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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 2024

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 2024 with comparative audited figures for the year ended 31 March 2023 are as follows.

The Group's audited consolidated results for the year ended 31 March 2024 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 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Continuing operations			
Revenue	*4*	**96,310**	363,093
Cost of sales and services rendered		**(92,243)**	(320,353)
Gross profit		**4,067**	42,740
Net impairment losses of financial assets	*7(c)*	**(27,201)**	(6,548)
Impairment losses on goodwill	*7(c)*	**(2,161)**	–
Impairment losses on property, plant and equipment	*7(c)*	**(983)**	–
Other income	*5*	**3,161**	755
Other gains and losses, net	*6*	**(6,894)**	(17,629)
Selling and distribution costs		**(1,809)**	(2,502)
Administrative expenses		**(12,106)**	(15,071)
(LOSS)/PROFIT FROM OPERATIONS		**(43,926)**	1,745
Finance costs	*7(a)*	**(4,448)**	(4,665)
LOSS BEFORE TAXATION	*7*	**(48,374)**	(2,920)
Income tax credit	*8*	**10,053**	465
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(38,321)**	(2,455)
Discontinued operation			
Profit for the year from discontinued operation		**–**	3,770
(LOSS)/PROFIT FOR THE YEAR		**(38,321)**	1,315
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2,266)**	(6,762)
Reclassification adjustments relating to foreign operations deconsolidated during the year		**–**	139
Other comprehensive loss for the year, net of income tax		**(2,266)**	(6,623)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(40,587)**	(5,308)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
from continuing operations		**(38,321)**	(2,455)
from discontinued operation		**–**	3,770
		(38,321)	1,315
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
from continuing operations		**(40,587)**	(8,951)
from discontinued operation		**–**	3,643
		(40,587)	(5,308)
		HK cents	*HK cents*
(LOSS)/EARNINGS PER SHARE	*9*		
From continuing operations			
Basic		**(11.0)**	(0.7)
From discontinued operation			
Basic		**–**	1.1
From continuing and discontinued operations			
Basic		**(11.0)**	0.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Investment property		**41,350**	42,094
Property, plant and equipment		**18**	360
Goodwill		**–**	2,161
Interests in joint venture		**–**	–
Financial assets at fair value through profit or loss		**–**	11,547
Refundable rental deposit		**203**	–
Deferred tax assets		**–**	1,354
		41,571	57,516
Current assets			
Inventories		**9**	3,932
Trade and other receivables	*11*	**107,528**	164,853
Prepayments		**186**	29,874
Income tax recoverable		**1,735**	583
Cash and cash equivalents		**47,277**	13,686
		156,735	212,928
Current liabilities			
Trade and other payables	*12*	**45,358**	63,733
Contract liabilities		**172**	–
Lease liabilities		**675**	347
Other borrowing		**33,182**	47,544
Income tax payable		**370**	–
		79,757	111,624
Net current assets		**76,978**	101,304
Total assets less current liabilities		**118,549**	158,820
Non-current liabilities			
Lease liabilities		**316**	–
Net assets		**118,233**	158,820
Capital and reserves			
Share capital		**435,252**	435,252
Reserves		**(317,019)**	(276,432)
Equity attributable to owners of the Company and total equity		**118,233**	158,820

1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standard 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 IFRS ACCOUNTING STANDARDS

The Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB to these consolidated financial statements for the current accounting period for the first time, which are mandatorily effective for the Group's financial annual period beginning on or after 1 April 2023:

IFRS 17 and the Related Amendments	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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 amendments to IFRS Accounting Standards that are not yet mandatorily 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 was discontinued during the year ended 31 March 2023. The following segment information does not include any amounts for the discontinued operation.

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 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 (the chief operating decision maker ("**CODM**")) 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 financial assets at fair value through profit or loss, and other corporate assets. Segment liabilities include trade and other payables, contract liabilities, lease liabilities and income 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 (loss)/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.

In addition to receiving segment information concerning adjusted EBITDA, executive Directors are provided with segment information concerning interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, impairment losses, valuation gain on investment property, and additions to non-current segment assets used by the segments in their operations.

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 2024 and 2023 is set out below.

	Year ended 31 March 2024			
Continuing operations	Milk Products Business *HK$'000*	Logistics Business *HK$'000*	Property Investment *HK$'000*	Total *HK$'000*
Reportable segment revenue				
Disaggregated by timing of revenue recognition				
Point in time	93,087	–	–	93,087
Over time	–	1,493	–	1,493
Revenue from contracts with external customers	93,087	1,493	–	94,580
Gross rentals from investment property	–	–	1,730	1,730
Reportable segment revenue	93,087	1,493	1,730	96,310
Profit or loss				
Reportable segment (loss)/profit (adjusted EBITDA)	(31,274)	86	1,905	(29,283)
Bank interest income				1
Depreciation				(718)
Finance costs				(4,448)
Loss on financial assets mandatorily measured at fair value through profit or loss				(5,006)
Impairment losses on non-financial assets				(3,144)
Unallocated head office and corporate interest and expenses other than bank interest income, depreciation and finance costs				(5,776)
Consolidated loss before taxation				(48,374)

	Year ended 31 March 2023			
Continuing operations	Milk Products Business *HK$'000*	Logistics Business *HK$'000*	Property Investment *HK$'000*	Total *HK$'000*
Reportable segment revenue				
Disaggregated by timing of revenue recognition				
Point in time	361,227	–	–	361,227
Over time	–	255	–	255
Revenue from contracts with external customers	361,227	255	–	361,482
Gross rentals from investment property	–	–	1,611	1,611
Reportable segment revenue	361,227	255	1,611	363,093
Profit or loss				
Reportable segment profit (adjusted EBITDA)	22,980	14	3,118	26,112
Bank interest income				2
Depreciation				(763)
Finance costs				(4,665)
Loss on financial assets mandatorily measured 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				(2,920)

(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.

