Bortex Global Limited
濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118

2021
ANNUAL 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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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Wong Ting Kon
Ms. Lo Ching Yee (resigned on 30 December 2020)
Mr. Cheng Hok Ming Albert
Ms. Cheng Ka Yan (appointed on 30 December 2020)

AUDIT COMMITTEE

Mr. Wong Ting Kon *(Chairman)*
Ms. Lo Ching Yee (resigned on 30 December 2020)
Mr. Cheng Hok Ming Albert
Ms. Cheng Ka Yan (appointed on 30 December 2020)

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Wong Mun Yan

COMPLIANCE OFFICER

Mr. Shiu Kwok Leung

AUTHORISED REPRESENTATIVES

Mr. Shiu Kwok Leung
Mr. Shao Xu Hua

INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited

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PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

www.bortex.com.cn

STOCK CODE

8118

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "**Board**"), I present the annual report and the audited consolidated financial statement of the Company and its subsidiaries (together with the Company, the "**Group**") for the year ended 30 April 2021.

Since the of the novel coronavirus ("**COVID-19**") epidemic (the "**Epidemic**") spread out in 2020, many businesses have been hit by unprecedented impacts and difficulties. With the launching of vaccines, the Epidemic became under control since the first half of 2021 and there were signs of recovery in the global economy. At the same time, the consumers' spending patterns have changed to preferring practical and high-quality products which represents a good opportunity and a positive influence to the Group's business. During the year ended 30 April 2021, the Group has not just seen increased sales order from existing customers, it has also approached new customers for business cooperation. The Group believed that with the good customer relationships, excellent product quality and high morale of employees, the Group's business will continue to develop steadily.

Our Cambodia factory has commenced operation since October 2020. However, due to the COVID-19 situation in Cambodia, the Cambodia factory is yet to achieve full production capacity. We believe that the setting up of the Cambodia factory will establish a good company reputation and enable our overseas customers to build confidence in us.

PERFORMANCE

Since our listing in 2017, our Company has maintained a good reputation and quality of production in the LED lighting business market. Our business in China is booming and we have built a good relationship with our Hong Kong customers. Our Group's revenue increased by approximately HK$26.1 million or 13.0% for the year ended 30 April 2021 to approximately HK$200.9 million (2020: HK$174.8 million). The Group's net profit increased to approximately HK$23.6 million (2020: HK$18.3 million).

OUTLOOK

Looking ahead, the global economic outlook have been affected by the outbreak of the Epidemic. Our Group will continue to strengthen our market position in both the local and overseas markets by broadening the product portfolio. Our Group will continue to adopt prudent and risk balancing management approach.

Appreciation

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

Shiu Kwok Leung
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 April 2021, the global economy continued to be affected by the novel coronavirus ("**COVID-19**") epidemic (the "**Epidemic**") spread out. The Epidemic severely affects the worldwide 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 year ended 30 April 2021. The revenue in North America increased during the year under review which is mainly attributable to an increase in the demand and sales of indoor decorative lightings to household users during the Christmas seasons amidst various lockdown measures implemented in the region. As the same time, the Group also approached many new customers in The People's Republic of China (the "**PRC**") to fill up the short fall of the revenue decrease in the PRC. The Group's revenue for the year ended 30 April 2021 is approximately HK$200.9 million, representing an increase of approximately HK$26.1 million or 14.9% as compared to the year ended 30 April 2020 of approximately HK$174.8 million.

Due to the Epidemic, the commencement of the Group's new production line in Phnom Penh, Cambodia was delayed to second half of year 2020. The production line was set up through Qualified Investment Project application to take advantage of the 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 devoted more marketing effort in procuring potential customers in the US and broaden its customer base.

PROSPECT

Under the haze of the outbreak of the Epidemic, most of the countries have imposed stringent border control policy to avoid further spreading of the Epidemic and travelers 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 also plans to participate in exhibitions worldwide in the coming years. The Group's management believes that the Epidemic will be under control as an increasing number of vaccines are being administered in various countries in the World.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue from LED Decorative Lighting

The Group's LED decorative lighting revenue increased significantly by approximately HK$33.3 million or 29.3% from approximately HK$113.5 million for the year ended 30 April 2020 to approximately HK$146.8 million for the year ended 30 April 2021. The increase in LED decorative lighting revenue was mainly attributable to the increase in sales to the Canada and the US customers.

Revenue from LED Luminaire Lighting

The Group's LED luminaire lighting revenue decreased by approximately HK$7.2 million or 11.7% from approximately HK$61.3 million for the year ended 30 April 2020 to approximately HK$54.1 million for the year ended 30 April 2021. The decrease in LED luminaire lighting revenue mainly resulted from the decrease in sales to construction customers in the PRC.

Cost of Sales

The Group's cost of sales increased by approximately HK$21.1 million or 16.9% from approximately HK$124.6 million for the year ended 30 April 2020 to approximately HK$145.7 million for the year ended 30 April 2021. The increase in cost of sales was generally in line with the increase in the Group's total revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK$5.0 million or 10.0% from approximately HK$50.2 million for the year ended 30 April 2020 to approximately HK$55.2 million for the year ended 30 April 2021. The increase in gross profit was generally in line with the increase in the Group's total revenue. The gross profit margin decreased from approximately 28.7% for the year ended 30 April 2020 to approximately 27.5% for the year ended 30 April 2021. The decrease in gross profit margin was mainly due to the increase in sales of LED luminaire lighting products which were sold with lower profit margin.

Other Income, Gain/(Losses), Net

The Group's other income and losses, net was approximately loss HK$1.1 million for the year ended 30 April 2021. The Group's other income and gain, net was approximately gain HK$1.7 million for the year ended 30 April 2020. The decrease was primarily attributable to the fair value loss on financial assets at fair value through profit or loss which set-off the foreign exchange gain.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately HK$0.5 million or 15.6% from approximately HK$3.2 million for the year ended 30 April 2020 to approximately HK$3.7 million for the year ended 30 April 2021. The increase in selling and distribution expenses was mainly attributable to the increase of salaries paid to the sales staff during the year ended 30 April 2021.

The salaries paid to the sales staff increased due to the increase in sales commission paid to the sales staff increased.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK$5.2 million or 23.1% from approximately HK$22.5 million for the year ended 30 April 2020 to approximately HK$17.3 million for the year ended 30 April 2021. The decreased was mainly attributable to the one-off expenses related to the transfer of listing to Main Board of approximately HK$3.1 million during the year ended 30 April 2021 (2020: HK$4.0 million) and the foreign exchange gain of approximately HK$2.3 million during the year ended 30 April 2021 (2020: loss of approximately HK$0.5 million).

Finance Costs

The Group's finance costs increased by approximately HK$0.4 million or 26.7% from approximately HK$1.5 million for the year ended 30 April 2020 to approximately HK$1.9 million for the year ended 30 April 2021. The increase in finance costs was in line with the increase in bank borrowings during the year ended 30 April 2021.

Profit for the Year

The Group's profit for the year ended 30 April 2021 was approximately HK$24.1 million, representing an increase of approximately HK$5.6 million or 30.3% as compared to the year ended 30 April 2020. The net increase in profit for the year of the Group was mainly attributable to the increase in revenue and gross profit of the Group during the year ended 30 April 2021.

GEARING RATIO

Gearing ratio (total debts divided by the total equity) is not applicable for the year ended 30 April 2021 (2020: 0.21 times).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2021, cash and bank balances (including fixed deposits) of the Group amounted to approximately HK$58.9 million (2020: HK$29.8 million). The current ratio (total current assets divided by total current liabilities) of the Group was 4.7 times as at 30 April 2021 (2020: 3.7 times). In view of the Group's current level of cash and bank balances and funds generated internally from its operations, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management has monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade receivable by taking into account the market conditions, customers' profiles and contractual terms to ensure that adequate impairment is made for irrecoverable amounts. On top of these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CAPITAL STRUCTURE

The Shares have been listed on the Main Board of the Stock Exchange since 16 November 2017. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises ordinary Shares. As at 30 April 2021, the Company had 500,000,000 Shares in issue.

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

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets for the year ended 30 April 2021. Furthermore, the Group did not have any plans for material investments and capital assets.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2021, the Group did not have any significant capital commitments (30 April 2020: nil) and significant contingent liabilities (30 April 2020: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2021, the Group had a total of 194 employees (30 April 2020: 199). The total remuneration costs incurred by the Group for the year ended 30 April 2021 were approximately HK$24.3 million (30 April 2020: HK$21.0 million). The Group reviews the performance of its employees annually and use the results of such review in the annual salary review and promotion appraisal, in order to attract and retain valuable employees. The Company adopted a share option scheme to enable it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions.

CHARGE OF ASSETS

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

	2021 HK$'000	2020 HK$'000
Financial asset at fair value through profit or loss	2,551	4,124
Fixed deposits	10,210	9,187
	12,761	13,311

FOREIGN CURRENCY EXPOSURE

A significant portion of the Group's turnover is derived from the Group's sales to customers located in North America and Euro which is primarily denominated and settled in US Dollars, while the Group generally settled the Group's cost of sales and operating expenses in Renminbi and Hong Kong dollars. The Group therefore exposed to exchange rate risk. During the year ended 30 April 2021, the Group had experienced exchange gain of approximately HK$2.3 million (2020: loss of approximately HK$0.5 million).

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 April 2021.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 31 October 2017 (the "**Prospectus**") with the Group's actual business progress for the period from 16 November 2017 (i.e. the date of listing of the Company's shares on GEM, the "**Listing Date**") to 30 April 2021 is set out below:

Objectives	Implementation plan	Actual business progress up to 30 April 2021
Upgrading our production facilities	— improving automation and efficiency of LED decorative lighting series: (i) purchasing new automatic welding machines for the production of mobile phone applications linked LED decorative lighting products (ii) purchasing machinery for the production of more flexible user-friendly LED decorative lighting products (iii) purchasing machinery with a higher level of automation for the assembling of the LED decorative lighting products (iv) modifying and alternating our existing machines for the production of LED capsules	The Group purchased 6 new automatic welding machines for the production of mobile phone applications linked LED decorative lighting and upgraded 15 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 44 existing machines were upgraded to increase the production capacity 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	The Group purchased 1 new machine to facilitate the LED tube light aging test and 2 new surface mount technology production lines. With the focus to enhance automation, the Group acquired 10 machines to allow a higher level of automation in the assembling process of LED luminaire lighting series.
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 for the year ended 30 April 2020.

Objectives	Implementation plan	Actual business progress up to 30 April 2021
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 2020.

USE OF PROCEEDS

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

The table below sets out the intended use of net proceeds in accordance with the "Business Objectives, Future Plans and Use of Proceeds" as set out in the prospectus of the Company dated 31 October 2017 (the "**Prospectus**"):

	Approximate percentage of total amount	Net proceeds HK$ million	Up to 30 April 2021 Utilised amount HK$ million	Up to 30 April 2021 Un-utilised amount HK$ million	Expected timeline for full utilisation (Notes 1 and 2)
Upgrading the production facilities	55%	16.6	10.5	6.1	By the end of 2022
— 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	–	N/A
Expanding the product portfolio and strengthening the product development capability	5%	1.5	1.3	0.2	By the end of 2022
Expanding the sales force and sales channel	5%	1.5	1.5	–	N/A
General working capital	10%	3.0	3.0	–	N/A
	100%	30.1	23.8	6.3	

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

Notes:

1. The expected timeline for utilising the remaining net proceeds is made based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business developments and need, and therefore is subject to change.

2. The unutilised net proceeds from the Listing are expected to be used in accordance with the Company's plan as disclosed in the Prospectus except the original timeline for utilising the remaining net proceeds as disclosed in the Prospectus has been delayed due to, among others, the business environment being affected by the Sino-US trade conflict since 2018, social unrest in Hong Kong since June 2019 and the outbreak of COVID-19 since January 2020.

DIRECTORS

Executive Directors

Mr. Shiu Kwok Leung, aged 60, is one of our founders, the Chairman of the Board and a controlling shareholder of the Company. He is also the chairman of the Nomination Committee and the compliance officer of the Company. He was appointed as a Director on 30 January 2014 and was subsequently redesignated as an executive Director on 18 September 2015. Mr. Shiu is responsible for the overall strategic planning, business development and overseeing the sales and marketing of the Group. Mr. Shiu initially worked as a moulds technician at Yau Yung Metal Manufacturing Factory from 1980 to 1983 and was subsequently promoted as its production and administration manager from 1983 to 2003. To continue the business of Yau Yung Metal Manufacturing Factory, Yau Yung Metal Manufacturing Factory Limited was incorporated in Hong Kong in 2003 and Mr. Shiu remained as the company's production and administration manager from August 2003 to June 2005. He was mainly responsible for the overall production (including liaison with overseas customers to deal with all production related matters and inquiries) and general administration functions of the company. Mr. Shiu established Bortex International Limited in Hong Kong on 30 December 2008. Mr. Shiu is a director of each of Harvest Mount Global Enterprises Limited, Bortex Holdings Limited, Bortex International Limited and Bortex Industry Co., Ltd (all are wholly-owned subsidiaries of the Company).

