Bortex Global Limited
濠亮環球有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8118)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

*This announcement, 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 announcement 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 announcement misleading.*

* *For identification purpose only*

THIRD QUARTERLY RESULTS

FINANCIAL HIGHLIGHTS

- Based on the unaudited condensed consolidated financial results of the Group for the nine months ended 31 January 2020, the Group's revenue for the nine months ended 31 January 2020 was approximately HK$139.0 million, representing an increase of approximately 36.1% as compared to approximately HK$102.1 million for the corresponding period in 2019.

- During the nine months ended 31 January 2020, the Group's gross profit was approximately HK$39.5 million, representing an increase of approximately 23.1% as compared to approximately HK$32.1 million for the corresponding period in 2019.

- The Group's profit for the nine months ended 31 January 2020 was approximately HK$15.9 million, representing an increase by approximately HK$3.2 million or 25.2% as compared with the corresponding period in last year. The net increase in profit for the Period of the Group was mainly attributable to the significant increase in revenue of LED luminaire lighting products during the nine months ended 31 January 2020.

- The Board has resolved not to declare an interim dividend for the nine months ended 31 January 2020 (nine months ended 31 January 2019: Nil).

The board of Directors (the "**Board**") announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the nine months ended 31 January 2020 (the "**Period**"), together with the comparative figures for the corresponding period in 2019, as follows:

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

		For the three months ended 31 January		**For the nine months ended 31 January**	
		2020	2019	**2020**	2019
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*5*	**44,492**	24,101	**138,970**	102,110
Cost of sales		**(32,312)**	(15,349)	**(99,499)**	(69,995)
Gross profit		**12,180**	8,752	**39,471**	32,115
Other income and gain		**271**	34	**1,569**	398
Net allowance for expected credit loss		**504**	–	**(207)**	–
Selling and distribution expenses		**(753)**	(548)	**(2,554)**	(2,649)
Administrative expenses		**(5,653)**	(4,149)	**(17,717)**	(13,423)
Finance costs		**(109)**	(27)	**(407)**	(113)
Profit before taxation	*6*	**6,440**	4,062	**20,155**	16,328
Taxation	*8*	**(1,665)**	(998)	**(4,302)**	(3,632)
Profit for the period		**4,775**	3,064	**15,853**	12,696
Other comprehensive income/(loss) for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**824**	3,192	**(2,808)**	(3,888)
Other comprehensive income/(loss) for the period, net of tax		**824**	3,192	**(2,808)**	(3,888)
Total comprehensive income for the period		**5,599**	6,256	**13,045**	8,808

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2020	2019	**2020**	2019
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period attributable to equity owners of the Company		**4,775**	3,064	**15,853**	12,696
Total comprehensive income for the period attributable to equity owners of the Company		**5,599**	6,256	**13,045**	8,808
Earnings per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	*9*	**0.96**	0.61	**3.17**	2.54

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 January 2020

	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000*	Translation reserve *HK$'000*	Available-for-sale financial asset reserve *HK$'000*	Other reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 30 April 2018 and 1 May 2018 (audited)	5,000	41,901	–	4,676	275	1	53,542	105,395
Adoption of HKFRS 9	–	–	–	–	(275)	–	(661)	(936)
Adjusted balance at 1 May 2018	5,000	41,901	–	4,676	–	1	52,881	104,459
Profit for the period	–	–	–	–	–	–	12,696	12,696
Exchange differences on translation of foreign operation	–	–	–	(3,888)	–	–	–	(3,888)
Total comprehensive (loss)/profit for the period	–	–	–	(3,888)	–	–	12,696	8,808
At 31 January 2019 (unaudited)	5,000	41,901	–	788	–	1	65,577	113,267
At 30 April 2019 and 1 May 2019 (audited)	**5,000**	**41,901**	**1,223**	**153**	**–**	**1**	**75,076**	**123,354**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**15,853**	**15,853**
Exchange differences on translation of foreign operation	**–**	**–**	**–**	**(2,808)**	**–**	**–**	**–**	**(2,808)**
Total comprehensive (loss)/profit for the period	**–**	**–**	**–**	**(2,808)**	**–**	**–**	**15,853**	**13,045**
Transfer to statutory reserve	**–**	**–**	**639**	**–**	**–**	**–**	**(639)**	**–**
At 31 January 2020 (unaudited)	**5,000**	**41,901**	**1,862**	**(2,655)**	**–**	**1**	**90,290**	**136,399**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statement for the nine months ended 31 January 2019 of profit or loss with other comprehensive income have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The unaudited condensed consolidated financial statements have not been audited by our Company's independent auditor but have been reviewed by the audit committee of the Company (the "**Audit Committee**") and were approved for issue by the Board on 11 March 2020.

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

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 May 2019 for the preparation of the Group's unaudited condensed consolidated statements:

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

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

HKFRS 16 Leases

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

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

Key changes in accounting policies resulting from application of HKFRS 16

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

Definition of a lease

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

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

As a lessee

Allocation of consideration to components of a contract

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

Short-term leases

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

Right-of-use assets

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

The cost of right-of-use asset includes:

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

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

Taxation

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

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

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

Definition of a lease

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

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

As a lessee

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

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

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises in PRC was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options.

