



Bortex Global Limited

濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118

2019 FIRST QUARTERLY 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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FIRST QUARTERLY RESULTS

FINANCIAL HIGHLIGHTS

- Based on the unaudited condensed consolidated financial results of the Group for the three months ended 31 July 2019, the Group's revenue for the three months ended 31 July 2019 was approximately HK\$44.8 million, representing a significant increase of approximately HK\$16.9 million or 60.6% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$27.9 million). The significant increase was mainly attributable to the significant increase in revenue of LED decorative lighting products due to the increase in revenue of the Group's Canada and Hong Kong customer.
- During the three months ended 31 July 2019, the Group's gross profit was approximately HK\$11.5 million (three months ended 31 July 2018: HK\$7.4 million).
- During the three months ended 31 July 2019, the Group's profit for the period was approximately HK\$5.4 million (three months ended 31 July 2018: HK\$2.0 million).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 July 2019 (three months ended 31 July 2018: Nil).

INDEPENDENT REVIEW REPORT



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
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Hong Kong

TO THE BOARD OF DIRECTORS OF
BORTEX GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the financial information set out on page 6 to 26, which comprises the condensed consolidated statement of financial position of Bortex Global Limited (the “Company”) and its subsidiaries (collectively referral to as the “Group”) as of 31 July 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the three-months of period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on quarterly financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the financial information is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number P05806

12 September 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 July 2019

	Notes	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	5	44,837	27,872
Cost of sales		(33,309)	(20,424)
Gross profit		11,528	7,448
Other income and gain	6	592	59
Net allowance for expected credit losses		(305)	–
Selling and distribution expenses		(728)	(966)
Administrative expenses		(4,474)	(3,743)
Finance costs	7	(144)	(64)
Profit before taxation	8	6,469	2,734
Taxation	10	(1,039)	(719)
Profit for the period		5,430	2,015
Other comprehensive loss for the period, net of tax			
Exchange differences on translation of foreign operations		(2,511)	(4,892)
Other comprehensive loss for the period, net of tax		(2,511)	(4,892)
Total comprehensive income/(loss) for the period		2,919	(2,877)
Profit for the period attributable to equity owners of the Company		5,430	2,015
Total comprehensive income/(loss) for the period attributable to the equity owners of the Company		2,919	(2,877)
Earnings per share attributable to equity owners of the Company			
Basic and diluted (HK cents)	11	1.09	0.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2019

	Notes	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	16,874	18,018
Goodwill	13	8,418	8,634
Financial assets at fair value through profit or loss		3,248	2,738
Right-of-use assets		19,330	–
Deferred tax assets		256	243
		48,126	29,633
Current assets			
Inventories		33,230	25,918
Trade receivables	14	40,024	61,801
Deposits, prepayments and other receivables	15	12,882	11,670
Fixed deposits		9,360	9,524
Cash and bank balances		29,163	16,266
		124,659	125,179
LIABILITIES			
Current liabilities			
Trade payables	16	8,698	13,736
Accruals, other payables and receipts in advance	17	5,100	2,858
Contract liabilities		1,967	472
Lease liabilities/obligation under finance lease		3,763	660
Bank borrowings	18	5,005	7,002
Tax payable		5,979	6,730
		30,512	31,458
Net current assets		94,147	93,721
Total assets less current liabilities		142,273	123,354
Non-current liabilities			
Lease liabilities		16,000	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Net assets		126,273	123,354
EQUITY			
Share capital	19	5,000	5,000
Reserves		121,273	118,354
Total equity		126,273	123,354

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 July 2019

	Share capital HK'000	Share premium HK'000	Statutory reserve HK'000	Translation reserve HK\$'000	Available-for-sale financial asset reserve HK'000	Other reserve HK\$'000	Retain earnings HK\$'000	Total HK\$'000
At 1 May 2018 (audited)	5,000	41,901	-	4,676	275	1	53,542	105,395
Adoption of HKFRS 9	-	-	-	-	(275)	-	(661)	(936)
Adjusted balance at 1 May 2018	5,000	41,901	-	4,676	-	1	52,881	104,459
Profit for the period	-	-	-	-	-	-	2,015	2,015
Exchange difference on translation of foreign operations	-	-	-	(4,892)	-	-	-	(4,892)
Total comprehensive income for the period	-	-	-	(4,892)	-	-	2,015	(2,877)
At 31 July 2018 (unaudited)	5,000	41,901	-	(216)	-	1	54,896	101,582
At 1 May 2019 (audited)	5,000	41,901	1,223	153	-	1	75,076	123,354
Profit for the period	-	-	-	-	-	-	5,430	5,430
Exchange different on translation of foreign operations	-	-	-	(2,511)	-	-	-	(2,511)
Total comprehensive income for the period	-	-	-	(2,511)	-	-	5,430	2,919
Transfer to statutory reserve	-	-	10	-	-	-	(10)	-
At 31 July 2019 (unaudited)	5,000	41,901	1,233	(2,358)	-	1	80,496	126,273

