



Bortex Global Limited

濠亮環球有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8118

Interim Report
2022

** 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 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 2022

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2022	2021	2022	2021
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	5	8,044	54,979	54,742	111,497
Cost of sales		(6,811)	(40,908)	(44,505)	(82,195)
Gross profit		1,233	14,071	10,237	29,302
Other income and gain	6	309	109	438	212
Allowance for expected credit losses, net		–	(3,295)	2,244	(2,533)
Selling and distribution expenses		(503)	(883)	(965)	(1,564)
Administrative expenses		(3,638)	(4,478)	(6,923)	(8,271)
Finance costs		(511)	(507)	(744)	(971)
(Loss)/Profit before taxation	7	(3,110)	5,017	4,287	16,175
Taxation	8	454	(530)	(835)	(2,564)
(Loss)/Profit for the period		(2,656)	4,487	3,452	13,611
Other comprehensive (expense)/income for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(7,049)	1,074	(8,393)	1,240
Other comprehensive (expense)/income for the period, net of tax		(7,049)	1,074	(8,393)	1,240
Total comprehensive income for the period		(9,705)	5,561	(4,941)	14,851
(Loss)/Profit for the period attributable to equity owners of the Company		(2,656)	4,487	3,452	13,611
Total comprehensive (expense)/income for the period attributable to equity owners of the Company		(9,705)	5,561	(4,941)	14,851
(Losses)/Earnings per share attributable to equity owners of the Company					
Basic and diluted (HK cents)	10	(0.53)	0.90	0.69	2.72

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

	Notes	31 October 2022 HK\$'000 (unaudited)	30 April 2022 HK\$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	11	11,461	14,022
Goodwill		7,976	8,796
Right-of-use assets		6,758	8,861
Deferred tax assets		–	163
		26,195	31,842
Current assets			
Inventories		72,302	73,622
Trade receivables	12	33,353	42,106
Deposits, prepayments and other receivables	13	46,096	26,944
Fixed deposit		9,496	10,370
Cash and bank balances		30,851	46,595
		192,098	199,637
Liabilities			
Current liabilities			
Trade payables	14	10,505	12,456
Accruals and other payables	15	5,221	6,610
Contract liabilities		1,791	3,548
Lease liabilities		2,645	2,776
Bank borrowings		15,030	15,887
Tax payables		4,908	4,111
		40,100	45,388
Net current assets		151,998	154,249
Total assets less current liabilities		178,193	186,091
Non-current liabilities			
Bank borrowings		8,614	9,736
Lease liabilities		4,306	6,141
		12,920	15,877
Net assets		165,273	170,214
Equity			
Share capital	16	5,000	5,000
Reserves		160,273	165,214
Total equity		165,273	170,214

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2022

	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 2021 (audited)	5,000	41,901	3,869	273	1	115,060	166,104
Profit for the period	-	-	-	-	-	13,611	13,611
Exchange differences on translation of foreign operation	-	-	-	1,240	-	-	1,240
Total comprehensive income for the period	-	-	-	1,240	-	13,611	14,851
At 31 October 2021 (unaudited)	5,000	41,901	3,869	1,513	1	128,671	180,955
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 expense 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

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 2022

	For the six months ended 31 October	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash used in operating activities	(17,363)	(10,470)
Net cash generated from/(used in) investing activities	253	(1,122)
Net cash (used in)/generated from financing activities	(2,405)	1,394
Net decrease in cash and cash equivalents	(19,515)	(10,198)
Cash and cash equivalents at the beginning of the period	56,965	58,907
Effect of exchange rate change on cash and cash equivalents	2,897	1,516
Cash and cash equivalents at the end of the period	40,347	50,225
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	40,347	50,225

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2022

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 11, 5/F, No. 46 Tsun 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**") 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 2022 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 2022. 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 Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 May 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
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 2022, 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	
	2022 HK\$’000 (unaudited)	2021 HK\$’000 (unaudited)	2022 HK\$’000 (unaudited)	2021 HK\$’000 (unaudited)
Canada	186	27,679	34,244	49,962
The US	2,917	4,898	14,863	8,077
The PRC, excluding Hong Kong	24	9,222	41	22,204
Hong Kong	–	8,203	673	24,529
Others (Note)	4,917	4,977	4,921	6,725
	8,044	54,979	54,742	111,497

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 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Hong Kong	8,375	9,270
The Asia, excluding Hong Kong	17,820	22,409
	26,195	31,679

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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Customer A	186	27,679	34,244	49,962
Customer B	–*	6,690	–*	14,529

As at 31 October 2022, 31.1% (31 October 2021: 22.7%) 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 2022 and 2021.

