Alpha Professional Holdings Limited
阿爾法企業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Alpha Professional Holdings Limited (the "**Company**") announces the results (the "**Results Announcement**") of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2019 (the "**Reporting Period**") with comparative figures for the six months ended 30 September 2018.

The Group's financial information for the Reporting Period in this Results Announcement was prepared on the basis of the unaudited condensed consolidated financial statements which have not been audited nor reviewed by the Company's independent auditor (the "**Auditor**") but have been reviewed and approved by the Company's audit committee (the "**Audit Committee**").

* *For identification purposes only*

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2019	2018	Change
	HKD'000	*HKD'000*	*%*
	(unaudited)	(unaudited)	
Revenue	**89,961**	170,649	(47.3)
Gross (loss)/profit	**(8,183)**	23,899	N/A
(Loss)/profit from continuing operations	**(24,184)**	11,600	N/A
Loss from discontinued operation	**(64,357)**	–	N/A
(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the Company	**(88,541)**	11,600	N/A
(Loss)/earnings per share – Basic and diluted (HK cents per share)	**(28.85)**	4.60	N/A

	As at 30 September 2019	As at 31 March 2019	
	HKD'000	*HKD'000*	*%*
	(unaudited)	(audited)	
Total assets	**261,319**	360,798	(27.6)
Net assets	**166,045**	256,576	(35.3)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations			
Revenue	*5*	**89,961**	170,649
Cost of goods sold		**(98,144)**	(146,750)
Gross (loss)/profit		**(8,183)**	23,899
Other income	*6*	**1,227**	11
Selling and distribution expenses		**(276)**	(198)
Administrative expenses		**(16,877)**	(9,005)
(LOSS)/PROFIT FROM OPERATIONS		**(24,109)**	14,707
Finance costs	*7(a)*	**(72)**	–
(LOSS)/PROFIT BEFORE TAXATION	*7*	**(24,181)**	14,707
Income tax expense	*8*	**(3)**	(3,107)
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(24,184)**	11,600
Discontinued operation			
Loss for the period from discontinued operation	*10*	**(64,357)**	–
(LOSS)/PROFIT FOR THE PERIOD		**(88,541)**	11,600
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,213)**	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX		**(2,213)**	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF INCOME TAX		**(90,754)**	11,600

		Six months ended 30 September	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**(88,009)**	11,699
Non-controlling interests		**(532)**	(99)
		(88,541)	11,600
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– from continuing operations		**(23,652)**	11,699
– from discontinued operation		**(64,357)**	–
		(88,009)	11,699
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**(90,222)**	11,699
Non-controlling interests		**(532)**	(99)
		(90,754)	11,600
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– from continuing operations		**(23,825)**	11,699
– from discontinued operation		**(66,397)**	–
		(90,222)	11,699

	Notes	Six months ended 30 September **2019** ***HK cents*** **(unaudited)**	2018 *HK cents* (unaudited)
(Loss)/earnings per share	*12*		
From continuing operations			
Basic and diluted		**(7.75)**	4.60
From discontinued operation			
Basic and diluted		**(21.10)**	N/A
From continuing and discontinued operations			
Basic and diluted		**(28.85)**	4.60

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 HK$'000 (Unaudited)	31 March 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**2,647**	11,065
Intangible asset		**–**	110,943
Goodwill		**–**	48,430
		2,647	170,438
Current assets			
Inventories		**14,634**	6,568
Trade and other receivables	*13*	**102,075**	149,371
Tax recoverable		**537**	–
Cash and bank balances		**748**	34,421
		117,994	190,360
Assets held for sale	*11*	**140,678**	–
		258,672	190,360
Current liabilities			
Trade and other payables	*14*	**17,636**	53,152
Lease liability		**891**	–
Financial guarantee liabilities		**–**	22,214
Tax payables		**124**	1,120
		18,651	76,486
Liabilities directly associated with the assets held for sale	*11*	**75,051**	–
		93,702	76,486
Net current assets		**164,970**	113,874
Total assets less current liabilities		**167,617**	284,312

	Notes	**30 September 2019** *HK$'000* **(Unaudited)**	31 March 2019 *HK$'000* (Audited)
Non-current liabilities			
Lease liability		**1,572**	–
Deferred tax liability		**–**	27,736
		1,572	27,736
Net assets		**166,045**	256,576
EQUITY			
Share capital		**380,298**	380,298
Reserves		**(214,253)**	(124,031)
Equity attributable to owners of the Company		**166,045**	256,267
Non-controlling interests		**–**	309
TOTAL EQUITY		**166,045**	256,576

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. CORPORATE INFORMATION

The Company (Registration No. 39519) was incorporated in Bermuda on 30 January 2007 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The registered office of the Company is located at Continental Building, 25 Church Street, Hamilton, HM 12, Bermuda. Its principal place of business is located at 47/F-A, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) trading of mobile handsets and their components ("**Mobile Business**") and (ii) provision of biotechnology and biological gene technology technical services ("**Biological Business**").

