

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2023**

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 2023 with comparative audited figures for the year ended 31 March 2022 are as follows.

The Group’s audited consolidated results for the year ended 31 March 2023 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 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (restated)
<b>Continuing operations</b>			
Revenue	4	363,093	438,353
Cost of sales		<u>(320,353)</u>	<u>(403,675)</u>
<b>Gross profit</b>		<b>42,740</b>	34,678
Impairment losses of financial assets	7(c)	(6,548)	(1,910)
Other income	5	755	3,432
Other gains and losses, net	6	(17,629)	(2,257)
Selling and distribution costs		(2,502)	(4,084)
Administrative expenses		<u>(15,071)</u>	<u>(15,198)</u>
<b>PROFIT FROM OPERATIONS</b>		<b>1,745</b>	14,661
Finance costs	7(a)	<u>(4,665)</u>	<u>(23)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	7	<b>(2,920)</b>	14,638
Income tax credit/(expenses)	8	<u>465</u>	<u>(2,888)</u>
<b>(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(2,455)</b>	11,750
<b>Discontinued operation</b>			
Profit/(loss) for the year from discontinued operation	9	<u>3,770</u>	<u>(43,394)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>1,315</b>	(31,644)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(6,762)	(2,497)
Reclassification adjustments relating to foreign operations deconsolidated during the year		<u>139</u>	<u>–</u>
<b>Other comprehensive loss for the year, net of income tax</b>		<u>(6,623)</u>	<u>(2,497)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>(5,308)</b></u>	<u><b>(34,141)</b></u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (restated)
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
from continuing operations		(2,455)	11,750
from discontinued operation		<u>3,770</u>	<u>(43,394)</u>
		<b>1,315</b>	<b>(31,644)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
from continuing operations		(8,951)	9,166
from discontinued operation		<u>3,643</u>	<u>(43,307)</u>
		<u><b>(5,308)</b></u>	<u><b>(34,141)</b></u>
		<i>HK cents</i>	<i>HK cents</i> (restated)
<b>(LOSS)/EARNINGS PER SHARE</b>			
<b>From continuing operations</b>	<i>10</i>		
Basic and diluted		<u><b>(0.7)</b></u>	<u><b>3.7</b></u>
<b>From discontinued operation</b>			
Basic and diluted		<u><b>1.1</b></u>	<u><b>(13.8)</b></u>
<b>From continuing and discontinued operations</b>			
Basic and diluted		<u><b>0.4</b></u>	<u><b>(10.1)</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Investment property		<b>42,094</b>	43,473
Property, plant and equipment		<b>360</b>	2,449
Goodwill		<b>2,161</b>	2,161
Interests in joint venture		–	–
Financial assets at fair value through profit or loss		<b>11,547</b>	–
Rental deposit		–	320
Deferred tax assets		<b>1,354</b>	315
		<u><b>57,516</b></u>	<u>48,718</u>
<b>Current assets</b>			
Inventories		<b>3,932</b>	4,811
Trade and other receivables	<i>12</i>	<b>194,727</b>	104,077
Tax recoverable		<b>583</b>	313
Cash and bank balances		<b>13,686</b>	20,901
		<u><b>212,928</b></u>	<u>130,102</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>63,733</b>	52,878
Contract liabilities		–	3,428
Lease liabilities		<b>347</b>	1,350
Other borrowing		<b>47,544</b>	–
Tax payable		–	3,630
		<u><b>111,624</b></u>	<u>61,286</u>
<b>Net current assets</b>		<u><b>101,304</b></u>	<u>68,816</u>
<b>Total assets less current liabilities</b>		<b>158,820</b>	117,534
<b>Non-current liabilities</b>			
Lease liabilities		–	1,183
<b>Net assets</b>		<u><b>158,820</b></u>	<u>116,351</u>
<b>Capital and reserves</b>			
Share capital		<b>435,252</b>	391,672
Reserves		<b>(276,432)</b>	(275,321)
<b>Equity attributable to owners of the Company and total equity</b>		<u><b>158,820</b></u>	<u>116,351</u>

## 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 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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 warehouse logistics services (the “**Logistics Business**”); and
3. Property investment (the “**Property Investment**”).

The provision of mobile handset solution (the “**Mobile Business**”) was discontinued during the current year. The following segment information does not include any amounts for the discontinued operation which is described in more details in note 9.

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

The Logistics Business derives revenue primarily from the provision of warehouse logistics services.

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 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 2023 and 2022 is set out below.

	Year ended 31 March 2023			
	Milk Products Business HK\$'000	Logistics Business HK\$'000	Property Investment HK\$'000	Total HK\$'000
<i>Continuing operations</i>				
<b>Reportable segment revenue</b>				
Disaggregated by timing of revenue recognition				
Point in time	361,227	–	–	361,227
Over time	–	255	1,611	1,866
	<u>361,227</u>	<u>255</u>	<u>1,611</u>	<u>363,093</u>
Revenue from external customers and reportable segment revenue	<u>361,227</u>	<u>255</u>	<u>1,611</u>	<u>363,093</u>
<b>Profit or loss</b>				
Reportable segment profit (adjusted EBITDA)	22,980	14	3,118	26,112
Bank interest income				2
Depreciation				(763)
Finance costs				(4,665)
Loss arising from changes in fair value of financial assets at fair value through profit or loss				(13,578)
Unallocated head office and corporate interest and expenses other than bank interest income, depreciation and finance costs				(10,028)
Consolidated loss before taxation				<u>(2,920)</u>