Mr. Shao Xu Hua, aged 41, is one of our founders. Mr. Shao was appointed as an executive Director and the Chief Executive Officer on 18 September 2015 and 30 September 2018 respectively. He has been responsible for the overall management of product design, procurement, production and finance departments. Mr. Shao obtained a Diploma (Night School) in computer science at South China University of Technology in July 2004 and a certificate of completion on MBA Advanced Seminar for Practising Manager (在職經理MBA課程高級研修班) from Higher School of Continuing Education of Sun Yat-Sen University in September 2009. Mr. Shao has about 12 years' experience in the production and sale of decorative lighting products through his involvement in business of Bortex Industry Co., Ltd and he has a comprehensive understanding to its overall business and different aspects of the business operation. Mr. Shao was a founding shareholder of Bortex Industry Co., Ltd, which is a wholly-owned and principal operating subsidiary of the Company, and has been a director of Bortex Industry Co., Ltd since 2004. Mr. Shao is also a director of Bortex International Limited (a wholly-owned subsidiary of the Company).

Mr. Yuen Lai Him, aged 50, joined the Group in March 2015 and was appointed as an executive Director on 18 September 2015. He is also a member of the Remuneration Committee of the Company. Mr. Yuen is responsible for managing sales and marketing activities. He received his Bachelor of Engineering in Electrical Engineering at the University of Sydney, Australia in November 1997. Mr. Yuen was the regional manager of VMT Instruments Limited, a company specialising in manufacturing of equipment for hard-disk testing, from 1997 to 2003 and he was responsible for international sales marketing for Philippines, Japan, China and United States as well as establishing and execution of sales and marketing strategies. He founded Galaxy Optics Limited (now known as Galaxy Technology Limited), a company specialising in sales and manufacturing of electronic products, in July 2004. He has over 10 years of experience in international marketing and had successfully built relationship with customers in Korea, Hong Kong, Philippines and United States for the export of electronic products. He is currently a director of Galaxy Technology Limited. Mr. Yuen also worked for Galaxy Tech (Asia) Limited as a director from July 2013 to March 2015. Mr. Yuen is a director of Multi Tech Creation Limited (a substantial shareholder of the Company). He is also a director of each of Harvest Mount Global Enterprises Limited, Bortex Holdings Limited and Bortex International Limited (all are wholly-owned subsidiaries of the Company). Mr. Yuen was appointed as a non-executive director of a company listed on GEM, Dowway Holdings Limited (stock code: 8403), on 22 March 2019.

Independent Non-executive Directors

Mr. Wong Ting Kon, aged 50, was appointed as an independent non-executive Director on 24 October 2017. He is also the chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee of the Company. Mr. Wong has over 20 years of experience in the accounting and finance industry in Hong Kong. He currently serves as an independent non-executive director of a company listed on the Stock Exchange, Speedy Global Holdings Limited (stock code: 540). He was appointed as an independent non-executive director of a company listed on GEM, Inno-Tech Holdings Limited (stock code: 8202), from 15 February 2018 to 3 August 2018. Mr. Wong joined Chan Wong & Company C.P.A in 2000 and is currently a partner of the firm.

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

Ms. Cheng Ka Yan, aged 36, was appointed as an independent non-executive Director on 30 December 2020. She is also a member of the Audit Committee. She has over 10 years of accumulated working experience in accounting, audit, company secretaryship, corporate finance management and financial reporting. Ms. Cheng is a company secretary of Hong Kong Aerospace Technology Group Limited (stock code: 1725.HK) since 4 June 2021, the securities of which is listed on the Main Board of the Stock Exchange. Ms. Cheng served as the company secretary and financial controller for Hong Kong Casin Holdings Limited from March 2017 to May 2018, which is a fellow subsidiary of Casin Real Estate Development Group Co Ltd (財信地產發展集團股份有限公司) (Stock Code: 838.SZ), the securities of which are listed on The Shenzhen Stock Exchange. Ms. Cheng was the company secretary and financial controller of DIT Group Limited (formerly known as China Minsheng Drawin Technology Group Limited, Stock Code: 726.HK) from May 2016 to April 2017, the securities of which is listed on the Main Board of the Stock Exchange and the accounting manager and company secretary of Imagi Management Limited from April 2014 to April 2016 and from December 2015 to April 2016 respectively, the securities of which are both listed on the Main Board of the Stock Exchange. Before that, Ms. Cheng worked for Deloitte Touche Tohmatsu from July 2011 to January 2014.

Ms. Cheng graduated from The Hong Kong Polytechnic University and obtained a Master's degree in Corporate Governance in September 2017 and a Bachelor of Business Administration degree in Accountancy in June 2007. She is also a member of The Hong Kong Institute of Chartered Secretaries and The Hong Kong Institute of Certified Public Accountants.

Mr. Cheng Hok Ming Albert, aged 59, was appointed as an independent non-executive Director on 24 October 2017. He is also the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee of the Company. Mr. Cheng was an independent non-executive director of PacMos Technologies Holdings Limited (now known as PacRay International Holdings Limited, stock code: 1010), a company listed on the Stock Exchange, from 30 September 2004 to 27 November 2014.

Mr. Cheng attended secondary education in Hong Kong and he entered for the Hong Kong Certificate of Education Examination and received the respective result in August 1979. He is a fellow member of the Hong Kong Institute of Directors and has extensive experience in the accounting, financing and consulting industries. Mr. Cheng has been an executive director and chairman of the board of directors of Gold Profit Services Limited, a consulting company principally engaged in providing corporate advisory services including taxation and accountancy services for over 30 years since 1987.

SENIOR MANAGEMENT

Mr. Pan Liang Bo, aged 54, joined Bortex Industry in October 2004 initially as a sales manager and was subsequently promoted to factory director in January 2010. He is mainly responsible for managing the development and production planning of the Group.

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

COMPANY SECRETARY

Ms. Wong Mun Yan, aged 46, joined the Group as the company secretary of the Group on 1 October 2017 and is primarily responsible for overseeing the overall financial management of the Group and company secretarial matters.

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

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

COMPLIANCE OFFICER

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

CORPORATE GOVERNANCE PRACTICES

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

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

The Board considers that during the year ended 30 April 2021, the Company has complied with all the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

A THE BOARD

A1. Responsibilities and Delegation

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

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

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

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

A2. Board Composition

The composition of the Board during the year ended 30 April 2021 is as follows:

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

Independent Non-executive Directors
Mr. Wong Ting Kon
Ms. Lo Ching Yee (resigned on 30 December 2020)
Mr. Cheng Hok Ming Albert
Ms. Cheng Ka Yan (appointed on 30 December 2020)

During the year ended 30 April 2021, the Board has met the requirements of the GEM Listing Rules 5.05 and 5.05A of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

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

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

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

A3. Chairman and Chief Executive Officer

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

A4. Appointment and Re-election of Directors

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

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

Pursuant to the Articles, Mr. Shao Xu Hua, Mr. Cheng Hok Ming Albert and Ms. Cheng Ka Yan shall retire at the forthcoming 2021 annual general meeting of the Company (the "**2021 AGM**"). It is noted that the above retiring directors will offer themselves for re-election at the 2021 AGM. The Company's circular, sent together with this annual report, contains detailed information of such retiring directors as required by the GEM Listing Rules.

A5. Training and Continuing Development for Directors

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

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

During the year ended 30 April 2021, the Directors have complied with the code provision A.6.5 of the CG Code on participation in continuous professional training as follows:

	Type of training	
Directors	Attending seminars/ conferences/ forums and/or training courses	Reading materials provided by the Company or external parties
Executive Directors:		
Mr. Shiu Kwok Leung *(Chairman)*		✔
Mr. Shao Xu Hua		✔
Mr. Yuen Lai Him	✔	✔
Independent Non-executive Directors:		
Mr. Wong Ting Kon	✔	✔
Ms. Lo Ching Yee (resigned on 30 December 2020)		✔
Mr. Cheng Hok Ming Albert	✔	✔
Ms. Cheng Ka Yan (appointed on 30 December 2020)	✔	✔

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

A6. Board Meetings

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

During the year ended 30 April 2021, the attendance records of each Director at the said Board meetings held and the annual general meeting are set out below:

Directors	Board Meetings attended/held	Annual General Meeting attended/held
Executive Directors		
Mr. Shiu Kwok Leung	5/5	1/1
Mr. Shao Xu Hua	5/5	1/1
Mr. Yuen Lai Him	5/5	1/1
Independent Non-executive Directors		
Mr. Wong Ting Kon	5/5	1/1
Ms. Lo Ching Yee *(Note 1)*	3/3	1/1
Mr. Cheng Hok Ming Albert	5/5	0/1
Ms. Cheng Ka Yan *(Note 2)*	1/1	–

Notes:

1. Ms. Lo Ching Yee resigned as an independent non-executive director of the Company on 30 December 2020. Before her resignation, there were 3 Board meetings and 1 annual general meeting held during the year ended 30 April 2021.

2. Ms. Cheng Ka Yan was appointed as an independent non-executive director of the Company on 30 December 2020. After her appointment, there was 1 Board meeting held during the year ended 30 April 2021.

Apart from regular Board meeting, the Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of executive Directors during the year.

A7. Directors' Securities Transactions

The Company has adopted the required standard of dealings as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all the Directors and all Directors have confirmed that they have complied with the required standard of dealings during the year ended 30 April 2021.

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

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

A8. Corporate Governance Functions

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

B. BOARD COMMITTEES

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

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

B1. Audit Committee

The Company has met the GEM Listing Rules requirements regarding the composition of the Audit Committee during the year ended 30 April 2021. The Audit Committee comprises a total of 3 members, being the 3 independent non-executive Directors, namely Mr. Wong Ting Kon (chairman of the Committee), Ms. Cheng Ka Yan and Mr. Cheng Hok Ming Albert. Mr. Wong Ting Kon and Ms. Cheng Ka Yan possess the appropriate professional qualification, and accounting and financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

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

During the year ended 30 April 2021, the Audit Committee has held four meetings, in which the Committee members have (i) reviewed the Group's consolidated financial statements, results announcements and reports for the year ended 30 April 2020, for the three months ended 31 July 2020, for the six months ended 31 October 2020 and for the nine months ended 31 January 2021; (ii) reviewed and discussed the related accounting principles and practices adopted by the Group, the relevant audit findings, the report on the Company's risk management and internal control review; (iii) reviewed the compliance of the Deed of Non-Competition by the Company's controlling shareholders; (iv) made recommendation of the re-appointment of the external auditor; and (v) reviewed the arrangements for employees of the Company to raise concerns about possible improprieties.

The attendance records of each Audit Committee member at the said Audit Committee meetings held during the year ended 30 April 2021 are set out below:

Audit Committee members	Audit Committee Meetings attended/held
Mr. Wong Ting Kon *(Chairman)*	4/4
Ms. Lo Ching Yee *(Note 1)*	3/3
Mr. Cheng Hok Ming Albert	4/4
Ms. Cheng Ka Yan *(Note 2)*	1/1

Notes:

1. Ms. Lo Ching Yee resigned as an independent non-executive director and a member of the Audit Committee of the Company on 30 December 2020. Before her resignation, there were 3 Audit Committee meetings held during the year ended 30 April 2021.

2. Ms. Cheng Ka Yan was appointed as an independent non-executive director and a member of the Audit Committee of the Company on 30 December 2020. After her appointment, there was 1 Audit Committee meeting held during the year ended 30 April 2021.

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

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

B2. Nomination Committee

The Nomination Committee comprises a total of 3 members, being the Chairman of the Board, namely Mr. Shiu Kwok Leung (chairman of the Committee), and two independent non-executive Directors, namely Mr. Wong Ting Kon and Mr. Cheng Hok Ming Albert. Throughout the year ended 30 April 2021, the Company has met the code provision A.5.1 of the CG Code of having a majority of the Committee members being independent non-executive Directors, and having the Committee chaired by the Chairman of the Board.

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

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

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. To comply with the code provision A.5.6 of the CG Code, a Board diversity policy was adopted by the Company on 24 October 2017, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendations to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their effectiveness in determining the optimum composition of the Board. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained during the year ended 30 April 2021.

The Company has also adopted the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive Directors in accordance with the GEM Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the year ended 30 April 2021, the Nomination Committee has held two meetings, in which the committee members have (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of skills, knowledge and experience appropriate to the Group's corporate strategy; (ii) assessed the independence of all the independent non-executive Directors; (iii) recommended the re-election of the Directors at the 2020 annual general meeting; and (iv) considered and recommended the appointment of Ms. Cheng Ka Yan as an independent non-executive Director.

The attendance records of each Nomination Committee member at the said Nomination Committee meetings held during the year ended 30 April 2021 are set out below:

Nomination Committee members	Nomination Committee Meetings attended/held
Mr. Shiu Kwok Leung *(Chairman)*	2/2
Mr. Wong Ting Kon	1/2
Mr. Cheng Hok Ming Albert	2/2

B3. Remuneration Committee

The Remuneration Committee comprises a total of 3 members, being one executive Director, namely Mr. Yuen Lai Him, and two independent non-executive Directors, namely Mr. Wong Ting Kon and Mr. Cheng Hok Ming Albert (chairman of the Committee). During the year ended 30 April 2021, the Company has met the GEM Listing Rules requirements of having the majority of the Remuneration Committee members being independent non-executive Directors, as well as having the Committee chaired by an independent non-executive Director.

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

During the year ended 30 April 2021, the Remuneration Committee has held two meetings, in which the existing remuneration policy and structure of the Company and the remuneration packages of Directors and senior management of the Company were reviewed and relevant recommendations were made to the Board, and the remuneration package of the newly appointed independent non-executive Director, Ms. Cheng Ka Yan was considered and relevant recommendation was made to the Board.

