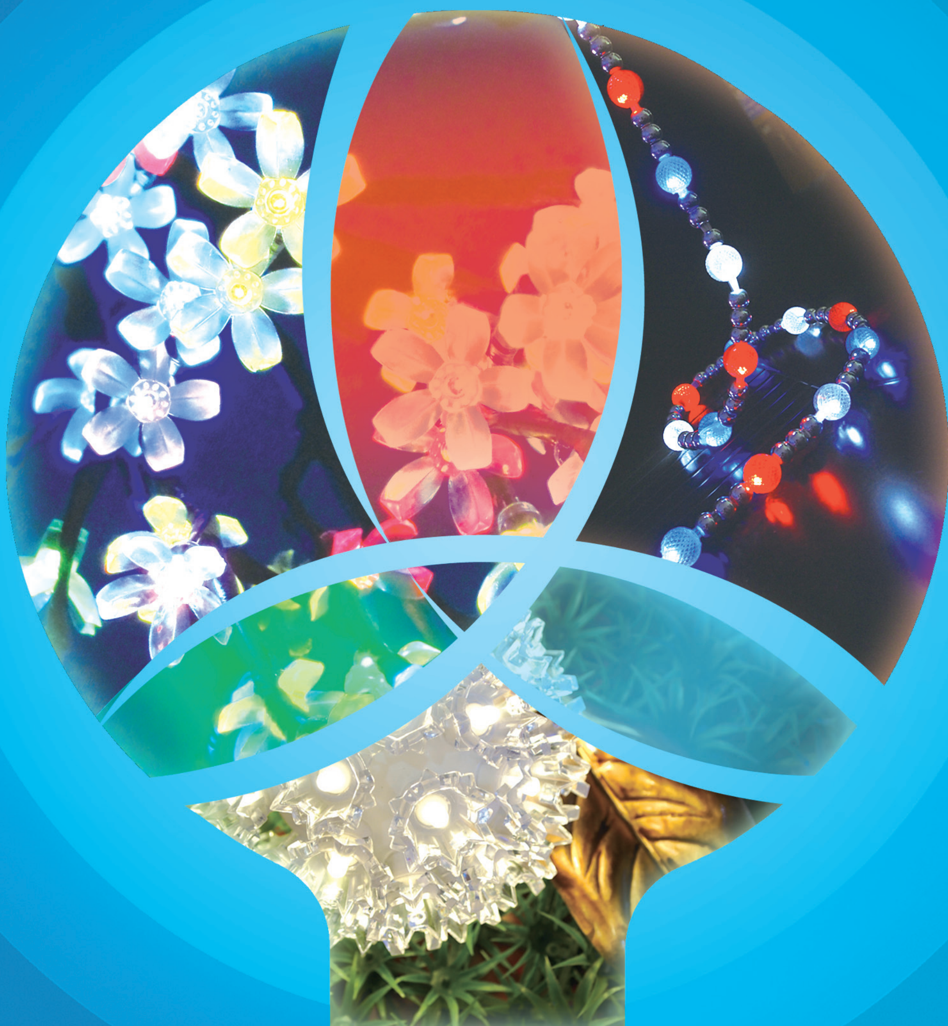
Bortex Global Limited
濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118



2018
ANNUAL REPORT

* *For identification purpose only*

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 of the Stock Exchange 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 Bortex Global Limited (the "**Company**") 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. Shiu Kwok Leung *(Chairman)*
Mr. Shao Xu Hua
Mr. Yuen Lai Him

Independent Non-executive Directors

Mr. Wong Ting Kon
Ms. Lo Ching Yee
Mr. Cheng Hok Ming Albert

AUDIT COMMITTEE

Mr. Wong Ting Kon *(Chairman)*
Ms. Lo Ching Yee
Mr. Cheng Hok Ming Albert

REMUNERATION COMMITTEE

Mr. Cheng Hok Ming Albert *(Chairman)*
Mr. Yuen Lai Him
Mr. Wong Ting Kon

NOMINATION COMMITTEE

Mr. Shiu Kwok Leung *(Chairman)*
Mr. Wong Ting Kon
Mr. Cheng Hok Ming Albert

COMPANY SECRETARY

Ms. Wong Mun Yan

COMPLIANCE OFFICER

Mr. Shiu Kwok Leung

AUTHORISED REPRESENTATIVES

Mr. Shiu Kwok Leung
Mr. Shao Xu Hua

INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited

COMPLIANCE ADVISER

Ample Capital Limited

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Cayman Islands

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

www.bortex.com.cn

STOCK CODE

8118

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "**Board**"), I present the annual report and the audited consolidated financial statement of the Company and its subsidiaries (together with the Company, the "**Group**") for the year ended 30 April 2018.

2017 is an important year to the Company. We have entered the international capital market by listing on GEM of the Stock Exchange on 16 November 2017 to facilitate the further development of our business. The listing enhanced the corporate image and market recognition of the Group and was an important milestone of its development. The proceeds raised from the listing will be used to finance our future expansion and operation.

PERFORMANCE

After its successful listing, the Company continued to grasp the opportunities arising from the increasing demand of the LED lighting industry in the local and oversea markets. As such, its operating results were encouraging. During the year, the Group recorded revenue of approximately HK$151.2 million, representing a year-on-year increase of 6.7%. Excluding the non-recurring listing expense, the total comprehensive income attributable to owners of the Company amounted to approximately HK$22.4 million (2017: approximately HK$19.7 million) and net profit margin increased to approximately 14.8% for the year (2017: approximately 13.9%).

OUTLOOK

The LED lighting industry is expected to grow continuously on a steady path of development in the coming years. Looking ahead in the following financial years, we will capture opportunities in the growing market and further strengthen our market position in both the local and oversea markets. The Group will strengthen its marketing activities, continue to focus on research and development, expand its team of skilled and technical personnel and enhance quality of services to facilitate the sustainable development of its business. To keep abreast of the latest market trend, developments and the needs of consumers, the Group will continue to market its products with positive feedbacks from customers, such as the smart lighting series, as well as to strengthen the product development capacities to enrich the product portfolios of the Group.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff of the Group for their hard work and dedication, and also to our shareholders and business partners for their continuous support.

Shiu Kwok Leung
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in the manufacturing and sales of quality LED lighting products to our customers in North America, Europe and Asia Pacific region. Over the past year, the LED lighting industry continued to develop in a stable manner, characterised by growth in market size and gradual decline in the price of products. Under such business environment, the Group's principal strategy has been to raise product quality while at the same time bolster productivity.

During the year, the Group generated revenue of approximately HK$151.2 million (2017: HK$141.7 million), representing a 6.7% increase as compared to the year ended 30 April 2017. The net profit decreased by approximately 54.0% to approximately HK$7.4 million (2017: HK$16.1 million). The decrease was mainly attributable to the significant increase in non-recurring listing expense of approximately HK$5.4 million and the increase in associated administrative expenses such as remuneration of Directors and legal and professional fee after the listing.

During the year, approximately 79.6% of the revenue was derived from the Group's LED decorative lighting series, while conversely, the LED luminaire lighting series experienced a modest decline in revenue. The revenue of LED luminaire lighting series decreased by approximately HK$36.3 million or 54.0% as compared to that of the year ended 30 April 2017.

Consistent with the Group's strategy for the year under review, the management has sought to enhance product quality and productivity, resulting in the upgrading of the production line(s) for LED decorative lighting. The completion of such automation work in the year contributed to the rise in revenue from the lighting series. At the same time, the upgrading of the LED luminaire lighting production line(s) is ongoing, and is scheduled for completion in the financial year ending 30 April 2019, which our respective productivity is expected to be enhanced afterwards. During the year, the Group faced the risks of uncertainties in global economic outlook, which would affect consumer spending sentiments on LED lighting products. The management would closely monitor the market conditions and adjust the Group's product offers to cope with the change in demand of the market and in the consumer preference.

PROSPECT

The Directors are of the view that the LED lighting industry will continue on a steady path of development, hence they will steer the Group's development along similar lines, namely by taking a prudent course that caters for market demand. Given that manufacturers with good-quality products and mature technologies are more likely to receive orders from customers, the Group is in a strong position with its strength in both aspects. Correspondingly, among the products that are expected to achieve favourable sales in the coming financial year will also include the Group's smart lighting solutions, which embody good quality and advanced technology.

While the Group's quality products represent the means of achieving growth, advanced production techniques and geographic expansion are just as relevant. The former is in progress as aforementioned, while the latter will take the form of further penetration into the European decorative lighting market. In addition, the Group intends to establish an office in Shenzhen around September 2018, which is convenient for reaching both the PRC and international clients, as well as facilitate recruitment of R&D and sales talent.

Considering the importance of realising sustainable long-term development so as to deliver favourable returns to its shareholders, the Group will continue to bolster R&D capabilities, observe strict quality controls and implement strategies consistent with this farsighted and overriding objective.

FINANCIAL REVIEW

Revenue from LED decorative lighting

The Group's LED decorative lighting revenue increased by approximately HK$45.8 million or 61.5% from approximately HK$74.5 million for the year ended 30 April 2017 to approximately HK$120.3 million for the year ended 30 April 2018. The increase in LED decorative lighting revenue was mainly attributable to the new Hong Kong customer.

Revenue from LED luminaire lighting

The Group's LED luminaire lighting revenue decreased by approximately HK$36.3 million or 54.0% from approximately HK$67.2 million for the year ended 30 April 2017 to approximately HK$30.9 million for the year ended 30 April 2018. The decrease in LED luminaire lighting revenue was mainly resulting from the ongoing upgrading of the production line(s) for LED luminaire lighting during the year.

Cost of Sales

The Group's cost of sales increased by approximately HK$9.2 million or 9.3% from approximately HK$99.3 million for the year ended 30 April 2017 to approximately HK$108.5 million for the year ended 30 April 2018. The increase in cost of sales was generally in line with the increase in our total revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK$0.4 million or 0.9% from approximately HK$42.4 million for the year ended 30 April 2017 to approximately HK$42.8 million for the year ended 30 April 2018. The increase in gross profit was generally in line with the increase in our total revenue and was mainly attributable to the increase in sales of LED decorative lighting series. The gross profit margin slightly decreased from approximately 29.9% for the year ended 30 April 2017 to approximately 28.3% for the year ended 30 April 2018. The decrease in gross profit margin was mainly due to the increase in sales of LED lighting products with lower profit margin.

Other Income

The Group's other income increased by approximately HK$252,000 or 189.5% from approximately HK$133,000 for the year ended 30 April 2017 to approximately HK$385,000 for the year ended 30 April 2018. The increase was primarily attributable to the one-off receipt of government grant and the increase in sales of scrap material.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately HK$0.4 million or 9.3% from approximately HK$4.3 million for the year ended 30 April 2017 to approximately HK$3.9 million for the year ended 30 April 2018. The decease in selling and distribution expenses was mainly attributable to the decrease in advertising and marketing expenses.

Administrative Expenses

The Group's administrative expenses increased significantly by approximately HK$11.5 million or 78.2% from approximately HK$14.7 million for the year ended 30 April 2017 to approximately HK$26.2 million for the year ended 30 April 2018. The increase was mainly attributable to the significant increase in non-recurring listing expenses of approximately HK$5.4 million and the increase in associated administrative expenses such as remuneration of Directors and legal and professional fee after the listing.

Finance Cost

The Group's finance cost decreased by approximately HK$1.2 million from approximately HK$2.4 million for the year ended 30 April 2017 to approximately HK$1.2 million for the year ended 30 April 2018. The decrease in finance cost was mainly because of the decrease in bank borrowings during the year ended 30 April 2018.

GEARING RATIO

The Group recorded a gearing ratio (total debts divided by the total equity) of approximately 0.03 times as at 30 April 2018 (2017: 0.58 times). The decrease in the gearing ratio was mainly due to the repayment of bank borrowings by the use of proceeds from the listing.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2018, cash and bank balances of the Group amounted to approximately HK$34.0 million (2017: HK$8.5 million). The current ratio (total current assets divided by total current liabilities) of the Group was 3.7 times as at 30 April 2018 (2017: 1.4 times). In view of the Group's current level of cash and bank balances and funds generated internally from our operations, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND CAPITAL ASSETS

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets for the year ended 30 April 2018. Furthermore, the Group did not have any plans for material investments and capital assets.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2018, the Group did not have any significant capital commitments (30 April 2017: nil) and significant contingent liabilities (30 April 2017: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2018, the Group had a total of 257 employees. The total remuneration costs incurred by the Group for the year ended 30 April 2018 were approximately HK$15.7 million. We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees. The Company adopted a share option scheme to enable it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions.

CHARGE OF ASSETS

At the respective end of the reporting periods, the following asset was pledged to secure general banking facilities granted to the Group or borrowings of the Group:

	2018 ***HK$'000***	2017 *HK$'000*
Available-for-sale financial asset	**2,365**	2,566

FOREIGN CURRENCY EXPOSURE

A significant portion of the Group's turnover is derived from the Group's sales to customers located in North America and Taiwan which are primarily denominated and settled in US Dollars, while the Group generally settle the Group's cost of sales and operating expenses in Renminbi and Hong Kong dollars. We are therefore exposed to exchange rate risk. During the year ended 30 April 2018, we had experienced exchange gain of approximately HK$0.6 million (2017: loss of approximately HK$0.9 million).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 31 October 2017 (the "**Prospectus**") with the Group's actual business progress for the period from 16 November 2017 (i.e. the date of listing of the Company's shares on GEM, the "**Listing Date**") to 30 April 2018 is set out below:

Objectives	Implementation plan	Actual business progress up to 30 April 2018
Upgrading our production facilities	— improving automation and efficiency of LED decorative lighting series: (i) purchasing new automatic welding machines for the production of mobile phone applications linked LED decorative lighting products (ii) purchasing machinery for the production of more flexible user-friendly LED decorative lighting products (iii) purchasing machinery with a higher level of automation for the assembling of the LED decorative lighting products (iv) modifying and alternating our existing machines for the production of LED capsules	The Group purchased 2 new automatic welding machines for production of the mobile phone applications linked LED decorative lighting and upgraded 2 machines for more flexible and user-friendly decorative lighting product production line. With the focus to enhance automation, the Group acquired 2 new machines to allow a higher level of automation in the assembling process. A total of 36 existing machines were upgraded to increase the production capacity of LED capsules.

Objectives	Implementation plan	Actual business progress up to 30 April 2018
	— improving product quality and stability of LED luminaire lighting series: (i) purchase additional facility for LED tube light aging test (ii) invest in new surface mount technology (SMT) production line which is to be operated in a clean room	The Group purchased 1 new machine to facilitate the LED tube light age test and 2 new surface mount technology production lines.
Expanding our product portfolio and strengthening our product development capability	— recruiting design and experienced technical personnel	The Group hired 2 senior engineers to focus on product design and production.
	— applying patents	The Group had submitted 1 patent application.
Expanding our sales force and sales channel	— recruiting sales staff and providing training	2 new sales personnel were recruited for sales and marketing.
	— participation in exhibitions and trade fairs	The Group participated in a Hong Kong based exhibition in April 2018 and a United States based trade fair in January 2018.

