



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

2024

INTERIM REPORT



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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*)
Ms. Fong Pui Yin Vivian
Mr. Li Aiming
Ms. Du Wanfen
(resigned on 4 September 2024)

Independent Non-executive Directors:

Mr. Lam Chee-yau Timothy
Mr. Li Dewen
(appointed on 19 March 2024)
Mr. Ng Ki Man
(appointed on 4 September 2024)
Mr. Tao Ming Lee Martin
(resigned on 19 March 2024)
Mr. Ngok Ho Wai
(resigned on 4 September 2024)

Audit Committee

Mr. Ng Ki Man (*Chairman*)
(appointed on 4 September 2024)
Mr. Lam Chee-yau Timothy
Mr. Li Dewen
(appointed on 19 March 2024)
Mr. Ngok Ho Wai (*Chairman*)
(resigned on 4 September 2024)
Mr. Tao Ming Lee Martin
(resigned on 19 March 2024)

Remuneration Committee

Mr. Ng Ki Man (*Chairman*)
(appointed on 4 September 2024)
Mr. Lam Chee-yau Timothy
Mr. Li Dewen
(appointed on 19 March 2024)
Mr. Ngok Ho Wai (*Chairman*)
(resigned on 4 September 2024)
Mr. Tao Ming Lee Martin
(resigned on 19 March 2024)

Nomination Committee

Mr. Lam Chee-yau Timothy (*Chairman*)
Mr. Li Dewen (appointed on 19 March 2024)
Mr. Ng Ki Man
(appointed on 4 September 2024)
Mr. Tao Ming Lee Martin
(resigned on 19 March 2024)
Mr. Ngok Ho Wai
(resigned on 4 September 2024)

Auditors

Infinity CPA Limited
Room 1501
15/F, Olympia Plaza
255 King's Road
North Point
Hong Kong

Company Secretary

Mr. Chan Kui Ming

Authorised Representatives

Mr. Lau Chung Ho
Mr. Chan Kui Ming

Compliance Officer

Mr. Lau Chung Ho

Legal Advisors As To Hong Kong Laws

CFN Lawyers
Units 4101-04, 41/F
Sun Hung Kai Centre
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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

Flat B-31, 4/F
Park Fook Industrial Building
615-617 Tai Nan West Street
Cheung Sha Wan
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 SIX MONTHS ENDED 30 JUNE 2024

Unaudited interim results

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding periods in 2023, are as follows:

	Note	Unaudited	
		Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	4	58,631	43,419
Cost of sales		(53,876)	(37,327)
Gross profit		4,755	6,092
Other income and other gain	4	1,864	207
Net reversal of impairment losses on financial assets and contract assets		118	58
Administrative and other operating expenses	5	(8,865)	(5,405)
Operating (loss)/profit		(2,128)	952
Finance costs	6	(795)	(625)
(Loss)/profit before tax		(2,923)	327
Income tax expense	7	(5)	(222)
(Loss)/profit for the period		(2,928)	105
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		37	(88)
Total comprehensive (expense)/income		(2,891)	17

Unaudited
Six months ended 30 June

<i>Note</i>	2024 HK\$'000	2023 HK\$'000
(Loss)/profit attributable to:		
Equity holders of the Company	(2,784)	(46)
Non-controlling interests	(144)	151
	(2,928)	105
(Loss)/profit and total comprehensive (expense)/income for the period attributable to:		
Equity holders of the Company	(2,746)	(91)
Non-controlling interests	(145)	108
	(2,891)	17
Loss per share attributable to owners of the Company for the period – Basic and diluted <i>(expressed in HK cents per share)</i>	(2.42)	(0.04)
<i>8</i>		