The attendance records of each Remuneration Committee member at the said Remuneration Committee meetings held during the year ended 30 April 2021 are set out below:

Remuneration Committee members	Remuneration Committee Meetings attended/held
Mr. Cheng Hok Ming Albert *(Chairman)*	2/2
Mr. Wong Ting Kon	2/2
Mr. Yuen Lai Him	2/2

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management (including the executive Directors) by band for the year ended 30 April 2021 is set out below:

Remuneration band (HK$)	Number of individual(s)
Nil to 1,000,000	3
1,000,001 to 1,100,000	1

Details of the remuneration of each Director for the year ended 30 April 2021 are set out in Note 11 to the consolidated financial statements contained in this annual report.

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

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 30 April 2021.

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

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

D. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 30 April 2021. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure that prompt remediation and subsequent actions are taken to improve the situations.

Based on the reports submitted by the management and the various management controls put in place, the Board, with the support of the Audit Committee, reviewed the risk management and internal control systems (including the financial, operational and compliance controls) for the year ended 30 April 2021, and considered that such systems are effective and adequate. Such review of the risk management and internal control systems is conducted annually. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

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

E. COMPANY SECRETARY

The Company Secretary of the Company is Ms. Wong Mun Yan, who fulfils the qualification requirements laid down in the GEM Listing Rules. The biography of Ms. Wong is set out in the section headed "Profiles of Directors, Senior Management and Secretary" of this annual report. During the year ended 30 April 2021, Ms. Wong has taken not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 30 April 2021 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to HLB Hodgson Impey Cheng Limited, the Company's auditor, in respect of audit service and non-audit services for the year ended 30 April 2021 are analyzed below:

Type of services provided by the external auditor	Fees paid/ payable HK$'000
Audit service: audit fee for the year ended 30 April 2021	900
TOTAL:	900

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

Address: Flat A, 11/F, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong

Email: sec@bortex.com.cn

Tel: (852) 2554 9888

Fax: (852) 2554 9668

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

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

H. SHAREHOLDERS' RIGHTS

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

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

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

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

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

I. DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

J. CONSTITUTIONAL DOCUMENTS

During the year ended 30 April 2021, there was no change in the memorandum and articles of association of the Company. The memorandum and articles of association of the Company is available on the websites of the Stock Exchange and the Company.

SCOPE AND REPORTING BOUNDARY

This is the Environmental, Social and Governance ("**ESG**") Report issued by Bortex Global Limited (the "**Company**", together with its subsidiaries referred to as the "**Group**") highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide set out in Appendix 20 to the GEM Listing Rules and Guidance on The Stock Exchange of Hong Kong Limited.

The Group is principally engaged in manufacturing and trading of light-emitting diode ("**LED**") decoration lighting series and luminaire lighting series to customers in North America, Europe and Asia Pacific. This ESG report covers the Group's overall performance in two subject areas, namely, environmental and social aspects of the key business operation in the manufacturing plant in Dongguan (the "**Plant**") of the People's Republic of China (the "**PRC**") from 1 May 2020 to 30 April 2021 (the "**Reporting Period**"), unless otherwise stated.

The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide during the Reporting Period.

The Group's head office in Hong Kong causes minimal environmental and social impacts, thus it is not included in the reporting scope. It should also be noted that any environmental key performance indicators presented in this report do not include impacts associated with the worker dormitories and canteen since these operations are centrally managed by the Industrial Park.

During the Reporting Period, the Group built an overseas production base in Phnom Penh, Cambodia to promote the export sales to North America. The new production base commenced operation in September 2020. As the operation has started only for several months and the scale is not yet substantial, it has not been included in the scope during the Reporting Period.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

Materiality — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, process, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

Quantitative — key performance indicators ("**KPIs**") have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Consistency — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

Balance — all available information has been reported impartially with concrete figures and supporting documentations; no selections, omission, or presentation formats that may inappropriately influence a decision or judgement by the report reader has been made throughout the whole reporting process.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

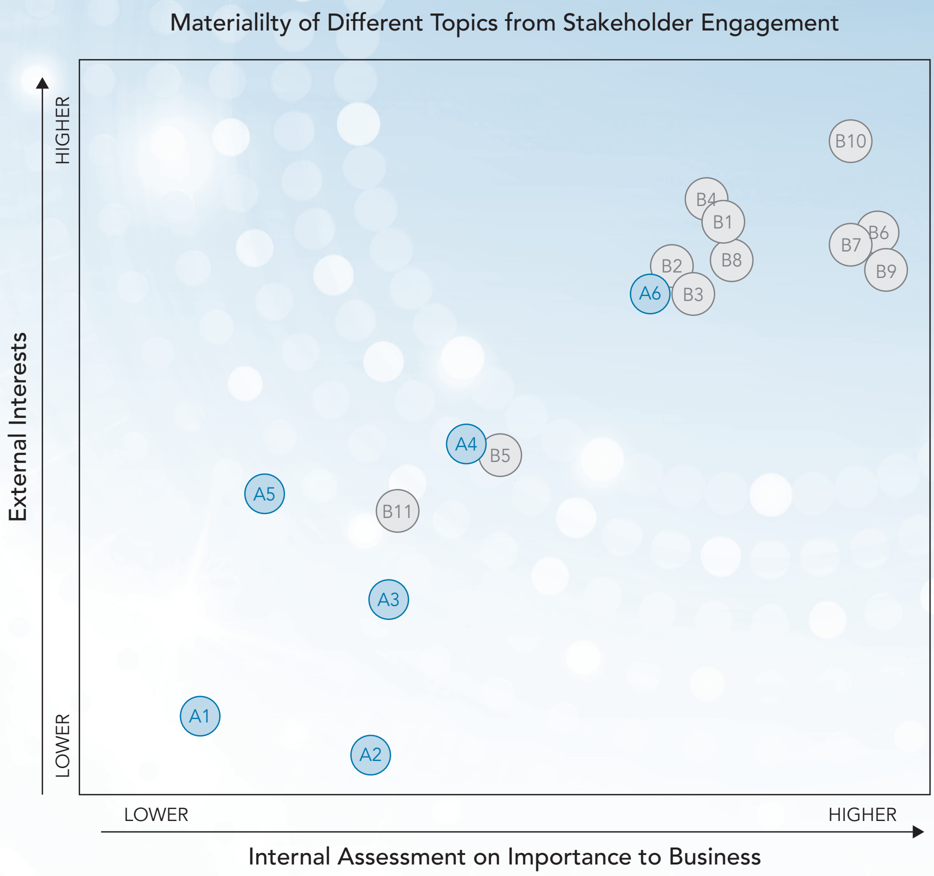
Stakeholder Engagement

The Group closely communicates with its stakeholders through various channels to understand their concerns and expectations, and identify significant issues which may pose risks to the business operations. To achieve so, the Group has set out the full spectrum of stakeholders by consulting various departments and leveraged on the on-going communication channels and day-to-day interactions to engage these stakeholders.

Materiality Assessment

During the Reporting Period, the Group has specifically engaged a wide range of stakeholders, namely board members, shareholders, senior management, frontline staff, suppliers and customers to gain further insights on material aspects and challenges via annual general meeting, company's website, press release, staff meetings, satisfaction surveys, daily contacts, and questionnaires. From the questionnaire, a materiality assessment was undergone for the Group to better identify, prioritise, and address issues that stakeholders felt important. The materiality assessment is as follows:

Materiality Matrix



Environmental

A1	Energy	B3	Development and Training
A2	Water	B4	Labour Standards
A3	Air Emission	B5	Supply Chain Management
A4	Waste and Effluent	B6	Intellectual Property Rights
A5	Other Raw Materials Consumption	B7	Data Protection
A6	Environmental Protection Policies	B8	Customer Service
Social		B9	Product/Service Quality
B1	Employment	B10	Anti-corruption
B2	Occupational Health and Safety	B11	Community Investment

Among the environmental and social aspects, the following topics are identified as the most material issues to the stakeholders:

1. Anti-corruption;

2. Intellectual property ("IP") rights;

3. Customer Data Protection;

4. Product Quality; and

5. Labour Standard.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on the ESG approach and performance by giving suggestions or sharing views via email at feedback@bortex.com.cn, or by post to Flat A, 11st Floor, King Palace Plaza, Kwun Tong, Hong Kong.

THE GROUP'S SUSTAINABILITY MISSION AND VISION

Mission

The Group is committed to driving business growth in ways that fosters sustainable development and promotes social stability. As a responsible enterprise, the Group extends its efforts to environmental protection and social welfare responding to the global call for environmental conservation.

The Group will work closely with the government authority to fully complement the implementation of national development strategies. It strives to maintain an optimal balance of product quality, profit, environmental protection and labour management in a bid to maximise the profit, achieve stakeholder satisfaction and be responsible for the stakeholders and the wider community. The Group hopes to see an improving trend in its environmental performance in the future. To facilitate that, employees of all levels and departments are encouraged to keep environmental protection a key consideration when making business decisions.

Vision on Environment, Social, and Governance

Major challenges encountered by the Group including the fierce market competitions from competitors with strong marketing and product design capabilities and effective production cost control. Correspondingly, the Group steps up efforts to improve its production efficiency, strengthen its product development capability and expand its sales network. In addition to maximising these competitive strengths, the Group also explores new business opportunities in order to strengthen its market position and increase its market share in the long run.

The Group's strategic goals closely align with its overall vision on ESG. The Group aims to improve its production efficiency by upgrading existing production facilities with more energy efficient equipment and machinery. It will continue increasing the level of automation for the production of LED decorative lighting products through investment in machinery. Better quality control will be achieved through acquiring advanced testing equipment to enhance the stability and reliability of its LED luminaire lighting products.

The Group considers its employees as one of its most valuable assets. Social accountability standards such as Social Accountability 8000:2014 have been strategically embedded within the Group's daily operation and management approaches. The Group plans to further strengthen its product development capability by recruiting and training experienced design and technical talents. These strategies not only enhance the quality of products (e.g. tailored designs) for meeting the diversified needs of customers, but also enable the Group to stay abreast of the latest production and management practices in the industry. Last but not least, the Group strengthens the protection of IP rights through formal registration of patents for its product designs.

A. ENVIRONMENTAL

A1. Emissions

The Group strictly abides by laws, rules and regulations enforced by the PRC in relation to environmental protection and pollution control, including but not limited to:

- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the PRC; and
- Energy Conservation Law of the PRC.

No non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Period.

A1.1 Air Emissions

Echoing to the policy of PRC that aim to hit peak emissions before 2030 and for carbon neutrality by 2060, the Group has totally phased out all the fossil-fueled vehicles in its operation. The Group is proud to announce that air emissions from direct consumption was zero during the reporting period.

A1.2 Greenhouse Gas Emissions

Throughout the Reporting Period, the Group's business operation contributed to GHG emissions of 886.03 tonnes of carbon dioxide equivalent ("**$tCO_2eq.$**"), mainly carbon dioxide, methane and nitrous oxide. The overall carbon intensity for the Group was 0.07 $tCO_2eq./m^2$ with reference to the total floor area of the Plant, or 285.8 $tCO_2eq.$/million[1] units of products sold with reference to sales volume (in million units) in the Reporting Period.

The reported GHG emissions were attributed to the following activities:

- Indirect (scope 2) GHG emissions from purchased electricity; and
- Other indirect (scope 3) GHG emissions from paper waste disposal at landfills, freshwater processing and business air travel.

Scope of GHG emissions	GHG emissions (in $tCO_2eq.$)	Total GHG emissions (in %)
Scope 2 Indirect Emission		
Purchased electricity[2]	874.29	98.67%
Scope 3 Other Indirect Emission		
Paper waste disposed of in landfills	6.01	
Electricity used for freshwater treatment	4.62	1.33%
Business air travel by employees[3]	1.11	
Total	**886.03**	**100%**

Note 1: The total sales volume of the Group was 3,103,858 for the reporting period, 3.1 millions production volume was used to calculate the intensity per million units of production volume in this report.

Note 2: OM (operating margin) factor of 0.8042 tCO_2/MWh was used as emission factor for calculation of air emission from purchased electricity in Guangdong Province of the PRC.

Note 3: CO_2 emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.

The Group's total electricity consumption was 1,087,160 kWh during the reporting period. Compared with last year's consumption of 1,076,688 kWh, the increment is non-significant. It's noteworthy that in the last reporting year the electricity emission factor for calculation of the carbon emission equivalent was derived from the average of "operating margin" and "build margin", which is the international norm on GHG computation. The emission factor that we used last year was 0.5422. This year, we consulted the local Environmental Department about the emission factor and the "operating margin" was recommended to be used as the emission factor so as to better reflect the operational reality. Hence, the operating margin of 0.8042 is used as the emission factor for calculation of GHG emission from purchased electricity consumption during this reporting year. The GHG figure rise does not represent any substantial increase of electricity consumption during this reporting year.

A1.3 Hazardous Waste

During the Reporting Period, 12 kg of domestic detergent was used, which generated a small amount of hazardous waste. Some office electronic waste, such as printer cartridge or wasted mouses was also generated. All the electronic waste was collected by supplier and no such electronic waste was left in the landfill.

A1.4 Non-hazardous Waste

During the Reporting Period, the Group's office operation generated approximately 1,251 kg of non-hazardous waste, mainly office paper waste, contributing to an intensity of 0.104 kg/m^2. Printed paper-based documents are kept for archival or back-up purposes, which are estimated to be disposed of at landfills[1].

