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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



萬基證券有限公司

MORTON SECURITIES LIMITED

On 26 March 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure, on a best effort basis, not less than six Placers to subscribe for up to 50,000,000 Placing Shares at the Placing Price of HK\$1.10 per Placing Share. The Placing Shares will be allotted and issued under the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of Placing Shares of up to 50,000,000 Shares represent approximately 18.91% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.91% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$1.10 per Placing Share represents (i) a discount of 12.00% to the closing price of HK\$1.25 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 17.54% to the average closing price of HK\$1.334 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$55.0 million and the net proceeds will be approximately HK\$53.8 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.08 per Placing Share. The Directors intend to use the net proceeds for (i) general working capital of the Group; and (ii) financing future investment or new business development as and when opportunities arise.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions as set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

On 26 March 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure, on a best effort basis, not less than six Places to subscribe for up to 50,000,000 Placing Shares at the Placing Price of HK\$1.10 per Placing Share. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date: 26 March 2020

Issuer: the Company

Placing Agent: Morton Securities Limited

Based on the confirmation of the Placing Agent and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing Agent will charge the Company a placing commission of 2% of the amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement, including the placing commission, are fair and reasonable based on current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of Placing Shares of up to 50,000,000 Shares represent approximately 18.91% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.91% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The maximum aggregate nominal value of the Placing Shares is US\$8.0 million.

Placing Price

The Placing Price of HK\$1.10 per Placing Share represents (i) a discount of 12.00% to the closing price of HK\$1.25 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 17.54% to the average closing price of HK\$1.334 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the recent trading performance of the Shares. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank, upon allotment and issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The Placing is conditional upon:

- (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) the Placees not becoming a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing; and
- (iii) the warranties given by the Company as set out in the Placing Agreement remaining true and correct.

The Company and the Placing Agent agree that, in relation to the granting of listing of and permission to deal in the Placing Shares, any condition which may be imposed by the Stock Exchange and/or the listing committee thereof shall be a condition to which the Company and Placing Agent cannot reasonably object.

In the event that the conditions above have not been satisfied on or before 10 July 2020 (or such other date as the Company and the Placing Agent may agree in writing), all liabilities of the parties thereto shall cease and determine and no party shall have any claim against the other party, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion of the Placing shall take place on the Closing Date (or such other date as the Company and the Placing Agent may agree in writing).

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate to allot and issue of the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the AGM subject to the limit up to 61,015,276 Shares (representing 20% of the total number of issued Shares as at the date of the AGM). Up to the date of this announcement, the General Mandate has not been utilised. The maximum number of 50,000,000 Placing Shares to be allotted and issued will utilise approximately 81.95% of the General Mandate.

Termination

The Placing Agent may terminate the Placing Agreement by notice in writing to the Company with immediate effect at any time between the date of the Placing Agreement and at or before 5:00 p.m. on the Closing Date upon the occurrence of the following events:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the sole and absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (iv) any suspension of dealings in the Shares on the Stock Exchange for any period of seven consecutive trading days or more (other than as a result of announcing the Placing Agreement); or
- (v) any litigation or claim of any third party being threatened or instigated against any member of the Group which is material in the context of the Placing; or
- (vi) an order is made or a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

- (vii) any demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity or any event, act or omission which gives rise to or is likely to give rise to any material liability of the Company; or
- (viii) any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and/or liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) which in the sole and absolute opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (ix) the Company commits any material breach of (or where the material breach is capable of being remedied, that breach has not been remedied within a reasonable time) or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (x) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its absolute opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

If the Placing Agreement shall be terminated pursuant to the paragraph above, the obligations of the Placing Agent shall be null and void and the Company shall not be liable to pay any commission and other provisions of the Placing Agreement (save for those set out in the Placing Agreement) shall forthwith cease and determine and no party thereto shall have any claim against the other party for compensation, costs, damages or otherwise.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Company is an investment holding company. The principal activities of the Group are sale and distribution of mobile handsets and their components.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$55.0 million and the net proceeds will be approximately HK\$53.8 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.08 per Placing Share. The Directors intend to use the net proceeds for (i) general working capital of the Group; and (ii) financing future investment or new business development as and when opportunities arise.

The Directors are of the view that the Placing will enhance the capital base and shareholders base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position supporting the operations and business development of the Group.

The Board has considered other alternative fund raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may involve the issue of prospectus with other application and administrative procedures (such as arrangements for nil-paid rights shares) which may lead to relatively longer time and incur additional administrative cost to complete as compared to the equity financing through issue of new Shares under General Mandate.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon the Completion (subject to the Completion, assuming all the Placing Shares are fully placed and that there is no other change in the shareholding structure of the Company from the date of this announcement up to the Completion) are set out below:

Shareholders	As at the date of this announcement		Immediately upon the Completion (assuming all the Placing Shares are fully placed)	
	<i>Number of Shares</i>	<i>Approximate Percentage</i>	<i>Number of Shares</i>	<i>Approximate Percentage</i>
Mr. Xiong Jianrui (<i>Note</i>)	177,965,114	67.32	177,965,114	56.61
Mr. Yi Peijian (<i>Note</i>)	177,965,114	67.32	177,965,114	56.61
Alpha Professional Development Limited (<i>Note</i>)	177,965,114	67.32	177,965,114	56.61
The Placees	–	–	50,000,000	15.91
Other public Shareholders	86,395,269	32.68	86,395,269	27.48
Total	<u>264,360,383</u>	<u>100.00</u>	<u>314,360,383</u>	<u>100.00</u>

Note:

These Shares are beneficially owned by Alpha Professional Development Limited, a company incorporated in the British Virgin Islands which is, in turn, owned as to 50% by Mr. Xiong Jianrui and 50% by Mr. Yi Peijian, both are the Directors. Therefore, each of Mr. Xiong Jianrui and Mr. Yi Peijian is deemed to be interested in the entire Shares held by Alpha Professional Development Limited.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions as set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company convened on 28 August 2019
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which licensed banks generally are open for business in Hong Kong, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Closing Date”	the fifth Business Day after the fulfilment of the conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing)
“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 placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to issue, allot and deal with not exceeding 20% of the total number of issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Last Trading Day”	26 March 2020, being the last trading day for the Shares prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, professional, institutional or other investors whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement who (including its ultimate beneficial owners) are regarded as public (as defined in the Listing Rules) and independent of and not connected with the Company, the Directors, chief executive and substantial shareholders of the Group or any of their respective associates
“Placing”	the placing, on a best effort basis, of up to 50,000,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Morton Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 26 March 2020 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.10 per Placing Share
“Placing Shares”	up to 50,000,000 Shares to be placed under the Placing
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of US\$0.16 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 26 March 2020

As at the date of this announcement, the executive Directors are Mr. Xiong Jianrui, Mr. Yi Peijian and Mr. Chen Zeyu and the independent non-executive Directors are Mr. Cui Songhe, Mr. Li Chak Hung and Mr. Choi Kin Man

* *For identification purpose only*