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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 IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GREAT EMPIRE INTERNATIONAL GROUP LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

THE ACQUISITION

On 24 December 2018 (after trading hours), the Company, the Vendor and Mr. Wang entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to purchase, the Sale Shares for the Consideration of HK\$94.4 million, which shall be satisfied by the allotment and issue of the Consideration Shares at the Issue Price by the Company to the Vendor upon Completion.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to notification and announcement requirements under the Listing Rules.

As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not be materialised. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

THE ACQUISITION

The Board is pleased to announce that, on 24 December 2018 (after trading hours), the Company, the Vendor and Mr. Wang entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to purchase, the Sale Shares for the Consideration of HK\$94.4 million, which shall be satisfied by the allotment and issue of the Consideration Shares at the Issue Price by the Company to the Vendor upon Completion.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

24 December 2018 (after trading hours)

Parties

- (i) The Company, as the purchaser;
- (ii) The Vendor, as the vendor; and
- (iii) Mr. Wang, as the guarantor of the obligations of the Vendor and the provider of certain warranties and undertakings.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners, including Mr. Wang is an Independent Third Party.

Assets to be acquired

The Sale Shares comprise 10,000 shares of US\$100 each in the share capital of the GE International, representing its entire issued share capital.

Consideration

The Consideration for the Acquisition shall be HK\$94.4 million, which shall be satisfied by the allotment and issue of the Consideration Shares at the Issue Price by the Company to the Vendor upon Completion.

The Consideration was determined between the Vendor and the Company after arm's length negotiation and on normal commercial terms, with references to (i) the preliminary valuation of 100% equity interests in Zoken Biology, the principal operating subsidiary of the Target Group, of HK\$118.0 million based on the Valuation Report; and (ii) the historical financial performance of the Target Group and its future prospect.

Conditions Precedent

Pursuant to the Sale and Purchase Agreement, Completion shall be conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (1) the Vendor and each of the Target Group Companies having obtained all approvals required under the relevant laws and regulations, which are required for the Sale and Purchase Agreement, the Acquisition and other transactions contemplated under the Sale and Purchase Agreement;
- (2) there having been no breach of Vendors' warranties;
- (3) the Vendor having complied with all the obligations, undertakings and warranties under the Sale and Purchase Agreement;
- (4) the Company being reasonably satisfied that, there has not been any material adverse change in respect of the Target Group;
- (5) the Company being satisfied with the results of the due diligence conducted in connection with the Acquisition, including but not limited to the business affairs, assets, liabilities and financial condition of the Target Group;
- (6) there having been no orders of restriction or prohibition obtained by any third parties from any government authorities which prevent any parties to proceed with Completion; and the Acquisition and the transactions contemplated under the Sale and Purchase Agreement are complied with the relevant laws and regulations;
- (7) the Acquisition and the transactions contemplated under the Sale and Purchase Agreement not being considered by the Stock Exchange as "major transaction", "very substantial acquisition" or "reverse takeover" under the Listing Rules;
- (8) the Listing Committee having granted listing of and permission to deal in the Consideration Shares; and
- (9) the Company having received the PRC Legal Opinion, Hong Kong Legal Due Diligence Report, Financial Due Diligence Report and the Valuation Report, each of which is in form and content satisfactory to the Company.

The Company may waive, in whole or in part, conditionally or unconditionally, conditions set out above, other than conditions (1), (6) and (8), by written notice to the Vendor.

As at the date of this announcement, the Company does not intend to waive any of the above conditions, and none of the other conditions has been fulfilled.

Completion

Completion shall take place on the fifth Business Day after all the conditions precedent to the Sale and Purchase Agreement are satisfied (or waived as the case may be), or such other date as the Vendor and the Company may agree in writing.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and accordingly, the financial statements of each of the Target Group Companies will be consolidated into the accounts of the Group.

Consideration Shares

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Pursuant to the Sale and Purchase Agreement, 50,842,000 Consideration Shares will be allotted and issued by the Company to the Vendor (or its nominee(s)) on Completion, representing (a) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The aggregate nominal value of the Consideration Shares is US\$8,134,720.

The maximum number of the Shares that can be issued under the General Mandate is 50,846,876 Shares, being 20% of the total issued Shares as at the date of the annual general meeting of the Company held on 21 August 2018. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, no further approval is required to be obtained from the Shareholders for the allotment and issue of the Consideration Shares.

The Consideration Shares shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue, including the rights to vote and the rights to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of such allotment and issue.

An application will be made to the Stock Exchange for the listing of, and the permission to deal, in the Consideration Shares.

