



# Bortex Global Limited

## 濠亮環球有限公司\*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118



# 2018

## Third Quarterly Report

\* For identification purpose only

## 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.

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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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## THIRD QUARTERLY RESULTS

### FINANCIAL HIGHLIGHTS

- Based on the unaudited condensed consolidated financial results of the Group for the nine months ended 31 January 2019, the Group's revenue for the nine months ended 31 January 2019 was approximately HK\$102.1 million, representing a decrease of approximately 13.0% as compared to approximately HK\$117.4 million for the corresponding period in 2018.
- During the nine months ended 31 January 2019, the Group's gross profit was approximately HK\$32.1 million, representing a decrease of approximately 5.0% as compared to approximately HK\$33.8 million for the corresponding period in 2018.
- The Group's profit for the Period was approximately HK\$12.7 million, representing an increase by approximately HK\$5.2 million or 69.3% 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 drop in administrative expense as a result of the absence of the one-off listing expenses of HK\$9.8 million incurred during the same period last year, which had outweighed the drop in revenue and gross profit of the Group during the Period.
- The Board has resolved not to declare an interim dividend for the nine months ended 31 January 2019 (2018: Nil).

The board of Directors (the “Board”) announces the unaudited condensed consolidated financial results of our Company and its subsidiaries (collectively, the “Group”) for the nine months ended 31 January 2019 (the “Period”), together with the comparative figures for the corresponding period in 2018, as follows:

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

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2019	2018	2019	2018
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	5	24,101	39,937	102,110	117,367
Cost of sales		(15,349)	(28,954)	(69,995)	(83,557)
Gross profit		8,752	10,983	32,115	33,810
Other income and gain		34	164	398	345
Selling and distribution expenses		(548)	(850)	(2,649)	(2,648)
Administrative expenses		(4,149)	(12,851)	(13,423)	(19,826)
Finance costs		(27)	(527)	(113)	(1,442)
Profit/(loss) before taxation	6	4,062	(3,081)	16,328	10,239
Taxation	8	(998)	–	(3,632)	(2,715)
Profit/(loss) for the period		3,064	(3,081)	12,696	7,524
Other comprehensive income/(loss) for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of available- for-sale financial assets		–	23	–	239
Exchange differences on translation of foreign operations		3,192	2,279	(3,888)	2,749
Other comprehensive income/ (loss) for the period, net of tax		3,192	2,302	(3,888)	2,988
Total comprehensive income/(loss) for the period		6,256	(779)	8,808	10,512

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2019	2018	2019	2018
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Profit/(loss) for the period attributable to equity owners of the Company		3,064	(3,081)	12,696	7,524
Total comprehensive income/(loss) for the period attributable to equity owners of the Company		6,256	(779)	8,808	10,512
Earnings/(loss) per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	9	0.61	(0.87)	2.54	2.12

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 January 2019

	Share capital HK\$'000	Share premium 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 1 May 2017 (audited)	-	-	(1,010)	476	1	46,093	45,560
Profit for the period	-	-	-	-	-	7,524	7,524
Change in fair value of available-for-sale financial assets	-	-	-	239	-	-	239
Exchange differences on translation of foreign operation	-	-	2,749	-	-	-	2,749
Total comprehensive income for the period	-	-	2,749	239	-	7,524	10,512
Issue of shares under the capitalisation	3,000	(3,000)	-	-	-	-	-
Issue of shares under the public offer	2,000	58,000	-	-	-	-	60,000
Transaction costs attributable to issues of shares	-	(13,099)	-	-	-	-	(13,099)
At 31 January 2018 (unaudited)	5,000	41,901	1,739	715	1	53,617	102,973
At 1 May 2018 (audited)	5,000	41,901	4,676	275	1	53,542	105,395
Profit for the period	-	-	-	-	-	12,696	12,696
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-
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	275	1	66,238	114,203

# 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 12 March 2019.

## 3. ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 30 April 2018 except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 May 2018. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current period, which has no material impact on the Group.



#### 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 2019, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial result of the Group as a whole report under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in designing, manufacturing and trading of LED lighting products. The executive directors allocate resources and assess performance on an aggregate basis. Accordingly, no operating segment is presented.