USE OF PROCEEDS

The Company's shares were listed on GEM of the Stock Exchange on 16 November 2017 (i.e. the Listing Date). Net proceeds from the initial public offering and placing of new shares of the Company were approximately HK$30.1 million.

The table below sets out the intended use of net proceeds in accordance with the "Business Objectives, Future Plans and Use of Proceeds" as set out in the Prospectus:

	Approximate percentage of total amount	Net proceeds	Up to 30 April 2018	
			Utilised amount	Un-utilised amount
		HK$ million	*HK$ million*	*HK$ million*
Upgrading our production facilities	55%	16.6	4.4	12.2
— Improving automation and efficiency of LED decorative lighting series				
— Improving product quality and stability of LED luminaire lighting series				
Repayment of short-term bank borrowings and finance lease	25%	7.5	7.5	–
Expanding our product portfolio and strengthening our product development capability	5%	1.5	0.2	1.3
Expanding our sales force and sales channel	5%	1.5	0.2	1.3
General working capital	10%	3.0	3.0	–
	100%	30.1	15.3	14.8

All un-utilised proceeds are deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

DIRECTORS

Executive Directors

Mr. Shiu Kwok Leung, aged 57, is one of our founders, the Chairman of the Board and a controlling shareholder of the Company. He is also the chairman of the Nomination Committee and the compliance officer of the Company. He was appointed as a Director on 30 January 2014 and was subsequently redesignated as an executive Director on 18 September 2015. Mr. Shiu is responsible for the overall strategic planning, business development and overseeing the sales and marketing of the Group. Mr. Shiu initially worked as a moulds technician at Yau Yung Metal Manufacturing Factory from 1980 to 1983 and was subsequently promoted as its production and administration manager from 1983 to 2003. To continue the business of Yau Yung Metal Manufacturing Factory, Yau Yung Metal Manufacturing Factory Limited was incorporated in Hong Kong in 2003 and Mr. Shiu remained as the company's production and administration manager from August 2003 to June 2005. He was mainly responsible for the overall production (including liaison with overseas customers to deal with all production related matters and inquiries) and general administration functions of the company. Mr. Shiu established Bortex International Limited in Hong Kong on 30 December 2008. Mr. Shiu is a director of each of Harvest Mount Global Enterprises Limited, Bortex Holdings Limited, Bortex International Limited and Bortex Industry Co., Ltd (all are wholly-owned subsidiaries of the Company).

Mr. Shao Xu Hua, aged 38, is one of our founders. Mr. Shao was appointed as an executive Director on 18 September 2015. He has been responsible for the overall management of product design, procurement, production and finance departments. Mr. Shao obtained a Diploma (Night School) in computer science at South China University of Technology in July 2004 and a certificate of completion on MBA Advanced Seminar for Practising Manager (在職經理MBA課程高級研修班) from Higher School of Continuing Education of Sun Yat-Sen University in September 2009. Mr. Shao has about 12 years' experience in the production and sale of decorative lighting products through his involvement in business of Bortex Industry Co., Ltd and he has a comprehensive understanding to its overall business and different aspects of the business operation. Mr. Shao was a founding shareholder of Bortex Industry Co., Ltd, which is a wholly-owned and principal operating subsidiary of the Company, and has been a director of Bortex Industry Co., Ltd since 2004. Mr. Shao is also a director of Bortex International Limited (a wholly-owned subsidiary of the Company).

Mr. Yuen Lai Him, aged 47, joined the Group in March 2015 and was appointed as an executive Director on 18 September 2015. He is also a member of the Remuneration Committee of the Company. Mr. Yuen is responsible for managing sales and marketing activities. He received his Bachelor of Engineering in Electrical Engineering at the University of Sydney, Australia in November 1997. Mr. Yuen was the regional manager of VMT Instruments Limited, a company specialising in manufacturing of equipment for hard-disk testing, from 1997 to 2003 and he was responsible for international sales marketing for Philippines, Japan, China and United States as well as establishing and execution of sales and marketing strategies. He founded Galaxy Optics Limited (now known as Galaxy Technology Limited), a company specialising in sales and manufacturing of electronic products, in July 2004. He has over 10 years of experience in international marketing and had successfully built relationship with customers in Korea, Hong Kong, Philippines and United States for the export of electronic products. He is currently a director of Galaxy Technology Limited. Mr. Yuen also worked for Galaxy Tech (Asia) Limited as a director from July 2013 to March 2015. Mr. Yuen is a director of Multi Tech Creation Limited (a substantial shareholder of the Company). He is also a director of each of Harvest Mount Global Enterprises Limited, Bortex Holdings Limited and Bortex International Limited (all are wholly-owned subsidiaries of the Company).

Independent Non-executive Directors

Mr. Wong Ting Kon, aged 47, was appointed as an independent non-executive Director on 24 October 2017. He is also the chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee of the Company. Mr. Wong has over 20 years of experience in the accounting and finance industry in Hong Kong. He currently serves as an independent non-executive director of a company listed on the Stock Exchange, Speedy Global Holdings Limited (stock code: 540). He is appointed as an independent non-executive director of a company listed on GEM, Inno-Tech Holdings Limited (stock code: 8202), on 15 February 2018. Mr. Wong joined Chan Wong & Company C.P.A in 2000 and is currently a partner of the firm.

Mr. Wong served as an independent non-executive director of two listed companies on the Stock Exchange, namely Hao Wen Holdings Limited (stock code: 8019) from April 2011 to August 2014 and Zhong Hua International Holdings Limited (stock code: 1064) from May 2005 to August 2006. He worked for David Yim & Co C.P.A. from August 1996 to July 1998 and last served as an audit manager. He also worked as an audit semi-senior in H.C. Watt & Co C.P.A. from August 1995 to August 1996 and an audit trainee in Robert C.L. Tse & Co C.P.A. from July 1994 to August 1995. Mr. Wong was admitted as a fellow of The Taxation Institute of Hong Kong in July 2010, the fellow of The Association of Chartered Certified Accountants in August 2004 and an associate member of the Hong Kong Society of Accountants in October 1998. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor degree of commerce from the University of Windsor in June 1994.

Ms. Lo Ching Yee, aged 37, was appointed as an independent non-executive Director on 24 October 2017. She is also a member of the Audit Committee of the Company. From 2003 to 2013, she worked as the project manager in Sun Fook Kong Construction Ltd and was mainly responsible for project management, contract procurement, condition survey and quality control. She worked in Fruit Design & Build Ltd as an associate and also as the team head of the building survey team from November 2012 to November 2013. From December 2013 to March 2015, she worked in the Hong Kong Housing Society as a manager and was mainly responsible for the planning and implementation of major improvement and repair works for the estates and properties. She is currently working as an assistant project manager in NW Project Management Limited.

Ms. Lo obtained an associate degree of Science in Surveying (Building Surveying) from the City University of Hong Kong in November 2003. She obtained a bachelor degree (long distance) of Science in Facilities Management in the University of Central Lancashire (Hong Kong College of Technology) in December 2005. She also obtained the Postgraduate Diploma (long distance) in Surveying and the degree (long distance) of Master of Science from the University of Reading in July 2009 and July 2013 respectively. She was admitted as a professional member of the Royal Institution of Chartered Surveyors in November 2011.

Mr. Cheng Hok Ming Albert, aged 56, was appointed as an independent non-executive Director on 24 October 2017. He is also the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee of the Company. Mr. Cheng was an independent non-executive director of PacMos Technologies Holdings Limited (now known as PacRay International Limited, stock code: 1010), a company listed on the Stock Exchange, from 30 September 2004 to 27 November 2014.

Mr. Cheng attended secondary education in Hong Kong and he entered for the Hong Kong Certificate of Education Examination and received the respective result in August 1979. He is a fellow member of the Hong Kong Institute of Directors and has extensive experience in the accounting, financing and consulting industries. Mr. Cheng has been an executive director and chairman of the board of directors of Gold Profit Services Limited, a consulting company principally engaged in providing corporate advisory services including taxation and accountancy services for over 20 years since 1987.

SENIOR MANAGEMENT

Mr. Chow Kwok On, aged 59, joined the Group in April 2015 as the chief executive officer. Mr. Chow obtained a master degree (long distance) of Business Administration from the University of South Australia in May 1998. Mr. Chow worked as an assistant general manager in Dongguan Hicrys Technology Co., Limited, a company which is principally engaged in designing and manufacturing TV casing, from November 2012 to January 2015 and he was mainly responsible for overseeing the daily operations of the company. He served as the general manager of V-mart World Ltd, a company which is principally engaged in manufacturing and trading seasonal products, from May 2005 to September 2010.

From June 2002 to December 2004, Mr. Chow was appointed as a vice president of Beijing Huaan Shendun Technology Co. Ltd.. He was appointed as a secretary of Fine Makers (HK) Ltd., a company which is principally engaged in designing and manufacturing resin seasonal products, from January 1992 to October 2001.

Mr. Pan Liang Bo, aged 51, joined Bortex Industry in October 2004 initially as a sales manager and was subsequently promoted to factory director in January 2010. He is mainly responsible for managing the development and production planning of the Group.

Mr. Pan obtained a certificate of completion on MBA Advanced Seminar for Practising Manager (在職經理MBA課程高級研修班) from Higher School of Continuing Education of Sun Yat-Sen University in September 2009. Mr. Pan has over 18 years of experience in the lighting products industry. Prior to joining the Group, he served as a sales manager of Dongguan Chihua Industry Company Limited (東莞市熾華實業有限公司), a company which was principally engaged in manufacturing electric wires and lighting products, and was responsible for business development from August 1998 to December 2004.

COMPANY SECRETARY

Ms. Wong Mun Yan, aged 43, joined the Group as the company secretary of the Group on 1 October 2017 and is primarily responsible for overseeing the overall financial management of the Group and company secretarial matters.

Ms. Wong was admitted as a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in May 2000. Ms. Wong obtained a degree of bachelor of arts in accountancy from The Hong Kong Polytechnic University in November 1996.

Before joining the Group, Ms. Wong was employed by IDS Group Management Ltd from December 1996, which was acquired by Li & Fung (Trading) Ltd. in April 2011. Ms. Wong was employed by Li & Fung (Trading) Ltd as the financial controller from April 2011 to March 2012 and was promoted to the senior manager — finance & accounting from April 2012 to April 2013. Ms. Wong worked as the financial consultant of a company with its subsidiary principally engaged in property management in China from September 2013 to September 2017.

COMPLIANCE OFFICER

Mr. Shiu Kwok Leung is the compliance officer of the Company. The biography of Mr. Shiu is set out in the paragraph under "Executive Directors" of this section.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules since the Listing Date.

The Board considers that during the period from the Listing Date to 30 April 2018 (the "**Report Period**"), the Company has complied with all the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is the highest decision-making and managing body of the Company which is responsible for the leadership, control and management of the Company, establishing and delivering the Company's strategies and objectives, including formulating long-term corporate strategy and setting business development plans, supervising and monitoring performance of the management, and overseeing the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and its shareholders at all times.

The Board has power to make its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A2. Board Composition

The composition of the Board during the Report Period is as follows:

Executive Directors
Mr. Shiu Kwok Leung *(Chairman)*
Mr. Shao Xu Hua
Mr. Yuen Lai Him

Independent Non-executive Directors
Mr. Wong Ting Kon
Ms. Lo Ching Yee
Mr. Cheng Hok Ming Albert

Throughout the Report Period, the Board has met the requirements of the GEM Listing Rules 5.05 and 5.05A of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. Executive Directors are responsible for the business and functional division of the Group in accordance with their expertise. The independent non-executive Directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

The biographical details of the Directors and the relationships between Board members, if any, are set out under the section headed "Profiles of Directors, Senior Management and Secretary" in this annual report.

A3. Chairman and Chief Executive Officer

The Company supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer in order to ensure a balance of power and authority and preserve a balanced judgement of views. Currently, Mr. Shiu Kwok Leung takes up the role of the Chairman of the Board and is responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. Mr. Chow Kwok On is the Chief Executive Officer, who takes care of the day-to-day management of the Group's business and implementing the Group's strategic plans and business objectives.

A4. Appointment and Re-election of Directors

All Directors are appointed for a specific term. Each Director is engaged for a term of 2 years. The appointment of each executive Director and independent non-executive Director may be terminated by either party by not less than 6 months' and 3 months' written notice respectively.

The procedures and process of appointment and removal of Directors are laid down in Company's Articles of Association (the "**Articles**"). According to the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting (the "**AGM**") provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election at the relevant AGM. In addition, any new Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his/her appointment, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM. The Director appointed by the Board as aforesaid shall be eligible for re-election at the relevant general meeting.

A5. Training and Continuing Development for Directors

Each newly appointed Director shall receive formal induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their studying and reference.

The Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of the Directors. According to the training records currently maintained by the Company, during the Report Period, the Directors have complied with the code provision A.6.5 of the CG Code on participation in continuous professional training as follows:

	Type of training	
Directors	Attending seminars/ conferences/ forums and/ or training courses	Reading materials provided by the Company or external parties
Executive Directors:		
Mr. Shiu Kwok Leung *(Chairman)*		✓
Mr. Shao Xu Hua		✓
Mr. Yuen Lai Him	✓	✓
Independent Non-executive Directors:		
Mr. Wong Ting Kon	✓	✓
Ms. Lo Ching Yee		✓
Mr. Cheng Hok Ming Albert	✓	✓

Note: These seminars/conferences/materials are related to regulatory development/updates, directors' duties, corporate governance or other relevant topics

In addition, the Directors have attended, prior to the Report Period, a training session conducted by the Company's then legal advisor on Directors' duties and responsibilities under the GEM Listing Rules and other applicable laws and regulations.

A6. Board Meetings

Under code provision A.1.1 of the CG Code, the board of directors of any issuer should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and under code provision A.2.7 of the CG Code, the chairman of the board should at least annually hold meeting with the non-executive directors (including independent non-executive directors) without the executive directors present.

The Company was listed on GEM on 16 November 2017, and two regular Board meetings were held during the Report Period, in which the Board, among others, has reviewed and approved (i) the unaudited interim results of the Group for the six months ended 31 October 2017, and (ii) the unaudited third quarterly results of the Group for the nine months ended 31 January 2018. The attendance records of each Director at the said Board meetings held during the Report Period are set out below:

Directors	Board Meetings
Executive Directors	
Mr. Shiu Kwok Leung	2
Mr. Shao Xu Hua	2
Mr. Yuen Lai Him	2
Independent Non-executive Directors	
Mr. Wong Ting Kon	2
Ms. Lo Ching Yee	2
Mr. Cheng Hok Ming Albert	2

The Board would meet at least four times a year in the future, at approximately quarterly intervals, and the Chairman of the Board would hold at least one meeting a year with the independent non-executive Directors without the executive Directors present.

Schedules for regular Board meetings are normally agreed with Directors in advance to facilitate their attendance. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors are given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying meeting papers will be sent to all Directors in a timely manner and at least three days in advance of every regular Board meeting.

No general meeting was held by the Company during the Report Period.

