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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)

UNWINDING OF ACQUISITION

MAJOR DISPOSAL AND CONNECTED TRANSACTION AND PROPOSED OFF-MARKET SHARE BUY-BACKS

BACKGROUND

On 24 December 2018 (after trading hours), the Company, Starways Global and Mr. Wang entered into the Sale and Purchase Agreement, pursuant to which Starways Global agreed to sell, and the Company agreed to purchase, the entire issued share capital of GE International. GE Group 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.

The consideration for the Acquisition was HK\$94,400,000, which was satisfied by the allotment and issue of the Acquisition Consideration Shares at the Issue Price of HK\$1.857 per Acquisition Consideration Share by the Company to Starways Global. Completion of the Acquisition took place on 29 January 2019 and the Acquisition Consideration Shares were allotted and issued to Starways Global.

THE UNWINDING

Subsequent to the completion of the Acquisition and in around June 2019, it came to the attention of the Board that GE International failed to provide sufficient accounting records and incidental documents, which resulted Starways Global and Mr. Wang in potential breaches of certain warranties and undertakings in the Sale and Purchase Agreement. As a result, a disclaimer of opinion has also been issued by the Auditor in the 2019 Annual Report in relation to the acquisition of GE Group 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 GE Group for the year ended 31 March 2019. As at the date of this announcement, Starways Global and Mr. Wang have not 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 by the return of all the 50,842,000 Acquisition Consideration Shares issued to Starways Global. However, since Starways Global has sold 10,126,000 Acquisition Consideration Shares on market between January and June 2019 upon completion of the Acquisition, the alternate way to unwind the Acquisition was by the return of 40,716,000 Acquisition Consideration Shares Starways Global currently hold plus the Settlement Cash in the amount of HK\$18,803,982 (being 10,126,000 Acquisition Consideration Shares at the issue price of HK\$1.857).

As such, on 17 September 2019 (after trading hours), the Company, Starways Global, Mr. Wang and GE International entered into the Settlement Agreement, pursuant to which, (i) the Sale and Purchase Agreement shall be rescinded and void from its inception; (ii) all the Settlement Shares shall be transferred by Starways Global to the Company for cancellation; (iii) Starways Global shall pay the Company the Settlement Cash in the amount of HK\$18,803,982; (iv) the Company shall transfer the Sale Shares 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.

The Board is of the view the Settlement Agreement and the transactions contemplated thereunder are in the interest of the Company and its Shareholders as a whole to resolve the dispute arising from the Acquisition having considered (i) the negative impact on the operations and financial performance of the Group in the event of litigation among the Company, Starways Global and Mr. Wang; (ii) the doubtful prospect of GE Group; (iii) the improvement of the financial position of the Group upon the cessation of GE Group to be subsidiaries of the Company; (iv) the Implied Settlement Consideration is the same as the consideration under the Acquisition; and (v) receiving proceeds from the Unwinding will improve liquidity of the Group.

REGULATORY REQUIREMENTS

Share Buy-backs Code

The transfer and cancel of the Settlement Shares constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company will make an application to the Executive for approval of the transfer and cancel of the Settlement Shares pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the transfer and cancel of the Settlement Shares by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

Listing Rules

As one of the applicable percentage ratios in respect of the transactions contemplated under the Settlement Agreement exceeds 25% but is less than 75%, the entering into of the Settlement Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14.33 of the Listing Rules.

As Starways Global holds 40,716,000 Shares, representing approximately 13.4% of the issued share capital of the Company as at the date of this announcement, Starways Global is a substantial shareholder (as defined under the Listing Rules) and thus a connected person of the Company. Therefore, the Unwinding constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

An SGM will be held to consider and approve the Settlement Agreement and the transactions contemplated thereunder.

