



Bortex Global Limited

濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118

2020
Interim Report

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

For the six months ended 31 October 2020

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	5	71,271	49,641	121,139	94,478
Cost of sales		(49,629)	(33,878)	(85,906)	(67,187)
Gross profit		21,642	15,763	35,233	27,291
Other income and gain/(loss)	6	(587)	706	(427)	1,298
Net reversal/(provision) of allowance for expected credit losses		419	(406)	57	(711)
Selling and distribution expenses		(1,267)	(1,073)	(1,913)	(1,801)
Administrative expenses		(6,840)	(7,590)	(11,645)	(12,064)
Finance costs		(497)	(154)	(944)	(298)
Profit before taxation	7	12,870	7,246	20,361	13,715
Taxation	8	(3,398)	(1,598)	(4,954)	(2,637)
Profit for the period		9,472	5,648	15,407	11,078
Other comprehensive income/(loss) for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		2,705	(1,121)	4,515	(3,632)
Other comprehensive income/(loss) for the period, net of tax		2,705	(1,121)	4,515	(3,632)
Total comprehensive income for the period		12,177	4,527	19,922	7,446
Profit for the period attributable to equity owners of the Company		9,472	5,648	15,407	11,078
Total comprehensive income for the period attributable to equity owners of the Company		12,177	4,527	19,922	7,446
Earnings per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	10	1.89	1.13	3.08	2.22

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2020

	Notes	31 October 2020 HK\$'000 (unaudited)	30 April 2020 HK\$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	11	16,114	14,639
Goodwill		8,584	8,131
Right-of-use assets		14,638	15,610
Financial assets at fair value through profit or loss		3,326	4,124
Deferred tax assets		225	259
		42,887	42,763
Current assets			
Inventories		43,837	51,044
Trade receivables	12	56,853	49,678
Deposits, prepayments and other receivables	13	12,741	16,821
Fixed deposit		9,801	9,187
Cash and cash equivalents		50,043	20,554
		173,275	147,284
Liabilities			
Current liabilities			
Trade payables	14	4,391	6,543
Accruals and other payables	15	5,210	7,419
Contract liabilities		302	768
Lease liabilities		3,106	2,921
Bank borrowings due within one year		12,593	13,241
Tax payables		9,951	9,121
		35,553	40,013
Net current assets		137,722	107,271
Total assets less current liabilities		180,609	150,034
Non-current liabilities			
Bank borrowings due after one year		11,587	–
Lease liabilities		12,221	13,155
		23,808	13,155
Net assets		156,801	136,879
Equity			
Share capital	16	5,000	5,000
Reserves		151,801	131,879
Total equity		156,801	136,879

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2020

	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000 (Note i)	Retained earnings HK\$'000	Total HK\$'000
At 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
At 1 May 2020 (audited)	5,000	41,901	2,329	(4,826)	1	92,474	136,879
Profit for the period	-	-	-	-	-	15,407	15,407
Exchange differences on translation of foreign operation	-	-	-	4,515	-	-	4,515
Total comprehensive income for the period	-	-	-	4,515	-	15,407	19,922
Transfer to statutory reserve	-	-	900	-	-	(900)	-
At 31 October 2020 (unaudited)	5,000	41,901	3,229	(311)	1	106,981	156,801

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 2020, 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 2020

	For the six months ended 31 October	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash generated from operating activities	13,445	5,594
Net cash (used in)/generated from investing activities	(2,034)	122
Net cash generated from/(used in) financing activities	9,587	(5,214)
Net increase in cash and cash equivalents	20,998	502
Cash and cash equivalents at the beginning of the period	20,554	16,266
Effect of exchange rate change on cash and cash equivalents	8,491	(6,720)
Cash and cash equivalents at the end of the period	50,043	10,048
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	50,043	10,048

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2020

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 2020 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 2020. 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”)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 May 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT REPORTING

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group’s chief operating decision maker in order to allocate resources and assess performance of the segment. During the six months ended 31 October 2020, 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 October		For the six months ended 31 October	
	2020 HK\$’000 (unaudited)	2019 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)	2019 HK\$’000 (unaudited)
Canada	15,458	4,818	33,934	22,787
The US	9,514	6,151	16,702	7,322
The PRC, excluding Hong Kong	18,473	10,524	21,809	13,182
Hong Kong	14,401	21,630	32,228	44,227
Others (Note)	13,425	6,518	16,466	6,960
	71,271	49,641	121,139	94,478

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

4. SEGMENT REPORTING *(Continued)* Geographical information *(Continued)*

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

	As at 31 October 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Hong Kong	1,091	1,381
The Asia, excluding Hong Kong	29,661	28,868
	30,752	30,249

Information about major customers

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

	For the three months ended 31 October		For the six months ended 31 October	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A	15,458	4,818	33,934	22,787
Customer B	6,325	2,917	17,231	14,417
Customer C	8,511	5,185	13,462	16,091
Customer D	13,838	—*	13,838	—*

As at 31 October 2020, 38.0% (31 October 2019: 32.3%) of the Group's trade receivables, were due from these customers which accounted for 10% or more of the Group's revenue during the reporting period.

