



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

2023

THIRD QUARTERLY REPORT

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

Unaudited third quarterly results

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

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	4	19,382	14,599	62,801	62,998
Cost of sales		(16,230)	(11,372)	(53,557)	(54,468)
Gross profit		3,152	3,227	9,244	8,530
Other income and other gain	4	16	680	223	1,138
Administrative and other operating expenses	5	(2,530)	(3,509)	(7,877)	(8,547)
Operating profit		638	398	1,590	1,121
Finance costs		(487)	(112)	(1,112)	(359)
Profit before income tax		151	286	478	762
Income tax expense	6	(135)	(197)	(357)	(502)
Profit for the period		16	89	121	260
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		55	-	(33)	-
Total comprehensive income		71	89	88	260

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Profit attributable to:					
Equity holders of the Company		74	89	28	260
Non-controlling interests		(58)	–	93	–
		16	89	121	260
Profit and total comprehensive income for the period attributable to:					
Equity holders of the Company		102	89	11	260
Non-controlling interests		(31)	–	77	–
		71	89	88	260
Earnings per share attributable to owners of the Company for the period					
– Basic and diluted (expressed in HK cents per share)	7	0.06	0.08	0.02	0.23

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note a)</i>	Translation reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2022 (Audited)	11,000	47,217	1	-	8,031	-	-	66,249
Issue of ordinary shares	2,000	-	-	-	-	-	-	2,000
Profit and total comprehensive income for the period	-	-	-	-	260	-	-	260
Balance at 30 September 2022 (Unaudited)	13,000	47,217	1	-	8,291	-	-	68,509

For the nine months ended 30 September 2023

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note a)</i>	Translation reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2023 (Audited)	11,500	48,256	1	14	1,513	61,284	323	61,607
Profit for the period	-	-	-	-	28	28	93	121
Exchange differences arising on translation of foreign operations	-	-	-	(17)	-	(17)	(16)	(33)
Total comprehensive income	-	-	-	(17)	28	11	77	88
Balance at 30 September 2023 (Unaudited)	11,500	48,256	1	(3)	1,541	61,295	400	61,695

Note:

- a) 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.

NOTES TO UNAUDITED 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 (the “**Listing Date**”). 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, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of foundation and related works in Hong Kong and trading of alcoholic beverages in the People Republic of China (the “**PRC**”).

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

2 Basis of preparation and presentation

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2023 have been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**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 for the year ended 31 December 2022, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “**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.

The preparation of financial statements in conformity with the 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 unaudited condensed consolidated financial statements requires the management of the Company (the “**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 unaudited condensed consolidated financial statements, the significant judgements made by the Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

4 Revenue, other income and other gain and segment information

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

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Foundation and related works	19,232	14,599	61,626	62,998
Sales of alcoholic beverages	150	–	1,175	–
	19,382	14,599	62,801	62,998

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other income and other gain				
Rental income	–	–	–	360
Fair value change on assets at fair value through profit or loss	15	18	80	80
Others	1	662	143	698
	16	680	223	1,138

5 Expenses by nature

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Auditors' remuneration	170	170	510	510
Depreciation of property, plant and equipment	18	1	53	3
Depreciation of right-of-use assets	242	42	802	179
Leasing expenses	41	28	117	59
Net impairment losses/(reversal of impairment loss) on financial assets and contract assets	79	(39)	21	(296)
Staff costs, including directors' emoluments	673	1,345	1,966	3,447
Other expenses	1,307	1,962	4,408	4,645
	2,530	3,509	7,877	8,547

6 Income tax expense

No provision for Hong Kong profits tax has been made as the Group did not have assessable profit in Hong Kong for the 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 three months and nine months ended 30 September 2022 respectively.

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

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong profits tax	-	689	-	689
PRC Enterprise Income Tax	(1)	-	4	-
Deferred income tax	136	(492)	353	(187)
Income tax expense	135	197	357	502

7 Earnings per share

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023	2022	2023	2022
Profit attributable to owners of the Company (HK\$'000)	74	89	28	260
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	115,000	112,772	115,000	110,934
Basic earnings per share (HK cent)	0.06	0.08	0.02	0.23

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

8 Dividends

The Board does not recommend payment of any dividend for the Period (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The shares of the Company were listed on GEM on the Listing Date.

