



Bortex Global Limited

濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118

INTERIM REPORT
2019

** For identification purpose only*

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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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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
11 Pedder Street
Central
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 pages 5 to 26, which comprises the condensed consolidated statement of financial position of Bortex Global Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 31 October 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 six-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 interim 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

10 December 2019

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

For the six months ended 31 October 2019

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	5	49,641	50,137	94,478	78,009
Cost of sales		(33,878)	(34,222)	(67,187)	(54,646)
Gross profit		15,763	15,915	27,291	23,363
Other income and gain	6	706	305	1,298	364
Net allowance for expected credit losses		(406)	–	(711)	–
Selling and distribution expenses		(1,073)	(1,135)	(1,801)	(2,101)
Administrative expenses		(7,590)	(5,531)	(12,064)	(9,274)
Finance costs		(154)	(22)	(298)	(86)
Profit before taxation	7	7,246	9,532	13,715	12,266
Taxation	8	(1,598)	(1,915)	(2,637)	(2,634)
Profit for the period		5,648	7,617	11,078	9,632
Other comprehensive (loss)/income for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(1,121)	(2,188)	(3,632)	(7,080)
Other comprehensive loss for the period, net of tax		(1,121)	(2,188)	(3,632)	(7,080)
Total comprehensive income for the period		4,527	5,429	7,446	2,552
Profit for the period attributable to equity owners of the Company		5,648	7,617	11,078	9,632
Total comprehensive income for the period attributable to equity owners of the Company		4,527	5,429	7,446	2,552
Earnings per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	10	1.13	1.52	2.22	1.93

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2019

	Notes	31 October 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	11	15,909	18,018
Goodwill		8,249	8,634
Right-of-use assets		18,125	–
Financial assets at fair value through profit or loss		3,861	2,738
Deferred tax assets		337	243
		46,481	29,633
Current assets			
Inventories		37,113	25,918
Trade receivables	12	50,849	61,801
Deposits, prepayments and other receivables	13	17,182	11,670
Fixed deposit		9,219	9,524
Cash and cash equivalents		10,048	16,266
		124,411	125,179
Liabilities			
Current liabilities			
Trade payables	14	5,367	13,736
Accruals, other payables and receipts in advance	15	4,062	2,858
Contract liabilities		642	472
Lease liabilities/obligation under finance lease		3,463	660
Bank borrowings		4,000	7,002
Tax payables		7,696	6,730
		25,230	31,458
Net current assets		99,181	93,721
Total assets less current liabilities		145,662	123,354
Non-current liabilities			
Lease liabilities		14,862	–
		14,862	–
Net assets		130,800	123,354
Equity			
Share capital	16	5,000	5,000
Reserves		125,800	118,354
Total equity		130,800	123,354

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 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 (Note i)	Retained earnings HK\$'000	Total HK\$'000
At 30 April 2018 and 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	–	–	–	–	–	–	9,632	9,632
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)	–	1	62,513	107,011
At 30 April 2019 and 1 May 2019								
(audited)	5,000	41,901	1,223	153	–	1	75,076	123,354
Profit for the period	–	–	–	–	–	–	11,078	11,078
Exchange differences on translation of foreign operation	–	–	–	(3,632)	–	–	–	(3,632)
Total comprehensive (loss)/income for the period	–	–	–	(3,632)	–	–	11,078	7,446
Transfer to statutory reserve	–	–	86	–	–	–	(86)	–
At 31 October 2019 (unaudited)	5,000	41,901	1,309	(3,479)	–	1	86,068	130,800

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.
- (ii) At 31 October 2019, 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 2019

	For the six months ended 31 October	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	3,831	14,228
Investing activities		
Interest received	128	284
Decreased in fixed deposit	–	10,117
Proceeds from disposal of property, plant and equipment	76	2
Purchase of property, plant and equipment	(82)	(1,931)
Net cash generated from/(used in) investing activities	122	8,472
Financing activities		
Proceeds from bank borrowings	–	3,974
Repayment of bank borrowings	(3,002)	(1,524)
Repayments of lease liabilities/obligation under finance lease	(493)	(471)
Net cash (used in)/generated from financing activities	(3,495)	1,979
Net (decrease)/increase in cash and cash equivalents	458	24,679
Cash and cash equivalents at the beginning of the period	16,266	23,836
Effect of exchange rate change on cash and cash equivalents	(6,676)	(865)
Cash and cash equivalents at the end of the period	10,048	47,650
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	10,048	47,650

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 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 unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"). It 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 Statement 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 an Interim Financial Statement 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 2019 for the preparation of the Group’s Interim Financial Statement:

HKFRS 16	Leases
HK(IFRIC)-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 performance and positions for the current and prior periods and/or on the disclosures set out in this Interim Financial Statements.