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

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

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

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

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

	As at 31 January 2020 *HK$'000*	As at 1 May 2019 *HK$'000*
Rental premises	19,660	20,672

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

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

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

4. SEGMENT REPORT

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the nine months ended 31 January 2020, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial result of the Group as a whole report under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in designing, manufacturing and trading of LED lighting products. The executive directors allocate resources and assess performance on an aggregate basis. Accordingly, no operating segment is presented.

Geographical information

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

	For the three months ended 31 January		**For the nine months ended 31 January**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Canada	**14**	–	**22,801**	21,482
Taiwan	**–**	778	**–**	778
The US	**1,210**	531	**8,532**	13,194
The PRC, excluding Hong Kong	**38,260**	14,383	**51,442**	48,840
Hong Kong	**2,154**	4,876	**46,381**	8,213
Others (note)	**2,854**	3,533	**9,814**	9,603
	44,492	24,101	**138,970**	102,110

Note: Others include the Brazil, France, Japan, Italy, Philippines, South Africa and Thailand.

5. REVENUE

Revenue, which is also the Group's turnover, represent the revenue generated by trading and manufacturing of LED decorative lighting products and LED luminaire lighting products, net of return, discounts and sales related taxes, during the nine months ended 31 January 2020, and 2019.

	For the three months ended 31 January		**For the nine months ended 31 January**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
LED decorative lighting	**12,631**	19,861	**90,630**	92,763
LED luminaire lighting	**31,861**	4,240	**48,340**	9,347
	44,492	24,101	**138,970**	102,110

6. PROFIT BEFORE TAXATION

	For the three months ended 31 January		**For the nine months ended 31 January**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period has been arrived at after charging:				
Auditors' remuneration	**–**	–	**400**	105
Cost of inventories recognised as an expense	**32,312**	15,349	**99,499**	69,995
Depreciation of property, plant and equipment	**688**	695	**2,108**	2,061
Employee benefit expenses (including directors' emoluments)	**3,728**	3,962	**15,228**	17,009
Minimum lease payments under operating leases	**–**	970	**–**	2,695
Net allowance for expected credit losses	**(504)**	–	**207**	–
Foreign exchange losses/(gains)	**133**	(326)	**463**	770
Research and development expenses	**5**	42	**35**	116

7. DIVIDENDS

The Directors of the Company have determined that no dividend will be paid in respect of the reporting period (nine months ended 31 January 2019: nil).

8. TAXATION

	For the three months ended 31 January		For the nine months ended 31 January	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax expenses/(credits):				
The PRC	**1,310**	1,250	**1,597**	3,012
Hong Kong	**307**	(252)	**2,751**	620
	1,617	998	**4,348**	3,632
Deferred tax	**48**	–	**(46)**	–
Total taxation	**1,665**	998	**4,302**	3,632

Hong Kong Profits Tax

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

The PRC

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

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

	For the three months ended 31 January		For the nine months ended 31 January	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings				
Earnings for the purposes of basic and diluted earnings per share, profit for the period attributable to equity owners of the Company	**4,775**	3,064	**15,853**	12,696
Number of shares	***'000***	*'000*	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**500,000**	500,000	**500,000**	500,000

10. CAPITAL COMMITMENTS

As at 31 January 2020, the Group has no commitment (as at 30 April 2019: nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the nine months ended 31 January 2020, the Group has adopted a market strategy to focus on exploring new markets while maintaining relationship with our existing customers. As a result, the revenue from LED lighting products has dramatically increased by approximately 36.1% to approximately HK$139.0 million (nine months ended 31 January 2019: approximately HK$102.1 million).

The China-US trade conflict has brought uncertainties to the demand for the Group's LED lighting products in North America. Therefore, the purchase orders from the US customers decreased significantly by approximately 35.6% to approximately HK$8.5 million for the nine months ended 31 January 2020 (nine months ended 31 January 2019: approximately HK$13.2 million).

Although the demand of the Group's products is unstable in North America, the Group was able to enlarge its sales network with other customers in Hong Kong and Mainland China with the sales derived from which increased by approximately 71.6% to approximately HK$97.8 million for the nine months ended 31 January 2020 (nine months ended 31 January 2019: approximately HK$57.0 million). The Group tailored the Smart Light products to accommodate for tourism development projects and building's exterior lighting products in Mainland China market.

PROSPECT

During the nine months ended 31 January 2020, the China's economic environment was affected by the unstable China-US trade conflict between the US and China and Hong Kong's economy was seriously affected by social unrest recently. Meanwhile, recent outbreak of the Coronavirus in January 2020 also affects the economic environment of the worldwide. It affects the Company's factory operation as the Company's factory was located in Mainland China. The factory delays its operation in mid of February 2020 after the Chinese New Year holiday because of the China government issued the policy to prohibit the outbreak of the Coronavirus. Our directors believe that the Coronavirus should not cause long-term damage to the Group's business but will have a short-term impact to the performance and prospects in the 1st quarter of year 2020.

