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Alpha Professional Holdings Limited

阿爾法企業控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

**ANNOUNCEMENT OF AUDITED RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Alpha Professional Holdings Limited (the “**Company**”) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 with comparative audited figures for the year ended 31 March 2021 are as follows.

The Group’s audited consolidated results for the year ended 31 March 2022 in this announcement was prepared on the basis of the consolidated financial statements which have been audited by the independent auditor of the Company (the “**Auditor**”) and reviewed by the audit committee of the Company (the “**Audit Committee**”). The Group has agreed with the Auditor as to the contents of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	4	461,763	268,099
Cost of sales		<u>(467,117)</u>	<u>(261,887)</u>
Gross (loss)/profit		(5,354)	6,212
Other income	5	3,865	767
Other gains and losses	6	(2,402)	(627)
Selling and distribution costs		(4,112)	(1,340)
Administrative expenses		<u>(20,418)</u>	<u>(19,482)</u>
LOSS FROM OPERATIONS		(28,421)	(14,470)
Finance costs	7(a)	<u>(104)</u>	<u>(130)</u>
LOSS BEFORE TAXATION	7	(28,525)	(14,600)
Income tax expenses	8	<u>(3,119)</u>	<u>(393)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(31,644)	(14,993)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(2,497)</u>	311
Other comprehensive (loss)/income for the year, net of income tax		<u>(2,497)</u>	311
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(34,141)</u>	<u>(14,682)</u>
		<i>HK cents</i>	<i>HK cents</i>
LOSS PER SHARE	9		
Basic and diluted		<u>(10.1)</u>	<u>(4.8)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment property		43,473	45,208
Property, plant and equipment		2,449	2,199
Goodwill		2,161	2,161
Rental deposit	<i>11</i>	320	96
Deferred tax assets		315	–
		<u>48,718</u>	<u>49,664</u>
Current assets			
Inventories		4,811	52,641
Trade and other receivables	<i>11</i>	104,077	66,286
Tax recoverable		313	537
Cash and bank balances		20,901	70,379
		<u>130,102</u>	<u>189,843</u>
Current liabilities			
Trade and other payables	<i>12</i>	52,878	82,414
Contract liabilities		3,428	3,847
Lease liabilities		1,350	949
Tax payable		3,630	484
		<u>61,286</u>	<u>87,694</u>
Net current assets		<u>68,816</u>	<u>102,149</u>
Total assets less current liabilities		117,534	151,813
Non-current liabilities			
Lease liabilities		<u>1,183</u>	<u>1,321</u>
Net assets		<u>116,351</u>	<u>150,492</u>
Capital and reserves			
Share capital		391,672	391,672
Reserves		<u>(275,321)</u>	<u>(241,180)</u>
Equity attributable to owners of the Company and total equity		<u>116,351</u>	<u>150,492</u>

Notes:

1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to IFRSs issued by the IASB to the consolidated financial statements for the current accounting period:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to IFRS 16	COVID-19 — Related Rent Concessions
Amendment to IFRS 16	COVID-19 — Related Rent Concessions beyond 30 June 2021

None of the developments have had a material effect on how the Group’s results and financial position for the current and prior years have been prepared or presented in the consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the executive Directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. The trading of milk powder and baby foods (the “**Milk Products Business**”);
2. The provision of mobile handset solution (the “**Mobile Business**”); and
3. Property investment (the “**Property Investment**”).

In view of diversification, the Group has been exploring different business opportunities in other sectors to broaden the sources of income and to boost the business performance of the Group. The Group commenced and developed the Property Investment since February 2021.

The Milk Products Business derives revenue primarily from the sales of milk powder and baby foods.

The Mobile Business derives revenue primarily from the sales and distribution of mobile handsets and their components.

The Property Investment derives revenue primarily from rental income arising from the lease of a property.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the executive Directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of corporate assets. Segment liabilities include trade and other payables, contract liabilities, lease liabilities and tax payable attributable to the activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is “adjusted EBITDA” i.e. “adjusted earnings before interest, taxes, depreciation and amortisation”, where “interest” is regarded as including investment income and “depreciation and amortisation” is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as Directors’ and auditors’ remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group’s reportable segments as provided to the executive Directors for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2022 and 2021 is set out below.

