



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

2022
INTERIM REPORT

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

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CORPORATE INFORMATION

Board of Directors

Executive Directors:

Mr. Lau Chung Ho

(Chief Executive Officer)

Mr. Leung Yat Fai Frankie Keith

(Chairman)

Ms. Fong Pui Yin Vivian

Ms. Du Wanfen

(appointed on 29 April 2022)

Mr. Li Aiming

(appointed on 29 April 2022)

Independent Non-executive Directors:

Mr. Ng Ki Man

Mr. Lam Chee-yau Timonthy

Mr. Ngok Ho Wai

(appointed on 19 January 2022)

Mr. Lu Tak Meng Teddy

(resigned on 12 February 2022)

Audit Committee

Mr. Ng Ki Man *(Chairman)*

Mr. Ngok Ho Wai

(appointed on 12 February 2022)

Mr. Lam Chee-yau Timonthy

Mr. Lu Tak Meng Teddy

(resigned on 12 February 2022)

Remuneration Committee

Mr. Ngok Ho Wai *(Chairman)*

(appointed on 12 February 2022)

Mr. Ng Ki Man

Mr. Lam Chee-yau Timonthy

Mr. Lu Tak Meng Teddy *(Chairman)*

(resigned on 12 February 2022)

Nomination Committee

Mr. Lam Chee-yau Timonthy *(Chairman)*

Mr. Ng Ki Man

Mr. Ngok Ho Wai

(appointed on 12 February 2022)

Mr. Lu Tak Meng Teddy

(resigned on 12 February 2022)

Auditors

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31/F, Gloucester Tower

The Landmark, 11 Pedder Street

Central

Hong Kong

Company Secretary

Mr. Chan Kui Ming

(appointed on 30 April 2022)

Ms. Yim Sau Ping

(resigned on 30 April 2022)

Authorised Representatives

Mr. Lau Chung Ho

Mr. Chan Kui Ming

(appointed on 30 April 2022)

Ms. Yim Sau Ping

(resigned on 30 April 2022)

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

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Wan Chai

Hong Kong

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Grand Cayman KY1-1108

Cayman Islands

Head Office And Principal Place Of Business In Hong Kong

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

Principal Share Registrar And Transfer Office In Cayman Islands

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

Branch Share Registrar And Transfer Office In Hong Kong

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

Principal Bankers

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

Company's Website

www.wbgroupfw.com.hk

Stock Code

8460

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2022

Unaudited interim results

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding periods in 2021, are as follows:

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	4	31,277	22,600	48,399	39,485
Cost of sales		(28,984)	(20,300)	(43,096)	(34,884)
Gross profit		2,293	2,300	5,303	4,601
Other income and other gain	4	420	692	458	1,003
Administrative and other operating expenses	5	(2,339)	(2,526)	(5,038)	(4,688)
Operating profit/(loss)		374	466	723	916
Finance costs	6	(122)	(173)	(247)	(439)
Profit/(loss) before income tax		252	293	476	477
Income tax (expense)/credit	7	(167)	(176)	(305)	(306)
Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		85	117	171	171
Basic and diluted earnings/(loss) per share (HK cent)	8	0.01	0.01	0.02	0.02

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Unaudited	Audited
	<i>Note</i>	30 June 2022 HK\$'000	31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets		219	347
Payment for a life insurance policy		2,806	2,745
Property, plant and equipment	10	11,954	13,509
		14,979	16,601
Current assets			
Trade and other receivables	12	21,617	17,642
Contract assets		63,944	64,562
Cash and bank balances		3,300	4,352
		88,861	86,556
Total assets		103,840	103,157
EQUITY			
Capital and reserves			
Share capital	13	11,000	11,000
Reserves		55,420	55,249
Total equity		66,420	66,249

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2022

	Note	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		57	136
Deferred tax liabilities	11	1,220	1,372
		1,277	1,508
Current liabilities			
Trade and other payables	15	24,607	23,764
Tax payable		932	475
Borrowings	14	10,438	10,947
Lease liabilities		166	214
		36,143	35,400
Total liabilities		37,420	36,908
Total equity and liabilities		103,840	103,157
Net current assets		52,718	51,156
Total assets less current liabilities		67,697	67,757

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

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 2022

	Unaudited	
	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities		
Net cash generated from operations	(169)	2,369
Net cash generated from operating activities	(169)	2,369
Cash flows from investing activities		
Purchases of property, plant and equipment	—	(55)
Net cash used in investing activities	—	(55)
Cash flows from financing activities		
Drawdown of bank borrowings	23,215	22,893
Repayment of bank borrowings	(23,214)	(24,046)
Repayment of lease liabilities	(127)	(3,011)
Interest paid on bank borrowings	(241)	(244)
Interest paid on lease liabilities	(6)	(195)
Net cash used in financing activities	(883)	(4,603)
Net decrease in cash and cash equivalents	(1,052)	(2,289)
Cash and cash equivalents at the beginning of period	4,352	5,423
Cash and cash equivalents at end of period	3,300	3,134

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 2022 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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, except for the new and revised HKFRSs and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. There has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the period presented as a result of adoption of these amendments. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

2 Basis of preparation *(Continued)*

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

3 Estimates

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

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

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.

