



Bortex Global Limited

濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118

2018

INTERIM REPORT

** For identification purpose only*

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of 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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The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 October 2018, which has been reviewed by the audit committee of the Company, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the six months ended 31 October 2018

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	5	50,137	46,980	78,009	77,430
Cost of sales		(34,222)	(32,397)	(54,646)	(54,603)
Gross profit		15,915	14,583	23,363	22,827
Other income and gain	6	305	114	364	181
Selling and distribution expenses		(1,135)	(858)	(2,101)	(1,798)
Administrative expenses		(5,531)	(3,896)	(9,274)	(6,975)
Finance costs		(22)	(460)	(86)	(915)
Profit before taxation	7	9,532	9,483	12,266	13,320
Taxation	8	(1,915)	(1,934)	(2,634)	(2,715)
Profit for the period		7,617	7,549	9,632	10,605
Other comprehensive (loss)/income for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of available-for-sale financial assets		–	214	–	216
Exchange differences on translation of foreign operations		(2,188)	542	(7,080)	470
Other comprehensive (loss)/income for the period, net of tax		(2,188)	756	(7,080)	686
Total comprehensive income for the period		5,429	8,305	2,552	11,291
Profit for the period attributable to equity owners of the Company		7,617	7,549	9,632	10,605
Total comprehensive income for the period attributable to equity owners of the Company		5,429	8,305	2,552	11,291
Earnings per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	10	1.52	2.52	1.93	3.54

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2018

	Notes	31 October 2018 HK\$'000 (unaudited)	30 April 2018 HK\$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	11	15,701	16,115
Goodwill		8,333	9,181
Available-for-sale financial asset		2,365	2,365
		26,399	27,661
Current assets			
Inventories		18,794	25,213
Trade receivables	12	32,314	41,827
Deposits, prepayments and other receivables	13	10,474	6,871
Fixed deposit		–	10,117
Cash and cash equivalents		47,650	23,836
		109,232	107,864
Liabilities			
Current liabilities			
Trade payables	14	11,071	10,834
Accruals, other payables and receipts in advance	15	3,602	9,269
Contract liabilities		1,209	–
Obligation under finance lease			
— due within one year		972	953
Bank borrowings		4,223	1,773
Tax payables		6,437	6,641
		27,514	29,470
Net current assets		81,718	78,394
Total assets less current liabilities		108,117	106,055
Non-current liabilities			
Obligation under finance lease			
— due over one year		170	660
Deferred tax liabilities		–	–
		170	660
Net assets		107,947	105,395
Equity			
Share capital	16	5,000	5,000
Reserves		102,947	100,395
Total equity		107,947	105,395

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 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 2017 (audited)	-	-	(1,010)	476	1	46,093	45,560
Profit for the period	-	-	-	-	-	10,605	10,605
Change in fair value of available-for-sale financial assets	-	-	-	216	-	-	216
Exchange differences on translation of foreign operations	-	-	470	-	-	-	470
Total comprehensive (loss)/income for the period	-	-	470	216	-	10,605	11,291
At 31 October 2017 (unaudited)	-	-	(540)	692	1	56,698	56,851
At 30 April 2018 and 1 May 2018 (audited)	5,000	41,901	4,676	275	1	53,542	105,395
Profit for the period	-	-	-	-	-	9,632	9,632
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-
Exchange differences on translation of foreign operation	-	-	(7,080)	-	-	-	(7,080)
Total comprehensive (loss)/income for the period	-	-	(7,080)	-	-	9,632	2,552
At 31 October 2018 (unaudited)	5,000	41,901	(2,404)	275	1	63,174	107,947

Notes:

- (i) Other reserve represents the difference between the Company's share of normal 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 Section II.
- (ii) At 31 October 2018, the Company had no distribution reserve available for distribution to the shareholders.
- (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 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 form an integral part of the Interim Financial Information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2018

