



**Bortex Global Limited**

**濠亮環球有限公司\***

(incorporated in the Cayman Islands with limited liability)

**Stock Code: 8118**

*\* For identification purpose only*

INTERIM REPORT

**2023**

## 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This report, for which the directors (the “Directors”) of Bortex Global Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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

For the six months ended 31 October 2023

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2023	2022	2023	2022
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	5	1,983	8,044	26,515	54,742
Cost of sales		(1,651)	(6,811)	(22,537)	(44,505)
Gross profit		332	1,233	3,978	10,237
Other income and gain	6	(81)	309	4	438
Allowance for expected credit losses, net		2,199	–	2,199	2,244
Selling and distribution expenses		(258)	(503)	(690)	(965)
Administrative expenses		(1,950)	(3,638)	(4,137)	(6,923)
Finance costs		(229)	(511)	(499)	(744)
Profit/(Loss) before taxation	7	13	(3,110)	855	4,287
Taxation	8	200	454	–	(835)
Profit/(Loss) for the period		213	(2,656)	855	3,452
Other comprehensive income/(expense) for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		2,014	(7,049)	426	(8,393)
Other comprehensive income/(expense) for the period, net of tax		2,014	(7,049)	426	(8,393)
<b>Total comprehensive income for the period</b>		<b>2,227</b>	<b>(9,705)</b>	<b>1,281</b>	<b>(4,941)</b>
Profit/(Loss) for the period attributable to equity owners of the Company		213	(2,656)	855	3,452
Total comprehensive income/(expense) for the period attributable to equity owners of the Company		2,227	(9,705)	1,281	(4,941)
Earnings/(Losses) per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	10	0.04	(0.53)	0.17	0.69

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2023

	Notes	31 October 2023 HK\$'000 (unaudited)	30 April 2023 HK\$'000 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	6,552	8,474
		6,552	8,474
<b>Current assets</b>			
Inventories		52,904	55,185
Trade receivables	12	11,183	14,388
Deposits, prepayments and other receivables	13	60,841	42,700
Cash and bank balances		5,581	18,033
		130,509	130,306
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	14	3,893	8,609
Accruals and other payables	15	5,782	7,766
Contract liabilities		3,213	5,067
Lease liabilities		2,904	2,848
Bank borrowings		8,555	9,313
Tax payables		2,828	3,695
		27,175	37,298
<b>Net current assets</b>		103,334	93,008
<b>Total assets less current liabilities</b>		109,886	101,482
<b>Non-current liabilities</b>			
Bank borrowings		8,555	–
Lease liabilities		1,630	3,062
		10,185	3,062
<b>Net assets</b>		99,701	98,420
<b>Equity</b>			
Share capital	16	5,000	5,000
Reserves		94,701	93,420
<b>Total equity</b>		99,701	98,420



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2023

	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000 (Note ii)	Translation reserve HK\$'000	Other reserve HK\$'000 (Note i)	Retained earnings HK\$'000	Total HK\$'000
At 1 May 2022 (audited)	5,000	41,901	3,869	(1,284)	1	120,727	170,214
Profit for the period	-	-	-	-	-	3,452	3,452
Exchange differences on translation of foreign operation	-	-	-	(8,393)	-	-	(8,393)
Total comprehensive income for the period	-	-	-	(8,393)	-	3,452	(4,941)
At 31 October 2022 (unaudited)	5,000	41,901	3,869	(9,677)	1	124,179	165,273
At 1 May 2023 (audited)	5,000	41,901	3,869	(3,143)	1	50,792	98,420
Profit for the period	-	-	-	-	-	855	855
Exchange differences on translation of foreign operation	-	-	-	426	-	-	426
Total comprehensive income for the period	-	-	-	426	-	855	1,281
At 31 October 2023 (unaudited)	5,000	41,901	3,869	(2,717)	1	51,647	99,701

Notes:

- (i) Other reserve represents the difference between the Company's share of normal value of the paid-up capital of the subsidiary acquired over the Company's cost of acquisition of the subsidiary under the common control.
- (ii) In accordance with the Articles of Association of a subsidiary established in the PRC, they required to transfer 10% of the profit after taxation to the statutory reserve 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

The accompanying notes form an integral part of the Interim Financial Information.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2023

	For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash used in operating activities	(19,486)	(17,363)
Net cash generated from investing activities	4	253
Net cash generated from/(used in) financing activities	7,183	(2,405)
Net decrease in cash and cash equivalents	(12,299)	(19,515)
Cash and cash equivalents at the beginning of the period	18,033	56,965
Effect of exchange rate change on cash and cash equivalents	(153)	2,897
Cash and cash equivalents at the end of the period	5,581	40,347
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	5,581	40,347

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2023

## 1. GENERAL INFORMATION

The Company was incorporated in Cayman Islands as an exempted company with limited liability on 30 January 2014 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Room 29, 8/F, Career and Kenson Industrial Mansion, 58 Hung To Road, Kwun Tong, Hong Kong.

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

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

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "**Interim Financial Statements**") have been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The Interim Financial Statement have been prepared in accordance with same accounting policies adopted in the 2023 annual financial statements, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 May 2023. Details of any changes in accounting policies are set out in note 3.

The preparation of an Interim Financial Statement in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.



### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”)

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to the HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 May 2023 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

### 4. SEGMENT REPORTING

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group’s chief operating decision maker in order to allocate resources and assess performance of the segment. During the six months ended 31 October 2023, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial result of the Group as a whole report under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in designing, manufacturing and trading of LED lighting products. The executive directors allocate resources and assess performance on an aggregate basis. Accordingly, no operating segment is presented.

#### Geographical information

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

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$’000 (unaudited)	2022 HK\$’000 (unaudited)	2023 HK\$’000 (unaudited)	2022 HK\$’000 (unaudited)
Canada	(1,957)	186	16,818	34,244
The US	3,557	2,917	5,192	14,863
The PRC, excluding Hong Kong	325	24	326	41
Hong Kong	58	–	58	673
Others (Note)	–	4,917	4,121	4,921
	1,983	8,044	26,515	54,742

Note: Others include the South Africa and India.

#### 4. SEGMENT REPORTING *(Continued)*

##### Geographical information *(Continued)*

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

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
The Asia, excluding Hong Kong	6,552	8,474
	6,552	8,474

##### Information about major customers

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

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Customer A	(1,957)	186	16,818	34,244
Customer B	–	–*	4,121	–*

As at 31 October 2023, 1.1% (31 October 2022: 31.1%) of the Group's trade receivables, were due from these customers which accounted for 10% or more of the Group's revenue during the reporting period.

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

#### 5. REVENUE

Revenue, which is also the Group's turnover, represent the revenue generated by trading and manufacturing of LED decorative lighting products and LED luminaire lighting products, net of return, discounts and sales related taxes, during the six months ended 31 October 2023 and 2022.

All revenue contract as for period of one year less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed. All revenue were recognised at point in time.

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
LED decorative lighting	1,983	8,044	26,515	54,742
LED luminaire lighting	–	–	–	–
	1,983	8,044	26,515	54,742

## 6. OTHER INCOME AND GAIN

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest income	1	250	4	253
Government grant	–	44	–	168
Others	(82)	15	–	17
	(81)	309	4	438

## 7. PROFIT BEFORE TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Auditors' remuneration	–	–	–	–
Cost of inventories recognised as cost of sales	1,651	6,811	22,537	44,505
Depreciation of property, plant and equipment	711	779	1,445	1,615
Employee benefit expenses (including directors' emoluments)	2,225	2,480	4,628	7,940
Allowance for expected credit losses, net	(2,027)	–	(2,027)	(2,244)
Foreign exchange losses/(gains), net	711	956	(444)	721
Research and development expenses	8	3	20	22

## 8. TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Current tax:</b>				
The PRC	–	(475)	–	316
Hong Kong	(200)	21	–	356
	(200)	(454)	–	672
<b>Deferred tax</b>	–	–	–	163
<b>Total taxation</b>	<b>(200)</b>	<b>(454)</b>	<b>–</b>	<b>835</b>

### Hong Kong Profits Tax

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 Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% during the reporting period.