	Continuing operations			
	Revenue from external customers		**Non-current assets (excluding financial instruments and deferred tax assets)**	
	Year ended 31 March		**At 31 March**	At 31 March
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**–**	340
Australia	**23,852**	270,038	**41,350**	44,255
The People's Republic of China (the "**PRC**")	**72,458**	93,055	**18**	20
	96,310	363,093	**41,368**	44,615

(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:

	2024	2023
	HK$'000	*HK$'000*
Revenue from sales of milk powder and baby foods		
– Customer A	**33,905**	–
– Customer B	**30,269**	294,100
– Customer C	**10,970**	–
– Customer D	**9,678**	–
Revenue from property investment		
– Customer B	**1,344**	–
– Customer E	**N/A#**	47,998

Remark:

\# 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:

	2024	2023
Continuing operations	***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	**93,087**	361,227
– Warehouse logistics income	**1,493**	255
	94,580	361,482
Revenue from other sources		
Gross rentals from investment property		
– Lease payments that are fixed	**1,730**	1,611
Total revenue	**96,310**	363,093

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:

	2024	2023
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of milk powder and baby foods	**–**	1,938

(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

Continuing operations	**2024** ***HK$'000***	2023 *HK$'000*
Interest income on financial assets measured at amortised cost		
– Bank interest income	**1**	2
Government subsidy *(note)*	**–**	175
Marketing service income	**2,900**	341
Sundry income	**260**	237
	3,161	755

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. There are no unfulfilled condition and other contingencies attaching to these subsidy.

6. OTHER GAINS AND LOSSES, NET

Continuing operations	**2024** ***HK$'000***	2023 *HK$'000*
Net foreign exchange loss	**(2,403)**	(5,394)
Loss on financial assets mandatorily measured at fair value through profit or loss		
– Listed equity securities	**(5,006)**	(13,578)
Fair value gain on investment property	**515**	1,343
	(6,894)	(17,629)

7. LOSS BEFORE TAXATION

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

Continuing operations	**2024** **HK$'000**	2023 HK$'000
(a) Finance costs:		
Interest on other borrowing	**4,427**	4,644
Interest on lease liabilities	**21**	21
Total interest expense on financial liabilities not at fair value through profit or loss	**4,448**	4,665
(b) Employee benefits expenses (including Directors' emoluments):		
Salaries, wages and other benefits	**6,594**	9,982
Defined contribution retirement benefits scheme contributions	**352**	304
	6,741	10,286
(c) Other items:		
Cost of inventories *(note (i))*	**90,836**	320,111
Auditor's remuneration		
– Audit services	**930**	1,000
– Non-audit services	**250**	450
Depreciation charges		
– Owned property, plant and equipment	**14**	23
– Right-of-use assets	**704**	740
Marketing service expense *(note (ii))*	**–**	715
Net impairment losses of financial assets		
– trade receivables	**25,455**	6,523
– other receivables	**1,746**	25
	27,201	6,548
Impairment losses on goodwill	**2,161**	–
Impairment losses on property, plant and equipment	**983**	–
Short-term lease expense	**68**	157
Rental income from investment property less direct outgoings of HK$86,000 (2023: Nil)	**(1,644)**	(1,611)

Notes:

(i) For the year ended 31 March 2023, cost of inventories sold included purchase discounts of approximately HK$27,870,000 which was mainly due to a purchase discount of approximately HK$25,354,000 based on subscription of 9,541,620 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:

Continuing operations	**2024** ***HK$'000***	2023 *HK$'000*
Current tax		
– Hong Kong Profits Tax for the year	**–**	335
– Australia Corporate income tax for the year	**212**	465
	212	800
Over-provision in respect of prior years		
– Hong Kong Profits Tax	**–**	(4)
– Australia Corporate income tax	**(86)**	(180)
	(86)	(184)
Deferred tax – origination and reversal of temporary differences	**1,325**	(1,081)
Reversal of withholding tax	**(11,504)**	–
Income tax credit	**(10,053)**	(465)

Notes:

(i) No Hong Kong profit tax has been provided for in the consolidated financial statements as the Group has no assessable profits for the year ended 31 March 2024. The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% of the estimated assessable profits for the year, except for a 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%.

(ii) The Group's subsidiaries established in the PRC are not subject to the PRC Enterprise Income Tax as they have no assessable profit for the years ended 31 March 2024 and 2023.

(iii) The Group's subsidiaries established in Australia are subject to Australia Corporate Income Tax at the rate of 30% for the year ended 31 March 2024 (2023: 30%).

(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 2024 and 2023.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic loss per share

Continuing operations

The calculation of basic loss per share from continuing operations is based on the loss for the year attributable to owners of the Company of HK$38,321,000 (2023: HK$2,455,000) and the weighted-average number of approximately 349,280,000 (2023: 345,453,000) ordinary shares in issue during the year ended 31 March 2024, calculated as follows:

	2024	2023
	'000	*'000*
Weighted-average number of ordinary shares:		
Issued ordinary shares at 1 April	**349,280**	314,360
Effect of Shares issued upon placing	**–**	31,093
Weighted-average number of ordinary shares	**349,280**	345,453
Basic loss per share *(HK cents per share)*	**(11.0)**	(0.7)

Discontinued operation

The calculation of basic earnings per share from discontinued operation is based on the profit/loss for the year attributable to owners of the Company from discontinued operation of Nil (2023: profit of approximately HK$3,770,000) and the weighted average number of approximately 349,280,000 (2023: 345,453,000) ordinary shares in issue during the year ended 31 March 2024.