A7. Directors' Securities Transactions

The Company has adopted the required standard of dealings as set out in the Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all the Directors and all Directors have confirmed that they have complied with the required standard of dealings throughout the Report Period.

The Company has also established written guidelines on no less exacting terms than the required standard of dealings (the "**Employees Written Guidelines**"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code. The Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the required standard of dealings and the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

B. BOARD COMMITTEES

The Board has established 3 Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website and the Company's website. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Audit Committee

The Company has met the GEM Listing Rules requirements regarding the composition of the Audit Committee throughout the Report Period. The Audit Committee comprises a total of 3 members, being the 3 independent non-executive Directors, namely Mr. Wong Ting Kon (chairman of the Committee), Ms. Lo Ching Yee and Mr. Cheng Hok Ming Albert. Mr. Wong Ting Kon possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing and monitoring integrity of the financial information and reports of the Group, and considering any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendation to the Board; and reviewing the Company's financial reporting system, risk management and internal control systems.

The Company was listed on GEM on 16 November 2017, and two Audit Committee meetings were held during the Report Period, in which the Audit Committee has reviewed and discussed (i) the unaudited consolidated interim financial statements, interim results announcement and interim report for the six months ended 31 October 2017, and (ii) the unaudited consolidated third quarterly financial statements, third quarterly results announcement and third quarterly report for the nine months ended 31 January 2018. The attendance records of each Audit Committee member at the said Audit Committee meetings held during the Report Period are set out below:

Audit Committee members	Audit Committee Meetings
Mr. Wong Ting Kon	2
Ms. Lo Ching Yee	2
Mr. Cheng Hok Ming Albert	2

The external auditor has attended the above meetings and discussed with the Audit Committee members on the interim and third quarterly results.

Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B2. Nomination Committee

The Nomination Committee comprises a total of 3 members, being the Chairman of the Board, namely Mr. Shiu Kwok Leung (chairman of the Committee), and two independent non-executive Directors, namely Mr. Wong Ting Kon and Mr. Cheng Hok Ming Albert. Throughout the Report Period, the Company has met the code provision A.5.1 of the CG Code of having a majority of the Committee members being independent non-executive Directors, and having the Committee chaired by the Chairman of the Board.

The principal responsibilities of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience required) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify qualified and suitable individuals to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executive of the Company.

In making recommendations for appointment and re-appointment of Directors, the Nomination Committee may consider certain factors such as the diversity on the Board, the competency, business, technical, or specialised skills and experience of Board member/potential Board member, and the ability, time, commitment and willingness of a new Board member to serve and an existing Board member to continue service.

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. To comply with the code provision A.5.6 of the CG Code, a Board diversity policy was adopted by the Company on 24 October 2017, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendations to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their effectiveness in determining the optimum composition of the Board. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained during the Report Period.

As the Company was listed on GEM on 16 November 2017, no Nomination Committee meeting was held during the Report Period.

Subsequent to the Report Period, the Nomination Committee has held one meeting, in which the Committee members has (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of skills, knowledge and experience appropriate to the Group's corporate strategy; (ii) assessed the independence of all the independent non-executive Directors; and (iii) recommended the re-election of the Directors at the forthcoming AGM.

B3. Remuneration Committee

The Remuneration Committee comprises a total of 3 members, being one executive Director, namely Mr. Yuen Lai Him, and two independent non-executive Directors, namely Mr. Wong Ting Kon and Mr. Cheng Hok Ming Albert (chairman of the Committee). Throughout the Report Period, the Company has met the GEM Listing Rules requirements of having the majority of the Remuneration Committee members being independent non-executive Directors, as well as having the Committee chaired by an independent non-executive Director.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, and the remuneration packages of Directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing a formal and transparent procedure for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual, salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Group.

As the Company was listed on GEM on 16 November 2017, no Remuneration Committee meeting was held during the Report Period.

Subsequent to the Report Period, the Remuneration Committee has held one meeting, in which the existing remuneration policy and structure of the Company and the remuneration packages of Directors and senior management of the Company were reviewed and relevant recommendations were made to the Board.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management (including the executive Directors) by band for the year ended 30 April 2018 is set out below:

Remuneration band (HK$)	Number of individual(s)
100,000–300,000	1
300,001–500,000	1
500,001–700,000	3

Details of the remuneration of each Director for the year ended 30 April 2018 are set out in Note 12 to the consolidated financial statements contained in this annual report.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 30 April 2018.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control systems have been designed to protect assets from misappropriation and unauthorised transactions and to manage operational risks.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems to safeguard the interests of the Company's shareholders and the Group's assets. The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems, and makes relevant recommendations.

The management, in coordination with department heads and operation teams, regularly assessed the likelihood of risk occurrence, ranked these risks according to the likelihood and the severity of the impact on the Group, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on any findings and measures to address the variances and identified risks. Such internal audit function aims to examine key issues in relation to the accounting practices and all material controls, identify deficiencies and ineffectiveness in the design and implementation of internal controls, and propose recommendations for improvement.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 30 April 2018. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure that prompt remediation and subsequent actions are taken to improve the situations.

Based on the reports submitted by the management and the various management controls put in place, the Board, with the support of the Audit Committee, reviewed the risk management and internal control systems (including the financial, operational and compliance controls) for the year ended 30 April 2018, and considered that such systems are effective and adequate. Such review of the risk management and internal control systems is conducted annually. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has procedures and internal controls measures for the Directors, the Company's officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

E. COMPANY SECRETARY

The Company Secretary of the Company is Ms. Wong Mun Yan, who fulfils the qualification requirements laid down in the GEM Listing Rules. The biography of Ms. Wong is set out in the section headed "Profiles of Directors, Senior Management and Secretary" of this annual report. During the year ended 30 April 2018, Ms. Wong has taken not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 30 April 2018 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to HLB Hodgson Impey Cheng Limited, the Company's auditor, in respect of audit service and non-audit services for the year ended 30 April 2018 are analyzed below:

Type of services provided by the external auditor	Fees paid/ payable HK$
Audit service — audit fee for the year ended 30 April 2018	1,000,000
Non-audit services —	
— Interim review for the six-months ended 31 October 2017	200,000
— Audit and reporting accountants services relating to the Listing	2,200,000
TOTAL:	3,400,000

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision.

The Company also strives to provide quality information to shareholders regarding its latest developments whilst ensuring that relevant information is equally and simultaneously provided and accessible to all interested parties. The Company maintains a website at http://www.bortex.com.cn as a communication platform with shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Shareholders and investors may also send written enquiries or requests to the Company as follows:

Address:	Flat H, 7/F, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong
Email:	bortex@sprg.com.hk
Tel:	(852) 2554 9888
Fax:	(852) 2554 9668

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and senior staff will be available to answer questions raised by the shareholders at general meetings of the Company. In addition, the Company will invite representatives of the auditor to attend its annual general meeting to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

H. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each shareholders' meeting.

Pursuant to the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There is no provision allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

For the avoidance of doubt, shareholder(s) must provide their full names, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

With respect to the shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

I. CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the shareholders passed on 24 October 2017, the amended and restated memorandum and articles of association of the Company was adopted with effect from the Listing Date. Save as disclosed above, during the year ended 30 April 2018, there was no significant change in the memorandum and articles of association of the Company.

The amended and restated memorandum and articles of association of the Company is available on the websites of the Stock Exchange and the Company.

SCOPE AND REPORTING YEAR

This is the first Environmental, Social and Governance (ESG) Report issued by Bortex Global Limited (the "Company", together with its subsidiaries, the "Group") in compliance with the "comply or explain" provisions under the Environmental, Social and Governance Reporting Guide set out in Appendix 20 of the GEM Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group is principally engaged in developing, manufacturing, and exporting light-emitting diode (LED) lighting products to customers in North America, Europe, and Asia Pacific. This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of its key business operations in Dongguan, Mainland China from 1 May 2017 to 30 April 2018, unless otherwise stated. The Group's office located in Hong Kong generates minimum social and environmental impacts compared to the manufacturing site in Dongguan, thus it is not included in the scope of this report. It should also be noted that any environmental Key Performance Indicators (KPIs) presented within this report does not include impacts associated with canteen and dormitories used by the Group's employees in Dongguan, as they are centrally managed by the Industrial Park and not under the control of the Group.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including frontline staff, directors, shareholders, customers and suppliers have been involved in regular engagement sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges. Face to face communication with employees and shareholders have been arranged every week; external customers and suppliers have been engaged via telephone or e-mail several times per month.

Through the stakeholder surveys carried out this year, following topics were deemed as the most important by stakeholders: cost control, production management, and labour management. Furthermore, key material issues raised by the stakeholders all focused on social aspects, environmental aspects, on the other hand, were considered less material for the Group. This report, therefore, focuses on disclosing relevant social aspects, among which, followings have been deemed as the most important by stakeholders:

- Employment
- Health and Safety
- Development and Training
- IP Rights
- Anti-Corruption

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on the ESG approach and performance by giving suggestions or sharing views via email at feedback@bortex.com.cn, or by post to Flat H, 7th Floor, King Palace Plaza, Kwun Tong, Hong Kong.

THE GROUP'S SUSTAINABILITY MISSION AND VISION

Mission

The Group closely follows the central government's initiative of "One Belt, One Road", which brings social stability, an increase of production capacity and employment, and economic prosperity. At the same time, following the "sustainable development" strategy promoted by the central government of the PRC, a key mission of the Group is to extend the environmental protection and social welfare. The Group will fully integrate with the national development strategy, utilize the interrelationship among product quality, profit, environmental protection, labour management, and community investment, so as to find the optimum balance to achieve maximum profit, responsibility and satisfaction for stakeholders.

Vision on Environment, Social, and Governance

Major challenges facing the Group's business operation have been identified, namely, the competition from peers with strong marketing development, strong product design capability and production cost control. Correspondingly, the strategic goals for the Group in the next 3–5 years is to strengthen and integrate key aspects — sales, product design, and productivity and production efficiency. Meanwhile, the Group will keep seeking business growth opportunities, such as, expanding the market of "Smart Lights".

The Group's strategic goals closely align with the overall vision on ESG. As the LED decorative lighting market is expected to grow, especially for the exporting countries, the Group plans to increase the production efficiency for the Dongguan manufacturing site through upgrading existing production facilities to more energy efficient equipment and machinery. In addition, the Group will continue to improve automation and thereby enhance production efficiency. Better quality control with advanced testing equipment will also be invested to enhance the stability and reliability of our LED luminaire lighting.

The demand for smart lighting will increase with the wide-spread of smart phones and advancement in information technology. It is believed that smart lighting solutions have tremendous growth potential. Keeping along with this market trend, the Group will expand its mobile phone applications linked LED decorative lighting products (the "Smart Light") portfolio by introducing new product versions. These new versions will have positive environmental and social consequences from the whole produce life cycle:

- Ecodesign principals will be implemented from the design stage, with more environmentally friendly materials sourced for the lighting products. This will essentially reduce environmental pollution from the supply chain.

- Production efficiency will be increased via the introduction of new machines and production processes. This will reduce the energy consumption during the manufacturing stage.

- With easier control and better usability realized via the linked mobile applications, energy consumption can potentially be further reduced at the point-of-use.

- The expansion on Smart Light will enable the Group to extend communication and cooperation with industry leaders, helping the Group to build capacity in environmental design concept of new products (e.g., the minimalism design).

- Users can be indirectly educated by the concept of ecodesign, which leads to more environmentally-friendly behavior change.

The Group considers employees as the most valuable asset. Industrial standards such as AA1000/SA8000 have been systematically embedded within the Group's daily operation and management. The Group plans to further sustain its capability in product development by hiring and training additional design and technical talents. This will ensure not only better service (i.e. tailored design) provided to the customers, but also keeping a keen market sensitivity toward the latest production and management practices in the industry. Furthermore, the Group will strengthen the management of intellectual property (IP) rights, as it is expected that the Group will expand the patents applications of its new product designs.

A. ENVIRONMENTAL

The Group and its daily operation generate little negative impacts on the natural environment. During the manufacturing of LED products, no wastewater has been generated. Exhaust gas has been properly vented and filtered before releasing to the atmosphere. Minimal hazardous waste (e.g., only one waste lubricant oil bottle annually) is generated on-site. No water is consumed for the manufacturing processes in Dongguan and no wastewater is generated correspondingly. The Group incorporates ecodesign to avoid over-packaging.

Indirect environmental impacts generated by the Group during the reporting period mainly included following activities: (1) consumption of gasoline (for Group-owned vehicles) and purchased electricity; and (2) business air travel. Their corresponding emissions were calculated and presented in following sub-sections.

The Group is currently actively establishing an Environmental Management System to ensure a holistic management on the identifying of significant environmental aspects and impacts, as well as monitoring and evaluating key environmental performance.

As the Group is actively looking for an expansion in the European market, several mandatory directives and regulations have been studied in detail. The Group will continue to meet applicable laws and regulations within the designated geographical regions.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the reporting period.

1. Emissions and Waste

(i) Air Pollutant Emission

No direct on-site air emissions were generated. Indirect air emissions, including both greenhouse gas (GHG) and non-GHG were generated from the consumption of petrol for group vehicle, GHG emissions are also generated from the consumption of electricity and business air travel.

Vehicle Operation and Emission

One passenger car was used for daily business operation. It operated on gasoline, and its combustion generated several air emissions include nitrogen oxides (NOx), sulphur oxides (SOx) and respiratory suspended particles (PM). The Group will begin to record relevant data from the next reporting cycle.

(ii) ***GHG Emissions***

There were 378.30 tonnes of GHG emitted in the reporting period, reported in carbon dioxide equivalent ($CO_{2eq.}$). The GHG reported included following activities and scopes:

- Direct (scope 1) GHG emissions from the consumption of refrigerants;
- Energy indirect (scope 2) GHG emissions from purchased electricity;
- Other indirect (scope 3) GHG emissions from business air travel by the Group employees.

The direct (scope 1) GHG emissions from the combustion of gasoline for mobile transportation is not included in the calculation due to lack of gasoline consumption data.

Activity	GHG Emission (in tonnes of $CO_{2eq.}$)[1]	%
Scope 1 Direct fugitive emission from refrigerants		
Consumption of HCFC-22	10.14	3%
Scope 2 Energy indirect GHG emission from purchased electricity[2]		
Dongguan site purchased electricity	366.40	97%
Scope 3 Other indirect GHG emission		
Business air travel[3]	1.76	0%
Total GHG	378.30	100.00%

Note 1: Emission factors were made by reference to Appendix 20 of the GEM Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

Note 2: Emission factors (EF) for purchased electricity in Dongguan was obtained from China Southern Power Grid with a corresponding EF of 0.63 kg $CO_{2eq.}$/kWh.

Note 3: Business air travel emissions were calculated using the online tool provided by International Civil Aviation Organization.

(iii) ***Non-hazardous Waste***

Non-hazardous waste generated by the Group included: waste office paper, waste packaging materials, and other non-office paper products such as newspapers and cardboards. The amount for waste office paper will be recorded from the next reporting cycle. The estimated waste generation for packaging materials and non-office paper products were 1,000 kg and 10 kg, respectively.

