

**RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) IN RELATION TO THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2021**

The board of directors (the "**Board**") of Alpha DX Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to provide its responses to the queries received from the Securities Investors Association (Singapore) ("**SIAS**") in relation to the Company's Annual Report for the financial year ended 31 December 2021 ("**FY2021**") prior to the upcoming annual general meeting for FY2021 to be held by way of electronic means on 31 October 2022 at 2.00 p.m. (the "**AGM**").

The Company did not receive any questions from shareholders as at the deadline stated in the Notice of AGM dated 14 October 2022.

Question 1

On 10 March 2022, the company requested for a voluntary trading suspension after it had requested for a trading halt on 7 March 2022. This follows the issuance of a Notice of compliance by the Singapore Exchange Trading Limited ("**SGX-ST**") on 10 March 2022 ("**NOC**").

Trading in the company's securities had been suspended from November 2019 to June 2021.

The board has assessed that the company is unable to demonstrate that it is able to continue as a going concern in accordance with Rule of 1303(3) of the SGX-ST Listing Manual Section B: Rules of Catalist. In addition, as stated in the NOC, the Exchange required the company to provide clarity on the affairs in the company, including the group's ability to operate on a going concern.

Subsequently, the company applied to the General Division of the High Court of Singapore for the grant of a moratorium under Section 64 of the Insolvency Restructuring and Dissolution Act 2018 (No. 40 of 2018) ("**IRDA**"). A 6-month moratorium was granted on 8 April 2022 with effective dates from 9 March 2022 to 9 September 2022. The company then proposed to enter into a "pre-packaged" scheme of arrangement with its creditors pursuant to Section 210 of the Companies Act 1967 ("**CA**") read together with Section 71 of the IRDA.

On 17 October 2022, the company announced that the court had sanctioned the scheme and the company is "*in the midst of putting together a viable resumption proposal to be submitted to the SGX RegCo for the resumption of trading of the Company's Shares on the Catalist of the SGX-ST*".

- (i) What are the (remaining) milestones to be achieved before the company can submit its resumption proposal to SGX RegCo?

Company's response:

Amongst others, the Company is targeting to raise at least S\$3 million from investors and/or the capital market. This financing may take the form of, amongst others, a convertible loan.

As announced by the Company on 25 October 2022, further to the grant of Order of Court sanctioning the scheme of arrangement (the "**Scheme**"), the Scheme has since taken effect and is binding on all scheme creditors on and from 21 October 2022.

(ii) What is the level of involvement of the board, especially the independent directors, in the resumption proposal application?

Company's response:

The independent directors are actively involved in the whole process of preparing for the resumption proposal, including participating in meetings on the Company's strategic business planning, as well as crafting the solutions for current and future potential issues the Company may face.

(iii) What is the role of the sponsor in this process?

Company's response:

For the resumption proposal, the Sponsor's role, amongst others, is to review and assess the Board's and Management's view in relation to the resumption proposal and also to ensure that the trading resumption proposal will include the following key parameters (though not limited to the following):

- Ability to operate as a going concern for at least the next 12 months following trading resumption.
- Operating business remains viable and sustainable.
- Auditors' views in relation to going concern matters which include cashflow forecast to be supported by auditors' opinion.
- Assessment and Confirmations by the Board on working capital adequacy

(iv) Has the board set management a timeline to submit the resumption proposal?

Company's response:

The Board has requested that Management submit the resumption proposal at the soonest, and barring unforeseen circumstances, the Management aims to submit the resumption proposal when necessary procedures have been completed.

Question 2

Would the board/management provide shareholders greater clarity on the following operational, financial and governance matters?

- (i) **Zionext Pte. Ltd. (formerly known as “Kydon Learning Systems Institute Pte. Ltd.”): Can management elaborate further on the business model of ZioNext? What are the key value drivers of ZioNext? Would the company be able to share more of the operational achievements and user metrics of ZioNext?**

Company's response:

Government agencies and institutions in Singapore have awarded ZioNext several projects given its track record and end-to-end delivery capabilities ranging from high-level design and architecture services to custom system development which it has cultivated over the past ten years. Building on ZioNext's unique capability and value proposition, the Company is now poised to move to Phase II of its Business Plan, which involves expanding its market to B2B and B2E businesses in the oversea markets with the series of new products and services it has been developing over the past three years which is intended to be the next core business of the Company in the near future.