	2024	2023
	'000	*'000*
Weighted-average number of ordinary shares:		
Issued ordinary shares at 1 April	**349,280**	314,360
Effect of Shares issued upon placing	**–**	31,093
Weighted-average number of ordinary shares	**349,280**	345,453
Basic earnings per share *(HK cents per share)*	**–**	1.1

Continuing and discontinued operations

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK$38,321,000 (2023: profit of approximately HK$1,315,000) and the weighted average number of approximately 349,280,000 (2023: 345,453,000) ordinary shares in issue during the year ended 31 March 2024.

	2024	2023
	’000	*’000*
Weighted-average number of ordinary shares:		
Issued ordinary shares at 1 April	**349,280**	314,360
Effect of Shares issued upon placing	**–**	31,093
Weighted-average number of ordinary shares	**349,280**	345,453
Basic (loss)/earnings per share *(HK cents per share)*	**(11.0)**	0.4

(b) Diluted loss per share

No diluted loss per share for the years ended 31 March 2024 and 2023 is presented as there is no potential ordinary share in issue during the both years.

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables and deposits of HK$107,731,000 (2023: HK$164,853,000) included trade receivables (net of loss allowance) of HK$84,877,000 (2023: HK$162,079,000).

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:

	2024	2023
	HK$’000	*HK$’000*
0 to 30 days	**568**	36,996
31 to 60 days	**–**	7,597
61 to 90 days	**–**	3,253
91 to 180 days	**–**	67,936
181 to 365 days	**54,019**	46,297
Over 365 days	**30,290**	–
	84,877	162,079

12. TRADE AND OTHER PAYABLES

Trade and other payables of HK$45,358,000 (2023: HK$63,733,000) included trade payables of HK$28,861,000 (2023: HK$29,742,000).

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

	2024	2023
	HK$'000	*HK$'000*
0 to 30 days	**–**	3,050
31 to 60 days	**–**	4,874
61 to 90 days	**–**	1,617
91 to 180 days	**–**	5,749
181 to 365 days	**–**	14,452
Over 365 days	**28,861**	–
	28,861	29,742

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31 March 2024 from continuing operations was approximately HK$96.3 million (2023: HK$363.1 million), representing a decrease of 73.5% compared to the previous year.

The loss for the year was approximately HK$38.3 million (2023: profit of HK$1.3 million (including continuing and discontinued operations)). The basic loss per share amounted to HK11.0 cents (2023: basic earnings per share of HK0.4 cents (including continuing and discontinued operations)).

The turnaround from profit to loss was primarily attributable to the combined effect of:

(i) a significant decrease of HK$266.8 million or 73.5% in the revenue for the year ended 31 March 2024 as compared to last year, which was mainly due to the decrease in the sales volume of milk powder;

(ii) the recognition of net impairment losses of financial assets of approximately HK$27.2 million for the year ended 31 March 2024 (2023: HK$6.5 million) according to the Group's accounting policy in respect of the expected credit losses;

(iii) the recognition of a non-recurring purchase discount of approximately HK$25.4 million for the year ended 31 March 2023 regarding the subscription of 9,541,620 shares (the "**Bubs Shares**") of Bubs Australia at nil consideration, whereas no such discount was recognised for the year ended 31 March 2024; and

(iv) the reversal of a time-barred other tax payable amounting to approximately HK$11.5 million for the year ended 31 March 2024.

For the year ended 31 March 2024, the administrative expenses of the Group from continuing operations amounted to approximately HK$12.1 million (2023: HK$15.1 million), a decrease of 19.7% as compared to the previous year, which was mainly due to a reduction of total staff costs (including Directors' emoluments) recognised for the year ended 31 March 2024 as compared to the last year. The net impairment losses of financial assets from continuing operations recognised in respect of the expected credit losses increased to approximately HK$27.2 million for the year ended 31 March 2024, compared with approximately HK$6.5 million for the year ended 31 March 2023, which reflects the long-aged balance of trade receivables before impairment as at 31 March 2024.

Business Review

For the year ended 31 March 2024, the Group is principally engaged in the Milk Products Business, Logistics Business and Property Investment.

Milk Products Business – Continuing Operations

The Group runs its Milk Products Business focusing on cross-border milk powder trading in the PRC, Hong Kong and Australia. During the year ended 31 March 2024, the Group mainly sold (i) milk powder of two brands from Australia and New Zealand, namely "Bellamy's" and "Aptamil".

For the year ended 31 March 2024, the revenue of the Milk Products Business was approximately HK$93.1 million (2023: HK$361.2 million), of which the revenue of sales of milk powder and baby foods was approximately HK$93.1 million (2023: HK$361.2 million), and the corresponding gross profit was approximately HK$0.8 million (2023: HK$41.1 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). The reportable segment loss (adjusted EBITDA) was approximately HK$31.3 million (2023: HK$23.0 million).

