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## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

## FINAL RESULTS

The board of Directors (the “**Board**”) of the Company hereby announces the audited consolidated financial results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>97,150</b>	86,480
Cost of sales and service	5	<b>(83,831)</b>	(70,216)
Gross profit		<b>13,319</b>	16,264
Other income and other gains	3	<b>261</b>	1,496
Other losses	4	<b>(17,606)</b>	(12,555)
Selling and distribution costs		<b>(824)</b>	–
Administrative and other operating expenses	5	<b>(14,611)</b>	(11,682)
Operating loss		<b>(19,461)</b>	(6,477)
Finance costs		<b>(1,622)</b>	(563)
Loss before income tax		<b>(21,083)</b>	(7,040)
Income tax credit	6	<b>788</b>	562
Loss for the year		<b>(20,295)</b>	(6,478)
<b>Other comprehensive income:</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(3)</b>	27
Other comprehensive (expense)/income for the year, net of tax		<b>(3)</b>	27
<b>Total comprehensive expense</b>		<b>(20,298)</b>	(6,451)

	<i>Note</i>	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
Loss attributable to:			
Equity holders of the Company		<b>(19,773)</b>	(6,518)
Non-controlling interests		<b>(522)</b>	40
		<u><b>(20,295)</b></u>	<u>(6,478)</u>
 Total comprehensive expense attributable to:			
Equity holders of the Company		<b>(19,772)</b>	(6,504)
Non-controlling interests		<b>(526)</b>	53
		<u><b>(20,298)</b></u>	<u>(6,451)</u>
 Loss per share attributable to the equity holders of the Company during the year			
Basic and diluted ( <i>HK cent</i> )	7	<u><b>(17.19)</b></u>	<u>(5.82)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		24,107	14,322
Right-of-use assets		2,858	2,056
Payment for a life insurance policy		2,903	2,817
		<u>29,868</u>	<u>19,195</u>
<b>Current assets</b>			
Inventories		4,083	4,112
Trade and other receivables	9	28,818	17,194
Contract assets		35,235	59,772
Tax recoverable		1,464	1,084
Cash and bank balances		4,837	4,147
		<u>74,437</u>	<u>86,309</u>
<b>Total assets</b>		<u><b>104,305</b></u>	<u><b>105,504</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	11,500	11,500
Reserves		30,012	49,784
		<u>41,512</u>	<u>61,284</u>
<b>Equity attributable to owners of the Company</b>		<b>41,512</b>	61,284
<b>Non-controlling interests</b>		<b>464</b>	323
		<u>41,976</u>	<u>61,607</u>
<b>Total equity</b>		<u><b>41,976</b></u>	<u><b>61,607</b></u>

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>4,840</b>	3,494
Lease liabilities		<b>1,107</b>	963
Deferred tax liabilities		–	797
		<u><b>5,947</b></u>	<u>5,254</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>36,264</b>	25,353
Tax payable		<b>5</b>	–
Borrowings		<b>17,753</b>	11,698
Lease liabilities		<b>1,860</b>	1,092
Contract liabilities		<b>500</b>	500
		<u><b>56,382</b></u>	<u>38,643</u>
<b>Total liabilities</b>		<u><b>62,329</b></u>	<u>43,897</u>
<b>Total equity and liabilities</b>		<u><b>104,305</b></u>	<u>105,504</u>
<b>Net current assets</b>		<u><b>18,055</b></u>	<u>47,666</u>
<b>Total assets less current liabilities</b>		<u><b>47,923</b></u>	<u>66,861</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1 GENERAL INFORMATION AND BASIS OF PRESENTATION

Basetrophy Group Holdings Limited (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 of Hong Kong Limited (the “**Stock Exchange**”) on 27 June 2017. Its parent and ultimate holding company is Brightly Ahead Limited, a company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Lau Chung Ho, 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, 4th Floor, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) is principally engaged in provision of foundation and related works in Hong Kong and trading of alcoholic beverages in the People’s Republic of China (the “**PRC**”).

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

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss.

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.

### *Amendments to HKFRSs that are mandatorily effective for the current year*

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

### ***Application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong***

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The Group will adopt this approach and is still in the process of assessing the impact of the LSP obligation due to the Amendment Ordinance.

### 3 REVENUE, OTHER INCOME AND OTHER GAIN AND SEGMENT INFORMATION

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>		
Foundation and related works	95,327	86,178
Sales of alcoholic beverages	1,823	302
	<u>97,150</u>	<u>86,480</u>
<b>Other income and other gain</b>		
Fair value gain on assets at fair value through profit or loss	86	72
Gain on bargain purchase	–	281
Government grants ( <i>Note</i> )	–	740
Rental income	–	360
Others	175	43
	<u>261</u>	<u>1,496</u>

*Note:*

Under Anti-Epidemic Fund launched by the government of HKSAR, wage subsidies of approximately HK\$740,000 related to the Employment Support Scheme were recognised in the year ended 31 December 2022.

