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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 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 purposes only*

ANNUAL RESULTS

The board of Directors (the "**Board**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 April 2020, together with the audited comparative figures for the year ended 30 April 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 April 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	4	**174,790**	162,035
Cost of sales		**(124,585)**	(112,962)
Gross profit		**50,205**	49,073
Other income and gain	5	**1,653**	682
(Provision)/net reversal of allowance for expected credit losses		**(95)**	37
Selling and distribution expenses		**(3,235)**	(3,521)
Administrative expenses		**(22,477)**	(16,570)
Finance costs	6	**(1,460)**	(322)
Profit before taxation	7	**24,591**	29,379
Taxation	8	**(6,087)**	(5,961)
Profit for the year		**18,504**	23,418
Other comprehensive loss for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(4,979)**	(4,523)
Other comprehensive loss for the year, net of tax		**(4,979)**	(4,523)
Total comprehensive income for the year		**13,525**	18,895
Profit for the year attributable to equity owners of the Company		**18,504**	23,418
Total comprehensive income for the year attributable to equity owners of the Company		**13,525**	18,895
Earnings per share attributable to equity owners of the Company			
Basic and diluted (HK cents)	10	**3.70**	4.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**14,639**	18,018
Goodwill		**8,131**	8,634
Right-of-use assets	*13*	**15,610**	–
Financial assets at fair value through profit or loss		**4,124**	2,738
Deferred tax assets		**259**	243
		42,763	29,633
Current assets			
Inventories		**51,044**	25,918
Trade receivables	*11*	**49,678**	61,801
Deposits, prepayments and other receivables		**16,821**	11,670
Fixed deposits		**9,187**	9,524
Cash and cash equivalents		**20,554**	16,266
		147,284	125,179
Liabilities			
Current liabilities			
Trade payables	*12*	**6,543**	13,736
Accruals and other payables		**7,419**	2,858
Contract liabilities		**768**	472
Bank borrowings		**13,241**	7,002
Lease liabilities/obligation under finance leases	*14*	**2,921**	660
Tax payables		**9,121**	6,730
		40,013	31,458
Net current assets		**107,271**	93,721
Total assets less current liabilities		**150,034**	123,354
Non-current liabilities			
Lease liabilities	*14*	**13,155**	–
Net assets		**136,879**	123,354
Equity			
Share capital		**5,000**	5,000
Reserves		**131,879**	118,354
Total equity		**136,879**	123,354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2020

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 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$**") and also the functional currency of the Company. 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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

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

Early adoption of amendments to HKFRSs

The following amendments to HKFRSs, which is applicable to the Group but are not yet effective for the current year, have been early adopted in the current year:

Amendments to HKFRS 16	COVID-19-Related Rent Concession

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

HKFRS 16 Leases

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

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 standard 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 lessor

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019.

As at 1 May 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. 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) 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;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) 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 was determined on a portfolio basis;

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

(v) 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.

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 incremental borrowing rates applied by relevant group entities ranged from 5.2% to 7.12%. The lease liabilities as of 1 May 2019 reconciled to the operating lease commitments as of 30 April 2019 is as follows:

	At 1 May 2019 *HK$'000*
Operating lease commitments disclosed as at 30 April 2019	21,915
Less: practical expedient – leases with lease term ending within 12 months from date of initial application	(764)
Less: Effect from discounting at the incremental borrowing rate as at 1 May 2019	(3,982)
	17,169
Add: obligation under finance lease recognised as at 30 April 2019	660
Lease liabilities as at 1 May 2019	17,829
Analysis as:	
Current	3,119
Non-current	14,710
	17,829

The carrying amount of right-of-use assets for own use as at 1 May 2019 comprises the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	17,169
Add: Amounts included in property, plant and equipment under HKAS 17 — Assets previously under finance leases	3,001
	20,170
By class:	
Plant and machinery	3,001
Lease properties	17,169
	20,170

Note:

In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 May 2019 amounting to HK$3,001,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK$660,000 to lease liabilities as current liabilities at 1 May 2019.

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

	Carrying amounts previously report at 30 April 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 May 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	18,018	(3,001)	15,017
Right-of-use assets	–	20,170	20,170
Current liabilities			
Obligation under finance lease	660	(660)	–
Lease liabilities	–	3,119	3,119
Non-current liabilities			
Lease liabilities	–	14,710	14,710

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 30 April 2020, movements in working capital have been computed based on opening statement of financial position as at 1 May 2019 as disclosed above.

Amendments to HKFRS 16 *COVID-19-Related Rent Concession*

The Group has elected the practical expedient to apply amendments to HKFRS 16 to account for any change in lease payments resulting from the rent concession occurring as a direct consequence of the COVID-19 pandemic.

The Group has applied the practical expedient to rent concession that meet all of the following conditions:

(a) 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;

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

(c) there is no substantive change to other terms and conditions of the lease.