Voting

As at the date of this announcement, Starways Global is interested in 40,716,000 Shares, representing approximately 13.4% of the issued share capital of the Company. By reason of the requirements of the Share Buy-backs Code and the Listing Rules, Starways Global, its associates and parties acting in concert with any of them will abstain from voting in the SGM. Save for Starways Global no other Shareholder is required to abstain from voting on the resolutions approving the Settlement Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Settlement Agreement and the transactions contemplated thereunder.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Settlement Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details about the Settlement Agreement, including the Unwinding and the Share Buy-backs; (ii) the recommendations of the Independent Board Committee on the Settlement Agreement and the transactions contemplated thereunder, including the Unwinding and the Share Buy-backs; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Settlement Agreement and the transactions contemplated thereunder, including the Unwinding and the Share Buy-backs; and (iv) the notice convening the SGM, will be dispatched to the Shareholders within 21 days of the date of this announcement in accordance to the Listing Rules and the Share Buy-backs Code, which in this case would be on or before 9 October 2019.

GENERAL

Shareholders and potential investors of the Company should be aware that the transactions contemplated under the Settlement Agreement are subject to a number of conditions being satisfied, including but not limited to the approval of the Share Buy-backs by the Executive, and consequently the transactions contemplated under the Settlement Agreement may or may not proceed. Accordingly, they are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

BACKGROUND

References are made to the Previous Announcements in relation to the Acquisition.

On 24 December 2018 (after trading hours), the Company, Starways Global and Mr. Wang entered into the Sale and Purchase Agreement, pursuant to which Starways Global agreed to sell, and the Company agreed to purchase, the entire issued share capital of GE International. GE Group 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.

The consideration for the Acquisition was HK\$94,400,000, which was satisfied by the allotment and issue of the Acquisition Consideration Shares at the Issue Price of HK\$1.857 per Acquisition Consideration Share by the Company to Starways Global. Completion of the Acquisition took place on 29 January 2019 and the Acquisition Consideration Shares were allotted and issued to Starways Global.

THE UNWINDING

Subsequent to the completion of the Acquisition and in around June 2019, it came to the attention of the Board that GE International failed to provide sufficient accounting records and incidental documents, which resulted Starways Global and Mr. Wang in potential breaches of certain warranties and undertakings in the Sale and Purchase Agreement. As a result, a disclaimer of opinion has also been issued by the Auditor in the 2019 Annual Report in relation to the acquisition of GE Group 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 GE Group for the year ended 31 March 2019. As at the date of this announcement, Starways Global and Mr. Wang have not 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 by the return of all the 50,842,000 Acquisition Consideration Shares issued to Starways Global. However, since Starways Global has sold 10,126,000 Acquisition Consideration Shares on market between January and June 2019 upon completion of the Acquisition, the alternate way to unwind the Acquisition was by the return of 40,716,000 Acquisition Consideration Shares Starways Global currently hold plus the Settlement Cash in the amount of HK\$18,803,982 (being 10,126,000 Acquisition Consideration Shares at the issue price of HK\$1.857).

As such, on 17 September 2019 (after trading hours), the Company, Starways Global, Mr. Wang and GE International entered into the Settlement Agreement. Details of which are summarised below:

The Settlement Agreement

Date

17 September 2019

Parties

(i) The Company

(ii) Starways Global

(iii) Mr. Wang

(iv) GE International

As at the date of this announcement, (i) Starways Global holds 40,716,000 Shares (representing approximately 13.4% of the issued share capital of the Company) and is a substantial Shareholder (as defined under the Listing Rules) and connected person of the Company; and (ii) Mr. Wang is beneficially interested in 52% of the issued capital of the Starways Global.

Settlement Terms

Subject to the terms and conditions of the Settlement Agreement, the Parties unconditionally and irrevocably agree that:—

- (i) the Sale and Purchase Agreement shall be considered as rescinded and void from its inception and be considered as no contract has ever been made among Starways Global, Mr. Wang and the Company, and each of the Parties shall be discharged from all liability and/or further liability, demands, claims and proceedings whatsoever arising out of or in connection with the Sale and Purchase Agreement;
- (ii) Starways Global shall transfer all the Settlement Shares to the Company free from encumbrances for cancellation, and Starways Global shall waive any right, benefit, entitlement and/or claim the Company may have under or arising out of the Settlement Shares;
- (iii) Starways Global shall pay the Company the Settlement Cash in an amount of HK\$18,803,982 in cash at Completion to make good the shortfall of the consideration of the Acquisition due to the disposal of 10,126,000 Acquisition Consideration Shares;
- (iv) the Company shall transfer its entire legal and beneficial interest in the Sale Shares to Starways Global, together with all rights and encumbrance now or hereafter attaching thereto, including all rights to any dividend or other distribution declared, made or paid as well as all capital commitments to be made to the Company and/or its subsidiaries, on or after the date of such transfer;
- (v) none of the Parties shall in any jurisdiction commence or cause to be commenced or continue any proceedings of any nature whatsoever in respect of the Sale and Purchase Agreement against any of the other Parties, otherwise than for the enforcement of the Settlement Agreement;
- (vi) the Company shall no longer be liable for all debts and obligations committed by the Company to GE International and its subsidiaries that is outstanding as at the date of the Settlement Agreement;
and
- (vii) the settlement reached in the Settlement Agreement is made on a “no admission of liability” basis.

