
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Alpha Professional Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

(I) UNWINDING OF ACQUISITION, MAJOR DISPOSAL AND CONNECTED TRANSACTION AND PROPOSED OFF-MARKET SHARE BUY-BACKS; AND (II) NOTICE OF SGM

Financial adviser to the Company



禹銘投資管理有限公司

YU MING INVESTMENT MANAGEMENT LIMITED

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 22 of this circular. A letter from the Independent Board Committee is set out on pages 23 to 24 of this circular. A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 43 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Friday, 3 January 2020 at Meeting Room 1, Ucommune, 11/F, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.hk-alpha.com).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holdings of the SGM or any adjournment thereof. Completion and return the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

* For identification purpose only

12 December 2019

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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 Latest Practicable Date) 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
“Announcement”	the announcement of the Company dated 18 September 2019 in respect of the Settlement Agreement and the transactions contemplated thereunder
“associates”	has the meaning ascribed to it under the Listing Rules
“Auditor”	Crowe (HK) CPA Limited, the auditor of the Company
“Board”	the board of Directors
“Buy-back Price”	HK\$1.857 per Share, being the Issue Price of the Acquisition Consideration Shares 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 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

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC 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 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 Group”	GE International and its subsidiaries
“GE Group Financial Information”	the unaudited consolidated financial information of GE Group for the years ended 31 December 2017 and 2018
“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

DEFINITIONS

“Independent Financial Adviser”	Pelican Financial Limited, a licensed corporation under the SFO to carry out type 6 regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Settlement Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Starways Global, its associates and parties acting in concert with any of them, and other Shareholders who 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
“Latest Practicable Date”	9 December 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 51% 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

DEFINITIONS

“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 circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant Period”	the period commencing on the date which is six months prior to the date of publication of the Announcement on 17 September 2019, up to and including the Latest Practicable Date
“Remaining Group”	the Company and its subsidiaries immediately after the Completion
“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 Latest Practicable Date
“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
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be held at 11:00 a.m. on Friday, 3 January 2020 at Meeting Room 1, Ucommune, 11/F, Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong, 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 SFC
“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 to Starways Global 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

DEFINITIONS

“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.

LETTER FROM THE BOARD



Alpha Professional Holdings Limited

阿爾法企業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

Executive Directors:

Mr. Xiong Jianrui (*Chairman*)
Mr. Yi Peijian (*Chief Executive Officer*)
Mr. Chen Zeyu

Independent non-executive Directors:

Mr. Cui Songhe
Mr. Khoo Wun Fat William
Mr. Lin Tao
Mr. Li Chak Hung

Registered office:

Continental Building, 25 Church Street
Hamilton, HM 12, Bermuda

*Head office and principal place of
business in Hong Kong:*

47th Floor-A, China Online Centre
333 Lockhart Road
Wan Chai
Hong Kong

12 December 2019

To the Shareholders

Dear Sir or Madam,

**(I) UNWINDING OF ACQUISITION, MAJOR DISPOSAL AND CONNECTED
TRANSACTION AND PROPOSED OFF-MARKET SHARE BUY-BACKS; AND
(II) NOTICE OF SGM**

INTRODUCTION

Background

References are made to the Announcement and the Previous Announcements.

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.

* For identification purpose only

LETTER FROM THE BOARD

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.

Total professional fee of HK\$1,361,376 was incurred by the Company in connection with the Acquisition, which included professional fees paid to financial adviser, Hong Kong legal adviser, PRC legal adviser, auditors and valuer. No capital or debt investments were made into GE Group subsequent to the completion of the Acquisition.

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 Latest Practicable Date, 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.

The purpose of this circular is to provide you with, among other things, (i) further details of the Settlement Agreement and the transactions contemplated thereunder, including the Share Buy-backs; (ii) the recommendation of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) the notice of the SGM; and (v) other information as set out in appendices to this circular as required by the Listing Rules, the Share Buy-backs Code and the Takeovers Code.

LETTER FROM THE BOARD

THE SETTLEMENT AGREEMENT

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 Latest Practicable Date, (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 51% 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;

LETTER FROM THE BOARD

- (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 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.

The Settlement Shares would be transferred by Starways Global to the Company free from encumbrances and together with all rights attaching to them on or after completion of the Share Buy-backs (including the right to receive any dividends or other distributions which are declared, made or paid on or after completion of the Share Buy-backs).

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 resolution to approve the Settlement Agreement and the transactions contemplated there (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 under the Settlement Agreement (in particular, 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;

LETTER FROM THE BOARD

- (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. As at the Latest Practicable Date, 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 per Settlement Share, 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;

LETTER FROM THE BOARD

- (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;
- (v) a premium of approximately 70.37% over the closing price of HK\$1.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of approximately 120.80% over the audited net asset value per Share attributable to Shareholders as at 31 March 2019 of approximately HK\$0.841 and 241.36% over the unaudited net asset value per Share attributable to Shareholders as at 30 September 2019 of approximately HK\$0.544 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 Latest Practicable Date, 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 Latest Practicable Date; 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 Latest Practicable Date		(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	<u>305,076,383</u>	<u>100.0</u>	<u>264,360,383</u>	<u>100.0</u>

LETTER FROM THE BOARD

Note: Alpha Professional is 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.

Following Completion, the Settlement Shares will be cancelled and the number of Shares in issue following the Share Buy-backs will be reduced from 305,076,383 Shares (being the number of issued Shares as at the Latest Practicable Date) to 264,360,383 Shares. Starways Global will cease to hold any Shares and not less than 25% of the issued Shares will remain in public hands after Completion.

As at the Latest Practicable Date, the Group has no outstanding warrants, options, convertible securities or other derivatives convertible into Shares, and no share or loan capital of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no other conversion right affecting the Shares or other derivatives in respect of securities which are being offered for or which carry voting rights have been issued or granted or agreed conditionally or unconditionally to be issued or granted.

INFORMATION ON GE GROUP

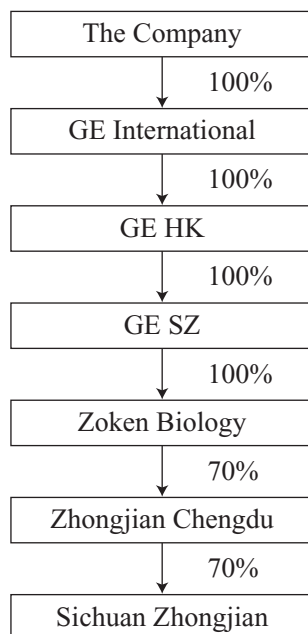
GE International is a company incorporated in the BVI with limited liability and, prior to completion of the Unwinding, a direct wholly-owned subsidiary of the Company. Its principal business is investment holding.

As at the Latest Practicable Date, (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.

LETTER FROM THE BOARD

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	For the year ended 31 December 2017
	<i>HK\$'million</i>	<i>HK\$'million</i>
	<i>(unaudited)</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 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 the GE Group Financial Information may not be true and accurate. **Shareholders and potential investors of the Company should not rely on the GE Group Financial Information when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.**

LETTER FROM THE BOARD

As disclosed in the 2019 Annual Report, the Auditor 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.”

Assuming the Unwinding takes place on or before 31 March 2020, the financial reports of the Company for the two years ending 31 March 2020 and 2021 will contain disclaimer of opinion and qualified opinion, respectively, by the Auditor, as there were no satisfactory audit procedures to ascertain 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 that form opening balances and

LETTER FROM THE BOARD

corresponding figures carried forward from 1 April 2019. The disclaimer of opinion and qualified opinion in relation to GE Group will be removed from the financial year ending 31 March 2022.

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.

As stated in the Company's announcement dated 24 December 2018, as at 31 October 2018, the appraisal value of 100% equity interests of Zoken Biology is approximately HK\$118 million, the valuation was prepared by an independent valuer engaged by the Company using market approach.

INFORMATION ON STARWAYS GLOBAL

As at the Latest Practicable Date 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 Victory 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 owned 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 AND THE SHARE BUY-BACKS

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 financial statements of the Group.

LETTER FROM THE BOARD

Earnings

Subject to the review of the Auditor, based on the interim results announcement of the Group for the six months ended 30 September 2019, the Group currently expects to record a loss arising from the Unwinding of approximately HK\$69.4 million (before tax) upon completion of the Unwinding, which is mainly caused by the difference between the net asset value (before impairment) of the GE Group of approximately HK\$127.6 million as at 30 September 2019, and the value of the consideration which includes Settlement Cash of approximately HK\$18.8 million plus the fair value of the 40,716,000 Settlement Shares of approximately HK\$44.4 million calculated by the quoted market closing price of the Shares of HK\$1.09 on the Latest Practicable Date. The Board considers that the share price, as at the closing price on the Latest Practicable Date, of HK\$1.09 per share represent the best estimate of the fair value of each Settlement Share for determination of fair value of GE Group and recognition of impairment loss. The closing price per Share dropped from HK\$2.30 as at 29 January 2019 to HK\$1.09 as at the Latest Practicable Date, had resulted to the decrease in fair value of the Acquisition Consideration Shares by approximately HK\$61.5 million. Accordingly, the Group's loss per Share for the six months ended 30 September 2019 would increase from approximately HK8.5 cents to approximately HK29.65 cents.

It should be noted that the expected loss is only an estimate which assumes the completion of the Unwinding had taken place on the Latest Practicable Date. The actual loss on the Unwinding will depend on the fair value of the Settlement 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.

Working Capital

Since there is no cash outflow required by the Company in order to effect the Share Buy-backs and the Company will receive the Settlement Cash of approximately HK\$18.8 million, the Directors consider that the Share Buy-backs will increase the working capital of the Remaining Group upon Completion.