Issue Price

The Issue Price of HK\$ 1.857 per Consideration Share represents:

- (i) a discount of approximately 17.5% to the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the date of signing of the Sale and Purchase Agreement; and
- (ii) a discount of approximately 16.7% to the average closing price of approximately HK\$2.23 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Sale and Purchase Agreement.

The Issue Price was arrived at after arm's length negotiations between the Vendor and the Company with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider the Issue Price is fair and reasonable and the issuance of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

Indemnity

Mr. Wang has agreed to fully indemnify Zoken Biology by means of the Deed of Indemnity against all losses and expenses arising out of the Litigations. Based on the preliminary PRC Legal Opinion, the potential indemnification amounts to RMB15.3 million.

Waiver of Debts

As at the date of Sale and Purchase Agreement, the Debts owed by GE SZ to Mr. Wang amounted to approximately RMB50.9 million. Pursuant to the Sale and Purchase Agreement, Mr. Wang has agreed to waive all repayment obligations of GE SZ in connection with the Debts by means of the Deed of Waiver.

INFORMATION OF THE COMPANY AND THE GROUP

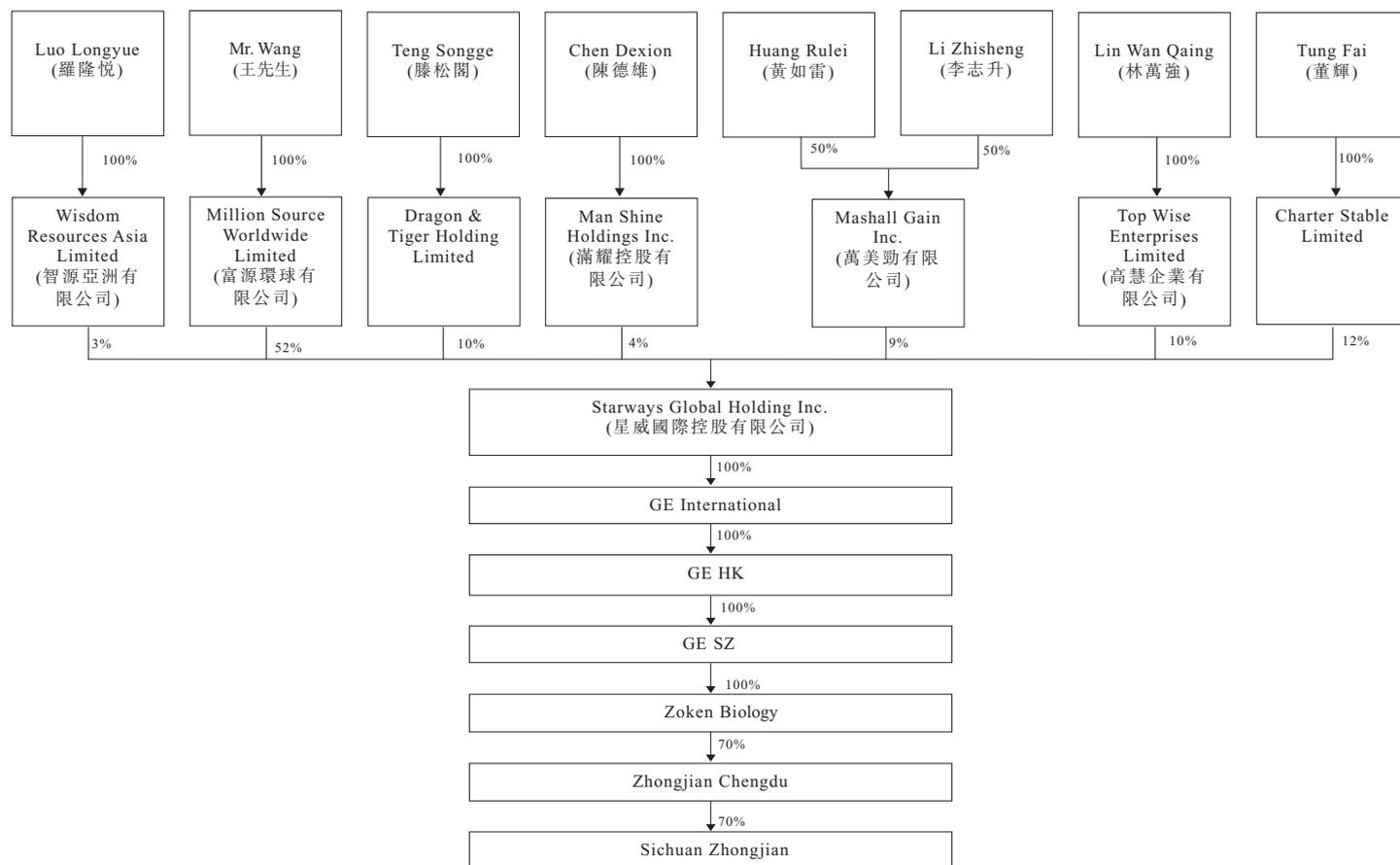
The Company is established under the laws of Bermuda with limited liability and is an investment holding company. The principal activities of the Group are sale and distribution of mobile handsets and their components.