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

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 2020 and 2019.

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
LED decorative lighting	58,108	33,682	106,284	77,999
LED luminaire lighting	13,163	15,959	14,855	16,479
	71,271	49,641	121,139	94,478

6. OTHER INCOME AND GAIN OR LOSS

	For the three months ended 31 October		For the six months ended 31 October	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(798)	613	(798)	1,123
Interest income	75	49	112	128
Government grant	121	–	229	–
Gain on disposal of property, plant and equipment	–	44	–	44
Rental recession	15	–	30	–
Others	–	–	–	3
	(587)	706	(427)	1,298

7. PROFIT BEFORE TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Auditors' remuneration	–	100	200	400
Cost of inventories recognised as cost of sales	49,629	33,878	85,906	67,187
Depreciation of property, plant and equipment	723	692	1,389	1,420
Employee benefit expenses (including directors' emoluments)	7,443	4,262	13,859	11,500
(Net reversal)/net allowance for expected credit losses	(419)	406	(57)	711
Foreign exchange losses	435	419	282	330
Research and development expenses	46	2	70	30

8. TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax:				
The PRC	2,268	254	3,075	287
Hong Kong	1,076	1,425	1,845	2,444
	3,344	1,679	4,920	2,731
Deferred tax	54	(81)	34	(94)
Total taxation	3,398	1,598	4,954	2,637

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 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 2019: 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 2019: 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Earnings:				
Earning for the purpose of calculation basic earnings per share				
— profit for the period attributable to owners of the Company	9,472	5,648	15,407	11,078

	For the three months ended 31 October		For the six months ended 31 October	
	2020 '000 (unaudited)	2019 '000 (unaudited)	2020 '000 (unaudited)	2019 '000 (unaudited)
Number of shares:				
Number of ordinary Shares for the purpose of calculation basic earnings per share	500,000	500,000	500,000	500,000

Diluted earnings per share for the six months ended 31 October 2020 and 2019 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 2020, the Group acquired property, plant and equipment of approximately HK\$2.1 million (six months ended 31 October 2019: HK\$82,000).

During the six months ended 31 October 2020, the Group had no disposed or written-off property, plant and equipment (six months ended 31 October 2019: HK\$69,000).

12. TRADE RECEIVABLES

	As at 31 October 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Trade receivables	58,008	50,890
Less: Allowance for expected credit losses	(1,155)	(1,212)
	56,853	49,678

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 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Within 60 days	41,486	31,691
61 to 90 days	11,752	2,881
91 to 180 days	2,660	16,296
181 to 365 days	2,110	22
	58,008	50,890

Movement in allowance for expected credit losses of trade receivable.

Movement in lifetime expected credit losses that has been recognised for trade receivable in accordance with the simplified approach set in HKFRS 9 as follows:

	Total HK\$'000
Balance as at 30 April 2020 (audited)	1,212
Net reversal of allowance for expected credit losses	(57)
Balance as at 31 October 2020 (unaudited)	1,155

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 October 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Deposits	2,759	3,063
Prepayments	9,139	12,270
Other receivables	861	1,506
	12,759	16,839
Less: Allowance for expected credit losses	(18)	(18)
	12,741	16,821

14. TRADE PAYABLES

	As at 31 October 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Trade payables	4,391	6,543

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 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Within 60 days	1,699	3,512
61 to 90 days	738	801
91 to 180 days	1,946	770
181 to 365 days	8	560
Over 365 days	–	900
	4,391	6,543

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 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Accruals	5,009	6,711
Other payables	201	708
	5,210	7,419

16. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
At 30 April 2020, 1 May 2020 and 31 October 2020	10,000,000,000	100,000
Issued and fully paid:		
At 30 April 2020, 1 May 2020 and 31 October 2020	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:

	As at 31 October 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Financial assets at fair value through profit or loss	3,326	4,124
Fixed deposit	9,801	9,187

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short-term benefits	1,353	1,353
Post-employment benefits	18	18
	1,371	1,371