	At 31 March 2023			
<i>Continuing operations</i>	Milk Products Business HK\$'000	Logistics Business HK\$'000	Property Investment HK\$'000	Total HK\$'000
<b>Reportable segment assets</b>	215,528	–	43,174	258,702
Unallocated head office and corporate assets				
– Cash and bank balances				185
– Financial assets at fair value through profit or loss				11,547
– Other unallocated assets				10
Consolidated total assets				<u>270,444</u>
<b>Reportable segment liabilities</b>	50,657	–	438	51,095
Unallocated head office and corporate liabilities				
– Other borrowing				47,544
– Other unallocated liabilities				12,985
Consolidated total liabilities				<u>111,624</u>

	Year ended 31 March 2023				
<i>Continuing operations</i>	Milk Products Business HK\$'000	Logistics Business HK\$'000	Property Investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Other segment information</b>					
Amounts included in the measure of segment profit or segment assets:					
Impairment losses of trade receivables	(6,523)	–	–	–	(6,523)
Impairment losses of other receivables	(25)	–	–	–	(25)
Valuation gain on investment property	–	–	1,343	–	1,343
Amounts not included in the measure of segment profit or segment assets:					
Bank interest income	2	–	–	–	2
Depreciation	(753)	–	–	(10)	(763)
Finance costs	<u>(4,665)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,665)</u>

Year ended 31 March 2022

<i>Continuing operations</i>	Milk Products Business <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
<b>Reportable segment revenue</b>			
Disaggregated by timing of revenue recognition			
Point in time	435,249	–	435,249
Over time	1,381	1,723	3,104
	<u>436,630</u>	<u>1,723</u>	<u>438,353</u>
Revenue from external customers and reportable segment revenue	<u>436,630</u>	<u>1,723</u>	<u>438,353</u>
<b>Profit or loss</b>			
Reportable segment profit (adjusted EBITDA)	25,348	2,918	28,266
Bank interest income			1
Depreciation			(789)
Finance costs			(23)
Unallocated head office and corporate interest and expenses other than bank interest income, depreciation and finance costs			<u>(12,817)</u>
Consolidated profit before taxation			<u>14,638</u>

At 31 March 2022

<i>Continuing operations and discontinued operation</i>	Milk Products Business <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
<b>Reportable segment assets</b>	127,329	44,170	171,499
Unallocated head office and corporate assets			
– Cash and bank balances			1,204
– Other unallocated assets			1,469
Assets relating to discontinued operation			<u>4,648</u>
Consolidated total assets			<u>178,820</u>
<b>Reportable segment liabilities</b>	38,358	1,025	39,383
Unallocated head office and corporate liabilities			14,817
Liabilities relating to discontinued operation			<u>8,269</u>
Consolidated total liabilities			<u>62,469</u>

<i>Continuing operations</i>	Milk Products Business <i>HK\$'000</i>	Property Investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i> (restated)	Total <i>HK\$'000</i> (restated)
<b>Other segment information</b>				
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	1,524	–	–	1,524
Impairment loss of trade receivables	(1,910)	–	–	(1,910)
Valuation gain on investment property	–	1,402	–	1,402
Amounts not included in the measure of segment profit or segment assets:				
Bank interest income	1	–	–	1
Depreciation	(770)	–	(19)	(789)
Finance costs	(23)	–	–	(23)

There are no inter-segment revenue during the years ended 31 March 2023 and 2022.

**(b) Revenue from major products and services**

	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i> (restated)
Milk powder and baby foods	<b>361,227</b>	435,249
Franchise fee income	–	1,381
Gross rentals from investment property	<b>1,611</b>	1,723
Warehousing logistics income	<b>255</b>	–
	<b><u>363,093</u></b>	<b><u>438,353</u></b>

(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.

	<i>Continuing operations</i>		<i>Continuing operations</i>	<i>Continuing and discontinued operations</i>
	<b>Revenue from external customers</b>		<b>Non-current assets (excluding financial instruments and deferred tax assets)</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong (place of domicile)	–	–	<b>2,501</b>	3,251
Australia	<b>270,038</b>	401,273	<b>42,094</b>	43,473
The People's Republic of China (the "PRC")	<b>93,055</b>	37,080	<b>20</b>	1,359
	<b>363,093</b>	438,353	<b>44,615</b>	48,083

(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 from continuing operations are as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000 (restated)
Revenue from sales of milk powder and baby foods		
– Customer A	<b>294,100</b>	139,266
– Customer B	<b>47,998</b>	N/A <sup>#</sup>

*Remark:*

<sup>#</sup> The corresponding revenue did not contribute 10% or more of the Group's total revenue for the relevant year.

#### 4. REVENUE

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

<i>Continuing operations</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
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	<b>361,227</b>	435,249
– Franchise fee income	<u>–</u>	<u>1,381</u>
	<b>361,227</b>	436,630
Revenue from other sources		
Gross rentals from investment property		
– Lease payments that are fixed	<b>1,611</b>	1,723
Warehousing logistics income	<u><b>255</b></u>	<u>–</u>
Total revenue	<u><b>363,093</b></u>	<u>438,353</u>

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(b), respectively.