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.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

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.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

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.

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

HKFRS 16 Leases (Continued)

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.

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

HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

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 October 2019 HK\$'000	As at 1 May 2019 HK\$'000
Rental premises	18,125	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.

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

HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the unaudited 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 six months ended 31 October 2019, 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	
	2019	2018	2019	2018
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Canada	4,818	7,598	22,787	21,482
The US	6,151	5,209	7,322	12,663
The PRC, excluding Hong Kong	10,524	32,163	13,182	34,457
Hong Kong	21,630	272	44,227	3,337
Others (Note)	6,518	4,895	6,960	6,070
	49,641	50,137	94,478	78,009

Note: Others include the Japan, Italy and South Africa.

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

	As at 31 October 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Hong Kong	915	561
Outside Hong Kong, including PRC	14,994	17,457
	15,909	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 October		For the six months ended 31 October	
	2019	2018	2019	2018
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Customer A	4,818	7,598	22,787	21,482
Customer B	2,917	–	14,417	–
Customer C	5,185	10,079	16,091	10,079

As at 31 October 2019, 32.3% (31 October 2018: Nil) 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 six months ended 31 October 2019 and 2018.

All revenue contract as for period of 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 October		For the six months ended 31 October	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
LED decorative lighting	33,682	45,473	77,999	72,902
LED luminaire lighting	15,959	4,664	16,479	5,107
	49,641	50,137	94,478	78,009

6. OTHER INCOME AND GAIN

	For the three months ended 31 October		For the six months ended 31 October	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Sales of scrap material	-	1	-	56
Fair value gain on financial assets at fair value through profit or loss	613	-	1,123	-
Interest income	49	284	128	288
Government grant	-	20	-	20
Gain on disposal of property, plant and equipment	44	-	44	-
Others	-	-	3	-
	706	305	1,298	364

7. PROFIT BEFORE TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:				
Auditors' remuneration	100	105	400	105
Cost of inventories recognised as cost of sales	33,878	34,222	67,187	54,646
Depreciation of property, plant and equipment	692	698	1,420	1,366
Employee benefit expenses (including directors' emoluments)	4,262	6,555	11,500	13,047
Minimum lease payments under operating leases	–	845	–	1,725
Net allowance for expected credit losses	406	–	711	–
Foreign exchange losses	419	1,157	330	1,096
Research and development expenses	2	40	30	74

8. TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax:				
The PRC	254	1,043	287	1,762
Hong Kong	1,425	872	2,444	872
	1,679	1,915	2,731	2,634
Deferred tax	(81)	–	(94)	–
Total taxation	1,598	1,915	2,637	2,634

8. TAXATION *(Continued)*

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 six months ended 31 October 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.

9. DIVIDENDS

No dividend were paid, declared or proposed during the reporting period (six months ended 31 October 2018: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 31 October 2018: 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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Earnings:				
Earning for the purpose of basic and diluted earnings per share, profit for the period attributable to owners of the Company	5,648	7,617	11,078	9,632

	For the three months ended 31 October		For the six months ended 31 October	
	2019 '000 (unaudited)	2018 '000 (unaudited)	2019 '000 (unaudited)	2018 '000 (unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	500,000	500,000	500,000	500,000

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

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2019, the Group acquired property, plant and equipment of approximately HK\$82,000 (six months ended 31 October 2018: HK\$1,931,000).

During the six months ended 31 October 2019, the Group had disposed or written-off of its property, plant and equipment of approximately HK\$69,000 (six months ended 31 October 2018: HK\$44,000).

12. TRADE RECEIVABLES

	As at 31 October 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Trade receivables	52,383	62,890
Less: Allowance for expected credit losses	(1,534)	(1,089)
	50,849	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 to 120 days to its customers.