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 July 2019

	31 July 2019 HK\$'000 (unaudited)	31 July 2018 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	19,062	(14,743)
Investing activities		
Interest received	79	4
Purchase of property, plant and equipment	(13)	(196)
Net cash generated from/(used in) investing activities	66	(192)
Financing activities		
Repayment on bank borrowings	(1,997)	(2,715)
Repayment of lease liabilities/obligation under finance lease	(245)	(286)
Net cash used in financing activities	(2,242)	(3,001)
Net increase/(decrease) in cash and cash equivalents	16,886	(17,936)
Cash and cash equivalents at the beginning of the period	16,266	23,836
Effect of exchange rate at the end of the period	(3,989)	1,783
Cash and cash equivalents at the end of the period	29,163	7,683

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 July 2019

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 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 financial information 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 financial information 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 financial information have been prepared in accordance with same accounting policies adopted in the 2019 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 2019. Details of any changes in accounting policies are set out in note 3.

The preparation of a financial information 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 STANDARDS (“HKFRSs”)

In the current 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 2019 for the preparation of the Group’s this financial information:

HKFRS 16	Leases
HKFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in this financial information.

HKFRS 16 Leases

Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the date of initial application of HKFRS 16. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 May 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises in PRC was determined on a portfolio basis; and
- v. used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK\$21,332,000 and right-of-use assets of approximately HK\$20,672,000 at 1 May 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 6.89%.

	As at 1 May 2019 HK\$'000
Operating lease commitment disclosed as at 30 April 2019	21,915
Lease liabilities discounted at relevant incremental borrowing rate	(479)
Less: Recognition exemption — short term leases	(764)
Lease liabilities	20,672
Add: obligation under finance lease recognised at 30 April 2019	660
Lease liabilities as at 1 May 2019	21,332
Analysed as	
Current	4,076
Non-current	17,256
	21,332

The recognised right-of-use assets relate to the following types of assets:

	As at 31 July 2019 HK\$'000	As at 1 May 2019 HK\$'000
Rental premises	19,330	20,672

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 May 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 30 April 2019 HK\$'000	Adjustments HK\$'000	Carrying amount under HKFRS 16 at 1 May 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	20,672	20,672
Current liabilities			
Lease liabilities/obligation under finance lease	660	3,416	4,076
Non-current liabilities			
Lease liabilities	–	17,256	17,256

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 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.

Geographical information

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

	For the three months ended 31 July	
	2019 HK\$'000	2018 HK\$'000
Canada	17,969	13,744
The US	1,171	7,454
The PRC, excluding Hong Kong	2,658	2,395
Hong Kong	22,597	3,065
Others (note)	442	1,214
	44,837	27,872

Note: Others include the South Africa and Italy.

The following is an analysis of the Group's non-current assets, excluding goodwill, deferred tax assets, right-of-use assets and financial assets at fair value through profit or loss, by their geographical location:

	As at 31 July 2019 HK\$'000	As at 30 April 2019 HK\$'000
Hong Kong	962	561
The PRC, excluding Hong Kong	15,912	17,457
	16,874	18,018

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 July	
	2019 HK\$'000	2018 HK\$'000
Customer A	17,967	13,744
Customer B	11,500	3,004
Customer C	10,906	–

As at 31 July 2019, 41.6% (30 April 2019: 38.3%) of the Group's trade receivables were due from these customers.

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 three months ended 31 July 2019, and 2018.

All revenue contract as for period on one year less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed. All revenue were recognised at point in time.

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
LED decorative lighting	44,317	27,429
LED luminaire lighting	520	443
	44,837	27,872

6. OTHER INCOME AND GAIN

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Fair value gain on financial assets at fair value through profit or loss	510	–
Sales of scrap material	–	55
Interest income	79	4
Others	3	–
	592	59

7. FINANCE COSTS

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest expenses on:		
— Bank borrowing wholly repayable within five years	60	26
— Lease liabilities/obligation under finance lease	42	17
	102	43
Bank charges	42	21
	144	64

8. PROFIT BEFORE TAXATION

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit before taxation has been arrived after charging		
Auditors' remuneration	300	–
Cost of inventories recognised as cost of sales	33,309	20,424
Depreciation on property, plant and equipment	728	668
Employee benefit expenses (including director's emoluments)	7,238	6,492
Minimum lease payments under operating leases	–	880
Net allowance for expected credit losses	305	–
Foreign exchange (gain)/losses, net	(89)	(61)
Research and development expenses	28	34

9. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period (three months ended 31 July 2018: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the reporting period (three months ended 31 July 2018: nil).