Year ended 31 March 2022

	Milk Products Business HK\$'000	Mobile Business HK\$'000	Property Investment HK\$'000	Total HK\$'000
Reportable segment revenue				
Disaggregated by timing of revenue recognition				
Point in time	435,249	23,410	–	458,659
Over time	1,381	–	1,723	3,104
Revenue from external customers and reportable segment revenue	<u>436,630</u>	<u>23,410</u>	<u>1,723</u>	<u>461,763</u>
Profit or loss				
Reportable segment profit/(loss) (adjusted EBITDA)	25,348	(42,537)	2,918	(14,271)
Bank interest income				6
Depreciation				(1,339)
Finance costs				(104)
Unallocated head office and corporate interest and expenses other than bank interest income, depreciation and finance costs				<u>(12,817)</u>
Consolidated loss before taxation				<u>(28,525)</u>

At 31 March 2022

	Milk Products Business HK\$'000	Mobile Business HK\$'000	Property Investment HK\$'000	Total HK\$'000
Reportable segment assets	127,329	4,648	44,170	176,147
Unallocated head office and corporate assets				
– Cash and bank balances				1,204
– Other unallocated assets				<u>1,469</u>
Consolidated total assets				<u>178,820</u>
Reportable segment liabilities	38,358	8,269	1,025	47,652
Unallocated head office and corporate liabilities				<u>14,817</u>
Consolidated total liabilities				<u>62,469</u>

	Milk Products Business HK\$'000	Mobile Business HK\$'000	Property Investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Other segment information					
Amounts included in the measure of segment profit/ (loss) or segment assets:					
Additions to non-current assets	1,524	–	–	–	1,524
Impairment loss of trade receivables	(1,910)	(44)	–	–	(1,954)
Valuation gain on investment property	–	–	1,402	–	1,402
Amounts not included in the measure of segment profit/ (loss) or segment assets:					
Bank interest income	1	5	–	–	6
Depreciation	(770)	–	–	(569)	(1,339)
Finance costs	(23)	–	–	(81)	(104)

Year ended 31 March 2021

	Milk Products Business <i>HK\$'000</i>	Mobile Business <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue				
Disaggregated by timing of revenue recognition				
Point in time	227,747	38,820	–	266,567
Over time	1,292	–	240	1,532
Revenue from external customers and reportable segment revenue	<u>229,039</u>	<u>38,820</u>	<u>240</u>	<u>268,099</u>
Profit or loss				
Reportable segment profit/(loss) (adjusted EBITDA)	21,796	(22,984)	(2,215)	(3,403)
Bank interest income				7
Depreciation				(1,556)
Finance costs				(130)
Unallocated head office and corporate interest and expenses other than bank interest income, depreciation and finance costs				<u>(9,518)</u>
Consolidated loss before taxation				<u>(14,600)</u>

At 31 March 2021

	Milk Products Business <i>HK\$'000</i>	Mobile Business <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	112,624	45,442	46,148	204,214
Unallocated head office and corporate assets				
– Cash and bank balances				33,347
– Other unallocated assets				<u>1,946</u>
Consolidated total assets				<u>239,507</u>
Reportable segment liabilities	67,559	6,114	485	74,158
Unallocated head office and corporate liabilities				<u>14,857</u>
Consolidated total liabilities				<u>89,015</u>

	Milk Products Business <i>HK\$'000</i>	Mobile Business <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information					
Amounts included in the measure of segment profit/ (loss) or segment assets:					
Additions to non-current assets	–	–	46,812	–	46,812
Impairment loss of trade receivables	–	(1,608)	–	–	(1,608)
Impairment loss of prepayment	–	(1,301)	–	–	(1,301)
Valuation loss on investment property	–	–	(2,410)	–	(2,410)
Write-down of inventories	–	(18,696)	–	–	(18,696)
Amounts not included in the measure of segment profit/ (loss) or segment assets:					
Additions to non-current assets	–	–	–	2,160	2,160
Bank interest income	–	7	–	–	7
Depreciation	(787)	–	–	(769)	(1,556)
Finance costs	(23)	–	–	(107)	(130)
Gain on lease modification	<u>–</u>	<u>–</u>	<u>–</u>	<u>100</u>	<u>100</u>

There are no inter-segment revenue during the years ended 31 March 2022 and 2021.

(b) Revenue from major products and services

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Milk powder and baby foods	435,249	227,747
Mobile handsets and their components	23,410	38,820
Franchise fee income	1,381	1,292
Gross rentals from investment property	1,723	240
	<u>461,763</u>	<u>268,099</u>

(c) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment and goodwill. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of investment property and property, plant and equipment is based on the physical location of the asset under consideration. In the case of goodwill, it is based on the location of the operation to which they are allocated.