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance 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**") including compliance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 29 November 2019.

The condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements which are set out in note 3.

The preparation of the condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This condensed consolidated financial statements contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. This condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The financial information relating to the financial year ended 31 March 2019 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 March 2019 are available in the Company's registered office. The Auditor has not expressed an opinion on those financial statements in their report dated 28 June 2019 because of certain inconsistencies between third parties documents and information provided by the Group and that obtained directly by the Auditor for revenue transactions under the Biological Business, and because of the inconsistencies noted, there were no alternative audit procedures that the Auditor could perform to satisfy themselves as to the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions and the assets and liabilities related to the Biological Business. Accordingly, the Auditor was not able to obtain sufficient appropriate audit evidence to determine whether any adjustments to the consolidated financial statements as at and for the year ended 31 March 2019 were necessary.

Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the net loss of the Group for the six months ended 30 September 2019 and the net assets of the Group as at 31 March 2019, 1 April 2019 and 30 September 2019.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current Reporting Period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

- IFRS 16, Leases
- Amendments to IFRS 9, Prepayment Features with Negative Compensation
- Amendments to IAS 19, Plan amendment, curtailment or settlement
- Amendments to IAS 28, Long-term interests in associates and joint ventures
- Annual improvements to IFRSs 2015-2017 Cycle
- IFRIC 23, Uncertainty over income tax treatments

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16 Leases

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC-15, Operating leases – incentives, and SIC-27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16 (that is 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.06%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, that is, where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 *HK$'000* (unaudited)
Operating lease commitments at 31 March 2019 (audited)	893
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	2,402
	3,295
Less: total future interest expenses	(263)
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1 April 2019 (unaudited)	3,032

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 March 2019. There is no impact on the opening balance of equity.

The Group presents right-of-use assets in 'property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019	**Capitalisation of operating lease contracts**	**Carrying amount at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(unaudited)	(unaudited)
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	11,065	3,032	14,097
Total non-current assets	170,438	3,032	173,470
Lease liability (current)	–	(951)	(951)
Total current liabilities	(76,486)	(951)	(77,437)
Net current assets	113,874	(951)	112,923
Total assets less current liabilities	284,312	2,081	286,393
Lease liability (non-current)	–	(2,081)	(2,081)
Total non-current liabilities	(27,736)	(2,081)	(29,817)
Net assets	256,576	–	256,576

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the Reporting Period and at the date of transition to IFRS 16 is as follows:

	At 30 September 2019	At 1 April 2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Included in "Property, plant and equipment":		
Properties leased for own use, carried at depreciated cost	**2,405**	3,032
Property, plant and equipment, carried at depreciated cost	**242**	11,065
	2,647	14,097

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the Reporting Period and at the date of transition to IFRS 16 are as follows:

	At 30 September 2019		At 1 April 2019	
	Present value of the minimum lease payments *HK$'000* **(unaudited)**	**Total minimum lease payments** *HK$'000* **(unaudited)**	Present value of the minimum lease payments *HK$'000* (unaudited)	Total minimum lease payments *HK$'000* (unaudited)
Within 1 year	**891**	**934**	951	977
After 1 year but within 2 years	**865**	**952**	923	996
After 2 years but within 5 years	**707**	**754**	1,158	1,322
	1,572	**1,706**	2,081	2,318
	2,463	**2,640**	3,032	3,295
Less: Total future interest expenses		**(177)**		(263)
Present value of lease liabilities		**2,463**		3,032

