ALPHA DX GROUP LIMITED
(UNDER JUDICIAL MANAGEMENT)
(Incorporated in the Republic of Singapore)
(Company Registration No. 200310813H)

ENTRY INTO BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF A NEW BUSINESS

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1. INTRODUCTION

Alpha DX Group Limited (under judicial management) (the "**Company**") wishes to announce that the Company has on 15 March 2024 entered into a binding term sheet (the "**Term Sheet**") in relation to the proposed acquisition by the Company of the entire equity interest ("**Target Shares**") in Shanghai Kedong Network Technology Co., Ltd. (上海可东网络科技有限公司), a company incorporated in the People's Republic of China ("**PRC**") (the "**Target Company**"), together with its subsidiaries (the "**Target Group**") from Core Expert Holdings Limited, a company incorporated in the British Virgin Islands (the "**Vendor**" and together with the Company, the "**Parties**") (hereinafter referred to as the "**Proposed Acquisition**").

The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company under Rule 1015 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). The Proposed Acquisition is also subject to, *inter alia*, the approval of shareholders of the Company at an extraordinary general meeting to be convened.

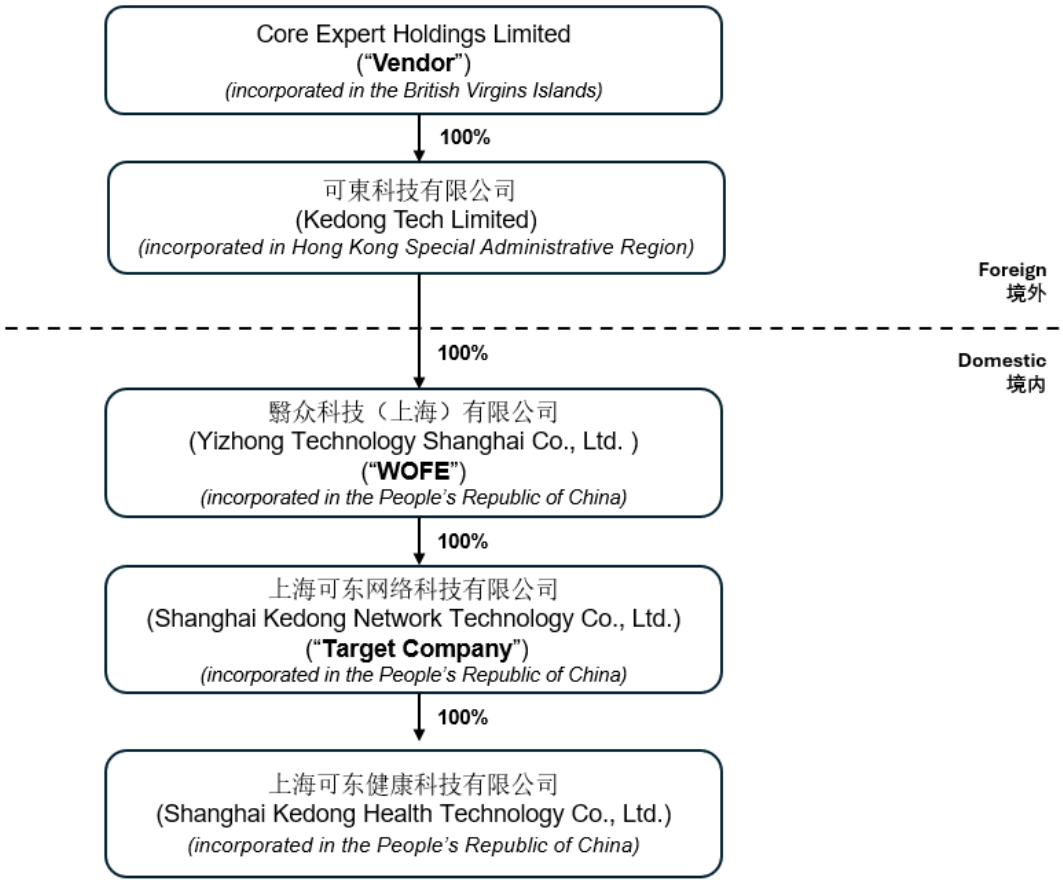
The Proposed Acquisition will be documented via a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**"), which is targeted to be mutually agreed and executed by the Parties within 60 days (or such other later date as may be mutually agreed between the Parties in writing) from the date of signing of the Term Sheet.