- (ii) **Invictus Academy Inc. (formerly known as “DiDi Academy Inc.”): Similarly, what are management's plans for Invictus?**

Company's response:

As previously announced on 18 November 2021 and 28 January 2022, it is intended for Invictus Academy Inc. (“**Invictus**”) to acquire a licence from ERCI, allowing the Group to commence providing education services to customers in the Japanese education market. Amongst others, the Group is amidst negotiations for partnerships with several local universities and other educational institutions in Japan to commence its first intake of students next year, which we will announce in due course.

- (iii) **What is management's experience and track record of doing business in Uzbekistan and Kazakhstan?**

Company's response:

Our CEO, Mr Daiji Yamada, has more than two years of experience working with various ministers, governors, government institutions and agencies, as well as local universities and businesses in Uzbekistan. As such, Mr Daiji Yamada has established a strong relationship with the abovementioned and is currently negotiating several joint ventures. The CEO of ZioNext, Samuel Tan, has extensive experience working in Kazakhstan's education sector, including in government agencies and the Ministry of Education, setting up future classrooms in 100 High Schools in Kazakhstan. The Company will make the necessary announcements of the various projects and agreements in both countries once finalized.

- (iv) **What is the depth of the management team in the core functions of the group, such as operations, education, pedagogy, project management, IT, marketing, etc?**

Company's response:

On the operational aspect, the Company has appointed an operational manager, who reports to the CEO and is responsible for streamlining the various internal operating processes. As for education and pedagogy, both the CEO of the Company and the various highly trained talents in ZioNext has extensive experience, competency and track records in both Academic and Professional Education. For project management, IT and marketing, the current CEO of ZioNext have extensive experience and a reputation in the Technology market, making ZioNext one of the premier IT vendors in Singapore.

- (v) **How was the Evolve Capital Advisory Private Limited shortlisted and selected as the company's continuing sponsor following the termination of PrimePartners Corporate Finance Pte. Ltd. as the sponsor?**

Company's response:

Following the termination of the Company's former Sponsor, the Company approached several potential firms for Continuing Sponsorship services for the Company, in which Evolve Capital Advisory Private Limited ("**Evolve**") was one of the firms. Subsequent to further discussions, including the process of conducting due diligence on the Company, the Company felt that Evolve was the most suitable to be appointed as the Company's Continuing Sponsor.

Question 3

The company experienced a series of resignations by the directors in February and March 2022. The reasons given were:

Differences with management on the approach to the Company's restructuring as laid out in the resignation letter, including the dealing with transactions for which the Company put down good faith deposits and which management refuses to consider abandoning so that the deposits can be returned to the Company to address its issues with the creditors.

Differences with the management on the administration, short lead time given when asking for approvals and the timeliness of certain disclosure and announcement of matters to shareholders. This unfortunately does not allow me to perform my role effectively as an Independent Director, moving forward.

Differences with management on the administration and the timeliness of certain disclosure and announcement of matters to shareholders. (Refer to the Announcement dated 25th February 2022 on the SGXnet)... The resignation of 2 directors consecutively is a cause for concern, it is hoped that these positions can be replaced soon... The reasons for the resignation of the Audit Committee Chairperson should be noted.

(Source: company announcements)

The resigning directors referred to the announcement relating to the receipt of letter of demand dated 18 February 2022 from solicitors acting for Kydon Holdings Pte. Ltd., for the payment of S\$1,900,937.75 in relation to the remaining consideration and interests charges for the acquisition of equity interest in Zionext Pte. Ltd. (formerly known as "Kydon Learning Systems Institute Pte. Ltd.").