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

<i>Continuing operations</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>		
Sales of milk powder and baby foods	<b>1,058</b>	1,780
Gross rentals from investment property	<b>140</b>	–
Franchise fee income	<u>–</u>	<u>1,381</u>
	<u><b>1,198</b></u>	<u>3,161</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

<i>Continuing operations</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (restated)
Interest income on financial assets measured at amortised cost		
– Bank interest income	2	1
Government subsidy ( <i>note</i> )	175	–
Marketing service income	341	3,429
Sundry income	237	2
	<u>755</u>	<u>3,432</u>

*Note:* For the year ended 31 March 2023, 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, NET

<i>Continuing operations</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (restated)
Net foreign exchange loss	(5,394)	(3,659)
Loss arising from changes in fair value of financial assets at fair value through profit or loss		
– Listed equity securities	(13,578)	–
Valuation gain on investment property	1,343	1,402
	<u>(17,629)</u>	<u>(2,257)</u>

## 7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations is arrived at after (crediting)/charging the following:

<i>Continuing operations</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
<b>(a) Finance costs:</b>		
Interest on other borrowing	4,644	–
Interest on lease liabilities	<u>21</u>	<u>23</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>4,665</u></u>	<u><u>23</u></u>
<b>(b) Staff costs (including Directors' emoluments):</b>		
Salaries, wages and other benefits	9,982	9,498
Retirement benefits scheme contributions	<u>304</u>	<u>271</u>
	<u><u>10,286</u></u>	<u><u>9,769</u></u>
<b>(c) Other items:</b>		
Cost of inventories sold ( <i>note (i)</i> )	320,353	403,675
Auditor's remuneration		
– Audit services	1,000	1,200
– Non-audit services	450	555
Depreciation charges		
– Owned property, plant and equipment	23	28
– Right-of-use assets	740	761
Marketing service expense ( <i>note (ii)</i> )	715	1,031
Impairment losses of financial assets		
– Impairment losses of trade receivables	6,523	1,910
– Impairment losses of other receivables	<u>25</u>	<u>–</u>
	6,548	1,910
Short-term lease expense	157	324
Rental income from investment property less direct outgoings of Nil (2022: HK\$207,000)	<u>(1,611)</u>	<u>(1,516)</u>

### Notes:

- (i) The cost of inventories sold included purchase discounts of approximately HK\$30,985,000 (2022: HK\$5,440,000) which was mainly due to a purchase discount of approximately HK\$25,354,000 (2022: Nil) based on subscription of 9,541,620 shares (the “**Bubs Shares**”) of Bubs Australia Limited (“**Bubs Australia**”) at Nil consideration.
- (ii) Classified under selling and distribution costs in the consolidated statement of profit or loss and other comprehensive income.

## 8. INCOME TAX

Amounts recognised in profit or loss:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
<i>Continuing operations</i>		
Current tax		
– Hong Kong Profits Tax for the year	335	2,420
– Australia Corporate income tax for the year	<u>465</u>	<u>434</u>
	800	2,854
(Over)/under-provision in respect of prior years		
– Hong Kong Profits Tax	(4)	314
– Australia Corporate income tax	<u>(180)</u>	<u>35</u>
	(184)	349
Deferred tax – origination and reversal of temporary differences	<u>(1,081)</u>	<u>(315)</u>
Income tax (credit)/expenses	<u><u>(465)</u></u>	<u><u>2,888</u></u>

### Notes:

- (i) The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 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 is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.
- (ii) The Group's subsidiaries established in the PRC are subject to the PRC EIT at 25% for the year ended 31 March 2023 (2022: 25%).
- (iii) The Group's subsidiaries established in Australia are subject to Australia Corporate Income Tax at the rate of 30% for the years ended 31 March 2023 and 2022.
- (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 2023 and 2022.

## 9. DISCONTINUED OPERATION

### Deconsolidation of operation of the Mobile Business

On 16 September 2022, a special resolution of H K Rich Technology International Company Limited (“**HK Rich**”), a direct wholly-owned subsidiary of the Company principally engaging in the Mobile Business, was duly passed by the Company to wind up HK Rich by way of creditors’ voluntary liquidation (the “**Winding-up**”). Subsequent to the creditors’ meeting of HK Rich held on 30 September 2022, in which the appointment of joint and several liquidators was confirmed, the Company lost its control over HK Rich and its subsidiary and the Company deconsolidated the operation of the Mobile Business since then.

The results of the discontinued operation, which have been included in the profit for the year ended 31 March 2023, are set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent the Mobile Business as a discontinued operation.

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue	4,253	23,410
Cost of sales	<u>(4,052)</u>	<u>(63,442)</u>
Gross profit/(loss)	201	(40,032)
Impairment losses of trade receivables	(1,040)	(44)
Other income	543	433
Other gains and losses	–	(145)
Selling and distribution costs	(6)	(28)
Administrative expenses	<u>(619)</u>	<u>(3,266)</u>
Loss from operations	(921)	(43,082)
Finance costs	<u>(30)</u>	<u>(81)</u>
Loss before taxation	(951)	(43,163)
Attributable income tax expenses	<u>(5)</u>	<u>(231)</u>
	(956)	(43,394)
Gain on deconsolidation of subsidiaries from discontinued operation ( <i>note (i)</i> )	<u>4,726</u>	–
Profit/(loss) for the year from discontinued operation and attributable to owners of the Company	<u><u>3,770</u></u>	<u><u>(43,394)</u></u>

Note:

(i) **Gain on deconsolidation of subsidiaries from discontinued operation**

	<b>Year ended 31 March 2023 HK\$'000</b>
Net liabilities	(4,865)
Cumulative exchange loss reclassified from equity to profit or loss upon deconsolidation of subsidiaries	<u>139</u>
Gain on deconsolidation of subsidiaries from discontinued operation	<u><u>(4,726)</u></u>