#### Disaggregation of revenue from contracts with customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Represented by:		
<b>Timing of revenue recognition</b>		
At a point in time	1,823	302
Over time	95,327	86,178
	<u>97,150</u>	<u>86,480</u>
<b>Types of goods or service</b>		
Foundation and related works	95,327	86,178
Sales of alcoholic beverages	1,823	302
	<u>97,150</u>	<u>86,480</u>



### Performance obligations for contracts with customers

- i) The Group provides services of foundation and site formation works and other geotechnical engineering works to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these works is therefore recognised over time using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers or payment applications confirmed by internal surveyor. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.
- ii) Revenue from alcoholic beverages trading is recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location, the customers obtain physical possession of the goods and accept the significant risks and rewards of ownership of the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the Group's right to consideration becomes unconditional, as only the passage of time is required before payment is due. The contracts signed with the customers are fixed price contracts.

### Transaction price allocated to the remaining performance obligations from contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 and the expected timing of recognising revenue are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Foundation and related works</b>		
Within 1 year	<u>107,805</u>	<u>49,058</u>

## 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   |

The segment revenue and results for the year ended 31 December 2023 are as follows:

	<b>Foundation and related works HK\$'000</b>	<b>Alcoholic beverages trading HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue from external customers</b>	<b>95,327</b>	<b>1,823</b>	<b>–</b>	<b>97,150</b>
Segment results	<b>(13,590)</b>	<b>(1,713)</b>	<b>(4,158)</b>	<b>(19,461)</b>
Finance costs				<b>(1,622)</b>
<b>Loss before income tax</b>				<b>(21,083)</b>
Income tax credit ( <i>Note 6</i> )				<b>788</b>
<b>Loss for the year</b>				<b>(20,295)</b>

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	–	–	86	86
Depreciation of property, plant and equipment	3,520	4	68	3,592
Depreciation of right-of-use assets	1,457	–	–	1,457
Loss on inventories	–	23	–	23
Written off of contract assets	5,800	–	–	5,800
Provision for impairment of trade receivables	982	–	–	982
Provision for impairment of contract assets	10,801	–	–	10,801

The segment revenue and results for the year ended 31 December 2022 are as follows:

	Foundation and related works <i>HK\$'000</i>	Alcoholic beverages trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue from external customers</b>	86,178	302	–	86,480
Segment results	(1,773)	95	(4,799)	(6,477)
Finance costs				(563)
<b>Loss before income tax</b>				(7,040)
Income tax credit ( <i>Note 6</i> )				562
<b>Loss for the year</b>				(6,478)
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	–	–	72	72
Depreciation of property, plant and equipment	2,718	–	–	2,718
Depreciation of right-of-use assets	210	–	–	210
Provision for impairment of trade receivables	418	–	–	418
Provision for impairment of contract assets	12,137	–	–	12,137

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Segment assets</b>		
Foundation and related works	<b>95,464</b>	91,143
Alcoholic beverages trading	<b>5,475</b>	4,998
<b>Total reportable segment assets</b>	<b>100,939</b>	96,141
Unallocated corporate assets	<b>3,366</b>	9,363
Consolidated assets	<b>104,305</b>	105,504

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Segment liabilities</b>		
Foundation and related works	53,293	38,318
Alcoholic beverages trading	5,868	2,611
	<hr/>	<hr/>
Total reportable segment liabilities	59,161	40,929
Unallocated corporate liabilities	3,168	2,968
	<hr/>	<hr/>
<b>Consolidated liabilities</b>	<b>62,329</b>	<b>43,897</b>
	<hr/> <hr/>	<hr/> <hr/>

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

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.

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>For the year ended 31 December</b>		<b>As at 31 December</b>	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	1,823	302	23	–
Hong Kong	95,327	86,178	26,942	16,378
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>97,150</b>	<b>86,480</b>	<b>26,965</b>	<b>16,378</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	29,753	N/A <sup>1</sup>
Customer B	9,281	N/A <sup>1</sup>
Customer C	–	21,043
Customer D	–	17,154
Customer E	–	10,026
	<hr/> <hr/>	<hr/> <hr/>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group during the corresponding years.