A1.5 Measures to Mitigate Emissions

The Group endeavours to identify sources of high energy consumption, material consumption and environmental pollution in its plant and implement measures for improvement, ensuring compliance with the Cleaner Production Promotion Law of the PRC.

The Group kept track of employees' business travels and their relative carbon emissions throughout the Reporting Period. Factory visits are often needed due to the business nature of the Group. Nevertheless, the Group promotes the use of teleconferencing or videoconferencing for meetings with colleagues and customers to reduce the frequency of business travel.

A1.6 Wastes Handling and Reduction Initiatives

The Group's business operation does not generate significant amount of hazardous waste. Waste electrical equipment, computer hardware and empty ink cartridges are collected by suppliers for proper recycling or treatment before disposal.

The Group continues to practise paper saving initiatives within its operation. Employees are encouraged to print paper on both sides and reuse paper for draft works. The Group keeps tracks of the paper usage to minimise generation of paper waste. A total of 0.006 tonnes of waste paper was recycled during the Reporting Period. Posters are displayed at office to raise employees' awareness of environmental issues.

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[1] EMSD/EPD Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, 2008 and 2010 Editions

A2. Use of Resources

Although the Group has not established standard policies on the efficient use of resources, employees are encouraged to exercising resource conservation practices in the workplace.

A2.1 Energy Consumption

The Group mainly consumed electricity and petrol as energy sources for its business operations. During the Reporting Period, the total energy consumption of the Group was 1,087,160 kWh. The overall energy intensity for the Group was 90.60 kWh/m^2 or 350,697 kWh/million units of products sold, reduced by 3% compared with the last Reporting Period.

A2.2 Water Consumption

During the Reporting Period, the total water consumption of the Group was 11,444 m^3, with a water consumption intensity of 0.95 m^3/m^2. Fresh water was sourced from municipal water supply system for industrial use.

A2.3 Energy Use Efficiency Initiatives

The Group has established and been promoting energy-saving initiatives in the office and production lines. Air conditioning is controlled at an optimal temperature during summer and winter for energy saving purposes.

Frontline workers are encouraged to complete tasks within the standard working hours, by such to save energy consumption in lighting. Unless for specific circumstance, they are not allowed to work over-time. The Group promotes green procurement at office where priorities are given to electrical appliances with the highest energy efficiency. Office staffs are required to switch off all the unnecessary power after office hours in order to conserve as much energy as possible. A warning will be issued to the concerned employee for repeated non-compliance of the above measures.

A2.4 Water Use Efficiency Initiatives

The Group's business operations did not involve significant use of water, hence no information related to water use efficiency initiatives is presented in this report. During the Reporting Period, the Group did not encounter any issues in sourcing water fit for purpose for its daily operations.

A2.5 Packaging Materials

A wide variety of packaging materials were used for different presentations of finished products according to the designs provided and agreed by the customers. Approximately 20 tonnes of packaging boxes, plastic bags and cable ties were consumed for packaging purpose, contributing to an intensity of 6.45 tonnes/million units of products sold in the Reporting Period. Other packaging materials included wrapping paper, nylon cable ties, stickers and tapes.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group's business operation does not generate significant environmental impacts. However, substantial amount of packaging material is consumed for trading and exporting purpose. The Group has implemented various management measures to enhance material usage and regulate raw material consumption. Nevertheless, the Group is committed to making continuous efforts to minimise the use of resources and related impact on the natural environment, as well as complying with relevant laws and regulations in the PRC.

In the future, the Group plans to implement an environmental management system for identifying significant environmental impacts and enhancing its overall environmental performance through implementation of control procedures.

A4. Climate Change

The Group acknowledges that it has a role in limiting climate change, and that climate change may impose an impact in limiting the Group's operations. To better identify and address the risks involved, the Group is committed to looking at climate change issues together with other ESG issues. This means the Board will take lead to investigate on climate-change related matters, which will be supported by management. When material aspects are identified, policies shall be formulated to address them.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

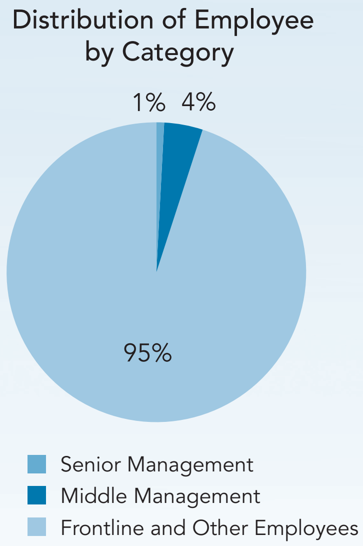
The Group strictly abides by laws and regulations enforced by the PRC in relation to employment and labour rights, including but not limited to the followings:

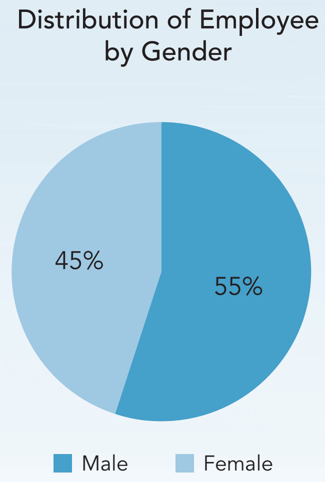
- The Labour Law of the PRC;
- The Labour Contract Law of the PRC; and
- The Social Insurance Law of the PRC.

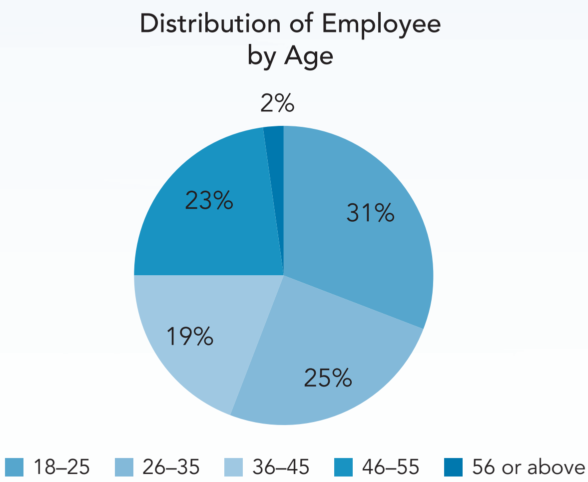
No cases of material non-compliance in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

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

As of 30 April 2021, the Group had a total number of 553 employees. All of them were from the PRC. While 68% were full-time employees, seasonal workers were employed on a part-time basis during peak seasons that accounted for 38% of total workforce. The total workforce sorted by gender, age group and employee category and employment type are shown below.







Recruitment, Compensation, and Benefits

The Group attaches great importance to the recruitment and retention of high-caliber employees as well as attraction of the human resources that are valuable to the Group. The Group's recruitment procedure is guided by relevant laws and regulations including the Labor Law of the PRC. Employees are selected and recruited in an impartial, just and open manner, which is based upon objective criteria such as the professional qualifications and skill sets needed for the positions. Recruitment plan is developed annually by the HR Department based on the personnel request forms submitted by various departments. The base salary is determined by various factors including market pay rates and the position of employee with reference to the Group's Remuneration Level Standard Table. The Group offers discretionary bonus based on the Group's and employees' performances. Salary is reviewed and adjusted yearly based on performance appraisals and market trend.

Employees are entitled to different types of leave including annual, sick and maternity leave according to the Labour Law of the PRC and the Group's attendance and leave management system. According to the Labour Contract Law of the PRC, the Group also provides employees with statutory social insurance, including endowment insurance, unemployment insurance, work-related injury insurance, medical insurance, maternity insurance and the housing provident fund.

Employees' working hours are clearly stated in the Employee Handbook. Unless exceptional circumstances approved by managers, employees shall not work exceeding four hours per day outside standard working hours, according to the Group's Salary and Welfare Management System.

Employee Relations

The Group strives to foster a strong sense of belonging of its staff. Amidst coronavirus disease 2019 ("**COVID-19**"), the Group prioritised the wellbeing of our people and cancelled cultural and recreational activities. Gifts were sent to employees during Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival to share the joys in these special occasions. The Group also showed care and support for the female employees on the International Women's Day.

Appraisal System

The Group has implemented a systematic evaluation system to assess employees' work performance. Employees are evaluated against performance criteria such as job performance, job knowledge, responsibility and management skills. The results are used for evaluation of salary increment and job advancement.

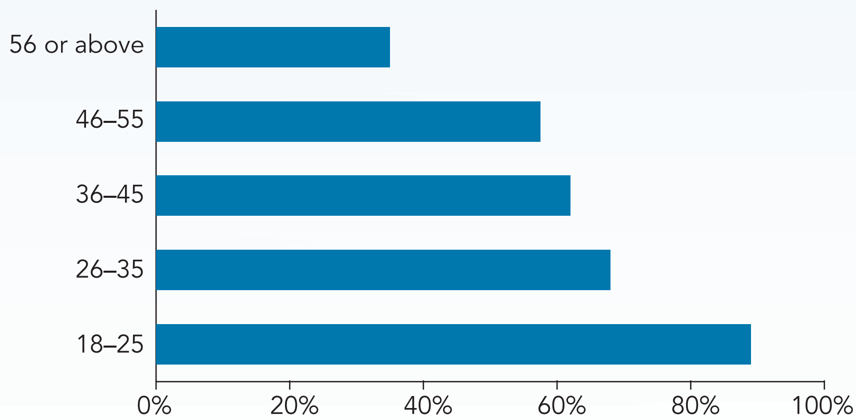
Equal Opportunity

The Group strives to creating an inclusive working environment where its employees are treated equally and justly. Employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status or any other discrimination prohibited by law. A comprehensive anti-harassment and abuse system is in place for reporting suspected malpractices via various reporting channels such as mailbox, telephone, message, or in-person to the HR Department or trade union. All concerns will be handled impartially and effectively with complete confidentiality.

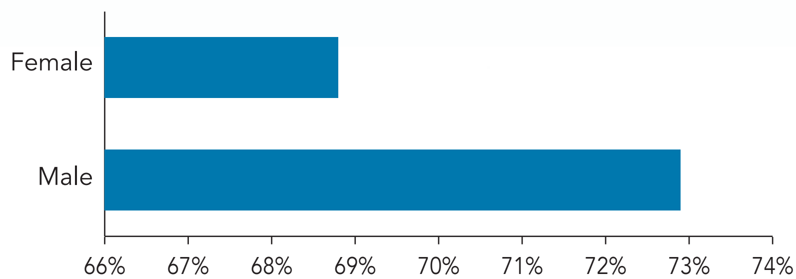
Turnover

A total of 393 employees left the Group during the Reporting Period, with a total turnover rate of 71.0%. As 38% of the employees are part time worker, the actual turnover rate for full time worker was 60%. (The turnover rate in the geographical region where the Group is located was 57.1% in 2020). The Group offers competitive salary package to retain talented employees. It also aims to reduce employee turnover through retention strategies such as rewarding employees with bonus.

Turnover Rate by Age Group (%)



Turnover Rate by Gender
(In percentage)



B2. *Employee Health and Safety*

The Group strictly complies with all applicable laws and regulations in relation to occupational health and safety ("**OHS**"), including but not limited to:

- Work Safety Law of the PRC;
- Law of the PRC on the Prevention and Control of Occupational Diseases; and
- Regulation on Work-Related Injury Insurance.

The Group has formulated a series of policies and measures to manage OHS matters at workplace. The overall OHS policy is structured by the HR Department and managed by full-time personnel, where inspections and reviews are conducted regularly to ensure the effectiveness of the policies. The Group's Operation Manual for Machinery standardises the operational procedures and provides employees with detailed guidance on the use of machinery. Moreover, the increasing levels of automation in the assembling of products further prevents workers from repetitive motion injuries, which ultimately improves workplace safety.

The work areas and emergency exits are kept clear of obstacles. Fire drill exercise is conducted regularly to facilitate swift response of employees in the event of fire emergencies.

It is also noteworthy that the production processes do not generate harmful chemicals or contaminants causing adverse health effects to the workers.

Responses during the Coronavirus Pandemic

During the outbreak of COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. The Group has put in place a suite of anti-epidemic measures to prevent the spread of the virus. Apart from strengthening the sanitation across the operations, precautionary measures including temperature screening before entering the workplace, and provisions of disinfection supplies such as face masks and hand sanitizers are also implemented.

To contain the spread of COVID-19 in the community and better protect the staff, the Group implemented precautionary measures that were in line with the national and local government's virus control guidelines, which included,

- adopting flexible and/or remote working arrangements amongst office-based staff;
- sanitising its facilities more frequently and regularly;
- enforcing social distancing by setting up partitions on shared tables at staff canteen;
- requiring self-quarantine for staff who have travelled overseas recently; and
- requiring all staff and guests to wear masks within the workplace.

Through the effective implementation of safe working practices, there was no work-related fatalities and work-related incidents recorded during the Reporting Period. No material non-compliance with relevant laws and regulations which may have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards had been identified during the Reporting Period.