10. TAXATION

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax		
Hong Kong	1,019	719
The PRC	33	–
Deferred tax	(13)	–
Total Taxation	1,039	719

Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for the three months ended 31 July 2018.

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% during the reporting period.

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

The calculation of the basic and diluted earnings per share for the period is based on the following data:

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share, profit for the period attributable to equity owners of the company	5,430	2,015
Number of share	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	500,000	500,000

Diluted earnings per share for the three months period ended 31 July 2019 and 2018 were the same as the basic earnings per share as there were no potential ordinary shares in issue for both periods.

12. PROPERTY, PLANT AND EQUIPMENTS

During the three months ended 31 July 2019, the Group acquired property, plant and equipment of HK\$13,000 (for the three months ended 31 July 2018: HK\$196,000).

13. GOODWILL

	HK\$'000
Cost:	
At 30 April 2018 (audited)	9,181
Exchange realignment	(547)
At 30 April 2019 (audited)	8,634
Exchange realignment	(216)
As 31 July 2019 (unaudited)	8,418
Accumulated impairment losses:	
At 1 May 2018, 30 April 2019, 1 May 2019 and 31 July 2019	–
Carrying Amount:	
At 31 July 2019 (unaudited)	8,418
At 30 April 2019 (audited)	8,634

14. TRADE RECEIVABLES

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Trade receivables	41,278	62,890
Less: Allowance for expected credit losses	(1,254)	(1,089)
	40,024	61,801

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:

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Within 60 days	26,607	55,822
61–90 days	1,829	699
91–180 days	12,842	6,369
Over 180 days	–	–
	41,278	62,890

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.

Movement in allowance for expect credit losses of trade receivable.

Movement in lifetime ECL that has been recognised for trade receivable in accordance with the simplified approach as follows:

	Total
Balance as at 30 April 2019 (audited)	1,089
Allowance for expected credit losses	165
Balance as at 31 July 2019 (unaudited)	1,254

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Deposits	1,253	1,565
Prepayments	6,992	7,193
Other receivables	4,824	2,958
	13,069	11,716
Less: Allowance for expected losses	(187)	(46)
	12,882	11,670

16. TRADE PAYABLES

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Trade payables	8,698	13,736

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:

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Within 60 days	4,418	10,959
61–90 days	2,119	742
91–180 days	1,684	962
181–365 days	124	812
Over 365 days	353	261
	8,698	13,736

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.

17. ACCRUALS, OTHER PAYABLES AND RECEIPTS IN ADVANCE

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Accruals	4,420	2,338
Other payables	680	520
	5,100	2,858

18. BANK BORROWINGS

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Secured bank borrowings (note a)	5,005	7,002
Carrying amount repayable (note i):		
Within one year	5,005	7,002
Over 1 year but with 2 years	–	–
Over 2 years but between 5 years	–	–
	5,005	7,002
Less: amount classified as current liabilities secured term loan due within 1 year or contain a repayment on demand clause	5,005	7,002
Amount classified as non-current liabilities	–	–
Fixed-rate bank borrowings	4,000	5,000
Variable-rate bank borrowings	1,005	2,002
	5,005	7,002

Notes:

- (a) 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

19. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
At 30 April 2019, 1 May 2019 and 31 July 2019	10,000,000,000	100,000
Issued and fully paid:		
At 30 April 2019, 1 May 2019 and 31 July 2019	500,000,000	5,000

20. 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:

	31 July 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Financial assets at fair value through profit or loss	3,248	2,738
Fixed deposit	9,360	9,524

21. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed elsewhere in financial information, 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 as followed:

	For the three months ended 31 July	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Salaries, allowance and benefit in kind	668	668
Retirement scheme contributions	9	9
	677	677

22. CAPITAL COMMITMENTS

As at 31 July 2019, the Group has no commitment (as at 30 April 2019: nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

In 2019, the global economic and financial situation continued to be uncertain due to the intensified Sino-US trade conflict. The Sino-US trade conflict has seriously affected the operation of the Company and 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.

Considering the fluctuation in the global economy, the Group focused on maintaining the relationship with its existing customers and expanding its product portfolio. While maintaining cooperation with its established customers, the Group had also sought to increase its sales in Hong Kong and Canada as well as other regions to cope with the decrease in sales in the US. During the three months ended 31 July 2019, the sales from Canada and Hong Kong customers significantly increased to approximately HK\$40.6 million, representing an increase of approximately 141.7% compared to the same period in 2018 (three months ended 31 July 2018: HK\$16.8 million).