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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
LED decorative lighting	8,044	49,276	54,742	101,093
LED luminaire lighting	–	5,703	–	10,404
	8,044	54,979	54,742	111,497

6. OTHER INCOME AND GAIN

	For the three months ended 31 October		For the six months ended 31 October	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest income	250	63	253	151
Government grant	44	–	168	–
Gain on disposal of financial assets at fair value through profit or loss	–	26	–	26
COVID-19-related rental recession	–	10	–	25
Others	15	10	17	10
	309	109	438	212

7. (LOSS)/PROFIT BEFORE TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/Profit for the period has been arrived at after charging/(crediting):				
Auditors' remuneration	–	–	–	–
Cost of inventories recognised as cost of sales	6,811	40,908	44,505	82,195
Depreciation of property, plant and equipment	779	808	1,615	1,606
Employee benefit expenses (including directors' emoluments)	2,480	8,340	7,940	15,473
Allowance for expected credit losses, net	–	3,295	(2,244)	2,533
Foreign exchange losses/(gains), net	956	(108)	721	(97)
Research and development expenses	3	12	22	34

8. TAXATION

	For the three months ended 31 October		For the six months ended 31 October	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax:				
The PRC	(475)	–	316	–
Hong Kong	21	1,160	356	3,026
	(454)	1,160	672	–
Deferred tax	–	(626)	163	(458)
Total taxation	(454)	530	835	2,564

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 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 2021: 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 2021: nil).

10. (LOSSES)/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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Losses)/Earnings:				
Earning for the purpose of calculation				
basic earnings per share				
— (loss)/profit for the period				
attributable to owners				
of the Company	(2,656)	4,487	3,452	13,611

	For the three months ended 31 October		For the six months ended 31 October	
	2022 '000 (unaudited)	2021 '000 (unaudited)	2022 '000 (unaudited)	2021 '000 (unaudited)
Number of shares:				
Number of ordinary Shares for the				
purpose of calculation basic				
(losses)/earnings per share	(0.53)	500,000	0.69	500,000

Diluted earnings per share for the six months ended 31 October 2022 and 2021 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 2022, the Group acquired property, plant and equipment of approximately HK\$Nil (six months ended 31 October 2021: HK\$1.3 million).

During the six months ended 31 October 2022, the Group had loss on disposed or written-off property, plant and equipment of approximately HK\$Nil (six months ended 31 October 2021: HK\$77,000).

12. TRADE RECEIVABLES

	As at 31 October 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Trade receivables	33,353	49,254
Less: Allowance for expected credit losses	–	(7,148)
	33,353	42,106

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 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Within 60 days	1,719	6,572
61 to 90 days	118	419
91 to 180 days	722	19,189
181 to 365 days	53	15,474
365 days or above	30,741	7,600
	33,353	49,254

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 October 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Deposits	3,415	3,640
Prepayments	42,590	23,267
Other receivables	91	67
	46,096	26,974
Less: Allowance for ECL, net	–	(30)
	46,096	26,944

14. TRADE PAYABLES

	As at 31 October 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Trade payables	10,505	12,456

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 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Within 60 days	3,230	3,644
61 to 90 days	3,204	913
91 to 180 days	1,888	2,766
181 to 365 days	256	3,094
Over 365 days	1,927	2,039
	10,505	12,456

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 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Accruals	3,975	5,215
Other payables	1,246	1,395
	5,221	6,610

16. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
At 30 April 2022, 1 May 2022 and 31 October 2022	10,000,000,000	100,000
Issued and fully paid:		
At 30 April 2022, 1 May 2022 and 31 October 2022	500,000,000	5,000

17. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group or borrowings of the Group:

	As at 31 October 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Fixed deposit	9,496	10,370

18. 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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term benefits	1,305	1,387
Post-employment benefits	9	18
	1,314	1,405

19. CAPITAL COMMITMENTS

As at 31 October 2022, the Group has no commitment (as at 30 April 2022: nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the reporting period.