Conditions precedent

Completion will be conditional upon the satisfaction of each of the following conditions:

- (i) the passing by the Independent Shareholders at the SGM of the necessary resolutions, including by at least 75% of the votes cast by all the Independent Shareholders on the special resolutions to approve the Settlement Agreement and the transactions contemplated hereunder (including but not limited to the Unwinding and the Share Buy-backs) by way of poll in accordance with the requirements of the Listing Rules, the Share Buy-backs Code and other applicable laws and regulations;
- (ii) the approval by the Executive for the transactions contemplated hereunder (including but not limited to the Share Buy-backs) having been granted pursuant to Rule 2 of the Share Buy-backs Code and remaining in full force and effect and any condition(s) to which such approval is/are subject to having been satisfied in all respects;
- (iii) the Company having sufficient reserves in the form of capital and/or share premium in its accounts to effect the Share Buy-backs;
- (iv) the warranties, representations, undertakings and obligations of Starways Global pursuant to the Settlement Agreement remaining true and accurate and not misleading in any respect as if repeated at Completion and at all times between the date of the Settlement Agreement and the date of Completion; and
- (v) all other necessary consents, authorisations, licences and approvals for or in connection with the transactions contemplated under the Settlement Agreement (including, without limitation, the Unwinding and the Share Buy-backs) having been obtained.

Save for condition (iv) which may be waived by the Company in its absolute discretion, the remaining conditions (i), (ii), (iii) and (v) above are incapable of being waived by any parties to the Settlement Agreement. As at the date of this announcement, none of the conditions have been fulfilled.

Implied Settlement Consideration

Under the Settlement Agreement, Starways Global shall:

- (i) transfer the Settlement Shares to the Company for cancellation; and
- (ii) pay the Settlement Cash in an amount of HK\$18,803,982 in cash (being 10,126,000 Acquisition Consideration Shares at the issue price of HK\$1.857) to make good the shortfall of the consideration of the Acquisition due to the disposal of 10,126,000 Acquisition Consideration Shares.

As the Settlement Agreement aims to unwind the Acquisition, the implied Buy-back Price for transfer of the Settlement Shares is HK\$1.857, which is equivalent to the Issue Price per Acquisition Consideration Share under the Sale and Purchase Agreement.

The Implied Settlement Consideration is HK\$94,400,000, which is equivalent to the consideration for the Acquisition under the Sale and Purchase Agreement.

The implied Buy-back Price of HK\$1.857 represents:

- (i) a premium of approximately 13.93% over the closing price of HK\$1.63 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 12.55% over the average of the closing prices of approximately HK\$1.65 per Share for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 7.97% over the average of the closing prices of approximately HK\$1.72 per Share for the last ten trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 3.74% over the average of the closing prices of approximately HK\$1.79 per Share for the last thirty trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 120.8% over the audited net asset value per Share attributable to Shareholders as at 31 March 2019 of approximately HK\$0.841 per Share.

Completion

Completion shall take place on the seventh Business Day after fulfillment of all conditions precedent of the Settlement Agreement, or such later date as may be agreed by the Parties in writing.

As at the date of this announcement, Starways Global holds 40,716,000 Shares, representing approximately 13.4% of the issued share capital of the Company. Upon Completion, the Settlement Shares will be transferred to the Company and cancelled. The percentage interest of all other Shareholders in the issued Shares of the Company will be proportionally increased following the cancellation of the Settlement Shares and the resulting reduction in the number of issued Shares.