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported loss from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if IAS 17 had been applied during the period.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following table may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result, segment results for the six months ended 30 September 2019, by adjusting the amounts reported under IFRS 16 in these interim financial information to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	Six months ended 30 September 2019				Six months ended 30 September 2018
	Amounts reported under IFRS 16 (A) *HK$'000* (unaudited)	Add back: IFRS 16 depreciation and interest expense (B) *HK$'000* (unaudited)	Deduct: Estimated amounts related to operating leases as if under IAS 17 (Note) (C) *HK$'000* (unaudited)	Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C) *HK$'000* (unaudited)	Compared to amounts reported for 2018 under IAS 17 *HK$'000* (unaudited)
Financial result for the six months ended 30 September 2019 impacted by the adoption of IFRS 16:					
Continuing operations					
(Loss)/profit from operations	**(24,109)**	**452**	**(464)**	**(24,121)**	**14,707**
Finance costs	**(72)**	**72**	**–**	**–**	–
(Loss)/profit before taxation	**(24,181)**	**524**	**(464)**	**(24,121)**	14,707
(Loss)/profit for the period	**(24,184)**	**524**	**(464)**	**(24,124)**	11,600
Reportable segment (loss)/profit for the six months ended 30 September 2019 (note 4) impacted by the adoption of IFRS 16:					
– Mobile Business	**(19,099)**	**524**	**(464)**	**(19,039)**	15,866
Discontinued operation					
Loss before taxation	**(3,776)**	**–**	**–**	**(3,776)**	N/A
Loss for the period	**(64,357)**	**–**	**–**	**(64,357)**	N/A

Note:

The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

4. 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 Group's executive directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segment. No operating segments have been aggregated to form the following reportable segment.

1. Trading of mobile handsets and their components ("**Mobile Business**")

2. The operation of provision of biotechnology and biological gene technology technical services ("**Biological Business**") was discontinued in the current period. The following segment information does not include any amounts for the discontinued operation, which is described in more detail in note 10.

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

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's 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 provisions and trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the 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 or amortisation 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.

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation, impairment losses, write down of inventories, gain on disposal of subsidiary and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to price charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segment as provided to the Group's executive directors for the purposes of resource allocation and assessment of segment performance for the six months ended 30 Septmeber 2019 and 2018 is set out below.

	Mobile Business	
	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reportable segment revenue		
Disaggregated by timing of revenue recognition		
Point in time	**89,961**	170,649
Revenue from external customers and reportable segment revenue	**89,961**	170,649
Reportable segment (loss)/profit (adjusted EBITDA)	**(19,099)**	15,866
Interest income from bank deposits	**2**	–
Interest on lease liability	**72**	–
Depreciation for the period	**510**	309
Impairment loss of trade receivables	**7,776**	–
Write-down of inventories	**4,314**	–
Gain on disposal of a subsidiary	**1,051**	–

	Mobile Business	
	At 30 September	At 31 March
	2019	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Reportable segment assets	**119,396**	139,736
Reportable segment liabilities	**7,590**	9,136

There are no inter-segment revenue during the six months ended 30 September 2019 and 2018.

(b) Reconciliations of reportable segment revenues, profit or loss

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(Note)
Continuing operations		
Revenue		
Reportable segment revenue	**89,961**	170,649
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**89,961**	170,649
(Loss)/profit		
Total reportable segment (loss)/profit derived from the Group's external customers	**(19,099)**	15,866
Interest income	**2**	–
Finance cost	**(72)**	–
Depreciation of reportable segment not included in measurement of segment profit	**(510)**	(309)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	**(201)**	–
– Others	**(4,301)**	(850)
Consolidated (loss)/profit before taxation (continuing operations)	**(24,181)**	14,707

Note:

The Group has initially applied IFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated (see note 3).

5. REVENUE

Disaggregation of revenue:

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Revenue from contract with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sale of mobile handsets and components	**89,961**	170,649

6. OTHER INCOME

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Interest income on financial assets measured at amortised cost		
– bank interest income	**2**	6
Sundry income	**–**	5
Foreign exchange gain, net	**174**	–
Gain on disposal of a subsidiary *(note 16)*	**1,051**	–
	1,227	11

7. (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(Note)
Continuing operations		
(a) Finance costs:		
Interest on lease liability	**72**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**72**	–
(b) Staff costs (including directors' emoluments):		
Contributions to defined contribution retirement plans	**135**	213
Salaries, wages and other benefits	**4,769**	5,421
	4,904	5,634
(c) Other items:		
Cost of inventories*	**98,144**	146,750
Depreciation charges		
– owned property, plant and equipment	**259**	309
– right-of-use assets	**452**	–
Impairment loss of trade receivables	**7,776**	–
Operating lease charges: minimum lease payments	**–**	1,284
Short-term lease expense	**844**	–
Net foreign exchange (gain)/loss	**(174)**	72

* Cost of inventories include write-down of inventories of HK$4,314,000 (six months ended 30 September 2018: nil).

Note:

The Group has initially applied IFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated (see note 3).

8. INCOME TAX

Amounts recognised in profit or loss:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
– Hong Kong Profits Tax for the period *(note i)*	**–**	3,107
– The People's Republic of China (the "**PRC**") Enterprise Income Tax ("**EIT**") for the period *(note ii)*	**3**	–
Income tax expenses	**3**	3,107

(i) No Hong Kong Profits Tax has been provided for the six months ended 30 September 2019 as the Group has no assessable profits for the period.