4 Revenue, other income and other gain and segment information

(Continued)

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue				
Foundation and related works	31,277	22,600	48,399	39,485

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Timing of revenue recognition:				
Over time	31,277	22,600	48,399	39,485

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Other income and other gain				
Government subsidy (Note)	—	—	—	36
Rental income	—	680	360	920
Fair value change on assets at fair value through profit or loss	24	12	62	47
Others	—	—	36	—
	24	692	458	1,003

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Auditors' remuneration	170	170	340	340
Depreciation of property, plant and equipment	1	4	2	9
Depreciation of right-of-use assets	63	73	137	146
Leasing expense	23	2	31	4
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	161	231	(257)	(44)
Staff costs, including directors' emoluments	1,174	982	2,102	2,062
Other expenses	747	1,064	2,683	2,171
	2,339	2,526	5,038	4,688

6 Finance costs

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Interest on bank and other borrowings	120	79	241	244
Interest on lease liabilities	2	94	6	195
	122	173	247	439

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current income tax — Hong Kong profits tax	—	—	—	—
Deferred income tax (<i>Note 11</i>)	167	176	305	306
Income tax expense/(credit)	167	176	305	306

8 Earnings/(loss) per share

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022	2021	2022	2021
Profit/(loss) for the period attributable to owners of the Company (<i>HK\$'000</i>)	84	117	171	171
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (<i>in thousand</i>)	1,100,000	1,000,000	1,100,000	1,000,000
Basic earnings/(loss) per share (<i>HK cent</i>)	0.01	0.01	0.02	0.02

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 2022 and 2021 were derived from 1,100,000,000 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 2022 (2021: Nil).

10 Property, plant and equipment

During the six months ended 30 June 2022, the Group did not acquire any item of property, plant and equipment (six months ended 30 June 2021: HK\$55,000).

11 Deferred tax liabilities

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

	Tax depreciation allowances HK\$'000	Expected credit losses provision HK\$'000	Tax loss HK\$'000	Total HK\$'000
Deferred tax liabilities				
At 1 January 2021	2,463	(265)	(901)	1,297
Charged/(credited) to profit or loss	(129)	10	425	306
At 31 December 2021 and 1 January 2022	2,090	(718)	—	1,372
(Credited)/charged to profit or loss	(194)	42	—	305
At 30 June 2022	1,896	(676)	—	1,220

12 Trade and other receivables

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Trade receivables	10,546	8,597
Less: Provision for impairment losses	(600)	(820)
	9,946	7,777
Other receivables, deposits and prepayments	11,671	9,865
	21,617	17,642

Notes:

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
0–30 days	4,830	3,505
31–60 days	—	723
61–90 days	—	—
Over 90 days	5,716	4,369
	11,214	17,613

As at 30 June 2022, trade receivables of approximately HK\$5,716,000 (As at 31 December 2021: HK\$4,369,000) 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		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	3,000,000,000	30,000
Issued and fully paid:		
At 1 January 2021	1,000,000,000	10,000
Issue of shares by way of placing (<i>Note</i>)	100,000,000	1,000
At 31 December 2021, 1 January 2022 and 30 June 2022	1,100,000,000	11,000

Notes: On 4 November 2021, the Company allotted and issued 100,000,000 ordinary shares of HK\$0.01 each in the capital of the Company by way of placing price of HK\$0.043 per share. The Company raised approximately HK\$4,168,000 (net of expense).

14 Borrowings

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Non-current		
Other borrowing	—	—
Current		
Bank borrowings	10,000	9,998
Other borrowing	438	949
	10,438	10,947
Total borrowings	10,438	10,947

14 Borrowings (Continued)

The interest rates per annum of bank borrowings ranged from 4.5% to 5.0% (31 December 2021: from 4.5% to 5.0%) as at 30 June 2022. The interest rates per annum of other borrowing are 7.4% (31 December 2021: 7.4%) as at 30 June 2022.