INFORMATION OF THE TARGET GROUP AND THE VENDOR

The Target Company is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, the Target Company is directly wholly owned by the Vendor.

The Vendor is owned as to 3% by Wisdom Resources Asia Limited (智源亞洲有限公司), 52% by Million Source Worldwide Limited (富源環球有限公司), 10% by Dragon & Tiger Holding Limited, 4% by Man Shine Holdings Inc. (滿耀控股有限公司), 9% by Mashall Gain Inc. (萬美勁有限公司), 10% by Top Wise Enterprises Limited (高慧企業有限公司) and 12% by Charter Stable Limited, which in turn is held by Luo Longyue (羅隆悅) as to 100%, Mr. Wang as to 100%, Teng Songge (滕松閣) as to 100%, Chen Dexion (陳德雄) as to 100%, Huang Rulei (黃如雷) as to 50% and Li Zhisheng (李志升) as to 50%, Lin Wan Qiang (林萬強) as to 100% and Tung Fai (董輝) as to 100%, respectively.

As at the date of this announcement, (i) the Target Company held 100% of the equity interests in GE HK; (ii) GE HK held 100% of the equity interests in GE SZ; (iii) GE SZ held 100% of the equity interests in Zoken Biology; and (iv) Zoken Biology held 70% of the equity interests in Zhongjian Chengdu which in turn held 70% of the equity interests in Sichuan Zhongjian.



GE HK is an investment holding company incorporated in Hong Kong with limited liability, while each of GE SZ, Zoken Biology, Zhongjian Chengdu and Sichuan Zhongjian is a company established in the PRC with limited liability. GE SZ is currently inactive, other than holding the equity interests in Zoken Biology. Zoken Biology is principally engaged in the research and development of biotechnology and biological gene technology as well as provision of related technical services in the PRC. Zhongjian Chengdu and Sichuan Zhongjian were newly established companies and have not commenced any business since establishment.

Financial information of the Target Group

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2016 and 2017:

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Revenue	3.0	68.5
Profit/(loss) before taxation	(25.9)	6.2
Profit/(loss) after taxation	(25.9)	6.2

The unaudited consolidated net liabilities of the Target Group as at 31 December 2017 was approximately HK\$45.8 million and if net of the Debts of RMB46.0 million (equivalent to approximately HK\$52.3 million) as at 31 December 2017, the Target Group would report unaudited consolidated net assets of HK\$6.5 million.

Both Zhongjian Chengdu and Sichuan Zhongjian were newly established in 2018 and have not yet commenced any business. As at the date of this announcement, these two companies had no reported assets and liabilities.

REASONS AND BENEFITS FOR THE ACQUISITION

In view of the intense competition in the communication technology industry, the Group has been exploring different business opportunities in other sectors in order to broaden the sources of income and to boost the business performance of the Group.

Zoken Biology, which is the principal operating subsidiary of the Target Group, will be wholly owned by the Group upon Completion, is an advanced biotechnology enterprise with focus on the application of biotechnology on the organism and anti-aging, early screening, prevention and treatment of cancer and chronic disease recovery management. Currently, it provides on-site technical services to hospitals in the PRC and has entered into technical services agreements with eight Level III Grade A hospitals across China to provide anti-cancer related biotherapeutics research and clinical technology services. In addition, Zoken Biology's research and development is supported by a team of medical professionals in the field of anti-cancer, immunological research and cellular biology, including professors from recognized medical schools overseas and other professional with rich experience in biomedical and clinical technologies.

Through the acquisition of the Target Group and the continuing support of its existing management team to ensure the efficient operation of the Target Group's business, the Board believes that it will create a good opportunity for the Group to extend its business into the healthcare market in the PRC, broaden the source of revenue and lay a foundation for the Group's future growth.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares:

	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Alpha Professional Development Limited (Note)	177,965,114	70.0%	177,965,114	58.3%
Vendor	–	–	50,842,000	16.7%
Public Shareholders	<u>76,269,269</u>	<u>30.0%</u>	<u>76,269,269</u>	<u>25.0%</u>
Total	<u><u>254,234,383</u></u>	<u><u>100.0%</u></u>	<u><u>305,076,383</u></u>	<u><u>100.0%</u></u>

Note:

Alpha Professional Development Limited was owned as to 50% by Mr. Xiong Jianrui and as to 50% by Mr. Yi Peijian. Therefore, each of Mr. Xiong Jianrui and Mr. Yi Peijian is deemed to be interested in the 177,965,114 Shares held by Alpha Professional Development Limited.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to notification and announcement requirements under the Listing Rules.