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 transfer of the Settlement Shares by Starways Global to the Company and the cancel of the Settlement Shares:

	(i) As at the date of this announcement		(ii) Immediately after the transfer of the Settlement Shares by Starways Global to the Company and the cancel of the Settlement Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Alpha Professional ^(Note)	177,965,114	58.3	177,965,114	67.3
Starways Global	40,716,000	13.4	—	—
Public Shareholders	86,395,269	28.3	86,395,269	32.7
Total	305,076,383	100.0	264,360,383	100.0

Note: Alpha Professional 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.

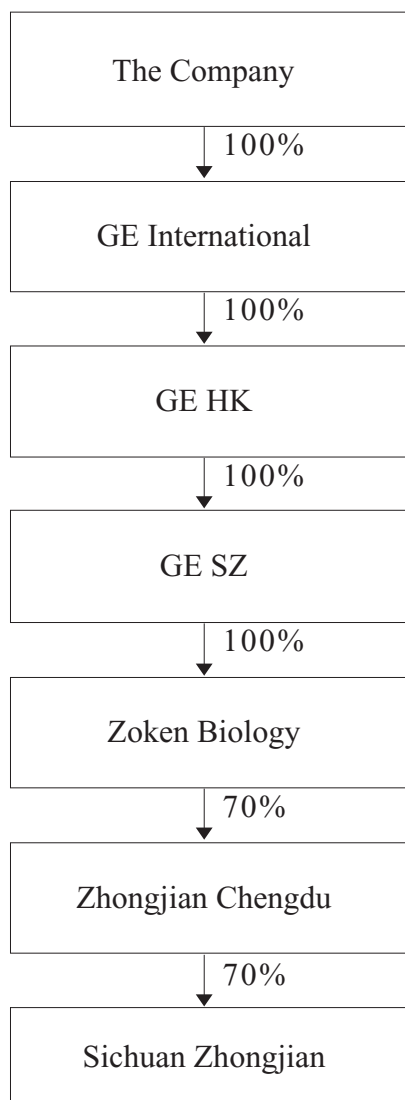
INFORMATION ON GE GROUP

GE International is a company incorporated in the BVI with limited liability and, prior to completion of the Unwinding, a direct wholly-owned subsidiary of the Company. Its principal business is investment holding.

As at the date of this announcement, (i) GE International holds the entire issued share capital of GE HK; (ii) GE HK holds 100% of the equity interest in GE SZ; (iii) GE SZ holds 100% of the equity interest in Zoken Biology; and (iv) Zoken Biology holds 70% of the equity interest in Zhongjian Chengdu which in turn holds 70% of the equity interest 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.

Set out below is the shareholding structure consisting of the Company and GE Group immediately before completion of the Unwinding:



Set out below is the unaudited consolidated financial information of GE Group as prepared in accordance with International Financial Reporting Standards for the two financial years ended 31 December 2017 and 2018:

	For the year ended 31 December 2018 <i>HK\$'million</i> <i>(unaudited)</i>	For the year ended 31 December 2017 <i>HK\$'million</i> <i>(unaudited)</i>
Revenue	76.8	68.5
Net profit/(loss) before taxation	6.7	6.2
Net profit/(loss) after taxation	6.7	6.2

According to the consolidated financial information of GE Group as at 31 March 2019, GE Group had a net asset value of approximately HK\$132.0 million.

Pursuant to Rule 14.58 of the Listing Rules, the Company is required to disclose the net profits and book value of GE Group set out above (the “GE Group Financial Information”), however, in light of the disclaimer of opinion issued by the Auditor in 2019 Annual Report set out below, the Directors are of the view that GE Group Financial Information may not be true and accurate. **Shareholders and potential investors of the Company should not rely on GE Group Financial Information when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.**

As disclosed in the 2019 Annual Report, the Auditor of the Company issued a disclaimer of opinion in relation to GE Group, which is as set out below:

“On 29 January 2019, the Group had acquired the entire equity interests in Great Empire International Group Limited and its subsidiaries (the “Great Empire Group”), whose principal activity is engaged in the provision of biotechnology and biological gene technology technical services (the “Biological Business”). The details of the acquisition are set out in note 33 to the consolidated financial statements. Revenue generated from the Biological Business during the year ended 31 March 2019 amounted to approximately HK\$13,904,000 (the “Revenue of Biological Business”).