The rent concession recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 30 April 2020 amounted to HK$15,000.

New and amended HKFRSs that have been issued 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:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]

1 Effective for annual periods beginning on or after 1 January 2020.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective for annual periods beginning on or after a date to be determined.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020. The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT REPORTING

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

Geographical information

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

	2020	2019
	HK$'000	*HK$'000*
Canada	**22,801**	21,968
Taiwan	**–**	10,690
The US	**15,634**	15,796
The PRC, excluding Hong Kong	**73,126**	86,939
Hong Kong	**49,589**	15,958
Others *(note)*	**13,640**	10,684
	174,790	162,035

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

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**1,381**	561
The Asia, excluding Hong Kong	**28,868**	17,457
	30,249	18,018

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A	**22,801**	21,968
Customer B	**–***	18,759
Customer C	**–***	18,027
Customer D	**18,245**	–*
Customer E	**–***	17,478

As at 30 April 2020, 4.2% (2019: 38.3%) of the Group's trade receivables were due from these customers which accounted for 10% or more of the Group's revenue during the year.

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

4. 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 reporting period.

All revenue contract as 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.

	2020	2019
	HK$'000	*HK$'000*
LED decorative lighting	**113,459**	132,954
LED luminaire lighting	**61,331**	29,081
	174,790	162,035

5. OTHER INCOME AND GAIN

	2020 *HK$'000*	2019 *HK$'000*
Fair value gain on financial assets at fair value through profit or loss	**1,386**	373
Sales of scrap material	**10**	55
Interest income	**241**	234
Government grant	**–**	20
Rent concession	**15**	–
Others	**1**	–
	1,653	682

6. FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Interest expenses on:		
— bank borrowings wholly repayable within five years	**216**	229
— lease liabilities/obligation under finance lease	**1,128**	54
	1,344	283
Bank charges	**116**	39
	1,460	322

7. PROFIT BEFORE TAXATION

	2020 *HK$'000*	2019 *HK$'000*
Profit before taxation has been arrived after charging/(crediting):		
Auditors' remuneration		
— Audit service	**1,000**	1,190
— Non-audit service	**400**	–
Cost of inventories recognized as an expense	**124,585**	112,962
Depreciation of property, plant and equipment	**2,440**	2,916
Depreciation of right-of-use-assets	**3,337**	–
Employee benefit expenses (including directors' emoluments)	**21,019**	21,503
Minimum lease payments under operating leases	**–**	3,773
Expenses relating to short-term leases	**509**	–
(Provision)/net reversal of allowance for expected credit losses	**95**	(37)
Foreign exchange losses net	**462**	161
(Gain)/loss on disposal of property, plant and equipment	**(7)**	45
Listing expenses related to the transfer listing to Main Board	**3,994**	–
Research and development expenses	**62**	61

8. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
— the PRC	**3,741**	4,075
— Hong Kong	**2,362**	1,892
	6,103	5,967
Deferred tax	**(16)**	(6)
Total taxation	**6,087**	5,961

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.

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 30 April 2020 (2019: Nil).

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

The calculation of basis earnings per share attributable to the owners of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Earnings:		
Earning for the purpose of calculation basic earnings per share		
— Profit for the year attributable to the owners of the Company	**18,504**	23,418

	2020	2019
	'000	*'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 2020 and 2019 were the same as the basic earnings per share as there were no potential ordinary shares in issue for both years.

11. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**50,890**	62,890
Less: Allowance for expected credit losses	**(1,212)**	(1,089)
	49,678	61,801

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

Note:

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

	2020	2019
	HK$'000	*HK$'000*
Within 60 days	**31,691**	55,822
61–90 days	**2,881**	699
91–180 days	**16,296**	6,369
181–365 days	**22**	–
	50,890	62,890

12. TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**6,543**	13,736

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

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

	2020	2019
	HK$'000	*HK$'000*
Within 60 days	**3,512**	10,959
61–90 days	**801**	742
91–180 days	**770**	962
181–365 days	**560**	812
Over 365 days	**900**	261
	6,543	13,736

All amounts are short-term and hence the directors considered that carrying amounts of trade payables are considered to be a reasonable approximation of their fair values.