2. INFORMATION RELATING TO THE VENDOR AND THE TARGET GROUP

2.1 The Vendor

As at the date of this announcement, the Vendor is the legal and beneficial owner of the 100% equity interest in the issued and paid-up share capital of the Target Company, and the sole director of the Target Company is Yao Jie. The Target Group is 100% directly owned by a wholly owned foreign entity, Yizhong Technology (Shanghai) Co., Ltd. (翳众科技(上海)有限公司) and ultimately owned by the Vendor's Shareholders (as defined below).

Please refer to the shareholding and corporate structure of Target Company below:



The sole director of the Vendor is Shen Lei. The shareholders of the Vendor (the "**Vendor's Shareholders**") are set out, as follows:

S/N	Name	Proportion of shareholding in the Vendor (%)
1.	Premier Ace Holdings Limited	70%
2.	Primary Group Asia Limited	20%
3.	Premier Ace Enterprises Limited	10%

As at the date of this announcement, neither the Vendor nor its associates hold shares in the Company.

2.2 **The Target Company and Target Business**

The Target Group is primarily engaged in the digital transformation in the health insurance sector in the PRC to build a healthcare ecosystem with patients' pharmaceutical costs being efficiently subsidised by health insurance plans. The main offerings include, but not limited to, online health insurance service platform, artificial-intelligence management system accommodating information analysis among patients, pharmacies and health insurers, virtual platform for medical and health management consultation with certified doctors, and insurance service platform for prescription medication (the "**Target Business**").

3. RATIONALE FOR THE PROPOSED ACQUISITION

As at the date of this Announcement, (i) shares of the Company ("**Shares**") has been suspended for trading since 11 March 2022; and (ii) the Company has, since 15 March 2023, been placed under judicial management and Tan Wei Cheong and Lim Loo Khoon of Deloitte & Touche LLP were appointed as joint and several judicial managers of the Company ("**Judicial Managers**"). The Company is undertaking a scheme of arrangement ("**Scheme**") between the Company and its creditors and the Scheme has been approved by creditors on 4 March 2024.

In the event that the Scheme is effective and completed, the Company is desirous of injecting a viable business into the Group to maintain its listing status. The Company believes that the Proposed Acquisition will provide an opportunity for the Company to venture into a new business area that has potential for growth. Accordingly, the Proposed Acquisition would allow the Company to navigate its current financial difficulties and position itself for a robust recovery.

Accordingly. the Board is of the view that the Proposed Acquisition is likely to enhance the long term interests of the Company and its shareholders ("**Shareholders**").

4. PRINCIPAL TERMS OF THE TERM SHEET

The principal terms of the Term Sheet are as follows:

4.1 Valuation of Target Group

Pursuant to Rule 1015(2) of the Catalist Rules, the Target Group will be subject to an independent valuation by a competent independent valuer and the appraised value is expected to be not less than US$60.0 million (the "**Appraised Value**"). For the avoidance of doubt, the independent valuer would be appointed by the Company and as mutually agreed upon by the Parties.

4.2 Purchase Consideration and Consideration Shares

The purchase consideration for the Proposed Acquisition ("**Purchase Consideration**") is expected to be US$60.0 million (equivalent to S$80.0 million[1]) and is subject to the independent valuation of the Target Group being not less than the Appraised Value.

The Purchase Consideration shall be subject to adjustments in the Sale and Purchase Agreement, where the Appraised Value is less than 90% of the Purchase Consideration and shall be fully satisfied by the issuance and allotment of such number of new ordinary shares in the capital of the Company, to the Vendor on Completion Date at the Issue Price (as defined below) ("**Consideration Shares**"), representing not more than 65.0% of the enlarged share capital of the Company after the Proposed Acquisition ("**Enlarged Share Capital**"). The Consideration Shares shall be credited as fully paid up and rank *pari passu* in all respects with the existing shares in the share capital of the Company and shall be subject to the moratorium described below.

