudited interim results

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding periods in 2020, are as follows:

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	4	22,600	24,893	39,485	72,428
Cost of sales		(20,300)	(23,472)	(34,884)	(66,345)
<b>Gross profit</b>		<b>2,300</b>	1,421	<b>4,601</b>	6,083
Other income and other gain	4	692	357	1,003	1,072
Administrative and other operating expenses	5	(2,526)	(2,121)	(4,688)	(4,748)
<b>Operating profit/(loss)</b>		<b>466</b>	(343)	<b>916</b>	2,407
Finance costs	6	(173)	(186)	(439)	(403)
<b>Profit/(loss) before income tax</b>		<b>293</b>	(529)	<b>477</b>	2,004
Income tax (expense)/credit	7	(176)	37	(306)	68
<b>Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company</b>		<b>117</b>	(492)	<b>171</b>	2,072
Basic and diluted earnings/(loss) per share (HK cent)	8	0.01	(0.05)	0.02	0.21

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		<b>Unaudited</b>	Audited
	<i>Note</i>	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		12,792	14,098
Payment for life insurance policy		2,698	2,650
Property, plant and equipment	10	5,970	7,482
		<b>21,460</b>	24,230
<b>Current assets</b>			
Trade and other receivables	12	19,544	20,469
Contract assets		54,446	63,273
Cash and bank balances		3,134	5,423
		<b>77,124</b>	89,165
<b>Total assets</b>		<b>98,584</b>	113,395
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	13	10,000	10,000
Reserves		51,666	51,495
<b>Total equity</b>		<b>61,666</b>	61,495

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

AS AT 30 JUNE 2021

	Note	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	441	949
Lease liabilities		530	767
Deferred tax liabilities	11	1,603	1,297
		<b>2,574</b>	<b>3,013</b>
<b>Current liabilities</b>			
Trade and other payables	15	19,682	30,807
Lease liabilities		2,891	5,186
Borrowings	14	11,771	12,894
		<b>34,344</b>	<b>48,887</b>
<b>Total liabilities</b>		<b>36,918</b>	<b>51,900</b>
<b>Total equity and liabilities</b>		<b>98,584</b>	<b>113,395</b>
<b>Net current assets</b>		<b>42,780</b>	<b>40,278</b>
<b>Total assets less current liabilities</b>		<b>64,240</b>	<b>64,508</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Retained earnings HK\$'000	
Balance at 1 January 2020 (Audited)	10,000	44,049	1	6,958	61,008
Profit and total comprehensive income for the period	—	—	—	2,072	2,072
Balance at 30 June 2020 (Unaudited)	10,000	44,049	1	9,030	63,080

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Retained earnings HK\$'000	
Balance at 1 January 2021 (Audited)	10,000	44,049	1	7,445	61,495
Profit and total comprehensive income for the period	—	—	—	171	171
Balance at 30 June 2021 (Unaudited)	10,000	44,049	1	7,616	61,666

Note:

- i) Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited	
	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operations	2,369	588
Net cash generated from operating activities	2,369	588
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(55)	—
Net cash used in investing activities	(55)	—
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	22,893	13,048
Repayment of bank borrowings	(24,046)	(14,092)
Repayment of lease liabilities	(3,011)	(2,350)
Interest paid on bank borrowings	(244)	(279)
Interest paid on lease liabilities	(195)	(124)
Net cash used in financing activities	(4,603)	(3,797)
<b>Net decrease in cash and cash equivalents</b>	(2,289)	(3,209)
Cash and cash equivalents at the beginning of period	5,423	7,129
<b>Cash and cash equivalents at end of period</b>	3,134	3,920

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1 General Information

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

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the Company’s principal place of business is Unit 18, 29th Floor, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in provision of foundation and related works.