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

	As at 31 October 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Within 60 days	28,354	55,822
61 to 90 days	13,621	699
91 to 180 days	9,532	6,369
181 to 365 days	876	–
	52,383	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	445
Balance as at 31 October 2019 (unaudited)	1,534

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 October 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Deposits	2,754	1,565
Prepayments	12,399	7,193
Other receivables	2,342	2,958
	17,495	11,716
Less: Allowance for expected credit losses	(313)	(46)
	17,182	11,670

14. TRADE PAYABLES

	As at 31 October 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Trade payables	5,367	13,736

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 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Within 60 days	534	10,959
61 to 90 days	413	742
91 to 180 days	3,661	962
181 to 365 days	409	812
Over 365 days	350	261
	5,367	13,736

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 AND OTHERS PAYABLES

	As at 31 October 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Accruals	3,591	2,338
Other payables	471	520
	4,062	2,858

16. SHARE CAPITAL

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

17. 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 October 2019 HK\$'000 (unaudited)	30 April 2019 HK\$'000 (audited)
Financial assets at fair value through profit or loss	3,861	2,738
Fixed deposit	9,219	9,524

18. 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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Short-term benefits	1,353	1,362
Post-employment benefits	18	27
	1,371	1,389

19. CAPITAL COMMITMENTS

As at 31 October 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.

20. 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).

20. 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 2019 HK\$'000 (audited)	Fair value at 30 April 2019 HK\$'000 (unaudited)	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable inputs	Sensitivity
Investment in a life insurance contract	3,861	2,738	Level 3	Probability- weighted discounted cash flow method Key inputs include the account value, policy charge, crediting rate of insurance policy and discount rate	31 October 2019 Crediting rate: 3.65% Discount rate: 1.82%–2.48% 30 April 2019 Crediting rate: 3.65% Discount rate: 2.31%–3.58%	A significant increase in discount rate used would result in a significant decrease in fair value, and vice versa. 31 October 2019 Discount rate + 10%: Fair value = HK\$3,496,000 Discount rate – 10%: Fair value = HK\$4,279,000 30 April 2019 Discount rate + 10%: Fair value = HK\$2,401,000 Discount rate – 10%: Fair value = HK\$3,122,000

20. FAIR VALUE MEASUREMENTS *(Continued)*

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

	At 31 October 2019 HK\$'000 (unaudited)	As 31 October 2018 HK\$'000 (unaudited)
Available-for-sale financial asset		
At 1 May (audited)	2,738	2,365
Fair value gain on financial assets at fair value through profit or loss	1,123	–
At 31 October	3,861	2,365

There were no transfer between Level 1 and Level 2 during the six months ended 31 October 2019.

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).

21. 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

While the China-US trade conflict remains unstable between the US and China, Hong Kong's economy environment has been seriously affected by social unrest recently. The Group has adopted a market strategy in year 2019 to focus on exploring new markets while maintaining relationship with our existing customers. During the period under review, the revenue from LED lighting products has dramatically increased by approximately 21.2% to approximately HK\$94.5 million for the six months ended 31 October 2019 (six months ended 31 October 2018: approximately HK\$78.0 million).

The China-US trade conflict has brought uncertainties to the demand for the Group's LED lighting products in North America, therefore, the purchase orders from the US customers decreased significantly by approximately 42.5% to approximately HK\$7.3 million for the six months ended 31 October 2019 (six months ended 31 October 2018: approximately HK\$12.7 million).

Although the demand of the Group's products is unstable in North America, the Group was able to enlarge its sales network with other customers in Hong Kong and Mainland China with the sales derived from which increased by approximately 51.9% to approximately HK\$57.4 million for the six months ended 31 October 2019 (six months ended 31 October 2018: approximately HK\$37.8 million). To further broaden the Group's sales network and customers base, the Group has participated in the Hong Kong International Lighting Fair 2019 (Autumn Edition) in October 2019. Also, the Group tailored the Smart Light products to accommodate for tourism development projects and building's exterior lighting products in Mainland China market.

Prospect

The China-US trade conflict has led to a dramatic drop in the Group's export sales to North America and other customers during the year ended 31 October 2019.