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		Unaudited	Audited
	Note	30 June 2024 HK\$'000	31 December 2023 HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets		1,980	2,858
Payment for a life insurance policy		2,951	2,903
Property, plant and equipment	10	22,428	24,107
		27,359	29,868
Current assets			
Inventories		3,872	4,083
Trade and other receivables	12	32,503	28,818
Contract assets		35,149	35,235
Tax recoverable		1,464	1,464
Cash and bank balances		2,019	4,837
		75,007	74,437
Total assets		102,366	104,305
EQUITY			
Capital and reserves			
Share capital	13	11,500	11,500
Reserves		27,266	30,012
Equity attributable to owners of the Company		38,766	41,512
Non-controlling interests		319	464
Total equity		39,085	41,976

		Unaudited	Audited
	<i>Note</i>	30 June 2024 HK\$'000	31 December 2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	14	3,028	4,840
Lease liabilities		658	1,107
		3,686	5,947
Current liabilities			
Trade and other payables	15	45,197	36,264
Tax payable		5	5
Borrowings	14	12,497	17,753
Lease liabilities		1,396	1,860
Contract liabilities		500	500
		59,595	56,382
Total liabilities		63,281	62,329
Total equity and liabilities		102,366	104,305
Net current assets		15,412	18,055
Total assets less current liabilities		42,771	47,923

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000			
At 1 January 2024 (Audited)	11,500	48,256	1	15	(18,260)	41,512	464	41,976	
Loss for the period	-	-	-	-	(2,784)	(2,784)	(144)	(2,928)	
Exchange differences arising on translation of foreign operations	-	-	-	38	-	38	(1)	37	
Total comprehensive expense	-	-	-	38	(2,784)	(2,746)	(145)	(2,891)	
At 30 June 2024 (Unaudited)	11,500	48,256	1	53	(21,044)	38,766	319	39,085	

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000			
At 1 January 2023 (Audited)	11,500	48,256	1	14	1,513	61,284	323	61,607	
Profit for the period	-	-	-	-	(46)	(46)	151	105	
Exchange differences arising on translation of foreign operations	-	-	-	(45)	-	(45)	(43)	(88)	
Total comprehensive income	-	-	-	(45)	(46)	(91)	108	17	
At 30 June 2023 (Unaudited)	11,500	48,256	1	(31)	1,467	61,193	431	61,624	

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 2024

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities		
Net cash generated from operations	6,574	1,254
Overseas income tax paid	(5)	(366)
Net cash from operating activities	6,569	888
Cash flows from investing activities		
Purchases of property, plant and equipment	(612)	(10,410)
Interest received	1	–
Net cash used in investing activities	(611)	(10,410)
Cash flows from financing activities		
Drawdown of bank borrowings	26,235	31,172
Drawdown of other borrowings	550	10,338
Repayment of bank borrowings	(30,273)	(29,905)
Repayment of other borrowings	(3,580)	(2,434)
Repayment of lease liabilities	(913)	(538)
Interest paid on bank borrowings	(253)	(570)
Interest paid on other borrowings	(450)	–
Interest paid on lease liabilities	(92)	(55)
Net cash (used in)/from financing activities	(8,776)	8,008
Net decrease in cash and cash equivalents	(2,818)	(1,514)
Effects of foreign exchange rate changes	–	105
Cash and cash equivalents at the beginning of period	4,837	4,147
Cash and cash equivalents at end of period	2,019	2,738

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 Flat B-31, 4/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in 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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 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 2023, 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.

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 2023.

4 Revenue, other income and other gain and segment information

The management has determined the operating segments based on the reports reviewed by the directors of the Company, which are used to assess performance and allocate resources.