## 9. DIVIDENDS

No dividend were paid, declared or proposed during the reporting period (six months ended 31 October 2022: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 31 October 2022: nil).

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

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

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Earnings:</b>				
Earning for the purpose of calculation				
basic earnings per share				
— profit for the period				
attributable to owners				
of the Company	213	(2,656)	855	3,452

	For the three months ended 31 October		For the six months ended 31 October	
	2023 '000 (unaudited)	2022 '000 (unaudited)	2023 '000 (unaudited)	2022 '000 (unaudited)
<b>Number of shares:</b>				
Number of ordinary Shares for the				
purpose of calculation basic				
earnings per share	0.04	(0.53)	0.17	0.69

Diluted earnings per share for the six months ended 31 October 2023 and 2022 were the same as the basic earnings per share as there were no potential ordinary shares in issue for both periods.

## 11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2023, the Group acquired property, plant and equipment of approximately HK\$Nil (six months ended 31 October 2022: nil).

During the six months ended 31 October 2023, the Group had loss on disposed or written-off property, plant and equipment of approximately HK\$Nil (six months ended 31 October 2022: nil).

## 12. TRADE RECEIVABLES

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Trade receivables	38,171	44,111
Less: Allowance for expected credit losses	(26,988)	(29,723)
	<b>11,183</b>	<b>14,388</b>

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 to 180 days to its customers.

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

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Within 60 days	919	8,617
61 to 90 days	20	152
91 to 180 days	1,340	5,206
181 to 365 days	5,859	2,128
365 days or above	30,033	28,008
	<b>38,171</b>	<b>44,111</b>

## 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Deposits	3,801	4,416
Prepayments	56,940	38,200
Other receivables	144	128
	<b>60,885</b>	<b>42,744</b>
Less: Allowance for ECL, net	(44)	(44)
	<b>60,841</b>	<b>42,700</b>



## 14. TRADE PAYABLES

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Trade payables	3,893	8,609

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

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

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Within 60 days	285	1,460
61 to 90 days	20	1,015
91 to 180 days	698	776
181 to 365 days	1,250	3,836
Over 365 days	1,640	1,522
	3,893	8,609

All amounts are short-term and hence the Directors considered that carrying amounts of trade payable are considered to be a reasonable approximation of their fair value.

## 15. ACCRUALS AND OTHERS PAYABLES

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Accruals	4,604	5,213
Other payables	1,178	2,553
	5,782	7,766

## 16. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
At 30 April 2023, 1 May 2023 and 31 October 2023	500,000,000	5,000
<b>Issued and fully paid:</b>		
At 30 April 2023, 1 May 2023 and 31 October 2023	500,000,000	5,000

## 17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group had also entered into the following material related party transactions:

### Compensation of key management personnel

	For the six months ended 31 October	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term benefits	220	1,305
Post-employment benefits	9	9
	9	1,314

## 18. CAPITAL COMMITMENTS

As at 31 October 2023, the Group has no commitment (as at 30 April 2023: nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the reporting period.