The Milk Products Business entered into exclusive distributorship agreements with a subsidiary of Bubs Australia in November 2021 to acquire the exclusive distributorship in Hong Kong and the PRC for a new product of "Bubs" named "Bubs Supreme". However, the demand for both the original "Bubs" and "Bubs Supreme" in the PRC market declined since China's economic growth slowed down in the first half of 2023. Between April 2023 to June 2023, the performance of Bubs' products in the PRC was much lower than expected. The customers of the Milk Products Business inevitably face a slow inventory turnover which in turn negatively affects the sales volume and revenue of the Milk Products Business. The Group has endeavoured to solve the issue together with Bubs Australia, yet regrettably, despite such efforts, Bubs Australia decided to terminate the cooperation with the Group, and subsequently, the exclusive distributorship agreements entered between the Group and Bubs Australia were not renewed and were terminated in June 2023 and July 2023. In view of the drop of sales of "Bubs", the Group stepped up its efforts to boost the sales of "Bellamy's". During the year ended 31 March 2024, the sales of "Bellamy's" partially offset the negative impact on the revenue and gross profit of Milk Products Business, and as a whole, the overall sales volume of milk powder and the revenue of Milk Products Business for the year ended 31 March 2024 decreased by 73.8% and 74.2%, respectively as compared to the previous year.

A goodwill of approximately HK$2.2 million was recognised by the Group when Milk Products Business was acquired in 2020. According to the Group's accounting policy, goodwill is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. A cash-generating unit (the "**CGU**") to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For the purposes of impairment testing, the carrying amount of goodwill HK$2.2 million has been allocated to the CGU of Milk Products Business. The recoverable amount of the Milk Products Business CGU is determined based on value-in-use calculation which requires the use of assumptions.

According to aforesaid market situation and financial performance of Milk Products Business, the management of the Company updated a future cash flow projections covering a five-year period for the Milk Products Business. A valuation on the value-in-use based on the updated future cash flow projections was carried out by an independent firm of valuer in Hong Kong, and an impairment losses on goodwill amounting to HK$2.2 million is recognised for the year ended 31 March 2024.

Logistics Business – Continuing Operations

To diversify the Group's business and to meet the long-term development strategy of increasing the number of downstream customers under the Milk Products Business, as well as introducing new revenue stream, the Group embarked on the development of 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.

Looking ahead, the Group aims to further expand this segment of business and will consider different business opportunities arising from time to time.

For the year ended 31 March 2024, the revenue of the Logistics Business was approximately HK$1.5 million (2023: HK$0.3 million) and the reportable segment profit (adjusted EBITDA) was approximately HK$1.5 million (2023: 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 initial consideration for the acquisition of the Property was Australian dollars ("**AUD**") 7.5 million. The Property has been leased out for rental since its acquisition in January 2021. If the Group requires a warehouse for its future operations of the Milk Products Business in Australia, the Property may serve as a warehouse for self-use purpose.

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 2024, the fair value of the Property was estimated at approximately AUD8.1 million (2023: AUD8.0 million) (equivalent to approximately HK$41.4 million (2023: HK$42.1 million)), representing approximately 20.9% (2023: 15.6%) of the total assets of the Group.

For the year ended 31 March 2024, the Property was leased to a lessee and generated rental income to the Group of approximately HK$1.7 million (2023: HK$1.6 million). The reportable segment profit (adjusted EBITDA) was approximately HK$1.9 million (2023: HK$3.1 million).

Financial Review

Financial Resources, Liquidity and Capital Structure

During the year ended 31 March 2024, the Company disposed of 9,541,620 shares (the "**Bubs Shares**") of Bubs Australia, a company incorporated in Australia with limited liability, the shares of which are listed on the Australian Securities Exchange (ASX stock code: BUB), generating proceeds from disposals in cash amounting to approximately AUD1.2 million (equivalent to approximately HK$6.4 million) (exclusive of transaction costs). Details of the disposals are set out in the announcement of the Company dated 14 December 2023.

Except from the proceeds received from the disposals of Bubs Shares, the Group's capital expenditure, daily operations and investments during the year ended 31 March 2024 were mainly funded by cash generated from its operations and a loan from a third party. The liquidity and financing requirements of the Group are reviewed on a regular basis.

As at 31 March 2024, the Group had current assets of approximately HK$156.7 million (2023: HK$212.9 million) and current liabilities of approximately HK$79.8 million (2023: HK$101.3 million). The liquidity of the Group as evidenced by the current ratio (current assets over current liabilities) was 1.97 times (2023: 1.91 times).

As at 31 March 2024, the trade and other receivables of the Group were approximately HK$107.9 million (2023: HK$168.7 million (restated)), the decrease of which was mainly attributable to the receiving of the outstanding trade receivables during the year, the decrease in sale of products for the Milk Products Business, and the increase in loss allowance for trade receivables provided by the Group.

The management of the Group has closely monitored the aging of the trade receivables and regularly communicated with the customers to follow up on the settlement of the invoices if any prolonged delay has been observed. Prior to 2023, the Group's customers, including existing customers with outstanding trade receivables, generally paid on time within the credit period offered by the Group. Due to the slowing down of China's economic growth since the first half of 2023 and challenging macroeconomic conditions, the customers in the Milk Products Business in general faced a slow inventory turnover which had a short-term impact on their liquidity, and affected the timeliness of settlement of the Group's invoices.

According to the Group's accounting policy, loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses (the "**ECLs**"). At each reporting date of a financial period/year-end, ECLs are re-measured to reflect the change(s) in the credit risk of the trade receivables compared to the initial recognition. In measuring ECLs, the Group takes into account the probability weighted estimate of credit losses, the time value of money, and such reasonable information supported by evidence that is available without undue cost or effort, which includes information about past events, current conditions and forecasts of future economic conditions. The Group has engaged an independent firm of valuer in Hong Kong to carry out an assessment of the ECLs on the trade receivables of the Group as at 31 March 2024 according to the aforesaid accounting policy, and considered various factors affecting the credit risk, including but not limited to an increase in aging of trade receivables, the market conditions and the historical recovery rate of the trade receivables. Based on the assessment results, the Group recognised a loss allowance for ECLs on the trade receivables amounting to HK$33.3 million (2023: HK$8.1 million) as at 31 March 2024 and an impairment losses of trade receivable of HK$25.5 million (2023: HK$6.5 million) for the year ended 31 March 2024.