Meanwhile, the Group was in the progress of exploring to build a new production line at Phnom Penh in Cambodia by 2019. It is advised that a new company set up through Qualify Investment Project (the "QIP") application is entitled to tax benefit for the import of raw materials, semi-products and machinery from China to Cambodia as well as for the export of the lighting products to the US. During the three months ended 31 July 2019, the Group incorporated a subsidiary in Cambodia. The Company believes that should the factory in Cambodia be materialised, the Group's competitiveness will be enhanced and the export sales to North America will become more stable.

Financial Review

Revenue from LED decorative lighting products

During the three months ended 31 July 2019, the Group's revenue from LED decorative lighting products was approximately HK\$44.3 million, representing a significant increase of approximately HK\$16.9 million or 61.7% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$27.4 million). The significant increase was mainly attributable to the increase in sales of LED decorative lighting products to Canada and Hong Kong customers.

Revenue from LED luminaire lighting products

During the three months ended 31 July 2019, the Group's revenue from LED luminaire lighting products was approximately HK\$0.5 million, representing a slight increase of approximately HK\$0.1 million or 25.0% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$0.4 million). The slight increase in revenue was mainly due to the upgrade of the LED luminaire lighting production lines in the three months ended 31 July 2018 which was completed during the year ended 30 April 2019.

Cost of sales

During the three months ended 31 July 2019, the Group's cost of sales was approximately HK\$33.3 million, representing an increase of approximately HK\$12.9 million or 63.2% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$20.4 million). The increase in cost of sales was generally in line with the significant increase in the Group's total revenue.

Gross profit and gross profit margin

The Group's gross profit for the three months ended 31 July 2019 was approximately HK\$11.5 million, representing an increase of approximately HK\$4.1 million or 55.4% as compared to the same period in 2018 (three months ended 31 July 2018: approximately HK\$7.4 million). The Group's overall gross profit margin for the three months ended 31 July 2019 was approximately 25.7%, representing a slight decrease of 1.0% as compared to the same period in 2018 (three months ended 31 July 2018: 26.7%). The decrease in gross profit margin was mainly due to lower profit margin of a majority of sales of LED decorative lighting products.

Selling and distribution expenses

During the three months ended 31 July 2019, the Group's selling and distribution expenses were approximately HK\$0.7 million, representing a slight decrease of approximately HK\$0.3 million or 30.0% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$1.0 million). The decrease was mainly attributable to the decrease in advertising and marketing expenses.

Other income and gain

During the three months ended 31 July 2019, the Group's other income and gain was approximately HK\$592,000, representing a significant increase of approximately HK\$533,000 or 903.4% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$59,000). The significant increase in other income and gain was mainly due to the combined effect of fair value gain on financial assets at fair value and interest income from the fixed deposits.

Administrative expenses

During the three months ended 31 July 2019, the Group's administrative expenses were approximately HK\$4.5 million, was increase of approximately HK\$0.8 million or 21.6% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$3.7 million). The increase of administrative expenses was mainly due to the increase of legal and professional fee.

Finance costs

During the three months ended 31 July 2019, the Group's finance costs were approximately HK\$144,000, representing an increase of approximately HK\$80,000 or 125.0% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$64,000). The increase in finance costs was mainly because of the increase in bank borrowings during the three months ended 31 July 2019.

Profit for the period

During the three months ended 31 July 2019, the Group's profit for the period was approximately HK\$5.4 million, representing a significant increase by approximately HK\$3.4 million or 170.0% as compared to the same period in 2018 (three months ended 31 July 2018: HK\$2.0 million). The significant increase was mainly attributable to the increase in LED decorative lighting product during the three months ended 31 July 2019.

Dividend

The Board did not recommend to declare an interim dividend for the three months ended 31 July 2019 (three months ended 31 July 2018: Nil).

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 July 2019, 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 Phung-van.

* The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 July 2019.

Save as disclosed above, as at 31 July 2019, 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 July 2019, 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 July 2019.

Save as disclosed above, as at 31 July 2019, 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 three months ended 31 July 2019.

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 three months ended 31 July 2019.

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 July 2019, 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 three months ended 31 July 2019.

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 the 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 three months ended 31 July 2019.

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 three months ended 31 July 2019.

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 with the Company’s management and HLB Hodgson Impey Cheng Limited, the Group’s external auditors to review the unaudited condensed consolidated financial statements of the Group for the three months ended 31 July 2019.

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

Hong Kong, 12 September 2019

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”.