2. Use of Resources

(i) *Energy Consumption*

Energy sources the Group consumed included electricity and gasoline. The indirect consumption (i.e. Kilowatt-hour kWh) of gasoline will be calculated from next reporting cycle.

The Group is actively establishing energy-saving initiatives together with its Environmental Management System development.

Electricity Consumption (kWh)	Intensity (kWh/m^2)
581,583.7	48.47

(ii) *Packaging Materials*

Packaging is needed for final lighting products and the Group will begin to build up data collection system to record packaging materials from the next reporting cycle.

B. SOCIAL

1. Employment and Labour Practices

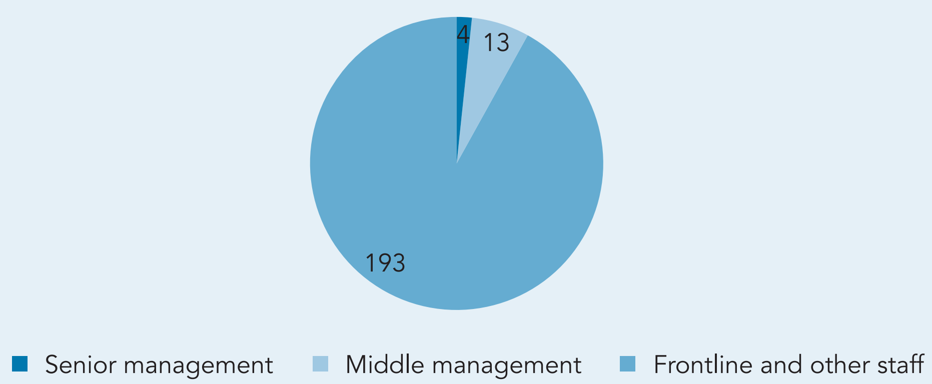
(i) *Employment*

The Employees' Handbook serves as the guideline and working procedure to manage employment and labour-related practices. The Human Resources (HR) Department of the Group is composed of professionals with extensive experience, whose ability and personal character have received high reputation among the industry for many years.

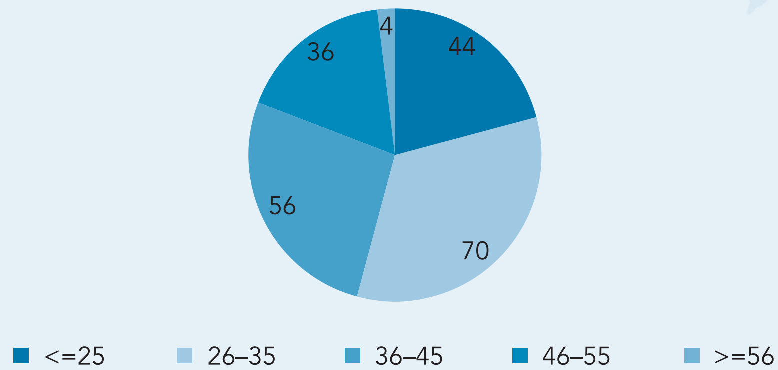
No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the reporting period.

The Group had a total number of 210 employees as of 30 April 2018. All of them were full-time employees.

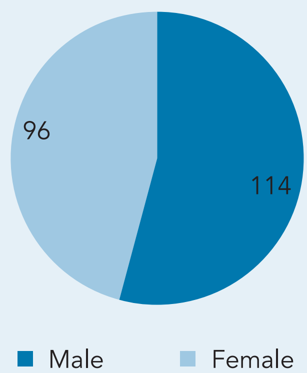
Total Workforce (number of employees) by Employee Category



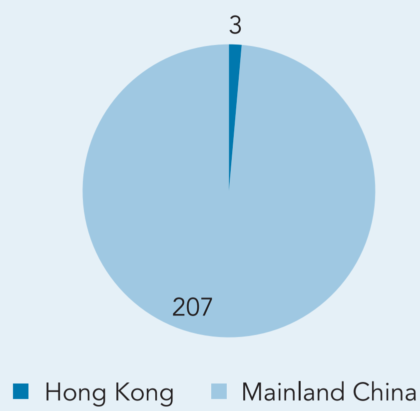
Total Workforce (number of employees) by Age Group



Total Workforce (number of employees) by Gender



Total Workforce (number of employees) by Geographical Region



Recruitment, Compensation, and Benefits

The recruitment processes are managed by HR Department, and all departments are required to communicate their employment needs to the HR Department on a regular basis and fill in the Application Form for Personnel Recruitment when recruitment needs arise.

The Group fully protects employees' personal data. For example, the staff salary and compensation data are kept confidentially and cannot be disclosed. The base salary is formulated depending on the position or function of the staff, under the guidance of the Remuneration Level Standard Table.

Employees' rights and benefits, including public holidays, annual paid leave, sick leave, maternity leave have been formulated and executed per the Labour Law of the PRC, and the internal procedure on the Attendance and Leave Management System.

The Group does not encourage over-time (OT) work. For specific circumstance, no more than four hours OT shall be performed on a daily basis. OT Application Form needs to be approved by department supervisors and any OT work has been compensated according to the Group's Salary and Welfare Management System.

Employees have been provided with medical insurance, social insurance coverage, and Housing provident fund. Free accommodation has also been provided to employees. Each year, free birthday parties, birthday gifts, free tours, and other entertainment, sports, and various cultural activities have been provided to all employees.

Evaluation and Appraisal System

The Group implements a systematic evaluation and appraisal system to ensure each employee's performance is evaluated objectively in an unbiased manner. Two major types of assessment were established: (1) Job Performance Assessment which assesses job performance according to job duties, management methods, daily operations, etc. and (2) Department Performance Assessment which assesses departmental performance according to strategic objectives, departmental responsibility, duty planning, management ability, etc. The results of the evaluation are used for multiple purposes. For example, to be used as the basis for performance bonus, probation period evaluation, and employees' promotion. Those salary being deducted due to poor performances of employees will be used as a bonus for other employees and/or funding for company's special events. Employees that score higher than 90 in the annual performance evaluation have the opportunity to have a raise in salary and/or a promotion.

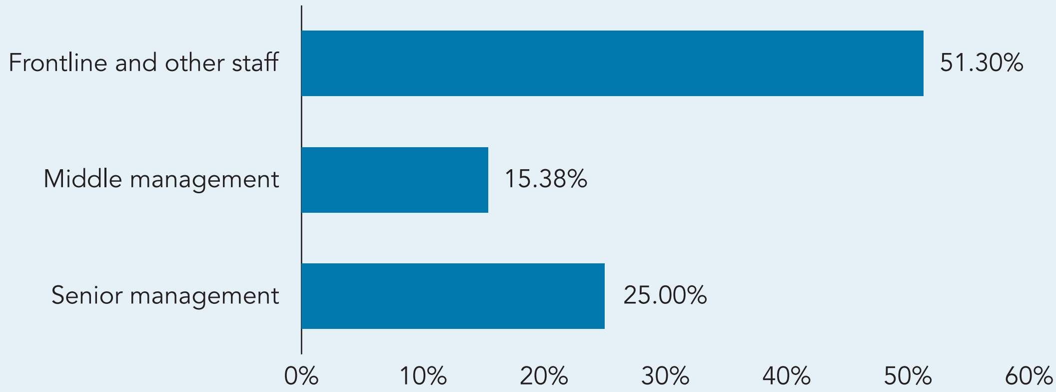
Equal Opportunity

Equal opportunity is provided to all employees in respect of promotion, appraisal, training, development and other aspects. Employees are not discriminated against or deprived of opportunities based on gender, ethnic background, religion, color, sexual orientation, age, marital status, family status. The Group has a comprehensive Anti-harassment and Abuse System implemented. Any suspicious activities can be reported to the Group via following means: mailbox, telephone or SMS, or report in person to HR Department or Trade Unions. All reports are confidentially treated following the Group's Anti-harassment and Abuse Policy.

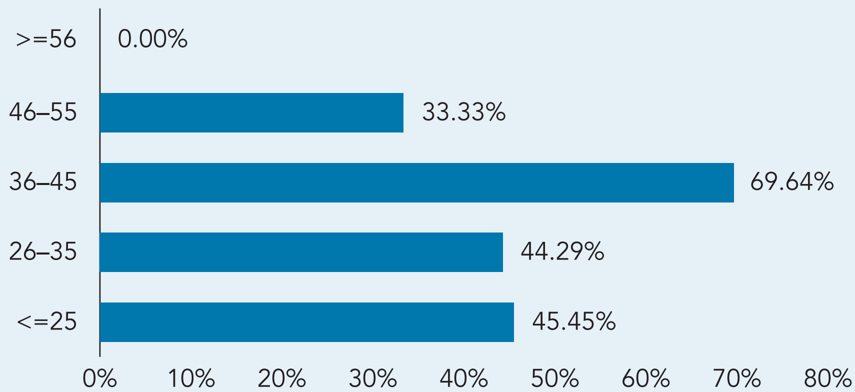
Turnover

A total number of 102 employees left the Group during the reporting period, contributing to the turnover rate of 48.57%. All staff turnover involved were employees from Mainland China.

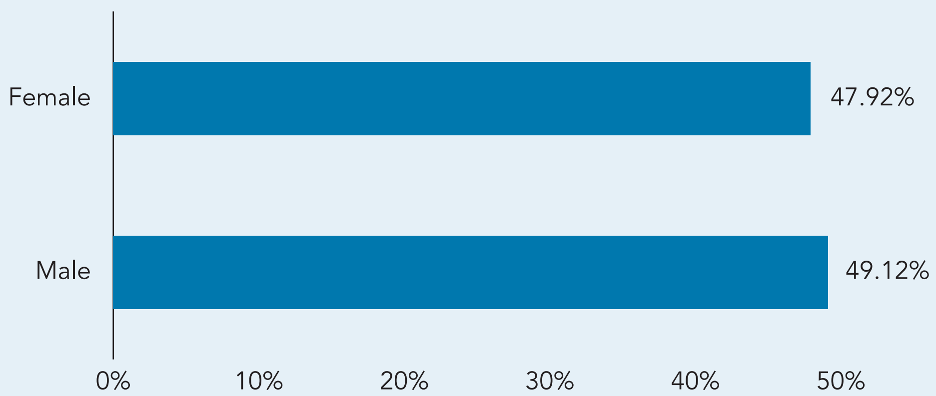
Total Turnover Rate by Employee Category



Total Turnover Rate by Age Group



Total Turnover Rate by Gender



(ii) Health and Safety

The Group has formulated a series of policies and measures to manage occupational health and safety (OHS). The overall OHS Policy is structured by the HR Department. They are managed by full-time personnel, regular checks and reviews are conducted to ensure the effectiveness of various policies and measures during the implementation process. Individual departments are responsible for implementing and monitoring the practices within their own departments.

No work-related fatality or injury cases during the reporting period. No noncompliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards had been identified during the reporting period.

(iii) Development and Training

The Group is certified under ISO 9001 Quality Management System, of which, employees' training is a key part. With more professional product designers and engineers employed by the Group, the capacity building, training, and career development will be key areas the Group shall focus on for the near-future.

Orientation and operational training have been arranged by the corresponding departments at Dongguan. For new staff in particular, various induction training have been provided, covering topics of Factories Regulations, Safety Education, OHS Education, Labour Protection etc.

Number of Employee Receiving Training		312
Total Training Hours		936
By employee category		
Senior Management	Number of employees receiving training	5
	Percentage of employees trained	125%
	Average training hours completed per employee	3.75
Middle management	Number of employees receiving training	15
	Percentage of employees trained	115%
	Average training hours completed per employee	3.46
Frontline and other staff	Number of employees receiving training	292
	Percentage of employees trained	151%
	Average training hours completed per employee	4.54
By gender		
Male	Number of employees receiving training	170
	Percentage of employees trained	149%
	Average training hours completed per employee	4.47
Female	Number of employees receiving training	412
	Percentage of employees trained	429%
	Average training hours completed per employee	4.44

(iv) *Labour Standard*

All employment and recruitment processes strictly abide by Labour Law of the PRC. The Group gives full respect and support to relevant policies and regulations. All new staff were checked and screened for their age before employment. HR Department has established practices to ensure prevention of child and forced labour. All new employees must fill in the Registration Form at the point of employment, supplying following materials: (1) the original and photocopy of the identity card; (2) any qualification and/or health certificate for special duty personnel; and 3) any other relevant documents such as proof of previous employment.

In case of any violation being found, each case will be processed according to the relevant regulations, in addition to fines and/or termination of the contract. Legal proceedings will also be applied if necessary. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour had been identified during the reporting period.

2. Operating Practices

(i) *Supply Chain Management*

The three criteria for selecting suppliers are quality, price, and service. Employees are prohibited to accept any remuneration, gifts or other special treatment from suppliers. At implementation level, corresponding department heads are responsible for leading various checks and actions, and organizing to organize weekly meetings to solve any issues.

A total of 126 different suppliers were involved during the reporting period, one from Hong Kong and the remaining 125 from Mainland China.

(ii) *Product Responsibility*

The Group strives for the excellence of product quality. Raw materials and final products are all carefully inspected for quality control and quality assurance.

A Production Plan will first be formulated after confirming Order Delivery with clients. After entering stable production stage, Procedures on the Production Progress Assessment and Follow-Ups will be regularly examined to make sure that production is on schedule. The final products will go through a series of quality assessment including such as Lighting Quality System (LQC) 100% testing, LQC 100% visual inspection, and Outgoing Quality Control sampling inspection etc.

The Group has specific customer complaint handling processes to manage any complaints received from clients. The Quality Department will examine the returned products and they will be either scrapped, inventoried, or re-manufactured. The root causes analysis will be performed on complaints, followed by corrective measures if needed. And preventive measurement will be implemented to avoid future mistakes.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided had been identified during the reporting period.

(iii) Intellectual Property

As a group actively involving in new technology development such as the "Smart Lighting", the Group highly appreciates the preservation of IP rights. The Group has obtained various patents accredited in China, the United States, and Canada. At the same time, to protect clients' IP rights, the Group sign Confidentiality Agreement with them when appropriate.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to IP rights had been identified during the reporting period.

Patent Name (mainland China)	Chinese Patent Application Number	Patent Type
Separable, waterproofing lamp design	ZL200810147150.X	Invention
String lights design	ZL200820183259.4	New Application
LED street lights design	ZL200920167036.3	New Application
Decoration lights	ZL201220233100.5	New Application
LED double sided laying cables board	ZL201520334292.2	New Application
Lamp socket and string lights	ZL201620435273.3	New Application
Multifunction glass fluorescent tube	ZL201620550738.X	New Application
Tempered glass fluorescent tube	ZL201620550773.1	New Application
Un-shaded decorative lighting	ZL201320891753.7	New Application
Lamp holder and lamp	ZL201621083636.8	New Application
Patent Name (the United States)	**US Patent Number**	
A waterproof decorative lamp	8,746,953B1	N/A
Patent Name (Canada)	**Canadian Patent Application Number**	
A waterproof decorative lamp	2,800,352	N/A

(iv) Data Protection

The Group strictly protects consumers, customers, and suppliers' data. The IT Department manages and regulates information related to the Group, which is also jointly supervised by various departments.