Assets and liabilities

As at 30 September 2019, the assets and liabilities of the Group amounted to approximately HK\$261.3 million and HK\$95.3 million respectively. Upon completion of the Unwinding and the Share Buy-backs, the assets of the Remaining Group will decrease by approximately 46.7% to approximately HK\$139.4 million after exclusion of the assets of GE Group. The liabilities of the Remaining Group will decrease by approximately 78.8% to approximately HK\$20.2 million after exclusion of the liabilities of GE Group.

LETTER FROM THE BOARD

Net assets

On the assumption that Completion occurred on 30 September 2019, it is expected that the net asset value of the Remaining Group attributable to the owners of the Company will decrease from approximately HK\$166.0 million to approximately HK\$119.2 million. Accordingly, the Group's net assets attributable to the owners of the Company per Share as at 30 September 2019 would decrease from approximately HK54.4 cents to approximately HK39.1 cents.

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 Latest Practicable Date, 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; (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; (vi) the professional fee only amounts to approximately 1% of the original consideration of the Acquisition; and (vii) given the expected loss of approximately HK\$69.4 million (before tax) upon Completion was only an accounting loss with no actual payout, the Board is of the view the Unwinding at the Implied Settlement Consideration is in the interest of the Company and its Shareholders as a whole, and considers it is not necessary to take any measures against Starways Global and Mr. Wang for the above loss arising from the Unwinding.

LETTER FROM THE BOARD

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 are set out in the letter from the Independent Board Committee in this 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.

INFORMATION ON THE REMAINING 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.

The Group's strategy after the Unwinding is to focus on its existing businesses. As at the Latest Practicable Date, the Group has not entered into any agreement, arrangement or undertaking, nor does it has any intention to (i) introduce any major changes in the business, including any redeployment of the fixed assets of the Group; or (ii) discontinue the employment of the employees of the Group other than in the ordinary course of business 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 has made 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 Latest Practicable Date, 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;

LETTER FROM THE BOARD

- (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 Latest Practicable Date, 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

A notice convening the SGM to be held at Meeting Room 1, Ucommune, 11/F, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on Friday, 3 January 2020 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM, or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM, or any adjournment thereof, should you so wish.

LETTER FROM THE BOARD

Voting

As at the Latest Practicable Date, 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.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders who are entitled to attend and vote at the SGM or any adjournment thereof, the register of members of the Company will be closed from Monday, 30 December 2019 to Friday, 3 January 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the SGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 27 December 2019.

INTENTION OF THE COMPANY REGARDING PUBLIC FLOAT

It is the intention of the Company to continue to maintain the public float requirements of Rule 8.08 of the Listing Rules regarding the Shares following completion of the Unwinding and the Share Buy-backs.

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.

Pelican Financial Limited has been appointed as the independent financial adviser by the Board to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Settlement Agreement and the transactions contemplated thereunder. Such appointment has been approved by the Independent Board Committee.

RECOMMENDATION

The Independent Board Committee, having considered the advice from the Independent Financial Adviser, considers that the terms of the Settlement Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions in respect of the Settlement Agreement to be proposed at the SGM.

LETTER FROM THE BOARD

The Directors, including all the independent non-executive Directors, consider the terms of the Transactions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Settlement Agreement to be proposed at the SGM. As none of the Directors has a material interest in the Unwinding, no Director was required to be abstained from voting on the board resolutions approving the Settlement Agreement and the transactions contemplated thereunder.

The letter of recommendation of the Independent Board Committee is set out on pages 23 to 24 in this circular and the letter of advice from the Independent Financial Adviser is set out on pages 25 to 43 in this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

By Order of the Board
Alpha Professional Holdings Limited
Xiong Jianrui
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Alpha Professional Holdings Limited

阿爾法企業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

12 December 2019

To the Independent Shareholders

Dear Sir or Madam,

**(I) UNWINDING OF ACQUISITION, MAJOR DISPOSAL AND CONNECTED TRANSACTION AND PROPOSED OFF-MARKET SHARE BUY-BACKS; AND
(II) NOTICE OF SGM**

We refer to the circular of Alpha Professional Holdings Limited (the “**Company**”) dated 12 December 2019 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders (i) as to whether the terms of the Settlement Agreement are fair and reasonable; (ii) as to whether the transactions contemplated under the Settlement Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) on how to vote, taking into account the recommendation of the Independent Financial Adviser.

Pelican Financial Limited has been appointed to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Settlement Agreement. The letter from Pelican Financial Limited containing its advice in respect of (i) whether the transactions contemplated under the Settlement Agreement are fair and reasonable; (ii) whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; and (iii) on how to vote with respect to the relevant resolutions to be proposed at the SGM to approve the transactions contemplated under the Settlement Agreement. The principal factors taken into account in arriving at their recommendation are set out on pages 28 to 43 of the Circular.

Independent Shareholders are recommended to read the letter of advice from Pelican Financial Limited, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that although the transactions contemplated under the Settlement Agreement are not conducted in the ordinary course of business of the Group, they are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. We therefore recommend the Independent Shareholders to vote in favour of the resolutions in respect of the transactions contemplated under the Settlement Agreement to be proposed at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Cui Songhe
*Independent
non-executive
Director*

Mr. Khoo Wun Fat
William
*Independent
non-executive
Director*

Mr. Lin Tao
*Independent
non-executive
Director*

Mr. Li Chak Hung
*Independent
non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Pelican Financial Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the transactions contemplated under the Settlement Agreement, which has been prepared for the purpose of inclusion in this circular.



PELICAN FINANCIAL LIMITED

15/F, East Exchange Tower
38-40 Leighton Road
Causeway Bay
Hong Kong

12 December 2019

*To the Independent Board Committee and the Independent Shareholders of
Alpha Professional Holdings Limited*

Dear Sirs,

MAJOR DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO (I) UNWINDING OF ACQUISITION; AND (II) PROPOSED OFF-MARKET SHARE BUY-BACK

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 12 December 2019 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

With reference to the reasons set out in the Board Letter, on 17 September 2019 (after trading hours), the Company, Starways Global, Mr. Wang and GE International entered into the Settlement Agreement, pursuant to which, among other things, (i) the Sale and Purchase Agreement shall be rescinded and void from its inception and 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; (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; and (iv) the Company shall transfer its entire legal and beneficial interest in the Sale Shares to Starways Global.

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 (including but not limited to the Unwinding and the Share Buy-backs) constitute a major transaction for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Latest Practicable Date, 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.

The transfer and cancellation of the Settlement Shares constitute an off-market share buy-back by the Company under the Share Buy-backs Code. The Company has made an application to the Executive for approval of the transfer and cancellation 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.

The Board currently comprises three executive Directors and three independent non-executive Directors. The Independent Board Committee, which currently comprises all the independent non-executive Directors, Mr. Cui Songhe, Mr. Khoo Wun Fat William, Mr. Lin Tao and Mr. Li Chak Hung, has been established to advise the Independent Shareholders as to the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs). We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

We are not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates and also there is no relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence to act as independent financial adviser to the Company and therefore we considered that we are suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, there was no other engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs) are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders should vote in respect of the ordinary resolution to be proposed at the SGM to approve the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs).

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of relevant agreements, documents as well as information provided by the Company and verification of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Sale and Purchase Agreement, the Settlement Agreement, the annual report of the Company for the financial year ended 31 March 2019 (the “**2019 Annual Report**”), the interim results announcement of the Company for the six months ended 30 September 2019 (the “**2019 Interim Results Announcement**”), the Previous Announcements and the Circular. We have assumed that all statements of belief, opinion, expectation, and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular (other than those relating to Starways Global) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular (other than those expressed by the director of Starways Global) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

The sole director of Starways Global, namely Mr. Wang, accepts full responsibility for the accuracy of the information contained in the Circular (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs or the future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the terms of the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs), we have considered the following principal factors and reasons:

1. Background information of the Group, Starways Global and the GE Group

(a) *The Group*

According to the 2019 Annual Report and before the completion of the Unwinding, the Group is principally engaged in the trading of mobile handsets and their components and provision of biotechnology and biological gene technology technical services.

Set out below is a summary of the financial information of the Group for the two financial years ended 31 March 2019 and the six months ended 30 September 2018 and 2019, as extracted from the 2019 Annual Report and the 2019 Interim Results Announcement, respectively.

	For the six months ended 30 September		For the financial year ended 31 March	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
<i>Revenue by major products or service lines</i>				
– Sale of mobile handsets and components	89,961	170,649	351,448	293,292
– Sale of biotechnology and biological gene technology technical services (the “ Biological Business ”)	19,928	–	13,904	–
Total Revenue	103,889	170,649	365,352	293,292
Gross profit	880	23,899	58,535	43,106
(Loss)/profit for the period/year	(88,541)	11,600	28,588	(175,728)

Total revenue of the Group for the financial years ended 31 March 2018 and 2019 amounted to approximately HK\$293.3 million and HK\$365.4 million respectively, representing a growth of approximately 24.6%, which was mainly attributable to the increase in the sale of mobile handsets and components to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

customers in Hong Kong and South Africa. For the financial year ended 31 March 2019, approximately 3.8% of the Group's total revenue was contributed by the Biological Business generated by the GE Group, of which the entire equity interests were acquired by the Group on 29 January 2019. Gross profit of the Group increased by approximately 35.8% from approximately HK\$43.1 million to HK\$58.5 million between the two financial years ended 31 March 2018 and 2019, while profit for the year increased from a loss of approximately HK\$175.7 million for the year ended 31 March 2018 to a profit of approximately HK\$28.6 million for the year ended 31 March 2019. The growth in profit for the year was mainly attributable to the net effect of the increase in turnover and gross profit and administrative expenses and the decrease in loss on assets transferred and debts discharged under the scheme of arrangement (the "**Scheme of Arrangement**"), which was a part of the Group's restructuring proposal to discharge and settle the liabilities of the Company in 2017 (Please refer to the Company's circular dated 25 September 2017 for details on the Scheme of Arrangement), and relevant expenses. According to the 2019 Annual Report, upon completion of the Scheme of Arrangement during the year ended 31 March 2018, the Company recognised a loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses of approximately HK\$198.7 million, which led to the Group's loss for the year of approximately HK\$175.7 million for the period. According to the 2019 Annual Report, despite the volatile and uncertain global economy and the continuously rising raw material prices, with the joint effort of the Company's management, the Group was not only able to lock orders and arrange raw materials ahead of schedule and avoid the impact of price fluctuations on the business performance of the mobile handset segment, but also bring significant growth to the business and sales of the Group.