During the course of our audit, we noticed certain inconsistencies between third parties documents and information provided by the Group and that we have obtained directly for revenue transactions under the Biological Business. We were unable to perform practicable audit procedures to verify the inconsistencies in the documents and information available to us, and to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence, completeness and accuracy of the Revenue of Biological Business, and the corresponding trade receivables balances of HK\$14,751,000 as at 31 March 2019.

Furthermore, the intangible assets and goodwill arising from the acquisition of the Great Empire Group, amounted to HK\$110,943,000 and HK\$48,430,000, respectively, had been allocated to the Biological Business cash generating units. The fair values has been estimated using the cash flows projections from the Biological Business. Due to the inconsistencies in documents and information available to us mentioned above and limitation in the scope of work, we were unable to assess whether the fair values as at the acquisition date and the recoverable amount of these assets as at 31 March 2019 are reliably measured. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amounts of the intangible assets and goodwill, the associated amortisation expenses attributed to the intangible assets and tax relating to the Biological Business were free from material misstatement.

In addition, because of the inconsistencies in the documents and information described above, there were no alternative audit procedures we could perform to satisfy ourselves 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, we were 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.”

GE Group has been held by the Company for less than 12 months prior to the Unwinding. The original acquisition cost of GE Group to the Group was HK\$94,400,000, which was determined with references to (i) the valuation of 100% equity interests in Zoken Biology, the principal operating subsidiary of GE Group; and (ii) the historical financial performance of GE Group and its future prospect.

INFORMATION ON STARWAYS GLOBAL

As at the date of this announcement and prior to the completion of the Unwinding, Starways Global is a company incorporated in the BVI with limited liability and holds 40,716,000 Shares, representing approximately 13.4% of the issued share capital of the Company.

The principal business activities of Starways Global is investment holding, and it is owned as to 51% by Million Source Worldwide Limited (富源環球有限公司), 12% by Charter Stable Limited, 10% by Dragon & Tiger Holding Limited, 10% by Top Wise Enterprises Limited (高慧企業有限公司) 9% by Mashall Gain Inc. (萬美勁有限公司), 4% by Vicotry Surplus Corporation Inc. (捷盈有限公司), 3% by Wisdom Resources Asia Limited (智源亞洲有限公司), 1% by Prestigious Holdings Inc., which in turn are held by as to 100% by Mr. Wang, as to 100% by Tung Fai (董輝), as to 100% by Teng Songge (滕松閣), as to 100% by Lin Wan Qiang (林萬強), as to 50% by Huang Rulei (黃如雷) and as to 50% by Li Zhisheng (李志升), as to 100% by Huang Jie Huai (黃杰懷), as to 100% by Luo Longyue (羅隆悅), and as to 100% by Zhong Weisheng (鍾偉生) respectively.

INFORMATION ON 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.

FINANCIAL EFFECTS OF THE UNWINDING

Upon completion of the Unwinding, members of GE Group will cease to be subsidiaries of the Company and their financial statements will no longer be consolidated into the Group's financial statements.

Subject to the review of the Auditor, based on the consolidated financial information of GE Group as at 31 March 2019, the Group currently expects to record a loss arising from the Unwinding of approximately HK\$33.6 million (before tax) upon completion of the Unwinding with reference to the Settlement Cash of approximately HK\$18.8 million, and the fair value of the 40,716,000 Acquisition Consideration Shares of approximately HK\$83.5 million calculated by the quoted market closing price of the Shares on 31 March 2019 less the net assets value of GE Group as at 31 March 2019 and the legal and professional fee incurred in the Unwinding, but add back the reclassification adjustment of and the cumulative exchange difference in respect of the net assets of GE Group.

It should be noted that the expected loss is only an estimate which assumes the completion of the Unwinding had taken place on 31 March 2019. The actual loss on the Unwinding will depend on the fair value of the Acquisition Consideration Shares and the net assets value of GE Group as at the completion date of the Unwinding.

The Board intends to apply the net proceeds from the Unwinding (after deducting relevant costs and expenses in connection with the Unwinding) as general working capital and for funding future business development opportunities of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

The purpose of the entering into of the Settlement Agreement to unwind the Acquisition is to resolve the dispute arising from the Acquisition.