**10. (LOSS)/EARNINGS PER SHARE**

(a) **Basic (loss)/earnings per share**

***Continuing operations***

The calculation of basic (loss)/earnings per share from continuing operations is based on the loss for the year attributable to owners of the Company from continuing operations of approximately HK\$2,455,000 (2022: profit of approximately HK\$11,750,000) and the weighted average number of approximately 345,453,000 (2022: 314,360,000) ordinary shares in issue during the year, calculated as follows:

	<b>2023 '000</b>	2022 '000 (restated)
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 April	<b>314,360</b>	314,360
Effect of shares issued upon placing	<u><b>31,093</b></u>	<u>–</u>
Weighted average number of ordinary shares	<u><u><b>345,453</b></u></u>	<u><u>314,360</u></u>
Basic (loss)/earnings per share ( <i>HK cents per share</i> )	<u><u><b>(0.7)</b></u></u>	<u><u>3.7</u></u>

### ***Discontinued operation***

The calculation of basic earnings/(loss) per share from discontinued operation is based on the profit for the year attributable to owners of the Company from discontinued operation of approximately HK\$3,770,000 (2022: loss of approximately HK\$43,394,000) and the weighted average number of approximately 345,453,000 (2022: 314,360,000) ordinary shares in issue during the year ended 31 March 2023.

	<b>2023</b>	2022
	<b>'000</b>	'000
		(restated)
Weighted average number of ordinary shares	<u><u>345,453</u></u>	<u><u>314,360</u></u>
Basic earnings/(loss) per share ( <i>HK cents per share</i> )	<u><u>1.1</u></u>	<u><u>(13.8)</u></u>

### ***Continuing and discontinued operations***

The calculation of basic earnings/(loss) per share is based on the profit for the year attributable to owners of the Company of approximately HK\$1,315,000 (2022: loss of approximately HK\$31,644,000) and the weighted average number of approximately 345,453,000 (2022: 314,360,000) ordinary shares in issue during the year ended 31 March 2023.

	<b>2023</b>	2022
	<b>'000</b>	'000
Weighted average number of ordinary shares	<u><u>345,453</u></u>	<u><u>314,360</u></u>
Basic earnings/(loss) per share ( <i>HK cents per share</i> )	<u><u>0.4</u></u>	<u><u>(10.1)</u></u>

#### **(b) Diluted loss per share**

There were no dilutive potential ordinary shares in issue during the years ended 31 March 2023 and 2022. The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2023 and 2022.

## 11. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

## 12. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, net of loss allowance ( <i>note (i)</i> )	162,079	51,823
Other receivables, net of loss allowance	2,466	687
Rental deposits	206	320
	<hr/>	<hr/>
Financial assets measured at amortised cost	164,751	52,830
Prepayments to suppliers	25,995	51,400
Other prepaid expenses	3,879	124
Other deposits	64	4
Other tax recoverable	38	39
	<hr/>	<hr/>
	<b>194,727</b>	<b>104,397</b>
	<hr/> <hr/>	<hr/> <hr/>
Representing:		
Current	194,727	104,077
Non-current	–	320
	<hr/>	<hr/>
	<b>194,727</b>	<b>104,397</b>
	<hr/> <hr/>	<hr/> <hr/>

Except for the rental deposit of Nil (2022: HK\$320,000) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	36,996	36,254
31 to 60 days	7,597	1,329
61 to 90 days	3,253	9,540
91 to 180 days	67,936	4,700
181 to 365 days	46,297	–
	<hr/>	<hr/>
	<b>162,079</b>	<b>51,823</b>
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are due within 90 to 180 days (2022: 0 to 90 days) from the date of billing.

### 13. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables ( <i>note (i)</i> )	29,742	32,405
Other payables	12,316	1,422
Accruals	2,168	2,192
Salary payable	236	4,602
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	44,462	40,621
Deposit received	7,733	421
Other tax payable	11,538	11,836
	<hr/>	<hr/>
	<b>63,733</b>	<b>52,878</b>
	<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 invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	3,050	31,917
31 to 60 days	4,874	–
61 to 90 days	1,617	488
91 to 180 days	5,749	–
181 to 365 days	14,452	–
	<hr/>	<hr/>
	<b>29,742</b>	<b>32,405</b>
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

The revenue of the Group for the year ended 31 March 2023 from continuing operations was approximately HK\$363.1 million (2022: HK\$438.4 million), representing a decrease of 17.2% compared to the previous year, the decrease in revenue was due to changes in the composition of milk powder brands sold by the Group over time, whereby the scale of sales in “Bellamy’s” was increased while the sales of “A2” was terminated during the year. The change in product portfolio from time to time was considered a normal and common phenomenon in the business operations of the Milk Products Business. The profit for the year (including continuing and discontinued operations) was approximately HK\$1.3 million, which was a turnaround from the loss of approximately HK\$31.6 million recorded for the previous year. The basic earnings per share (including continuing and discontinued operations) amounted to HK0.4 cents (2022: basic loss per share of HK10.1 cents).