According to the 2019 Interim Results Announcement, given the reasons for the Unwinding, the Group had discontinued its Biological Business for the six months ended 30 September 2019, as a result, the Group only had one continuing operation which was its sale of mobile handsets and components, whose revenue had decreased sharply as (i) major international mobile handset manufacturers strengthened their positions in the Company's target market; and (ii) the international mobile handset market experienced an overall slackened performance. In addition to the decrease in its sale of mobile handsets and components, as a result of an impairment loss associated with the disposal of GE Group of approximately HK\$66.2 million, the Group recorded a loss of approximately HK\$88.5 million for the six months ended 30 September 2019 compared to a profit of approximately HK\$11.6 million for the corresponding period in 2018. The said impairment loss is calculated by the net asset value of the GE Group less the value of consideration, which includes Settlement Cash of approximately HK\$18.8 million plus the fair value of the 40,716,000 Settlement Shares of approximately HK\$46.8 million calculated by the quoted market closing price of the Shares of HK\$1.15 per Share on 27 November 2019. The impairment loss mainly comprises impairment of goodwill of approximately HK\$48.4 million and intangible assets of approximately HK\$16.7 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2019 Interim Results Announcement, based on the decline in the results for the six months ended 30 September 2019, the Group would seek solutions on restoring its steady business development, which include but are not limited to, investing and developing the 5G telecommunication technology and furthering into data storage technology, as well as actively maintaining existing cooperative customers and trying its best to explore new overseas customers.

The consolidated assets and liabilities of the Group as at 31 March 2019 and 30 September 2019 as extracted from the 2019 Annual Report and the 2019 Interim Results Announcement respectively, are summarized as follows:

	As at 30 September 2019	As at 31 March 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets		
– non-current assets	2,647	170,438
– current assets	258,672	190,360
 Total liabilities		
– non-current liabilities	1,572	27,736
– current liabilities	93,702	76,486
 Net current assets	164,970	113,874
 Net assets	166,045	256,576
 Equity attributable to owners of the Company	166,045	256,267

As at 31 March 2019, the non-current assets of the Group amounted to approximately HK\$170.4 million, of which approximately HK\$110.9 million were intangible assets and the remaining balance of HK\$59.5 million comprised goodwill, property, plant and equipment. The current assets of the Group amounted to HK\$190.4 million, of which approximately HK\$149.4 million were trade and other receivables, approximately HK\$34.4 million was cash and bank balance and approximately HK\$6.6 million were inventories. Meanwhile, as at 30 September 2019, the non-current assets of the Group amounted to approximately HK\$2.6 million, all of which was property, plant and equipment. The current assets of the Group amounted to HK\$258.7 million, of which approximately HK\$102.1 million were trade and other receivables, approximately HK\$140.7 million were assets of the GE Group which is held for sale, approximately HK\$0.7 million was cash and bank balance and the remaining balance of approximately HK\$15.2 million were inventories and tax recoverable.

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As at 31 March 2019, the total non-current liabilities of the Group amounted to approximately HK\$27.7 million, all of which was deferred tax liability. The total current liabilities of the Group amounted to approximately HK\$76.5 million, of which approximately HK\$53.2 million were trade and other payables, approximately HK\$22.2 million were financial guarantee liabilities and the remaining balance of approximately HK\$1.1 million were tax payables. Meanwhile, as at 30 September 2019, the total non-current liabilities of the Group amounted to approximately HK\$1.6 million, all of which was lease liability. The total current liabilities of the Group amounted to approximately HK\$93.7 million, of which approximately HK\$75.1 million were liabilities directly associated with the assets of the GE Group held for sale, approximately HK\$17.6 million were trade and other payables, and the remaining balance of approximately HK\$1.0 million were lease liability and tax payables.

Finally, as at 31 March 2019, the net current assets and net assets of the Group were approximately HK\$113.9 million and HK\$256.6 million respectively. The current ratio, which is calculated as current assets over current liabilities, was approximately 2.5 as at 31 March 2019, while the gearing ratio, as calculated by dividing the total debt which includes trade and other payables and other current liabilities of the Group by total equity of the Group, was approximately 29.8% as at 31 March 2019. Meanwhile, as at 30 September 2019, the net current assets and net assets of the Group were approximately HK\$165.0 million and HK\$166.0 million respectively. The current ratio was therefore approximately 2.8 as at 30 September 2019, while the gearing ratio was therefore approximately 56.4% as at 30 September 2019.

(b) *Starways Global*

Starways Global is a company incorporated in the BVI with limited liability and the vendor under the Sale and Purchase Agreement, which owned the entire issued share capital of GE International prior to the Acquisition. As at the date of this letter and prior to the completion of the Unwinding, Starways Global 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 Victory 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. For further details on the shareholding structure of Starways Global, please refer to the section headed “Information on Starways Global” in the Board Letter.

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(c) *The 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, while its indirectly wholly-owned and principal operating subsidiary, 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.

As at the Latest Practicable Date, (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 unaudited consolidated financial information of the 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	For the year ended 31 December 2017
	<i>HK\$'million</i>	<i>HK\$'million</i>
	<i>(unaudited)</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 the GE Group as at 31 March 2019, the GE Group had a net asset value of approximately HK\$132.0 million.

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

On the other hand, assuming the Unwinding takes place on or before 31 March 2020, the financial reports of the Company for the two years ending 31 March 2020 and 2021 will contain the disclaimer of opinion and qualified opinion, respectively, issued by the Auditor, as there were no satisfactory audit procedures to ascertain 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 that form opening balances and corresponding figures carried forward from 1 April 2019. The disclaimer of opinion and qualified opinion in relation to the GE Group will be removed from the financial year ending 31 March 2022.

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.

As stated in the Company's announcement dated 24 December 2018, as at 31 October 2018, the appraisal value of 100% equity interests of Zoken Biology is approximately HK\$118 million, the valuation was prepared by an independent valuer engaged by the Company using market approach.

2. Background of, reasons for and benefits of entering into the Settlement Agreement

As set out in the Board Letter, the purpose of entering into the Settlement Agreement is to unwind the Acquisition and 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 in Starways Global and Mr. Wang in potential breaches of certain warranties and undertakings in the Sale and Purchase Agreement. As a result, the Auditor issued a disclaimer of opinion in the 2019 Annual Report in relation to the acquisition of the GE Group for the year ended 31 March 2019, which illustrated that the operation of the GE Group is not up to expectations with inconsistencies in the documents and information provided by the GE Group. Although the Company has requested Starways Global and Mr. Wang to remedy

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the said potential breaches and has reserved the right to take legal action against Starways Global and Mr. Wang, Starways Global and Mr. Wang have not remedied the said potential breaches as at the Latest Practicable Date.

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 currently held by Starways Global 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.

The Directors consider the Unwinding is in the interest of the Company and its Shareholders as a whole, and that it is not necessary to take any measures against Starways Global and Mr. Wang for the loss arising from the Unwinding, given that (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 the GE Group may have adverse impact on the Group's business; (iii) the cessation of the 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; (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; (vi) the professional fee only amounts to approximately 1% of the original consideration of the Acquisition; and (vii) the expected loss of approximately HK\$69.4 million (before tax) upon Completion was only an accounting loss with no actual payout.

In this respect, we have reviewed the aforementioned disclaimer of opinion issued by the Auditor and noted that because of the inconsistencies between third parties documents and information provided by the Group and those obtained by the Auditor directly for revenue transactions generated by the GE Group, the Auditor were 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 Group for the year ended 31 March 2019. In their disclaimer of opinion, the Auditor also noted that any adjustments that might have been found to be necessary in respect of the above of the Group would have a significant effect on the Group's consolidated statement of financial position as at 31 March 2019 and consequently, the Group's consolidated financial performance and consolidated cash flows for the year then ended, and the related disclosures in the consolidated financial statements.

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Given that (i) the GE Group Financial Information may not be true and accurate and the disclaimer of opinion from the Auditor could have a significant negative effect on the Group's financial performance; and (ii) that Starways Global and Mr. Wang have not remedied the said potential breaches as at the Latest Practicable Date, we concur with the Company that it is in the interest of the Company and the Shareholders as a whole to unwind the Acquisition.

Furthermore, upon Completion, the Settlement Shares shall be cancelled and Settlement Cash of HK\$18,803,982 shall be paid by Starways Global to the Company. The Company intends to apply the Settlement Cash as general working capital and for funding future business development opportunities of the Group, which we consider as fair and reasonable and in the interests of the Company and the Shareholders as a whole. Meanwhile, as the Implied Settlement Consideration of approximately HK\$94.4 million is equivalent to the consideration for the Acquisition under the Sale and Purchase Agreement, save and except for the legal and professional fee incurred in the Unwinding which only amounts to approximately 1% of the original consideration of the Acquisition¹, the Company would in effect recover the full amount of the consideration for the Acquisition without incurring further cost and uncertainty which may arise from liabilities and/or lengthy legal actions in connection with the Sale and Purchase Agreement, given that no capital or debt investments had been made into GE Group by the Company subsequent to the completion of the Acquisition. In addition, although the disposal of GE Group would lead to an expected loss of approximately HK\$69.4 million (before tax) upon Completion, which is mainly caused by the difference between the net asset value (before impairment) of the GE Group of approximately HK\$127.6 million as at 30 September 2019, and the value of the consideration, which includes Settlement Cash of approximately HK\$18.8 million plus the fair value of the 40,716,000 Settlement Shares of approximately HK\$44.4 million calculated by the quoted market closing price of the Shares of HK\$1.09 on the Latest Practicable Date², such expected loss is only an accounting loss with no actual payout. Given the above and the fact that the terms of the Settlement Agreement were arrived at after arm's length negotiations among the Company, Starways Global and Mr. Wang, we are of the view that the entering into of the Settlement Agreement is in the interest of the Company and the Shareholders as a whole.