	For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Net cash generated from operating activities	14,228	7,383
Investing activities		
Interest received	284	65
Decreased in fixed deposit	10,117	–
Proceeds from disposal of property, plant and equipment	2	–
Purchase of property, plant and equipment	(1,931)	(548)
Net cash generated from/(used in) investing activities	8,472	(483)
Financing activities		
Proceeds from bank borrowings	3,974	6,471
Repayment of bank borrowings	(1,524)	(9,737)
Repayments of obligation under finance lease	(471)	(450)
Net cash generated from/(used in) financing activities	1,979	(3,716)
Net increase in cash and cash equivalents	24,679	3,184
Cash and cash equivalents at the beginning of the period	23,836	8,502
Effect of exchange rate change on cash and cash equivalents	(865)	(488)
Cash and cash equivalents at the end of the period	47,650	11,198
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	47,650	11,198

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2018

1. GENERAL INFORMATION

The Company was incorporated in 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 Flat A, 11th 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 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 unaudited condensed 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. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The Interim Financial Statements have been prepared in accordance with same accounting policies adopted in the 2018 annual financial statements, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 May 2018. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 May 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

(a) Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue from trading and manufacturing of LED lighting products.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 May 2018. Difference at the date of initial application, if any, is recognised in the opening accumulated losses and comparative information has not been restated.

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a 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 Group satisfies a performance obligation.

Under HKFRS 15, the Group 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”) (Continued)

(a) Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (Continued)

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(b) Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments”

In the current period, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 May 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 May 2018. The difference between carrying amounts as at 30 April 2018 and the carrying amounts as at 1 May 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”) (Continued)

(b) Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments” (Continued)

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.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of other receivables, fixed deposits and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 May 2018, no additional credit loss allowance has been recognised in the unaudited condensed consolidated financial statements.

4. 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 six months ended 31 October 2018, 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.

4. SEGMENT REPORTING *(Continued)*

Geographical information

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

	For the three months ended 31 October		For the six months ended 31 October	
	2018	2017	2018	2017
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Canada	7,598	11,076	21,482	30,693
Taiwan	–	4,064	–	4,064
The US	5,209	10,083	12,663	16,339
The PRC, excluding Hong Kong	32,163	16,939	34,457	21,372
Hong Kong	272	267	3,337	408
Others (Note)	4,895	4,551	6,070	4,554
	50,137	46,980	78,009	77,430

Note: Others include the 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:

	As at 31 October 2018 HK\$'000 (unaudited)	As at 30 April 2018 HK\$'000 (audited)
Hong Kong	35	117
The PRC, excluding Hong Kong	15,666	15,998
	15,701	16,115

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:

	For the three months ended 31 October		For the six months ended 31 October	
	2018	2017	2018	2017
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Customer A	7,598	11,354	21,482	30,971
Customer B	–*	8,018	–*	8,836
Customer C	10,079	–	10,079	–

* Less than 10%

5. 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 six months ended 31 October 2018 and 2017.

	For the three months ended 31 October		For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
LED decorative lighting	45,473	31,845	72,902	60,988
LED luminaire lighting	4,664	15,135	5,107	16,442
	50,137	46,980	78,009	77,430

6. OTHER INCOME AND GAIN

	For the three months ended 31 October		For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Sales of scrap material	1	6	56	10
Interest income	284	2	288	65
Government grant	20	106	20	106
	305	114	364	181

7. PROFIT BEFORE TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Auditors' remuneration	105	200	105	200
Cost of inventories recognised as an expense	34,222	32,397	54,646	54,603
Depreciation of property, plant and equipment	698	302	1,366	868
Employee benefit expenses (including directors' emoluments)	6,555	2,199	13,047	7,890
Minimum lease payments under operating leases	845	854	1,725	1,680
Listing expenses	–	460	–	1,018
Foreign exchange losses/(gains)	1,157	(572)	1,096	(486)
Research and development expenses	40	14	74	33

8. TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax:				
The PRC	1,043	1,077	1,762	1,077
Hong Kong	872	858	872	1,640
	1,915	1,935	2,634	2,717
Deferred tax	–	(1)	–	(2)
Total taxation	1,915	1,934	2,634	2,715

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) for the assessable profit for the period.

The PRC

The PRC Enterprise Income Tax ("PRC EIT") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

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

9. DIVIDENDS

The Directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 31 October 2017: nil).