The management assesses the performance of the following operating segments as below:

- | | | |
|------|---------------------------------------|---|
| (i) | Foundation and related works business | Provides services of foundation and site formation works and other geotechnical engineering works to customers. |
| (ii) | Alcoholic beverages trading business | Trading and distribution of alcoholic beverages. |

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
Foundation and related works	58,209	42,394
Sales of alcoholic beverages	422	1,025
	58,631	43,419

4 Revenue, other income and other gain and segment information (Continued)

Unaudited

Six months ended 30 June

	2024 HK\$'000	2023 HK\$'000
Timing of revenue recognition:		
At a point in time	422	1,025
Over time	58,209	42,394
	58,631	43,419

Unaudited

Six months ended 30 June

	2024 HK\$'000	2023 HK\$'000
Other income and other gain		
Fair value change on assets at fair value through profit or loss	48	65
Others	1,816	142
	1,864	207

4 Revenue, other income and other gain and segment information (Continued)

The segment revenue and results for the six months ended 30 June 2024 are as follows:

	Foundation and related works HK\$'000	Alcoholic beverages trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue from external customers	58,209	422	-	58,631
Segment results	2,185	(1,113)	(3,200)	(2,128)
Finance costs				(795)
Loss before tax				(2,923)
Income tax expense				(5)
Loss for the period				(2,928)
Other segment items included in the consolidated statement of profit or loss are as follows:				
Fair value gain on assets at fair value through profit or loss	-	-	48	48
Depreciation of property, plant and equipment	2,234	23	34	2,291
Depreciation of right-of-use assets	878	-	-	878
Provision for impairment of trade receivables	14	-	-	14
Reversal of impairment of contract assets	(132)	-	-	(132)

4 Revenue, other income and other gain and segment information (Continued)

The segment revenue and results for the six months ended 30 June 2023 are as follows:

	Foundation and related works HK\$'000	Alcoholic beverages trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue from external customers	42,394	1,025	–	43,419
Segment results	2,116	314	(1,478)	952
Finance costs				(625)
Profit before tax				327
Income tax expense				(222)
Profit for the period				105
Other segment items included in the consolidated statement of profit or loss are as follows:				
Fair value gain on assets at fair value through profit or loss	65	–	–	65
Depreciation of property, plant and equipment	1,271	–	34	1,305
Depreciation of right-of-use assets	560	–	–	560
Provision for impairment of trade receivables	(436)	–	–	(436)
Reversal of impairment of contract assets	378	–	–	378

4 Revenue, other income and other gain and segment information (Continued)

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Unaudited	
	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Segment assets		
Foundation and related works	93,872	115,968
Alcoholic beverages trading	5,139	4,990
Total reportable segment assets	99,011	120,958
Unallocated corporate assets	3,355	4,574
Consolidated assets	102,366	125,532

Note: All assets are allocated to operating segments other than certain cash and bank balances and payment for a life insurance policy.

	Unaudited	
	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Segment liabilities		
Foundation and related works	51,704	57,639
Alcoholic beverages trading	6,617	4,106
Total reportable segment liabilities	58,321	61,745
Unallocated corporate liabilities	4,960	2,163
Consolidated liabilities	63,281	63,908

Note: All liabilities are allocated to operating segments other than certain other payables and accruals and deferred tax liabilities and tax payable.

4 Revenue, other income and other gain and segment information (Continued)

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers			
	Unaudited		Non-current assets	
	Six months ended 30 June		As at 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
The PRC	422	1,025	-	-
Hong Kong	58,209	42,394	24,408	24,924
	58,631	43,419	24,408	24,924

Note: Non-current assets excluded payment for a life insurance policy.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Unaudited	
	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Customer A	12,981	-
Customer B	6,598	5,666
Customer C	18,284	-
Customer D	N/A	4,874
Customer E	-	9,281
Customer F	N/A	14,605

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group during the corresponding periods.

5 Administrative and other operating expenses

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Auditors' remuneration	300	340
Depreciation of property, plant and equipment	24	35
Depreciation of right-of-use assets	579	560
Short term lease expense	99	76
Staff costs, including directors' emoluments	1,830	1,293
Other expenses	6,033	3,101
	8,865	5,405

6 Finance costs

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank and other borrowings	703	570
Interest on lease liabilities	92	55
	795	625

7 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 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.

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.