- 1 Total professional fee of HK\$1,361,376 was incurred to the Company in connection with the Acquisition, which includes professional fees paid to financial adviser, Hong Kong legal adviser, PRC legal adviser, auditors and valuer.
- 2 As stated in the Board Letter, the Board considers that the Share price, as at the closing price on the Latest Practicable Date of HK\$1.09 per Share represent the best estimate of the fair value of each Settlement Share for the determination of the fair value of the GE Group and the recognition of the impairment loss. In particular, the closing price per Share dropped from HK\$2.30 as at 29 January 2019 to HK\$1.09 as at the Latest Practicable Date had resulted in the decrease of the fair value of the Acquisition Consideration Shares by approximately HK\$61.5 million.

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3. Principal terms of the Settlement Agreement

(a) Settlement Terms and Conditions precedent

On 17 September 2019 (after trading hours), the Company, Starways Global, Mr. Wang and GE International entered into the Settlement Agreement, pursuant to which, among other things, (i) the Sale and Purchase Agreement shall be rescinded and void from its inception and 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; (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; and (iv) the Company shall transfer its entire legal and beneficial interest in the Sale Shares to Starways Global.

The principal terms of the Settlement Agreement are set out in the Board Letter and 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 resolution to approve the Settlement Agreement and the transactions contemplated thereunder (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 Settlement Agreement and the transactions contemplated thereunder (in particular, 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.

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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. As at the Latest Practicable Date, none of the conditions have been fulfilled.

(b) *Implied Settlement Consideration and Buy-back Price*

As set out in the Board Letter, 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 per Settlement Share, 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;
- (v) a premium of approximately 70.4% over the closing price of HK\$1.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

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- (vi) a premium of approximately 120.8% over the audited net asset value per Share attributable to Shareholder as at 31 March 2019 of approximately HK\$0.841 per Share and 241.4% over the unaudited net asset value per Share attributable to Shareholders as at 30 September 2019 of approximately HK\$0.544 per Share.

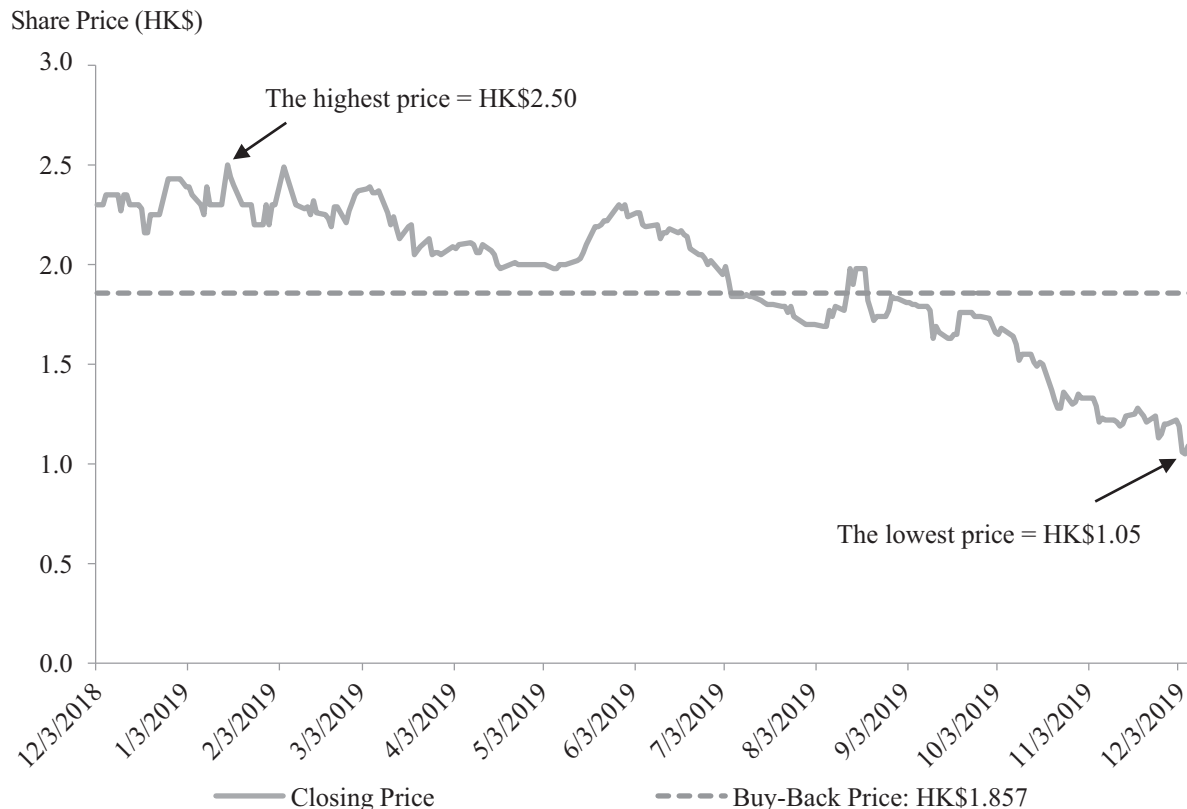
4. Evaluation of the Buy-backs Price

In considering the fairness and reasonableness of Buy-backs Price, we have conducted the following analyses:

(a) *Historical share price performance*

We have reviewed the daily closing prices of the Shares as quoted on the Stock Exchange for the period from 1 December 2018 up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the sampling period of approximately twelve months is adequate as it represents a reasonable period to provide a general overview of the recent price performance of the Shares when conducting an analysis among the historical closing prices of the Shares and the Buy-back Price. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

Chart 1: Historical daily closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

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As illustrated in the chart above, the Share price closed at a lowest of HK\$1.05 on 5 December 2019 and a highest of HK\$2.5 on 16 January 2019, and at an average of HK\$1.926.

The Buy-back Price of HK\$1.857 per Share is therefore within the range of the highest and lowest prices of the Shares during the Review Period, and represents a slight discount of approximately 3.6% to the average closing price, a premium of approximately 76.9% over the lowest closing price and a discount of approximately 25.7% to the highest closing price of the Shares during the Review Period.

(b) Market comparable

In evaluating the Buy-back Price, we have made reference to the announcements of listed issuers on the Stock Exchange which have proposed off-market share buy-back transactions of domestic shares (the “**Comparable Transactions**”) during the Review Period. We considered the twelve-month Review Period a sufficient period of time to reflect the recent market practice in respect of such transactions, and on a best-effort basis, we have identified an exhaustive list of three Comparable Transactions, details of which are summarised in the table below.

Table 2: A summary of the Comparable Transactions

Company Name	Stock code	Date of announcement	Reason(s) for the transaction	Consideration	Basis of determination of the consideration
Tern Properties Company Limited	277	16-May-19	Restore the public float of the Company	By cash by the company	Based on prevailing market conditions
New Silkroad Culturaltainment Limited (“ New Silkroad ”)	472	2-May-19	Dispose controlling right and the entire economic benefits of a previously acquired company by way of termination of previous agreements	By cash or by return of the consideration shares for cancellation by the previous vendor under previous agreements	Based on the number of consideration shares being held in escrow at the time of termination
Dah Sing Financial Holdings Limited	440	23-Jan-19	Enhance earnings per share and rate of return on capital and consolidated net asset value per share attributable to shareholders	By cash by the Company	Based on prevailing market conditions

Source: the website of the Stock Exchange

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As set out in the table above, during the Review Period, except for the Comparable Transaction of New Silkroad, which like the Company's current Share Buy-back was linked to a previous acquisition transaction, the other two Comparable Transactions were stand-alone transactions for the purpose of restoring the public float and enhancing the financial performance of the Company and which we consider the analysis of such may not provide a meaningful reflection of fairness and reasonableness of the Buy-back Price. On the other hand, in respect of the New Silkroad's transaction, we noted that the proposed off-market share buy-back was a result of New Silkroad exercising its unilateral right under the previous sale and purchase agreements to require the vendor to recover the consideration amount in cash in full or in part as the target company failed to meet certain operational standards, which is similar to the case of the Company, except that the Company and the vendor, Starways Global, bilaterally entered into the current Settlement Agreement to rescind and void the Sale and Purchase Agreement. We also noted that under the New Silkroad's transaction, the buy-back price of the consideration shares to be returned and cancelled was equivalent to the issue price per consideration share under the previous sale and purchase agreements, which is consistent with the case of the Company, where the Buy-back Price for the Settlement Shares is equivalent to the Issue Price per Acquisition Consideration Share under the Sale and Purchase Agreement.