19. CAPITAL COMMITMENTS

As at 31 October 2020, the Group has no commitment (as at 30 April 2020: 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 2020 HK\$'000 (audited)	Fair value at 30 April 2020 HK\$'000 (unaudited)	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable inputs	Sensitivity
Investment in a life insurance contract	3,326	4,124	Level 3	Probability- weighted discounted cash flow method	31 October 2020 Crediting rate: 3.65% Discount rate: 1.24%–2.78%	A significant increase in discount rate used would result in a significant decrease in fair value, and vice versa.
				Key inputs include the account value, policy charge, crediting rate of insurance policy and discount rate	30 April 2020 Crediting rate: 3.65% Discount rate: 1.15%–2.34%	31 October 2020 Discount rate + 10%: Fair value = HK\$2,977,000 Discount rate – 10%: Fair value = HK\$3,714,000 30 April 2020 Discount rate + 10%: Fair value = HK\$3,752,000 Discount rate – 10%: Fair value = HK\$4,543,000

20. FAIR VALUE MEASUREMENTS *(Continued)*

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

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

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

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

During the six months ended 31 October 2020, the global economy continued to be affected by the outbreak of the COVID-19 pandemic (the “Pandemic”). The Pandemic severely affects the North America and Asia markets. Some of the Group’s customers in these markets cancelled or delayed their orders due to the uncertain economic environment. Notwithstanding the cancellation of the sales order, the Group strives to maintain a friendly relationship with the customers and to keep itself abreast of their business development. As a result, some deferred orders have been confirmed and delivered during the six months ended 31 October 2020. The Group’s revenue for the six months ended 31 October 2020 is approximately HK\$121.1 million, representing a significant increase of approximately HK\$26.6 million or 28.1% as compared to the same period in 2019.

As affected by the Pandemic, the Group’s new production line in Phnom Penh, Cambodia commenced its operation in October 2020. The Group was advised that a new company set up through Qualified Investment Project 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. With the tax benefits for the export to the US, the Group has put its marketing effort to procure potential customers in the US and broaden its customer base.

Prospect

Under the haze of the outbreak of the Pandemic, most of the countries have imposed stringent border control policy to avoid further spreading of the Pandemic and travellers are required to quarantine for a specific time period on their arrival. This poses extreme challenges for the Company to develop the business relationship worldwide. The Group will continue to adopt prudent and risk balancing management approach in the coming years.

Leveraging on the tax benefits available to the Group from the new production line in Phnom Penh, Cambodia, the management believes that the Group’s competitiveness will be enhanced and the export sales to North America will become more stable under the effects of Sino-US trade conflict. The Group has sent its sales team to visit the customers in the US to promote its new production line in Cambodia during the first half of calendar year 2020. The Group also plans to participate in exhibitions 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\$106.3 million, representing an increase of approximately HK\$28.3 million or 36.3% as compared to the same period in 2019 (six months ended 31 October 2019: HK\$78.0 million). The increase was mainly attributable to the increase in sales of LED decorative lighting products to Canada and the US.

Revenue from LED luminaire lighting products

During the period under review, the Group's revenue from LED luminaire lighting products was approximately HK\$14.9 million, representing a slight decrease of approximately HK\$1.6 million or 9.7% as compared to the same period in 2019 (six months ended 31 October 2019: HK\$16.5 million). The slight decrease was mainly due to the decrease in sales of LED luminaire lighting products to Hong Kong.

Cost of sales

The Group's cost of sale increased by approximately HK\$18.7 million or 27.8% from approximately HK\$67.2 million for the six months ended 31 October 2019 to approximately HK\$85.9 million for the six months ended 31 October 2020. 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\$7.9 million or 28.9% from approximately HK\$27.3 million for the six months ended 31 October 2019 to approximately HK\$35.2 million for the six months ended 31 October 2020. The overall gross profit margin remained relatively stable at approximately 29.1% for the six months ended 31 October 2020 (six months ended 31 October 2019: 28.9%).

Other income and gain or loss

The Group's other income and gain or loss decreased by approximately HK\$1.7 million or 130.8% from a gain of approximately HK\$1.3 million for the six months ended 31 October 2019 to a loss of approximately HK\$0.4 million for the six months ended 31 October 2020. The decrease was primarily attributable to the fair value loss on financial assets of fair value through profit or loss.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$0.1 million or 5.6% from approximately HK\$1.8 million for the six months ended 31 October 2019 to approximately HK\$1.9 million for the six months ended 31 October 2020. The increase was mainly attributable to an increase in shipping cost during the six months ended 31 October 2020.

Administrative expenses

The Group's administrative expenses decreased by approximately HK\$0.5 million or 4.1% from approximately HK\$12.1 million for the six months ended 31 October 2019 to approximately HK\$11.6 million for the six months ended 31 October 2020. Such decrease was mainly attributable to the decrease in travelling expenses during the period.