The improvement in financial performance of the Group was primarily attributable to the combined effect of:

- (i) an increase in gross profit from the Milk Products Business for the year ended 31 March 2023, which was mainly due to a purchase discount of approximately HK\$25.4 million based on subscription of 9,541,620 Bubs Shares of Bubs Australia at nil consideration after the Group achieved the purchase target for orders placed with Bubs Australia or its subsidiaries for the period from 1 July 2021 to 30 June 2022;
- (ii) a significant reduction in loss from the Mobile Business resulted from further scaling-down of its operations during the year ended 31 March 2023; and
- (iii) an unrealised loss of approximately HK\$13.6 million recognised for the year ended 31 March 2023 arising from changes in fair value of financial assets at fair value through profit or loss by measuring the Bubs Shares at their fair value as at 31 March 2023 according to the Group’s accounting policy.

For the year ended 31 March 2023, the administrative expenses of the Group from continuing operations amounted to approximately HK\$15.1 million (2022: HK\$15.2 million), remaining at a similar level as compared to the previous year. The impairment losses of trade receivables from continuing operations recognised in respect of the expected credit losses increased to approximately HK\$6.5 million for the year ended 31 March 2023, compared with approximately HK\$1.9 million for the year ended 31 March 2022, which reflects the increased balance of trade receivables as at 31 March 2023 as compared to the balance of it as at 31 March 2022.

## **Business Review**

The Group is principally engaged in the Milk Products Business, the Logistics Business, Property Investment and the Mobile Business, out of which the Mobile Business was discontinued during the year ended 31 March 2023.

### ***Milk Products Business – Continuing Operations***

The Group runs its Milk Products Business focusing on crossborder milk powder trading in the PRC, Hong Kong and Australia. During the year ended 31 March 2023, the Group mainly sold (i) milk powder of three brands from Australia and New Zealand, namely “Bubs”, “Aptamil” and “Bellamy’s”; and (ii) adult milk powder of “Capela” and “CapriLac”.

On 26 September 2022, Willis Trading Limited (“**Willis Trading**”), the indirect wholly-owned subsidiary of the Company principally engaging in Milk Products Business, subscribed for, and Bubs Australia, a company incorporated in Australia with limited liability, the shares of which are listed on the ASX (ASX stock code: BUB), issued and allotted, 9,541,620 Bubs Shares at nil consideration after the Group achieved the purchase target for purchase orders placed with Bubs Australia or its subsidiaries for the period from 1 July 2021 to 30 June 2022 pursuant to the share subscription agreement entered into between Willis Trading and Bubs Australia on 3 March 2022 (the “**Share Subscription Agreement**”). Details of the transactions under the Share Subscription Agreement were set out in the announcements of the Company dated 3 March 2022, 24 March 2022, 5 July 2022 and 29 September 2022, respectively.

For the year ended 31 March 2023, the revenue of the Milk Products Business was approximately HK\$361.2 million (2022: HK\$436.6 million), of which the revenue of sales of milk powder and baby foods was approximately HK\$361.2 million (2022: HK\$435.2 million), franchise fee income was nil (2022: HK\$1.4 million), and the corresponding gross profit was approximately HK\$41.1 million (2022: HK\$33.0 million), which is reflected by including a purchase discount of approximately HK\$25.4 million based on the subscription of 9,541,620 Bubs Shares at nil consideration as mentioned above. The reportable segment profit (adjusted EBITDA) was approximately HK\$23.0 million (2022: HK\$25.3 million).

### ***Logistics Business – Continuing Operations***

To improve the Group’s business and to meet the long-term development strategy of increasing the number of downstream customers under the Milk Products Business, the Group has developed the Logistics Business since March 2023. By renting warehouse storage and logistics services from various warehouse storage and logistics services providers and subletting them to our customers, our goal is to provide our customers with relatively low-cost warehouse storage and relevant logistics services.

For the year ended 31 March 2023, the revenue of the Logistics Business was approximately HK\$0.3 million (2022: Nil).

### ***Property Investment – Continuing Operations***

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 2023, the fair value of the Property was estimated at approximately AUD8.0 million (2022: AUD7.8 million) (equivalent to approximately HK\$42.1 million (2022: HK\$43.5 million)), representing approximately 15.6% (2022: 24.3%) of the total assets of the Group. For the year ended 31 March 2023, the Property was leased to a lessee and generated rental income to the Group of approximately HK\$1.6 million (2022: HK\$1.7 million). The reportable segment profit (adjusted EBITDA) was approximately HK\$3.1 million (2022: HK\$2.9 million).

### ***Mobile Business – Discontinued Operation***

The impact on the economy caused by the Coronavirus disease 2019 (“**COVID-19**”) has continued since its worldwide outbreak from the beginning of 2020. In its passive position coping with the pandemic, the Mobile Business was unable to recapture the already dropping orders and sales from its scaled-down operations. The gradual scaling-down of operations of the Mobile Business affects the ability of the Group to continue to carry on the businesses.

On 16 September 2022, a special resolution of HK Rich, a direct wholly-owned subsidiary of the Company principally engaging in the Mobile Business, was duly passed by the Company to wind up HK Rich by way of creditors’ voluntary liquidation. Details of the Winding-up were set out in the announcement of the Company dated 16 September 2022. Subsequent to the creditors’ meeting of HK Rich held on 30 September 2022, in which the appointment of joint and several liquidators was confirmed, the financial positions and results of the Mobile Business were deconsolidated from the consolidated financial statements of the Group.

For the year ended 31 March 2023, the revenue of the Mobile Business was approximately HK\$4.3 million (2022: HK\$23.4 million), representing a decrease of 81.6% as compared with the previous year. For the year ended 31 March 2023, the loss for the year from the Mobile Business was approximately HK\$1.0 million (2022: HK\$43.4 million).