To further protect any data, technology, and sensitive information of the Group or the Group's suppliers and customers, employees need to sign the Confidentiality and Competition Restriction Agreement if appropriate for their positions within the Group.

(v) Anti-corruption

The Employees' Handbook has a chapter on Code of Ethics that guides ethical behaviors and self-discipline of the employees.

A comprehensive whistleblowing procedure is executed. Mutual supervision between departments and employees are implemented. Any suspicious activities and/or violation may be reported to the board directly. Employees shall report to the Group in the event of any external activities resulting in a commission or any other kinds of benefits.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, fraud and money laundering can be had been identified during the reporting period.

3. Community

(i) Community Investment

Various cultural activities have been arranged during the reporting period to promote employees' belongingness, to reinforce relationships with external stakeholders. For example, Year-end banquet had been arranged with employees and suppliers.

The Group also encourages and supports employees to participate in philanthropic activities. Employees have participated in a charity soccer match in Hong Kong to support the society for the relief of disabled children. In addition, the Group collaborated with the Community Chest of Hong Kong to make a financial contribution with a total value of HK$650,000.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 30 April 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its principal subsidiaries are engaged in trading and manufacturing of LED lighting products.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 30 April 2018 is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 48 of this report and the financial position of the Group as at 30 April 2018 is set out in the Consolidated Statement of Financial Position on page 49 of this report. The Directors do not recommend the payment of a final dividend for the year ended 30 April 2018.

BUSINESS REVIEW

A business review of the Group, including a description of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report; and a description of the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" of this annual report. These discussions form part of this "Report of the Directors".

COMPLIANCE WITH LAWS AND REGULATIONS

The Directors realize the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination or suspension of operation. The Group has been allocating resources to ensure compliance with laws and regulations. For the year, the Group has, to the best of the Directors' knowledge, complied with all relevant laws and regulations that have a significant impact on the Group.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 30 April 2018 is set out on page 102 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 April 2018, the aggregate sales to the Group's five largest customers accounted for approximately 64.6% (2017: 67.3%) of the total revenue and the largest customer included therein amounted to approximately 20.7% (2017: 23.9%) of the total revenue. The Group's five largest suppliers accounted for approximately 46.1% (2017: 48.8%) of the total purchases for the year ended 30 April 2018 and the largest supplier included therein amounted to approximately 12.2% (2017: 12.1%) of the total purchases.

None of the Directors, any of their close associates (as defined in the GEM Listing Rules) or any of the shareholders of the Company which, to the best of the Directors' knowledge, own more than 5% of the Company's issued share capital, has any beneficial interest in the Group's major customers or major suppliers during the year ended 30 April 2018.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year ended 30 April 2018 are set out in Note 16 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves and distributable reserves of the Group and the Company during the year ended 30 April 2018 are set out in the Consolidated Statement of Changes in Equity and Summarised Financial Information of the Company on page 99 of the annual report and in Note 37(b) to the consolidated financial statements respectively.

As at 30 April 2018, the Company had no distribution reserve available for distribution to the shareholders.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 30 April 2018 are set out in Note 29 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Share Option Scheme**" or the "**Scheme**") for the purpose of recognizing and acknowledging the contributions that eligible participants have made or may make to the Group. The Share Option Scheme became effective on 16 November 2017 and, unless otherwise cancelled or amended, would remain in force for 10 years from that date. No option has been granted by the Company under the Scheme since its adoption.

For further details of the Share Option Scheme, please refer to Note 31 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors
Mr. Shiu Kwok Leung
Mr. Shao Xu Hua
Mr. Yuen Lai Him

Independent Non-executive Directors
Mr. Wong Ting Kon (appointed on 24 October 2017)
Ms. Lo Ching Yee (appointed on 24 October 2017)
Mr. Cheng Hok Ming Albert (appointed on 24 October 2017)

Pursuant to the Articles, Mr. Shiu Kwok Leung, Mr. Shao Xu Hua, Mr. Yuen Lai Him, Mr. Wong Ting Kon, Ms. Lo Ching Yee and Mr. Cheng Hok Ming Albert shall hold office until the 2018 AGM. All of the above six Directors are eligible for re-election at the 2018 AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme as disclosed in the section headed "Share Option Scheme" above, neither at the end of nor at any time during the year there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the objects of or one of the objects of such arrangement are/is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2018 AGM has a service contract with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

CONTRACT OF SIGNIFICANCE

No contract of significance (including those for provision of services to the Company or any of its subsidiaries by the controlling shareholders) has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors and the directors of the Company's associated companies is currently in force and was in force throughout the year.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Company are set out in Note 12 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

The Remuneration Committee will review and determine and the Board will approve the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Share Option Scheme.

MANAGEMENT CONTRACTS

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or in existence during the year.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group are set out in Note 34 to the consolidated financial statements. These related party transactions constitute de minimis continuing connected transactions of the Company that are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74 of the GEM Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, THE UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 30 April 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of shares	Approximate percentage+ of shareholding in the Company
Mr. Shiu Kwok Leung	Interest of controlled corporation	234,000,000 *(Note 1)*	46.8%
Mr. Yuen Lai Him	Interest of spouse	66,000,000 *(Note 2)*	13.2%

Notes:

1. These shares are held by Real Charm Corp, which is wholly and beneficially owned by Mr. Shiu Kwok Leung. Accordingly, Mr. Shiu Kwok Leung is deemed to be interested in these shares of the Company pursuant to Part XV of the SFO.

2. Mr. Yuen Lai Him is deemed to be interested in these shares of the Company through the interest of his spouse, Ms. Giang Maryanne Phung-van.

\+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 30 April 2018.

Save as disclosed above, as at 30 April 2018, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, THE UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 30 April 2018, the following parties (other than the Directors or the chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity/nature of interest	Number of shares	Approximate percentage+ of shareholding in the Company
Real Charm Corp	Beneficial owner	234,000,000 *(Note 1)*	46.8%
Ms. Chung Yu Chun	Interest of spouse	234,000,000 *(Note 2)*	46.8%
Multi Tech Creation Limited	Beneficial owner	66,000,000 *(Note 3)*	13.2%
Ms. Giang Maryanne Phung-van	Interest of controlled corporation	66,000,000 *(Note 3)*	13.2%

Notes:

1. The above interest of Real Charm Corp was also disclosed as the interest of Mr. Shiu Kwok Leung in the above section headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company".

2. Ms. Chung Yu Chun is deemed to be interested in these shares of the Company through the interest of her spouse, Mr. Shiu Kwok Leung.

3. These shares are held by Multi Tech Creation Limited, which is wholly and beneficially owned by Ms. Giang Maryanne Phung-van, spouse of Mr. Yuen Lai Him. The above interest of Ms. Giang Maryanne Phung-van was also disclosed as the interest of Mr. Yuen Lai Him in the above section headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company".

\+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 30 April 2018.

Save as disclosed above, as at 30 April 2018, the Company was not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 30 April 2018.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the year ended 30 April 2018.

As far as the Directors are aware, none of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the year ended 30 April 2018.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6.19 of the GEM Listing Rules, the Company has appointed Ample Capital Limited to be the compliance adviser. As notified by Ample Capital Limited, as at 30 April 2018, neither Ample Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company was established on 24 October 2017. The Audit Committee consists of three members, namely Mr. Wong Ting Kon (Chairman), Ms. Lo Ching Yee and Mr. Cheng Hok Ming Albert, all being independent non-executive Directors. The primary duties of the Audit Committee are to review the Company's financial information and reporting process, risk management and internal control systems, relationship with external auditors and arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee has reviewed the audited condensed consolidated financial statements of the Group for the year ended 30 April 2018.

CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company complied with the code provisions set out in the CG Code during the period from the Listing Date to 30 April 2018. Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

AUDITOR

HLB Hodgson Impey Cheng Limited, the auditor of the Company, will retire and, being eligible, offer themselves for re-appointment at the 2018 AGM. A resolution will be submitted to the 2018 AGM to seek shareholders' approval on the re-appointment of HLB Hodgson Impey Cheng Limited as the Company's auditor until the conclusion of the next annual general meeting.

By Order of the Board
Bortex Global Limited
Shiu Kwok Leung
Chairman

Hong Kong, 23 July 2018

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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置地廣場
告羅士打大廈31樓

TO THE SHAREHOLDERS OF
BORTEX GLOBAL LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bortex Global Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 48 to 101, which comprise the consolidated statement of financial position as at 30 April 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the Key Audit Matter
Impairment assessment on trade receivables Refer to Note 21 to the consolidated financial statements and the accounting policies in Note 4 to the consolidated financial statements.	
The Group has trade receivables of approximately HK$41,827,000 as at 30 April 2018. Management judgement is required in assessing and determining the recoverability of trade receivables and adequacy of allowance made. The judgement mainly includes estimating and evaluating expected future receipts from customers based on past payment trend, age of the debtors, knowledge of the customers' businesses and financial condition.	Our procedures in relation to management's impairment assessment on trade receivables included: • Discussing the Group's procedures on credit limits and credit periods given to customers with the management; • Evaluating the management's impairment assessment of trade receivables; • Assessing, validating and discussing with the management and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the trade receivables ageing analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired; and • Checking on a sample basis, the accuracy and relevance of information included in the impairment assessment of trade receivables. We consider the management conclusion to be consistent with the available information.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the Key Audit Matter

Impairment assessment on goodwill

Refer to Note 18 to the consolidated financial statements and the accounting policies in Note 4 to the consolidated financial statements.

Key audit matter	How our audit addressed the Key Audit Matter
The Group has goodwill of approximately HK$9,181,000 relating to LED Manufacturing business as at 30 April 2018. The management performed impairment assessment on goodwill allocated to the cash generating unit and concluded that no impairment was recognised. This conclusion was based on value-in-use model that required significant management judgement with respect to the discount rate and underlying cash flows in particular to the growth rates used. Independent external valuation was obtained in order to support management's estimates.	Our procedures in relation to management's impairment assessment on goodwill included: • Evaluating the independent valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumption based on our knowledge of the relevant industry and using our valuation experts; • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking, on a sampling basis, the accuracy and relevance of the input data used. We found that the assumptions were supported by the available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the Key Audit Matter
Carrying value of inventories	
Refer to Note 20 to the consolidated financial statements and the accounting policies in Note 4 to the consolidated financial statements.	
As at 30 April 2018, the Group had inventories of approximately HK$25,213,000. The management estimated the net realisable values of inventories by reference to the sale proceeds received after the end of the reporting period less selling expenses, which involve management estimation.	Our procedures in relation to management's assessment on carrying value of inventories included: • Obtaining an understanding of how the management estimated the net realisable value of inventories and evaluating the historical accuracy of the allowance estimation by management; • Evaluating management's assessment of provision of inventories with reference to their aging, the condition of inventories during our observation of physical inventory count; and • Selecting sample of inventories and reviewing their net realisable values with reference to their selling prices subsequent to the end of the reporting period. We found the carrying values of the inventories was supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 23 July 2018

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	*7*	**151,228**	141,667
Cost of sales		**(108,454)**	(99,272)
Gross profit		**42,774**	42,395
Other income	*8*	**385**	133
Selling and distribution expenses		**(3,908)**	(4,257)
Administrative expenses		**(26,194)**	(14,675)
Finance costs	*9*	**(1,233)**	(2,374)
Profit before taxation	*10*	**11,824**	21,222
Taxation	*13*	**(4,375)**	(5,161)
Profit for the year		**7,449**	16,061
Other comprehensive income/(loss) for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**(201)**	(144)
Exchange differences on translation of foreign operations		**5,686**	(660)
Other comprehensive income/(loss) for the year, net of tax		**5,485**	(804)
Total comprehensive income for the year		**12,934**	15,257
Profit for the year attributable to equity owners of the Company		**7,449**	16,061
Total comprehensive income for the year attributable to equity owners of the Company		**12,934**	15,257
Earnings per share attributable to equity owners of the Company			
Basic and diluted (HK cents)	*15*	**1.91**	5.35

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2018

	Notes	2018 HK$'000	2017 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	16	16,115	12,331
Goodwill	18	9,181	8,351
Available-for-sale financial asset	19	2,365	2,566
		27,661	23,248
Current assets			
Inventories	20	25,213	22,571
Trade receivables	21	41,827	39,323
Deposits, prepayments and other receivables	22	6,871	9,631
Fixed deposit	23	10,117	–
Cash and cash equivalents	23	23,836	8,502
		107,864	80,027
Liabilities			
Current liabilities			
Trade payables	24	10,834	20,684
Accruals, other payables and receipts in advance	25	9,269	5,175
Obligation under finance lease			
— due within one year	27	953	912
Bank borrowings	26	1,773	24,052
Tax payables		6,641	5,270
		29,470	56,093
Net current assets		78,394	23,934
Total assets less current liabilities		106,055	47,182
Non-current liabilities			
Obligation under finance lease			
— due over one year	27	660	1,613
Deferred tax liabilities	28	–	9
		660	1,622
Net assets		105,395	45,560
Equity			
Share capital	29	5,000	–
Reserves		100,395	45,560
Total equity		105,395	45,560

The consolidated financial statements on pages 48 to 101 were approved and authorised for issue by the Board of Directors on 23 July 2018 and are signed on its behalf by:

Shiu Kwok Leung *Director*	**Yuen Lai Him** *Director*

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2018

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Available-for-sale financial asset reserve HK$'000	Other reserve HK$'000 (note i)	Retained earnings HK$'000	Total HK$'000
At 1 May 2016	–	–	(350)	620	1	30,032	30,303
Profit for the year	–	–	–	–	–	16,061	16,061
Change in fair value of available-for-sale financial assets	–	–	–	(144)	–	–	(144)
Exchange differences on translation of foreign operations	–	–	(660)	–	–	–	(660)
Total comprehensive (loss)/income for the year	–	–	(660)	(144)	–	16,061	15,257
At 30 April 2017 and 1 May 2017	–	–	(1,010)	476	1	46,093	45,560
Profit for the year	–	–	–	–	–	7,449	7,449
Change in fair value of available-for-sale financial assets	–	–	–	(201)	–	–	(201)
Exchange differences on translation of foreign operations	–	–	5,686	–	–	–	5,686
Total comprehensive income for the year	–	–	5,686	(201)	–	7,449	12,934
Issue of shares under capitalisation	3,000	(3,000)	–	–	–	–	–
Issue of shares under public offer	2,000	58,000	–	–	–	–	60,000
Transaction costs attributable to issues of shares	–	(13,099)	–	–	–	–	(13,099)
At 30 April 2018	5,000	41,901	4,676	(275)	1	53,542	105,395

Notes:

(i) Other reserve represents the difference between the Company's share of nominal value of the paid-up capital of the subsidiary acquired over the Company's cost of acquisition of the subsidiary under the common control upon the reorganisation as detailed in Note 2 of the consolidated financial statements.