7 Income tax expense (Continued)

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

	Unaudited	
	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
PRC Enterprise Income Tax	5	5
Deferred income tax (Note 11)	–	217
Income tax expense	5	222

8 Loss per share

	Unaudited	
	Six months ended 30 June	
	2024	2023
Loss for the period attributable to (HK\$'000): Equity holders of the Company	(2,784)	(46)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	115,000	115,000
Basic loss per share (HK cent)	(2.42)	(0.04)

Diluted loss per share is equal to the basic 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 2024 (2023: Nil).

10 Property, plant and equipment

During the six months ended 30 June 2024, the Group purchased property, plant and equipment of approximately HK\$0.6 million (2023: HK\$10.4 million).

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 2023	2,040	(314)	(929)	797
(Credited)/charged to profit or loss	1,061	(244)	(1,614)	(797)
<hr/>				
At 31 December 2023 and 1 January 2024	3,101	(558)	(2,543)	-
(Credited)/charged to profit or loss	(249)	20	229	-
<hr/>				
At 30 June 2024	2,852	(538)	(2,314)	-

12 Trade and other receivables

	Unaudited	Audited
	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables	22,962	22,777
Less: Provision for impairment losses	(2,234)	(2,220)
<hr/>		
Amount due from a director	20,728	20,557
Amounts due from related companies	-	18
Other receivables, deposits and prepayments	545	543
	11,230	7,700
<hr/>		
	32,503	28,818

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\$.

12 Trade and other receivables (Continued)

Notes: (Continued)

- (b) The ageing analysis of the trade receivables based on date of payment certificates issued by customers is as follows:

	Unaudited	Audited
	30 June 2024 HK\$'000	31 December 2023 HK\$'000
0–30 days	15,602	5,449
31–60 days	3,633	6,045
61–90 days	–	3,225
Over 90 days	3,727	8,058
	22,962	22,777

As at 30 June 2024, trade receivables of approximately HK\$3,727,000 (31 December 2023: HK\$6,491,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

13 Share capital

	Ordinary shares of HK\$0.1 each	Amount HK\$'000
Authorised:		
At 1 January 2023, 31 December 2023 and 1 January 2024	300,000,000	30,000
Increase in authorised share capital (<i>Note</i>)	2,700,000,000	270,000
<hr/>		
At 30 June 2024	3,000,000,000	300,000
<hr/>		
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	115,000,000	11,500
<hr/>		

Note: On 17 May 2024, the authorised share capital of the Company increased from HK\$30,000,000 divided into 300,000,000 shares to HK\$300,000,000 divided into 3,000,000,000 Shares.

14 Borrowings

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Non-current		
Other borrowing (<i>Note b</i>)	3,028	4,840
Current		
Bank borrowings (<i>Note a</i>)	6,278	10,316
Other borrowing (<i>Note b</i>)	6,219	7,437
	12,497	17,753
Total borrowings	15,525	22,593

Note:

- a. These facilities:
- (i) are secured by a payment of a life insurance policy as at 30 June 2024 and 31 December 2023.
 - (ii) are subject to the fulfilment of certain covenants as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Company regularly monitors its compliance with these covenants. As at 30 June 2024 and 31 December 2023, none of the covenants relating to drawn down facilities had been breached.
- b. The other borrowing is secured by the Group's certain property, plant and equipment with an aggregate net carrying amount of approximately HK\$20,800,000 (31 December 2023: HK\$22,620,000) as at 30 June 2024 and guaranteed by personal guarantee given by a director of the Company.

The interest rates per annum of bank borrowings ranged from 4.9% to 5.6% (31 December 2023: from 5.2% to 5.9%) as at 30 June 2024. The interest rates per annum of other borrowing ranged from 6.3% to 9.3% (31 December 2023: from 6.3% to 9.3%) as at 30 June 2023.