Occupational Health and Safety Data in 2019/2020	
Work related fatality (case)	0
Work injury cases >3 days (case)	0
Work injury cases ≤3 days (case)	0
Lost days due to work injury (day)	0

B3. *Development and Training*

The Group develops its employees through diversified learning and development programmes, which include,

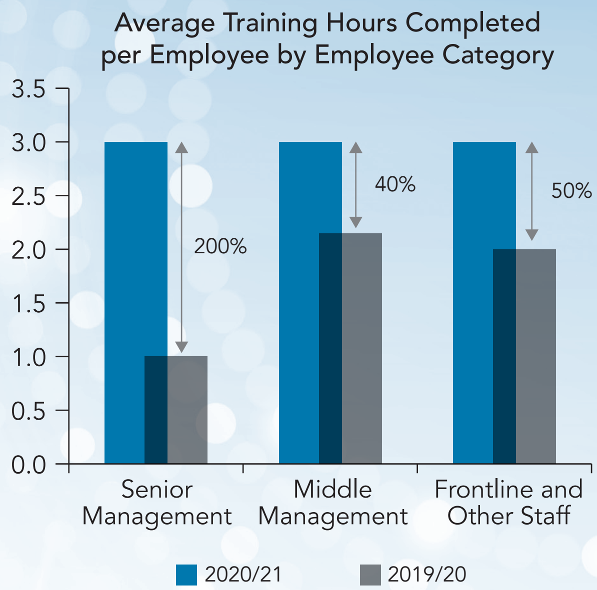
a. Training for new employees — To introduce the Group's ethical standards, cultures, rules and regulations, safety and product-related knowledge on the first day of employment;

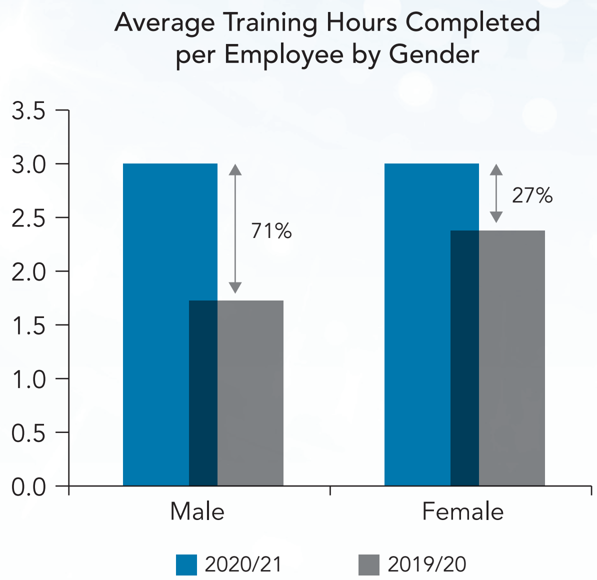
b. On-the-job training — To maintain employees' professional competencies and to ensure that they keep abreast of the latest changes and developments in policies, market and industry; and

c. Professional training — To ensure that employees performing specific functions obtain the necessary licences.

During the Reporting Period, all employees received trainings, the total training hours and the average training hours per employee were 1,659 hours and 3 hours per employee respectively.

Number of employees trained	553
Percentage of employees trained	100%
By employee category	
Percentage of senior management employees trained	100%
Percentage of middle management employees trained	100%
Percentage of frontline employees trained	100%
By gender	
Percentage of male employees trained	100%
Percentage of female employees trained	100%





B4. Labour Standards

There was no child labour nor forced labour in the Group's operation as pursuant to the Labour Law of the PRC. The HR Department has established practices to ensure prevention of child and forced labour. Job candidates' identification documents are verified to ensure that they are legally entitled to work for the Group or otherwise they will not be entered into employment contracts. At the point of employment, new employees are required to complete the registration form and provide proof of their past employment.

In case of violation, the employee is subject to fines, termination of contract or civil sanctions, if necessary, in accordance with relevant regulations. No non-compliance in relation to laws and regulations regarding prevention of child and forced labour that have a significant impact on the Group was recorded during the Reporting Period.

2. Operating Practices

B5. Supply Chain Management

The Group selects suppliers based according to their overall performance over selection criteria including product specifications, product compliance, production capacity and compliance with quality standards. During the Reporting Period, the Group engaged 223 suppliers, with 221 of them based in Mainland China and 2 from Hong Kong. They mainly provide raw materials and electronic components (e.g. LEDs, printed circuit board, plastics and wires), packaging materials and office supplies.

The Group conducts factory audits and periodic assessments on their suppliers to ensure their compliance with the Group's quality-related standard, as well as their environmental and social performance. Environmentally friendly products will obtain a higher score in our assessment process. Audit or post-audit improvement results must meet the requirements of the Group before suppliers can be included in our list of approved suppliers.

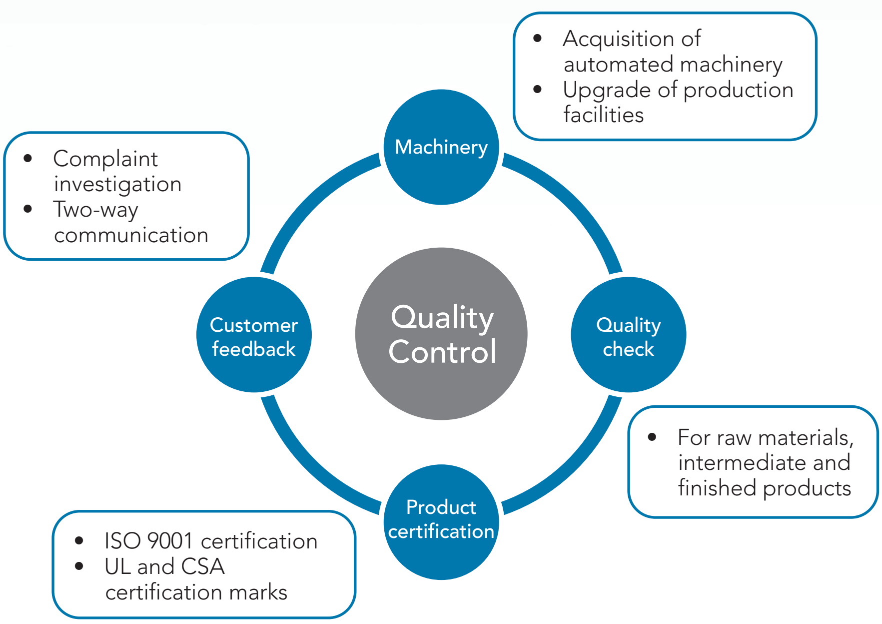
The approved suppliers are required to follow the Group's quality policies along with strict standards. The Group constantly monitors the quality and performance of its suppliers and reviews the list of approved suppliers to ensure their compliance and continuous improvements.

B6. Product Responsibility

Quality Assurance and Safety Requirements

The Group strives for excellence in providing quality LED lighting products with great reliability and high energy efficiency. All its products are manufactured in accordance with the ISO 9001:2008 Quality Management System Standard and required to undergo stringent testing to meet certain safety standards set forth by the Underwriters Laboratories ("**UL**") and Canadian Standards Association ("**CSA**"), or the relevant regional safety standards according to customers' requirements.

The graph below provides a summary of the Group's quality control system:



The Group has in place a systematic quality control system and standard operating procedures for quality control and assurance of raw materials and finished products. The Quality Control Department undertakes quality inspections at different stages of the production process from the procurement of raw materials to the delivery of products to customers. In the event of detecting defective raw materials, the Group will return the defective raw materials to the suppliers for replacement. During different stages of production, the quality control personnel monitor the quality of intermediate products by conducting quality assurance tests at different checkpoints upon completion of various production stages. Only those intermediate products which pass quality tests are allowed to proceed to the next stage of production. The Group also monitors the production progress to ensure the production goals can be achieved. The finished products are subject to a series of quality assessment tests before delivery. If the product is found defective, the technicians will perform further testing to identify the defective parts for replacement.

The Plant in Dongguan has automated production lines and machinery for the production of LED decorative lighting products. The automation of production processes not only increases the production capacity and productivity but also reduces human errors for better quality management.

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

Customer Service and Product Recall

The Group is committed to providing quality customer services. The Group maintains long-term relationships and closely communicates with its customers to better understand their needs and specific requirements.

A complaints handling procedure is established in order to manage and resolve customer complaints in an effective and timely manner. Root cause analysis is conducted for each complaint, and corrective actions will be formulated and implemented when necessary to avoid reoccurrences. The Quality Control Department also conducts investigation on the returned products and re-examines the manufacturing process wherever required. The Group did not receive any material complaints from its customers regarding safety or being requested for product recall due to safety issues during the Reporting Period.

Intellectual Property ("IP") Rights

The Group pays great attention to the protection of IP rights owned by the Group and external parties. The Group has registered trademarks and patents for its product designs and strictly asides by the Patent Law of the PRC and Trademark Law of the PRC in its management of IP rights. The group have registered five Intellectual Property Right during the reporting period.

The Group signs a Confidentiality Agreement with clients to enforce respect for their IP rights. If any infringement is found, relevant department shall report to the legal department. No major non-compliance with laws and regulations in relation to intellectual property rights that have a significant impact on the Group was recorded during the Reporting Period.

Data Protection

The Group at any time protects privacy of its employees, customers and suppliers. The Information Technology Department oversees the protection and security of data of the Group. To safeguard the data and confidential information of the Group, customers and suppliers are required to sign the Confidentiality and Non-competition Agreement. No non-compliance with laws and regulations in relation to confidentiality and customer data protection that have a significant impact on the Group was recorded during Reporting Period

B7. Anti-corruption

The Group strictly complies with the Law of the PRC on Anti-money Laundering, and refuses any acts of corruption, money laundering, extortion, blackmail, bribe-taking and bribery. Its policy on anti-corruption and the Code of Conduct set out in the Employee Handbook standardises the conduct and discipline of the employees. Regardless of seniority and employment nature, all employees are required to fully comply with the Code of Conduct and related policies formulated in accordance with the Anti-unfair Competition Law of the PRC, the Anti-money Laundering Law of the PRC and the Prevention of Bribery Ordinance of Hong Kong.

A whistle-blowing mechanism is in place for reporting of suspected misconduct and malpractice. Every reported case will be handled with confidentiality and followed through in accordance with the Whistleblowing Policy and related procedures. If complainant's identity is exposed, whoever retaliates against the complainant will be subject to disciplinary actions, including termination of employment. All reports will be handled impartially and effectively, and will be reported to relevant enforcement authorities when necessary.

There was no concluded legal case regarding corrupt practices brought against the Group or its employees and the Group did not note any cases of non-compliance with laws and regulations regarding bribery, extortion, fraud and money laundering during the Reporting Period.

B8. Community Investment

Although the Group has not established policy on community investment, it actively encourages employees to participate in community service activities. The Group will consider potential focus areas for community contribution in future.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 30 April 2021.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 30 April 2021 is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 54 of this report and the financial position of the Group as at 30 April 2021 is set out in the Consolidated Statement of Financial Position on page 55 of this report. The Directors do not recommend the payment of a final dividend for the year ended 30 April 2021.

BUSINESS REVIEW

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

Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in Note 36 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

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

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 30 April 2021 is set out on page 112 of this report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For the year ended 30 April 2021, the aggregate sales to the Group's five largest customers accounted for approximately 48.5% (2020: 50.1%) of the total revenue and the largest customer included therein amounted to approximately 16.9% (2020: 13.0%) of the total revenue. The Group's five largest suppliers accounted for approximately 22.6% (2020: 22.6%) of the total purchases for the year ended 30 April 2021 and the largest supplier included therein amounted to approximately 12.3% (2020: 8.4%) of the total purchases.

None of the Directors, any of their close associates (as defined in the GEM Listing Rules) or any of the shareholders of the Company which, to the best of the Directors' knowledge, own more than 5% of the Company's issued share capital, has any beneficial interest in the Group's major customers or major suppliers during the year ended 30 April 2021.

The Group also values the knowledge and skills of its employees, and continues to provide favorable career development opportunities for its employees.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year ended 30 April 2021 are set out in Note 15 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

IMPORTANT EVENTS SUBSEQUENT TO FINANCIAL YEAR

Save as disclosed in the annual report, the Directors are not aware of any significant events affecting the Group subsequent to the financial year and up to the date of this report. However, under the outbreak of COVID-19, the Group's operating environment would be increasingly challenged when the epidemic continues. The Group will continued to adopt prudent and risk balancing management approach in the coming years.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves and distributable reserves of the Group and the Company during the year ended 30 April 2021 are set out in the Consolidated Statement of Changes in Equity and Summarised Financial Information of the Company on page 110 of the annual report and in Note 37(b) to the consolidated financial statements respectively.

As at 30 April 2021, the Company had no distribution reserve available for distribution to the shareholders.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 30 April 2021 are set out in Note 30 to the consolidated financial statements.

SHARE OPTION SCHEME

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

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 50,000,000 shares, representing 10% of the issued share capital of the Company.

For further details of the Share Option Scheme, please refer to Note 32 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

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

DIRECTORS

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

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

Independent Non-executive Directors
Mr. Wong Ting Kon
Ms. Lo Ching Yee (resigned on 30 December 2020)
Mr. Cheng Hok Ming Albert
Ms. Cheng Ka Yan (appointed on 30 December 2020)

Pursuant to the Articles, Mr. Shao Xu Hua, Mr. Cheng Hok Ming Albert and Ms. Cheng Ka Yan shall hold office until the 2021 AGM. All of the above Directors are eligible for re-election at the 2021 AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2021 AGM has a service contract with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

CONTRACT OF SIGNIFICANCE

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

PERMITTED INDEMNITY PROVISION

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

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Company are set out in Note 11 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

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

MANAGEMENT CONTRACTS

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

RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group are set out in Note 35 to the consolidated financial statements. These related party transactions constitute de minimis continuing connected transactions of the Company that are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74 of the GEM Listing Rules.