10. 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:

	For the three months ended 31 October		For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Earnings:				
Earning for the purpose of calculation of calculation basic earnings per share — Profit for the period attributable to owners of the Company	7,617	7,549	9,632	10,605

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY *(Continued)*

	For the three months ended 31 October		For the six months ended 31 October	
	2018	2017	2018	2017
	'000 (unaudited)	'000 (unaudited)	'000 (unaudited)	'000 (unaudited)
Number of shares:				
Number of ordinary shares for the purpose of calculation basic earnings per share	500,000	300,000	500,000	300,000

For the six months ended 31 October 2017, the number of ordinary shares for the purpose of calculation basic earnings per share was the number of shares in issue immediately after the completion of capitalisation issue.

Diluted earnings per share for the six months ended 31 October 2018 and 31 October 2017 were the same as the basic earnings per share as there were no potential dilutive ordinary shares existence during the reporting period.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2018, the Group acquired property, plant and equipment of approximately HK\$1,931,000 (six months ended 31 October 2017: HK\$548,000).

During the six months ended 31 October 2018, the Group had disposed or written-off of its property, plant and equipment of approximately HK\$44,000 (six months ended 31 October 2017: Nil).

12. TRADE RECEIVABLES

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 to 120 days to its customers.

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

	As at 31 October 2018 HK\$'000 (unaudited)	As at 30 April 2018 HK\$'000 (audited)
Within 60 days	31,170	33,941
61 to 90 days	319	2,736
91 to 180 days	231	3,841
181 to 365 days	594	1,309
	32,314	41,827

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 October 2018 HK\$'000 (unaudited)	As at 30 April 2018 HK\$'000 (audited)
Deposits	2,521	2,683
Prepayments	6,734	3,897
Other receivables	1,219	291
	10,474	6,871

14. TRADE PAYABLES

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

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

	As at 31 October 2018 HK\$'000 (unaudited)	As at 30 April 2018 HK\$'000 (audited)
Within 60 days	2,893	5,796
61 to 90 days	1,662	286
91 to 180 days	4,966	1,605
181 to 365 days	901	2,880
Over 365 days	649	267
	11,071	10,834

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

15. ACCRUALS, OTHERS PAYABLES AND RECEIPTS IN ADVANCE

	As at 31 October 2018 HK\$'000 (unaudited)	As at 30 April 2018 HK\$'000 (audited)
Accruals	2,303	5,135
Receipts in advance	–	3,407
Other payables	1,299	727
	3,602	9,269

16. 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	38,000,000	380
Increase of authorised share capital with par HK\$0.01 each on 24 October 2017	9,962,000,000	99,620
At 30 April 2018, 1 May 2018 and 31 October 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	10,000	–
Issue of shares under the public offer	200,000,000	2,000
Issue of shares under capitalisation issue	299,990,000	3,000
At 30 April 2018, 1 May 2018 and 31 October 2018	500,000,000	5,000

17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group had also entered into the following material related party transactions:

Compensation of key management personnel

	For the six months ended 31 October	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Short-term benefits	1,362	795
Post-employment benefits	27	9
	1,389	804

18. CAPITAL COMMITMENTS

As at 31 October 2018, the Group has no commitment (as at 30 April 2018: Nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements.

19. 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 levels are defined as follows:

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

19. FAIR VALUE MEASUREMENTS (Continued)

- 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 31 October 2018 HK\$'000 (audited)	Fair value at 30 April 2018 HK\$'000 (unaudited)	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable inputs	Sensitivity
Investment in a life insurance contract	2,365	2,365	Level 3	Probability- weighted discounted cash flow method	31 October 2018 Crediting rate: 3.65% Discount rate: 2.17%–3.59%	A significant increase in discount rate used would result in a significant decrease in fair value, and vice versa.
				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%	31 October 2018 Discount rate + 10%: Fair value = HK\$2,051,000 Discount rate – 10%: Fair value = HK\$2,723,000 30 April 2018 Discount rate + 10%: Fair value = HK\$2,051,000 Discount rate – 10%: Fair value = HK\$2,723,000

19. FAIR VALUE MEASUREMENTS *(Continued)*

The movement during the period in the balance of Level 3 fair value measurements is as follow.

	At 31 October 2018 HK\$'000 (unaudited)	As 31 October 2017 HK\$'000 (unaudited)
Available-for-sale financial asset		
At 1 May (audited)	2,365	2,566
Change in fair value recognised in other comprehensive income during the period	–	216
At 31 October	2,365	2,782

There were no transfer between Level 1 and Level 2 during the six months ended 31 October 2018.