(c) The Share Buy-backs

Having considered that (i) the Buy-back Price is within the range of the highest and lowest prices of the Shares during the Review Period; (ii) the Buy-back Price is equivalent to the Issue Price per Acquisition Consideration Share under the Sale and Purchase Agreement; and (iii) the Buy-back Price represents a premium over the closing price of the Shares (a) on the Last Trading Day; (b) for the last five, ten and thirty trading days up to and including the Last Trading Day; and (c) on the Latest Practicable Date; (iv) the Buy-back Price, being equivalent to the Issue Price per Acquisition Consideration Share under the Sale and Purchase Agreement, is consistent with the market practice; and (v) the reasons as set out in the above section headed "Background of, reasons for and benefits of entering into the Settlement Agreement" in this letter, we consider that the Buy-back Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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5. Effects on the shareholding interests of Shareholders

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the transfer of the Settlement Shares by Starways Global to the Company and the cancellation of the Settlement Shares:

	(i) As at the Latest Practicable Date		(ii) Immediately after the transfer of the Settlement Shares by Starways Global to the Company and the cancellation of the Settlement Shares	
	<i>No. of Shares</i>	<i>Approximate % of total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of total issued Shares</i>
Alpha Professional (<i>Note</i>)	177,965,114	58.3	177,965,114	67.3
Starways Global	40,716,000	13.4	–	–
Public Shareholders	<u>86,395,269</u>	<u>28.3</u>	<u>86,395,269</u>	<u>32.7</u>
Total	<u>305,076,383</u>	<u>100.0</u>	<u>264,360,383</u>	<u>100.0</u>

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.

Assuming there are no changes to the shareholdings of the public shareholders and the total number of issued Shares of the Company from the Latest Practicable Date to the date of Completion, upon Completion and cancellation of the Settlement Shares, the shareholding interest of the public Shareholders will increase from approximately 28.3% to approximately 32.7% while the aggregate shareholding interest of Alpha Professional will increase from approximately 58.3% to approximately 67.3%. As such, the Completion, which will involve the cancellation of the Settlement Shares, would result in an increase in public float of the Company in terms of percentage shareholding interests in the public's hands.

6. Potential financial effects of the entering into of the Settlement Agreement

Upon Completion, the GE Group will cease to be subsidiaries of the Company and the accounts of the GE Group would be excluded from those of the Group.

As set out in the Board Letter, it is expected that the entering into of the Settlement Agreement will have the below financial effects on the Group's earnings, working capital, assets and liabilities and net asset value upon Completion.

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(a) Earnings

Subject to the review by the Auditor, based on the 2019 Interim Results Announcement, the Group currently expects to record a loss arising from the Unwinding of approximately HK\$69.4 million (before tax) upon Completion, the determination of which was set out in the above section headed “Background of, reasons for and benefits of entering into the Settlement Agreement”. Accordingly, the Group’s loss per Share for the six months ended 30 September 2019 would increase from approximately HK\$8.5 cents to approximately HK\$29.65 cents.

It should be noted that the expected loss is only an estimate which assumes Completion had taken place on the Latest Practicable Date. The actual loss on the Unwinding will depend on the fair value of the Settlement Shares and the net assets value of the GE Group as at the date of Completion.

(b) Working capital

While there will be no cash outflow required by the Company for the Share Buy-backs, there will be a cash inflow of HK\$18,803,982, being the proceeds from the Settlement Cash, to the Company. Such amount will be recognised as the Group’s cash and cash equivalents immediately upon Completion, and as a result, improve the working capital position of the Group.

(c) Assets and liabilities

As at 30 September 2019, the assets and liabilities of the Group amounted to approximately HK\$261.3 million and HK\$95.3 million respectively. Upon Completion and exclusion of the liabilities of the GE Group, the assets of the Remaining Group will decrease by approximately 46.7% to approximately HK\$139.4 million while the liabilities of the Remaining Group will decrease by approximately 78.8% to approximately HK\$20.2 million.

(d) Net asset value

As at 30 September 2019, the net assets of the Group amounted to approximately HK\$166.0 million. On the assumption that Completion occurred on 30 September 2019, the net asset value of the Remaining Group attributable to the owners of the Company would decrease from approximately HK\$166.0 million to approximately HK\$119.2 million. As a result, the Group’s net assets attributable to owners of the Company per Share as at 30 September 2019 would decrease from approximately HK54.4 cents to approximately HK39.1 cents.

In view of the above potential financial effects, despite the entering into of the Unwinding and Share Buy-backs would have a negative effect on the earnings and the net assets of the Group, considering (i) the Share Buy-backs will not incur any cash outflow and hence there will be no adverse effect on the operating cash flows but a positive effect on the working capital position of the Remaining Group; (ii) the liabilities of the Remaining Group will decrease compared to such

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of the Group as at 31 March 2019; (iii) the Remaining Group will still have sufficient assets to meet its liabilities; and (iv) the reasons for the entering into of the Settlement Agreement as set out in the above section headed “Background of, reason for and benefits of entering into the Settlement Agreement” in this letter, we consider that the overall financial effect on the Group as a result of the Unwinding and the Share Buy-back is justifiable.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the terms of the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs), although not conducted in the ordinary and usual course of business of the Group, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the special resolution to be proposed at the SGM to approve the Settlement Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs).

Yours faithfully, For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

I. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the consolidated results of the Group for each of the years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 as extracted from the respective published financial reports of the Company:

	For the year ended 31 March			For the six months ended 30 September
	2017	2018	2019	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
	(Restated)			
Continuing operations				
Revenue	178,764	293,292	365,352	89,961
Profit/(loss) before taxation	13,882	(169,908)	33,525	(24,181)
Income tax expense	(3,186)	(5,820)	(4,937)	(3)
Discontinued operations				
Loss for the year/period from discontinued operation	–	–	–	(64,357)
Profit/(loss) for the year/period attributable to:				
Owners of the Company	10,696	(175,632)	28,783	(88,009)
Non-controlling interests	–	(96)	(195)	(532)
Total comprehensive income/(loss) for the year/period attributable to:				
Owners of the Company	10,696	(175,632)	28,894	(90,222)
Non-controlling interests	–	(96)	(195)	(532)
Earnings/(loss) per Share				
Basic and diluted (HK cents)	23.6	(147.0)	10.9	(28.9)

Notes:

- Save for the expenses of a loss on assets transferred and debts discharged under a scheme of arrangement and relevant expenses in the amount of approximately HK\$198.7 million recorded for the year ended 31 March 2018, there were no income or expense which are material recorded in the audited consolidated financial statements of the Group for the years ended 31 March 2017, 2018 and 2019.
- There was no dividend declared by the Group for the years ended 31 March 2017, 2018 and 2019.

II. FURTHER FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the years ended 31 March 2017, 2018 and 2019 together with the relevant notes thereto are disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.hk-alpha.com):

- (i) the annual report of the Company for the financial year ended 31 March 2017 published on 28 June 2017 (pages 38 to 106), which can be accessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0628/ltn20170628481.pdf>);
- (ii) the annual report of the Company for the financial year ended 31 March 2018 published on 19 July 2018 (pages 60 to 131), which can be accessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0719/ltn20180719375.pdf>);
- (iii) the annual report of the Company for the financial year ended 31 March 2019 published on 24 July 2019 (pages 47 to 164), which can be accessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltn20190724123.pdf>), whereby:
 - (a) the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 can be referred to on pages 47 to 48 of the 2019 Annual Report;
 - (b) the consolidated statement of financial information for the year ended 31 March 2019 can be referred to on page 49 of the 2019 Annual Report;
 - (c) the consolidated statement of changes in equity for the year ended 31 March 2019 can be referred to on page 50 of the 2019 Annual Report;
 - (d) the consolidated statement of cashflow for the year ended 31 March 2019 can be referred to on pages 51 to 52 of the 2019 Annual Report; and
 - (e) the significant accounting policies and notes to the audited consolidated financial statements for the year ended 31 March 2019 can be referred to on pages 53 to 164 of the 2019 Annual Report.

The interim financial results announcement of the Company for the six months ended 30 September 2019 published on 29 November 2019 (pages 3 to 29), which can be assessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1129/2019112901660.pdf>).

III. DISCLAIMER OF OPINION**For the year ended 31 March 2019**

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2019 was disclaimed because of the following basis:

Comparative information

The audit opinion on the Group's consolidated financial statements for the year ended 31 March 2018 was disclaimed, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records before the restructuring of the Group, the directors of the Company believed that, it was almost impossible, and not practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the past years as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records before the restructuring of the Group, the directors of the Company believed that it was almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for the past years.

Consequently, given these circumstances, the Auditor was unable to satisfy itself that the internal controls and documentations provided by the management for the purpose of the audit were effective and accurate in all material respects. The Auditor was therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification, disclosure and presentation of the transactions and the assets and liabilities of the Group and the Company as at 1 April 2017 and for the year ended 31 March 2018.

Upon completion of the scheme of arrangement during the year ended 31 March 2018, the Company recognised a loss on assets transferred and debts discharged under the scheme of arrangement and relevant expenses of approximately HK\$198,661,000 for the year ended 31 March 2018. Due to the loss of some books and records before the restructuring of the Group, the Auditor was unable to satisfy itself that the amount of assets transferred and debts discharged under the scheme of arrangement and relevant expenses were complete and accurate. As a result, the Auditor was unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy and valuation in respect of the loss on assets transferred and debts discharged under the scheme of arrangement and relevant expenses during the year ended 31 March 2018.

Any adjustments found to be necessary in respect thereof had the Auditor been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group and the Company as at 1 April 2017 and of the Group's loss and cash flows for the year ended 31 March 2018, and the related disclosures thereof in the consolidated financial statements.

Non-compliance with IFRSs and omission of disclosures

Given the consolidated financial statements of the Group have been prepared by the Directors based on incomplete books and records and the directors of the Company believe that it is almost impossible and not practical to ascertain the correct amounts, the Directors were unable to represent that the consolidated financial statements comply with International Financial Reporting Standards (“IFRSs”), or that the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules have been complied with. Given these circumstances, there were no practicable audit procedures that the Auditor could perform to quantify the extent of adjustments and disclosures that might be necessary in respect of the Group’s consolidated financial statements for the year ended 31 March 2018.