20. 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 2022, the revenue was approximately HK\$54.7 million, which represented a decrease of approximately HK\$56.8 million, or 50.9% if compared to revenue of approximately HK\$111.5 million for the six months ended 31 October 2021. The decrease in revenue was attributable to the decreased revenue of the PRC customer and Hong Kong customer due to a new wave of COVID-19 pandemic outbreak in the Mainland China and Hong Kong since the first quarter of 2022. Various strict measures and travel restrictions have been implemented against the epidemic, resulting in a citywide lockdown in western and northern part of China. Some of the Group's customers cancelled and reduced their sales order because of the uncertain economic environment.

The revenue in Canada of the LED decorative lightings products, which decreased by approximately HK\$15.8 million, or 31.6% compared to the revenue of approximately HK\$50.0 million for the same period in 2021. The revenue in the Canada customer decreased during the period ended 31 October 2022 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.

On the other hand, the operation of the Group's new production line in Phnom Penh, Cambodia has resumed operation in July 2021. As a result, the revenue from the US customer increased by approximately HK\$6.8 million or 84.0% as compared to the six months ended 31 October 2021 from approximately HK\$8.1 million to approximately HK\$14.9 million. 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.

Given the aforementioned factors, the Group's net profit for the six months ended 31 October 2022 is approximately HK\$3.5 million, representing a decrease of approximately HK\$10.1 million, or 74.3% as compared to the six months ended 31 October 2021.

Prospect

Going forward, the Pandemic continues to pose challenges and the management of the Company believed that the gradual easing of lockdown measures in the PRC and Hong Kong are the determining factors in the recovery of the Group's business in the 2022 and 2023. The management is confident that the global economy will continue to improve and will bring in more sales especially from North America customers. The Group will continue to adopt prudent and risk balancing management approach in the coming years. Leveraging on the tax benefits available to the Group's production line in Phnom Penh, Cambodia, the management believes that the Group's competitiveness will be enhanced and the export sales to North America will become more stable under the effects of Sino-US trade conflict.

Recently, the Group has been exploring the expansion of its business activities to new electronic product production lines and sales businesses (the "New Business Activities"). The New Business Activities include the exploration of production and sales of domestic artificial intelligent robot related to Chinese medicine industry by the Group. The management believes that the New Business Activities will improve the Group's business operations and financial position as well as to enhance value to the Shareholders.

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\$54.7 million, representing a significant decrease of approximately HK\$46.4 million or 45.9% as compared to the same period in 2021 (six months ended 31 October 2021: HK\$101.1 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 2021: HK\$10.4 million). The Company didn't receive sales order from the PRC customers due to they reduced their sale forecast and subsequently reduced the sales order to the Company because of the COVID-19 spread out after the Chinese New Year.

Cost of sales

The Group's cost of sale decreased by approximately HK\$37.7 million or 45.9% from approximately HK\$82.2 million for the six months ended 31 October 2021 to approximately HK\$44.5 million for the six months ended 31 October 2022. 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\$19.1 million or 65.2% from approximately HK\$29.3 million for the six months ended 31 October 2021 to approximately HK\$10.2 million for the six months ended 31 October 2022. The overall gross profit margin decreased from approximately 26.3% for the six months ended 31 October 2021 to approximately 18.7% for the six months ended 31 October 2022.

Other income and gain

The Group's other income and gain increased by approximately HK\$0.2 million or 100.0% from approximately HK\$0.2 million for the six months ended 31 October 2021 to approximately HK\$0.4 million for the six months ended 31 October 2022. The increase was primarily attributable to the increase of interest income which generated by the time deposit of approximately HK\$9.5 million while the market interest rate was increased.