4.3 Issue Price

[1] Computed based on the USD/SGD rate of S$1:S$1.3337 as at 7 March 2024 as extracted from Capital IQ.

Subject to the Appraised Value of the Target Group, further discussions between the Parties prior to entering the Sale and Purchase Agreement and compliance with the relevant laws and regulations, the issue price for each pre-consolidation Consideration Share shall be S$0.03273 ("**Issue Price**") (equivalent to US$0.024 per Consideration Share[1]).

4.4 Share Consolidation

Pursuant to Rule 1015(3) of the Catalist Rules, the price per share of the Company after adjusting for any share consolidation must not be lower than S$0.20.

The Company shall undergo a share consolidation exercise to satisfy the listing requirements, at a consolidation ratio to be determined on or prior to the signing of the Sale and Purchase Agreement.

4.5 Profit Incentive Targets and Incentive Shares

For the purpose of this announcement, the following terms have the meanings as ascribed to them below:

"**NPAT**"	:	means the net profit after tax as determined in accordance with the accounting principles, standards and practices generally accepted in Singapore, prepared on the same basis and accounting principles as adopted by the Company, which excludes non-recurring items of income or expenditure comprising (i) gains or losses from the disposal of assets or liabilities; (ii) government grants and incentives; (iii) appreciation of fixed assets; and (iv) any shareholder loan interest expenses
"**FY**"	:	means the financial year ending 31 December

The Parties mutually agree to the following profit targets that the Target Company shall achieve:

(a) the NPAT for FY2024 shall not be less than RMB28.4 million (equivalent to S$5.3 million[2]) based on the audited consolidated financial statements of the Target Group ("**FY24 Profit Incentive Target**"); and

(b) the NPAT for FY2025 shall not be less than RMB42.6 million (equivalent to S$7.9 million[2]) based on the audited consolidated financial statements of the Target Group ("**FY25 Profit Incentive Target**"),

(collectively, the "**Profit Incentive Targets**").

For the purpose of determining the Profit Incentive Targets, the consolidated financial statements of the Target Group shall be prepared on the basis of the accounting policies and procedures fully described in the Deed of Profit Commitment (as defined below) and/or determined by an accounting firm to be mutually agreed between the Parties, in accordance with the procedures described therein and shall not take into account any income or expenses which are one-off and non-recurring in nature (including any RTO Expenses (as defined below)).

For the avoidance of doubt, the Parties agree that in determining the Profit Incentive Targets, the NPAT shall not only be derived from the net profit of the business entities of the Target Company existing as at the date of the Sale and Purchase Agreement (i.e., the NPAT may

[2] Computed based on the SGD/RMB rate of S$1:RMB 5.3929 as at 7 March 2024 as extracted from Capital IQ.

also be derived from new business entities of the Target Company post signing of the Sale and Purchase Agreement).

Upon achievement of each of the Profit Incentive Targets, the Company will issue and allot additional new ordinary shares in the share capital of the Company representing not less than 5.0% of the Enlarged Share Capital of the Company to the Vendor at an issue price to be determined by the board of directors of the Company ("**Directors**") after Completion (as defined below) ("**Incentive Shares**").

The Incentive Shares shall be credited as fully paid up and rank *pari passu* in all respects with the existing shares in the share capital of the Company.

The Profit Incentive Targets and the Incentive Shares shall be set out in a separate deed to be entered into between the Company and the Vendor ("**Deed of Profit Commitment**").

4.6 Appointment of New Directors

In connection with the Proposed Acquisition, it is envisaged that the Company will nominate new members to the board of directors (the "**Board**") of the Company and the composition of the Board shall comply with the Catalist Rules and the Code of Corporate Governance.

4.7 Completion Date

Completion of the Proposed Acquisition shall take place no later than 12 months from the date of execution of the Sale and Purchase Agreement ("**Completion Date**"), or such other dates as may be agreed to in writing by the Parties ("**Completion**").