#### 4 OTHER LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss on inventories	23	–
Net impairment losses on trade and other receivables and contract assets	11,783	12,555
Written off of contract assets	5,800	–
	<u>17,606</u>	<u>12,555</u>

#### 5 EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of sales and service		
Staff costs	24,159	15,802
Depreciation of property, plant and equipment	3,227	2,687
Depreciation of right-of-use assets	200	–
Leasing expenses	–	1,103
Cost of alcoholic beverages expensed	1,123	94
Other construction contract costs ( <i>Note</i> )	55,122	50,530
	<u>83,831</u>	<u>70,216</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Administrative and other operating expenses		
Auditors' remuneration	600	680
Depreciation of property, plant and equipment	365	31
Depreciation of right-of-use assets	1,257	210
Leasing expenses	–	85
Staff costs	3,392	4,345
Other expenses	8,997	6,331
	<u>14,611</u>	<u>11,682</u>

*Note:* Other construction contract costs included but are not limited to construction materials, subcontracting charges and repair and maintenance.

## 6 INCOME TAX CREDIT

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits during the year ended 31 December 2023.

PRC Enterprise Income Tax of the subsidiaries of the Company in the PRC has been provided at applicable rates on the estimated assessable profits for the years ended 31 December 2023 and 2022. The applicable rates which may be lower than the standard rate of corporate tax at 25% represent the tax concessionary rates available to the small and medium-size enterprises in the PRC and are shown as follows:

<b>Band of profits</b>	<b>Applicable rates</b>	
Within Renminbi (“RMB”) 1 million		2.5%
Between RMB1 to RMB3 million		5%
Over RMB3 million		25%
	<b>2023</b>	2022
	<b>HK\$’000</b>	<b>HK\$’000</b>
Current Tax:		
– Current income tax	–	–
– PRC Enterprise Income Tax	<b>9</b>	13
Deferred tax credit	<b>(797)</b>	(575)
	<u>                    </u>	<u>                    </u>
Income tax credit	<b>(788)</b>	(562)
	<u>                    </u>	<u>                    </u>

## 7 LOSS PER SHARE

	<b>2023</b>	2022
	<b>HK\$’000</b>	<b>HK\$’000</b>
Loss attributable to owners of the Company (HK\$’000)	<b>(19,773)</b>	(6,518)
	<u>                    </u>	<u>                    </u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	<b>115,000</b>	111,959
	<u>                    </u>	<u>                    </u>
Basic loss per share (HK cent)	<b>(17.19)</b>	(5.82)
	<u>                    </u>	<u>                    </u>

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

## 8 DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 December 2023 (2022: Nil).

## 9 TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	22,777	7,287
Less: Provision for impairment losses	<u>(2,220)</u>	<u>(1,238)</u>
	20,557	6,049
Amount due from a director	18	7
Amounts due from related companies	543	66
Other receivables	567	8
Rental and other deposits	1,816	1,132
Prepayments	<u>5,317</u>	<u>9,932</u>
	<u><u>28,818</u></u>	<u><u>17,194</u></u>

### 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 mainly denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on date of payment certificates issued by customers or invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	5,449	1,842
31–60 days	6,045	1,076
61–90 days	3,225	–
Over 90 days	<u>8,058</u>	<u>4,369</u>
	<u><u>22,777</u></u>	<u><u>7,287</u></u>

As at 31 December 2023, trade receivables of approximately HK\$6,491,000 (2022: approximately HK\$4,369,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

## 10 SHARE CAPITAL

	<i>Notes</i>	<b>Ordinary shares of HK\$0.01 each</b>	<b>Ordinary shares of HK\$0.1 each</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>				
At 1 January 2022		3,000,000,000	–	30,000
Share consolidation	<i>(i)</i>	<u>(3,000,000,000)</u>	<u>300,000,000</u>	<u>–</u>
<b>At 31 December 2022, 1 January 2023 and 31 December 2023</b>				
		<u>–</u>	<u>300,000,000</u>	<u>30,000</u>
<b>Issued and fully paid:</b>				
At 1 January 2022		1,100,000,000	–	11,000,000
Share consolidation	<i>(i)</i>	<u>(1,100,000,000)</u>	<u>110,000,000</u>	<u>–</u>
Issue of ordinary shares	<i>(ii)</i>	<u>–</u>	<u>5,000,000</u>	<u>500,000</u>
<b>At 31 December 2022, 1 January 2023 and 31 December 2023</b>				
		<u>–</u>	<u>115,000,000</u>	<u>11,500,000</u>

*Notes:*

- (i) On 11 July 2022, the Company consolidated every ten issued and unissued shares of par value HK\$0.01 each in the share capital of the Company into one consolidated share of par value HK\$0.10 each in the share capital of the Company.
- (ii) On 11 August 2022, the Company allotted and issued 5,000,000 ordinary shares of HK\$0.1 each in the capital of the Company at a subscription price of HK\$0.4 per share. The Company raised approximately HK\$1,539,000 (net of expenses).