Therefore, the Group was in the progress of exploring to build a new production line at Phnom Penh in Cambodia. It is advised that a new company set up through Qualify Investment Project (the "QIP") application is entitled to tax benefits 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. The Company believes that the new production line at Phnom Penh will start to operate in the 1st quarter of year 2020. The Group's competitiveness will be enhanced and the export sales to North America will become more stable in the financial year of 2020. The Group also plans to develop a North America sales team to promote its new production line in Cambodia and participate the exhibitions in worldwide in the coming years.

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\$78.0 million, representing an increase of approximately HK\$5.1 million or 7.0% as compared to the same period in 2018 (six months ended 31 October 2018: HK\$72.9 million). The increase was mainly attributable to the increase in sales of LED decorative lighting products to 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\$16.5 million, representing a significant increase of approximately HK\$11.4 million or 223.5% as compared to the same period in 2018 (six months ended 31 October 2018: HK\$5.1 million). The significant increase in revenue was due mainly to the completion of upgrading of the LED luminaire lighting production lines and the revenue from LED luminaire lighting products was resumed quickly.

Cost of sales

The Group's cost of sale increased by approximately HK\$12.6 million or 23.1% from approximately HK\$54.6 million for the six months ended 31 October 2018 to approximately HK\$67.2 million for the six months ended 31 October 2019. The increase was generally in line with the growth in total revenue during the period under the review.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$3.9 million or 16.7% from approximately HK\$23.4 million for the six months ended 31 October 2018 to approximately HK\$27.3 million for the six months ended 31 October 2019. The overall gross profit margin remained relatively stable at approximately 28.9% for the six months ended 31 October 2019 (six months ended 31 October 2018: 29.9%).

Other income

The Group's other income and gain increased by approximately HK\$0.9 million or 225.0% from approximately HK\$0.4 million for the six months ended 31 October 2018 to approximately HK\$1.3 million for the six months ended 31 October 2019. The increase was primarily attributable to the fair value gain on financial assets of fair value through profit or loss.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately HK\$0.3 million or 14.3% from approximately HK\$2.1 million for the six months ended 31 October 2018 to approximately HK\$1.8 million for the six months ended 31 October 2019. The decrease was mainly attributable to the decrease in advertising and marketing expenses and the decrease of salaries of sales staff during the six months ended 31 October 2019.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$2.8 million or 30.1% from approximately HK\$9.3 million for the six months ended 31 October 2018 to approximately HK\$12.1 million for the six months ended 31 October 2019. Such increase was mainly attributable to the significant increase in legal and professional fee paid for ensuring continual compliance with listing rules and requirement and additional legal and professional fee in related to the Group's proposed transfer to Main Board listing.

Finance costs

The Group's finance costs increased by approximately HK\$0.2 million or 200.0% from approximately HK\$0.1 million for the six months ended 31 October 2018 to approximately HK\$0.3 million for the six months ended 31 October 2019. Such increase was mainly due to the increase in average balance of bank borrowings during the period.

Profit before taxation

The Group's profit before taxation increased by approximately HK\$1.4 million or 11.4% from approximately HK\$12.3 million for the six months ended 31 October 2018 to approximately HK\$13.7 million for the six months ended 31 October 2019. Such increase was mainly in line with the increase in the Group's gross profit which was partially offset by the effect of increase in administrative expenses.

Taxation

The Group's taxation remained relatively stable at approximately HK\$2.6 million for the six months ended 31 October 2019 (six months ended 31 October 2018: HK\$2.6 million).

Profit for the period

As a result of the foregoing, profit for the period increased by approximately HK\$1.5 million or 15.6% from approximately HK\$9.6 million for the six months ended 31 October 2018 to approximately HK\$11.1 million for the six months ended 31 October 2019. The Group's net profit margin decrease slightly from approximately 12.3% for the six months ended 31 October 2018 to approximately 11.7% for the six months ended 31 October 2019. The decrease was mainly due to the increase in administrative expenses.