	Revenue from external customers		Non-current assets (excluding financial instruments and deferred tax assets)	
	Year ended 31 March		At 31 March	At 31 March
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	–	1,821	3,251	2,552
Australia	401,273	205,998	43,473	45,208
The People's Republic of China (the "PRC")	46,007	25,676	1,359	1,808
Afghanistan	–	1,597	–	–
Bangladesh	5,409	11,696	–	–
Cyprus	–	15	–	–
India	8	7,162	–	–
Poland	3,552	3,628	–	–
Russia	5,514	4,557	–	–
Vietnam	–	5,936	–	–
Others	–	13	–	–
	<u>461,763</u>	<u>268,099</u>	<u>48,083</u>	<u>49,568</u>

(d) **Information about major customers**

Revenue from customers (a group of entities known to the Group to be under common control is considered as a single customer) contributing 10% or more of the Group's revenue are as follows:

	2022	2021
	HK\$'000	HK\$'000
Revenue from sales of milk powder and baby foods		
– Customer A	224,738	119,327
– Customer B	139,266	50,961
– Customer C	N/A[#]	56,915

Remark:

[#] The corresponding revenue did not contribute 10% or more of the Group's total revenue during the corresponding year.

4. REVENUE

(a) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Sales of milk powder and baby foods	435,249	227,747
– Sales and distribution of mobile handsets and their components	23,410	38,820
– Franchise fee income	1,381	1,292
	460,040	267,859
Revenue from other sources		
Gross rentals from investment property		
– Lease payments that are fixed	1,723	240
	461,763	268,099

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets are disclosed in notes 3(a) and 3(c), respectively.

- (b) The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of milk powder and baby foods	1,780	6,164
Sales and distribution of mobile handsets and their components	686	1,180
Franchise fee income	1,381	1,093
	<u>3,847</u>	<u>8,437</u>

- (c) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date:

All sales contracts with customers within the scope of IFRS 15 are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on financial assets measured at amortised cost		
– Bank interest income	6	7
Government subsidy (<i>note</i>)	–	324
Service income	3,429	–
Sundry income	430	436
	<u>3,865</u>	<u>767</u>

Note: For the year ended 31 March 2021, the Group successfully applied for funding support from the “Employment Support Scheme” under the “Anti-epidemic Fund”, set up by the Hong Kong SAR Government. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6. OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net foreign exchange (loss)/gain	(3,804)	1,683
Gain on lease modification	–	100
Valuation gain/(loss) on investment property	<u>1,402</u>	<u>(2,410)</u>
	<u><u>(2,402)</u></u>	<u><u>(627)</u></u>

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) Finance costs:		
Interest on other borrowing	–	4
Interest on lease liabilities	<u>104</u>	<u>126</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>104</u></u>	<u><u>130</u></u>
(b) Staff costs (including Directors' emoluments):		
Salaries, wages and other benefits	11,432	8,968
Retirement benefits scheme contributions	<u>392</u>	<u>167</u>
	<u><u>11,824</u></u>	<u><u>9,135</u></u>
(c) Other items:		
Cost of inventories	467,117	261,887
Auditors' remuneration		
– Audit services	1,200	980
– Non-audit services	555	450
Depreciation charges		
– Owned property, plant and equipment	63	91
– Right-of-use assets	1,276	1,465
Impairment loss of trade receivables	1,954	1,608
Impairment loss of prepayment	–	1,301
Short-term lease expense	324	321
Rentals receivable from investment property less direct outgoings of HK\$207,000 (2021: HK\$31,000)	<u>(1,516)</u>	<u>(209)</u>

8. INCOME TAX

Amounts recognised in profit or loss:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax for the year	2,420	379
– PRC Enterprise Income Tax (“EIT”) for the year	7	14
– Australia Corporate income tax for the year	434	–
	<u>2,861</u>	<u>393</u>
Under-provision in respect of prior years		
– Hong Kong Profits Tax	538	–
– Australia Corporate income tax	35	–
	<u>573</u>	<u>–</u>
Deferred tax – origination and reversal of temporary differences	<u>(315)</u>	<u>–</u>
Income tax expenses	<u><u>3,119</u></u>	<u><u>393</u></u>

Notes:

- (i) The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.
- (ii) The Group’s subsidiaries established in the PRC are subject to the PRC EIT at 25% for the year ended 31 March 2022 (2021: 25%).
- (iii) The Group’s subsidiaries established in Australia is subject to Australia Corporate Income Tax at the rate of 30% for the years ended 31 March 2022 and 2021.
- (iv) The Group is not subject to any taxation under the jurisdiction of Bermuda and the British Virgin Islands for the years ended 31 March 2022 and 2021.