## 11 TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables ( <i>Note a</i> )	15,192	8,165
Accrued employee benefit expenses	2,763	1,938
Amounts due to directors ( <i>Note b</i> )	4,163	–
Amounts due to related companies ( <i>Note c</i> )	3,281	1,887
Amounts due to non-controlling interests ( <i>Note d</i> )	1,421	1,718
Other accruals and payables	2,684	4,705
Provision for long services payment	1,579	1,486
Retention payables ( <i>Note e</i> )	5,181	5,454
	<u>36,264</u>	<u>25,353</u>

*Note:*

- (a) The ageing analysis of trade payables as at the end of the reporting period, based on the invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	2,145	1,568
31–60 days	1,584	759
61–90 days	1,142	674
Over 90 days	10,321	5,164
	<u>15,192</u>	<u>8,165</u>

The trade payables are non-interest-bearing and are normally settled within one year.

- (b) The amounts due to directors are unsecured, interest free and repayable on demand.
- (c) The amounts due to related companies are unsecured, interest free and repayable on demand. The related companies are controlled by a close member of a key management personnel of the Company.
- (d) The amounts due to non-controlling interests are unsecured, interest free and repayable on demand.
- (e) All of the retention payables are expected to be settled within one year.

## 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) trader of alcoholic beverages in the People's Republic of China (the "PRC").

The shares of the Company were listed on GEM of the Stock Exchange on 27 June 2017 (the "Listing Date") by way of public offer.

For the year ended 31 December 2023, the Group recorded a net loss of approximately HK\$20.3 million as compared to a net loss of approximately HK\$6.5 million for the year ended 31 December 2022.

### 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. Firstly, the Group believes that the global economy will gradually recover and achieve long-term, stable growth. Despite the current difficulties, the Group also believes that these challenges will bring forth new opportunities. The Group will continue to remain vigilant and work diligently to address these challenges, ensuring its business can adapt to economic changes.

In terms of the Group's foundation works in Hong Kong, it has always been a crucial industry in the region, and the Group believes 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 the Group will continue to invest in technological innovation and talent development to maintain its 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 the Group's wealth of experience and resources in this market, the Group will continue to closely observe its development and adjust our business strategy according to market demands.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the relatively significant risks relating to the Group's business are as follows:

- A significant portion of the Group's revenue was generated from contracts which were not recurrent in nature and were awarded by a few customers, and there is no guarantee that such customers will provide the Group with new business;
- As the Group from time to time engages subcontractors in its projects, the Group may have to bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the subcontractors; and
- There may be discrepancies between the ground investigation findings and the actual geological conditions of the site which may cause the Group to incur additional cost or result in potential claims which are not insured and adversely affect the Group's profitability as the related contracts are usually of a fixed sum without price adjustment mechanism.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the prospectus of the Company dated 14 June 2017 (the "**Prospectus**").

## **COMPLIANCE WITH LAWS AND REGULATIONS**

To the best of the Directors' knowledge, information and belief, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2023, there was no material breach of or non-compliance of the applicable laws and regulations by the Group.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

## **RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES**

The Group maintains a good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers and suppliers, without whom success in the Group's business and operation would be at risk.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$10.7 million or 12.4% from approximately HK\$86.5 million for the year ended 31 December 2022 to approximately HK\$97.2 million for the year ended 31 December 2023, mainly due to business growth.

### **Costs of sales**

The Group's cost of sales increased from approximately HK\$70.2 million for the year ended 31 December 2022 to approximately HK\$83.8 million for the year ended 31 December 2023, representing an increase of approximately HK\$13.6 million or 19.4%. Such increase was generally in line with the increase in revenue.

### **Gross profit and gross profit margin**

The Group's gross profit for the year ended 31 December 2023 were approximately HK\$13.3 million, representing a decrease of approximately 18.4% from approximately HK\$16.3 million for the year ended 31 December 2022. Such decrease was mainly due to the decrease in gross profit margin. The Group's gross profit margin for the year ended 31 December 2023 was approximately 13.7%, representing a decrease of approximately 5.1 percentage points as compared to approximately 18.8% for the year ended 31 December 2022. Such decrease was primarily due to competitive project pricing arising from intense market competition.

### **Other income and other gain**

The other income and other gain decreased by approximately HK\$1.2 million from approximately HK\$1.5 million for the year ended 31 December 2022 to approximately HK\$0.3 million for the year ended 31 December 2023, primarily due to the lack of government grants received under the "Anti-Epidemic Fund" due to the outbreak of the COVID-19.