Subsequent to the completion of the Acquisition and in around June 2019, it came to the attention of the Board that GE International failed to provide sufficient accounting records and incidental documents, which resulted Starways Global and Mr. Wang in potential breaches of certain warranties and undertakings in the Sale and Purchase Agreement. The Company has requested Starways Global and Mr. Wang to remedy the potential breaches of the Sale and Purchase Agreement and has reserved the right to take legal action against Starways Global and Mr. Wang. As at the date of this announcement, Starways Global and Mr. Wang have not remedied the potential breaches of the Sale and Purchase Agreement.

As a result, a disclaimer of opinion has also been issued by the Auditor in the 2019 Annual Report in relation to the acquisition of GE Group 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 GE Group for the year ended 31 March 2019.

Having considered (i) the time to be spent by the management of the Group and cost implications in the event of litigation among the Company, Starways Global and Mr. Wang may have a negative impact on the operations and financial performance of the Group; (ii) the doubtful prospect of GE Group; (iii) the cessation of GE Group to be subsidiaries of the Company upon Completion will improve the financial position of the Group; (iv) the Implied Settlement Consideration is the same as the consideration under the Acquisition; and (v) the proceeds of the Unwinding will improve the liquidity of the Group and allow reallocation of financial resources to existing business operations of the Group, the Board is of the view the Unwinding is in the interest of the Company and its Shareholders as a whole.

The terms of the Settlement Agreement were arrived at after arm's length negotiations among the Company, Starways Global and Mr. Wang. The Directors (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) have confirmed that the Unwinding, which included the Share Buy-backs and the terms of the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

REGULATORY REQUIREMENTS

Share Buy-backs Code

The transfer and cancel of the Settlement Shares constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company will make an application to the Executive for approval of the transfer and cancel of the Settlement Shares pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the transfer and cancel of the Settlement Shares by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

As at the date of this announcement, other than the 13.4% interest in the total number of issued Shares of the Company owned by Starways Global, neither Starways Global nor any party acting in concert with it:

- (i) holds, owns, controls or directs any shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (ii) has secured an irrevocable commitment to vote in favour of or against the Settlement Agreement and/or the transfer and cancel of the Settlement Shares;
- (iii) holds outstanding warrants, options or securities convertible into Shares or derivatives in respect of the Shares;
- (iv) has any arrangement (whether by way of option, indemnity or otherwise) or contracts in relation to the Shares or shares of Starways Global which might be material to the Settlement Agreement and/or the transfer and cancel of the Settlement Shares;
- (v) has any agreement or arrangement to which Starways Global and parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Settlement Agreement and/or the transfer and cancel of the Settlement Shares; or
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Listing Rules

As one of the applicable percentage ratios in respect of the transactions contemplated under the Settlement Agreement exceeds 25% but is less than 75%, the entering into of the Settlement Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14.33 of the Listing Rules.

As Starways Global holds 40,716,000 Shares, representing approximately 13.4% of the issued share capital of the Company as at the date of this announcement, Starways Global is a substantial Shareholder (as defined under the Listing Rules) and thus a connected person of the Company. Therefore, the Unwinding constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

An SGM will be held to consider and approve the Settlement Agreement and the transactions contemplated thereunder.

Voting

As at the date of this announcement, Starways Global is interested in 40,716,000 Shares, representing approximately 13.4% of the issued share capital of the Company. By reason of the requirements of the Share Buy-backs Code and the Listing Rules, Starways Global, its associates and parties acting in concert with any of them will abstain from voting in the SGM. Save for Starways Global, no other Shareholder is required to abstain from voting on the resolutions approving the Settlement Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Settlement Agreement and the transactions contemplated thereunder and as to voting.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Settlement Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details about the Settlement Agreement, including the Unwinding and the Share Buy-backs; (ii) the recommendations of the Independent Board Committee on the Settlement Agreement and the transactions contemplated thereunder, including the Unwinding and the Share Buy-backs; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Settlement Agreement and the transactions contemplated thereunder, including the Unwinding and the Share Buy-backs; and (iv) the notice convening the SGM, will be dispatched to the Shareholders within 21 days of the date of this announcement in accordance to the Listing Rules and the Share Buy-backs Code, which in this case would be on or before 9 October 2019.