(ii) At 30 April 2017 and 2018, the Company had no distribution reserve available for distribution to the shareholders until the ordinary resolution was passed.

(iii) In accordance with the Articles of Association of a subsidiary established in the PRC, they required to transfer 10% of the profit after taxation to the statutory reserve until the reserve 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

The accompanying notes from an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2018

	2018 HK$'000	2017 HK$'000
Operating activities		
Profit before income tax	11,824	21,222
Adjustments for:		
Depreciation of property, plant and equipment	2,662	2,336
Loss on disposals/written-off of property, plant and equipment	369	–
Interest income	(52)	(91)
Interest expenses	1,233	2,374
Operating cash flows before working capital changes	16,036	25,841
(Increase)/decrease in inventories	(602)	2,827
Increase in trade receivables	(210)	(32,814)
Decrease/(increase) in deposits, prepayments and other receivables	3,256	(2,569)
(Decrease)/increase in trade payables	(7,980)	7,668
Increase in accruals, other payables and receipts in advance	4,404	1,936
Net cash generated from operations	14,904	2,889
Interest paid	(1,233)	(2,374)
Income tax paid	(3,169)	(3,601)
Net cash generated from/(used in) operating activities	10,502	(3,086)
Investing activities		
Interest received	52	91
Proceeds from disposals of property, plant and equipment	44	–
Increase of time deposit	(10,117)	–
Purchases of property, plant and equipment	(5,744)	(499)
Net cash used in investing activities	15,765	(408)
Financing activities		
Proceeds from issue shares under the public offer, net	46,901	–
Proceeds from bank borrowings	2,925	27,151
Repayment on bank borrowings	(27,186)	(23,872)
Repayment of obligation under finance lease	(912)	(872)
Dividends paid to equity owners of the Company	–	(4,000)
Net cash generated from/(used in) financing activities	21,728	(1,593)
Net increase/(decrease) in cash and cash equivalents	16,465	(5,087)
Cash and cash equivalents at the beginning of the year	8,502	13,485
Effect of exchange rate changes on cash and cash equivalents	(1,131)	104
Cash and cash equivalents at the end of the year	23,836	8,502
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	23,836	8,502

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2014 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Unit H, 7th Floor, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company's issued shares have been listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange of the Hong Kong Limited ("**Stock Exchange**") on 16 November 2017 (the "**Listing Date**").

The Company is an investment company. The Group principally engages in trading and manufacturing of LED lighting products.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") is also the reporting currency of the Company and all values are rounded to the nearest thousand except otherwise indicated.

2. REORGANISATION

The companies comprising the Group underwent the reorganisation in preparation for listing of the Company's shares (the "**Share**") on GEM pursuant to which the Company became the ultimate holding company of the Group. The reorganisation involved the following steps:

Incorporation of the Company

On 30 January 2014, the Company was incorporated with an authorized share capital of HK$380,000 divided into 38,000,000 Shares whereby one Share was allotted and issued fully paid to the subscriber on incorporation and was transferred to Mr. Shiu Kwok Leung ("**Mr. Shiu**") for cash at par.

Transfer of 1 Share from Mr. Shiu to Real Charm Corp

On 24 October 2017, Mr. Shiu transferred one Share to Real Charm Corp for cash at par. Real Charm Corp, which was incorporated in the BVI on 29 October 2013, is wholly and beneficially owned by Mr. Shiu.

Acquisition of Harvest Mount Global Enterprises Limited ("Harvest Mount") by the Company

On 24 October 2017:

(a) The authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares.

(b) Mr. Shiu and Multi Tech Creation Limited ("**Multi Tech**") as vendors and warrantors and the Company as purchaser entered into the sale and purchase agreement pursuant to which the Company acquired the entire issued share capital of Harvest Mount from Mr. Shiu and Multi Tech and in consideration and in exchange for which, the Company allotted and issued 7,799 and 2,200 Shares, credited as fully paid, to Real Charm Corp (at the direction of Mr. Shiu) and Multi Tech, respectively.

For the year ended 30 April 2018

3. SIGNIFICANT ACCOUNTING POLICIES

In the recent year, the Group has applied, for the first time, a number of the new and revised standards, amendments and interpretations ("**new and amendments to HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for annual periods beginning on or after 1 May 2017. A summary of the new and revised HKFRSs are set out below:

Amendment to HKAS 7	Disclosure Initiative;
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised losses; and
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

In the opinion of directors, the application of the new and 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 periods set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The Group's liabilities arising from financing activities consist of bank borrowing, obligation under finance lease and certain other financial liabilities.

A reconciliation between the opening and closing balances of these items is provided in note to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in Note 33 to the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and and HKAS 28	Sale or Contribution of Assets between an Investor its Associate or Joint Venture[4]
Amendments to HKFRS 15	Clarification of HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 1 and HKAS 28	Annual Improvements to HKFRS 2014–2016 Cycle[2]
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
4 No mandatory effective date yet determined but available of adaption.

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

For the year ended 30 April 2018

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS") *(continued)*

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("**FVTOCI**"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS") *(continued)*

HKFRS 9 Financial Instruments *(continued)*

Except for the potential early recognition of credit losses based on the expected credit loss model in relation to the Group's financial assets measured at amortised costs, additional disclosure in respect of trade receivables including any significant judgements and estimation made, and enhanced disclosures about the Group's risk management activities, the management of the Group anticipates that the adoption of HKFRS9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2018.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ''control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far mare prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarification to HKFRS 15 in relation to the identification of performance obligations, provided versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosure, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS") *(continued)*

HKFRS 16 "Leases"

HKFRS 16 distinguishes leases and services contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of law value assets.

The right-of-use is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As set out in Note 35, total operating lease commitment of the Group in respect of its office and factory premise as at 30 April 2018 was amounting to approximately HK$21,786,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact in the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements includes applicable disclosures required by the GEM Listing Rules and by disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basic of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its return.

The Group reassesses whether or not it controls an investee if facts and circumstance indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit and loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Merger accounting for common control combination

The consolidated financial statements incorporates the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or business are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or business have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction costs, including professional fees, registration fees, cost of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the combined statements of profit or loss and other comprehensive income as follows:

(i) *Sales of goods*

Revenue is recognised when goods are delivered at the customers' premises which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) *Interest income*

Interest income from a financial asset (other than a financial asset at fair value through profit or loss) is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) *Government grants*

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them. Grants that compensate the group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are deducted from carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expenses.

Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Company's or the Group's research and development activities, no development costs satisfy the criteria for the recognition of such costs as an asset. Both research and development costs are therefore recognised as expenses in the period in which they are incurred.

Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as asset of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum leases payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest in the remaining balance of the liability. Finance expenses are recognize immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee (continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the reporting period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the consolidated financial statements of each individual group entities, transactions in currencies other than that entity's foreign currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on monetary items are recognised in profit or loss in the reporting period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is nether planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange difference arising are recognised in the foreign currency translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the reporting period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from the subsidiary in an independent fund managed by the PRC government.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the combined statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the combined statements of financial position at cost, less accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their useful lives, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvement	10 years
Furniture and office equipment	5 to 10 years
Plant and machinery	5 to 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividend

Dividend to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("**FVTPL**"), 'held-to-maturity' investments, 'available-for-sale' ("**AFS**") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale financial asset reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale financial asset reserve is reclassified to profit or loss.

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets (continued)

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the combined statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits and other receivables, amounts due from a director and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

(a) significant financial difficulty of the issuer or counterparty; or

(b) breach of contract, such as a default or delinquency in interest or principal payments; or

(c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(d) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

***Financial assets** (continued)*

Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of available-for-sale financial asset reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Other financial liabilities

Other financial liabilities (including trade payables, accruals, other payables and receipts in advance, obligation under finance leases and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the group are initially measured at their fair values and, if not designed as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and subsequently all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

***Financial liabilities** (continued)*

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties transactions

A party is considered to be related to the Group if:

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(b) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);

(c) both entities are joint ventures of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;

(f) the entity is controlled or jointly controlled by a person identified in (i);

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Related parties transactions (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the equity.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent form other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the group entities, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for an asset at the end of each reporting period. The asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, an estimation of the value in use of the cash-generating units to which the asset is allocated will be required. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(c) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of those assets of similar nature and functions. Management will increase the depreciation where useful lives are less than previously estimated lives. It will write off or write down technically obsolete assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

(d) Impairment of trade and other receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation on the recoverability of trade and other receivables is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the periods in which such estimate has been changed.

(e) Impairment of inventories

The Group makes provision for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of slow-moving stock and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(f) Income tax and deferred taxation

Determining income tax provisions involve judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(g) Impairment of goodwill

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. Where an impairment trigger exists, the recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainly and might materially differ from the actual results. In making these key estimates and judgement, management of the Group takes into consideration assumptions that are mainly based on market conditions existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

6. SEGMENT REPORTING

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the reporting period, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial result of the Group as a whole report under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in designing, manufacturing and trading of LED lighting products. The executive directors allocate resources and assess performance on an aggregate basis. Accordingly, no operating segment is presented.

6. SEGMENT REPORTING *(continued)*

Geographical information

The Group's revenue from external customers is divided into the following geographical areas:

	2018 *HK$'000*	2017 *HK$'000*
Canada	31,155	33,891
Taiwan	10,264	32,707
The US	16,868	19,594
The PRC, excluding Hong Kong	46,964	48,015
Hong Kong	40,259	1,009
Others *(note)*	5,718	6,451
	151,228	141,667

Note: Others include the France, Japan, Italy and Denmark.

The following is an analysis of the Group's non-current assets, excluding goodwill and available-for-sale financial assets, by their geographical location:

	2018 *HK$'000*	2017 *HK$'000*
Hong Kong	117	18
The PRC, excluding Hong Kong	15,998	12,313
	16,115	12,331

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2018 *HK$'000*	2017 *HK$'000*
Customer A	31,250	33,891
Customer B	–*	31,996
Customer C	15,374	–*
Customer D	26,399	–

As at 30 April 2018, 69.3% (2017: 18.2%) of the Group's trade receivables were due from these customers.

* The customers contributed less than 10% of the total revenue of the Group.

For the year ended 30 April 2018

7. REVENUE

Revenue, which is also the Group's turnover, represent the revenue generated by trading and manufacturing of LED decorative lighting products and LED luminaire lighting products, net of return, discounts and sales related taxes, during the reporting period.

	2018 *HK$'000*	2017 *HK$'000*
LED decorative lighting	120,279	74,499
LED luminaire lighting	30,949	67,168
	151,228	141,667

8. OTHER INCOME

	2018 *HK$'000*	2017 *HK$'000*
Sales of scrap material	112	34
Interest income	52	91
Government grant	108	8
Others	113	–
	385	133

9. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interest expenses on:		
— bank borrowings wholly repayable within five years	1,101	1,713
— obligation under finance lease	95	135
	1,196	1,848
Bank charges	37	170
Finance charges	–	356
	1,233	2,374

10. PROFIT BEFORE TAXATION

	2018 *HK$'000*	2017 *HK$'000*
Profit before taxation has been arrived after charging:		
Auditors' remuneration	1,345	137
Cost of inventories recognised as an expense	108,454	99,272
Depreciation of property, plant and equipment	2,662	2,336
Employee benefit expenses (including directors' emoluments) *(Note 11)*	15,704	12,740
Minimum lease payments under operating leases	3,345	3,220
Listing expenses		
— Audit and reporting accountants services	1,320	720
— Others	8,438	3,717
Foreign exchange (gain)/losses	(580)	871
Loss of disposal/written-off of property, plant and equipment	369	–
Research and development expenses	70	68

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2018 HK$'000	2017 HK$'000
Directors' fees	180	–
Salaries, allowances and benefits in kind	14,087	11,439
Retirement scheme contributions	1,437	1,301
	15,704	12,740

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Pursuant to the GEM Listing Rules and section 383 of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about benefits of Directors) Regulation (Cap. 622G), the aggregate amounts of emoluments paid by the companies now comprising the Group to the directors of the Company during the reporting period are as follows:

	2018 HK$'000	2017 HK$'000
Directors' fees	180	–
Salaries, allowances and benefits in kind	1,631	915
Retirement scheme contributions	24	12
	1,835	927

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12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

The emoluments of each of the directors during the year ended are set out below:

	For the year ended 30 April 2018				
	Directors' fees HK$'000	Salaries allowance and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors:					
Mr. Shiu Kwok Leung *(Note a)*	–	618	–	15	633
Mr. Shao Xu Hua *(Note b)*	–	675	–	–	675
Mr. Yuen Lai Him *(Note c)*	–	338	–	9	347
Independent non-executive directors:					
Mr. Wong Ting Kon *(Note d)*	60	–	–	–	60
Ms. Lo Ching Yee *(Note d)*	60	–	–	–	60
Mr. Cheng Hok Ming Albert *(Note d)*	60	–	–	–	60
Total emoluments	180	1,631	–	24	1,835

	For the year ended 30 April 2017				
	Directors' fees HK$'000	Salaries allowance and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors:					
Mr. Shiu Kwok Leung *(Note a)*	–	240	–	12	252
Mr. Shao Xu Hua *(Note b)*	–	675	–	–	675
Mr. Yuen Lai Him *(Note c)*	–	–	–	–	–
Total emoluments	–	915	–	12	927

Notes:

(a) Mr. Shiu Kwok Leung appointed as an Executive Director of the Company on 18 September 2015.

(b) Mr. Shao Xu Hua was appointed as an Executive Director of the Company on 18 September 2015.

(c) Mr. Yuen Lai Him was appointed as an Executive Director on 18 September 2015.

(d) Mr. Wong Ting Kon, Ms. Lo Ching Yee and Mr. Cheng Hok Ming Albert were appointed as independent non-executive Directors of the company on 24 October 2017.

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(b) Five highest paid individuals

The five highest paid employees of the Group included two directors (2017: two directors) for the year ended 30 April 2018. The emoluments of the remaining three individuals (2017: three) are analysed as follows:

	2018 HK$'000	2017 HK$'000
Non-director	**1,963**	1,875

Details of the remuneration of the above non-director, highest paid employee during the year ended are as follow:

	2018 HK$'000	2017 HK$'000
Salaries, allowance and benefits in kind	**1,927**	1,839
Discretionary bonus	**–**	–
Retirement scheme contributions	**36**	36
	1,963	1,875

The number of the highest paid individuals who are not the Directors of the Company whose remuneration fell within the following bands is as follows:

	No. of individuals	
	2018	2017
Nil to HK$1,000,000	**3**	3

(c) Senior management of the Group

The emoluments of senior management (including the Directors as disclosed in Note 12(a)) are within the following banks:

	No. of senior management	
	2018	2017
Nil to HK$1,000,000	**5**	5

During the years ended 30 April 2018 and 2017, no emoluments were paid by the Group to the directors and non-director, highest paid employees or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors, non-director, highest paid employees and senior management waived or agreed to waive any emoluments during the reporting period.

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13. TAXATION

	2018 *HK$'000*	2017 *HK$'000*
Current tax:		
— the PRC	1,539	1,745
— Hong Kong	2,845	3,446
	4,384	5,191
Deferred tax	(9)	(30)
Total taxation	4,375	5,161

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) for each of the assessable profits for the reporting period.