15 Trade and other payables

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Trade payables	15,615	15,192
Accrued employee benefit expenses	4,531	2,763
Other accruals and payables	19,927	13,128
Retention payables	5,124	5,181
	45,197	36,264

Note:

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
0–30 days	1,308	2,145
31–60 days	904	1,584
61–90 days	1,645	1,142
Over 90 days	11,758	10,321
	15,615	15,192

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	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Fee, discretionary bonuses, salaries, allowances and benefits in kind	66	708
Retirement scheme contributions	-	9
	66	717

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 (the “**Shares**”) were listed on GEM on 27 June 2017 by way of public offer.

For the six months ended 30 June 2024, the Group recorded a net loss of approximately HK\$2.9 million as compared to a net profit of approximately HK\$0.1 million for the same period in 2023.

Outlook

Looking ahead to the global economy in 2024, there are numerous uncertainties, including trade disputes, geopolitical instability, and the lingering effects of the Covid-19 pandemic, all of which pose significant challenges to the global economy. However, the Group maintains a cautiously optimistic attitude toward future prospects. The Group believes that the global economy will gradually recover and achieve long-term, stable growth. Despite the current difficulties, we believe that these challenges will bring forth new opportunities. The Group will continue to remain vigilant and work diligently to address these challenges, ensuring our business can adapt to economic changes.

In terms of our foundation works in Hong Kong, it has always been a crucial industry in the region, and we believe that this market will continue to expand as Hong Kong progresses and further develops. The Group is dedicated to providing top-notch foundation engineering services, and we will continue to invest in technological innovation and talent development to maintain our competitive edge.

Additionally, the Group is closely monitoring the alcoholic beverage trading market in mainland China, as it is a substantial market with growing consumer demand. With our wealth of experience and resources in this market, we will continue to closely observe its development and adjust its business strategy according to market demands.

Financial Review

Revenue

The Group's revenue increased by approximately 35.0% from approximately HK\$43.4 million for the six months ended 30 June 2023 to approximately HK\$58.6 million for the six months ended 30 June 2024, mainly due to enhanced efficiency.

Costs of Sales

The Group's cost of sales increased from approximately HK\$37.3 million for the six months ended 30 June 2023 to approximately HK\$53.9 million for the six months ended 30 June 2024, which was generally consistent with the increased revenue during the period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2024 were approximately HK\$4.8 million, representing a decrease of approximately 21.9% from approximately HK\$6.1 million for the six months ended 30 June 2023. The Group's gross profit margin for the six months ended 30 June 2024 was approximately 8.1%, representing a decrease of approximately 5.9 percentage points as compared to approximately 14% for the six months ended 30 June 2023. 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\$5.4 million for the six months ended 30 June 2023 to approximately HK\$8.9 million for the six months ended 30 June 2024, which was generally consistent with the increase in other expense during the period.

Loss for the Period

For the six months ended 30 June 2024, the Group recorded loss of approximately HK\$2.9 million as compared to profit for the six months ended 30 June 2023 of approximately HK\$0.1 million.

Capital Structure, Liquidity and Financial Resources

The Shares were successfully listed on GEM of the Stock Exchange on 27 June 2017. On 17 May 2024, the authorised share capital of the Company increased from HK\$30,000,000 divided into 300,000,000 Shares to HK\$300,000,000 divided into 3,000,000,000 Shares. 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 2024, the Group had cash and bank balances of approximately HK\$2.0 million (31 December 2023: HK\$4.8 million).

As at 30 June 2024, the Group's total equity attributable to owners of the Company amounted to approximately HK\$38.8 million (31 December 2023: HK\$41.5 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$17.6 million (31 December 2023: HK\$25.6 million).

As at 30 June 2024, the Group's net assets were approximately HK\$39.0 million (31 December 2023: HK\$42.0 million). The Group remained at a net cash position as at 30 June 2024 and 2023 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 2024, the Group had borrowings and lease liabilities of approximately HK\$17.6 million which was denominated in Hong Kong dollars (31 December 2023: HK\$25.6 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2024, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 45.0% (31 December 2023: 60.9%).