For the six months ended 30 September 2018, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime (the "**Two-tiered Profits Tax Rate Regime**"). The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the Two-tiered Profits Tax Rate Regime, the first HK$2 million of the assessable profits of the qualifying group entity will be taxed at 8.25% and the assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the Two-tiered Profits Tax Rate Regime will continue to be taxed at a flat rate of 16.5%.

(ii) PRC subsidiaries are subject to PRC EIT at 25% of the estimated assessable profit for the six months ended 30 September 2019.

No PRC EIT was provided for the six months ended 30 September 2018 as the Group had no assessable profits in PRC for the period.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda and the British Virgin Islands for the six months ended 30 September 2019 and 2018.

9. DIVIDEND

The board of Directors does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2018: Nil).

10. DISCONTINUED OPERATION

Disposal of operation of Biological Business

On 24 December 2018, a sale and purchase agreement (the "**Purchase Agreement**") was entered into among the Company, Starways Global Holding Inc. ("**Starways Global**") and Mr. Wang Bin ("**Mr. Wang**"), an individual who is beneficially interested in 52% of the issued capital of Starways Global and being the guarantor of the obligations of Starways Global and the provider of certain warranties and undertakings under the Purchase Agreement. Pursuant to the Purchase Agreement, the Company completed the acquisition of the entire issued share capital of Great Empire International Group Limited ("**GE International**") and its subsidiaries (collectively the "**GE Group**") which is engaged in the Biological Business, on 29 January 2019 and 50,842,000 shares of the Company were issued and allotted as fully paid shares for the settlement of the consideration for the acquisition.

Subsequent to the completion of the acquisition, it came to the attention of the board of Directors that Starways Global and Mr. Wang were in potential breaches of certain warranties and undertakings in the Purchase Agreement and both Starways Global and Mr. Wang have not remedied any of the potential breaches.

As such, on 17 September 2019, the Company, Starways Global, Mr. Wang and GE International entered into a settlement agreement ("**Settlement Agreement**"), pursuant to which, (i) the Purchase Agreement shall be rescinded and void from its inception; (ii) Starways Global shall transfer the 40,716,000 shares of the Company ("**Settlement Shares**") currently held by it to the Company for cancellation; (iii) Starways Global shall pay the Company the cash in the amount of HK$18,803,982 ("**Settlement Cash**"); (iv) the Company shall transfer the entire issued share capital of GE International to Starways Global; and (v) each of the parties to the Settlement Agreement shall be discharged from all liability and/or further liability, demands, claims and proceedings arising out of or in connection with the Purchase Agreement.

A special general meeting of the Company will be held to consider and approve the Settlement Agreement and the transactions contemplated thereunder and the disposal of GE Group is expected to be completed within one year from the date of the Settlement Agreement, on which date control of GE Group is to be passed to Starways Global. Details of the assets and liabilities to be disposed of are disclosed in note 11.

The results of the discontinued operation included in the loss for the period are set out below. The financial information of the Biological Business is prepared based on the latest management accounts of GE Group obtained by the board of directors of the Company. Since then, GE International failed to provide sufficient accounting records to the Group. No comparative information is shown for the six months ended 30 September 2018 as the Group was not engaged in Biological Business until the completion of acquisition of GE Group on 29 January 2019.

	Six months ended 30 September 2019 *HK$'000* **(unaudited)**
Revenue	**13,928**
Cost of goods sold	**(4,865)**
Gross profit	**9,063**
Selling and distribution expenses	**(3,313)**
Administrative expenses	**(9,526)**
Loss before taxation	**(3,776)**
Attributable income tax credit	**1,410**
	(2,366)
Impairment loss recognised on the remeasurement to fair value	**(66,177)**
Attributable income tax credit	**4,186**
Loss for the period from discontinued operation and attributable to owners of the Company	**(64,357)**

	Six months ended 30 September 2019 *HK$'000* (unaudited)
Loss for the period from discontinued operation includes the following:	
Staff costs *(note i)*:	
Contributions to defined contribution retirement plans	**237**
Salaries, wages and other benefits	**1,723**
	1,960
Other items:	
Cost of inventories *(note i)*	**4,865**
Depreciation charge for owned property, plant and equipment *(note i)*	**595**
Short-term lease expense	**485**
Amortisation for intangible assets	**5,642**
Research and development costs	**1,640**
Impairment loss:	
– property, plant and equipment	**1,006**
– intangible asset	**16,741**
– goodwill	**48,430**
Deferred tax:	
Origination and reversal of temporary differences	
– related to pre-tax loss	**(1,410)**
– related to remeasurement to fair value	**(4,186)**
Income tax credit	**(5,596)**

Note:

(i) Cost of inventories include depreciation of HK$366,000 and staff cost of HK$724,000, which are also included in the respective total amounts disclosed separately above.