### **Administrative and other operating expenses**

The Group's administrative and other operating expenses for the year ended 31 December 2023 were approximately HK\$14.6 million, representing an increase of approximately HK\$2.9 million or 24.8% from approximately HK\$11.7 million for the year ended 31 December 2022, primarily due to increase in staff costs and cost of alcoholic beverages expensed.

### **Finance Costs**

Finance costs of the Group increased by approximately HK\$1.0 million from approximately HK\$0.6 million for the year ended 31 December 2022 to approximately HK\$1.6 million for the year ended 31 December 2023. Finance costs consist of interest on bank and other borrowings and lease liabilities.

## **Income Tax Credit**

For the years ended 31 December 2023 and 2022, the Group recorded income tax credit of approximately HK\$0.8 million and approximately HK\$0.6 million, respectively.

## **Loss for the year**

For the year ended 31 December 2023, the Group recorded a loss attributable to owners of the Company of approximately HK\$19.8 million as compared to a loss attributable to owners of the Company of approximately HK\$6.5 million for the year ended 31 December 2022. The loss during the year was mainly attributed to (i) increase of impairment losses on financial and contract assets; (ii) increase in depreciation of right-of-use assets; and (iii) increase in other expenses.

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 31 December 2023, the Group had cash and bank balances of approximately HK\$4.8 million (2022: approximately HK\$4.1 million).

As at 31 December 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$41.5 million (2022: approximately HK\$61.3 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$25.6 million (2022: approximately HK\$17.2 million).

## **BORROWINGS AND GEARING RATIO**

As at 31 December 2023, the Group had borrowings and lease liabilities of approximately HK\$25.6 million which was denominated in Hong Kong dollars (2022: approximately HK\$17.2 million). The Group's borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2023, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 61% (2022: approximately 28%).

## **TREASURY POLICY**

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 31 December 2023, the Group has pledged its machinery and equipment with an aggregate net book value of approximately HK\$22.6 million (2022: approximately HK\$9.3 million).

As at 31 December 2023, the Group pledged the payment for a life insurance policy of a bank with the carrying amount of approximately HK\$2.9 million to secure the bank borrowings of the Group (2022: approximately HK\$2.8 million).

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. Such arrangements do not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2023, the Group had raised approximately HK\$11.8 million borrowings in respect of such sale and leaseback arrangements (2022: approximately HK\$5.5 million).

## **FOREIGN EXCHANGE EXPOSURE**

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong dollars which is the functional 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.

## **CAPITAL STRUCTURE**

As at 31 December 2023, the Company's issued share capital was HK\$11.5 million and the number of its issued ordinary shares was 115,000,000 of HK\$0.10 each.

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group had no material capital commitments (2022: Nil) contracted but not provided for property, plant and equipment.

## **SEGMENT INFORMATION**

Segmental information of the Group is disclosed in Note 3 of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have other plans for material investments or capital assets as of 31 December 2023.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2023, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any material contingent liabilities (2022: Nil).

## **FINAL DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended 31 December 2023 (2022: Nil).

## **CORPORATE GOVERNANCE PRACTICE**

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 December 2023, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

## **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 Company's shares during the year ended 31 December 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

On 23 February 2024, the Company proposed to raise up to approximately HK\$41.4 million on the basis of three rights share for every one share of HK\$0.10 each in the share capital of the Company by issuing 345,000,000 rights shares at the subscription price of HK\$0.12 per rights share ("**Proposed Rights Issue**").

The Proposed Rights Issue is subject to the approval of the independent shareholders of the Company at the special general meeting by way of poll. Details of the Proposed Rights Issue is set out in the Company's announcements dated 23 February 2024 and 14 March 2024.

## **AUDIT COMMITTEE**

The chairman of the Audit Committee is Mr. Ngok Ho Wai, the independent non-executive Director, and other members included Mr. Lam Chee-yau Timothy and Mr. Li Dewen, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2023, the Audit Committee held four meetings to review and comment on the Company's 2022 annual results, 2023 interim results and quarterly results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 December 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2023 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Infinity CPA Limited (the "Infinity"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by Infinity in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by Infinity on this announcement.

The Group's consolidated financial statements for the year ended 31 December 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2023 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.



## APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By order of the Board  
**Basetrophy Group Holdings Limited**  
**Leung Yat Fai Frankie Keith**  
*Chairman and Executive Director*

Hong Kong, 28 March 2024

*As at the date of this announcement, 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. Li Dewen as independent non-executive Directors.*

*This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at [www.wbgroupfw.com.hk](http://www.wbgroupfw.com.hk).*