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$31,644,000 (2021: HK\$14,993,000) and the weighted-average number of approximately 314,360,000 (2021: 312,169,000) ordinary shares in issue during the year, calculated as follows:

	2022	2021
	'000	'000
Weighted-average number of ordinary shares:		
Issued ordinary shares at 1 April	314,360	264,360
Effect of shares issued upon placing	<u>—</u>	<u>47,809</u>
Weighted-average number of ordinary shares	<u>314,360</u>	<u>312,169</u>
Basic loss per share (<i>HK cents per share</i>)	<u>(10.1)</u>	<u>(4.8)</u>

(b) Diluted loss per share

There were no dilutive potential ordinary shares in issue during the years ended 31 March 2022 and 2021. The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2022 and 2021.

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, net of loss allowance (<i>note (i)</i>)	51,823	22,364
Other receivables	687	19
Rental deposits	320	337
	<hr/>	<hr/>
Financial assets measured at amortised cost	52,830	22,720
Prepayments to suppliers	51,400	43,513
Other prepaid expenses	124	145
Other deposits	4	4
Other tax recoverable	39	–
	<hr/>	<hr/>
	104,397	66,382
	<hr/> <hr/>	<hr/> <hr/>
Representing:		
Current	104,077	66,286
Non-current	320	96
	<hr/>	<hr/>
	104,397	66,382
	<hr/> <hr/>	<hr/> <hr/>

Except for the rental deposit of HK\$320,000 (2021: HK\$96,000) which is expected to be recovered after more than one year, all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Note:

(i) Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	36,254	22,364
31 to 60 days	1,329	–
61 to 90 days	9,540	–
Over 90 days	4,700	–
	<hr/>	<hr/>
	51,823	22,364
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are due within 0 to 90 days (2021: 0 to 90 days) from the date of billing.

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>note (i)</i>)	32,405	63,154
Other payables	1,422	1,939
Accruals	2,192	1,857
Salary payable	4,602	3,468
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	40,621	70,418
Deposit received	421	452
Other tax payable	11,836	11,544
	<hr/>	<hr/>
	52,878	82,414
	<hr/> <hr/>	<hr/> <hr/>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Note:

(i) Aging analysis

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	31,917	63,154
31 to 60 days	–	–
61 to 90 days	488	–
Over 90 days	–	–
	<hr/>	<hr/>
	32,405	63,154
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31 March 2022 was approximately HK\$461.8 million (2021: HK\$268.1 million), representing an increase of approximately 72.2% as compared to the previous year. The significant increase in revenue of the Group was primarily attributable to the increase of approximately 90.6% in revenue of the Milk Products Business for the year ended 31 March 2022 as compared to the previous year. The loss for the year was approximately HK\$31.6 million (2021: HK\$15.0 million). The basic loss per share amounted to approximately HK10.1 cents (2021: HK4.8 cents).

The Group reported a drop in its business performance for the year ended 31 March 2022 as compared to the previous year. The substantial increase in loss was primarily attributable to the combined effect of (i) the loss of over HK\$40.0 million from the Group's business segment of the Mobile Business as a result of sales of slow-moving inventories at a loss; and (ii) a partial offset of the loss by the profit contributed by the Milk Products Business.

For the year ended 31 March 2022, the administrative expenses of the Group amounted to approximately HK\$20.4 million (2021: HK\$19.5 million), representing a slight increase of 4.6% as compared to the previous year. This was mainly due to the increase in legal and professional fees and administrative staff cost recognised by the Group.

Business Review

The Group is principally engaged in the Milk Products Business, the Mobile Business and the Property Investment.

Milk Products Business

The Group continues to run its Milk Products Business focusing on crossborder milk powder trading in the PRC, Hong Kong and Australia. The Group became a distributor of “Bellamy’s” in January 2022, the details of which were set out in the announcement of the Company dated 21 January 2022. During the year, the Group mainly sold (i) milk powder of four brands from Australia and New Zealand, namely “A2”, “Bubs”, “Aptamil” and “Bellamy’s”; (ii) adult milk powder of “Capela” and “CapriLac”; and (iii) an infant health care product – “Vita Bubs”.

For the year ended 31 March 2022, the revenue of the Milk Products Business was approximately HK\$436.6 million (2021: HK\$229.0 million), of which the revenue of sales of milk powder and baby foods was approximately HK\$435.2 million (2021: HK\$227.7 million), franchise fee income was approximately HK\$1.4 million (2021: HK\$1.3 million), and the corresponding gross profit was approximately HK\$33.0 million (2021: HK\$22.4 million). The reportable segment profit (adjusted EBITDA) was approximately HK\$25.3 million (2021: HK\$21.8 million).