Some of the Group's financial assets are measured at fair value at the end of each 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).

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group did not have any event after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group continued to face the risks of the Sino-US trade conflict. The Sino-US trade conflict has brought uncertainties to the demand for the Group's LED lighting products since a significant amount of the Group's sales relied on the consumptions in North America. The purchase orders for the LED decorative lighting products and LED luminaire lighting products were both affected. The sales of the LED lighting products from the Group's North American customers decreased significantly by approximately 27.2% to approximately HK\$34.2 million for the six months ended 31 October 2018 (six months ended 31 October 2017: approximately HK\$47.0 million).

Although the economic environment is unstable in North America the Group was able to develop a Stronger Sales network with other customers in Hong Kong and Mainland China with the sales derived from these two geographical areas increased by approximately 73.4% to approximately HK\$37.8 million for the six months ended 31 October 2018 (six months ended 31 October 2017: approximately HK\$21.8 million).

To broaden the Group's network, the Group has participated in the Hong Kong International Lighting Fair 2018 (Autumn Edition) in October 2018 and strived to widen the customer base to weather the uncertainties of the economic environment. Meanwhile, the upgrade of the production line of LED luminaire lighting series completed in October 2018 under review, the sales of which resumed during the period under review quickly.

Prospect

Although our business growth has slowed down, under the shadow of Sino-US trade conflict, the Group showed a good momentum of overall growth and the Directors have confidence of their proactive staff. Going forward, the Group will focus on expanding in different geographic location which included some customers in West Africa. The Directors strongly believe that the expansion of our sales network to these emerging countries will assist the Group to weather the economic uncertainties brought by the Sino-US trade conflict.

The Group in the progress of further expanding its product portfolio by including products such as Copper wire bouquet light, three-dimensional cone tree light and iron frame font light. These products will launch in 2019. Furthermore, the Group planned to introduce product features such as energy saving function into the products in order to attract customers with environmental concerns.

Financial Review

Revenue

Revenue from LED decorative lighting products

During the period under review, the Group's revenue from LED decorative lighting products was approximately HK\$72.9 million, representing a significant increase of approximately HK\$11.9 million or 19.5% as compared to the same period in 2017 (six months ended 31 October 2017: HK\$61.0 million). The increase was mainly attributable to the increase in sales of LED decorative lighting products to the Mainland China and Hong Kong.

Revenue from LED luminaire lighting products

During the period under review, the Group's revenue from LED luminaire lighting products was approximately HK\$5.1 million, representing a significant decrease of approximately HK\$11.3 million or 68.9% as compared to the same period in 2017 (six months ended 31 October 2017: HK\$16.4 million). The significant decrease in revenue was due mainly to the combined effect of the (i) reduced production as a result of the upgrade of the LED luminaire lighting production lines and (ii) the effect of the Sino-US trade conflict during the period under review. The installation of the production lines were completed successfully in October 2018 and the revenue from LED luminaire lighting products is expected to resume quickly.

Cost of sales

The Group's cost of sales remained stable for the six months ended 31 October 2018 compared with that of the corresponding period in 2017. The cost of sales was generally in line with our total revenue during the period under review.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$0.6 million or 2.6% from approximately HK\$22.8 million for the six months ended 31 October 2017 to approximately HK\$23.4 million for the six months ended 31 October 2018. Our overall gross profit margin remained relatively stable at approximately 29.9% for the six months ended 31 October 2018 (six months ended 31 October 2017: 29.5%).

Other income

The Group's other income and gain increased by approximately HK\$0.2 million or 100.0% from approximately HK\$0.2 for the six months ended 31 October 2017 to approximately HK\$0.4 million for the six months ended 31 October 2018. The increase was primarily attributable to the receipt of interests from the fixed time deposit which matured in October 2018.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$0.3 million or 16.7% from approximately HK\$1.8 million for the six months ended 31 October 2017 to approximately HK\$2.1 million for the six months ended 31 October 2018. The increase was mainly attributable to the increase in headcount in the sales department for expanding the Group's sales geographically.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$2.3 million or 32.9% from approximately HK\$7.0 million for the six months ended 31 October 2017 to approximately HK\$9.3 million for the six months ended 31 October 2018. The increase was mainly attributable to the significant increase in legal and professional fee paid for ensuring continual compliance with listing rules and requirement.