In recovering the overdue trade receivables, the Board has proactively taken the following actions:

– monitoring the frequency of business transactions with its customers and progress of settlement of invoices, and issuing invoice settlement reminders regularly;

– closely supervising the repayment from its major customers, and noted that there has been settlement of invoices from its customers from time to time, whereby they have arranged payment of approximately A$25.9 million (equivalent to approximately HK$132.1 million) during the year ended 31 March 2024;

– in relation to the largest customer (the "**Largest Customer**"), the Group obtained an additional personal guarantee (the "**Guarantee**") executed by the ultimate beneficial owner of the Largest Customer in favour of the Group for all amounts due from the Largest Customer. The management of the Group has further reviewed the financial resources of the ultimate beneficial owner of the Largest Customer and is satisfied with the worthiness of the Guarantee; and

– regularly reviewing the credit worthiness of the customers and the Group will request additional security from them when necessary (including but not limited to initial cash deposit, guarantees and collateral).

With the actions as abovementioned, subsequent to 31 March 2024 and as at the date of this announcement, a portion of the outstanding trade receivables of approximately HK$25 million has been recovered. Moreover, a debt settlement agreement dated 27 June 2024 was entered into by and among members of the Group, namely Willis Trading Limited (the "**Willis Trading**") and Hangzhou Mingandi E-commerce Co., Ltd.* (杭州明安迪電子商務有限公司), Prime Global Trading Pty Ltd (the "**Debtor**"), and Mr. Zhang Xuekun (the "**Registered Shareholder**"), pursuant to which the Registered Shareholder agreed to transfer (i) 70% of economic benefit of Shenyang Jinyi e-commerce Co., Ltd. (瀋陽金蟻電子商務有限公司) ("**Shenyang Jinyi**"), a company established under the laws of the PRC with limited liability which is principally engaged in the business of, among others, e-commerce in the PRC and holds requisite permit and approval required for its e-commerce business, including but not limited to (1) Value-Added Telecommunications Business Operating License (增值電信業務經營許可證), and (2) Online Culture Operating License (網絡文化經營許可證); and (ii) the rights of the shareholder's loan owed by Shenyang Jinyi to the Registered Shareholder amounting to RMB2.4 million (equivalent to approximately HK$2.6 million), to the Group, in consideration of the Willis Trading agreeing to discharge the trade receivables due from the Debtor in the sum of AUD5.1 million (equivalent to approximately HK$26.2 million). Details of the transaction are set out in the announcement of the Company dated 27 June 2024.

Having considered (i) the Guarantee offers additional security over a significant portion of the outstanding trade receivables; and (ii) the Group has from time to time been able to recover and/or settle a portion of the outstanding trade receivables (including taking into account the effect of the debt settlement agreement as abovementioned), the Board is of the view that the actions taken by the Group are sufficient to safeguard the Company's assets.

The Board will continue to monitor the aging of the trade receivables, and is mindful of taking further actions (including but not limited to negotiating with the customers for a settlement from different means and initiating legal proceedings against the customers of the Group) in future to recover the trade receivables in order to protect the interests of the Company and its shareholders.

The trade and other payables of the Group decreased from approximately HK$63.7 million as at 31 March 2023 to approximately HK$45.4 million as at 31 March 2024.

As at 31 March 2024, the Group maintained cash and cash equivalents of approximately HK$47.3 million (2023: HK$13.7 million), of which 80.5% (2023: 27.7%) were denominated in Hong Kong dollars ("**HK$**") or United States dollars ("**US$**") and 17.1% (2023: 68.2%) were denominated in AUD. The increase of cash and cash equivalents of approximately HK$33.6 million as compared to the position as at 31 March 2023 was mainly due to the decrease in trade receivables which reflected as an increase in cash generated from operating activities.

During the year ended 31 March 2024, the Group had partially repaid principal of a borrowing amounting to AUD2.5 million (equivalent to approximately HK$14.0 million) under a loan facility of HK$50.0 million from a third party (the "**Loan Facility**"). As at 31 March 2024, the Group had an outstanding borrowing of approximately HK$33.2 million (2023: HK$47.5 million) repayable within one year. There was no outstanding borrowing repayable after one year (2023: 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 2024 was as follows:

	At 31 March 2024	At 31 March 2023
	HK$'000	*HK$'000*
Total debt (sum of current liabilities and non-current liabilities)	**80,037**	111,624
Less: cash and cash equivalents	**(47,277)**	(13,686)
Net debt	**32,760**	97,938
Total equity	**118,233**	158,820
Gearing ratio	**27.7%**	61.7%

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 to not 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 2024, 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 2024.

