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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)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES IN AN AUSTRALIAN COMPANY**

#### **THE SUBSCRIPTION**

On 3 March 2022, Willis Trading (an indirect wholly-owned subsidiary of the Company) and BUBS Australia entered into the Subscription Agreement, pursuant to which BUBS Australia conditionally agreed to allot and issue, and Willis Trading conditionally agreed to subscribe for up to an aggregate of 29,541,620 Bubs Shares (representing approximately 4.82% of the existing issued share capital of BUBS Australia as at the date of this announcement) in exchange for the Group meeting certain product purchase milestones, at nil consideration.

#### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio(s) in relation to the Subscription exceeds 5% but all are less than 25%, the Subscription constitutes a discloseable transaction for the Company, and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **THE SUBSCRIPTION**

The Board is pleased to announce that on 3 March 2022, Willis Trading (an indirect wholly-owned subsidiary of the Company) and BUBS Australia entered into the Subscription Agreement, pursuant to which BUBS Australia conditionally agreed to allot and issue, and Willis Trading conditionally agreed to subscribe for up to an aggregate of 29,541,620 Bubs Shares (representing approximately 4.82% of the existing issued share capital of BUBS Australia as at the date of this announcement) in accordance with the terms of the Subscription Agreement.

## THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

### Date

3 March 2022

### Parties

- (1) BUBS Australia
- (2) Willis Trading

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, BUBS Australia and its beneficial owners are third parties independent of the Company and its connected persons.

### Subject Matter

Pursuant to the Subscription Agreement, BUBS Australia conditionally agreed to allot and issue, and Willis Trading conditionally agreed to subscribe for up to an aggregate of 29,541,620 Bubs Shares (representing approximately 4.82% of the existing issued share capital of BUBS Australia) in two tranches under the following mechanism:

- (i) Willis Trading shall subscribe for 9,541,620 Bubs Shares (representing 1.56% of the existing issued share capital of BUBS Australia) if the Group places purchase orders with BUBS Australia or its subsidiaries in the amount of not less than A\$50,000,000 (equivalent to approximately HK\$283,790,000) for the period from 1 July 2021 to 30 June 2022, which shall be evidenced by invoices issued by BUBS Australia or its subsidiaries and paid by the Group prior to 15 August 2022; and
- (ii) Willis Trading shall subscribe for up to 20,000,000 Bubs Shares in the following manner with reference to the purchase orders made by the Group with BUBS Australia or its subsidiaries for the period from 1 July 2022 to 30 June 2023, which shall be evidenced by invoices issued by BUBS Australia or its subsidiaries and paid by the Group prior to 15 August 2023:

<b>Quantum of purchase orders placed by the Group for the period from 1 July 2022 to 30 June 2023</b>	<b>Total Bubs Shares to be subscribed by Willis Trading</b>	
	<i>No. of Bubs Shares</i>	<i>% of existing issued share capital of BUBS Australia</i>
A\$80,000,000 to A\$99,999,999 (equivalent to approximately HK\$454,064,000 to HK\$567,580,000)	9,541,620	1.56
A\$100,000,000 to A\$119,999,999 (equivalent to approximately HK\$567,580,000 to HK\$681,096,000)	15,000,000	2.45
A\$120,000,000 or above (equivalent to approximately HK\$681,096,000)	20,000,000	3.26

## Consideration

The consideration payable by Willis Trading to BUBS Australia in relation to the Subscription is nil, which was determined after arm's length negotiations between Willis Trading and BUBS Australia with reference to the historical transaction amounts between the Group (as customer) and BUBS Australia (as supplier), the projected purchase orders that the Group will place with BUBS Australia, and the market price of the Bubs Shares. The Bubs Shares are being issued to encourage Willis Trading for increasing the volume of products it purchases from BUBS Australia to distribute to its customers.

## Condition precedent

Completion is conditional upon all necessary approvals and related compliance with the requirements under the Listing Rules being obtained (or complied with).