Mobile Business

The impact on the economy caused by the Coronavirus disease 2019 (the “**COVID-19**”) has continued since its worldwide outbreak from the beginning of 2020. The operation and results of the Mobile Business during the year ended 31 March 2022 were inevitably affected due to the pandemic. In its passive position coping with the pandemic, the Mobile Business is unable to recapture the already dropping orders and sales from its scaled-down operations.

The product life cycles of the products in the Mobile Business are short in the ever-evolving technology industry. In order to avoid the Group’s inventory from becoming obsolete, the management used its best endeavours to increase the sales of the outdated slow-moving Mobile Business products during the year ended 31 March 2022, aiming to minimise loss of this segment. However, due to (i) the intensifying competition between mobile ODM manufacturers; and (ii) a decrease in the volume of purchases from the customers in the Mobile Business resulting from the impact of the COVID-19 on the economy, and lock-down of countries from time to time, during the past two years, it continued to incur a considerable loss in the sales of its Mobile Business products during the year despite the efforts made by the Group in this respect.

For the year ended 31 March 2022, the revenue of the Mobile Business was approximately HK\$23.4 million (2021: HK\$38.8 million), representing a decrease of approximately 39.7% as compared to the previous year, and the reportable segment loss (adjusted EBITDA) was approximately HK\$42.5 million (2021: HK\$23.0 million).

Property Investment

The Group owns a piece of land at 152 Milperra Road, Revesby, NSW 2212, New South Wales, Australia, with a total site area of approximately 2,462 square metres and has a warehouse erected thereon with a total internal lettable area of approximately 1,906 square metres (the “**Property**”). The Property was recognised by the Group as an investment property and was measured at fair value on each reporting date. As at 31 March 2022, the fair value of the Property was approximately AUD7.8 million (2021: AUD7.5 million) (equivalent to approximately HK\$43.5 million (31 March 2021: HK\$45.2 million), representing approximately 24.3% (2021: 18.9%) of the total assets of the Group). For the year ended 31 March 2022, the Property was leased to a lessee and generated rental income to the Group of approximately HK\$1.7 million (2021: HK\$0.2 million). The reportable segment profit (adjusted EBITDA) was approximately HK\$2.9 million (2021: segment loss of HK\$2.2 million).

Financial Review

Financial Resources, Liquidity and Capital Structure

The Group’s capital expenditure, daily operations and investments during the year ended 31 March 2022 are mainly funded by cash generated from its operations. The liquidity and financing requirements of the Group are reviewed on a regular basis.

As at 31 March 2022, the Group had current assets of approximately HK\$130.1 million (2021: HK\$189.8 million) and current liabilities of approximately HK\$61.3 million (2021: HK\$87.7 million). The liquidity of the Group as evidenced by the current ratio (current assets over current liabilities) was 2.12 times (2021: 2.16 times).

As at 31 March 2022, the trade and other receivables of the Group were approximately HK\$104.4 million (2021: HK\$66.4 million), the increase of which was mainly attributable to increase of sales and a longer credit period granted to new customers of the Milk Products Business during the year. The inventories of the Group decreased significantly from approximately HK\$52.6 million as at 31 March 2021 to approximately HK\$4.8 million as at 31 March 2022. The trade and other payables of the Group decreased from approximately HK\$82.4 million as at 31 March 2021 to approximately HK\$52.9 million as at 31 March 2022.

As at 31 March 2022, the Group maintained cash and bank balances of approximately HK\$20.9 million (2021: HK\$70.4 million), of which 14.5% (2021: 91.0%) were denominated in Hong Kong dollars (“**HK\$**”) or United States dollars (“**US\$**”) and 84.0% (2021: 8.5%) were denominated in Australian dollars (“**AUD**”). The decrease of cash and bank balances of approximately HK\$49.5 million as compared to the position as at 31 March 2021 was mainly due to the use of cash in operating activities, in particular, the Milk Products Business.

The Group had no outstanding borrowing as at 31 March 2022 (2021: Nil).

The Group’s strategy was to maintain the gearing ratio at the lowest as possible. The gearing ratio (calculated by net debt over total equity) of the Group as at 31 March 2022 was as follows:

	2022 HK\$’000	2021 HK\$’000
Total debt (sum of current liabilities and non-current liabilities)	62,469	89,015
Less: cash and bank balances	(20,901)	(70,379)
Net debt	41,568	18,636
Total equity	116,351	150,492
Gearing ratio	35.7%	12.4%

The increase in gearing ratio as at 31 March 2022 as compared to 31 March 2021 was primarily due to a decrease in cash and bank balances.