Finance costs

The Group's finance costs decreased by approximately HK\$0.8 million or 88.9% from approximately HK\$0.9 million for the six months ended 31 October 2017 to approximately HK\$0.1 million for the six months ended 31 October 2018. The decrease was mainly due to the decrease in average balance of bank borrowings during the period. The Group renewed a bank borrowing in October 2018 of approximately HK\$4.0 million for the tax payment purpose.

Profit before taxation

The Group's profit before taxation decreased slightly by approximately HK\$1.0 million or 7.5% from approximately HK\$13.3 million for the six months ended 31 October 2017 to approximately HK\$12.3 million for the six months ended 31 October 2018. The decrease was mainly due to the combined effect of (i) the slight increase in gross profit; (ii) the increase in selling and distribution expenses; and (iii) the increase in administrative expenses as a result of the aforementioned significant increase in the legal and professional fee.

Taxation

The Group's taxation slightly decreased by approximately HK\$0.1 million or 3.7% from approximately HK\$2.7 million for the six months ended 31 October 2017 to approximately HK\$2.6 million for the six months ended 31 October 2018. The decrease was in line with the decrease in profit before taxation.

Profit for the period

As a result of the foregoing, profit for the period decreased by approximately HK\$1.0 million or 9.4% from approximately HK\$10.6 million for the six months ended 31 October 2017 to approximately HK\$9.6 million for the six months ended 31 October 2018. The Group's net profit margin also decreased from approximately 13.7% for the six months ended 31 October 2017 to approximately 12.3% for the six months ended 31 October 2018, the reasons of which is mentioned in the paragraph headed "Profit before taxation".

Gearing Ratio

The Group recorded a gearing ratio (total debts divided by the total equity) of approximately 0.03 times and 0.05 times as at 30 April 2018 and 31 October 2018 respectively. The increase in the gearing ratio was mainly due to an increase in the Group's bank borrowings and obligation under finance lease from approximately HK\$3.4 million as at 30 April 2018 to approximately HK\$5.4 million as at 31 October 2018.

Liquidity and Financial Resources

As at 31 October 2018, cash and bank balances of the Group amounted to approximately HK\$47.7 million (as at 30 April 2018: HK\$23.8 million). The current ratio (total current assets divided by total current liabilities) of the Group was 4.0 times as at 31 October 2018 (as at 30 April 2018: 3.7 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.

Share Capital

Details of movements in the share capital of the Company during the period are set out in Note 14 of the unaudited condensed consolidation financial statements.

Capital Commitments and Contingent Liabilities

As at 31 October 2018, the Group did not have any significant capital commitments (30 April 2018: nil) and significant contingent liabilities (30 April 2018: nil).

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 during the six months ended 31 October 2018. Furthermore, the Group did not have any plans for material investments and capital assets.

Employees and Remuneration Policies

As at 31 October 2018, the Group had a total of 207 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2018 were approximately HK\$13.0 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.

Foreign Currency Exposure

A significant portion of the Group's turnover is derived from the Group's sales to customers located in North America 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 six months ended 31 October 2018, we had experienced exchange losses of approximately HK\$1.1 million (six months ended 31 October 2017: exchange gains of approximately HK\$0.5 million).

Charge on 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:

	As at 31 October 2018 HK\$'000 (unaudited)	As at 30 April 2018 HK\$'000 (audited)
Available-for-sale financial asset	2,365	2,365

Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2018.