Loss per Share

Basic and diluted, from discontinued operation (HK cents per share)	**(21.10)**

The calculations of basic and diluted loss per share from discontinued operation are based on:

	Six months ended 30 September 2019 (unaudited)
Loss attributable to owners of the Company from discontinued operation *(HK$'000)*	**(64,357)**
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation *(note 12)*	**305,076,383**

11. DISPOSAL GROUP HELD FOR SALE

As at 30 September 2019, the Group has conditionally agreed to unwind the acquisition of the GE Group (see note 10). Accordingly, the GE Group is presented as a disposal group held for sale. Efforts to unwind the acquisition of the disposal group have commenced and the disposal is expected to be completed within one year from the date of the Settlement Agreement.

At 30 September 2019, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	At 30 September 2019 *HK$'000* (unaudited)
Property, plant and equipment	**7,430**
Intangible asset	**88,560**
Inventories	**2,407**
Trade and other receivables	**24,045**
Cash and bank balances	**18,236**
Assets held for sale	**140,678**
Trade and other payables	**32,081**
Financial guarantee liabilities	**20,830**
Deferred tax liability	**22,140**
Liabilities directly associated with the assets held for sale	**75,051**
Net assets directly associated with the disposal group	**65,627**

Cumulative income or expenses included in other comprehensive income

Cumulative expense of HK$1,942,000, being exchange differences relating to the disposal group classified as held for sale, has been recognised in other comprehensive income and included in equity.

Non-recurring fair value measurements:

	At 30 September 2019 *HK$'000* (unaudited)
Net assets of disposal group held for sale	**65,627**

Impairment losses of HK$66,177,000 and reversal of deferred tax liabilities of HK$4,185,000 for write-down of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recognised. The impairment losses have been applied to reduce the carrying amount of goodwill, property, plant and equipment, and intangible asset within the disposal group.

The fair value less costs to sell of the disposal group of HK$65,627,000 has been determined based on the latest market price of the Settlement Shares of approximately HK$46,823,000 (that is, 40,716,000 shares at the fair value of HK$1.15 per share which is the closing price at 27 November 2019) and the Settlement Cash of approximately HK$18,804,000. The closing share price of the Company at 30 September 2019 was HK$1.73 per share, and by reference to the decreasing trend in the share price after the end of the Reporting Period up to the date of the approval of the interim results, the directors of the Company consider that the share price, as at the closing price on 27 November 2019, of HK$1.15 per share represent the best estimate of the fair value of each Settlement Share for determination of fair value of disposal group and recognition of impairment loss.

12. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
Continuing operations		
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company *(HK$'000)*	**(23,652)**	11,699
Number of shares		
Weighted average number of ordinary shares in issue	**305,076,383**	254,234,383
Basic (loss)/earnings per share (HK cents per share)	**(7.75)**	4.60

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
Discontinued operation		
Loss		
Loss for the period attributable to owners of the Company *(HK$'000)*	**(64,357)**	N/A
Number of shares		
Weighted average number of ordinary shares in issue	**305,076,383**	254,234,383
Basic loss per share (HK cents per share)	**(21.10)**	N/A
Continuing and discontinued operations		
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company *(HK$'000)*	**(88,009)**	11,699
Number of shares		
Weighted average number of ordinary shares in issue	**305,076,383**	254,234,383
Basic (loss)/earnings per share (HK cents per share)	**(28.85)**	4.60

b) Diluted (loss)/earnings per share

There is no potential ordinary shares outstanding during the six months ended 30 September 2019 and 2018. The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the six months ended 30 September 2019 and 2018.

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables, net of loss allowance	**51,018**	68,532
Other receivables	**101**	6,051
Undertaking receivable from key management personnel (Mr. Wang)	**–**	3,944
Financial assets measured at amortised cost	**51,119**	78,527
Prepayments to suppliers	**50,066**	69,003
Other prepaid expenses	**–**	495
Rental deposit	**890**	1,296
Other deposits	**–**	50
	102,075	149,371

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade receivables based on invoice date and net of loss allowance, is as follows:

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-30 days	**6,810**	27,789
31-60 days	**–**	17,253
61-90 days	**–**	8,033
Over 90 days	**44,208**	15,457
	51,018	68,532

Trade receivables are due within 60 to 90 days (at 31 March 2019: 60 to 90 days) from the date of billing.