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 (the "**Lender**") for the Loan Facility of HK$50.0 million, and the Group had utilised AUD6.5 million (equivalent to approximately HK$33.2 million) under it as at 31 March 2024 (2023: approximately AUD9.0 million (equivalent to approximately HK$47.5 million)). The Loan Facility was guaranteed by the Company and GA Australia Investment Pty Limited ("**GA Australia Investment**"), an indirect wholly-owned subsidiary of the Company, respectively. The Loan Facility was also secured by: (i) debentures created by the Company and Willis Trading, an indirect wholly-owned subsidiary of the Company, respectively, of a first fixed and floating charge over each of the Company and Willis Trading undertaking, property and assets as security for the due payment of all monies payable under the Loan Facility; (ii) a mortgage entered by GA Australia Investment to create the pledge of the Property to the Lender; (iii) a security deed entered by GA Australia Investment to undertake as security for the due payment of the secured money payable under the Loan Facility; and (iv) a mortgage entered by Willis Trading to create the pledge of the shares of GA Australia Investment to the Lender (2023: 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).

Contingent Liabilities

On 19 July 2023, Willis Trading and Alice Trading Limited ("**Alice Trading**"), both indirect wholly-owned subsidiaries of the Company, noticed that two notices of arbitration (the "**Arbitration Notices**") from Infant Food Company Pty Limited ("**IFC**"), a wholly-owned subsidiary of Bubs Australia, were filed to the Australian Centre for International Commercial Arbitration ("**ACICA**") for requesting arbitrations regarding the outstanding debt due by Willis Trading and Alice Trading, respectively (the "**Arbitrations**"). The Arbitrations were accepted by the ACICA on 26 July 2023. IFC claims Willis Trading and Alice Trading for outstanding trade payables of totalling approximately AUD5.7 million, losses and damages of AUD34.2 million, costs and expenses of Arbitrations, interests and other relief. The outstanding trade payables of approximately AUD5.7 million (equivalent to approximately HK$28.9 million) due to IFC claimed under Arbitrations were fully recognised on the books of the Group as at 31 March 2024, while at the same time, the Group's has also recognised a prepayment of approximately AUD3.6 million (equivalent to approximately HK$18.7 million) outstanding from IFC to the Group. Based on the advice of the Group's legal advisor, it is at present pre-mature to predict the possible outcome of the Arbitration with certainty. However, it is not probable that the Group will be required to settle the losses and damages claimed by IFC in the sum of AUD34.2 million.

Material Capital Commitments

The Group had no material capital commitments as at 31 March 2024 (31 March 2023: Nil).

Significant Investments Held

Having considered the financial performance of Bubs Australia and the financial resources of the Group, the Group decided to reallocate its financial resources by realising its investment in Bubs Shares with an aim to enhance the liquidity position of the Group. During the year ended 31 March 2024, the Group fully disposed of 9,541,620 Bubs Shares and generated proceeds from disposals in cash amounting to approximately AUD1.2 million (equivalent to approximately HK$6.4 million) (exclusive of transaction costs), which were fully used for general working capital purposes as at 31 March 2024. From the disposal, approximately HK$5.0 million was recognised by the Group as loss on disposal of financial asset for the year ended 31 March 2024. After the disposals and as at 31 March 2024, the Group ceases to hold any shareholding interest in Bubs Australia. There was no dividend received from Bubs Australia for the Bubs Shares held by the Group during the year ended 31 March 2024.

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 2024.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures for the year ended 31 March 2024.

Event after the End of the Reporting Period

On 11 June 2024, Vantage Edge Investments Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company and as purchaser, entered into a sale and purchase agreement with Allied Services Holding Limited ("**Allied Services**"), as vendor, pursuant to which (i) the Purchaser shall acquire, and Allied Services shall sell one ordinary share of Smart Front Developments Limited ("**Smart Front**"), representing the entire issued share capital of Smart Front, a company which holds 80% of the issued shares of Welfit (HK) Limited ("**Welfit**"); and (ii) the shareholder's loan of approximately HK$17.3 million shall be assigned by Allied Services to the Purchaser, at the total consideration of HK$17.5 million (the "**Acquisition (Smart Front)**"). On the same date, the Purchaser, as purchaser, entered into a sale and purchase agreement with Mr. Chow Pok Yu Augustine ("**Mr. Chow**"), as vendor, pursuant to which the Purchaser shall acquire, and Mr. Chow shall sell, 700,000 ordinary shares of Welfit, representing 20% of the issued shares of Welfit, at the consideration of approximately HK$4.4 million (the "**Acquisition (Welfit)**"). Welfit and its subsidiaries (the "**Welfit Group**") are principally engaged in the business of bonded warehouse storage, general warehouse storage, devanning and freight forwarder services.

Each of the Acquisition (Smart Front) and the Acquisition (Welfit) was completed on 11 June 2024. Upon completion of the Acquisition (Smart Front) and the Acquisition (Welfit), each of Smart Front and Welfit has become an indirect wholly-owned subsidiary of the Company, and their financial results, assets and liabilities will be consolidated into the Group's financial statements thereafter. Details of both the Acquisition (Smart Front) and the Acquisition (Welfit) are set out in the announcement of the Company dated 11 June 2024.

On 27 June 2024, a debt settlement agreement was entered into by the Group in relation to, among other things, the acquisition of 70% of economic benefit of Shenyang Jinyi and the transfer of the rights of a shareholder's loan amounting to RMB2.4 million to the Group, in consideration of the Group agreeing to discharge the trade receivables in the sum of AUD5.1 million. Details of the transaction are set out in the paragraph headed "Management Discussion and Analysis - Financial Review - Financial Resources, Liquidity and Capital Structure" in this announcement and the announcement of the Company dated 27 June 2024.