As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not be materialised. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Day(s)”	a day (other than a Saturday, Sunday, statutory holiday or a day when tropical cyclone warning signal number 8 or above or a black rainstorm warning signal was in force during any time between 9 a.m. to 5 p.m.) on which banks in Hong Kong are open for general business;
“BVI”	the British Virgin Islands;
“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 Sale and Purchase Agreement;
“Consideration”	HK\$94.4 million, being the consideration payable by the Company to the Vendor for the sale and purchase of the Sale Shares;
“Consideration Shares”	the 50,842,000 new Shares to be allotted and issued by the Company at the Issue Price to the Vendor (or its nominee(s)) to satisfy the Consideration;
“Debts”	all amount of debts owed by the Target Group to Mr. Wang from time to time;
“Deed of Indemnity”	the deed of indemnity to be executed by Mr. Wang and Zoken Biology at Completion whereby Mr. Wang will fully indemnify Zoken Biology against all losses, damages, costs and expenses as maybe suffered by Zoken Biology, together with reimbursement of all reasonable legal costs as maybe incurred by Zoken Biology, in connection with the Litigations;
“Deed of Waiver”	the deed of waiver to be executed by Mr. Wang and GE SZ at Completion, pursuant to which Mr. Wang, as the lender, has agreed to waive all repayment obligations of GE SZ in connection with the Debts;
“Director(s)”	the director(s) of the Company;
“Financial Due Dilligence Report”	the financial due dilligence report prepared by the independent auditor of the Company;

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 21 August 2018 to issue and allot up to 20% of the then issued share capital of the Company;
“GE HK”	Hong Kong Great Empire Medical Holdings Limited (香港大君醫療控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company;
“GE International” or “Target Company”	Great Empire International Group Limited (大君國際集團有限公司), a company incorporated in the BVI with limited liability;
“GE SZ”	Great Empire Medical Technology (Shenzhen) Ltd.* (大君醫療科技(深圳)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of GE HK;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Legal Due Diligence Report”	the due diligence report prepared by the Hong Kong legal advisers engaged by the Company;
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
“Issue Price”	the issue price of HK\$1.857 per Consideration Share;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Litigations”	all litigations against Zoken Biology or Shenzhen Botai Biotechnology Application Management Co., Ltd.* (深圳市博泰生物技術應用管理有限公司) instigated before the date of Completion;
“Mr. Wang”	Mr. Wang Bin (王斌), an individual who is beneficially interested in 52% of the issued capital of the Vendor and being the guarantor of the obligations of the Vendor and the provider of certain warranties and undertakings under the Sale and Purchase Agreement;

“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“PRC Legal Opinion”	the legal opinion on the Target Group prepared by the PRC legal advisers engaged by the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	10,000 shares of US\$100 each in the share capital of the Target Company, representing its entire issued share capital;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 December 2018 and entered into between the Company, the Vendor and Mr. Wang in respect of the Acquisition;
“Share(s)”	ordinary share(s) of US\$0.16 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of issued Share(s);
“Sichuan Zhongjian”	Sichuan Zhongjian Western Hospital Management Co., Ltd.* (四川中健西部醫院管理有限公司), a company established in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Group Company(ies)”	member(s) of the Target Group;
“Target Group”	GE International and its subsidiaries;
“Valuation Report”	the valuation report using market approach confirming the appraisal value of 100% equity interests of Zoken Biology, being the principal operating subsidiary with the Target Group, at not less than HK\$118 million as at 31 October 2018 prepared by an independent valuer engaged by the Company;
“Vendor”	Starways Global Holding Inc. (星威國際控股有限公司), a company incorporated in the BVI within limited liability which holds the entire issued share capital of the Target Company as at the date of this announcement;
“US\$”	United States Dollar, the lawful currency of the United States of America;

“Zhongjian Chengdu”	Zhongjian Western Biotechnology (Chengdu) Co., Ltd.* (中健西部生物科技(成都)有限公司), a company established in the PRC with limited liability which is owned as to 70% by GE SZ and 30% by an Independent Third Party;
“Zoken Biology”	Shenzhen Zoken Biology Ltd.* (深圳中健生物技術有限公司), formerly known as Shenzhen Botai Biotechnology Application Management Co., Ltd.* (深圳市博泰生物技術應用管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of GE SZ;
“%”	per cent.

** For identification purposes only*

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

Hong Kong, 24 December 2018

As at the date of this announcement, the executive Directors are Mr. Xiong Jianrui and Mr. Yi Peijian, and the independent non-executive Directors are Mr. Lin Tao, Mr. Khoo Wun Fat William and Mr. Cui Songhe.