## 19. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group did not have any event after the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the six months ended 31 October 2023, the revenue was approximately HK\$26.5 million, which represented a decrease of approximately HK\$28.2 million, or 51.6% if compared to revenue of approximately HK\$54.7 million for the period ended 31 October 2022. In 2023, the world has largely recovered from the economic impact of the COVID-19 pandemic but Hong Kong and the PRC were still impacted by COVID-19 related lockdowns and its dynamic zero covid strategy. Therefore, many Hong Kong and China customers reduce their sales order because of the economic uncertainty. In the first quarter of 2023, with the reopening of the border between Hong Kong and mainland China, the city is gradually returning to normalcy. The revenue in Canada of the LED decorative lightings products was approximately HK\$16.8 million during the period, which decreased by approximately HK\$17.4 million, or 50.9% compared to the revenue of approximately HK\$34.2 million for the period ended 31 October 2022. The revenue in the Canada customer decreased during the period which is mainly attributable to the customer forecast decrease in the demand and sales of indoor decorative lightings to household users during the Christmas seasons due to the social distancing measures relax. The end customers can celebrate the Christmas outside or planning to travel during the holiday.

In 2021, the operation of the Group's new production line in Phnom Penh, Cambodia has resumed. The production line was set up through Qualified Investment Project application to take advantage of the tax benefits for the import of raw materials, semi-products and machinery from China to Cambodia as well as for the export of the lighting products to the US. With the tax benefits for the export to the US, the Group has devoted more marketing effort in procuring potential customers in the US and broaden its customer base.

### Prospect

In 2023, the PRC opened including removal of strict border controls and lockdowns in cities with rising COVID-19 infections. We are cautiously optimistic on the outlook for commodities market in 2023 given the PRC is still in the early stages of its reopening, with a potential for further stimulus measures to get the economy back on track after a tricky 2022 where activity was impacted by lockdowns. The equity market is likely to remain volatile because of the US Federal Reserve continues to raise interest rates, and the cost of capital has risen, which has caused unprecedented difficulties in business operations.

## Financial Review

### Revenue

#### *Revenue from LED decorative lighting products*

During the period under review, the Group's revenue from LED decorative lighting products was approximately HK\$26.5 million, representing a significant decrease of approximately HK\$28.2 million or 51.5% as compared to the same period in 2022 (six months ended 31 October 2022: HK\$54.7 million). The decrease was mainly attributable to the decrease in sales of LED decorative lighting products to the Canada and Hong Kong customers.

#### *Revenue from LED luminaire lighting products*

During the period under review, the Group didn't generate any revenue from LED luminaire lighting products (six months ended 31 October 2022: nil). The Company didn't generate any revenue from LED luminaire lighting products was mainly due to the property development industry was weak in the PRC and the end customer normally are construction customers.

### Cost of sales

The Group's cost of sale decreased by approximately HK\$22.0 million or 49.4% from approximately HK\$44.5 million for the six months ended 31 October 2022 to approximately HK\$22.5 million for the six months ended 31 October 2023. The decrease was generally in line with the decrease in total revenue during the period under the review.

### Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$6.2 million or 60.8% from approximately HK\$10.2 million for the six months ended 31 October 2022 to approximately HK\$4.0 million for the six months ended 31 October 2023. The overall gross profit margin decreased from approximately 18.7% for the six months ended 31 October 2022 to approximately 15.0% for the six months ended 31 October 2023.

### Other income and gain

The Group's other income and gain decreased by approximately HK\$0.4 million or 100% from approximately HK\$0.4 million for the six months ended 31 October 2022 to approximately HK\$4,000 for the six months ended 31 October 2023. The decrease was mainly due to the decrease of interest income and government grant.

### Selling and distribution expenses

The Group's selling and distribution expenses decrease by approximately HK\$0.3 million or 30.0% from approximately HK\$1.0 million for the six months ended 31 October 2022 to approximately HK\$0.7 million for the six months ended 31 October 2023. The decrease was mainly attributable to the decrease in shipping expenses during six months ended 31 October 2023.

### Administrative expenses

The Group's administrative expenses decreased by approximately HK\$2.8 million or 40.6% from approximately HK\$6.9 million for the six months ended 31 October 2022 to approximately HK\$4.1 million for the six months ended 31 October 2023. Such decrease was mainly attributable to the decrease in depreciation expenses of the right-of-use asset and staff cost. The right-of-use assets were fully impaired during the year ended 30 April 2023.