#### 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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Canada	–	278	21,482	30,971
Taiwan	778	–	778	4,064
The US	531	434	13,194	16,773
The PRC, excluding Hong Kong	14,383	7,578	48,840	28,950
Hong Kong	4,876	30,487	8,213	30,895
Others (note)	3,533	1,160	9,603	5,714
	24,101	39,937	102,110	117,367

Note: Others include the Brazil, France, Japan, Italy, Denmark, 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 2019, and 2018.

	For the three months ended 31 January		For the nine months ended 31 January	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
LED decorative lighting	19,861	38,710	92,763	99,698
LED luminaire lighting	4,240	1,227	9,347	17,669
	24,101	39,937	102,110	117,367

## 6. PROFIT/(LOSS) BEFORE TAXATION

	For the three months ended 31 January		For the nine months ended 31 January	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit/(loss) for the period has been arrived at after charging:				
Auditors' remuneration	–	–	105	200
Cost of inventories recognised as an expense	15,349	28,954	69,995	83,557
Depreciation of property, plant and equipment	695	922	2,061	1,790
Employee benefit expenses (including directors' emoluments)	3,962	2,882	17,009	10,772
Minimum lease payments under operating leases	970	806	2,695	2,486
Listing expenses	–	8,740	–	9,758
Foreign exchange (gains)/losses	(326)	(734)	770	(1,220)
Research and development expenses	42	6	116	39

## 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 2018: nil).

## 8. TAXATION

	For the three months ended 31 January		For the nine months ended 31 January	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Current tax expenses/(credits):</b>				
The PRC	1,250	–	3,012	1,077
Hong Kong	(252)	–	620	1,640
	<b>998</b>	<b>–</b>	<b>3,632</b>	<b>2,717</b>
Deferred tax	–	–	–	(2)
<b>Total taxation</b>	<b>998</b>	<b>–</b>	<b>3,632</b>	<b>2,715</b>

### Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) for each of the assessable profit for the period ended.

### The PRC

The PRC Enterprise Income Tax ("PRC EIT") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in 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%.

## 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

	For the three months ended 31 January		For the nine months ended 31 January	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Earnings/(Loss)</b>				
Earnings/(Loss) for the purposes of basic and diluted earnings per share, profit for the period attributable to equity owners of the Company	3,064	(3,081)	12,696	7,524
<b>Number of shares</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	500,000	355,273	500,000	355,273

## 10. CAPITAL COMMITMENTS

As at 31 January 2019, the Group has no commitment (as at 30 April 2018: 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 Period, the Group's business operation was continuously affected by the Sino-US trade conflict. The Sino-US trade conflict has brought uncertainties to the demand for the Group's LED lighting products since a significant amount of the Group's sales relied on the consumptions in North America. The purchase orders for the LED decorative lighting series and LED luminaire lighting series were both affected. The sales of the LED lighting products to the Group's North American customers decreased significantly by approximately 27.3% to approximately HK\$34.7 million for the nine months ended 31 January 2019 (nine months ended 31 January 2018: approximately HK\$47.7 million).

To mitigate the impact of Sino-US trade conflict on the Group's business, our Group focused on developing and marketing the sales of smart light products in LED decorative light series (the "Smart Light") in Mainland China market. The Group has tailored its Smart Light products to accommodate for the usage in tourism development projects and building's exterior decoration projects, which presented the Group a new revenue source.

At the same time, the upgrade of the production line of LED luminaire lighting series was completed in October 2018. The sales of LED luminaire lighting series were approximately HK\$4.2 million in last quarter, accounting for approximately 45.4% sales of our total LED luminaire lighting series for the Period.

### Prospects

The Sino-US trade conflict has led to a dramatic drop in the Group's export sales to North America and other customers, during the Period.

On one hand, the Company would like to reduce the reliance in North America customers through developing more new lighting products and strengthening the relationship with other customers; on the other hand, the Group is also in 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 benefit for the import of raw materials, semi-products and machinery from China to Cambodia as well as for the export of the light products to the US.

The Company believes that if the Group's plan to set up a factory in Cambodia can be materialised, the Group's competitiveness will be enhanced and the export sales to North America will also be improved.

## Financial Review

### Revenue

#### *Revenue from LED decorative lighting series*

During the nine months ended 31 January 2019, the Group's revenue from LED decorative lighting series was approximately HK\$92.8 million, representing a decrease of approximately HK\$6.9 million or 6.9% as compared to the same period in 2018 (nine months ended 31 January 2018: HK\$99.7 million). The decrease was mainly attributable to the decrease in sales of LED decorative lighting series to Canada and Hong Kong, which was partially off-set by the increase in sales of LED decorative lighting series to PRC.