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 Listing Date) to 31 October 2018 is set out below:

Objectives	Implementation plan	Actual business progress up to 31 October 2018
Upgrading our production facilities	<ul style="list-style-type: none"> <li data-bbox="491 530 951 588">— improving automation and efficiency of LED decorative lighting series: <ul style="list-style-type: none"> <li data-bbox="552 633 951 799">(i) purchasing new automatic welding machines for the production of mobile phone applications linked LED decorative lighting products <li data-bbox="552 842 951 965">(ii) purchasing machinery for the production of more flexible user-friendly LED decorative lighting products <li data-bbox="552 1009 951 1131">(iii) purchasing machinery with a higher level of automation for the assembling of the LED decorative lighting products <li data-bbox="552 1175 951 1282">(iv) modifying and alternating our existing machines for the production of LED capsules 	<p>The Group purchased 2 new automatic welding machines for the production of mobile phone applications linked LED decorative lighting and upgraded 6 machines to enable more flexible and user-friendly LED decorative lighting product production line. With a focus to enhance automation, the Group acquired 2 new machines to allow a higher level of automation in the assembling process. A total of 39 existing machines were upgraded to increase the production capacity of LED capsules.</p>

Objectives	Implementation plan	Actual business progress up to 31 October 2018
	<ul style="list-style-type: none"> — improving product quality and stability of LED luminaire lighting series: <ul style="list-style-type: none"> (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 	<p>The Group purchased 4 new machines to facilitate the LED tube light age test and 2 new surface mount technology production lines.</p>
<p>Expanding our product portfolio and strengthening our product development capability</p>	<ul style="list-style-type: none"> — recruiting design and experienced technical personnel — applying patents 	<p>The Group hired 2 senior engineers to focus on product design and production.</p> <p>The Group had submitted 1 patent application.</p>
<p>Expanding our sales force and sales channel</p>	<ul style="list-style-type: none"> — recruiting sales staff and providing training — participation in exhibitions and trade fairs 	<p>5 new sales personnel were recruited for sales and marketing.</p> <p>The Group participated in a Hong Kong based exhibition in April 2018 and October 2018, and a United States based trade fair in January 2018.</p>

USE OF PROCEEDS

The Company's shares were listed on the GEM of the Stock Exchange on 16 November 2017. 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 as set out in the "Business Objectives, Future Plans and Use of Proceeds" as set out in the Prospectus:

	Approximate percentage of total amount	Net proceeds HK\$ million	Up to 31 October 2018	
			Utilized amount HK\$ million	Unutilized amount HK\$ million
Upgrading our production facilities				
— Improving automation and efficiency of LED decorative lighting series	55%	16.6	6.1	10.5
— 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	0.5	1.0
Expanding our sales force and sales channel	5%	1.5	0.3	1.2
General working capital	10%	3.0	3.0	–
	100%	30.1	17.4	12.7

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Disclosure of Interests

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

As at 31 October 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	30,000,000 (Note 2)	6.0%

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 Phungvan.

+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 October 2018.

Save as disclosed above, as at 31 October 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 31 October 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	30,000,000 (Note 3)	6.0%
Ms. Giang Maryanne Phung-van	Interest of controlled corporation	30,000,000 (Note 3)	6.0%

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 31 October 2018.

Save as disclosed above, as at 31 October 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.

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 six months ended 31 October 2018.

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 six months ended 31 October 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 31 October 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.

Purchase, Sales 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 six months ended 31 October 2018.

Corporate Governance Practice

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") set out in Appendix 15 to the GEM Listing Rules. The Board considers that the Company has complied with the CG Code during the six months ended 31 October 2018.

Directors' Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and there was no event of non-compliance during the six months ended 31 October 2018.

Share Option Scheme

The purpose of the share option scheme is to enable the Company to grant options to any director, employee, adviser, consultant, agent, contractors, supplier, customer and/or such other person, who in the sole discretion of the Board has contributed or may contribute to the Group. The Group has conditionally adopted a share option scheme (the "Share Option Scheme") on 24 October 2017 which has become effective on 16 November 2017 and, unless otherwise cancelled or amended, would remain in force for 10 years from 16 November 2017.

No share option has been granted by the Company under the Share Option Scheme since its adoption.

Audit Committee

The audit committee of the Company (the "Audit Committee") 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 unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2018.

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

Hong Kong, 11 December 2018

As at the date of this report, the executive Directors are Mr. Shiu Kwok Leung, Mr. Shao Xu Hua and Mr. Yuen Lai Him; and the independent non-executive Directors are Mr. Wong Ting Kon, Ms. Lo Ching Yee and Mr. Cheng Hok Ming Albert.

This report will remain on the "Latest Company Announcements" page of the GEM website at "www.hkgem.com" for at least seven days from the date of its publication and on the Company's website at "www.bortex.com.cn".