The gain on deconsolidation of the Mobile Business amounted to approximately HK\$4.7 million (2022: Nil) which was mainly contributed from the derecognition of net liabilities of the Mobile Business from the consolidated financial statements of the Group.

For the year ended 31 March 2023, the profit for the year from the discontinued operation and attributable to owners of the Company of the Mobile Business amounted to approximately HK\$3.8 million which represented the above-mentioned loss for the year from the Mobile Business of HK\$1.0 million and the gain on deconsolidation of the Mobile Business of HK\$4.7 million.

## Financial Review

### *Financial Resources, Liquidity and Capital Structure*

On 10 May 2022, 34,920,000 ordinary shares of the Company (the “**Shares**”) were issued additionally by way of placing (the “**Placing**”), raising gross proceeds of HK\$47.8 million. Details of the Placing are set out in the section headed “The Placing and Use of Proceeds” of this announcement.

Except for the proceeds received from the issuance of Shares through the Placing, the Group’s capital expenditure, daily operations and investments during the year ended 31 March 2023 were mainly funded by cash generated from its operations and loan from a third party. The liquidity and financing requirements of the Group are reviewed on a regular basis. During the year ended 31 March 2023, the Group had drawn down a loan of approximately AUD9.0 million (equivalent to HK\$47.5 million as at 31 March 2023) under a loan facility of HK\$50.0 million (the “**Loan Facility**”) from a third party.

As at 31 March 2023, the Group had current assets of approximately HK\$212.9 million (2022: HK\$130.1 million) and current liabilities of approximately HK\$111.6 million (31 March 2022: HK\$61.3 million). The liquidity of the Group as evidenced by the current ratio (current assets over current liabilities) was 1.91 times (2022: 2.12 times).

As at 31 March 2023, the trade and other receivables of the Group were approximately HK\$194.7 million (31 March 2022: HK\$104.4 million), the increase of which was mainly attributable to a longer credit period granted to customers of the Milk Products Business during the year. To mitigate the risks on recoverability of trade receivables that may result from the long credit period, the credit policy and the relevant internal control procedures of the Group have been further reviewed and strengthened during the year. The system of credit worthiness analysis of customers has also been reinforced. Security, including but not limited to the initial cash deposit, guarantees and collateral, will be requested and obtained from customers according to their credit worthiness. The trade and other payables of the Group increased from approximately HK\$52.9 million as at 31 March 2022 to approximately HK\$63.7 million as at 31 March 2023.

As at 31 March 2023, the Group maintained cash and bank balances of approximately HK\$13.7 million (2022: HK\$20.9 million), of which 27.7% (2022: 14.5%) were denominated in Hong Kong dollars (“**HK\$**”) or United States dollars (“**US\$**”) and 68.2% (2022: 84.0%) were denominated in AUD. The decrease of cash and bank balances of approximately HK\$7.2 million as compared to the position as at 31 March 2022 was mainly due to the use of cash in operating activities, in particular, the Milk Products Business.

As at 31 March 2023, the Group had outstanding borrowing of approximately HK\$47.5 million (2022: Nil) repayable within one year. There was no outstanding borrowing repayable after one year (2022: Nil). The Group’s outstanding borrowing was denominated in AUD and was charged with interest at floating rate.

The gearing ratio (calculated by net debt over total equity) of the Group as at 31 March 2023 was as follows:

	At 31 March 2023 <i>HK\$'000</i>	At 31 March 2022 <i>HK\$'000</i>
Total debt (sum of current liabilities and non-current liabilities)	111,624	62,469
Less: cash and bank balances	<u>(13,686)</u>	<u>(20,901)</u>
Net debt	<u>97,938</u>	<u>41,568</u>
Total equity	<u>158,820</u>	<u>116,351</u>
Gearing ratio	<u>61.7%</u>	<u>35.7%</u>

### ***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 to enhance cash flow management.

The Group aims to minimise its financial risk exposure. 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 2023, 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 2023.

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***

The Group as the borrower entered into a loan agreement with a third-party lender for a Loan Facility of HK\$50.0 million, and the Group drew approximately AUD9.0 million (equivalent to HK\$47.5 million as at 31 March 2023) under it. The Loan Facility was guaranteed by the Company and was secured by a debenture created by the Company of 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 (2022: Nil).

### ***Contingent Liabilities***

The Group had no contingent liabilities as at 31 March 2023 (31 March 2022: Nil).

### ***Material Capital Commitments***

The Group had no material capital commitments as at 31 March 2023 (31 March 2022: Nil).

### ***Significant Investments Held***

As at 31 March 2023, the Group held 9,541,620 Bubs Shares (2022: Nil) which represents approximately 1.27% of the issued share capital of Bubs Australia as at 31 March 2023. The 9,541,620 Bubs Shares were issued and allotted by Bubs Australia at nil consideration to the Group after the Group achieved the purchase target under the Share Subscription Agreement. The total investment cost of 9,541,620 Bubs Shares is deemed at AUD4.7 million, which is the market value of the Bubs Shares at the date of subscription (i.e.: 26 September 2022). The fair value of the 9,541,620 Bubs Shares as at 31 March 2023 amounted to AUD2.2 million (equivalent to approximately HK\$11.5 million), representing approximately 4.3% of the total assets of the Group, resulting in a loss arising from changes in fair value of financial assets at fair value through profit or loss of approximately HK\$13.6 million. There was no dividend received from Bubs Australia for the Bubs Shares held by the Group during the year ended 31 March 2023.