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 2024. There was no future plan for material investments or capital assets as at 30 June 2024.

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, except for certain bank balances and payment for life insurance policy which are denominated in US\$. Since HK\$ is pegged to US\$, the Directors are of the view that the Group has limited 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 capture future growth opportunities.

Charge on Group Assets

As at 30 June 2024, the Group has pledged its certain property, plant and equipment with an aggregate net book value of approximately HK\$20.8 million (31 December 2023: approximately HK\$22.6 million).

As at 30 June 2024, the Group pledged the payment for a life insurance policy of a bank with the carrying amount of approximately HK\$3.0 million to secure the bank borrowings of the Group (31 December 2023: approximately HK\$2.9 million).

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

Capital Commitments

As at 30 June 2024, the Group did not have any capital commitments (31 December 2023: Nil) contracted but not provided for property, plant and equipment.

Segment Information

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 and the trading of alcoholic beverages in the PRC.

Information on Employees

As at 30 June 2024, the Group had 125 full-time employees working in Hong Kong (As at 31 December 2023: 80). The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the six months ended 30 June 2024 amounted to approximately HK\$19.4 million (2023: HK\$11.7 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 2024 (2023: Nil).

Events After the Reporting Period

Pursuant to an ordinary resolutions passed by the shareholders of the Company at the extraordinary general meeting of the Company (the “**EGM**”) held on 17 May 2024, an increase in the authorised share capital of the Company (the “**Authorised Share Capital**”) has been approved at the EGM, pursuant to which the Authorised Share Capital was increased to HK\$300,000,000 divided into 3,000,000,000 Shares.

On 21 June 2024, the Company completed a rights issue (the “**Rights Issue**”) on the basis of three rights share for every one share held at the subscription price of HK\$0.12 per rights share and allotted and issued 30,740,018 shares. The Company completed a subsequent placing of 75,600,000 unsubscribed rights shares at the price of HK\$0.12 per share through a placing agent on 8 July 2024. The gross and net proceeds raised from the Rights Issue and the compensatory arrangement thereunder are approximately HK\$12.8 million and HK\$10.4 million, respectively.

For further details, please refer to the announcements of the Company dated 24 April 2024, 6 June 2024, 26 June 2024 and 11 July 2024.

Unless otherwise disclosed herein, there has been no other important event affecting the Group since 30 June 2024 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 2024, 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	51,000,000	44.35%
Mr. Lau	Beneficial owner	750,000	0.65%

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.

[#] The percentage of interest in the Company is calculated by reference to the number of ordinary Shares in issue as at 30 June 2024, that is 115,000,000 ordinary Shares of the Company.

Save as disclosed above, as at 30 June 2024, 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 2024, 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 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	51,000,000	44.35%

[#] The percentage of interest in the Company is calculated by reference to the number of ordinary Shares in issue as at 30 June 2024, that is 115,000,000 ordinary Shares of the Company.

Save as disclosed above, as at 30 June 2024, 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 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 Shares during the six months ended 30 June 2024.

Competition and Conflict of Interests

None of the Directors, the controlling shareholders or substantial Shareholders 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 2024.

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. 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 2024.

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 2024, 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 2024, 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. Ngok Ho Wai (the chairman of the Audit Committee), Mr. Lam Chee-yau Timothy and Mr. Li Dewen, 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 2024. The condensed consolidated financial results for the six months ended 30 June 2024 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.

Change in Directors' Information

On 4 September 2024, subsequent to the resignation of Ms. Du Wanfen and Mr. Ngok Ho Wai, Mr. Ng Ki Man has been appointed as an independent non-executive Director, the chairman of the remuneration committee of the Company, the chairman of the Audit Committee and a member of the nomination committee of the Company.

By order of the Board
Basetrophy Group Holdings Limited
Chan Kui Ming
Company Secretary

Hong Kong, 30 August 2024