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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)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

References are made to (i) the announcement of Alpha Professional Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 November 2023 in relation to the unaudited interim results for the six months ended 30 September 2023 (“**6M2023**”); and (ii) the interim report 2023 of the Company published on 21 December 2023 (the “**Interim Report**”). Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Interim Report.

#### **IMPAIRMENT LOSSES OF TRADE RECEIVABLES**

The Company would like to provide additional information regarding the impairment losses of trade receivables of approximately HK\$18.5 million (the “**Impairment**”) for 6M2023 as follows:–

#### **Reasons for the increase in aging of the trade receivables and the basis for the Impairment made**

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. Recently, it is understood by the board (the “**Board**”) of directors (the “**Directors**”) of the Company that due to the slowing down of China’s economic growth in 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 and qualified valuer to carry out an assessment of the ECLs on the trade receivables of the Group as at 30 September 2023 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\$25.8 million as at 30 September 2023 and the Impairment of HK\$18.5 million for 6M2023.

### **Action taken and/or to be taken by the Board in recovering the overdue trade receivables**

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 largest customer (the "**Largest Customer**") from time to time, whereby it has arranged payment of approximately A\$13.0 million (equivalent to approximately HK\$65.3 million) during 6M2023;
- in relation to 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 30 September 2023 and as at 30 November 2023, a portion of the outstanding trade receivables in the amount of approximately HK\$2.6 million has been recovered. Having considered (i) the Guarantee offers additional security over a significant portion of the outstanding trade receivables; (ii) the Group has from time to time been able to recover a portion of the outstanding trade receivables, 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 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.

On behalf of the Board  
**Alpha Professional Holdings Limited**  
**Zhao Lei**  
*Executive Director and Chief Executive Officer*

Hong Kong, 28 December 2023

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

\* *For identification purpose only*