Selling and distribution expenses

The Group's selling and distribution expenses decrease by approximately HK\$0.6 million or 37.5% from approximately HK\$1.6 million for the six months ended 31 October 2021 to approximately HK\$1.0 million for the six months ended 31 October 2022. The decrease was mainly attributable to the decrease in shipping expenses during six months ended 31 October 2022.

Administrative expenses

The Group's administrative expenses decreased by approximately HK\$1.4 million or 16.9% from approximately HK\$8.3 million for the six months ended 31 October 2021 to approximately HK\$6.9 million for the six months ended 31 October 2022. Such decrease was mainly attributable to the decrease in legal and professional expenses and staff cost.

Finance costs

The Group's finance costs decreased by approximately HK\$0.3 million or 30.0% to HK\$0.7 million for the six months ended 31 October 2022 (six months ended 31 October 2021: HK\$1.0 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\$11.9 million or 73.5% from approximately HK\$16.2 million for the six months ended 31 October 2021 to approximately HK\$4.3 million for the six months ended 31 October 2022. Such decrease was mainly in line with the decrease in the Group's gross profit.

Taxation

The Group's taxation decreased by approximately HK\$1.8 million or 69.2% from approximately HK\$2.6 million for the six months ended 31 October 2021 to approximately HK\$0.8 million for the six months ended 31 October 2022. 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\$10.1 million or 74.3% from approximately HK\$13.6 million for the six months ended 31 October 2021 to approximately HK\$3.5 million for the six months ended 31 October 2022. The Group's net profit margin decreased from approximately 12.2% for the six months ended 31 October 2021 to approximately 6.3% for the six months ended 31 October 2022. 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 2022 and for the year ended 30 April 2022.

Liquidity and Financial Resources

As at 31 October 2022, cash and bank balances of the Group amounted to approximately HK\$40.3 million (as at 30 April 2022: HK\$57.0 million). The current ratio (total current assets divided by total current liabilities) of the Group was 4.8 times as at 31 October 2022 (as at 30 April 2022: 4.4 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 2022, the Group did not have any significant capital commitments (30 April 2022: nil) and significant contingent liabilities (30 April 2022: 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 2022. Furthermore, the Group did not have any plans for material investments and capital assets.

Employees and Remuneration Policies

As at 31 October 2022, the Group had a total of 162 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2022 were approximately HK\$7.9 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 2022, we had experienced exchange loss of approximately HK\$0.7 million (six months ended 31 October 2021: exchange gains of approximately HK\$0.1 million).

Charge on 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:

	As at 31 October 2022 HK\$'000 (unaudited)	As at 30 April 2022 HK\$'000 (audited)
Fixed deposits	9,496	10,370

Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2022.

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 2022 is set out below:

Objectives	Implementation plan	Actual business progress up to 31 October 2022
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 2022.
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 2022:

	Approximate percentage of total amount	Net proceeds HK\$ million	Up to 31 October 2022		Expected timeline for full utilisation (Notes 1 and 2)
			Utilised amount HK\$ million	Un-utilised amount HK\$ million	
Upgrading the production facilities	55%	16.6	11.8	4.8	By the end of 2022
— Improving automation and efficiency of LED decorative lighting series					
— Improving product quality and stability of LED luminaire lighting series					
Repayment of short-term bank borrowings and finance lease	25%	7.5	7.5	–	N/A
Expanding the product portfolio and strengthening the product development capability	5%	1.5	1.5	–	N/A
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	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 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of shares	Approximate percentage ⁺ of shareholding in the Company
Mr. Shiu Kwok Leung	Interest of controlled corporation	234,000,000 (Note)	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 2022.

Save as disclosed above, as at 31 October 2022, 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 2022, the following parties (other than the Directors or the chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity/nature of interest	Number of shares	Approximate percentage ⁺ of shareholding in the Company
Real Charm Corp	Beneficial owner	234,000,000 (Note 1)	46.8%
Ms. Chung Yu Chun	Interest of spouse	234,000,000 (Note 2)	46.8%

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 2022.

Save as disclosed above, as at 31 October 2022, 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 2022.

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 2022.

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 2022.

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 2022.

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 2022.

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 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 proprieties 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 2022.

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

Hong Kong, 13 December 2022

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.