Bubs Australia is a company incorporated in Australia with limited liability, the shares of which are listed on the ASX (ASX stock code: BUB). Bubs Australia and its controlled entities are principally engaged in the manufacturing of Australian-made premium infant nutrition and dairy products. It is currently expected that the Group will continue to hold the 9,541,620 Bubs Shares. This investment provides the Group with the opportunity to further strengthen its relationship with Bubs Australia, which is currently one of the major suppliers of the Group.

Save as disclosed in this paragraph and in the paragraph headed “Business Review – Property Investment – Continuing Operations”, the Group did not hold other significant investments as at and for the year ended 31 March 2023.

### ***Material Acquisitions and Disposals***

Save as the Winding-up of HK Rich, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures for the year ended 31 March 2023.

### ***Event after the End of the Reporting Period***

On 23 June 2023, the Group as the borrower entered into a supplement loan agreement with a third-party lender to extend the Loan Facility of HK\$50.0 million for one year from the original maturity date.

### **Employees**

As at 31 March 2023, the Group had 25 employees (2022: 36). Total staff cost from continuing operations, including Directors' emoluments, of approximately HK\$10.3 million (2022: HK\$9.8 million) was incurred during the year ended 31 March 2023. The Group maintains a policy of paying competitive remuneration. The remuneration of employees which includes 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 a placing agreement (the "**Placing Agreement**") with Morton Securities Limited (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 (the "**Placees**") to subscribe for up to 34,920,000 shares of the Company (the "**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 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.

The Placing was completed on 10 May 2022, and the net proceeds from the Placing of approximately HK\$47.8 million were fully utilised for its intended usage in the above manner during the year ended 31 March 2023.

## **Business Development**

During the year ended 31 March 2023, the Group continued to devote resources to the Milk Products Business. Currently, the Group mainly sells milk powder under the brands of “Bubs”, “Aptamil” and “Bellamy’s”.

To further develop the Milk Products Business, the Group signed exclusive distributorship agreements (the “**Exclusive Distributorship Agreements**”) with a subsidiary of Bubs Australia in November 2021 and March 2022, acquiring the exclusive distributorship in Hong Kong and the PRC for several “Bubs” products. On 3 March 2022, the Group entered into the Share Subscription Agreement with Bubs Australia, pursuant to which the Group will have the right to subscribe for up to an aggregate of 29,541,620 Bubs Shares when certain “Bubs” product purchase milestones have been reached by the Group, at nil consideration. On 26 September 2022, after the Group achieved the purchase target for purchase orders placed with Bubs Australia or its subsidiaries for the period from 1 July 2021 to 30 June 2022 pursuant to the terms of the Share Subscription Agreement, the Group subscribed for and Bubs Australia issued and allotted 9,541,620 Bubs Shares at nil consideration. Details of the transactions under the Share Subscription Agreement and the Exclusive Distributorship Agreements were set out in the announcements of the Company dated 3 March 2022, 24 March 2022, 5 July 2022 and 29 September 2022, respectively. It is expected that the Group will not be able to meet the purchase target for the period from 1 July 2022 to 30 June 2023 pursuant to the Share Subscription Agreement.

In August 2022, the Group formed a joint venture with Bubs Australia, namely, Bubs Supreme Partner Pty Ltd (the “**JV Company**”), which is owned by the Group as to 49%, and operates as the exclusive licensee of certain trademarks with the name “Bubs Supreme” (the “**Bubs Supreme Trademarks**”) owned by Bubs IP Pty Ltd (“**Bubs IP**”, a subsidiary of Bubs Australia). The JV Company sub-licensed the use of the Bubs Supreme Trademarks to the Group, on a non-exclusive, royalty-free and perpetual basis, in the PRC, Hong Kong, Macau and Taiwan for the purpose of advertising, marketing and distributing the “Bubs Supreme” products. It is considered that the licensing of rights on the Bubs Supreme Trademarks gives the Group the right to use the Bubs Supreme Trademarks, which may potentially lead to better sales performance of the Group and contribute positively to the Group’s financial results. The formation of the JV Company and the grant of a licence to the JV Company by Bubs IP to use the Bubs Supreme Trademarks further strengthened the business cooperation between the Group and Bubs Australia. Details of the licensing of rights on Bubs Supreme Trademarks and the formation of the JV Company were set out in the announcement of the Company dated 2 August 2022.

In addition, the Group has developed the Logistics Business since March 2023 to improve the integrity of the Group's business and to support the development strategy of increasing the number of downstream customers under the Milk Products Business. By renting warehouse storage and logistics services from various warehouse storage and logistics services providers and subletting them to our customers, the goal of the Logistics Business is to provide its customers with relatively low-cost warehouse storage and relevant logistics services, thus enabling our small and medium-sized enterprise customers to control their costs. At present, the Logistics Business is in its initial stage and operates in mainland China.

Since the outbreak of COVID-19, the Group has been facing tremendous pressure in running the Mobile Business and has gradually scaled down the operations in this segment. The results of the Mobile Business have continuously deteriorated since the year ended 31 March 2020. Even with the segmental profit from the Milk Products Business, it was insufficient to offset the significant loss generated from the Mobile Business during the years ended 31 March 2022 and 31 March 2021. Having considered (i) the insolvency of HK Rich; (ii) the continuing and increasing loss of the Mobile Business due to intensifying competition, changes in the international political situation and environment, trade disputes, the rise in costs of raw materials, the loss of several major markets, as well as the impacts of the COVID-19 pandemic; (iii) the gradual scaling-down of operations of the Mobile Business which affects the ability of the Group to continue to carry on its businesses; and (iv) the unrealistic prospect of the Mobile Business due to the reduction of the viability of small and medium scale mobile handset manufacturers and processors, a special resolution of HK Rich was duly passed by the Company on 16 September 2022 to wind up HK Rich. The Group can reduce its loss after the Winding-Up of HK Rich, and devote its resources to managing and developing other existing businesses of the Group with potential growth.