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

FINANCIAL REVIEW

Revenue

Revenue from LED decorative lighting products

During the nine months ended 31 January 2020, the Group's revenue from LED decorative lighting products was approximately HK$90.6 million, representing a decrease of approximately HK$2.2 million or 2.4% as compared to the same period in 2019 (nine months ended 31 January 2019: HK$92.8 million). The decrease was mainly attributable to the decrease in sales of LED decorative lighting products to the US and the PRC customers, which was partially off-set by the increase in sales of LED decorative lighting products to Hong Kong customers.

Revenue from LED luminaire lighting products

During the nine months ended 31 January 2020, the Group's revenue from LED luminaire lighting products was approximately HK$48.3 million, representing a significant increase of approximately HK$39.0 million or 419.4% as compared to the same period in 2019 (nine months ended 31 January 2019: HK$9.3 million). The significant increase in revenue was due to the significant increase in sales of LED luminaire lighting products to the PRC customers.

Cost of sales

The Group's cost of sales increased by approximately HK$29.5 million or 42.1% from approximately HK$70.0 million for the nine months ended 31 January 2019 to approximately HK$99.5 million for the nine months ended 31 January 2020. 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 for the nine months ended 31 January 2020 was approximately HK$39.5 million (nine months ended 31 January 2019: approximately HK$32.1 million), representing an increase of approximately 23.1% as compared to the corresponding period in 2019. The Group's overall gross profit margin decreased from approximately 31.5% for the nine months ended 31 January 2019 to approximately 28.4% for the nine months ended 31 January 2020. The decrease in gross profit margin was mainly due to the increase in sales of LED luminaire lighting products with lower profit margin.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately HK$0.1 million or 3.8% from approximately HK$2.6 million for the nine months ended 31 January 2019 to approximately HK$2.5 million for the nine months ended 31 January 2020. The decrease of selling expenses was mainly due to the decrease of salaries of sales staff during the nine months ended 31 January 2020.

Administrative expenses

The Group's administrative expenses increased by approximately HK$4.3 million or 32.1% from approximately HK$13.4 million for the nine months ended 31 January 2019 to approximately HK$17.7 million for the nine months ended 31 January 2020. The increase was mainly attributable to the significant increase in legal and professional fee paid for (i) ensuring continual compliance with listing rules and requirement; and (ii) additional legal and professional fee in relation to the Group's proposed transfer to Main Board listing.

Finance costs

The Group's finance costs increased by approximately HK$0.3 million or 300.0% from approximately HK$0.1 million for the nine months ended 31 January 2019 to approximately HK$0.4 million for the nine months ended 31 January 2020. The increase was mainly due to the increase in average balance of bank borrowings during the Period.

Profit for the Period

The Group's profit for the Period was approximately HK$15.9 million, representing an increase by approximately HK$3.2 million or 25.2% as compared with the corresponding period in 2019. The net increase in profit for the Period of the Group was mainly attributable to the increase in revenue during the nine months ended 31 January 2020.

Dividend

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 31 January 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

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

Notes:

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

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

\+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 January 2020.

Save as disclosed above, as at 31 January 2020, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company

As at 31 January 2020, the following parties (other than the Directors or the chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity/ nature of interest	Number of shares	Approximate percentage+ of shareholding in the Company
Real Charm Corp	Beneficial owner	234,000,000 *(Note 1)*	46.8%
Ms. Chung Yu Chun	Interest of spouse	234,000,000 *(Note 2)*	46.8%
Multi Tech Creation Limited	Beneficial owner	30,000,000 *(Note 3)*	6.0%
Ms. Giang Maryanne Phung-van	Interest of controlled corporation	30,000,000 *(Note 3)*	6.0%

Notes:

1. The above interest of Real Charm Corp was also disclosed as the interest of Mr. Shiu Kwok Leung in the above section headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company".

2. Ms. Chung Yu Chun is deemed to be interested in these shares of the Company through the interest of her spouse, Mr. Shiu Kwok Leung.

3. These shares are held by Multi Tech Creation Limited, which is wholly and beneficially owned by Ms. Giang Maryanne Phung-van, spouse of Mr. Yuen Lai Him. The above interest of Ms. Giang Maryanne Phung-van was also disclosed as the interest of Mr. Yuen Lai Him in the above section headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company".

+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 January 2020.

Save as disclosed above, as at 31 January 2020, the Company was not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 January 2020.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the nine months ended 31 January 2020.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Ample Capital Limited to be the compliance adviser. As notified by Ample Capital Limited, as at 31 January 2020, neither Ample Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months end 31 January 2020.

CORPORATE GOVERNANCE PRACTICE

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

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 to the GEM Listing Rules. The Board considers that the Company has complied with the CG Code during the nine months ended 31 January 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and there was no event of non-compliance during the nine months ended 31 January 2020.

SHARE OPTION SCHEME

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

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

AUDIT COMMITTEE

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

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

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

Hong Kong, 11 March 2020

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

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