#### *Revenue from LED luminaire lighting series*

During the nine months ended 31 January 2019, the Group's revenue from LED luminaire lighting series was approximately HK\$9.3 million, representing a significant decrease of approximately HK\$8.4 million or 47.5% as compared to the same period in 2018 (nine months ended 31 January 2018: HK\$17.7 million). The significant decrease in revenue was due to the combined effect of (i) the longer-than-expected upgrade of the LED luminaire lighting production lines which caused a postponement in accepting purchase orders; and (ii) the impact of the Sino-US trade conflict. The relevant upgrade and testing of the LED luminaire lighting production line were completed in October 2018 and the sales of LED luminaire light series has resumed.

### Cost of sales

The Group's cost of sales decreased by approximately HK\$13.6 million or 16.3% from approximately HK\$83.6 million for the nine months ended 31 January 2018 to approximately HK\$70.0 million for the nine months ended 31 January 2019. The decrease in cost of sales was generally in line with the decrease in the Group's total revenue.

### Gross profit and gross profit margin

The Group's gross profit for the nine months ended 31 January 2019 was approximately HK\$32.1 million (nine months ended 31 January 2018: approximately HK\$33.8 million), representing the decrease of approximately 5.0% as compared to the corresponding period in 2018. The Group's overall gross profit margin increased from approximately 28.8% for the nine months ended 31 January 2018 to approximately 31.5% for the nine months ended 31 January 2019. The increase in gross profit margin was mainly due to the increase in sales of LED decorative lighting series with higher profit margin.

### Selling and distribution expenses

The Group's selling and distribution expenses remained stable for the nine months ended 31 January 2019 and 2018. The selling and distribution expenses were approximately HK\$2.6 million for the nine months ended 31 January 2019 and 2018.

### ***Administrative expenses***

The Group's administrative expenses decreased by approximately HK\$6.4 million or 32.3% from approximately HK\$19.8 million for the nine months ended 31 January 2018 to approximately HK\$13.4 million for the nine months ended 31 January 2019. The decrease was mainly attributable to the absence of the one-off listing expenses of approximately HK\$9.8 million that were incurred during the same period last year.

### ***Finance costs***

The Group's finance costs decreased by approximately HK\$1.3 million or 92.9% from approximately HK\$1.4 million for the nine months ended 31 January 2018 to approximately HK\$0.1 million for the nine months ended 31 January 2019. The decrease was mainly due to the decrease in average balance of bank borrowings during the Period.

### ***Profit for the Period***

The Group's profit for the Period was approximately HK\$12.7 million, representing an increase by approximately HK\$5.2 million or 69.3% 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 drop in administrative expense as a result of the absence of the one-off listing expenses of HK\$9.8 million incurred during the same period last year, which had outweighed the drop in revenue and gross profit of the Group during the Period.

### **Dividend**

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

The Group currently do not have a pre-determined dividend payout ratio. Dividends may be paid out by way of cash or by other means that the Group considers appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including the results of operations, financial condition, the payment by the subsidiaries of cash dividends to the Group, and other factors the Board may deem relevant. There will be no assurance that the Group will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

## 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 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### *Long position in ordinary shares of the Company*

Name of Director	Capacity/nature of interest	Number of shares	Approximate percentage <sup>+</sup> 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.

<sup>+</sup> The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 January 2019.

Save as disclosed above, as at 31 January 2019, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 January 2019, the following parties (other than the Directors or the chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

*Long position in ordinary shares of the Company*

Name of shareholder	Capacity/nature of interest	Number of shares	Approximate percentage <sup>+</sup> 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 2019.

Save as disclosed above, as at 31 January 2019, the Company was not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **Competing and Conflict of Interests**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 January 2019.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the nine months ended 31 January 2019.

## 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 2019, neither Ample Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## Purchase, Sales or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months end 31 January 2019.

## Corporate Governance Practice

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of 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 2019.

## Directors' Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and there was no event of non-compliance during the nine months ended 31 January 2019.

## Share Option Scheme

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

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

## Audit Committee

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 January 2019.

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

Hong Kong, 12 March 2019

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

*This report 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”.*