### **Finance costs**

The Group's finance costs decreased by approximately HK\$0.2 million or 28.6% to HK\$0.5 million for the six months ended 31 October 2023 (six months ended 31 October 2022: HK\$0.7 million). The average balance of bank borrowings and the decrease in interest on lease liabilities during the period remained relatively stable.

### **Profit before taxation**

The Group's profit before taxation decreased by approximately HK\$3.4 million or 79.1% from approximately HK\$4.3 million for the six months ended 31 October 2022 to approximately HK\$0.9 million for the six months ended 31 October 2023. Such decrease was mainly in line with the decrease in the Group's gross profit.

### **Taxation**

The Group's taxation decreased by approximately HK\$0.8 million or 100.0% from approximately HK\$0.8 million for the six months ended 31 October 2022 to approximately HK\$nil for the six months ended 31 October 2023. Such decrease was mainly due to the decrease in the Group's profit before taxation.

### **Profit for the period**

As a result of the foregoing, profit for the period decreased by approximately HK\$2.6 million or 74.3% from approximately HK\$3.5 million for the six months ended 31 October 2022 to approximately HK\$0.9 million for the six months ended 31 October 2023. The Group's net profit margin decreased from approximately 6.3% for the six months ended 31 October 2022 to approximately 3.4% for the six months ended 31 October 2023. The decrease was mainly due to the decrease in Group's gross profit.

### **Gearing Ratio**

Gearing ratio (total debts divided by the total equity) is not applicable for the six months ended 31 October 2023 and for the year ended 30 April 2023.

### **Liquidity and Financial Resources**

As at 31 October 2023, cash and bank balances of the Group amounted to approximately HK\$5.6 million (as at 30 April 2023: HK\$18.0 million). The current ratio (total current assets divided by total current liabilities) of the Group was 4.8 times as at 31 October 2023 (as at 30 April 2023: 3.5 times). In view of the Group's current level of cash and bank balances and funds generated internally from our operations, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

### **Share Capital**

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

### Capital Commitments and Contingent Liabilities

As at 31 October 2023, the Group did not have any significant capital commitments (30 April 2023: nil) and significant contingent liabilities (30 April 2023: nil).

### Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the six months ended 31 October 2023. Furthermore, the Group did not have any plans for material investments and capital assets.

### Employees and Remuneration Policies

As at 31 October 2023, the Group had a total of 134 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2023 were approximately HK\$4.6 million. We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees. The Company adopted a share option scheme to enable it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions.

### Foreign Currency Exposure

A significant portion of the Group's turnover is derived from the Group's sales to customers located in North America which are primarily denominated and settled in US Dollars, while the Group generally settle the Group's cost of sales and operating expenses in Renminbi and Hong Kong dollars. We are therefore exposed to exchange rate risk. During the six months ended 31 October 2023, we had experienced exchange gain of approximately HK\$0.4 million (six months ended 31 October 2022: exchange losses of approximately HK\$0.7 million).

### Charge on Assets

The Group does not have charge on assets as at 31 October 2023 and 30 April 2023.

### Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2023.



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 31 October 2017 (the "Prospectus") with the Group's actual business progress for the period from 16 November 2017 (i.e. the Listing Date) to 31 October 2023 is set out below:

Objectives	Implementation plan	Actual business progress up to 31 October 2023		
Upgrading our production facilities	— improving automation and efficiency of LED decorative lighting series:	The Group purchased 6 new automatic welding machines for the production of mobile phone applications linked LED decorative lighting and upgraded 15 machines for more flexible and user-friendly LED decorative lighting product production line. With the focus to enhance automation, the Group acquired 3 new machines to allow a higher level of automation in the assembling of the LED decorative lighting products process. A total of 44 existing machines were upgraded to increase the production capacity of LED capsules.		
	(i) purchasing new automatic welding machines for the production of mobile phone applications linked LED decorative lighting products			
	(ii) purchasing machinery for the production of more flexible user-friendly LED decorative lighting products			
	(iii) purchasing machinery with a higher level of automation for the assembling of the LED decorative lighting products			
	(iv) modifying and alternating our existing machines for the production of LED capsules			
	— improving product quality and stability of LED luminaire lighting series:			
	(i) purchase additional facility for LED tube light aging test			
	(ii) invest in new surface mount technology (SMT) production line which is to be operated in a clean room			
	Expanding our product portfolio and strengthening our product development capability		— recruiting design and experienced technical personnel	The Group hired 6 senior engineers to focus on product design and production.
			— applying patents	The Group had submitted 11 patent applications and 1 new patent application up to the six months ended 31 October 2023.
Expanding our sales force and sales channel	— recruiting sales staff and providing training	7 new sales personnel were recruited for strengthening the Group's sales and marketing function.		
	— participation in exhibitions and trade fairs	The Group participated in Hong Kong based exhibitions in October 2018, April 2019 and April 2020. The Group's sales and marketing team has also conducted site visits and explored the market in the United States, Philippines, Europe, West Africa during the year 2019 and 2020.		

## USE OF PROCEEDS

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

The table below sets out the intended use of net proceeds as disclosed in the section headed "Business Objectives, Future Plans and Use of Proceeds" as set out in the Prospectus and the status of utilisation up to 31 October 2023:

	Approximate percentage of total amount	Net proceeds HK\$ million	Up to 31 October 2023 Utilised amount HK\$ million	Un-utilised amount HK\$ million	Expected timeline for full utilisation (Notes 1 and 2)
Upgrading the production facilities	55%	16.6	11.8	4.8	By the end of 2023
— Improving automation and efficiency of LED decorative lighting series					
— Improving product quality and stability of LED luminaire lighting series					
Repayment of short-term bank borrowings and finance lease	25%	7.5	7.5	–	N/A
Expanding the product portfolio and strengthening the product development capability	5%	1.5	1.5	–	N/A
Expanding the sales force and sales channel	5%	1.5	1.5	–	N/A
General working capital	5%	3.0	3.0	–	N/A
	100%	30.1	25.3	4.8	

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Disclosure of Interests

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

As at 31 October 2023, 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)	46.8%
Mr. Shao Chiliang	Beneficial owner	7,280,000	1.46%

Note: 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.

+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 October 2023.

Save as disclosed above, as at 31 October 2023, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 October 2023, 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%

**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.
- + The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 October 2023.

Save as disclosed above, as at 31 October 2023, the Company was not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the six months ended 31 October 2023.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during six months ended 31 October 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 October 2023.

## Corporate Governance Practice

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

The Company has applied the principles as set out in the Corporate Governance Code (the “CG Code”) set out in Appendix 15 to the GEM Listing Rules. The Board considers that the Company has complied with the CG Code during the six months ended 31 October 2023.

## Directors’ Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and there was no event of non-compliance during the six months ended 31 October 2023.

## 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.

As at 1 May 2023, the number of options available for grant under Share Option Scheme was 50,000,000. As at 30 October 2023, the number of options available for grant under the Share Option Scheme was 50,000,000.

## 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 Ms. Cheng Ka Yan (Chairman), Mr. Lang Jilu and Mr. Cheng Hok Ming Albert, all being independent non-executive Directors. The primary duties of the Audit Committee are to review the Company’s financial information and reporting process, risk management and internal control systems, relationship with external auditors and arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2023.

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

Hong Kong, 13 December 2023

*As at the date of this report, the executive Directors are Mr. Shiu Kwok Leung, Mr. Pan Liang Bo and Mr. Shao Chiliang; and the independent non-executive Directors are Mr. Lang Jilu, Ms. Cheng Ka Yan and Mr. Cheng Hok Ming Albert.*

*This report will remain on the “Latest Listed Company Information” page on the website of The Stock Exchange of Hong Kong Limited at “www.hkexnews.hk” for at least seven days from the date of its publication and on the Company’s website at www.bortex.com.cn.*