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

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

### 2 Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include the applicable disclosure provisions of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020, 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 Basis of preparation (Continued)

### 2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

### 2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> 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.

### 3 Estimates

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

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

### 4 Revenue, other income and other gain and segment information

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

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

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

	<b>Unaudited Three months ended 30 June</b>		<b>Unaudited Six months ended 30 June</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>				
Foundation and related works	<b>22,600</b>	24,893	<b>39,485</b>	72,428

#### 4 Revenue, other income and other gain and segment information

(Continued)

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Timing of revenue recognition:</b>				
Over time	<b>22,600</b>	24,893	<b>39,485</b>	72,428

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Other income and other gain</b>				
Government subsidy (Note)	—	40	<b>36</b>	90
Rental income	<b>680</b>	300	<b>920</b>	920
Fair value change on assets at fair value through profit or loss	<b>12</b>	17	<b>47</b>	42
Others	—	—	—	20
	<b>692</b>	357	<b>1,003</b>	1,072

Note: Government subsidy relates to cash subsidy granted by the Government under the Anti-epidemic Fund with conditions having been satisfied.

## 5 Expenses by nature

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Auditors' remuneration	170	—	340	—
Depreciation of property, plant and equipment	4	25	9	50
Depreciation of right-of-use assets	73	153	146	306
Leasing expense	2	3	4	5
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	231	—	(44)	—
Staff costs, including directors' emoluments	982	845	2,062	1,766
Other expenses	1,064	1,095	2,171	2,621
	<b>2,526</b>	2,121	<b>4,688</b>	4,748

## 6 Finance costs

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	79	134	244	279
Interest on lease liabilities	94	52	195	124
	<b>173</b>	186	<b>439</b>	403

## 7 Income tax expense/(credit)

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

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

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current income tax — Hong Kong profits tax	—	128	—	150
Deferred income tax ( <i>Note 11</i> )	176	(165)	306	(218)
Income tax expense/(credit)	176	(37)	306	(68)

## 8 Earnings/(loss) per share

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021	2020	2021	2020
Profit/(loss) for the period attributable to owners of the Company ( <i>HK\$'000</i> )	117	(492)	171	2,072
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share ( <i>in thousand</i> )	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings/(loss) per share ( <i>HK cent</i> )	0.01	(0.05)	0.02	0.21



## 8 Earnings/(loss) per share *(Continued)*

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share for the six months ended 30 June 2021 and 2020 were derived from 1,000,000,000 ordinary shares in issue.

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

## 9 Dividends

The board of Directors (the “**Board**”) of the Company does not recommend a payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 10 Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired certain items of property, plant and equipment with a cost of approximately HK\$55,000 (six months ended 30 June 2020: Nil).

## 11 Deferred tax liabilities

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

	Tax depreciation allowances HK\$'000	Expected credit losses provision HK\$'000	Tax loss HK\$'000	Total HK\$'000
<b>Deferred tax liabilities</b>				
At 1 January 2020	2,396	(60)	—	2,336
Charged/(credited) to profit or loss	67	(205)	(901)	(1,039)
At 31 December 2020 and 1 January 2021	2,463	(265)	(901)	1,297
(Credited)/charged to profit or loss	(129)	10	425	306
<b>At 30 June 2021</b>	<b>2,334</b>	<b>(255)</b>	<b>(476)</b>	<b>1,603</b>

## 12 Trade and other receivables

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>11,214</b>	17,613
Less: Provision for impairment losses	<b>(1,150)</b>	(1,071)
	<b>10,064</b>	16,542
Other receivables, deposits and prepayments	<b>9,480</b>	3,927
	<b>19,544</b>	20,469

### Notes:

- (a) The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on date of payment certificates issued by customers is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
0–30 days	<b>6,646</b>	8,915
31–60 days	—	880
61–90 days	—	6,976
Over 90 days	<b>4,568</b>	842
	<b>11,214</b>	17,613

As at 30 June 2021, trade receivables of approximately HK\$4,568,000 (As at 31 December 2020: HK\$7,629,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