14. TRADE AND OTHER PAYABLES

	At 30 September 2019 *HK$'000* (unaudited)	At 31 March 2019 *HK$'000* (audited)
Trade payables	–	1,934
Other payables	**2,483**	10,987
Accruals	**959**	1,255
Salary payable	**1,062**	6,005
Financial liabilities measured at amortised cost	**4,504**	20,181
Receipt in advance	**1,601**	2,632
Other tax payable	**11,531**	30,339
	17,636	53,152

Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade payables based on invoice date were as follows:

	At 30 September 2019 *HK$'000* (unaudited)	At 31 March 2019 *HK$'000* (audited)
0-30 days	–	1,654
31-60 days	–	–
61-90 days	–	–
Over 90 days	–	280
	–	1,934

15. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following transactions with the related parties during the Reporting Period.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees during the Reporting Period were as follows:

	Six months ended 30 September	
	2019 *HK$'000* (unaudited)	2018 *HK$'000* (unaudited)
Short-term employee benefits	**2,022**	2,340
Post-employment benefits	**18**	18
	2,040	2,358

Total remuneration is included in “staff costs” (see note 7(b)).

The remuneration package for key management personnel of the Group includes a profit incentive bonus scheme to reward the key management personnel based on their performance.

16. DISPOSAL OF A SUBSIDIARY

On 9 August 2019, the Group disposed of 80% of the issued share capital of Perfect Major Investment Limited, being all the equity interests in it held by the Group, at a consideration of approximately HK$158,000.

	2019 ***HK$'000*** **(unaudited)**
Consideration received	
Cash received	**158**
Total consideration received	**158**
Analysis of assets and liabilities over which control was lost	
Other payables	**990**
Tax payables	**126**
Net liabilities disposed of	**(1,116)**
Gain on disposal of a subsidiary	
Consideration received	**158**
Net liabilities disposed of	**1,116**
Non-controlling interests	**(223)**
Gain on disposal	**1,051**

The gain on disposal is included in “other income”.

17. COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 April 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company has actively explored business opportunities of the communication technology industry and strengthened its advantages in telecommunication products and solutions.

Business Review

Mobile Business – Continuing operations

Looking back at the Reporting Period, due to the impact of the uncertainty of the USA-China trade war, the Group had recorded a certain degree of loss. Currently, the major customers of the Group come from Dubai, India, South Africa, Southeast Asia and Russia. In particular, the sales of Hong Kong, Dubai and South Africa customers are showing a downward trend. As a result, the Group's total sales for the Reporting Period recorded a decrease as compared to the same period of last year.

At the same time, existing customers were not able to participate in the Hong Kong trading exhibitions due to the recent social unrest in Hong Kong, which resulted in the reduction in sales orders. Also, as the electronic telecommunication industry has entered the era of the fifth generation mobile network ("**5G**") technology, the price of existing 3G/4G products is expected to decline. In order to mitigate potential losses, the management has taken stringent measures to reduce the selling price of 3G/4G products as to boost sales and prepare for the upgrade to 5G technology of the Group's products.

During the Reporting Period, the Group also strived to maintain and improve sales efficiency, while actively participating in exhibitions held in emerging markets such as Egypt and Dubai, so as to enhance brand awareness and explore more order opportunities, as well as strengthening the communication with existing customers and expanding the operating scope of the Group's products, in order to lessen the impact of unfavourable factors on the Group and increase sales, taking the business up a notch.

Biological Business – Discontinued operation

Subsequent to the completion of the acquisition (the "**Acquisition**") of the 10,000 shares of Great Empire International Group Limited ("**GE International**"), representing the entire issued share capital of GE International by the Company pursuant to the sale and purchase agreement dated 24 December 2018 and entered into among the Company (as purchaser), Starways Global Holding Inc. ("**Starways Global**") (as vendor) and Mr. Wang Bin ("**Mr. Wang**") (as guarantor) in respect of the Acquisition (the "**Sale and Purchase Agreement**") and in around June 2019, it came to the attention of the Board that Great Empire International failed to provide sufficient accounting records and incidental documents, which resulted in potential breaches by Starways Global and Mr. Wang of certain warranties and undertakings in the Sale and Purchase Agreement. As a result, a disclaimer of opinion has been issued by the Auditor in the 2019 annual report of the Company in relation to the Acquisition for the year ended 31 March 2019 as the Auditor was unable to obtain reasonable assurance on the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions and the assets and liabilities related to the GE International and its subsidiaries (the "**GE Group**") for the year ended 31 March 2019. As at the date of this Results Announcement, Starways Global and Mr. Wang have not yet remedied the potential breaches of the Sale and Purchase Agreement.