Treasury Policy and Financial Management

The Group’s treasury policy aims to ensure that (i) the funding requirements for capital commitments, investments and operations of the Group can be fulfilled; and (ii) liquidity can be managed to ensure that fund inflows are matched against all maturing repayment obligations.

The Group aims to minimise its exposure to financial risks. The Group’s policy is not to engage in speculative derivative financial transactions and not to invest its existing capital resources in financial products with significant risks.

Risk of Foreign Exchange Fluctuation

The Group's foreign exchange risk primarily arises from transactions, working capitals and investments denominated in foreign currencies, mainly in AUD and US\$. During the year ended 31 March 2022, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 March 2022.

The Group will closely monitor the exchange rate risk arising from the Group's existing operations and potential new investments in future, and will implement necessary hedging arrangements to mitigate any significant foreign exchange risk when and if appropriate.

Charge on Group Assets

As at 31 March 2022, the Group did not have any charges on its assets (2021: Nil).

Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2022 (2021: Nil).

Material Capital Commitments

The Group had no material capital commitments as at 31 March 2022 (2021: Nil).

Significant Investments Held

Save as disclosed in the paragraph above headed "Business Review – Property Investment", the Group did not hold other significant investments as at and for the year ended 31 March 2022.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures for the year ended 31 March 2022.

Event after the End of the Reporting Period

Subsequent to the entering into of a placing agreement (the "**Placing Agreement**") by the Company with Morton Securities Limited (the "**Placing Agent**") on 31 March 2022 (the "**Placing**") pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six placees (the "**Placees**") to subscribe for up to 34,920,000 shares of the Company (the "**Shares**") (the "**Placing Shares**"), the Placing was completed on 10 May 2022 and the details were set out in the section below headed "The Placing and Use of Proceeds".

On 13 June 2022, the Group as the borrower entered into a loan agreement with a third-party lender for a loan facility of HK\$50.0 million (the "**Loan Facility**"). The Group drew approximately AUD9.0 million (equivalent to HK\$50.0 million) under the Loan Facility on 15 June 2022 which will be matured in one year. The Loan Facility was guaranteed by the Company and was secured by a debenture created by the Company a first fixed and floating charge over its undertaking, property and assets as security for the due payment of all monies payable under the Loan Facility.

Save as and except for the Placing and the Loan Facility, there were no significant events affecting the Group and requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this announcement.

Employees

As at 31 March 2022, the Group had 36 employees (2021: 23). Total staff cost, including Directors' emoluments, of approximately HK\$11.8 million (2021: HK\$9.1 million) was incurred during the year ended 31 March 2022. The Group maintains a policy of paying competitive remuneration. Remuneration of employees which included salary and discretionary performance bonus is decided with reference to the results of the Group, the market level as well as individual performance and contributions. Remuneration packages (including performance bonuses) are reviewed on a regular basis by the Group.

The Placing and Use of Proceeds

On 31 March 2022, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure, on a best effort basis, not less than six Placees to subscribe for up to 34,920,000 Placing Shares at the placing price of HK\$1.40 per Placing Share. The market price of the Shares on 31 March 2022, the date on which the terms of the Placing were fixed, was HK\$1.37 per Share.

The Placing Shares were allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Company convened on 8 September 2021. The Directors are of the view that the Placing will enhance the capital base and shareholders base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position supporting the operations and business development of the Group. The Placing was completed after the year ended 31 March 2022, whereby on 10 May 2022, with a total of 34,920,000 Placing Shares being successfully placed to not less than six Placees who are individuals, professionals, institutional or other investors whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement who (including its ultimate beneficial owners) are regarded as public (as defined in the Listing Rules) and independent of and not connected with the Company, the Directors, chief executive and substantial shareholders of the Group or any of their respective associates. The aggregate nominal value of the Placing Shares is US\$5.6 million. The gross proceeds from the Placing were approximately HK\$48.9 million while the net proceeds were approximately HK\$47.8 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.37 per Placing Share. Details of the Placing were set out in the announcements of the Company dated 31 March 2022, 11 April 2022 and 10 May 2022, respectively.

It is intended that the net proceeds of approximately HK\$47.8 million would be used by the Group in the following manner:

- (i) approximately HK\$47.3 million shall be used for the purchase of inventory for the Milk Products Business by the end of June 2022; and
- (ii) approximately HK\$0.5 million shall be used for general working capital of the Group, including salary payments for the recruitment of additional staff responsible for the Milk Products Business.