Acquisition of GE Group

During the course of its audit, the Auditor noticed certain inconsistencies between third parties documents and information provided by the Group and those the Auditor has obtained directly for revenue transactions under the biological business segment carried out by GE Group. The Auditor was unable to perform practicable audit procedures to verify the inconsistencies in the documents and information available to it, and to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence, completeness and accuracy of the revenue of the biological business segment, 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 GE Group, amounted to HK\$110,943,000 and HK\$48,430,000, respectively, had been allocated to the cash generating units in biological business segment. The fair values has been estimated using the cash flows projections from the biological business segment. Due to the inconsistencies in documents and information available to the Auditor mentioned above and limitation in the scope of work, the Auditor was 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 the Auditor could perform to satisfy itself 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 segment were free from material misstatement.

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

For the year ended 31 March 2018*Scope limitation due to incomplete books and records*

Reference is made to the audit opinion of the Auditor dated 31 May 2017 whereby the Group's consolidated financial statements for the year ended 31 March 2017 was disclaimed given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records before the restructuring of the Group, the directors of the Company believed that, it was almost impossible, and not practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the past years as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records before the restructuring of the Group, the directors of the Company believed that it was almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for the past years. Consequently, the Auditor was unable to satisfy itself that the internal controls and documentations provided by the management for the purpose of the audit were effective and accurate in all material respects. The Auditor was therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification, disclosure and presentation of the transactions and the assets and liabilities of the Group and the Company as at 31 March 2017 and for the years ended 31 March 2017 and 2018.

Upon completion of the scheme of arrangement during the year ended 31 March 2018, the Company recognised a loss on assets transferred and debts discharged under the scheme of arrangement and relevant expenses of approximately HK\$198,661,000 for the year ended 31 March 2018. Due to the loss of some books and records before the restructuring of the Group, the Auditor was unable to satisfy itself that the amount of assets transferred and debts discharged under the scheme of arrangement and relevant expenses were complete and accurate. As a result, the Auditor was unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy and valuation in respect of the loss on assets transferred and debts discharged under the scheme of arrangement and relevant expenses during the year.

Any adjustments found to be necessary in respect thereof had the Auditor been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group and the Company as at 1 April 2016, 31 March 2017 and 1 April 2017 and of the Group's loss and cash flows for the years ended 31 March 2017 and 2018, and the related disclosures thereof in the consolidated financial statements.

Non-compliance with IFRSs and omission of disclosures

Given the consolidated financial statements of the Group have been prepared by the directors of the Company based on incomplete books and records and the directors of the Company believe that it is almost impossible and not practical to ascertain the correct amounts, the directors of the Company were unable to represent that the

consolidated financial statements comply with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules have been complied with. Given these circumstances, there were no practicable audit procedures that the Auditor could perform to quantify the extent of adjustments and disclosures that might be necessary in respect of the Group's consolidated financial statements for the years ended 31 March 2017 and 2018.

For the year ended 31 March 2017

Scope limitation due to incomplete books and record

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2017 was disclaimed because of scope limitation due to incomplete books and record. Given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records, the directors of the Company believed that, it was almost impossible, and not practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the current year as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records, the directors of the Company believed that it was almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for past years. During the course of its audit, the Auditor was unable to satisfy itself that the internal controls and documentations provided by the management for the purpose of the audit were effective and accurate in all material respects. The Auditor was therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and presentation of the transactions and assets and liabilities of the Group.

Given these circumstances, there were no practicable audit procedures that the Auditor could perform to satisfy itself that the information and explanations and documents presented to the Auditor for the purpose of the audit are complete and accurate in all material respects, nor to quantify the extent of any adjustments that might be necessary in respect of the Group's financial information.

As a result, in performing the audit on the consolidated financial statements of the Group for the year ended 31 March 2017, there were no practicable audit procedures that the Auditor could perform to satisfy itself as to whether the balances of assets, liabilities and reserves as at 1 April 2016 and 31 March 2017 were fairly stated.

Any adjustments found to be necessary in respect thereof had the Auditor been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group as at 1 April 2016 and 31 March 2017 and of its profit for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

Included in the Company's statement of financial position is an investment in a subsidiary of US\$2,622,935 and US\$2,622,935 and amounts due from subsidiaries of US\$69,471,270 and US\$69,471,270 as at 31 March 2017 and 31 March 2016 respectively. Due to the scope limitations as mentioned above, the Auditor was unable to satisfy itself as to the fairness of the amounts carried as investment in a subsidiary and the amounts due from subsidiaries in the Company's financial statements as at 31 March 2017 or to determine whether any provision for impairment loss is necessary in

respect of the above. Any adjustments would have a consequential effect on the net assets of the Company as at 31 March 2017 and 31 March 2016 and of its net loss for the years then ended and the related disclosures in the consolidated financial statements.

Non-compliance with IFRSs and omission of disclosures

As the consolidated financial statements of the Group have been prepared by the directors based on incomplete books and records and the directors believe that it is almost impossible and not practical to ascertain the correct amounts, the directors of the Company were unable to represent that the financial statements comply with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules have been complied with. Given these circumstances, there were no practicable audit procedures that the Auditor could perform to quantify the extent of adjustments that might be necessary in respect of the Group's financial statements.

Material uncertainty related to going concern basis

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. In view of the extent of the uncertainties relating to the completion of the restructuring, the Auditor disclaimed its opinion in respect of the material uncertainty relating to the going concern basis.

IV. WORKING CAPITAL

After taking into account the financial resources available to the Remaining Group, including its cash and cash equivalents on hand, the internally generated funds and the net proceeds received from the Unwinding, the Directors, after due and careful enquiry, are of the opinion that the working capital available to the Remaining Group is sufficient for its requirements for at least 12 months from the Latest Practicable Date, in the absence of unforeseeable circumstances.

V. INDEBTEDNESS

As at 31 October 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness and contingent liabilities as follows:–

- (a) unsecured and unguaranteed lease liability of approximately HK\$2.4 million for right-of-use property;
- (b) short-term loan of HK\$10 million which is repayable on 2 April 2020, bearing interest at 26.9% per annum for the first interest period and at 8% per annum for the second interest period up to maturity date. The loan is incorporating first fixed and floating charge over the undertaking, property and/or assets of the Company whatever and wheresoever, both present and future, including its uncalled capital for the time being; and

- (c) contingent liabilities of approximately HK\$45.7 million (equivalent to approximately RMB41.1 million) in relation to an enforcement judgment ((2018) 粵03執2033號之二) dated 28 April 2019 issued by the Shenzhen Intermediate People's Court of Guangdong Province of the People's Republic of China, and the interest accrued thereon, enforcement costs etc.

In relation to indebtedness, if any, of GE Group as at 31 October 2019, since GE Group failed to provide sufficient accounting records, inter alia, management accounts of GE Group as at 31 October 2019, to the Company, the Directors believe that it is almost impossible, and not practicable, to ascertain the correct financial information for the statement of indebtedness of GE Group.

Given these circumstances, this statement of indebtedness has been prepared by the Directors based on books and records of the Group but excluding GE Group.

Save as aforesaid, and apart from intra-group liabilities, and normal accounts payable, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2019.

The Directors confirm that there is no material change in the indebtedness and contingent liability of the Group from the close of business on 31 October 2019 to the Latest Practicable Date.

VI. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2019, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to and including the Latest Practicable Date.

As disclosed in the interim results announcement of the Group for the six months ended 30 September 2019, the Company had recorded a loss for the six months ended 30 September 2019 as compared to a profit for the corresponding period of 2018, which was mainly due to:

- a) an impairment loss associated with the disposal of the GE Group of approximately HK\$66.2 million, which is calculated by the net asset value of the GE Group less the value of consideration, which includes Settlement Cash of approximately HK\$18.8 million plus the fair value of the 40,716,000 Settlement Shares of approximately HK\$46.8 million calculated by the quoted market closing price of the Shares of HK\$1.15 per Share on 27 November 2019. The impairment loss mainly comprises impairment of goodwill of approximately HK\$48.4 million and intangible assets of approximately HK\$16.7 million respectively;

- b) the decrease in sales orders from existing customers as they were unable to attend trade shows in Hong Kong due to the recent social unrest; and
- c) the decrease in the selling prices of existing 3G/4G products, as a result of the measures taken by the management of the Group to boost sales and prepare for the upgrade to 5G technology of the Group's products.

VII. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Prior to Completion, the principal activities of the Group are the sale and distribution of mobile handsets and their components and the provision of biotechnology and biological gene technology technical services.

Since the voluntary delisting from the Main Board of the Singapore Exchange Securities Trading Limited on 28 November 2017 and the resumption of trading in the Shares on the Stock Exchange on 30 November 2017, the Group's business has maintained continuous growth. To better reflect the Group's determination for pursuing future business plans and development, the Company changed its name and logo as well as its stock short name in early October 2018.

The Group is principally engaged as a mobile handset solution provider, involving design, procurement of hardware components and assembly services for mobile handsets, which are mainly carried out by the wholly owned subsidiaries of the Company. Mobile handsets distributed and marketed by the Group mainly include 2G feature phones and 3G/4G smartphones. Following the introduction of 5G, cost of research and development will be enormously increased as well as that of sales and marketing, hence, there will be growing tension to upkeep the gross profit ratio and earning ability. In addition, due to the improper operations of some of the enterprises in the communication industry, potential problems might emerge affecting the supply chain system as a whole. Therefore, the Group will act cautiously and largely focus on risk management and internal control in order to maintain the existing competitive edge.

For the biological business segment, upon Completion, GE Group will cease to be subsidiaries of the Group. Pursuant to the Settlement Agreement, 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, and none of the Parties shall commence any proceedings in respect of the Sale and Purchase Agreement against any of the other Parties (including any potential legal action that the Company may take against Starways Global and Mr. Wang in relation to the potential breaches of certain warranties and undertakings in the Sale and Purchase Agreement). As such, the potential litigation among the Company, Starways Global and Mr. Wang as disclosed under the section headed "Reasons for and benefits of entering into the Settlement Agreement" will not materialise and cause any potential negative impact on the operations and financial performance of the Group.