In order to safeguard the interest of the Company and its shareholders as a whole, the Board considered that the best way was to unwind the Acquisition (the "**Unwinding**") by entering into the settlement agreement dated 17 September 2019 (the "**Settlement Agreement**"). Pursuant to the Settlement Agreement, (i) the Sales and Purchase Agreement shall be rescinded and void from its inception; (ii) all the settlement shares shall be transferred by Starsways Global to the Company for cancellation; (iii) Starways Global shall pay the Company the settlement cash in the amount of approximately HK$18,804,000; (iv) the Company shall transfer the 10,000 shares in GE International to Starways Global; and (v) each of the parties shall be discharged from all liability and/or further liability, demands, claims and proceedings arising out of or in connection with the Sale and Purchase Agreement.

Financial Review

Mobile Business – Continuing operations

During the Reporting Period, major international mobile handset manufacturers had strengthened in the Company's target market, especially for low-end smartphones, the sales volume of our target customer segment, being local second-tier mobile phone brands, had decreased sharply. Furthermore, the overly-intense competitive environment had caused local mobile phone brands to adopt a wait-and-see attitude, and the order volume had drastically decreased, resulting in a decrease in the Group's order volume in the Reporting Period as compared with the corresponding period of last year. Pursuant to industry surveys, OEM/ODM-based mobile handset manufacturers were experiencing hardships in 2019, with severe decrease in order volume. In particular, competitors with relatively weak competitiveness even fell into crisis. The overall slackened performance of the international mobile handset market and the Group's key target market had become a drag to the unsatisfactory 2019 interim results of the Group. Therefore, the Group had tried to mitigate its disadvantage by introducing new sales channels and scope to open up new markets.

Biological Business – Discontinued operation

On 17 September 2019, the Group entered into the Settlement Agreement to unwind the Acquisition at a buyback share consideration of 40,716,000 shares and a cash consideration of approximately HK$18,804,000. The Unwinding was effected to protect the interests of the Company and its shareholders. The Unwinding is expected to be completed in December 2019, on which date control of the GE Group is to be passed back to the Starways Global. Accordingly, part of that facility is presented as a disposal group held for sale. As disclosed in the announcement of the Company dated 18 September 2019 (the "**Announcement**"), an expected loss of approximately HK$33,600,000 (before tax) will be recorded upon completion of the Unwinding. The said expected loss was mainly attributed by the written down of the carrying amount of the net assets value of the GE Group as the closing price per Share dropped from HK$2.30 as at 29 January 2019 (being the acquisition completion date) to HK$2.05 as at 31 March 2019 (being the financial year end date), which had resulted in the decrease in fair value of the Acquisition Consideration Shares.

However, the said loss was greater than expected. The loss attributable to owners of the Company from the discontinued operation represented the results of the operation included in the profit and loss for the Reporting Period and the impairment loss of the assets held for sale of HK66,177,000, which is calculated by the net of the book value of the assets held for sale less liabilities directly associated with the assets held for sale and the fair value of consideration received from the share consideration of 40,716,000 shares of the share price, as at the closing price on 27 November 2019, of HK$1.15 per share, the share price as at the announcement date, together with a cash consideration of approximately HK$18,804,000. The impairment loss mainly comprising impairment of goodwill of HK$48,430,000 and intangible assets of HK$16,741,000 respectively.

Liquidity, Financial Resources and Gearing Ratio

The Group generally finances its operations with internally generated resources and capital raising activities. The liquidity and financing requirements of the Group are reviewed on a regular basis.

As at 30 September 2019, the Group had current assets of approximately HK$258.7 million (31 March 2019: approximately HK$190.4 million) and current liabilities of approximately HK$93.7 million (31 March 2019: approximately HK$76.5 million) and total bank and cash balances other than restricted bank balances of approximately HK$0.7 million (31 March 2019: approximately HK$34.4 million).

The Group reviewed the capital structure by using a gearing ratio, representing the total debt which includes trade and other payables and other current liabilities of the Group divided by total equity of the Group. The gearing ratio of the Group was approximately 56.4% as at 30 September 2019 (31 March 2019: approximately 29.8%).

Charge on Group Assets

As at 30 September 2019, the Group did not have any charge on its assets (31 March 2019: Nil).

Contingent Liabilities

As at 30 September 2019, the Group had contingent liabilities of approximately RMB41,070,000 (31 March 2019: approximately RMB41,070,000) in relation to an enforcement judgment as disclosed in the announcement of the Company dated 10 May 2019.