GENERAL

Shareholders and potential investors of the Company should be aware that the transactions contemplated under the Settlement Agreement are subject to a number of conditions being satisfied, including but not limited to the approval of the Share Buy-backs by the Executive, and consequently the transactions contemplated under the Settlement Agreement may or may not proceed. Accordingly, they are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

DEFINITIONS

“2019 Annual Report”	the annual report of the Company containing the annual results of the Company for the year ended 31 March 2019
“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement
“Acquisition Consideration Shares”	50,842,000 Shares (representing approximately 16.7% of the issued share capital of the Company as at the date of this announcement) allotted and issued by the Company at the Issue Price to Starways Global to satisfy the consideration in the Acquisition
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Alpha Professional”	Alpha Professional Development Limited, a company incorporated in the BVI with limited liability, and a substantial shareholder of the Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Auditor”	Crowe (HK) CPA Limited
“Board”	the board of Directors

“Buy-back Price”	HK\$1.857 per Share, being the Issue Price per Acquisition Consideration Share under the Sale and Purchase Agreement
“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 all the transactions contemplated under the Settlement Agreement (including the Share Buy-backs)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission in Hong Kong from time to time and any delegate of the Executive Director
“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 GE International
“GE Group”	GE International and its subsidiaries
“GE International”	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
“Implied Settlement Consideration”	the implied amount of HK\$94,400,000 payable by Starways Global to the Company for the Unwinding contemplated under the Settlement Agreement to unwind the Acquisition, which is equivalent to the consideration for the Acquisition

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the terms of the Settlement Agreement and the transactions contemplated thereunder and as to voting
“Independent Shareholders”	Shareholders other than Starways Global, its associates and parties acting in concert with any of them, and other Shareholders who are interested or involved in or has a material interest which is different from the interest of all other Shareholders in the Unwinding, the Settlement Agreement or the Share Buy-backs
“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 Acquisition Consideration Share
“Last Trading Day”	17 September 2019, being the last trading day of the Shares on the Stock Exchange prior to the entering of the Settlement Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Mr. Wang”	Mr. Wang Bin (王斌), an individual who is beneficially interested in 52% of the issued capital of the Starways Global and being the guarantor of the obligations of Starways Global and the provider of certain warranties and undertakings under the Sale and Purchase Agreement
“Parties”	the parties to the Settlement Agreement, being the Company, Starways Global, Mr. Wang and GE International
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Previous Announcements”	the announcements of the Company dated 24 December 2018 and 29 January 2019 in relation to the Acquisition
“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

“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 December 2018 and entered into among the Company (as purchaser), Starways Global (as vendor) and Mr. Wang (as guarantor) in respect of the Acquisition
“Sale Shares”	10,000 shares of US\$100 each in GE International, representing the entire issued share capital of GE International as at the date of this announcement
“Settlement Agreement”	the settlement agreement dated 17 September 2019 entered into among the Company, Starways Global, Mr. Wang and GE International in relation to, among others, the Unwinding and the Share Buy-backs
“Settlement Cash”	HK\$18,803,982 payable by Starways Global to the Company pursuant to the Settlement Agreement
“Settlement Shares”	40,716,000 Shares to be transferred by Starways Global to the Company for partial satisfaction of the Implied Settlement Consideration
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Settlement Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of US\$0.16 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Buy-backs”	the transfer and cancel of the Settlement Shares by Starways Global to the Company, as contemplated under the Settlement Agreement, which constitutes an off-market share buy-back by the Company under the Share Buy-backs Code
“Share Buy-backs Code”	The Code on Share Buy-backs published by the Securities and Futures Commission
“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
“Starways Global”	Starways Global Holding Inc. (星威國際控股有限公司), a company incorporated in the BVI with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Unwinding”	the unwind of the Acquisition, which comprises the disposal of the entire issued share capital of GE International by the Company in accordance with the Settlement Agreement
“US\$”	US dollars, the lawful currency of the USA
“USA”	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 Zoken Biology 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.

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

Hong Kong, 18 September 2019

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. Cui Songhe, Mr. Khoo Wun Fat William and Mr. Lin Tao.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

** For identification purpose only*