Finance costs

The Group's finance costs increased significantly by approximately HK\$0.6 million or 200.0% from approximately HK\$0.3 million for the six months ended 31 October 2019 to approximately HK\$0.9 million for the six months ended 31 October 2020. Such increase was mainly due to the increase in average balance of bank borrowings and the increase in interest on lease liabilities during the period.

Profit before taxation

The Group's profit before taxation increased by approximately HK\$6.7 million or 48.9% from approximately HK\$13.7 million for the six months ended 31 October 2019 to approximately HK\$20.4 million for the six months ended 31 October 2020. 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 selling and distribution expenses.

Taxation

The Group's taxation increased by approximately HK\$2.4 million or 92.3% from approximately HK\$2.6 million for the six months ended 31 October 2019 to approximately HK\$5.0 million for the six months ended 31 October 2020. Such increase was mainly due to the increase in the Group's profit before taxation.

Profit for the period

As a result of the foregoing, profit for the period increased by approximately HK\$4.3 million or 38.7% from approximately HK\$11.1 million for the six months ended 31 October 2019 to approximately HK\$15.4 million for the six months ended 31 October 2020. The Group's net profit margin increased slightly from approximately 11.7% for the six months ended 31 October 2019 to approximately 12.7% for the six months ended 31 October 2020. The increase was mainly due to the increase in Group's gross profit.

Gearing Ratio

The Group recorded a gearing ratio (total debts divided by the total equity) of approximately 0.21 times and 0.25 times as at 30 April 2020 and 31 October 2020 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\$29.3 million as at 30 April 2020 to approximately HK\$39.5 million as at 31 October 2020.

Liquidity and Financial Resources

As at 31 October 2020, cash and bank balances of the Group amounted to approximately HK\$59.8 million (as at 30 April 2020: HK\$29.8 million). The current ratio (total current assets divided by total current liabilities) of the Group was 4.9 times as at 31 October 2020 (as at 30 April 2020: 3.7 times). In view of the Group's current level of cash and bank balances and funds generated internally from our operations, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

Share Capital

Details of movements in the share capital of the Company during the period are set out in Note 16 of the unaudited condensed consolidation financial statements.

Capital Commitments and Contingent Liabilities

As at 31 October 2020, the Group did not have any significant capital commitments (30 April 2020: nil) and significant contingent liabilities (30 April 2020: 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 2020. Furthermore, the Group did not have any plans for material investments and capital assets.

Employees and Remuneration Policies

As at 31 October 2020, the Group had a total of 246 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2020 were approximately HK\$13.9 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 2020, we had experienced exchange losses of approximately HK\$0.3 million (six months ended 31 October 2019: HK\$0.3 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 2020 HK\$'000 (unaudited)	As at 30 April 2020 HK\$'000 (audited)
Financial assets at fair value through profit or loss	3,326	4,124
Fixed deposits	9,801	9,187

Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2020.

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 2020 is set out below:

Objectives	Implementation plan	Actual business progress up to 31 October 2020
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 41 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 6 senior engineers to focus on product design and production.
	— applying patents	The Group had submitted 11 patent applications and 1 new patent application up to the six months ended 31 October 2020.

Objectives	Implementation plan	Actual business progress up to 31 October 2020
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 April 2020. 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 2020.

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 disclosed in the section headed "Business Objectives, Future Plans and Use of Proceeds" as set out in the Prospectus and the status of utilisation up to 31 October 2020:

	Approximate percentage of total amount	Net proceeds HK\$ million	Up to 31 October 2020	
			Utilised amount HK\$ million	Un-utilised amount HK\$ million
Upgrading the production facilities	55%	16.6	9.8	6.8
— 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	1.0	0.5
Expanding the sales force and sales channel	5%	1.5	1.5	–
General working capital	10%	3.0	3.0	–
	100%	30.1	22.8	7.3

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 2020, 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 2020.

Save as disclosed above, as at 31 October 2020, 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 2020, 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 2020.

Save as disclosed above, as at 31 October 2020, 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 2020.

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 2020.

Interests of the Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Ample Capital Limited to be the compliance adviser until 29 July 2020, being the date on which the Company sent to the Shareholders a copy of the Directors report and the consolidated financial statements in respect of its financial results for the second full financial year commencing after the date its listing. As notified by Ample Capital Limited, as at 29 July 2020, being the last day of its appointment as the Company's compliance adviser, 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 2020.

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 2020.

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 2020.

Share Option Scheme

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

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

Audit Committee

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2020.

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

Hong Kong, 11 December 2020

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 Listed Company Information" 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".