Following Completion, the Group will continue searching for business opportunities in the domestic as well as overseas markets to diversify its business and take a long-term perspective in formulating strategy by deploying capital and people where it sees opportunities to generate returns which exceed its cost of capital, and focusing on those where its capital and people can generate long-term value.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Takeovers Code and the Share Buy-backs Code for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement (other than the information relating to Starways Global) in this circular misleading.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than the information relating to Starways Global) and confirm that, having made all reasonable inquiries and to the best of their knowledge, the opinions expressed in this circular (other than those expressed by the sole director of Starways Global) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The sole director of Starways Global, namely Mr. Wang, accepts full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group) and confirms that, having made all reasonable enquiries and to the best of his knowledge, the opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

II. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the Share Buy-backs will be, as follows:

<i>Authorised share capital:</i>		<i>US\$</i>
<u>625,000,000</u>	Shares as at the Latest Practicable Date	<u>100,000,000</u>
<i>Issued and fully paid share capital or credited as fully paid:</i>		
305,076,383	Shares as at the Latest Practicable Date	48,812,221.28
(40,716,000)	Settlement Shares to be cancelled upon Completion	(6,514,560)
<u>264,360,383</u>	Shares upon Completion	<u>42,297,661.28</u>

The nominal value of the Shares and the Consideration Shares is US\$0.16 each. All the existing issued Shares rank *pari passu* in all respects including all rights as to dividends, voting and capital.

The Company had not issued or repurchased any Shares since 31 March 2019 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date. Further, no Shares had been repurchased by the Company during the period of 12 months immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or securities convertible into Shares.

During the two financial years preceding the date of the Announcement, the Company carried out the capital reorganisation which became effective on 17 October 2017, comprising (i) the consolidation of every 20 shares of the Company of US\$0.008 each into one Share of US\$0.16 each; and (ii) an increase in the authorised share capital of the Company from US\$10,000,000 divided into 62,500,000 Shares to US\$100,000,000 divided into 625,000,000 Shares by the creation of an additional 562,500,000 Shares, details of which were disclosed in the circular of the Company dated 25 September 2017.

The Settlement Shares to be bought back were allotted and issued to Starways Global on 29 January 2019 at the Issue Price of HK\$1.857 per Share, and the proceeds received by the Company due to such allotment and issue were HK\$94,413,594.

III. DIVIDENDS

There were no dividends that have been proposed or paid out by the Company to the Shareholders during the 2-year period immediately preceding the Latest Practicable Date.

According to the dividend policy adopted by the Company, the declaration of dividends is subject to the Company's ability to pay dividends, which will depend upon, including but not limited to, the financial performance and position of the Company, business conditions and strategies, and any other factors that the Board may deem relevant. The Board may consider declaring special dividends from time to time, in addition to the interim and/or annual dividends. The Company has no plan or intention to alter its present dividend policy.

IV. MARKET PRICE OF THE SHARES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share
29 March 2019	HK\$2.05
30 April 2019	HK\$2.00
31 May 2019	HK\$2.24
28 June 2019	HK\$2.02
31 July 2019	HK\$1.70
30 August 2019	HK\$1.83
17 September 2019 (being the Last Trading Day)	HK\$1.63
30 September 2019	HK\$1.73
31 October 2019	HK\$1.33
29 November 2019	HK\$1.20
9 December 2019 (being the Latest Practicable Date)	HK\$1.09

The highest and lowest closing prices of the Shares on the Stock Exchange during the Relevant Period were HK\$2.30 on 28 and 30 May 2019 and HK\$1.05 on 5 December 2019 respectively.

V. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in the Shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"); or (iv) which were required to be disclosed under the Takeovers Code or the Share Buy-backs Code, were as follows:

(i) Long positions in the Shares and underlying Shares

Name of Director	Nature of interests	Number of Shares held	Percentage of the issued share capital of the Company ^(Note 1)
Mr. Xiong Jianrui	Interests of controlled corporation	177,965,114 ^(Note 2)	58.3%
Mr. Yi Peijian	Interests of controlled corporation	177,965,114 ^(Note 2)	58.3%

Notes:

- (1) The percentage of the total number of issued share capital of the Company is based on 305,076,383 Shares as at the Latest Practicable Date.
- (2) These 177,965,114 Shares were beneficially owned by Alpha Professional, which was owned as to 50% by Mr. Xiong Jianrui and 50% by Mr. Yi Peijian. Therefore, each of Mr. Xiong Jianrui and Mr. Yi Peijian is deemed to be interested in 177,965,114 Shares held by Alpha Professional.

As at the Latest Practicable Date, each of Mr. Xiong Jianrui and Mr. Yi Peijian was a director of Alpha Professional, which held 177,965,114 Shares, which would fall to be disclosed under the provisions of Divisions 2 or 3 of part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) was a director or employee of a company which had any interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO.

(ii) Long positions in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of Shares held	Percentage of the issued share capital of the associated corporation
Mr. Xiong Jianrui	Alpha Professional	Beneficial owner	50	50%
Mr. Yi Peijian	Alpha Professional	Beneficial owner	50	50%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; or (iv) which were required to be disclosed under the Takeovers Code or the Share Buy-backs Code.

(b) Substantial Shareholders' interests in the Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions in the Shares and underlying Shares

Name of Shareholder	Capacity	Number of Shares and underlying shares held	Percentage of the issued share capital of the Company ^(Note 1)
Alpha Professional Shipshape Investments Limited	Beneficial owner	177,965,114	58.3%
Sun Hung Kai & Co. Limited	Interest of controlled corporation	177,965,114 ^(Note 2)	58.3%
Sun Hung Kai Structured Finance Limited	Person having a security interest in shares	177,965,114 ^(Note 2)	58.3%
Allied Group Limited	Interest of controlled corporation	177,965,114 ^(Notes 2 and 3)	58.3%
Allied Properties (H.K.) Limited	Interest of controlled corporation	177,965,114 ^(Notes 2 and 3)	58.3%
Lee Seng Huang	Interest of controlled corporation	177,965,114 ^(Notes 2 and 3)	58.3%
Lee Seng Hui	Interest of controlled corporation	177,965,114 ^(Notes 2 and 3)	58.3%
Lee Su Hwei	Interest of controlled corporation	177,965,114 ^(Notes 2 and 3)	58.3%
Starways Global Holding Inc.	Beneficial owner	40,716,000 ^(Note 4)	13.4%
Million Source Worldwide Limited	Interest of controlled corporation	40,716,000 ^(Note 4)	13.4%
Wang Bin	Interest of controlled corporation	40,716,000 ^(Note 4)	13.4%

Notes:

- (1) The percentage of the total number of issued share capital of the Company is based on 305,076,383 Shares as at the Latest Practicable Date.
- (2) Sun Hung Kai Structured Finance Limited is wholly owned by Shipshape Investments Limited which was in turn wholly owned by Sun Hung Kai & Co. Limited. Therefore, through Sun Hung Kai Structured Finance Limited's security interest in 177,965,114 Shares, each of Shipshape Investments Limited and Sun Hung Kai & Co. Limited is deemed to be interested in 177,965,114 Shares.
- (3) Lee Seng Huang, Lee Seng Hui and Lee Su Hwei are trustees of Lee and Lee Trust which controlled approximately 74.95% interest in Allied Group Limited, a company which held approximately 74.99% interest in Allied Properties (H.K.) Limited. Allied Properties (H.K.) Limited held 100% interest in AP Jade Limited which in turn held 100% interest in AP Emerald Limited. AP Emerald Limited held approximately 61.43% interest in Sun Hung Kai & Co. Limited. Therefore, each of Allied Group Limited, Allied Properties (H.K.) Limited, Lee Seng Huang, Lee Seng Hui and Lee Su Hwei is deemed to have an interest in the Shares in which Sun Hung Kai & Co. Limited is interested.
- (4) Million Source Worldwide Limited is wholly owned by Wang Bin, which in turn controlled approximately 51% interest in Starways Global Holding Inc. Accordingly, each of Million Source Worldwide Limited and Wang Bin is deemed to be interested in 40,716,000 Shares which Starways Global Holding Inc is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

VI. SHAREHOLDINGS AND DEALINGS IN SECURITIES

During the Relevant Period,

- (a) save for 177,965,114 Shares (representing approximately 58.3% of the issued share capital of the Company held by Alpha Professional which in turn was owned as to 50% by each of Mr. Xiong Jianrui and Mr. Yi Peijian) that each of Mr. Xiong Jianrui and Mr. Yi Peijian is interested in, no Directors or any persons acting in concert with them were interested in the Shares;
- (b) save for 177,965,114 Shares (representing approximately 58.3% of the issued share capital of the Company) held by Mr. Xiong Jianrui and Mr. Yi Peijian through Alpha Professional, none of Alpha Professional and parties acting in concert with it holds, owns, controls or has direction over any Shares, convertible securities, warrants, options or derivatives in respect of the Shares nor has entered into any outstanding derivatives in respect of the securities in the Company;

- (c) no Shareholders have irrevocably committed themselves to accept or reject the Share Buy-backs;
- (d) none of the Directors or any persons acting in concert with them had borrowed or lent any Shares, warrants, options, convertible securities or derivatives of the Company; and
- (e) none of the Directors or any persons acting in concert with them have any dealings for value in any Shares, warrants, options, derivatives or other securities convertible into Shares;

VII. DIRECTORS' SERVICE CONTRACTS

Each of the Mr. Xiong Jianrui, Mr. Yi Peijian, Mr. Cui Songhe, Mr. Khoo Wun Fat William and Mr. Lin Tao has entered into a letter of appointment or service contract with the Company for a term of three years commencing from 30 November 2017. Each of the Mr. Chen Zeyu and Mr. Li Chak Hung has entered into a letter of appointment or service contract with the Company for a term of three years commencing from 18 October 2019. Save as disclosed above, as at the Latest Practicable Date, no Directors had a service contract with the Company or any of its subsidiaries which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

VIII. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had: (a) any direct or indirect interests in any assets which have been, since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (b) any subsisting material interest in any contract or arrangement which is significant in relation to the business of the Group.

