

# TARGET

## Intelligence Report

VOLUME XXV No. 24

S A T U R D A Y

February 4, 2023

**BORTEX GLOBAL LTD:  
TRITE BUT STILL TRUE: IT IS WELL ACKNOWLEDGED  
THAT IT IS UNWISE TO PUT ALL ONE'S EGGS IN ONE BASKET**

When a company is forced, due to circumstance or other determinations, to rely on a very limited number of customers for its bread and butter, in the opinion of a large number of merchant bankers, such a company is playing with fire, façon de parler.

Bortex Global Ltd (濠亮環球有限公司) (Code 8118, The Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd) has stated, at Page 47 of the 2022 Annual Report:

*'For the year ended 30 April 2022, the aggregate sales to the Group's five largest customers accounted for approximately 73.7% (2021: 48.5%) of the total revenue and the largest (single) customer included therein amounted to approximately 33.3% (2021: 16.9%) of the total revenue.'*

Clearly, Management of Bortex Global Ltd is at the mercy of certain, very material individual customers and/or an expanded group of a group of its largest customers – because, inter alia, it can hardly afford to suffer the loss of any one of them.

Bortex Global Ltd is a company, having been incorporated in the Cayman Islands, but having an office in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

It is engaged in trading and the manufacturing of LED – light-emitting diode – lighting products.

The Company sought and obtained a listing of its entire Issued Share Capital on the GEM on or about November 16, 2017.

The Company netted approximately \$HK30.10 million from the sales of its New Shares in an Initial Public Offering (IPO).

Of the net proceeds of that IPO, 25 percent was earmarked for the repayment of short-term bank borrowings and finance leases.

A total of \$HK16.60 million – about 55 percent of the net proceeds of the IPO – was said to be utilised to upgrade the Company’s production facilities.

As at April 30, 2022, Management had a financial obligation to the Company’s workforce, numbering 251 employees, costing Management approximately \$HK20 million, per annum.

Casting forward to the Financial Year, ended April 30, 2022 ... and, sadly, Management came to the realisation that the penny had dropped.

At Page 57 of the 2022 Annual Report, one was confronted with the ‘**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**’.

The table below, from which this medium has highlighted that which it has considered certain key statistics, may be considered as being self-evident:

	For The Financial Year, Ended April 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	149,918	200,907	(25.38)
Gross Profit	33,269	55,202	(39.73)
Gross Profit Margin*	22.19 Percent	27.48 Percent	(19.25)
Profit Before Taxation	6,419	31,646	(79.72)
Profit For The Year, Attributable To Shareholders Of The Company	5,667	24,126	(76.51)
Earnings Per Share, Attributable To Shareholders Of The Company	1.13 cents	4.83 cents	(76.60)

\* These are **TARGET**’s calculations.

At Page 83 of the 2022 Annual Report, a breakdown of the Company’s Revenue, derived from external customers, domiciled in the following geographic areas, was presented as follows:

	2022 \$HK’000	2021 \$HK’000
Canada	49,989	33,934
The United States of America	15,463	22,818
The People’s Republic of China	39,657	70,654
The Hongkong Special Administrative Region of the PRC	37,973	52,017
Others include: India, Japan, Malaysia, South Africa and Italy	6,836	21,484
<b>TOTAL:</b>	<b>149,918</b>	<b>200,907</b>

At Page 98 of the 2022 Annual Report, under Note 27 to the Accounts of the Company, the following ‘**BANK BORROWINGS**’ were presented:

‘2022                      2021

	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Fixed-rate bank borrowings (Notes a, b and c)</i>	<b>25,623</b>	23,760
<i>Secured</i>	<b>9,000</b>	6,000
<i>Unsecured</i>	<b>16,623</b>	17,760
	<b>25,623</b>	23,760
<i>The carrying amounts of the above borrowings are repayable:</i>		
<i>Within one year</i>	<b>950</b>	960
<i>Over one year but within two years</i>	<b>9,736</b>	960
<i>Over two years but within five years</i>	–	9,840
<i>The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:</i>		
<i>Within one year</i>	<b>14,937</b>	12,000
	<b>25,623</b>	23,760
<i>Less: Amounts due within one year shown under current liabilities</i>	<b>(15,887)</b>	(12,960)
<i>Amounts shown under non-current liabilities</i>	<b>9,736</b>	10,800

*'Notes:*

*'(a) The secured fixed-rate bank borrowings of approximately HK\$9,000,000 (2021: HK\$6,000,000) as at 30 April 2022 were pledged by the fixed deposit of approximately HK\$10,370,000 (2021: HK\$10,210,000) (equivalent to approximately RMB8,733,000 (2021: RMB8,508,000)) are repayable within one year and bear interest at 1.4% per annum.*

*'(b) The unsecured fixed-rate bank borrowing of approximately HK\$5,937,000 (2021: HK\$6,000,000) (equivalent to RMB5,000,000 (2021: RMB5,000,000)) as at 30 April 2022 is repayable within one year and bear interest at 5.50% per annum.*

*'(c) The unsecured fixed-rate bank borrowing of approximately HK\$10,686,000 (2021: HK\$11,760,000) (equivalent to RMB9,000,000 (2021: RMB9,800,000)) as at 30 April 2022 is repayable within two years and bear interest at 4.35% per annum. It was guaranteed by personal guarantee of Mr. Shao Chi Liang, a director of the Group.'*

## **The Board Of Directors Of Bortex Global Ltd**

The Chairman ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*