For the nine months ended 30 September 2023 (the “**Period**”), the Group recorded a net profit of approximately HK\$0.12 million as compared to a net profit of approximately HK\$0.26 million for the same period in 2022.

Outlook

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates remain difficult and challenging. Since January 2020, the outbreak of COVID-19 has had a drastic effect on the Hong Kong economy and imposed negative impacts on 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 the 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 closely monitor its existing projects’ progress and communicate with suppliers and subcontractors, maintain close communication with customers on the latest project work 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 (the “**Shareholders**”).

Financial Review

Revenue

The Group’s revenue decreased by approximately 0.31% from approximately HK\$63.0 million for the nine months ended 30 September 2022 to approximately HK\$62.8 million for the Period.

The sales growth has slowed down during the Period because the majority of such growth was contributed from the first six months of the financial year, attributable to the completion of sizable projects with large contract value.

Costs of Sales

The Group's cost of sales decreased from approximately HK\$54.5 million for the nine months ended 30 September 2022 to approximately HK\$53.6 million for the Period, which was generally consistent with the decrease in revenue during the Period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Period was approximately HK\$9.2 million, representing an increase of approximately 8.37% from approximately HK\$8.5 million for the nine months ended 30 September 2022. The Group's gross profit margin for the Period was approximately 14.7%, representing an increase of approximately 1.2 percentage points as compared to approximately 13.5% for the nine months ended 30 September 2022. Such increase was mainly attributable to the decisive cost control initiatives taken by the management of the Company.

Other Income and Other Gain

The Group's other income and other gain decreased by approximately 80.4% from approximately HK\$1.1 million for the nine months ended 30 September 2022 to approximately HK\$0.2 million for the Period, primarily due to the decrease in rental income.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the Period were approximately HK\$7.9 million, representing a decrease of approximately 7.8% from approximately HK\$8.5 million for the nine months ended 30 September 2022. The decrease was primarily attributable to the decrease in staff costs and other expenses.

Profit for the Period

For the Period, the Group recorded profit attributable to owners of the Company of approximately HK\$11,000 as compared to profit for the nine months ended 30 September 2022 of approximately HK\$0.26 million.

Dividend

The Board does not recommend the payment of dividend for the Period.

OTHER INFORMATION

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

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"), were as follows:

Long position in shares of the Company

Name	Capacity/Nature of interest	Number of Shares held/interested	Percentage of shareholding
Mr. Lau (<i>Note</i>)	Interested in a controlled corporation	51,000,000	44.35%

Note: Mr. Lau beneficially owns 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 September 2023, none of the Directors and chief executive of the Company has any interests or short positions 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.

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

As at 30 September 2023, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group:

Long position in shares of the Company

Name	Capacity/Nature of interest	Number of Shares held/interested	Percentage of shareholding
Brightly Ahead	Beneficial owner	51,000,000	44.35%

Save as disclosed above, as at 30 September 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" 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 interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members 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 Period.

Competition and Conflict of Interests

None of the Directors, the controlling shareholders or substantial Shareholders or any of its respective close associates, 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 Period.

Directors' Securities Transactions

The Company has adopted the Required Standard of Dealings as the code of conduct for securities transactions by the Directors in respect of the securities of the Company. Having made specific enquiry of all Directors, each Director has confirmed that he/she complied with the Required Standard of Dealings and the code of conduct for securities transactions by the Directors adopted by the Company during the Period.

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 Period, 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 Period, 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 Rules 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 the audit committee of the Board (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 of Mr. Ngok Ho Wai (the chairman of the Audit Committee), Mr. Lam Chee-yau Timothy and Mr. Tao Ming Lee Martin, all of whom are independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the third quarterly report of the Group for the Period. The condensed consolidated financial results for the Period are unaudited, but have been reviewed by the Audit Committee. Such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Basetrophy Group Holdings Limited
Lau Chung Ho
Executive Director

Hong Kong, 14 November 2023

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