The full announcement can be found here: <https://links.sgx.com/1.0.0/corporate-announcements/96RORN1Y34IQW0AJ/17c52022dfe41d8c985574575926054f1afd31f70dcb6565dafbb4a81f71d89d>

The cessations left the company with no members in the audit committee and the board then consisted of just a non-independent non-executive chairman, the executive director cum and chief executive officer and an independent director.

It is noted that Mr. Daiji Yamada was appointed to the board as the executive director on 14 May 2020. At the time of his appointment, it was noted that Mr Daiji Yamada has no prior experience as a director of an issuer listed on SGX and he will be attending training on the roles and responsibilities of a director of a listed issuer.

- (i) Can the board help shareholders better understand Mr. Daiji Yamada’s role and his interactions with the former directors leading up to the directors’ resignations in February and March 2022? Specifically, what improvements have been made to the company and management in terms of providing the board directors with information, making timely disclosure of material information to shareholders, facilitating board processes/approvals, etc?**

Company’s response:

In Mr Daiji Yamada’s role as an Executive Director and CEO, he takes the lead on operations and the undertaking of corporate exercise(s) by the Group. There were mainly two reasons that had made it difficult for Management to update the then-Board to such an extent and standard as the then-Board had expected. Firstly, at that point in time, the CEO was either in Japan or out of the country and could not travel to Singapore due to COVID restrictions coupled with the Company’s involvement in negotiations on several deals and matters, most of which required immediate attention. Management comprised only the CEO and Financial Controller. Given the volume of matters to be dealt with, at that stage, Management had found it challenging to deal with the matters at hand, contemporaneous with providing such information as the then-Board would consider sufficient for their purposes. Secondly, given the time sensitivity required in dealing with the relevant matters, Management had to prioritise their limited resources to carry out the Group’s matters effectively. At that point in time, Management was of the view that the then-Board comprised mainly directors who had, for various reasons, not been constructive in resolving issues faced by the Group. In prioritising their limited resources, the Management had inadvertently de-prioritised updating the Board with such information to the standard the former directors had expected. Since the abrupt departure of the previous Directors, the new directors have been selected for their ability to devote more time and resources, along with being significantly more constructive in assisting Management in resolving various challenges faced after the sudden resignation of the previous directors and the events leading to its suspension.

Since the Board renewal in recent months, Management with the newly appointed operational manager has streamlined the Group’s internal processes and improved communications with the Board. The Board has also had many meetings to discuss the business plans and status of the Group in recent months, with significant contributions and inputs from the new directors. During this period, the Group postponed many ongoing projects, save for those critical to the Company’s survival and future, to resolve the issues involving the scheme of arrangement with its creditors. Consequentially, the number of announcements and other transactions that require Board approval has significantly been reduced, which has improved the management of the limited resources. Moving forward, as the Group looks to improve its business position, it will continue to look at its resource management further to strengthen its internal processes and communications with the Board.

- (ii) In addition, can Ms Michiko Koyano (an independent director) help shareholders better understand her level of familiarity with the relevant rules and laws for a listed issuer in SGX-ST?**

Company's response:

As disclosed in the Company's Annual Report FY2021, Ms Michiko Koyano has attended the seminars and/or courses conducted by the SID on the roles and responsibilities of a director of a listed company as required under Rule 406(3)(a) of the Catalist Rules. In addition, Ms Michiko Koyano had been briefed on the roles and responsibilities of a director of a listed company and the Group's business and operations. She has gained substantial experience working with the Management, fellow directors and advisors since her appointment on 22 March 2021.

- (iii) **The chairman, Mr Yoshiyasu Naruse, and Ms Michiko Koyano appear to be based in Japan (the country of principal residence). How effective are the directors during this period when the company is faced with a legal dispute and is going through a 'pre-packaged' scheme of arrangement with its creditors pursuant to the Companies Act and the Insolvency Restructuring and Dissolution Act 2018?**

Company's response:

The Management is in close and active communication with both Directors, including frequent reporting and discussion on all issues related to the proceedings as well as all relevant matters of the Company, including legal, business and financial issues through modern digital communication.

BY ORDER OF THE BOARD
ALPHA DX GROUP LIMITED

Daiji Yamada
Executive Director and Chief Executive Officer
28 October 2022

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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