PRC enterprise income tax ("EIT")

PRC EIT is calculated at the applicable tax rates in accordance with the relevant laws and regulation in the PRC.

Under the PRC Enterprise Income Tax Law (the "EIT Law") and the Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% during the reporting period.

The income tax expense for the reporting period can be reconciled to the accounting profit at applicable income tax rate as follows:

	2018 HK$'000		2017 HK$'000	
Profit before taxation	11,824		21,222	
Tax at applicable income tax rate (16.5%)	1,951	16.5%	3,502	16.5%
Effect of tax rate in other countries	458	3.9%	757	3.6%
Tax effect of income or expenses not taxable or not deductible for tax purpose	1,966	16.6%	902	4.2%
Taxation	4,375	37.0%	5,161	24.3%

As at 30 April 2017 and 2018, the Group did not have any significant unrecognised deferred tax assets.

14. DIVIDENDS

The Board of Directors do not recommend the payment of any dividend for the year ended 30 April 2018 (2017: Nil).

For the year ended 30 April 2018

15. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The calculation of basis earnings per share attributable to the owners of the Company is based on the following data:

	2018 *HK$'000*	2017 *HK$'000*
Earnings:		
Earning for the purpose of calculation of calculation basic earnings per share		
— Profit for the year attributable to owners of the Company	7,449	16,061

	2018 *'000*	2017 *'000*
Number of shares:		
Number of ordinary shares for the purpose of calculation basic earnings per share	390,959	300,000

For the year ended 30 April 2017, the number of ordinary shares for the purpose of calculation basic earning per share was the number of shares in issue immediately after the completion of capitalisation issue.

Diluted earnings per share for the years ended 30 April 2018 and 2017 were the same as the basic earnings per share as there were no potential dilutive ordinary shares existence during the reporting period.

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16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
Cost						
As at 1 May 2016	3,523	19,378	285	176	800	24,162
Additions	–	487	–	–	12	499
Exchange alignment	(208)	(789)	(17)	(11)	(24)	(1,049)
As at 30 April 2017 and 1 May 2017	3,315	19,076	268	165	788	23,612
Additions	–	5,096	398	90	160	5,744
Written-off/disposal	–	(1,295)	–	–	(100)	(1,395)
Exchange alignment	329	1,295	27	18	39	1,708
As at 30 April 2018	**3,644**	**24,172**	**693**	**273**	**887**	**29,669**
Accumulated depreciation						
As at 1 May 2016	176	8,284	74	40	625	9,199
Charge for the year	359	1,840	29	32	76	2,336
Exchange alignment	(10)	(220)	(4)	(4)	(16)	(254)
As at 30 April 2017 and 1 May 2017	525	9,904	99	68	685	11,281
Charge for the year	364	2,112	75	42	69	2,662
Written-off/disposal	–	(885)	–	–	(97)	(982)
Exchange alignment	52	490	10	8	33	593
As at 30 April 2018	**941**	**11,621**	**184**	**118**	**690**	**13,554**
Carrying values						
As at 30 April 2018	**2,703**	**12,551**	**509**	**155**	**197**	**16,115**
As at 30 April 2017	2,790	9,172	169	97	103	12,331

As at 30 April 2018, the carrying values of the Group's property, plant and machinery include amounts of approximately HK$3,013,000 (2017: HK$3,451,000), in respect of assets held under finance leases.

For the year ended 30 April 2018

17. SUBSIDIARIES

Upon the completion of the Reorganisation, the Company had direct or indirect interest in the following subsidiaries:

Name of Company	Place of incorporation/ registration and operation	Issued/paid up capital	Percentage of equity and voting rights attributable to the Company Direct	Indirect	Principal activities
Harvest Mount Global Enterprises Limited	Incorporated on 5 November 2010 in the British Virgin Islands (the "BVI")	US$100	100%	–	Investment holding
Bortex International Limited	Incorporated on 30 December 2008 in Hong Kong	HK$100	–	100%	Marketing and trading of LED lighting products in Hong Kong
Bortex Holdings Limited	Incorporated on 10 November 2011 in Hong Kong	HK$100	–	100%	Investment holding
東莞市濠亮實業有限公司	Incorporated on 29 December 2004 in the PRC	USD1,000,000	–	100%	Manufacturing and trading of LED lighting products in the PRC

As at the date of this report, no audited financial statement has been prepared for the Company since its date of incorporation as there are no statutory requirements for the Company to prepare audited financial statements.

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18. GOODWILL

	HK$'000
Cost:	
At 1 May 2016	8,876
Exchange realignment	(525)
At 30 April 2017 and 1 May 2017	8,351
Exchange realignment	830
At 30 April 2018	**9,181**
Accumulated impairment losses:	
At 1 May 2016, 30 April 2017, 1 May 2017 and 30 April 2018	–
Carrying amount:	
At 30 April 2018	**9,181**
At 30 April 2017	8,351

The goodwill was recognised upon the completion of the acquisition of the entire issued share capital of 東莞市濠亮實業有限公司 on 14 May 2013.

Goodwill had been allocated to the business relating to manufacturing and trading of LED lighting products. Management considered this as a single CGU for the purpose of impairment testing of the goodwill.

Before recognition of impairment losses, the carrying amount of goodwill was allocated to the CGU as follows:

	2018 **HK$'000**	2017 HK$'000
LED manufacturing business	**9,181**	8,351

The recoverable amount of the CGU has been determined by value-in-use calculations based on cash flow projections from formally approved budgets covering a 5 year period. Cash flows beyond the 5 year period are extrapolated using an estimated terminal growth rate of 3%, which does not exceed the long-term growth rate for the relevant industry in the PRC. The pre-tax rate used to discount the forecasted cash flow for CGU is 19.33% per annum (2017: 19.78%). In the opinion of the directors, no impairment loss is required for the year ended 30 April 2018 (2017: Nil). Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU.

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18. GOODWILL *(continued)*

The key assumptions used in the value in use calculations are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The value assigned to the assumption reflect past experience
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflect the past experience
Discount rates	Using a weighted average cost of capital to calculate a pre-tax rate that reflect current market assessment of the time value of money and risk specific to the asset
Terminal growth rates	Calculated based on the expected rate of inflation projected by the IMF, represents the rate at which the cash flow will grow perpetually after the final year of projection

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
At fair value		
Investment in a life insurance contract	2,365	2,566

During the year ended 30 April 2014, the Group entered into a contract with an insurance company. The contract contains life insurance policies to insure against the death of one of the key members of management of the Group, with an aggregate insured sum of US$1 million (equivalent to approximately HK$7.75 million). Under the contract, the beneficiary and policyholder is Bortex International Limited which made upfront payments of US$280,000 (equivalent to approximately HK$2,090,000) during the year ended 30 April 2014.

20. INVENTORIES

	2018 HK$'000	2017 HK$'000
Raw materials	3,736	4,124
Work-in-progress	13,101	14,264
Finished goods	8,376	4,183
	25,213	22,571

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21. TRADE RECEIVABLES

	2018 *HK$'000*	2017 *HK$'000*
Trade receivables	41,827	39,323

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 days to 120 days to its customers.

Note:

Ageing analysis of trade receivables, based on invoice date, as at the end of each reporting periods are as follows:

	2018 *HK$'000*	2017 *HK$'000*
Within 60 days	33,941	36,110
61–90 days	2,736	1,416
91–180 days	3,841	1,797
Over 180 days	1,309	–
	41,827	39,323

Past due but not impaired

Included in the Group's trade receivables balances are debts with carrying amounts of approximately HK$5,400,000 as at 30 April 2018 (2017: HK$7,754,000) which were past due at the end of the reporting period for which the Group had not provided as there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group does not hold any collateral over these balances.

	2018 HK$'000	2017 HK$'000
Overdue by:		
Within 60 days	4,073	7,754
61–90 days	–	–
91–180 days	18	–
Over 180 days	1,309	–
	5,400	7,754

For the year ended 30 April 2018

21. TRADE RECEIVABLES *(continued)*

Past due but not impaired *(Continued)*

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there were no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

The Group's policy for impairment loss on trade receivable is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balance and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balance.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Deposits	2,683	3,553
Prepayments	3,897	5,469
Other receivables	291	609
	6,871	9,631

23. CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash and bank balances	23,836	8,502
Fixed deposit	10,117	–
Balance at the end of the year	33,953	8,502

Cash and cash equivalents represent cash at banks and in hand. Short-term fixed deposit is made for period of six months with an interest rate of 3.45% per annum. Cash at banks carried interest at average market rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 30 April 2018, the Group has cash and cash equivalents of the Group denominated in Renminbi amounted to approximately HK$16,539,000 (2017: HK$2,488,000) placed with the banks in the PRC respectively. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

24. TRADE PAYABLES

	2018 *HK$'000*	2017 *HK$'000*
Trade payables	10,834	20,684

Credit periods of trade payables normally granted by its suppliers were ranging from 0 to 180 days throughout the reporting period.

Ageing analysis of trade payables, based on invoice date, at the end of the reporting period is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Within 60 days	5,796	11,779
61–90 days	286	3,549
91–180 days	1,605	2,828
181–365 days	2,880	2,419
Over 365 days	267	109
	10,834	20,684

All amounts are short-term and hence the directors considered that carrying amounts of trade payables are considered to be a reasonable approximation of their fair values.

25. ACCRUALS, OTHER PAYABLES AND RECEIPTS IN ADVANCE

	2018 HK$'000	2017 HK$'000
Accruals	5,135	2,388
Receipts in advance	3,407	1,432
Other payables	727	1,355
	9,269	5,175

The carrying amounts of accruals, other payables and receipts in advance are short-term and hence the directors considered that their carrying values are considered to be a reasonable approximation of their fair values.

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26. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Secured bank borrowings *(notes a, b, c, d, e, f and h)*	1,773	24,052
Carrying amount repayable *(note i)*:		
Within one year	1,773	19,658
Over 1 year but within 2 years	–	4,394
Over 2 years but within 5 years	–	–
	1,773	24,052
Less: Amount classified as current liabilities secured term loan due within 1 year or contain a repayment on demand clause	1,773	(24,052)
Amount classified as non-current liabilities	–	–
Fixed-rate bank borrowings *(notes a and c)*	–	16,911
Variable-rate bank borrowings *(notes b, c, d, e and f)*	1,773	7,141
	1,773	24,052

Notes:

(a) The secured fixed-rate bank borrowings of approximately HK$16,911,000 (equivalent to approximately RMB15,000,000) as at 30 April 2017 was guaranteed by an independent financial institution, personal guarantee by the Director (Mr. Shao Xu Hua) and his wife and uncle (Ms. Luo Mei Ling and Mr. Shao Ren Man), personal guarantee by the director of the subsidiary of the Group (Mr. Shao Chi Liang) and secured by the property owned by Mr. Shao Ren Man, which were repayable with one year and bear interest at 6.3% to 7.0% per annum for the year ended 30 April 2017. All the connected personal guarantee and pledged assets provided by the director of subsidiary of the Group were released during the year ended 30 April 2018.

(b) The secured variable-rate bank borrowings of approximately HK$1,773,000 as at 30 April 2018 were guaranteed by corporate guarantee of the Company and the subsidiary of the Group and secured by the Group's available-for-sale financial asset with fair value of approximately HK$2,365,000 (2017: HK$2,566,000) as at 30 April 2018.

(c) The secured variable-rate bank borrowings of approximately HK$2,124,000 as at 30 April 2017 were guaranteed by the Directors of the Company, Mr. Shao Xu Hua, corporate guarantee of the subsidiary of the Group and personal guarantee of its director, Mr. Shao Chi Liang and secured by the Group's available-for-sale financial asset with fair value of approximately HK$2,566,000 as at 30 April 2017. All the connected personal guarantee were released during the year ended 30 April 2018.

(d) The secured variable-rate bank borrowings of approximately HK$1,720,000 (2017: HK$1,755,000) as at 30 April 2018 in note (b) and (c) are repayable within one year and bear interest at HKD BLR-1% per annum.

(e) The secured variable-rate bank borrowings of approximately HK$53,000 (equivalent to US$7,000) (2017: HK$685,000 (equivalent to US$48,000)) as at 30 April 2018 in note (b) and (c) are repayable within five years and bear interest at USD BLR-0.5% per annum and with mature on 24 June 2018.

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26. BANK BORROWINGS *(continued)*

Notes: (continued)

(f) The remaining secured variable-rate bank borrowings of approximately HK$5,017,000 (equivalent to approximately RMB4,450,000) as at 30 April 2017, were guaranteed by personal guarantee of the Director (Mr. Shao Xu Hua) and his wife (Ms. Luo Mei Ling), personal guarantee of the director of the subsidiary of the Group (Mr. Shao Chi Liang) and his wife (Ms. Luo Xiu E), corporate guarantee by the subsidiary of the Group and secured by the property owned by the Director (Mr. Shao Xu Hua), which were repayable within three years and bear interest at the floating rate of marking up the lending interest rate policies of one to five years term loan of the People's Bank of China by 35% per annum and the interest rate will be adjusted every year. All the connected personal guarantee and pledged assets provided by the director of subsidiary of the Group were released during the year ended 30 April 2018.

(g) All of the bank borrowings are repayable on demand. The amounts due are based on the scheduled repayment dates set out in the loan agreements.

27. OBLIGATION UNDER FINANCE LEASE

	Minimum lease payment		PV of minimum lease payment	
	As at 30 April			
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance lease:				
Within one year	**1,007**	1,007	**953**	912
In the second year	**670**	1,007	**660**	953
In the third year	**–**	670	**–**	660
In the fourth year	**–**	–	**–**	–
In the fifth year	**–**	–	**–**	–
	1,677	2,684	**1,613**	2,525
Less: Future finance charges	**(64)**	(159)	**–**	–
Present value of lease obligations	**1,613**	2,525	**1,613**	2,525
Less: Amount due within one year shown under current liabilities			**(953)**	(912)
Amount due over one year shown under non-current liabilities			**660**	1,613

During the years ended 30 April 2018 and 2017, the lease term is 5 years. Interest rates underlying all obligation under finance leases are fixed at respective contract rates ranged 4.5% per annum. Obligation under finance lease is denominated in Hong Kong dollars. The obligations under finance lease is secured by the lessor's charge over the leased assets and guaranteed by the directors of the Company, Mr. Shao Xu Hua and corporate guarantee of certain subsidiary of the Group and personal guarantee of its director, Mr. Shao Chi Liang. The directors of the Company represented the personal guarantee were released and replaced by the corporate guarantee of the Company during the year ended 30 April 2018.