### **Corporate strategies**

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

### **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 commenced the Logistics Business in March 2023.

For the year ended 31 March 2023, the Group recorded a profit for the year of HK\$1.3 million, which is the first time since the year ended 31 March 2020 and is a demonstration of the Group's achievements and efforts in proactively addressing the changes in the external economic environment and industry challenges during these four years.

The Milk Products Business, with the development for three years since it was developed by the Group in February 2020, is gradually on track. Through strengthening the cooperation and enhancing the relationship with brands such as “Bubs” and “Bellamy’s”, the Group has obtained stable and quality supply of products, further strengthening the earning base of the Milk Products Business of the Group. The Group will continually put resources into the promotion of the brands distributed by it, so as to maintain the exposure and market performance of products. In the future, the Group will further advance the diversification of products portfolio while continuing to promote the sales plan and marketing in mainland China, to meet the increasing demands of different customers and to maintain the growth of the Milk Products Business. In addition, the Group will also focus on increasing the number of downstream customers under the Milk Products Business in order to further reduce business risks and drive profit growth. During the year, the Group launched the Logistics Business to improve the Group’s business and support its business development. The Logistics Business provides its customers with relatively low-cost warehouse storage and relevant logistics services. It is expected that the Group will also extend its warehouse logistics services to other new customers in the future. In terms of the Mobile Business, following the Winding-up of the subsidiary engaged in such business by way of creditors’ voluntary liquidation conducted through appointing joint and several liquidators in September 2022, the financial results of the Mobile Business have been deconsolidated from those of the Group since then.

As the COVID-19 pandemic gradually subsides and normal travel resumes, both the Chinese government and the Hong Kong government are looking forward to economic recovery in 2023. The Chinese government’s proposal to “focus on expanding domestic demand and prioritise the restoration and expansion of consumption” is expected to continue to provide positive support for the resumption of personal consumption expenditure growth. However, we still need to pay attention to the uncertainty in the external market. The rapid interest rate hike by the Federal Reserve of the United States (“**Fed**”) not only disrupts the global financial markets and affects global steady growth, but is also detrimental to China’s economic recovery. According to the minutes of the policy meeting in May 2023, the market expects that the Fed is nearing the end of raising interest rates and may even suspend raising it in mid-2023, but the Fed has also been emphasising that it will keep high interest rates for a long time to curb inflation, and the market is beginning to worry about the onset of recession. The future development of the global economy is yet to be seen, but there are opportunities amid crisis. Although the Group currently does not have any detailed plans for material investment or capital asset, the Group will continue to leverage its strengths to enhance its business performance, so as to meet possible challenges in the future. Going forward, the Group remains cautiously optimistic. Leveraging on the further development of the Milk Products Business, it is hopeful that the financial results of the Group will continue to rise, and it is expected that the Group will be able to create greater value for its shareholders.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has applied the principles of, and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in part 2 of Appendix 14 to the Listing Rules throughout the year ended 31 March 2023, save and except for the deviation as follows:

Following the resignations of Mr. Xiong Jianrui (former chairman of the Company) and Mr. Yi Peijian (former chief executive officer of the Company) from all their posts in the Company with effect from 1 October 2022, the posts of the chairman and chief executive officer of the Company have been vacant and have not been filled up as at the date of this announcement. Therefore, the Company has not met the requirements of (i) the roles of chairman and chief executive under code provision C.2.1 and (ii) the responsibilities of chairman under code provisions C.2.2 to C.2.9 of the CG Code. Since then, the duties of these two posts have been shared among the members of the Board. The Board and the nomination committee of the Company will continuously review and discuss the adjustment to the composition of the Board.

## **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 have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2023.

## **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 2023.

## **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 2023 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 2023.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “AGM”) is scheduled to be held on Friday, 8 September 2023 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 Tuesday, 5 September 2023 to Friday, 8 September 2023, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 September 2023.

## **PROPOSED ADOPTION OF AMENDED AND RESTATED BYE-LAWS**

In order to (i) reflect the current applicable requirements of the Listing Rules and laws of Bermuda; (ii) allow hybrid general meetings to be convened; and (iii) make other consequential and housekeeping changes, the Board proposes to adopt a new set of amended and restated bye-laws in substitution for, and to the exclusion of, the existing bye-laws of the Company, which is subject to the approval of the Shareholders by way of a special resolution (the “Special Resolution”) at the AGM. The full text of the Special Resolution will be contained in the notice of the AGM. A circular containing, inter alia, an explanation of the effect of the proposed amendments and the full terms of the proposed amendments, together with the notice of the AGM, will be despatched to the Shareholders in due course.

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

The 2023 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 2023 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 2023 to be included in the 2023 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**  
**Chen Xu**  
*Executive Director*

Hong Kong, 29 June 2023

*As at the date of this results announcement, the executive Directors are Mr. Chen Xu and Ms. Wu Feizi, and the independent non-executive Directors are Mr. Li Chak Hung, Mr. Choi Kin Man and Mr. Zhao Lei.*

\* *For identification purpose only*