4.8 Conditions Precedent to Completion

The Proposed Acquisition shall be conditional upon, *inter alia*, the following:

(a) the results of legal, financial and technical due diligence investigations on the Company (to be conducted by the Target Group and its advisers) and the Target Group (to be conducted by the Company and its advisers) being satisfactory to each of them;

(b) the achievement of the following profit targets of the Target Group:

(i) the NPAT for FY2023 shall not be less than RMB7.1 million (equivalent to S$1.3 million[2]) based on the audited consolidated financial statements of the Target Group ("**FY23 Profit Target**"); and

(ii) the NPAT for the first six (6)-month period of FY2024 shall not be less than RMB14.2 million (equivalent to S$2.6 million[2]) based on the unaudited consolidated financial statements of the Target Group ("**1H24 Profit Target**") being 50% of the FY24 Profit Incentive Target,

(collectively, the "**Profit Targets**")

In the event that the 1H24 Profit Target is not met and the Parties still wish proceed to complete the Proposed Acquisition, the Parties shall mutually agree on an adjustment mechanism, such as an adjustment to the Purchase Consideration or a claw-back mechanism which may result in the Vendor holding not less than 51.0% of the Enlarged Share Capital of the Company prior to the completion of Proposed Acquisition.

The determination of the Profit Targets shall follow the same term as set out in the Profit Incentive Targets section of the Term Sheet. The unaudited consolidated financial statements of the Target Group shall be reviewed by a reputable accounting firm to be mutually agreed between the Parties.

(c) the resolution of the board of directors and shareholders of the Company having been obtained for the entry into and completion of the transactions contemplated in the Term Sheet;

(d) the Target Company being wholly, legally and beneficially owned by the Vendor and the Vendor not holding his interests therein on trust for other parties;

(e) save for the Proposed Restructuring Exercise, no capitalisation activities, re-organisation, amalgamation, restructuring, take-over or change in shareholding or changes in the share capital structure of the Target Company nor any insolvency events affecting the Target Company and/or the Vendor;

(f) all necessary approvals, consents, licences, permits, authorisations and/or registrations from/ with all relevant governmental, regulatory and other authorities in relation to the Target Group and the Target Business having been obtained, remaining valid and in force and not having been withdrawn, revoked or amended, nor subject to conditions not acceptable to the Company;

(g) all necessary approvals, consents, licences, permits, authorisations and/or registrations from/with all relevant governmental, regulatory and other authorities, financiers, counterparties and/or third parties (if any) of the Company, the Target Company and the Target Business in respect of the Proposed Acquisition, including:

(i) the SGX-ST (including for the listing of and quotation for the Consideration Shares and Incentive Shares);

(ii) the Securities Industry Council ("**SIC**") for the Whitewash Waiver; and

(iii) the China Securities Regulatory Commission ("**CSRC**");

(h) an unqualified opinion by the independent financial adviser in relation to the Whitewash Resolution to be sought from the shareholders of the Company;

(i) the approval of shareholders of the Company at a general meeting for, *inter alia*, the Proposed Acquisition (including for the issue and allotment of the Consideration Shares and PPCF Shares) and the Whitewash Resolution;

(j) the approval of shareholders of the Company at a general meeting for, inter alia, the Capitalisation;

(k) completion of the scheme undertaken by the judicial managers on behalf of the Company and discharge from the judicial management;

(l) the representations and warranties given by the Vendor, which should be customary for a transaction of this nature, remaining true, accurate and correct in all respects;

(m) there are no material adverse changes to the Target Group's financial conditions, existing operations, business, assets and/or prospects; and

(n) the compliance with Catalist Rule 406(1)(a), whereby, in connection with the Proposed Acquisition, the Company may be required to issue new shares and/or sell existing shares (the "**Compliance Placement**") to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Enlarged Share Capital after the completion of the Proposed Acquisition, to be held by 200 public shareholders on the Catalist of the SGX-ST. The Issue Price for the Compliance Placement shares shall not be less than S$0.20.