As at 31 March 2022, the Placing had not been completed and the gross proceeds had not been received. Subsequent to the completion of the Placing on 10 May 2022 and as at the date of this announcement, the net proceeds from the Placing of approximately HK\$47.3 million have been used for the purchase of inventory for the Milk Products Business. The remaining balance of approximately HK\$0.5 million intended to be used for general working capital is expected to be used by the end of August 2022.

Business Development

During the year, the Group continued to devote resources to the Milk Products Business, the performance of which improved significantly under the persistent efforts of the Group. The revenue of the Milk Products Business during the year ended 31 March 2022 increased by approximately 90.6% as compared to the previous year, which further supported the Group's overall performance. Currently, the Group mainly sells milk powder under the brands of "A2", "Bubs", "Aptamil" and "Bellamy's". Revenues from the sales of "Bubs" and "A2" increased by over 80% and 60% respectively as compared to the previous year.

To further develop the Milk Products Business, the Group signed an exclusive distributorship agreement with a subsidiary of BUBS Australia Limited (ASX: BUB) ("**BUBS Australia**") at the end of 2021, acquiring the exclusive distributorship in Hong Kong and the PRC for a new product launched by BUBS Australia in March 2022. In addition to the exclusive distributorship agreement for the new product, the Group also signed exclusive distributorship agreements with BUBS Australia for the existing products to increase the market share in the supply chain of the products of BUBS Australia. The Group entered into a share subscription agreement (the "**Share Subscription Agreement**") with BUBS Australia on 3 March 2022, pursuant to which the Group will have the right to subscribe for up to an aggregate of 29,541,620 shares of BUBS Australia when certain "Bubs" product purchase milestones have been reached by the Group, at nil consideration. The entering into of the Share Subscription Agreement will strengthen the business relationship between the Group and BUBS Australia. Details of the Share Subscription Agreement and the exclusive distributorship agreements are set out in the announcements of the Company dated 3 March 2022 and 24 March 2022 respectively.

Further, the Group entered into distribution agreements and became the distributor of "Bellamy's" in January 2022, for the distribution of certain milk powder and baby foods products owned by and manufactured for "Bellamy's". Details of the distribution agreements are set out in the announcement of the Company dated 21 January 2022. The introduction of "Bellamy's" will further strengthen the Group's revenue base and facilitate the Group's business development in the future. During the year, the Group also introduced a series of milk powder products for adults and pregnant women under the brand of "A2". In the future, the Group will continue to strengthen the marketing efforts for brands under the Milk Products Business to maintain the exposure of products, and will further advance the diversification of portfolio to meet the increasing demands of different customers.

In terms of the Mobile Business, intensifying competition, changes in the international political situation and environment, trade disputes, the rise in costs of raw materials, as well as the impacts of the COVID-19 pandemic that have lasted for more than two years, have reduced the viability of small and medium scale mobile handset manufacturers and processors and put tremendous pressure on the operations and performance of the Group's Mobile Business. The markets of Dubai, South Africa, Bangladesh and Vietnam that had been lost last year have not been recovered yet. During the year, the Mobile Business only received a few small new orders. In order to avoid the Group's inventory from becoming obsolete, the management had used its best endeavours to increase the sales of the outdated slow-moving Mobile Business products during the year ended 31 March 2022, aiming to minimise loss from the Mobile Business.

While the segmental revenue and profit from the Milk Products Business increased during the year ended 31 March 2022 as compared to the previous year, the profit of the Milk Products Business was insufficient to offset the significant loss generated from the Mobile Business.

Corporate strategies

The Group is dedicated to emphasize shareholders' values through persistent improvement in its business performance and commitment to its core values, which emphasizes fulfilling social responsibilities, satisfying customers' needs, and promoting employees' development.

The Group aims to focus on developing the Milk Products Business as its new growth point. Meanwhile, the Group will use its endeavours to sustain its Mobile Business.

Outlook

The Group's business strategy has been to (i) reinforce the existing business foundation; (ii) strengthen the Group's competitive edge; and (iii) actively seek opportunities for business development and diversification. In respect of business development and diversification, the Group developed its Milk Products Business in February 2020 and commenced the Property Investment in February 2021.

The Milk Products Business has been performing well since the very beginning, bringing desirable returns to the Group's investments. With the signing of certain distribution agreements and the Share Subscription Agreement with BUBS Australia and "Bellamy's" (as the case may be) at the beginning of 2022, the Group is well positioned to expand the marketing campaign to stimulate market demands for the products distributed. It is expected that revenues of the Group will keep growing in the next one to two years. To better seize the golden opportunities for further developing the Milk Products Business, the Company has completed the Placing of 34,920,000 Shares on 10 May 2022 which brought net proceeds amounting to approximately HK\$47.8 million. Details of the Placing are set out in the section above headed "The Placing and Use of Proceeds".