### 13 Share capital

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	3,000,000,000	30,000
<b>Issued and fully paid:</b>		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	1,000,000,000	10,000

### 14 Borrowings

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
<b>Non-current</b>		
Other borrowing	441	949
<b>Current</b>		
Bank borrowings	10,780	11,933
Other borrowing	991	961
	<b>11,771</b>	12,894
<b>Total borrowings</b>	<b>12,212</b>	13,843

#### 14 Borrowings (Continued)

The interest rates per annum of bank borrowings ranged from 4.5% to 5.0% (31 December 2020: from 4.5% to 5.0%) as at 30 June 2021. The interest rates per annum of other borrowing are 7.4% (31 December 2020: 7.4%) as at 30 June 2021.

#### 15 Trade and other payables

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>8,947</b>	20,095
Accrued employee benefit expenses	<b>1,542</b>	1,244
Other accruals and payables	<b>2,239</b>	2,594
Retention payables	<b>6,954</b>	6,874
	<b>19,682</b>	30,807

Note:

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

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>1,656</b>	631
31-60 days	<b>1,221</b>	5,642
61-90 days	<b>754</b>	3,747
Over 90 days	<b>5,316</b>	10,075
	<b>8,947</b>	20,095

## 16 Related party transactions

### Compensation of key management personnel of the Group

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Fee, discretionary bonuses, salaries, allowances and benefits in kind	420	393	836	787
Retirement scheme contributions	5	5	9	9
	<b>425</b>	398	<b>845</b>	796

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

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

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

For the six months ended 30 June 2021, the Group recorded a net profit of approximately HK\$171,000 as compared to a net profit of approximately HK\$2.1 million for the same period in 2020.

### **Outlook**

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

## **Financial Review**

### ***Revenue***

The Group's revenue decreased by approximately 45.4% from approximately HK\$72.4 million for the six months ended 30 June 2020 to approximately HK\$39.5 million for the six months ended 30 June 2021, mainly due to (i) a number of major projects in the six months ended 30 June 2021 are still in the early stage of construction; (ii) sizeable projects with large contract value had been completed and reflected in the revenue recorded in the six months ended 30 June 2020.

### ***Costs of Sales***

The Group's cost of sales decreased from approximately HK\$66.3 million for the six months ended 30 June 2020 to approximately HK\$34.9 million for the six months ended 30 June 2021, which was generally consistent with the decreased in revenue during the period.

### ***Gross Profit and Gross Profit Margin***

The Group's gross profit for the six months ended 30 June 2021 were approximately HK\$4.6 million, representing a decrease of approximately 24.6% from approximately HK\$6.1 million for the six months ended 30 June 2020. The Group's gross profit margin for the six months ended 30 June 2021 was approximately 11.7%, representing an increase of approximately 3.3 percentage points as compared to approximately 8.4% for the six months ended 30 June 2020. Such increase was mainly attributable to the enhanced management control.

### ***Administrative and Other Operating Expenses***

The Group's administrative and other operating expenses maintained at approximately HK\$4.7 million for the six months ended 30 June 2020 and 2021.

### ***Profit for the Period***

For the six months ended 30 June 2021, the Group recorded profit attributed to owners of the Company of approximately HK\$171,000 as compared to a profit for the six months ended 30 June 2020 of approximately HK\$2.1 million.

### **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 2021, the Group had cash and bank balances of approximately HK\$3.1 million (31 December 2020: HK\$5.4 million).

As at 30 June 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$61.7 million (31 December 2020: HK\$61.5 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$15.6 million (31 December 2020: HK\$19.8 million).

As at 30 June 2021, the Group's net assets were approximately HK\$42.8 million (31 December 2020: HK\$40.3 million). The Group remained at a net cash position as at 30 June 2021 and 2020 respectively. Based on the above, the Directors believe that the Group is in a healthy financial position to expand its business and achieve its business objectives.