IX. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates were interested in any business apart from the Group's business, which competes or was likely to compete, whether indirectly or indirectly, with the business of the Group.

X. LITIGATION

On 7 May 2019, the Company has received an enforcement notice ((2018)粵03執2033號) dated 29 April 2019 (the “**Enforcement Notice**”) and an enforcement judgment ((2018)粵03執2033號之二) dated 28 April 2019 (the “**Enforcement Judgment**”) issued by the Shenzhen Intermediate People's Court of Guangdong Province (the “**Court**”) of the PRC in relation to, among other things, the ruling that (a) the application made by 深圳市楚潤實業有限公司 (the “**Applicant**”) to compulsorily enforce a judgment ((2014)深中法涉外初字第190號) (the “**Dispute**”) issued by the Court against 深圳市杰特電信控股有限公司 (Zeus Telecommunication Technology Holdings Limited) (“**Zeus**”) and 統慶通信設備(深圳)有限公司

(“**Tong Qing**”), each a former indirect wholly-owned subsidiary of the Company, and the Company (together with Zeus and Tong Qing, the “**Relevant Parties**”) is allowed; and (b) assets with the equivalent value of the sum of RMB41,070,332.45 and the interest accrued thereon, costs of the said application, enforcement costs, etc. of the Relevant Parties are to be seized and frozen or transferred to the Applicant.

As at the Latest Practicable Date, (i) the Dispute is being handled by the scheme administrators of the Company; (ii) the Company has engaged a PRC legal adviser regarding the preparation of defence against the Dispute, the Enforcement Notice and the Enforcement Judgment (the “**Case**”); and (iii) the Company filed a lawsuit to the Court, and was being notified of the acceptance of the Case by the Court on 10 June 2019.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

XI. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (a) the underwriting agreement dated 20 September 2017 entered into between the Company and China Galaxy International Securities (Hong Kong) Co., Limited in relation to the underwriting of 15,253,753 Shares allotted and issued under the open offer of the Company;
- (b) the Sale and Purchase Agreement;
- (c) a deed of indemnity dated 29 January 2019 entered into between Mr. Wang and Zoken Biology pursuant to which Mr. Wang undertakes to indemnify Zoken Biology from and against all losses, damages, costs, claims, liabilities, demands and expenses (including legal expenses) of whatsoever nature which Zoken Biology may incur or sustain from (i) a claim against Zoken Biology of approximately RMB16 million filed to 深圳市福田区人民法院 on 23 November 2015; (ii) a claim against Zoken Biology of approximately RMB1.1 million filed to 舟山市定海區人民法院 on 4 November 2014; and (iii) any legal proceedings Zoken Biology is involved in prior to the signing of the deed of indemnity;
- (d) a deed of waiver dated 29 January 2019 entered into between Mr. Wang and GE SZ pursuant to which Mr. Wang agreed to waive all responsibilities and obligations of GE SZ under a loan agreement dated 25 October 2014 where Mr. Wang (as creditor) agreed to lend a maximum of RMB50 million to GE SZ (as debtor); and
- (e) the Settlement Agreement (containing the terms of the Share Buy-backs).

XII. EXPERT'S QUALIFICATION AND CONSENT

The following is the name and qualifications of the expert who has given its opinions and advice which are included in this circular:

Name	Qualification
Pelican Financial Limited	Independent Financial adviser, a licensed corporation under the SFO to conduct type 6 regulated activity under the SFO

As at the Latest Practicable Date, Pelican Financial Limited did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Pelican Financial Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable Date, Pelican Financial Limited did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2019, the date to which the latest published audited financial statements of the Group were made up.

XIII. MISCELLANEOUS

- (a) The registered office of the Company is situated at Continental Building, 25 Church Street, Hamilton, HM 12, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is located at 47/F-A, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong .
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Kung Wai Chiu Marco, who is a member of the Hong Kong Institute of Certified Public Accountants, and a chartered secretary of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (e) This circular and the accompanying form of proxy have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

XIV. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal place of business of the Company in Hong Kong at 47/F-A, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday, except Saturday, Sunday and public holidays; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.hk-alpha.com), from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the years ended 31 March 2017, 2018 and 2019;
- (c) the interim results announcement of the Company for the six months ended 30 September 2019;
- (d) the letter from the Board, the text of which are set out on pages 7 to 22 in this circular;
- (e) the letter from the Independent Board Committee, the text of which are set out on pages 23 to 24 in this circular;
- (f) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which are set out on pages 25 to 43 in this circular;
- (g) the material contracts referred to in the paragraph headed “XI. Material contracts” in this appendix (including the Settlement Agreement which contains the terms of the Share Buy-backs);
- (h) the letters of appointment or service contracts referred to in the paragraph headed “VII. Directors’ service contracts” in this appendix;
- (i) the letter of consent from the Independent Financial Adviser referred to in the paragraph headed “XII. Expert’s qualification and consent” in this appendix; and
- (j) a copy of each circular issued pursuant to the requirements of Chapter 14, and or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts of the Company including this circular.

The Settlement Agreement containing the terms of the Unwinding and the Share Buy-backs will be available for inspection at the SGM.

NOTICE OF SGM



Alpha Professional Holdings Limited

阿爾法企業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Alpha Professional Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Friday, 3 January 2020 at Meeting Room 1, Ucommune, 11/F, Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong for the purpose of considering and, if thought fit, passing (with or without amendments), the following resolution of the Company:

SPECIAL RESOLUTION

“THAT:

- (a) the entering into of the settlement agreement (the “**Agreement**”) dated 17 September 2019 made between the Company, Starways Global Holding Inc. (“**Starways Global**”), Mr. Wang Bin and Great Empire International Group Limited (“**GE International**”) in relation to, among other matters, the proposed disposal (the “**Unwinding**”) of the entire issued share capital of GE International by the Company for the total consideration of HK\$94,400,000 (the “**Consideration**”), and the proposed satisfaction of the Consideration by way of (i) Starways Global transferring to the Company, and the Company cancelling, 40,716,000 shares of a nominal value of US\$0.16 each in the existing share capital of the Company (“**Share(s)**”) (“**Buy-Back Shares**”) at the buy-back price of approximately HK\$1.857 per Buy-back Share (the “**Share Buy-backs**”); and (ii) Starways Global paying an amount of HK\$18,803,982 in cash to the Company (a copy of the Agreement is marked “A” and produced to the SGM and signed by the chairman of the SGM for identification purpose) and all the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, ratified and confirmed;
- (b) subject to the approval having been granted by the executive director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegate(s) and not having been withdrawn, the Share Buy-backs be and is hereby approved and any one director or (if affixing of seal is required) any two directors of the Company be and is/are hereby authorised to sign and execute such documents (including under seal where applicable) and to do all such acts and things incidental to the Share Buy-backs or as he/they consider(s) necessary, desirable or expedient to implement or give effect to the Share Buy-backs; and

* For identification purpose only

NOTICE OF SGM

- (c) that any one director or (if affixing of seal is required) any two directors of the Company be hereby authorised for and on behalf of the Company, among other things, to sign, execute, perfect, deliver (including under seal where applicable) and to authorise the signing, executing, perfecting, delivering (including under seal where applicable) of all such documents and deeds, and to do or authorise doing all such acts, matters and things as he/they may in his/their absolute discretion consider necessary, expedient or desirable to give effect to, implement and/or complete all matters in connection with the Agreement and the transactions contemplated thereunder (including but not limited to the Unwinding and the Share Buy-backs) and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the Agreement as he/they may in his/their absolute discretion consider to be desirable and in the interest of the Company and all of such acts of director(s) as aforesaid be and are hereby approved, ratified and confirmed.”

By order of the Board
Alpha Professional Holdings Limited
Kung Wai Chiu Marco
Company Secretary

Hong Kong, 12 December 2019

Registered office:
Continental Building, 25 Church Street
Hamilton, HM 12, Bermuda

*Head office and principal place of
business in Hong Kong:*
47th Floor-A, China Online Centre
333 Lockhart Road
Wan Chai
Hong Kong

Notes:

1. A Shareholder who is entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A Shareholder who is the holder of two or more Shares of the Company may appoint more than one proxy. A proxy need not be a Shareholder.
2. To be valid, the form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be returned to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before time appointed for holding the meeting or any adjournment thereof (as the case may be) and in default thereof the form of proxy shall not be treated as valid.
3. For the purpose of ascertaining the Shareholders' right to attend and vote at the meeting, the register of members of the Company will be closed from 30 December 2019 to 3 January 2020, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant Share certificate(s) must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 27 December 2019.

NOTICE OF SGM

4. Where there are joint holders of any Share, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting in person or by proxy, that one of the said joint holders so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
5. The Chinese version of the resolutions set out in this notice is for reference only. If there is any inconsistency between the English and the Chinese versions, the English version shall prevail.
6. As at the date of this notice, the executive Directors are Mr. Xiong Jianrui (chairman), Mr. Yi Peijian (chief executive officer) 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.
7. If a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force in Hong Kong at or at any time after 8:00 a.m. on the date of the meeting, the meeting will be adjourned. An announcement will be posted on the websites of the Company and the Stock Exchange to notify the Shareholders of the date, time and place of the adjourned meeting. The meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders should decide on their own whether they would attend the above meeting under bad weather conditions bearing in mind their own situations.
8. If any Shareholders have any particular access request or special needs for participating in the meeting, please contact the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (telephone no.: +852 2980 1333) on or before 27 December 2019.