15 Trade and other payables

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Trade payables	10,118	11,578
Accrued employee benefit expenses	2,495	1,805
Other accruals and payables	4,251	2,893
Retention payables	7,743	7,488
	24,607	23,764

Note:

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
0-30 days	1,539	2,347
31-60 days	997	3,895
61-90 days	1,952	707
Over 90 days	5,631	4,629
	10,119	11,578

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Fee, discretionary bonuses, salaries, allowances and benefits in kind	418	420	887	836
Retirement scheme contributions	5	5	9	9
	422	425	896	845

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 2022, the Group recorded a net profit of approximately HK\$171,000 as compared to a net profit of approximately HK\$171,000 for the same period in 2021.

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 increased by approximately 23% from approximately HK\$39.5 million for the six months ended 30 June 2021 to approximately HK\$48.4 million for the six months ended 30 June 2022, mainly due to enhanced efficiency.

Costs of Sales

The Group's cost of sales increased from approximately HK\$34.9 million for the six months ended 30 June 2021 to approximately HK\$43.1 million for the six months ended 30 June 2022, which was generally consistent with the increased in revenue during the period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2022 were approximately HK\$5.3 million, representing an increase of approximately 15% from approximately HK\$4.6 million for the six months ended 30 June 2021. The Group's gross profit margin for the six months ended 30 June 2022 was approximately 11%, representing a decrease of approximately 0.7 percentage points as compared to approximately 11.7% for the six months ended 30 June 2021. Such decrease was mainly attributable to the competitive project pricing arising from intense market competition.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased from approximately HK\$4.7 million for the six months ended 30 June 2021 to approximately HK\$5 million for the six months ended 30 June 2022, which was generally consistent with the increase in other expense during the period.

Profit for the Period

For the six months ended 30 June 2022, 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 2021 of approximately HK\$171,000.

Capital Structure, Liquidity and Financial Resources

The Shares were successfully listed on GEM of the Stock Exchange on 27 June 2017. There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares.

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

As at 30 June 2022, the Group had cash and bank balances of approximately HK\$3.3 million (31 December 2021: HK\$4.4 million).

As at 30 June 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$66.4 million (31 December 2021: HK\$66.2 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$10.7 million (31 December 2021: HK\$11.3 million).

As at 30 June 2022, the Group's net assets were approximately HK\$66.4 million (31 December 2021: HK\$66.2 million). The Group remained at a net cash position as at 30 June 2022 and 2021 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 2022, the Group had borrowings and lease liabilities of approximately HK\$10.7 million which was denominated in Hong Kong dollars (31 December 2021: HK\$11.3 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2022, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 56.3% (31 December 2021: 55.7%).

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 2022. There was no future plan for material investments or capital assets as at 30 June 2022.

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 2022, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$0.2 million (31 December 2021: approximately HK\$0.6 million) and did not pledge its motor vehicles (31 December 2021: Nil).

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

Capital Commitments

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: 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 2022, the Group had 41 full-time employees working in Hong Kong (As at 31 December 2021: 25). The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2022 amounted to approximately HK\$8.4 million (for the six months ended 30 June 2021: HK\$7.7 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 2022 (2021: Nil).

Events After the Reporting Period

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

On 31 May 2022, the Company entered into subscription agreements with two subscribers to subscribe for, and the Company agreed to issue and allot 5,000,000 Consolidated Shares to each subscriber at a subscription price at HK\$0.4 per subscription share. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the subscribers are third parties independent of and not connected with the Company and its connected persons. Neither the subscribers nor their associates will become a substantial shareholder of the Company as a result of completion the subscription. On 15 July 2022 and 29 July 2022, the Company has entered into supplemental subscription agreements with the subscribers to extend the long stop date to 15 August 2022 for the completion of the subscriptions.

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

Unless otherwise disclosed herein, there has been no other important event affecting the Group since 30 June 2022 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 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the shares

Name	Capacity/Nature	Number of shares held/ interested	Percentage of shareholding
Mr. Lau (<i>Note</i>)	Interested in a controlled corporation	510,000,000	46.36%

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 2022, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.48 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2022, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long position in the shares

Name	Capacity/Nature	Number of shares held/ interested	Percentage of shareholding
Brightly Ahead	Beneficial owner	510,000,000	46.36%

Save as disclosed above, as at 30 June 2022, 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 2022.

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 2022.

Directors' Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry with all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the six months ended 30 June 2022.

Share Option Scheme

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

For the six months ended 30 June 2022, 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 2022, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

Audit Committee

Pursuant to Rule 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 and D.3.7 of the CG Code, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Ng Ki Man (the chairman of the Audit Committee), Mr. Lam Chee-yau Timothy and Mr. Ngok Ho Wai, 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 2022. The condensed consolidated financial results for the six months ended 30 June 2022 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 2022

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