### **Borrowings and Gearing Ratio**

As at 30 June 2021, the Group had borrowings and lease liabilities of approximately HK\$15.6 million which was denominated in Hong Kong dollars (31 December 2020: HK\$19.8 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2021, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 25.3% (31 December 2020: 32.2%).



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

There was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 June 2021. There was no future plan for material investments or capital assets as at 30 June 2021.

### **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 2021, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$11.2 million (31 December 2020: approximately HK\$11.9 million) and motor vehicles with an aggregate net book value of approximately HK\$0.6 million (31 December 2020: approximately HK\$0.8 million).

### **Contingent Liabilities**

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

### **Capital Commitments**

As at 30 June 2021, the Group did not have any capital commitments (31 December 2020: Nil) contracted but not provided for property, plant and equipment.

### **Segment Information**

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

### **Information on Employees**

As at 30 June 2021, the Group had 40 full-time employees working in Hong Kong (As at 31 December 2020: 25). The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2021 amounted to approximately HK\$7.7 million (for the six months ended 30 June 2020: HK\$5.6 million).

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

### **Interim Dividend**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (2020: Nil).

### **Events After the Reporting Period**

Unless otherwise disclosed herein, there has been no other important event affecting the Group since 30 June 2021 and up to the date of this report.

## OTHER INFORMATION

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

As at 30 June 2021, 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, were as follows:

#### *Long position in the shares*

Name	Capacity/Nature	Number of shares held/ interested	Percentage of shareholding
Mr. Lau ( <i>Note</i> )	Interested in a controlled corporation	510,000,000	51.0%

#### *Note:*

Mr. Lau beneficially own the entire issued share capital of Brightly Ahead. Therefore, Mr. Lau is deemed, or taken to be, interested in all the shares held by Brightly Ahead for the purpose of the SFO. Mr. Lau is the sole director of Brightly Ahead.

Save as disclosed above, as at 30 June 2021, 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 5.68 of the GEM Listing Rules.

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

As at 30 June 2021, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

### ***Long position in the shares***

<b>Name</b>	<b>Capacity/Nature</b>	<b>Number of shares held/ interested</b>	<b>Percentage of shareholding</b>
Brightly Ahead	Beneficial owner	510,000,000	51.0%

Save as disclosed above, as at 30 June 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information — Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

### **Purchase, Sale or Redemption of Listed Securities of the Company**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the six months ended 30 June 2021.

### **Competition and Conflict of Interests**

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associate as defined in the GEM Listing Rules has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with Group during the six months ended 30 June 2021.

### **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 with all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the six months ended 30 June 2021.

### **Share Option Scheme**

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

Under the Scheme, the Directors may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, substantial shareholder, consultant or adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participant to the grant of any option shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

An offer for the grant of share options might be accepted in writing within 7 days, inclusive of the day on which such offer was made. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The amount payable by the grantee to the Company on acceptance of the offer for the grant of an option is HK\$1.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.

The Scheme will remain in force for a period of ten years commencing on 7 June 2017, subject to early termination provisions contained in the Scheme.

For the six months ended 30 June 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

### **Corporate Governance Practice**

The Directors are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the six months ended 30 June 2021, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

### **Audit Committee**

Pursuant to Rule 5.28 and 5.29 of the GEM Listing Rules and code provision 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 on posted on the Stock Exchange's website and on the Company's website.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group, the interim report and the interim results announcement of the Group for the six months ended 30 June 2021. The condensed consolidated financial results for the six months ended 30 June 2021 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, 5 August 2021

*As at the date of this report, the Board comprises Mr. Lau Chung Ho and Mr. Leung Yat Fai Frankie Keith as executive Directors; and Mr. Ng Ki Man, Mr. Lu Tak Meng Teddy, Mr. Chong Kam Fung and Mr. Lam Chee-yau Timothy as independent non-executive Directors.*