13. RIGHT-OF-USE ASSET

	Leased properties *HK$'000*	Plant and machinery *HK$'000*	Total *HK$'000*
Cost			
At 1 May 2019	17,169	5,374	22,543
Additions	2,356	–	2,356
Transferred to property, plant and equipment	–	(5,061)	(5,061)
Exchange realignment	(944)	(313)	(1,257)
At 30 April 2020	18,581	–	18,581
Accumulated depreciation and impairment losses			
At 1 May 2019	–	2,373	2,373
Charge provided 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	2,971	–	2,971
Carrying amounts			
At 30 April 2020	15,610	–	15,610
At 1 May 2019 (restated)	17,169	3,001	20,170

14. LEASE LIABILITIES/OBLIGATION UNDER FINANCE LEASE

The Group leases plant and machinery under finance leases. At 30 April 2020 and 2019, the total future minimum lease payments under the lease liabilities/obligation under finance leases and their present values were as follows:

	Minimum lease payments 2020 *HK$'000*	Minimum lease payments 2019 *HK$'000*	**Present value of minimum lease payments 2020** *HK$'000*	Present value of minimum lease payments 2019 *HK$'000*
Amounts payable:				
Within one year	**3,932**	670	**2,921**	660
On the second year	**3,687**	–	**2,873**	–
In the third to fifth years, inclusive	**11,532**	–	**10,282**	–
Total minimum finance lease payments	**19,151**	670	**16,076**	660
Future finance charges	**(3,075)**	(10)		
Total net lease liabilities	**16,076**	660		
Portion classified as current liabilities	**(2,921)**	(660)		
Non-current portion	**13,155**	–		

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 May 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with brought forward balances related to lease provisions classified as obligation under finance leases. Comparative information has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 2.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 April 2020, the Sino-US trade conflict has brought uncertainties to the demand for the Group's LED lighting products in North America. To mitigate the effect of the Sino-US trade conflict, the Company has strategically focused on the sales of the PRC customers and Hong Kong customers during the year. For the year ended 30 April 2020, the revenue from the PRC and Hong Kong customers has increased by approximately HK$19.8 million, or approximately 19.2% as compared to the year ended 30 April 2019.

After the Chinese New Year in 2020, the global economy has have been affected by the outbreak of the novel coronavirus ("**COVID-19**") epidemic (the "**Epidemic**"). The first outbreak happened in China and the PRC government had taken emergency public health measures and various actions to prevent the spread of the Epidemic, including an extension of the Chinese New Year holiday where the factories in the PRC which provinces have COVID-19 cases were not allowed to resume operation until mid of February 2020. In view of the suspension of factory operation, the Group contacted its suppliers and customers and discussed with them on contingency plans to mitigate the impact of the Epidemic. The outbreak of the COVID-19 was serious in the North America and Asia during the last quarter of the 2020 financial year and some of the Group's customers cancelled or delayed their orders in view of the uncertain economic environment. As a result, the revenue generated from the overseas customers (excluding the PRC and Hong Kong customers) had decreased by HK$7.1 million or 12.0% for the year ended 30 April 2020 as compared to the year ended 30 April 2019. Nevertheless, there were new PRC customers placing orders with the Group as the original suppliers of these new PRC customers had not yet resumed operation notwithstanding the relaxed public health measures in the PRC. The Group's revenue from the LED lighting products has increased by approximately 7.9% to approximately HK$174.8 million during the year ended 30 April 2020.

As affected by the Epidemic, the Group's new production line in Phnom Penh, Cambodia has delayed in commencing its operation until the second half of year 2020. The Group was 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. With the tax benefits for the export to the US, the Group has put its marketing effort to procure potential customers in the US and broaden its customer base.

PROSPECT

Under the haze of the outbreak of the Epidemic, the global economic growth softened. The customers will place their purchase orders to the factory which have good financial status, such as sufficient cash for operation. The Group will continue to adopt prudent and risk balancing management approach in the coming years.

The Group built a new production line at Phnom Penh in Cambodia during the year ended 30 April 2020. Leveraging on the tax benefits the Group entitles to in Cambodia, the management believes that 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 arranged a sales team to visit the customers in the US to promote its new production line in Cambodia. The Group also plans to participate in exhibitions worldwide in the coming years and to place advertisements on some business-to-business website.

FINANCIAL REVIEW

Revenue from LED Decorative Lighting

The Group's LED decorative lighting revenue decreased by approximately HK$19.5 million or 14.7% from approximately HK$133.0 million for the year ended 30 April 2019 to approximately HK$113.5 million for the year ended 30 April 2020. The decrease in LED decorative lighting revenue was mainly attributable to the decrease in sales to the PRC customers.

Revenue from LED Luminaire Lighting

The Group's LED luminaire lighting revenue increased significantly by approximately HK$32.2 million or 110.7% from approximately HK$29.1 million for the year ended 30 April 2019 to approximately HK$61.3 million for the year ended 30 April 2020. The increase in LED luminaire lighting revenue mainly resulted from the increase in sales to construction customers in the PRC.