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

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

As at 30 April 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of shares	Approximate percentage+ of shareholding in the Company
Mr. Shiu Kwok Leung	Interest of controlled corporation	234,000,000 *(Note 1)*	46.8%
Mr. Yuen Lai Him	Interest of spouse	30,000,000 *(Note 2)*	6.0%

Notes:

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

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

\+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 30 April 2021.

Save as disclosed above, as at 30 April 2021, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 April 2021, 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 30 April 2021.

Save as disclosed above, as at 30 April 2021, the Company was not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2021.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the year ended 30 April 2021.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the year ended 30 April 2021.

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.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 30 April 2021.

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 year ended 30 April 2021.

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles as set out in the 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 year ended 30 April 2021.

AUDITOR

HLB Hodgson Impey Cheng Limited, the auditor of the Company, will retire and, being eligible, offer themselves for re-appointment at the 2021 AGM. A resolution will be submitted to the 2021 AGM to seek shareholders' approval on the re-appointment of HLB Hodgson Impey Cheng Limited as the Company's auditor until the conclusion of the next annual general meeting.

There were no other changes in auditors of the Company in any of the preceding three years.

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

Hong Kong, 26 July 2021

INDEPENDENT AUDITORS' 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 SHAREHOLDERS OF
BORTEX GLOBAL LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bortex Global Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 54 to 111, which comprise the consolidated statement of financial position as at 30 April 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the Key Audit Matter

Allowance for expected credit losses assessment of trade receivables

Refer to Note 21 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

The Group had trade receivables with gross carrying amount of approximately HK$50,120,000 and allowance for expected credit losses of approximately HK$718,000.

Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of allowance for expected credit losses based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment.

We focused on this area due to the allowance for expected credit losses assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.

Our procedures in relation to management's allowance for expected credit losses assessment of the trade receivables as at 30 April 2021 included but not limited to:

- understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk;
- Checking, on a sample basis, the ageing profile of the trade receivables as at 30 April 2021 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- Assessing the appropriateness the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We found that the management judgment and estimates used to assess the recoverability of the trade receivables and determine the provision to be supportable by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the Key Audit Matter
Impairment assessment on goodwill Refer to Note 18 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.	
The Group has goodwill of approximately HK$8,890,000 relating to LED Manufacturing business as at 30 April 2021. The management performed impairment assessment on goodwill allocated to the cash generating unit and concluded that no impairment was recognised. This conclusion was based on value-in-use model that required significant management judgement with respect to the discount rate and underlying cash flows in particular to the growth rates used. Independent external valuation was obtained in order to support management's estimates.	Our procedures in relation to management's impairment assessment on goodwill included but not limited to: • Evaluating the independent valuer's competence, capabilities and objectivity; • Challenging and assessing the reasonableness of the key assumptions used in the assessment, based on our knowledge of the business and industry; • Evaluating the reasonableness of sensitivity analysis performed by the management on the key assumptions to understand the impact on the estimated recoverable amount; and • Checking, on a sampling basis, the accuracy and relevance of the input data used. We found that the assumptions used to assess the impairment on goodwill to be supportable by the available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Tsz Chun
Practising Certificate Number: P06901

Hong Kong, 26 July 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	*6*	**200,907**	174,790
Cost of sales		**(145,705)**	(124,585)
Gross profit		**55,202**	50,205
Other income, gain/(losses), net	*7*	**(1,133)**	1,653
Allowance for expected credit losses, net		**468**	(95)
Selling and distribution expenses		**(3,683)**	(3,235)
Administrative expenses		**(17,297)**	(22,477)
Finance costs	*8*	**(1,911)**	(1,460)
Profit before taxation	*9*	**31,646**	24,591
Taxation	*12*	**(7,520)**	(6,087)
Profit for the year		**24,126**	18,504
Other comprehensive income/(loss) for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**5,099**	(4,979)
Other comprehensive income/(loss) for the year, net of tax		**5,099**	(4,979)
Total comprehensive income for the year		**29,225**	13,525
Profit for the year attributable to equity owners of the Company		**24,126**	18,504
Total comprehensive income for the year attributable to equity owners of the Company		**29,225**	13,525
Earnings per share attributable to equity owners of the Company			
Basic and diluted (HK cents)	*14*	**4.83**	3.70

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2021

	Notes	2021 HK$'000	2020 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	15	16,267	14,639
Goodwill	18	8,890	8,131
Right-of-use assets	16	13,819	15,610
Financial assets at fair value through profit or loss	19	2,551	4,124
Deferred tax assets	29	169	259
		41,696	42,763
Current assets			
Inventories	20	67,650	51,044
Trade receivables	21	49,402	49,678
Deposits, prepayments and other receivables	22	11,223	16,821
Fixed deposits	23	10,210	9,187
Cash and bank balances	23	48,697	20,554
		187,182	147,284
Liabilities			
Current liabilities			
Trade payables	24	6,069	6,543
Accruals and other payables	25	4,792	7,419
Contract liabilities	26	1,950	768
Bank borrowings	27	12,960	13,241
Lease liabilities	28	3,441	2,921
Tax payables		11,520	9,121
		40,732	40,013
Net current assets		146,450	107,271
Total assets less current liabilities		188,146	150,034
Non-current liabilities			
Lease liabilities	28	11,242	13,155
Bank borrowings	27	10,800	–
		22,042	13,155
Net assets		166,104	136,879
Equity			
Share capital	30	5,000	5,000
Reserves		161,104	131,879
Total equity		166,104	136,879

The consolidated financial statements on pages 54 to 111 were approved and authorised for issue by the Board of Directors on 26 July 2021 and are signed on its behalf by:

Shiu Kwok Leung	Yuen Lai Him
Director	*Director*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2021

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 *(Note ii)*	Translation reserve HK$'000	Other reserve HK$'000 *(Note i)*	Retained earnings HK$'000	Total HK$'000
At 1 May 2019	5,000	41,901	1,223	153	1	75,076	123,354
Profit for the year	–	–	–	–	–	18,504	18,504
Exchange differences on translation of foreign operations	–	–	–	(4,979)	–	–	(4,979)
Total comprehensive (loss)/income for the year	–	–	–	(4,979)	–	18,504	13,525
Transfer to statutory reserve	–	–	1,106	–	–	(1,106)	–
At 30 April 2020 and 1 May 2020	5,000	41,901	2,329	(4,826)	1	92,474	136,879
Profit for the year	–	–	–	–	–	24,126	24,126
Exchange differences on translation of foreign operations	–	–	–	5,099	–	–	5,099
Total comprehensive income for the year	–	–	–	5,099	–	24,126	29,225
Transfer to statutory reserve	–	–	1,540	–	–	(1,540)	–
At 30 April 2021	5,000	41,901	3,869	273	1	115,060	166,104

Notes:

(i) Other reserve represents the difference between the Company's share of nominal value of the paid-up capital of the subsidiary acquired over the Company's cost of acquisition of the subsidiary under the common control upon the reorganisation.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2021

	Notes	2021 HK$'000	2020 HK$'000
Operating activities			
Profit before taxation		31,646	24,591
Adjustments for:			
Depreciation of property, plant and equipment	15	2,948	2,440
Depreciation of right-of-use-assets	16	3,590	3,337
COVID-19-related rent concession	7	(60)	(15)
Gain on disposals of property, plant and equipment	9	–	(7)
Interest income	7	(142)	(241)
Finance cost	8	1,911	1,460
Allowance for expected credit losses, net		(468)	95
Fair value loss/(gain) on financial assets at fair value through profit or loss	7	1,573	(1,386)
Foreign exchange (gain)/loss, net		(2,278)	468
Operating cash flows before working capital changes		38,720	30,742
Increase in inventories		(12,386)	(23,618)
Decrease in trade receivables		3,047	14,552
Decrease/(increase) in deposits, prepayments and other receivables		6,649	(4,599)
Decrease in trade payables		(1,040)	(6,405)
(Decrease)/increase in accruals, other payables and receipts in advance		(2,944)	4,647
Increase in contract liabilities		1,174	296
Net cash generated from operations		33,220	15,615
Interest paid		–	(116)
Income tax paid		(5,733)	(3,402)
Net cash generated from operating activities		27,487	12,097
Investing activities			
Interest received		142	241
Proceeds from disposals of property, plant and equipment		–	76
Purchases of property, plant and equipment		(3,397)	(400)
Net cash used in investing activities		(3,255)	(83)
Financing activities			
Repayment of lease liabilities		(3,184)	(3,183)
Interest element on lease liabilities		(1,072)	(1,128)
Proceeds from bank borrowings		17,271	7,396
Repayment on bank borrowings		(8,578)	(1,373)
Net cash generated from financing activities		4,437	1,712
Net increase in cash and cash equivalents		28,669	13,726
Cash and cash equivalents at the beginning of the year		29,741	25,790
Effect of exchange rate changes on cash and cash equivalents		497	(9,775)
Cash and cash equivalents at the end of the year		58,907	29,741
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	23	48,697	20,554
Fixed deposits		10,210	9,187
		58,907	29,741

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

For the year ended 30 April 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2014 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its ultimate and immediate parent is Real Charm Corp (incorporated in British Virgin Islands) and its ultimate controlling party is Mr. Shiu Kwok Leung. The Company's registered office is located at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Flat A, 11th Floor, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the current year for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*.

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

For the year ended 30 April 2021

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

The principal accounting policies are set out below.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basic of consolidation

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

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

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

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

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

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

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

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

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

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue and Other Income Recognition

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition and Other Income Recognition *(Continued)*

Sale of goods

Revenue from the sales of LED decorative lighting and LED luminaire lighting are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 0 to 120 days upon delivery. Payment in advance is required for some contracts.

Interest income

Interest come is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Research and development costs

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

Lease

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 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Allocation of consideration to components of a contract

For a contract that contains a lease component and 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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

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 statements of financial position.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

Lease liabilities

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

The lease payments include:

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

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/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the statement of financial position.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

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

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

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

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

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Retirement benefit costs

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

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

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

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

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

For the year ended 30 April 2021

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

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

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

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

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets *(Continued)*

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

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

Provision

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

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

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision *(Continued)*

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

Dividend

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

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9 initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gain/(losses), net" line item.

Impairment of financial assets

The Group performs impairments assessment under expected credit losses ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables, fixed deposits and cash and bank balances). The amount of ECL is updated at each reporting period to reflect changes in credit risk since initial recognition.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate grouping.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

***Significant increase in credit risk** (Continued)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

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

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

For the year ended 30 April 2021

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Definition of default *(Continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collection assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables, lease liabilities and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Related parties transactions

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

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

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

  (b) has significant influence over the Group; or

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

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

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

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

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

3. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties transactions *(Continued)*

(ii) *(Continued)*

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

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

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

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

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

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

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

Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

For the year ended 30 April 2021

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Estimated allowance for ECL of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 36.

(b) Provision of inventories

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

(c) Income tax and deferred taxation

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

(d) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 30 April 2021, the carrying amount of goodwill is HK$8,890,000 (2020: HK$8,131,000). Details of the recoverable amount calculation are disclosed in Note 18.

5. 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. 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:

	2021 HK$'000	2020 HK$'000
Canada	33,934	22,801
The US	22,818	15,634
The PRC, excluding Hong Kong	70,654	73,126
Hong Kong	52,017	49,589
Others *(Note)*	21,484	13,640
	200,907	174,790

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

The following is an analysis of the Group's non-current assets, excluding deferred tax assets, by their geographical location:

	2021 HK$'000	2020 HK$'000
Hong Kong	12,241	13,636
Asia, excluding Hong Kong	29,286	28,868
	41,527	42,504

5. SEGMENT REPORTING *(Continued)*

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:

	2021 HK$'000	2020 HK$'000
Customer A	33,934	22,801
Customer B	–*	18,845

* Customer B contributed less than 10% of the total revenue of the Group for the year ended 30 April 2021.

6. REVENUE

Revenue represents those generated from trading and manufacturing of LED decorative lighting products and LED luminaire lighting products, net of return, discounts and sales related taxes, during the reporting period.

All revenue are for period of less than one year, 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.

	2021 HK$'000	2020 HK$'000
LED decorative lighting	146,782	113,459
LED luminaire lighting	54,125	61,331
	200,907	174,790

7. OTHER INCOME, GAIN/(LOSSES), NET

	2021 HK$'000	2020 HK$'000
Fair value (loss)/gain on financial assets at FVTPL	(1,573)	1,386
Sales of scrap material	10	10
Interest income	142	241
Government grant *(Note)*	228	–
COVID-19-related rent concession	60	15
Others	–	1
	(1,133)	1,653

Note: During the current year, the Group recognised government grants of HK$228,000 in respect of COVID-19-related subsidies, of which HK$216,000 relates to Employment Support Scheme provided by the Hong Kong government.