For the year ended 30 April 2018

28. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities of the Group recognised and movements during the reporting period are as follows:

	Depreciation allowances in excess of the related depreciation HK$'000
At 1 May 2016	39
Charged to combined statement of profit of loss	(30)
At 30 April 2017 and 1 May 2017	9
Charged to consolidated statement of profit of loss	(9)
At 30 April 2018	–

29. SHARE CAPITAL

	Number of shares	HK$'000
Authorised:		
At 1 May 2016, 30 April 2017 and 1 May 2017 with par value of HK$0.01 *(note a)*	38,000,000	380
Increase of authorised share capital with par HK$0.01 each on 24 October 2017 *(note b)*	9,962,000,000	99,620
At 30 April 2018	10,000,000,000	100,000
Issue and fully paid:		
At 1 May 2016, 30 April 2017 and 1 May 2017 with par value of HK$0.01 each *(note a)*	10,000	–*
Issue of shares under the public offer *(note c)*	200,000,000	2,000
Issue of shares under capitalisation Issue *(note d)*	299,990,000	3,000
At 30 April 2018	500,000,000	5,000

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29. SHARE CAPITAL *(Continued)*

Notes:

(*) The amounts of issued and fully paid share capital was HK$100.

(a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 380,000,000 shares of HK$0.01 each. On 30 January 2014, 10,000 shares was allotted and issued.

(b) Pursuant to the written resolutions of the sole shareholder of the Company (the "Shareholder") passed on 24 October 2017, the authorised share capital of the Company increased from HK$380,000 to HK$100,000,000 by creation of an additional of 9,962,000,000 shares of HK$0.01 each.

(c) On 16 November 2017, the Company issued 200,000,000 new shares at HK$0.3 each in relation to the Share Offer. The premium on the issue of Shares, amounting to approximately HK$44,901,000, net of listing-related expenses, was credited to the Company's share premium account. These new shares rank pari passu with the existing shares in all respects.

(d) Pursuant to the written resolutions of the sole Shareholder passed on 24 October 2017, conditional on the share premium account of our Company being credited as a result of the issue of Offer Shares under the Share Offer, the Directors were authorised to allot and issue a total of 299,990,000 Shares credited as fully paid at par to the Shareholders whose names appears on the register of members of our Company at the close of business on 27 October 2017 (or another date as the Directors may direct) by way of capitalisation of the sum of HK$2,999,900 standing to the credit of the share premium account of the Company, and the Shares to be allotted and issued pursuant to such resolution shall rank pari passu in all respects with the existing issued Shares.

30. RETIREMENT BENEFIT PLANS

The employees in the PRC are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries operating in the PRC is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contribution under the scheme.

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The MPF Scheme is a registered scheme under the MPF Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employers and their employees are each required to make contributions to the MPF Scheme at a rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees and capped at HK$1,500 per month (HK$1,500 since 1 June 2014). No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

31. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Share Option Scheme**") for the purpose of recognizing and acknowledging the contributions that eligible participants have made or may make to the Group. The Share Option Scheme became effective on 16 November 2017 and, unless otherwise cancelled or amended, would remain in force for 10 years from that date.

Eligible participants of the Share Option Scheme include any director, employee (full time or part time), consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); (ii) the trustee of any trust the beneficiary of which or any discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate.

The maximum number of shares issuable under share options granted to each eligible participant in the Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

A grant of share options under the Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted, to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, are subject to shareholders' approval in advance in a general meeting.

Subject to the Board discretion, the period of acceptance of offer of a grant of share options under the Scheme shall be not less than three business days and not longer than the remaining life of the Share Option Scheme. The offer shall be deemed accepted by the grantee upon non-refundable payment of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options. Unless otherwise determined by the directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

During the year ended 30 April 2018, the Company did not grant any share option under the share option scheme.

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32. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group or borrowings of the Group:

	2018 HK$'000	2017 HK$'000
Available-for-sale financial asset	**2,365**	2,566

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classifies in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Obligation under finance lease HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 May 2017	2,525	24,052	26,577
Changes from financing cash flows:			
New bank loan raised	–	2,925	2,925
Repayment of bank loans	–	(27,186)	(27,186)
Repayment of obligation under finance lease	(912)	–	(912)
Exchange alignment	–	1,982	1,982
At 31 March 2018	1,613	1,773	3,386

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed in Notes 12, 26 and 27 of the consolidated financial statements, the Group entered into the following significant related party transactions during the reporting period.

Compensation of key management personnel

The Directors of the Company are identified as key management members of the Group and their compensation during the reporting period is set out in Note 12.

For the year ended 30 April 2018

35. OPERATING LEASE ARRANGEMENTS

The group as lessee

The Group has future minimum lease payments in respect of head office and production properties. At the end of each reporting period, the Group had commitment for future minimum lease payment under non-cancellable operating leases which fall due as follow:

	2018 HK$'000	2017 HK$'000
Within one year	3,128	3,069
In the second to fifth years	11,631	11,440
Over five years	7,027	9,817
	21,786	24,326

As at 30 April 2018, leases are negotiated for a range from 1 to 10 years and rentals are fixed over the terms and do not include contingent rentals. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

36. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. Overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

(a) Categories of financial assets and liabilities

	2018 HK$'000	2017 HK$'000
Financial assets		
Available-for-sale financial assets	2,365	2,566
Loans and receivables (including fixed deposit and cash and cash equivalents):		
Trade receivables	41,827	39,323
Deposits and other receivables	2,974	4,162
Fixed deposit	10,117	–
Cash and cash equivalents	23,836	8,502
	81,119	54,553

36. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Categories of financial assets and liabilities *(Continued)*

	2018 HK$'000	2017 HK$'000
Financial liabilities		
Financial liabilities measure at amortised cost:		
Trade payable	10,834	20,684
Accruals, other payables and receipts in advance	9,269	5,175
Obligation under finance lease	1,613	2,525
Bank borrowings	1,773	24,052
	23,489	52,436

(b) Currency risk

The Group operates in Hong Kong and the PRC with most of transactions denominated and settled in US$, HK$ and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The management do not expect the net foreign currency risk from these activities to be significant and hence, the Group do not presently hedge the foreign exchange risks. The Group periodically review liquid assets and liabilities held in currencies other than the functional currencies of the respective subsidiaries to evaluate its foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2018 HK$'000	2017 HK$'000
Assets		
US$	17,605	24,944
RMB	44,477	31,221
	62,082	56,165
Liabilities		
US$	3,460	1,801
RMB	15,403	46,105
	18,863	47,906

Sensitivity analysis

As US$ is pegged to HK$, the Group does not expect any significant movement in the HK$/US$ exchange rate. No sensitivity analysis in respect of the Group's financial assets and liabilities denominated in US$ is disclosed as in the opinion of directors of the Company.

Such sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rates as the reporting dates.

36. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Currency risk *(Continued)*

The following table details the Group's sensitivity to a 5% change in RMB against HK$, represents management's assessment of the reasonably change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive/(negative) number below indicates an increase/(decrease) in profit for the year where the relevant foreign currencies strengthen 5% against RMB. For a 5% weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit for the year.

	2018 HK$'000	2017 HK$'000
RMB	**1,091**	558

Sensitivity analysis of the Group's exposure to foreign currency risk at the end of each reporting period has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the years.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next reporting period. The analysis is performed on the same basis for the reporting period.

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings which bore interests at fixed and floating interest rates. Bank borrowings bearing variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk. The Group does not have a formulated policy to manage the interest rate risk but will closely monitor the interest rate risk exposure in the future.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of RMB Benchmark Loan Rate of the People's Bank of China on the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on bank borrowings. The analysis is prepared assuming the bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. A 50 basis point increase or decrease throughout the reporting period is used internally for assessment of possible change in interest rate.

For the variable-rate bank borrowings, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 April 2018 would decrease/increase by approximately HK$1,000 (2017: HK$28,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings.

36. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Credit risk

It is the risk that a counterparty is unable to pay amount in full when due. It arises primarily from the Group's trade receivables. The Group limits its exposure to credit risk by rigorously selecting counterparties. The Group mitigates its exposure to risk relating to trade receivables by dealing with diversified customers with sound financial standing. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. In addition, all receivables balances are monitored on an ongoing basis and overdue balances are followed up by senior management. The amounts presented in the combined statement of financial position are net of allowances for doubtful receivables, if any, estimated by the management based on prior experience and the current economic environment. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors believe that the credit risk is significantly reduced.

The Group has a concentration of credit risk in certain individual customers. As at 30 April 2018, the five largest receivable balance accounted for approximately 95% (2017: 68%) of trade receivable and the largest trade receivable was approximately HK$17,437,000 (2017: HK$7,151,000) and was approximately 42% (2017: 18%) of the Group's total trade receivables. The Group seeks to minimize its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

In relation to the Group's deposits with bank, the Group limits its exposure to credit risk by placing deposits with financial institutions with high credit rating and no recent history of default. The directors consider that the Group's credit risk on the bank deposits is low. Management continues to monitor the position and will take appropriate action if their ratings should change. As at 30 April 2017 and 2018, the Group has no significant concentration of credit risk in relation to deposits with bank.

(e) Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows. Management monitors the utilisation of borrowings on a regular basis.

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36. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Liquidity risk (continued)

The following tables detail the Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows.

	As at 30 April 2018					
	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	10,834	–	–	10,834	10,834
Accruals, other payables and receipts in advance	–	9,269	–	–	9,269	9,269
Obligation under finance lease	4.6	1,007	670	–	1,677	1,613
Bank borrowings						
— variable-rate	2.00–4.00	1,843	–	–	1,843	1,773
		22,953	670	–	23,623	23,489

	As at 30 April 2017					
	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	20,684	–	–	20,684	20,684
Accruals, other payables and receipts in advance	–	5,175	–	–	5,175	5,175
Obligation under finance lease	4.6	1,007	1,007	670	2,684	2,525
Bank borrowings						
— fixed-rate	6.55	18,053	–	–	18,053	16,911
— variable-rate	2.02–6.41	7,915	–	–	7,915	7,141
		52,834	1,007	670	54,511	52,436

36. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Liquidity risk (continued)

Note: Bank borrowings with a repayment on demand clause are included in the 'on demand or within one year' time band in the above maturity analysis. As at 30 April 2018, the aggregate principal amounts of these bank borrowing amounted to HK$1,773,000 (2017: HK$24,652,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
Bank Borrowings						
At 30 April 2018						
— variable-rate	2.00–4.00	1,843	–	–	1,843	1,773
At 30 April 2017						
— fixed-rate	6.55	18,053	–	–	18,053	16,911
— variable-rate	2.02–6.41	3,199	729	3,987	7,915	7,141
		21,252	729	3,987	25,968	24,052

(f) Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

For financial reporting purpose, fair value measurement are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurements in its entirety.

The table below gives the information about how the fair value of these financial assets and financial liabilities that are measured at fair value on a recurring basis are determined (in particular, the valuation technique(s) and inputs used). The different level are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

36. FINANCIAL RISK MANAGEMENT *(continued)*

(f) Fair value measurements *(continued)*

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value at 30 April 2018 HK$'000	Fair value at 30 April 2017 HK$'000	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable inputs	Sensitivity
Investment in a life contact	2,365	2,566	Level 3	Probability-weighted discounted cash flow method Key inputs include the account value, policy charge, crediting rate of insurance policy and discount rate	30 April 2018 Crediting rate: 3.65% Discount rate: 2.17% – 3.59% (30 April 2017 Crediting rate: 3.60% Discount rate: 0.48% – 3.27%)	A significant increase in discount rate used would result in a significant decrease in fair value, and vice versa. 30 April 2018 Discount rate + 10%: Fair value = HK$2,051,000 Discount rate – 10%: Fair value = HK$2,723,000 30 April 2017 Discount rate + 10%: Fair value = HK$2,248,000 Discount rate – 10%: Fair value = HK$2,937,000

There were no transfer between Level 1 and Level 2 during the reporting period.

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The above table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's combined statements of financial position approximate of their fair values.

37. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of Financial Position

	Notes	2018 HK$'000	2017 HK$'000
Current assets			
Prepayments		–	4,534
Amounts due from subsidiaries *(Note)*		24,630	–
Cash and cash equivalents		17	–
		24,647	4,534
Current liabilities			
Accruals		1,285	342
Amounts due to subsidiaries *(Note)*		–	15,473
		1,285	15,815
Net current assets/(liabilities)		23,362	(11,281)
Net assets/(liabilities)		23,362	(11,281)
Equity			
Share capital	*29*	5,000	–
Reserves		18,362	(11,281)
Total equity		23,362	(11,281)

Note: The amounts due from/to subsidiaries are non-trade nature, unsecured, interest free and repayable on demand.

The financial statements were approved and authorized for issue by the Board of Directors on 23 July 2018 and are signed on its behalf by:

Shiu Kwok Leung	Yuen Lai Him
Director	*Director*

(b) Reserves of the Company

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2016	–	(6,641)	(6,641)
Loss and total comprehensive loss for the year	–	(4,640)	(4,640)
At 30 April 2017 and 1 May 2017	–	(11,281)	(11,281)
Loss and total comprehensive loss for the year	–	(12,258)	(12,258)
Issue of shares under the capitalisation	(3,000)	–	(3,000)
Issue of shares under the public offer	58,000	–	58,000
Transaction costs attributable to issues of shares	(13,099)	–	(13,099)
At 30 April 2018	41,901	(23,539)	18,362

Notes:

(i) At 30 April 2017 and 2018, the Company had no distribution reserve available for distribution to the shareholders until the ordinary resolution was passed.

For the year ended 30 April 2018

38. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods commensurately with the level of risk.

The Group activity and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, debt is defined as bank borrowings and obligations under finance leases. In order to maintain or adjust the ratio, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

No changes were made to the objectives, policies or processes for managing capital during the years ended 30 April 2018 and 2017.

The Group's debt to equity ratio at the reporting period was as follows:

	2018 HK$'000	2017 HK$'000
Debt *(note 1)*	3,386	26,577
Less: Cash and cash equivalents	(33,953)	(8,502)
Net debts	N/A	18,075
Total equity	105,395	45,560
Net debt to equity ratio	N/A	39.7%

Note:

(1) Debt comprises bank borrowings and obligations under finance leases as detailed in notes 26 and 27 respectively.

39. APPROVAL FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 July 2018.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is as follows.

	Year ended 30 April				
RESULTS	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Revenue	148,296	138,636	120,988	141,667	**151,228**
Profit before taxation	14,109	12,366	15,034	21,222	**11,824**
Taxation	(2,990)	(3,753)	(3,065)	(5,161)	**(4,375)**
Profit for the year	11,119	8,613	11,969	16,061	**7,449**

	As at 30 April				
ASSETS AND LIABILITIES	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Current assets	109,084	78,757	53,770	80,027	**107,864**
Non-current assets	22,351	24,898	26,549	23,248	**27,661**
Total assets	131,435	103,655	80,319	103,275	**135,525**
Current liabilities	113,363	72,141	47,452	56,093	**29,470**
Non-current liabilities	117	3,478	2,564	1,622	**660**
Total liabilities	113,480	75,619	50,016	57,715	**30,130**
Net assets	17,955	28,036	30,303	45,560	**105,395**

Notes:

The summary of the consolidated results of the Group for each of the three years ended 30 April 2015, 2016 and 2017 and of the assets and liabilities as at 30 April 2015, 2016 and 2017 have been extracted from the Prospectus.

The summary above does not form part of the audited consolidated financial statements.