Arbitrations

On 19 July 2023, Willis Trading and Alice Trading, both indirect wholly-owned subsidiaries of the Company, noticed that two notices of arbitration (the "**Arbitration Notices**") from IFC, were filed to ACICA for requesting arbitrations regarding the outstanding debt due by Willis Trading and Alice Trading, respectively (the "**Arbitrations**"). The Arbitrations were accepted by the ACICA on 26 July 2023. Details of the request by IFC under the Arbitration Notices are as follows:

(a) declaring each of Willis Trading and Alice Trading has breached and/or repudiated their agreements entered with IFC;

(b) ordering each of Willis Trading and Alice Trading to pay the outstanding trade payables to IFC amounting to AUD2.7 million and AUD3.0 million;

(c) awarding IFC damages in an amount to be quantified arising from Alice Trading's breach and repudiation of its agreement and its misleading or deceptive conduct;

(d) ordering each of Willis Trading and Alice Trading to pay all of the costs and expenses of the Arbitrations;

(e) ordering each of Willis Trading and Alice Trading to pay interest; and

(f) awarding any other relief.

The abovementioned outstanding trade payables to IFC amounting to AUD2.7 million and AUD3.0 million (totalling AUD5.7 million) were fully recognised on the books of the Group as at 31 March 2024. In response to the Arbitration Notices, Willis Trading and Alice Trading have filed statement of defence and cross claims, among other things, Alice Trading counter claims IFC for the loss and damage suffered by virtue of IFC's breach of agreement, including but not limited to the prepayment made by Alice Trading to IFC in the sum of approximately AUD3.6 million, and Willis Trading counter claims IFC for AUD0.9 million for breach of agreement.

As advised by the legal advisor, an oral hearing of the Arbitrations is re-scheduled to August 2024 and as at the date of this announcement, it is at present pre-mature to predict the possible outcome of the Arbitrations with certainty.

Employees

As at 31 March 2024, the Group had 80 employees (2023: 26). Total staff cost from continuing operations, including Directors' emoluments, of approximately HK$6.9 million (2023: HK$10.3 million) was incurred during the year ended 31 March 2024. 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.

In addition, the Group adopted a share option scheme. No share option has been granted, exercised, cancelled or lapsed since its adoption.

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.

Business Development

Regarding the Milk Products Business started by the Group in early 2020, the Group had diversified the brands we sell and distribute. To mitigate the risks from a narrow base of suppliers, the Group had focused on strengthening the cooperation and enhancing the relationship with brands including the discontinued brand – "Bubs".

The demand for the products of “Bubs” in the PRC market declined since China’s economic growth slowed down in the first half of 2023. Decreased overall newborns, increased competitive intensity and excessive promotional activity became accelerators to the decrease in demand. Between April 2023 to June 2023, the performance of Bubs’ products in the PRC was much lower than expected. The Group had tried its best efforts to turn the tables, however, China’s economic issues have continued even though the Chinese government has announced a slew of measures to bolster the economy. Although the Group conscientiously kept communicating with Bubs Australia about the market situation, Bubs Australia inexplicably opted to put the responsibility on the Group. The exclusive distributorship agreements entered between the Group and Bubs Australia were not renewed and were terminated in June 2023 and July 2023. Given the drop of sales in “Bubs”, the Group stepped up its efforts to boost the sales of “Bellamy’s”. However, the gross profit per unit from “Bellamy’s” did not perform as expected even though the Group had put much effort into it and at the same time sales decreased after October 2023. In response to the risk of continuing decrease in the sales from milk powders and to diversify the Group’s product portfolio, the Group has started trialling on selling and distributing other foods and wines by using its existing channel of Milk Products Business since 2024.

After further reviewing the current business, the Group plans to continually devote resources to its Milk Products Business, and will actively explore the possibility on development of online marketing and selling platform to solidify the existing business, especially the Milk Products Business, so as to enhance the competitiveness of the Group. Subsequent to 31 March 2024, the Group completed the acquisition of 70% of economic benefit of Shenyang Jinyi, which is principally engaged in the business of, among others, e-commerce in the PRC and holds the requisite permit and approval required for its e-commerce business, including but not limited to (1) Value-Added Telecommunications Business Operating License（增值電信業務經營許可證）, and (2) Online Culture Operating License（網絡文化經營許可證）, and the Group also completed the acquisitions of Welfit Group, which is principally engaged in the business of bonded warehouse storage, general warehouse storage, devanning and freight forwarder services. The Group is looking to use its resources and assets more efficiently with a view to create synergy effect between the Group’s business segments.

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, the Group completed the acquisitions of Welfit Group on 11 June 2024, and it is expected that the acquisitions can solidify the Group's Logistics Business in the future. The Group will actively explore the possibility on development of online marketing and selling platform through Shenyang Jinyi which is acquired on 27 June 2024. Moreover, the Group is positioned to further advance the diversification of its product portfolio by including other foods, beverages and wines.

In the view to protect the Group's assets, the Group will continue to review and monitor the current business and will explore the possibility of further development while, externally, taking into account the effect of the Arbitrations on the Group's reputation, the Group will continually to defend and make our counter claims against IFC, a subsidiary of Bubs Australia.

Recently, the PRC milk product market, especially the infant milk market, become more uncertain and more challenging. The milk product market in the PRC is facing the pressure from the low birth rate in China, the increase in competition, the impact of more stringent food regulations, and the challenging macroeconomic conditions. China and Hong Kong's economic issues have continued even though the governments have announced various measures to bolster the economy, and the recovery is affected by the high interest rate maintained by the Federal Reserve of the United States. The retail markets in China and Hong Kong appear to be a trend of slowing down. The future development of the economy remains to be seen.

Although the Group currently does not have any detailed plans for material investment or capital asset, the Group will continue to follow its corporate strategy to strengthen the existing business foundation; strengthen the Group's competitive edge; and actively seek opportunities for business development and diversification.

