

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)

INSIDE INFORMATION

VOLUNTARY WINDING-UP OF A SUBSIDIARY

This announcement is made by Alpha Professional Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.25(1)(c) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

VOLUNTARY WINDING-UP OF HK RICH

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that upon due and careful consideration, the Company, as the sole shareholder of H K Rich Technology International Company Limited (“**HK Rich**”), a direct wholly-owned subsidiary of the Company, resolved that HK Rich should be wound up voluntarily in accordance with s.241 of the Companies (Winding Up & Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Ordinance**”). Accordingly, on 16 September 2022, a special resolution of HK Rich was duly passed by the Company to wind up HK Rich by way of creditors’ voluntary liquidation pursuant to s.228(1)(b) of the Ordinance.

INFORMATION OF HK RICH

HK Rich is a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of the Company principally engaging in the provision of mobile handset solution (the “**Mobile Business**”).

Based on the unaudited consolidated financial information of HK Rich and its subsidiary (collectively “**HK Rich Group**”) for the financial year ended 31 March 2022 (“**FY2022**”), the revenue and loss for the year of HK Rich Group were approximately HK\$23.4 million and HK\$43.4 million respectively. As at 31 March 2022, HK Rich Group had consolidated total assets of approximately HK\$6.1 million, total consolidated liabilities of approximately HK\$58.3 million and consolidated net liabilities of approximately HK\$52.2 million, respectively.

As the revenue of HK Rich Group represents more than 5% of the revenue based on the audited consolidated financial statements of the Group for FY2022, HK Rich is considered as a major subsidiary of the Company for the purposes of Rule 13.25(2) of the Listing Rules.

REASONS FOR THE VOLUNTARY WINDING-UP OF HK RICH

The Group is principally engaged in (i) trading of milk powder and baby foods (the “**Milk Products Business**”); (ii) the Mobile Business; and (iii) property investment (the “**Property Investment**”).

Since the outbreak of the Coronavirus disease 2019 (the “**COVID-19**”), the Group has been facing tremendous pressure in running the Mobile Business and has gradually scaled down the operations in this segment. In FY2022, despite significant effort made by the management to increase the sales of the outdated slow-moving Mobile Business products in order to minimise loss and avoid the Group’s inventory from becoming obsolete, it continued to incur a considerable loss in the sales of its Mobile Business products, which was mainly due to (i) the intensifying competition between mobile ODM manufacturers; and (ii) a decrease in the volume of purchases from the customers in the Mobile Business resulting from the impact of COVID-19 on the economy, and lock-down of countries from time to time, during the past two years.

Furthermore, the Board also noted that the results of the Mobile Business has continuously deteriorated since the financial year ended 31 March 2020 (“**FY2020**”). The revenue of the Mobile Business decreased from approximately HK\$117.3 million in FY2020 to approximately HK\$38.8 million for the financial year ended 31 March 2021 (“**FY2021**”), representing a significant decrease of 66.9%, and further decreased to approximately HK\$23.4 million in FY2022, representing a decrease of approximately 39.7% compared with the revenue of this segment in FY2021. The reportable segment loss (adjusted EBITDA) of the Mobile Business increased from approximately HK\$17.8 million in FY2020 to approximately HK\$23.0 million in FY2021, and further to approximately HK\$42.5 million in FY2022. Even with the segmental profit from the Milk Products Business and Property Investment, it was insufficient to offset the significant loss generated from the Mobile Business in FY2022.

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, the Directors are of the view that the winding-up of HK Rich is in the best interests of the Company and its shareholders as a whole, so that the Group will be able to reduce its loss after the winding-up of HK Rich, and devote its resources in managing and developing other existing businesses of the Group with potential growth.

EFFECT OF THE VOLUNTARY WINDING-UP OF HK RICH

Following the commencement of the winding-up of HK Rich, its financial results will be deconsolidated from those of the Group. The voluntary winding-up of HK Rich shall have no material adverse impact to the Group and the businesses and operations of the Group remain normal.

The Company will keep its shareholders and potential investors informed of any further material development by way of announcement as and when appropriate.

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

Hong Kong, 16 September 2022

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*