For the year ended 30 April 2021

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest expenses on:		
— bank borrowings wholly repayable within five years	839	216
— lease liabilities	1,072	1,128
	1,911	1,344
Bank charges	–	116
	1,911	1,460

9. PROFIT BEFORE TAXATION

	2021 HK$'000	2020 HK$'000
Profit before taxation has been arrived after charging/(crediting):		
Auditors' remuneration		
— Audit service	900	1,000
— Non-audit service	–	400
Cost of inventories	122,793	105,882
Depreciation of property, plant and equipment	2,948	2,440
Depreciation of right-of-use-assets	3,590	3,337
Employee benefit expenses (including directors' emoluments) *(Note 10)*	24,290	21,019
Expenses relating to short-term leases	–	509
Allowance for ECL, net	(468)	95
Foreign exchange (gain)/losses, net	(2,278)	462
Listing expense related to the transfer listing to Main Board	3,077	3,994
Gain on disposal of property, plant and equipment	–	(7)
Research and development expenses	59	62

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR' EMOLUMENTS)

	2021 HK$'000	2020 HK$'000
Directors' fees	351	360
Salaries, allowances and benefits in kind	22,892	18,849
Retirement benefits scheme contributions	1,047	1,810
	24,290	21,019

For the year ended 30 April 2021

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

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

	2021 HK$'000	2020 HK$'000
Directors' fees	351	360
Salaries, allowances and benefits in kind	2,346	2,346
Retirement scheme contributions	36	36
	2,733	2,742

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

	For the year ended 30 April 2021				
	Directors' fees HK$'000	Salaries allowance and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors:					
Mr. Shiu Kwok Leung	–	996	–	18	1,014
Mr. Shao Xu Hua	–	675	–	–	675
Mr. Yuen Lai Him	–	675	–	18	693
Independent non-executive directors:					
Mr. Wong Ting Kon	120	–	–	–	120
Ms. Lo Ching Yee	70	–	–	–	70
Ms. Cheng Ka Yan	41	–	–	–	41
Mr. Cheng Hok Ming Albert	120	–	–	–	120
Total emoluments	351	2,346	–	36	2,733

For the year ended 30 April 2021

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

	For the year ended 30 April 2020				
	Directors' fees HK$'000	Salaries allowance and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors:					
Mr. Shiu Kwok Leung	–	996	–	18	1,014
Mr. Shao Xu Hua	–	675	–	–	675
Mr. Yuen Lai Him	–	675	–	18	693
Independent non-executive directors:					
Mr. Wong Ting Kon	120	–	–	–	120
Ms. Lo Ching Yee	120	–	–	–	120
Mr. Cheng Hok Ming Albert	120	–	–	–	120
Total emoluments	360	2,346	–	36	2,742

(b) Five highest paid individuals

The five highest paid employees of the Group included 3 and 3 directors for the years ended 30 April 2020 and 2021 respectively. The emoluments of the remaining individual are analysed as follows:

	2021 HK$'000	2020 HK$'000
Non-director	1,039	1,273

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

	2021 HK$'000	2020 HK$'000
Salaries, allowance and benefits in kind	1,034	1,260
Discretionary bonus	–	–
Retirement scheme contributions	5	13
	1,039	1,273

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

	No. of individuals	
	2021	2020
Nil to HK$1,000,000	2	2

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(c) Senior management of the Group

The emoluments of senior management (including the Directors as disclosed in Note 11(a)) are within the following bands:

	No. of senior management	
	2021	2020
Nil to HK$1,000,000	5	5

During the years ended 30 April 2021 and 2020, no emoluments were paid by the Group to the directors and non-director, highest paid employees or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors, non-director, highest paid employees and senior management waived or agreed to waive any emoluments during the reporting period.

12. TAXATION

	2021 HK$'000	2020 HK$'000
Current tax:		
— the PRC	5,344	3,741
— Hong Kong	2,086	2,362
	7,430	6,103
Deferred tax	90	(16)
	7,520	6,087

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%.

PRC enterprise income tax ("EIT")

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

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

For the year ended 30 April 2021

12. TAXATION *(Continued)*

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

	2021 HK$'000	2020 HK$'000
Profit before taxation	**31,646**	24,591
Tax at applicable income tax rate (16.5%)	**5,222**	4,058
Effect of tax rate in other countries	**1,487**	1,272
Tax effect of expenses not deductible for tax purpose	**1,084**	1,213
Tax effect of income not taxable for tax purpose	**(88)**	(271)
Statutory tax concession	**(185)**	(185)
Taxation	**7,520**	6,087

13. DIVIDENDS

The Board of Directors do not recommend the payment of any dividend for the year ended 30 April 2021 (2020: Nil).

14. 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:

	2021 HK$'000	2020 HK$'000
Earnings:		
Earning for the purpose of calculation basic earnings per share		
— Profit for the year attributable to the owners of the Company	**24,126**	18,504

	2021 '000	2020 '000
Number of shares:		
Number of ordinary shares for the purpose of calculation basic earnings per share	**500,000**	500,000

Diluted earnings per share for the years ended 30 April 2021 and 2020 were the same as the basic earnings per share as there were no potential ordinary shares in issue for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
Cost						
At 1 May 2019	5,722	20,814	652	262	955	28,405
Additions	43	344	–	–	13	400
Transfer from right-of-use assets	–	5,061	–	–	–	5,061
Written-off/disposal	–	–	–	(252)	–	(252)
Exchange realignment	(296)	(1,228)	(38)	(10)	(34)	(1,606)
At 30 April 2020 and 1 May 2020	5,469	24,991	614	–	934	32,008
Additions	–	2,911	–	–	486	3,397
Exchange realignment	451	1,887	57	–	51	2,446
At 30 April 2021	**5,920**	**29,789**	**671**	**–**	**1,471**	**37,851**
Accumulated depreciation						
At 1 May 2019	1,363	10,884	243	174	724	13,388
Charge for the year	629	1,703	61	18	29	2,440
Transfer from right-of-use assets	–	2,555	–	–	–	2,555
Written-off/disposal	–	–	–	(184)	–	(184)
Exchange realignment	(112)	(694)	(15)	(8)	(1)	(830)
At 30 April 2020 and 1 May 2020	1,880	14,448	289	–	752	17,369
Charge for the year	727	2,068	62	–	91	2,948
Exchange realignment	430	788	29	–	20	1,267
At 30 April 2021	**3,037**	**17,304**	**380**	**–**	**863**	**21,584**
Carrying amount						
At 30 April 2021	**2,883**	**12,485**	**291**	**–**	**608**	**16,267**
At 30 April 2020	3,589	10,543	325	–	182	14,639

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost			
At 1 May 2019	17,169	5,374	22,543
Additions *(Note)*	2,356	–	2,356
Transferred to property, plant and equipment	–	(5,061)	(5,061)
Exchange realignment	(944)	(313)	(1,257)
At 30 April 2020 and 1 May 2020	18,581	–	18,581
Additions *(Note)*	683	–	683
Exchange realignment	1,453	–	1,453
At 30 April 2021	20,717	–	20,717
Accumulated depreciation			
At 1 May 2019	–	2,373	2,373
Charge for the year	3,011	326	3,337
Transferred to property, plant and equipment	–	(2,555)	(2,555)
Exchange realignment	(40)	(144)	(184)
At 30 April 2020 and 1 May 2020	2,971	–	2,971
Charge for the year	3,590	–	3,590
Exchange realignment	337	–	337
At 30 April 2021	6,898	–	6,898
Carrying amount			
At 30 April 2021	13,819	–	13,819
At 30 April 2020	15,610	–	15,610

Note: Amount includes right-of-use assets resulting from new leases entered.

Total cash outflow of leases is approximately HK$4,256,000 (2020: HK$4,820,000) including payments of principal and interest portion of lease liabilities and short-term leases.

During the current year, the Group leases office, factories and plant and machinery. Lease contracts are entered into for fixed term of 2 to 10 years (2020: 3 to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended 30 April 2021

17. SUBSIDIARIES

The Company had direct or indirect interest in the following subsidiaries as at 30 April 2021 and 2020:

Name of Company	Place of incorporation/ registration and operation	Issued/ paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Harvest Mount Global Enterprises Limited	Incorporated on 5 November 2010 in the British Virgin Islands (the "BVI")	US$100	100%	–	Investment holding
Bortex International Limited	Incorporated on 30 December 2008 in Hong Kong	HK$100	–	100%	Marketing and trading of LED lighting products in Hong Kong
Bortex Holdings Limited	Incorporated on 10 November 2011 in Hong Kong	HK$100	–	100%	Investment holding
東莞市濠亮實業有限公司	Incorporated on 29 December 2004 in the PRC	USD1,000,000	–	100%	Manufacturing and trading of LED lighting products in the PRC
BORTEX (CAMBODIA) CO., LTD.	Incorporated on 20 June 2019 in Cambodia	USD56,000	–	100%	Manufacturing and trading of LED lighting products in Cambodia

18. GOODWILL

	HK$'000
Cost	
At 1 May 2019	8,634
Exchange realignment	(503)
At 30 April 2020 and 1 May 2020	8,131
Exchange realignment	759
At 30 April 2021	8,890
Accumulated impairment loss	
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	–
Carrying amount	
At 30 April 2021	8,890
At 30 April 2020	8,131

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

18. GOODWILL *(Continued)*

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

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

	2021 HK$'000	2020 HK$'000
LED manufacturing business	8,890	8,131

The recoverable amount of the CGU has been determined by value-in-use calculations based on cash flow projections from formally approved budgets covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using an estimated terminal growth rate of 3% (2020: 3%), which does not exceed the long-term growth rate for the relevant industry in the PRC. The rate used to discount the forecasted cash flow for CGU is 16.90% per annum (2020: 17.20%). In the opinion of the directors, no impairment loss is required for the year ended 30 April 2021 (2020: Nil). Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU. Another key assumption for the value in use calculated is budgeted gross margin, which is determined based on the CGU's past performance and management expectations for the market development.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Financial asset at fair value through profit or loss		
Investment in a life insurance contract	2,551	4,124

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

20. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	19,268	14,650
Work-in-progress	13,302	8,310
Finished goods	35,080	28,084
	67,650	51,044

21. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	50,120	50,890
Less: Allowance for ECL, net	(718)	(1,212)
	49,402	49,678

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

Note:

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

	2021 HK$'000	2020 HK$'000
Within 60 days	27,994	31,691
61–90 days	76	2,881
91–180 days	22,047	16,296
181–365 days	3	22
	50,120	50,890

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21. TRADE RECEIVABLES *(Continued)*

Movements in the allowances for ECL of trade receivables

Movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach. Details of the ECL assessment are set out in Note 36.

	HK$'000
At 1 May 2019	1,089
Allowance of ECL, net	123
At 30 April 2020 and 1 May 2020	1,212
Allowance of ECL, net	(494)
At 30 April 2021	**718**

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits	3,930	3,063
Other receivables	1,925	1,506
	5,855	4,569
Less: Allowance for ECL, net	(44)	(18)
Prepayments	5,412	12,270
	11,223	16,821

Movements in the allowances for ECL of other receivables

Movement in 12m ECL that has been recognised for other receivables in accordance with the general approach. Details of the ECL assessment are set out in Note 36.

	HK$'000
At 1 May 2019	46
Allowance for ECL, net	(28)
At 30 April 2020 and 1 May 2020	18
Allowance for ECL, net	26
At 30 April 2021	**44**

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23. CASH AND BANK BALANCES

	2021 HK$'000	2020 HK$'000
Cash and bank balances	48,697	20,554
Fixed deposits	10,210	9,187
Balance at the end of the year	58,907	29,741

Cash and cash equivalents represent cash at banks and in hand. Short term fixed deposits is made for period of three months with an interest rate of 2.30% (2020: period of one month with an interest rate of 1.05%) per annum. The fixed deposits are pledged to bank borrowings for period in line with the bank borrowings. Cash at banks carried interest at average market rates based on daily bank deposit rates.

As at 30 April 2021, the Group has cash and cash equivalents of the Group denominated in Renminbi amounted to approximately HK$34,286,000 (2020: HK$16,059,000) placed with the banks in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

24. TRADE PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	6,069	6,543

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

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

	2021 HK$'000	2020 HK$'000
Within 60 days	3,740	3,512
61–90 days	6	801
91–180 days	1,357	770
181–365 days	906	560
Over 365 days	60	900
	6,069	6,543

25. ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accruals	4,592	6,711
Other payables	200	708
	4,792	7,419

26. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
LED decorative lighting	1,892	252
LED luminaire lighting	58	516
	1,950	768

As at 1 April 2019, contract liabilities amounted to HK$472,000.

	LED decorative lighting HK$'000	LED luminaire lighting HK$'000	Total HK$'000
For the year ended 30 April 2021			
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	252	516	768
For the year ended 30 April 2020			
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	462	10	472

The contract liabilities represent the Group's obligation to transfer goods for which the Group has received consideration, or for which an amount of consideration is due from customers. In general, the Group received certain percentage of the contract sum as advance payment from customers for the sale of goods. The contract liabilities would be recognised as revenue within one year.

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27. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Fixed-rate bank borrowings *(Notes a, d and e)*	23,760	11,489
Variable-rate bank borrowings *(Notes b and c)*	–	1,752
	23,760	13,241
Secured	6,000	7,752
Unsecured	17,760	5,489
	23,760	13,241
The carrying amounts of the above borrowings are repayable:		
Within one year	960	–
Over one year but within two years	960	–
Over two years but within five years	9,840	–
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	12,000	13,241
	23,760	13,241
Less: Amounts due within one year shown under current liabilities	(12,960)	(13,241)
Amounts shown under non-current liabilities	10,800	–

Notes:

(a) The secured fixed-rate bank borrowings of approximately HK$6,000,000 (2020: HK$6,000,000) as at 30 April 2021 were pledged by the fixed deposit of approximately HK$10,210,000 (2020: HK$9,187,000) (equivalent to approximately RMB8,508,000 (2020: RMB8,369,000)) are repayable within one year and bear interest at 1.4% per annum.