## Completion

Subject to the fulfilment of the condition precedent and the relevant product purchase milestones being reached, completion of the issue of the relevant Bubs Shares shall take place within five business days of receipt by BUBS Australia of the Application.

The maximum of 29,541,620 Bubs Shares to be subscribed by Willis Trading represent approximately 4.60% of the enlarged issued share capital of BUBS Australia. Upon Completion, the financial results of BUBS Australia will not be consolidated into the accounts of the Group.

## INFORMATION ON BUBS AUSTRALIA

BUBS Australia is a company incorporated in Australia, the shares of which are listed on 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.

Based on the audited consolidated financial statements of BUBS Australia, the net loss before and after taxation for the financial years ended 30 June 2020 and 2021 and the net assets of BUBS Australia as at 30 June 2020 and 2021 are as follows:

	<b>For the year ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>A\$'000</i>	<i>A\$'000</i>
Net loss before tax	77,879	16,101
Net loss after tax	74,738	7,771
	<b>As at 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>A\$'000</i>	<i>A\$'000</i>
Net Assets	87,020	131,899

According to the unaudited financial information of BUBS Australia, the net loss before tax and after tax for the six months ended 31 December 2021 was approximately A\$573,000 and A\$602,000 respectively, and BUBS Australia had net assets of approximately A\$86,318,000 as at 31 December 2021.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

One of the principal businesses of the Group is trading of milk powder and baby foods under various milk powder brands including “Bubs”, and the Group is one of the major customers of BUBS Australia. BUBS Australia is a company listed on the ASX and its revenue for the year ended 30 June 2021 was approximately A\$39.3 million and according to its press release dated 23 February 2022, its unaudited gross revenue for the six months ended 31 December 2021 was approximately A\$38.5 million and cash reserves as at 31 December 2021 was approximately A\$30.6 million.

Having considered the background of BUBS Australia and its prospect, the Directors believe that the entering into of the Subscription Agreement strengthens the business relationship between the Group and BUBS Australia. It also gives an incentive to the Group to purchase more products from BUBS Australia, such that the Group will be entitled to subscribe for the Bubs Shares at nil consideration, which is expected to be conducive to the financial performance of both the Group and BUBS Australia.

Based on the above, the Board (including the independent non-executive Directors) considers that the terms of the Subscription Agreement are fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio(s) in relation to the Subscription exceeds 5% but all are less than 25%, the Subscription constitutes a discloseable transaction for the Company, and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## **INFORMATION ON THE GROUP AND WILLIS TRADING**

### **The Company and the Group**

The Company is an investment holding company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) trading of milk powder and baby foods; (ii) provision of mobile handset solution; and (iii) property investment.

### **Willis Trading**

Willis Trading is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the sales of milk powder and baby foods.

## DEFINITIONS

“A\$”	Australian Dollar, the lawful currency of Australia;
“Application”	the application by Willis Trading to subscribe for the relevant Bubs Shares;
“ASX”	the Australian Securities Exchange;
“Board”	the board of Directors;
“BUBS Australia”	BUBS Australia Limited, a company incorporated in Australia with limited liability, the shares of which are listed on the ASX (ASX stock code: BUB);
“Bubs Shares”	the ordinary shares of BUBS Australia;
“Company”	Alpha Professional Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 948);
“Completion”	completion of the Subscription pursuant to the Subscription Agreement;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange;

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China;
“Share(s)”	ordinary share(s) of US\$0.16 each in the share capital of the Company;
“Shareholders”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscriptions of up to an aggregate of 29,541,620 Bubs Shares by Willis Trading pursuant to the Subscription Agreement;
“Subscription Agreement”	the share subscription agreement dated 3 March 2022 entered into between Willis Trading and BUBS Australia in relation to the Subscription;
“Willis Trading”	Willis Trading Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 3 March 2022

*For the purpose of this announcement, unless otherwise stated, translations of Australian dollars into Hong Kong dollars or vice versa have been calculated by using an exchange rate of A\$1.00 equal to HK\$5.6758. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

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

\* *For identification purpose only*