In the future, the Group will further consolidate the strong foundation of the Milk Products Business, cultivate customer loyalty and develop new customer base through providing high-quality products and better customer experience, and further expand the market share of milk products in Asian markets, especially in the PRC, in an effort to sustain the growth of the Milk Products Business. The Milk Products Business is expected to become a new engine to boost the Group's performance in the future.

In terms of the Mobile Business, the Group was primarily focus on export trading through ODM of mobile handsets. As orders from customers in this segment decreased, the Group has scaled down the operations of the Mobile Business as much as possible, actively reduce operating costs through cost cutting measures and continuously review the operations so as to overcome challenges.

While the COVID-19 pandemic still continues, it is expected that its impact will become less serious with more people around the world are getting vaccinated. Although the Group does not have any detailed plans for material investments or capital assets, the Group will continue to develop in line with its business strategy in order to enhance its performance and maintain its long-term value, as it sees opportunities alongside the crisis.

CHANGE OF CONTROLLING SHAREHOLDER AND THE UNCONDITIONAL MANDATORY CASH OFFER

On 29 September 2021 (after trading hours), Alpha Professional Development Limited (“**APDL**”), the then controlling shareholder of the Company and Well Dynasty Investments Limited (“**Well Dynasty**”) entered into a sale and purchase agreement, pursuant to which APDL has conditionally agreed to sell and Well Dynasty has conditionally agreed to acquire 177,965,114 Shares (the “**Sale Shares**”) representing approximately 56.61% of the entire issued Share capital. Following the completion of the sale and purchase of the Sale Shares which took place on 29 September 2021 (the “**Completion**”), Well Dynasty has become the parent and the controlling shareholder of the Company.

In accordance with the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, Well Dynasty has made an unconditional mandatory cash offer (the “**Offer**”) for all the issued shares of the Company (other than those Shares already owned and/or agreed to be acquired by Well Dynasty and parties acting in concert with it) (the “**Offer Shares**”) and there were 26 valid acceptances in respect of a total of 15,061,501 Offer Shares under the Offer. Details of the Offer were set out in the joint announcements of the Company and Well Dynasty dated 4 October 2021, 22 October 2021 and 29 November 2021, respectively and the composite document of the Company dated 8 November 2021. Immediately after the close of the Offer, Well Dynasty's shareholding in the Company increased to 61.40%.

Well Dynasty is a wholly-owned subsidiary of Miracle Planet Developments Limited, which in turn is a company wholly-owned by Ms. Chong Sok Un (“**Ms. Chong**”). Immediately prior to the Completion, Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited, owned 14,000,000 Shares, and Ms. Chong owned 100% beneficial interests in China Spirit Limited. As at 31 March 2022, Ms. Chong was deemed to be interested in approximately 65.86% of the entire issued Share capital of the Company and was regarded as the ultimate controlling party of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles of, and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to each of the Directors and all Directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2022.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 March 2022.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company for the year ended 31 March 2022.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) is scheduled to be held on Thursday, 8 September 2022 and the notice of AGM will be published and issued to the shareholders of the Company (“Shareholders”) as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 5 September 2022 to Thursday, 8 September 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of the Shares should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited of level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration not later than 4:30 p.m. on Friday, 2 September 2022.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The 2022 annual report of the Company will be despatched to the Shareholders and made available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.hk-alpha.com>) in due course. The audited consolidated results of the Group for the year ended 31 March 2022 set out above does not constitute the Company’s statutory financial statements but is extracted from the consolidated financial statements for the year ended 31 March 2022 to be included in the 2022 annual report of the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to the Company’s management team and all staff for their continuous effort and contributions to the Group. Their excellence and commitment are of vital importance in enhancing the Company’s sustainability. I also take this opportunity to extend my thanks to the Shareholders for their support and confidence in us.

On behalf of the Board
Alpha Professional Holdings Limited
XIONG Jianrui
Chairman

Hong Kong, 24 June 2022

As at the date of this results announcement, the executive Directors are Mr. Xiong Jianrui, Mr. Yi Peijian, Mr. Chen Zeyu and Mr. Chen Xu, and the independent non-executive Directors are Mr. Li Chak Hung, Mr. Choi Kin Man and Mr. Ngai Wah Sang.

* *For identification purposes only*