(b) The secured variable-rate bank borrowings of approximately HK$1,752,000 as at 30 April 2020 was guaranteed by corporate guarantee of the Company and the subsidiary of the Group and secured by the Group's financial assets at FVTPL of approximately HK$4,124,000 as at 30 April 2020.

(c) The secured variable-rate bank borrowing of approximately HK$1,752,000 as at 30 April 2020 is repayable within one year and bear interest at 2.5% per annum over 1 month HIBOR.

(d) The unsecured fixed-rate bank borrowing of approximately HK$6,000,000 (2020: HK$5,489,000) (equivalent to RMB5,000,000 (2020: RMB5,000,000)) as at 30 April 2021 is repayable within one year and bear interest at 4.55% per annum.

(e) The unsecured fixed-rate bank borrowing of approximately HK$11,760,000 (equivalent to RMB9,800,000) as at 30 April 2021 is repayable within three years and bear interest at 4.35% per annum. It was guaranteed by personal guarantee of Mr. Shao Chi Liang, a director of a subsidiary of the Group.

(f) The bank borrowings contain repayment on demand clause. The amounts due are based on the scheduled repayment dates set out in the loan agreements.

For the year ended 30 April 2021

28. LEASE LIABILITIES

The Group leases plant and machinery under finance leases. At 30 April 2021 and 2020, the total future minimum lease payments under the lease liabilities and their present values were as follows:

	Minimum lease payments 2021 HK$'000	Minimum lease payments 2020 HK$'000	Present value of minimum lease payments 2021 HK$'000	Present value of minimum lease payments 2020 HK$'000
Amounts payable:				
Within one year	4,336	3,932	3,441	2,921
In the second year	3,912	3,687	3,241	2,873
In the third to fifth years, inclusive	8,687	11,532	8,001	10,282
Total minimum finance lease payments	16,935	19,151	14,683	16,076
Future finance charges	(2,252)	(3,075)		
Total net lease liabilities	14,683	16,076		
Portion classified as current liabilities	(3,441)	(2,921)		
Non-current portion	11,242	13,155		

The weighted average incremental borrowing rates applied to lease liabilities range from 5.2% to 7.1% and 5.1% to 7.1% per annum as at 30 April 2020 and 2021, respectively.

The obligations under finance lease is secured by the lessor's charge over the leased assets and guaranteed by the directors of the Company, Mr. Shao Xu Hua and corporate guarantee of certain subsidiary of the Group and personal guarantee of its director, Mr. Shao Chi Liang. The obligation under finance lease was finished during the year ended 30 April 2020.

29. DEFERRED TAX ASSETS

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 HK$'000	2020 HK$'000
Deferred tax asset	169	259

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

	Allowance for ECL HK$'000
At 1 May 2019	243
Charged to consolidated of profit of loss *(Note 12)*	16
At 30 April 2020 and 1 May 2020	259
Credited to consolidated of profit or loss *(Note 12)*	(90)
At 30 April 2021	169

30. SHARE CAPITAL

	Number of shares	HK$'000
Authorised:		
Ordinary share of HK$0.01 each		
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	10,000,000,000	100,000
Issue and fully paid:		
Ordinary share of HK$0.01 each		
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	500,000,000	5,000

31. RETIREMENT BENEFIT PLANS

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

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

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

32. SHARE OPTION SCHEME

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

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

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

During the year ended 30 April 2021, no option was granted, exercised, cancelled or lapsed under the Scheme.

32. SHARE OPTION SCHEME *(Continued)*

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

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

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

During the years ended 30 April 2021 and 2020, the Company did not grant any share option under the share option scheme.

33. 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:

	2021 HK$'000	2020 HK$'000
Financial assets at FVTPL	2,551	4,124
Fixed deposits	10,210	9,187

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34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 May 2019	18,489	7,002	25,491
Financing cash flows:			
New bank loan raised	–	7,396	7,396
Repayment of bank loans	–	(1,373)	(1,373)
Accrued interest	1,128	216	1,344
Interest paid	(1,128)	–	(1,128)
COVID-19-related rent concession	(15)	–	(15)
Additions to lease liabilities	1,696	–	1,696
Repayment of lease liabilities	(3,183)	–	(3,183)
Exchange realignment	(911)	–	(911)
At 30 April 2020 and 1 May 2020	16,076	13,241	29,317
Financing cash flows:			
New bank loan raised	–	17,271	17,271
Repayment of bank loans	–	(8,578)	(8,578)
Accrued interest	1,072	839	1,911
Interest paid	(1,072)	–	(1,072)
COVID-19-related rent concession	(60)	–	(60)
Additions to lease liabilities	683	–	683
Repayment of lease liabilities	(3,184)	–	(3,184)
Exchange realignment	1,168	987	2,155
At 30 April 2021	**14,683**	**23,760**	**38,443**

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

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

Compensation of key management personnel

The Directors of the Company are identified as key management members of the Group and their compensation during the reporting period is set out in Note 11.

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36. FINANCIAL RISK MANAGEMENT

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

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

(a) Categories of financial assets and liabilities

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial asset at FVTPL	2,551	4,124
At amortised cost:		
Trade receivables	49,402	49,678
Deposits and other receivables	5,811	4,551
Fixed deposits	10,210	9,187
Cash and bank balance	48,697	20,554
	116,671	88,094

	2021 HK$'000	2020 HK$'000
Financial liabilities		
At amortised cost:		
Trade payables	6,069	6,543
Accruals and other payables	4,792	7,419
Lease liabilities	14,683	16,076
Bank borrowings	23,760	13,241
	49,304	43,279

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Currency risk

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

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

	2021 HK$'000	2020 HK$'000
Assets		
US$	30,250	19,766
RMB	12,339	56,918
	42,589	76,684
Liabilities		
US$	–	543
RMB	–	16,604
	–	17,147

Sensitivity analysis

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

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

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Currency risk *(Continued)*

***Sensitivity analysis** (Continued)*

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

	2021	2020
	HK$'000	HK$'000
RMB	**515**	1,512

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

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

(c) Interest rate risk

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

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

Sensitivity analysis

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

For the variable-rate bank borrowings, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 30 April 2021 would decrease/increase by approximately nil (2020: HK$9,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings.

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36. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Credit risk

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

The Group applies the simplified approach to provide ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forward-looking information.

	Within 60 days	61– 90 days	91– 180 days	181– 365 days	Total
At 30 April 2020					
ECL rate	1.71%	7.19%	2.84%	–	2.38%
Gross carrying amount (HK$'000)	31,691	2,881	16,318	–	50,890
Lifetime ECL (HK$'000)	(542)	(207)	(463)	–	(1,212)
	31,149	2,674	15,855	–	49,678

	Within 60 days	61– 90 days	91– 180 days	181– 365 days	Total
At 30 April 2021					
ECL rate	1.33%	1.33%	1.56%	4.73%	1.43%
Gross carrying amount (HK$'000)	27,994	76	22,047	3	50,120
Lifetime ECL (HK$'000)	(373)	(1)	(344)	–*	(718)
	27,621	75	21,703	3	49,402

* The amount is less than HK$1,000.

The Group has a concentration of credit risk in certain individual customers. As at 30 April 2021, the five largest customer accounted for approximately 15.6% (2020: 38.1%) of trade receivables and the largest customer was accounted for approximately Nil (2020: Nil) of the Group's total trade receivables. The Group seeks to minimize its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Credit risk *(Continued)*

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 30 April 2021 and 2020, the Group assessed the ECL for other receivables and deposits amount to HK$44,000 (2020:HK$18,000). The expected credit loss rate for other receivables and deposits is 0.75% (2020: 0.39%).

Pledged bank deposits and bank balance

Credit risk on pledged bank deposits and bank balance is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL of pledged bank deposits and bank balance. Based on the average loss rates, it is insignificant and therefore no loss allowance was recognised.

(e) Liquidity risk

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

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

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

	At 30 April 2021					
	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	6,069	–	–	6,069	6,069
Accruals and other payables	–	4,792	–	–	4,792	4,792
Lease liabilities	5.07–7.12	4,336	3,912	8,687	16,935	14,683
Bank borrowings						
— fixed-rate	3.66	13,380	1,422	9,898	24,700	23,760
		28,577	5,334	18,585	52,496	49,304

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36. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Liquidity risk *(Continued)*

	At 30 April 2020					
	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	6,543	–	–	6,543	6,543
Accruals and other payables	–	7,419	–	–	7,419	7,419
Lease liabilities	5.20–7.12	3,932	3,687	11,532	19,151	16,076
Bank borrowings						
— fixed-rate	3.6	11,489	–	–	11,489	11,489
— variable-rate	3.5	1,752	–	–	1,752	1,752
		31,135	3,687	11,532	46,354	43,279

Note: Bank borrowings with a repayment on demand clause are included in the 'on demand or within one year' time band in the above maturity analysis. As at 30 April 2021, the aggregate principal amounts of these bank borrowing amounted to HK$12,000,000 (2020: HK$13,241,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
Bank Borrowings						
At 30 April 2021						
— fixed-rate	**2.99**	**12,287**	**–**	**–**	**12,287**	**12,000**
At 30 April 2020						
— fixed-rate	3.6	11,903	–	–	11,903	11,489
— variable-rate	3.5	1,813	–	–	1,813	1,752
		13,716	–	–	13,716	13,241

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Fair value measurements

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

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

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

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

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

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

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Fair value measurements *(Continued)*

Financial asset	Fair value at 30 April 2021 HK$'000	Fair value at 30 April 2020 HK$'000	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Sensitivity
Investment in a life insurance contract	2,551	4,124	Level 3	Probability-weighted discounted cash flow method	Crediting rate: 3.35% (2020: 3.65%) Discount rate: 0.88% – 3.17% (2020: 1.15% – 2.34%)	Discount rate +10%: Fair value = HK$2,272,000 (2020: HK$3,752,000) Discount rate –10%; Fair value = HK$2,884,000 (2020: HK$4,543,000) Crediting rate of insurance policy +10%: Fair value = HK$2,915,000 (2020: HK$4,837,000) Crediting rate of insurance policy –10%: Fair value = HK$2,271,000 (2020: HK$3,543,000)

There were no transfer between Level 1, Level 2 and Level 3 during the reporting periods.

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).

37. STATEMENTS OF FINANCIAL POSITION AND CHANGE THE EQUITY OF THE COMPANY

(a) Statement of Financial Position

	Notes	2021 HK$'000	2020 HK$'000
Current assets			
Amounts due from subsidiaries *(Note)*		14,771	18,596
Cash and cash equivalents		18	17
		14,789	18,613
Current liability			
Accruals		945	1,352
		945	1,352
Net current assets		13,844	17,261
Net assets		13,844	17,261
Equity			
Share capital	*30*	5,000	5,000
Reserves		8,844	12,261
Total equity		13,844	17,261

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

The financial statements were approved and authorised for issue by the Board of Directors on 26 July 2021 and are signed on its behalf by:

Shiu Kwok Leung
Director

Yuen Lai Him
Director

For the year ended 30 April 2021

37. STATEMENTS OF FINANCIAL POSITION AND CHANGE THE EQUITY OF THE COMPANY *(Continued)*

(b) Reserves of the Company

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2019	41,901	(24,010)	17,891
Loss and total comprehensive loss for the year	–	(5,630)	(5,630)
At 30 April 2020 and 1 May 2020	41,901	(29,640)	12,261
Loss and total comprehensive loss for the year	–	(3,417)	(3,417)
At 30 April 2021	**41,901**	**(33,057)**	**8,844**

38. CAPITAL MANAGEMENT

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

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

No changes were made to the objectives, policies or processes for managing capital during the years ended 30 April 2020 and 2021.

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

	2021 HK$'000	2020 HK$'000
Debt *(Note 1)*	38,443	29,317
Less: Cash and bank balances	(48,697)	(20,554)
Net debts	(10,254)	8,763
Total equity	166,104	136,879
Net debt to equity ratio	N/A	0.06

Note:

(1) Debt comprises bank borrowings and lease liabilities as detailed in Notes 27 and 28 respectively.

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39. EVENT AFTER REPORTING PERIOD

There were no significant events after the reporting period up to the date of this report.

40. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with current year's presentation.

41. APPROVAL FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the board of directors on 26 July 2021.

FINANCIAL SUMMARY

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

	Year ended 30 April				
RESULTS	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Revenue	141,667	151,228	162,035	174,790	**200,907**
Profit before taxation	21,222	11,824	29,379	24,591	**31,646**
Taxation	(5,161)	(4,375)	(5,961)	(6,087)	**(7,520)**
Profit for the year	16,061	7,449	23,418	18,504	**24,126**

	At 30 April				
ASSETS AND LIABILITIES	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Current assets	80,027	107,864	125,179	147,284	**187,182**
Non-current assets	23,248	27,661	29,633	42,763	**41,696**
Total assets	103,275	135,525	154,812	190,047	**228,878**
Current liabilities	56,093	29,470	31,458	40,013	**40,732**
Non-current liabilities	1,622	660	–	13,155	**22,042**
Total liabilities	57,715	30,130	31,458	53,168	**62,774**
Net assets	45,560	105,395	123,354	136,879	**166,104**

Notes:

The summary of the consolidated results of the Group for the year ended 30 April 2017 and of the assets and liabilities as at 30 April 2017 have been extracted from the Prospectus.

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