Cost of Sales

The Group's cost of sales increased by approximately HK$11.6 million or 10.3% from approximately HK$113.0 million for the year ended 30 April 2019 to approximately HK$124.6 million for the year ended 30 April 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 increased by approximately HK$1.1 million or 2.2% from approximately HK$49.1 million for the year ended 30 April 2019 to approximately HK$50.2 million for the year ended 30 April 2020. The increase in gross profit was generally in line with the increase in the Group's total revenue. The gross profit margin decrease from approximately 30.3% for the year ended 30 April 2019 to approximately 28.7% for the year ended 30 April 2020. The decrease in gross profit margin was mainly due to the increase in sales of LED luminaire lighting products to Hong Kong and the PRC customers which were generally sold with lower profit margin.

Other Income and Gain

The Group's other income and gain increased by approximately HK$1.0 million or 142.9% from approximately HK$0.7 million for the year ended 30 April 2019 to approximately HK$1.7 million for the year ended 30 April 2020. The increase was primarily attributable to the fair value gain on financial assets at fair value through profit or loss and the interest income of the secured fixed deposits in Hong Kong.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately HK$0.3 million or 8.6% from approximately HK$3.5 million for the year ended 30 April 2019 to approximately HK$3.2 million for the year ended 30 April 2020. The decrease in selling and distribution expenses was mainly attributable to the decrease of salaries paid to the sales staffs during the year ended 30 April 2020.

The salaries paid to the sales staffs decreased due to number of sales staff decrease as the sales staff can handle and process the sales orders from customers through email.

Administrative Expenses

The Group's administrative expenses increased significantly by approximately HK$5.9 million or 35.5% from approximately HK$16.6 million for the year ended 30 April 2019 to approximately HK$22.5 million for the year ended 30 April 2020. The increase was mainly attributable to the one-off expenses related to the transfer listing to Main Board of approximately HK$4.0 million during the year ended 30 April 2020.

Finance Costs

The Group's finance costs increased by approximately HK$1.2 million or 400.0% from approximately HK$0.3 million for the year ended 30 April 2019 to approximately HK$1.5 million for the year ended 30 April 2020. The increase in finance costs was in line with the increase in bank borrowings during the year ended 30 April 2020 and interest expenses incurred by the lease liabilities.

Profit for the Year

The Group's profit for the year ended 30 April 2020 was approximately HK$18.5 million, representing an decrease of approximately HK$4.9 million or 20.9% as compared to the year ended 30 April 2019. The net decrease in profit for the year of the Group was mainly attributable to the increase in administrative expense as a result of the one-off listing expenses of approximately HK$4.0 million incurred during the year ended 30 April 2020 which substantially off-set the increase in revenue and gross profit of the Group during the year ended 30 April 2020.

GEARING RATIO

The Group recorded a gearing ratio (total debts divided by the total equity) of approximately 0.21 times as at 30 April 2020 (2019: 0.06 times). The gearing ratio remained low as at 30 April 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2020, cash and bank balances of the Group amounted to approximately HK$29.8 million (2019: HK$25.8 million). The current ratio (total current assets divided by total current liabilities) of the Group was 3.7 times as at 30 April 2020 (2019: 4.0 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.

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 2020. Furthermore, the Group did not have any plans for material investments and capital assets.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2020, the Group did not have any significant capital commitments (30 April 2019: nil) and significant contingent liabilities (30 April 2019: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2020, the Group had a total of 199 employees. The total remuneration costs incurred by the Group for the year ended 30 April 2020 were approximately 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:

	2020	2019
	HK$'000	*HK$'000*
Financial asset at fair value through profit or loss/ Available-for-sale financial asset	**4,124**	2,738
Fixed deposits	**9,187**	9,524
	13,311	12,262

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 Taiwan which are 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 2020, the Group had experienced exchange loss of approximately HK$0.5 million (2019: loss of approximately HK$0.2 million).

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 April 2020.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 30 April 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:

	Approximate percentage of total amount	Net proceeds	Up to 30 April 2020 Utilised amount	Up to 30 April 2020 Un-utilised amount	Expected timeline for full utilisation (Notes 1 and 2)
		HK$ million	*HK$ million*	*HK$ million*	
Upgrading the production facilities — Improving automation and efficiency of LED decorative lighting series — Improving product quality and stability of LED luminaire lighting series	55%	16.6	8.0	8.6	By the end of 2021
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	1.0	0.5	By the end of 2021
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	21.0	9.1	

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 novel coronavirus since January 2020.

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 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 year ended 30 April 2020.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6.19 of the GEM Listing Rules, the Company has appointed Ample Capital Limited to be the compliance adviser. As notified by Ample Capital Limited, as at 30 April 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, 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 2020.

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 Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. The Board considers that the Company has complied with the Corporate Governance Code during the year ended 30 April 2020.

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 2020.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 April 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on the preliminary announcement.

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 audited consolidated financial statements of the Group for the year ended 30 April 2020, which is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and the adequate disclosures have been made.

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

Hong Kong, 13 July 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 Listed Company Information" page of the GEM website at "www.hkgem.com" for at least seven days from the date of its publication and on the Company's website at "www.bortex.com.cn".