The Conditions Precedent shall be satisfied on or prior to the long-stop date, being the date falling 12 months from the date of the Sale and Purchase Agreement (or such other date as may be mutually agreed in writing between the Parties), failing which the Sale and Purchase Agreement shall lapse and cease to have further effect and no Party shall have any claim against the other Parties, save for certain clauses and antecedent breaches.

4.9 Moratorium

The Consideration Shares and Incentive Shares (if any) shall be subject to a moratorium.

The Vendor (and the Vendor's Shareholders shall procure the same) covenants and undertakes not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, without the prior written consent of the Company:

(a) any of the Consideration Shares upon completion of Proposed Acquisition for a period of six (6) months commencing from the listing date of the Consideration Shares, and no less than 50% of the original shareholding (adjusted for any bonus issue or subdivision) for the next six (6) months; and

(b) any of the Incentive Shares for a period of 12 months from the listing date of the Incentive Shares.

The Vendor's Shareholders agree to provide a written undertaking to maintain its equity interests in the Vendor for a period of not less than 12 months from the date of Completion in accordance with the Catalist Rules or requirement imposed by the SGX-ST.

4.10 Irrevocable Undertakings

The Company shall procure that each of the existing controlling shareholders of the Company ("**Controlling Shareholders**") as at the date of the Term Sheet, shall, as soon as reasonably practicable after the date of entry of the Term Sheet, but no later than the entry into of the Sale and Purchase Agreement, give letters of undertaking to unconditionally and irrevocably represents, warrants and undertakes to:

(a) vote (and to procure the voting of) in favour of the (i) full capitalisation by Bryan Lim Soon Fang and Cheung Po Kuen, Michael (the "**Lenders**") of the convertible facility of an aggregate principal amount of up to S$2 million granted by the Lenders to the Company ("**Convertible Facility**") into new shares of the Company, which shall be credited as fully paid up and shall rank *pari passu* in all respects with the existing shares in the share capital of the Company ("**Capitalisation**") and (ii) Proposed Acquisition and the transactions contemplated hereunder and in the Sale and Purchase Agreement;

(b) continue to hold, directly or indirectly, not less than 50% of the issued share capital of the Company and not dispose any of their shareholdings in the Company until the

conclusion of the EGM to be convened in the relation to the Capitalisation and Proposed Acquisition; and

(c) provide full cooperation and all necessary assistance and information, and do all such acts and things within their respective powers, as may be required, to assist the Company in relation to the Capitalisation, the Proposed Acquisition and the transactions contemplated hereunder and in the Sale and Purchase Agreement.

(the "**Irrevocable Undertaking**").

4.11 Whitewash Resolution

The Vendor shall, through its legal adviser, apply to the SIC to seek approval for a whitewash resolution to waive the Vendor's obligation to make a mandatory general offer ("**Whitewash Resolution**") (arising from or in connection with the acquisition of the Consideration Shares and Incentive Shares) under Rule 14 of the Take-Overs and Mergers Code to the independent shareholders and from having to comply with the requirements of the same rule, and where any waiver is subject to conditions, such conditions being reasonably satisfactory to the Vendor and persons acting in concert with the Vendor and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable ("**Whitewash Waiver**").

The Company shall procure and/or do all things as may be required and necessary to assist the Vendor with attaining such waiver, including but not limited to, obtaining the written undertaking of the Controlling Shareholders to vote their entire shareholding in favour of the Whitewash Resolution.

4.12 Exclusivity Period

The Parties agree to an exclusivity period of up to 90 days after the signing of the term sheet, or such longer period as the Parties may agree to in writing (the "**Exclusivity Period**").

During the Exclusivity Period, the Vendor and the Vendor's Shareholders shall not enter into discussions or negotiations with third parties in relation to the Proposed Acquisition or any matter involving a transaction which would preclude, restrict or delay the transactions mentioned or contemplated in the Term Sheet including the Proposed Acquisition, or which is similar to the Proposed Acquisition, and the Company shall not enter into discussions or negotiations with third parties in relation to a change in control, save as a result of the full Capitalisation of the Convertible Security (as announced by the Company on 6 December 2023).