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 (restructured as Appendix C1 since 31 December 2023) to the Listing Rules throughout the year ended 31 March 2024, save and except for the deviation as follows:

On 28 August 2023, Mr. Chen Xu resigned as, amongst others, an authorised representative of the Company, which results in the Company's failure to appoint two authorised representatives under Rule 3.05 of the Listing Rules. Following the appointment of Mr. Zhao Lei ("**Mr. Zhao**") as an authorised representative on 25 September 2023, the Company has complied with the requirements under the Listing Rules set out in this paragraph.

On 25 September 2023, Mr. Zhao has been re-designated from an independent non-executive Director to an executive Director and appointed as the chief executive officer of the Company (the **"Chief Executive Officer**"), and ceased to be a member of the Audit Committee and the chairman of each of the remuneration committee (the "**Remuneration Committee**") and the credit committee (the "**Credit Committee**") of the Company but remain as a member of each of the Credit Committee and the Remuneration Committee and the nomination committee (the "**Nomination Committee**") of the Company. Thus, due to the re-designation of Mr. Zhao, the Company has (i) two independent non-executive Directors, which results in the number of independent non-executive Directors falling below the minimum number required under Rules 3.10(1) of the Listing Rules; (ii) two members of Audit Committee, which results in the number of Audit Committee members falling below the minimum number required under Rule 3.21 of the Listing Rules; and (iii) no independent non-executive Director as a chairman and only two independent non-executive Directors in the Remuneration Committee, which results in the Company's failure (a) to have an independent non-executive Director as a chairman; and (b) to maintain a majority of independent non-executive Directors in the Remuneration Committee as required under Rule 3.25 of the Listing Rules. Following the appointment of Mr. Cheng Haoliang ("**Mr. Cheng**") as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 22 December 2023, the Company has complied with those requirements under the Listing Rules set out in this paragraph.

On 26 January 2024, Mr. Choi Kin Man, an independent non-executive Director, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, passed away due to ill health. Thus, the Company has: (i) two independent non-executive Directors, which results in the number of independent non-executive Directors falling below the minimum number required under Rule 3.10(1) of the Listing Rules; (ii) two members of the Audit Committee, which results in the number of the Audit Committee members falling below the minimum number required under Rule 3.21 of the Listing Rules; and (iii) only two independent non-executive Directors in the Remuneration Committee, which results in the Company's failure to maintain a majority of independent non-executive Directors in the Remuneration Committee as required under Rule 3.25 of the Listing Rules. Please refer the paragraph headed "Events After the Reporting Period" in relation to subsequent changes to the composition of the Board and Board committees.

The position of the Chief Executive Officer vacated by the resignation of Mr. Yi Peijian and those responsibilities which were shared among the members of the Board since 1 October 2022 have been filled up following the appointment of Mr. Zhao as the Chief Executive Officer on 25 September 2023. Since then, Mr. Zhao has taken over the responsibilities of the Chief Executive Officer. However, the position of the chairman of the Board (the "**Chairman**") remains vacant upon the resignation of Mr. Xiong Jianrui (former Chairman) and those responsibilities continued to be shared among the members of the Board since 1 October 2022. During the year, 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. The Board and the Nomination Committee will continuously review and discuss the adjustment to the composition of the Board.

Events After the Reporting Period

On 25 April 2024, Mr. Tu Chunan ("**Mr. Tu**") has been appointed as an independent non-executive Director, a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Following the appointment of Mr. Tu, the Company has complied with (i) the minimum number requirement of three independent non-executive Directors under Rule 3.10(1) of the Listing Rules; (ii) the minimum number requirement in the Audit Committee under Rule 3.21 of the Listing Rules; and (iii) the majority of independent non-executive Directors requirement in the Remuneration Committee under Rule 3.25 of the Listing Rules.

On 31 May 2024, Mr. Gao Peng has been appointed as the executive Director and a member of the Credit Committee. On the same day, Mr. Cheng resigned as an independent non-executive Director, and ceased to be the chairman and a member of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee. Following the resignation of Mr. Cheng, the Company has (i) two independent non-executive Directors, which results in the current number of independent non-executive Directors falling below the minimum number required under Rule 3.10(1) of the Listing Rules; (ii) two members of the Audit Committee, which results in the number of the Audit Committee members falling below the minimum number required under Rule 3.21 of the Listing Rules; and (iii) no independent non-executive Director as the chairman and only two independent non-executive Directors in the Remuneration Committee, which results in the Company's failure (a) to have an independent non-executive Director as a chairman; and (b) to maintain a majority of independent non-executive Directors in the Remuneration Committee as required under Rule 3.25 of the Listing Rules.

The Company has been actively seeking suitable candidate(s) with appropriate expertise and relevant qualifications to fill the vacancies, in any event within three months from the date of resignation of Mr. Cheng.

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 (restructured as Appendix C3 since 31 December 2023) 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 2024.

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 2024.

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 2024 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 2024.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is scheduled to be held on Monday, 9 September 2024 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 Wednesday, 4 September 2024 to Monday, 9 September 2024, 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 Tuesday, 3 September 2024.

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

The 2024 annual report of the Company will be despatched to the Shareholders upon request 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 2024 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 2024 to be included in the 2024 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
Zhao Lei
Executive Director and Chief Executive Officer

Hong Kong, 28 June 2024

As at the date of this results announcement, the executive Directors are Mr. Zhao Lei, Ms. Wu Feizi and Mr. Gao Peng, and the independent non-executive Directors are Mr. Li Chak Hung and Mr. Tu Chunan.

* *For identification purposes only*