Capital Expenditure Commitments

As at 30 September 2019, the Group's capital expenditure contracted for but not provided in the financial statements amounted to HK$Nil (31 March 2019: Nil).

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

For the Reporting Period, save as otherwise disclosed in this Results Announcement, the Company had no other material acquisitions and disposal of subsidiaries, associates and joint ventures.

Exposure to Fluctuations in Exchange Rates

As the Group's bank balances and cash are mainly denominated in HKD, RMB and USD, the Directors considered the Group was exposed to limited exchange risk. During the Reporting Period, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 30 September 2019.

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 arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Interim Dividend

The Directors did not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 September 2018: Nil).

Number and Remuneration of Employees

As at 30 September 2019, the Group had 173 employees (31 March 2019: 178 employees) with a staff cost of approximately HK$3.7 million incurred during the Reporting Period (for the six months ended 30 September 2018: approximately HK$5.5 million). The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on a regular basis.

Outlook

The first and fourth quarters of every year are traditionally considered to be the peak season of mobile handset communication industry. Based on the decline in the results of the third quarter of 2019, the Company aims to seek solutions on restoring the steady business development in the fourth quarter of 2019 and the first quarter in 2020.

The Group believes that mobile handset communication products still have a relatively large market space and structural needs in major emerging market around the world such as Africa, India and Bangladesh. At the same time, pursuant to IDC statistics and forecasts, the proportion of shipment volume of mobile handset communication products in emerging market is still lower than 50% in the relevant market, yet it is expected the aforesaid proportion of shipment volume of mobile handset communication products in emerging market will reach 73.8% in 2022, showing that there is significant growth space and obvious advantage for the market's development potential. With the gradual refinement of telecommunication infrastructures in emerging markets, mobile handset communication products will be further popularized and the sales volume of the Group will also increase. With the promotion of State policies and the official application of the 5G technology, and the general release of the SA independent network basebands such as Samsung at the end of the year is expected to trigger the inventory stage of the mobile handset industry chain from the second quarter of 2020, bringing industrial opportunities.

The Group is still focusing on the application of the 5G technology for its future development. The Group will, with the existing resources of the Company, invest and develop the 5G telecommunication technology and further into data storage technology, aiming to develop a comprehensive and suitable mode for sustainable development of the Group. For the telecommunication industry, the Group will continue to expand its target market coverage in order to broaden the business scale in the sales of mobile handset industry and enhance the Group's profitability.

Taking into account domestic and foreign economic and market environmental factors such as the uncertainties of the USA-China trade war situation and preparations for new communication technology upgrades, besides actively maintaining existing cooperative customers, the Group will also try its best to explore new overseas customers; while proactively communicating with its customers, striving to collect receivables and handling raw materials in stock, so that the funds can be used for developing new products and responding to occasional needs.

Looking forward to the progress of new communication technology, the Group actively seizes business opportunities and meets new opportunities and challenges.

OTHER INFORMATION

Purchase, Sale or Redemption of the 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 during the Reporting Period.

Code on Corporate Governance Practices

The Company has complied with all applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the Reporting Period, save and except for the following deviations:

Model Code for Securities Transactions by Directors

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

Specific enquiry has been made to the Directors and all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the Reporting Period.

Review of Interim Financial Statements

The interim financial statements of the Group for the Reporting Period have been reviewed and approved by the Audit Committee. As at the date of this Results Announcement, the Audit Committee consists of four independent non-executive Directors, namely Mr. Lin Tao (Chairman), Mr. Cui Songhe, Mr. Khoo Wun Fat William and Mr. Li Chak Hung. The Audit Committee has discussed the accounting principles and practices adopted by the Group together with the management of the Company and the Auditor.

Publication of Results Announcement and Interim Report

This Results Announcement is available for viewing on the Company's website at www.hk-alpha.com and the Stock Exchange's website at www.hkexnews.hk. The 2019 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

ACKNOWLEDGEMENT

I would like to offer the Board's sincere gratitude to the management team and all employees for their hard work and dedication. Their excellence and commitment are of vital importance in enhancing the Company's sustainability. Finally, I would like to take this opportunity to thank our shareholders and all other stakeholders for their continuous support and confidence in us.

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

Hong Kong, 29 November 2019

As at the date of this Results Announcement, the executive Directors are Mr. Xiong Jianrui, Mr. Yi Peijian and Mr. Chen Zeyu, and the independent non-executive Directors are Mr. Lin Tao, Mr. Khoo Wun Fat William, Mr. Cui Songhe and Mr. Li Chak Hung.