Gearing Ratio

The Group recorded a gearing ratio (total debts divided by the total equity) of approximately 0.06 times and 0.17 times as at 30 April 2019 and 31 October 2019 respectively. The increase in the gearing ratio was mainly due to an increase in the Group's bank borrowings and lease liabilities obligation under finance lease from approximately HK\$7.7 million as at 30 April 2019 to approximately HK\$18.3 million as at 31 October 2019.

Liquidity and Financial Resources

As at 31 October 2019, cash and bank balances of the Group amounted to approximately HK\$19.3 million (as at 30 April 2019: HK\$25.8 million). The current ratio (total current assets divided by total current liabilities) of the Group was 4.9 times as at 31 October 2019 (as at 30 April 2019: 4.0 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 16 of the unaudited condensed consolidation financial statements.

Capital Commitments and Contingent Liabilities

As at 31 October 2019, the Group did not have any significant capital commitments (30 April 2019: nil) and significant contingent liabilities (30 April 2019: 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 2019. Furthermore, the Group did not have any plans for material investments and capital assets.

Employees and Remuneration Policies

As at 31 October 2019, the Group had a total of 143 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2019 were approximately HK\$11.5 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 2019, we had experienced exchange losses of approximately HK\$0.3 million (six months ended 31 October 2018: exchange losses of approximately HK\$1.1 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 2019 HK\$'000 (unaudited)	As at 30 April 2019 HK\$'000 (audited)
Financial assets at fair value through profit or loss/Available-for-sale financial asset	3,861	2,738
Fixed deposits	9,219	9,524

Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2019.

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 2019 is set out below:

Objectives	Implementation plan	Actual business progress up to 31 October 2019
Upgrading our production facilities	— improving automation and efficiency of LED decorative lighting series:	The Group purchased 3 new automatic welding machines for the production of mobile phone applications linked LED decorative lighting and upgraded 10 machines for more flexible and user-friendly LED decorative lighting product production line. With the focus to enhance automation, the Group acquired 3 new machines to allow a higher level of automation in the assembling of the LED decorative lighting products process. A total of 36 existing machines were upgraded to increase the production capacity of LED capsules.
	(i) purchasing new automatic welding machines for the production of mobile phone applications linked LED decorative lighting products	
	(ii) purchasing machinery for the production of more flexible user-friendly LED decorative lighting products	
	(iii) purchasing machinery with a higher level of automation for the assembling of the LED decorative lighting products	
	(iv) modifying and alternating our existing machines for the production of LED capsules	
	— improving product quality and stability of LED luminaire lighting series:	
	(i) purchase additional facility for LED tube light aging test	
	(ii) invest in new surface mount technology (SMT) production line which is to be operated in a clean room	
Expanding our product portfolio and strengthening our product development capability	— recruiting design and experienced technical personnel	The Group hired 5 senior engineers to focus on product design and production.
	— applying patents	The Group had submitted 11 patent applications and 1 new patent application for the six months ended 31 October 2019.

Objectives	Implementation plan	Actual business progress up to 31 October 2019
Expanding our sales force and sales channel	— recruiting sales staff and providing training	7 new sales personnel were recruited for strengthening the Group's sales and marketing function.
	— participation in exhibitions and trade fairs	The Group participated in Hong Kong based exhibitions in October 2018, April 2019 and October 2019. The Group's sales and marketing team has also conducted site visits and explored the market in the United States, Philippines, Europe, West Africa during the year 2019 and during the six months ended 31 October 2019.

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 2019	
			Utilised amount HK\$ million	Un-utilised amount HK\$ million
Upgrading the production facilities	55%	16.6	7.6	9.0
— Improving automation and efficiency of LED decorative lighting series				
— Improving product quality and stability of LED luminaire lighting series				
Repayment of short-term bank borrowings and finance lease	25%	7.5	7.5	—
Expanding the product portfolio and strengthening the product development capability	5%	1.5	0.7	0.8
Expanding the sales force and sales channel	5%	1.5	1.3	0.2
General working capital	10%	3.0	3.0	—
	100%	30.1	20.1	10.0

All un-utilised 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 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 Phungvan.

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

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

Save as disclosed above, as at 31 October 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 six months ended 31 October 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 six months ended 31 October 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 October 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 six months ended 31 October 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 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 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 six months ended 31 October 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 six months ended 31 October 2019.

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

Hong Kong, 10 December 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.

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