4.13 Costs and Expenses

The Company will bear all professional fees to be incurred in relation to the professionals appointed by the Company and other incidental costs and fees in connection with the Proposed Acquisition ("**RTO Expenses**").

Notwithstanding the above:

(a) in the event that the Proposed Acquisition does not receive the requisite approvals from (i) the SGX-ST, (ii) the SIC and/or (iii) the CSRC which may be attributable to due diligence issues in relation to the Target Group which cannot be remedied, all RTO Expenses shall be borne by the Vendor;

(b) in the event that any Party does not enter into the Sale and Purchase Agreement following the execution of the Term Sheet, or Completion does not take place, in each case due to voluntary withdrawal (through no fault of the other Party) or default by any Party, the withdrawing Party or Party in default shall bear all RTO Expenses up to the date of such withdrawal, or the date that the Sale and Purchase Agreement is terminated or rescinded (as the case may be);

(c) in the event that the approval of shareholders of the Company for the Proposed Acquisition is not obtained and/or any of the Controlling Shareholders do not vote in favour of the matters set out in their respective undertakings, the Company shall bear all RTO Expenses up to the date that the Sale and Purchase Agreement is terminated or rescinded; and

(d) in the event that both Parties mutually agree to terminate the Sale and Purchase Agreement for whatever reason (other than as set out above) all RTO Expenses up to the date that the Sale and Purchase Agreement is terminated or rescinded shall be shared equally between the Company and the Vendor in the proportion of 50:50.

All RTO Expenses shall be recoverable on a full indemnity basis.

4.14 Commitment Deposit

Following the entry into of this Term Sheet, the Parties shall place a commitment deposit of S$500,000 each into the Company's bank account (or such other bank account as may be mutually agreed by the Parties in writing) ("**Designated Bank Account**"). The amount in the Designated Bank Account shall be used solely for the RTO Expenses (including but not limited to any abortive costs in the event that the Sale and Purchase Agreement is not entered into, completion of the Proposed Acquisition does not take place or the requisite governmental or regulatory approvals are not obtained) incurred in connection with the Proposed Acquisition. The Vendor (and the Vendor's Shareholders agree to procure the same) agrees to deposit its portion of the Commitment Deposit of S$500,000 within twenty-one (21) days from the entry into of this Term Sheet, or such other duration as mutually agreed between the Parties in writing, but before the signing of the Sale and Purchase Agreement.

For the avoidance of doubt, any drawdown of the Commitment Deposit must be for the purposes of payment of such portions of the RTO Expenses which have become due and payable. Any drawdown of the Commitment Deposit must be approved by both the Vendor and the Company in writing prior to disbursement.

4.15 Good Faith

The Parties shall act in good faith in all matters contemplated by the Term Sheet, including on discussions and negotiations relating to the Proposed Acquisition.

4.16 Governing Law and Jurisdiction

The Term Sheet and the Sale and Purchase Agreement relating to the Proposed Acquisition shall be governed by the laws of the Republic of Singapore. The Parties irrevocably agree to submit to the non-exclusive jurisdiction of the courts of Singapore.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is not related to any of the Company's Directors, Controlling

Shareholders, chief executive officer, or their respective associates.

As at the date hereof, save for their direct or indirect shareholdings in the Company (if any) and as disclosed herein, none of the Directors or Controlling Shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with requirements of Chapter 10 of the Catalist Rules, upon the execution of the Sale and Purchase Agreement and/or when there are material developments in respect of the Proposed Acquisition.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. There is no assurance or certainty that any definitive agreement will be eventually entered into on the same terms set out herein and/or that such agreements, having been entered into and being subject to certain conditions, will be completed. In the event of any doubt as to the action they should take, Shareholders and potential investors should consult their stock brokers, bank managers, solicitors, or other professional advisers.

SUBMITTED BY THE JUDICIAL MANAGERS

For and on behalf of the Company
Tan Wei Cheong
Joint and Several Judicial Manager
18 March 2024

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*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**").*

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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