



ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN RELATION TO THE AUDITED FINANCIAL STATEMENTS FOR FY2020

Pursuant to Rule 704(4) of the Listing Rules (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), the Board of Directors (the “**Board**”) of Alpha DX Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group’s independent auditor, Nexia TS Public Accounting Corporation, has included a Material Uncertainty Related to Going Concern section in the independent auditor’s report (“**Independent Auditor’s Report**”) in respect of the Company’s consolidated financial statements for the financial year ended 31 December 2020 (“**FY2020**”) (the “**Audited Financial Statements**”). The opinion of the auditor is not modified in respect of this matter.

The basis for opinion and material uncertainty in relation to the Group’s financial statements for FY2020 are set out in detail in the Independent Auditor’s Report, a copy of which is attached as Appendix I in this announcement. The Independent Auditor’s Report is part of the annual report of the Company for the financial year ended 31 December 2020 (“**FY2020 Annual Report**”), which will be released via the SGXNET today.

The Board in assessing the appropriateness of the going concern assumptions of the Group and the Company, is of the view that the use of going concern assumptions to prepare the Audited Financial Statements for FY2020 is appropriate after considering the following:

1. The adequacy of funds required to meet its debt obligations and working capital requirements is based on the 18-month projected cash flows for the Group for the period commencing from 1 January 2021 and such projection includes the cash inflows to be generated from operating activities of S\$2.64 million from Zionext and its subsidiary corporations and the receipt of S\$22.00 million (equivalent to US\$16.64 million) by the Company on 21 January 2021 and also the subsequent disbursement of S\$2.00 million (equivalent to US\$1.51 million) expected to be received pursuant to the convertible loan agreement entered into between the Company and DiDi Investments, Inc. on 17 September 2020;
2. The consent from a lender to release the Company’s corporate guarantee, following management’s decision to dispose Caracol Petroleum LLC, to be received by 2nd quarter of 2021 and the disposal of JK North Slope LLC and its subsidiary corporations comprising Caracol Petroleum LLC, TP North Slope Development LLC and Brooks Range Petroleum Corporation which is expected to be completed (“**Proposed Disposal**”) in the second quarter of 2021;
3. The assessment that the Company is not expected to be liable for any liabilities related to the Mustang Project which was held through its subsidiary corporation, JK North Slope LLC, and accordingly there will not be any repayment of the liabilities as at 31 December 2020 which amounted to US\$109.75 million and save for the discharge of the corporate guarantee as set out in point 2, no further liabilities relating to the Mustang Project will be incurred by the Company; and
4. The continual effort to explore potential fund raising activities.

Further to the above, as at the date of this announcement, the Board confirms that to the best of its knowledge and belief, all material disclosures has been provided and sufficient information has been disclosed and announced.

Notwithstanding the above and considering that the Proposed Disposal is pending completion, the Board recommends that the trading of the Company's shares on the SGX-ST continue to be suspended pursuant to Catalist Rule 1303(3) in view that there is a material uncertainty related to going concern that may cast doubts about the ability of the Group and the Company to continue operating as a going concern.

Please refer to "Note 2 to the Audited Financial Statements of Alpha DX Group Limited for the FY2020", a copy of which is attached as Appendix II in this announcement for further details.

CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Tan Wee Sin
Company Secretary
15 April 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

APPENDIX I

Independent Auditor's Report to the Members of Alpha DX Group Limited (Formerly known as Alpha Energy Holdings Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alpha DX Group Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 75.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group has incurred total loss of US\$10.63 million (2019: US\$190.80 million) and net operating cash outflows of US\$3.05 million (2019: US\$3.16 million) for the financial year ended 31 December 2020 and it is in a net current liabilities position of US\$96.40 million (2019: US\$165.42 million) as at 31 December 2020. In addition, the Group might incur further liabilities in relation to the contingent liabilities disclosed in Note 28 which related mainly to the Mustang Project.

The Group had ceased its oil exploration and production since 28 November 2019. All leases held by the Group through its subsidiary corporations, had been sold in the public auctions on 23 September 2020 and 20 January 2021. Accordingly, management has been working on the disposal of JK North Slope LLC and its subsidiary corporations, namely, Brooks Range Petroleum Corporation, Caracol Petroleum LLC, and TP North Slope Development LLC. In addition, the Company intends to dispose JK North Slope Group Inc Srl and has dissolved its subsidiary corporation, Mustang Road LLC as at the date of issuance of these financial statements. The entire results of the exploration and evaluation business segment are disclosed in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations (Note 13(b)). In addition, the Company's shares remain suspended from trading under Rule 1303(3)(c) of the Catalyst Rules as at the date of this report although the Company is working towards to satisfy the resumption of trading conditions as stated in its announcement dated 28 December 2020.

Report on the Audit of the Financial Statements (Cont'd)

Material uncertainty related to going concern (Cont'd)

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the above mentioned, the Board of the Directors of the Company believes that the use of going concern assumption in the preparation of the consolidated financial statements of the Group for the financial year ended 31 December 2020 is appropriate after considering the following:

- i. The Company is not expected to be liable for any liabilities and contingent liabilities related to the Mustang Project which is held through its subsidiary corporation, JK North Slope LLC, accordingly no repayment of the liabilities as at 31 December 2020 amounted to US\$109.75 million (Note 13(b)(iv)) and no further liabilities from contingent liabilities related to the Mustang Project (Note 28) are expected;
- ii. The Company's subsidiary corporation, JK North Slope Group Inc Srl has on 9 March 2021, entered into a sale and purchase agreement ("SPA") for the disposal of JK North Slope LLC and its subsidiary corporations comprising Caracol Petroleum LLC, TP North Slope Development LLC and Brooks Range Petroleum Corporation (collectively, the "Disposal Group") with an aggregate net liabilities of US\$92.37 million as at 31 December 2020 for consideration of US\$1.00 (the "Proposed Disposal") subject to the consent from a lender which the Company is in the midst of obtaining;
- iii. The Company has successfully diversified into education service business through the completion of acquisition of 100% of existing shares in Zionext Pte. Ltd. (formerly known as Kydon Learning Systems Institute Pte. Ltd.) ("Zionext") on 22 January 2021. With the acquisition of Zionext, the Group is expected to generate a cash inflow from operating activities of S\$2.64 million from Zionext and its subsidiary corporations for the next 18 months ending 30 June 2022;
- iv. The Company has received the capital investment in the form of a convertible bond of S\$22.00 million (equivalent to US\$16.64 million) and is expected to receive subsequent disbursement of S\$2.00 million (equivalent to US\$1.51 million) pursuant to the convertible loan agreement entered between the Company and DiDi Investments, Inc. on 17 September 2020; and
- v. The Company has on 24 December 2020, through its Sponsor, received a notification that the Singapore Exchange Securities Trading Limited has no objection to the Company's application for resumption of trading of its securities ("No Objection Letter") subject to the fulfilment of the certain conditions and the Company is in the midst of fulfilling the resumption of trading conditions which management expects to be fulfilled within the next 6 months from the No Objection Letter.

Accordingly, the accompanying financial statements did not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group and the Company were unable to continue as going concerns. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets as current assets. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors, Corporate Governance Report and Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Report on the Audit of the Financial Statements (Cont'd)

Other Information (Cont'd)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibility of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards International ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ms. Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

**Singapore
14 April 2021**

APPENDIX II

2. Going concern

The financial statements have been prepared on a going concern basis notwithstanding that the Group has incurred total loss of US\$10.63 million (2019: US\$190.80 million) and net cash used in operating activities of US\$3.05 million (2019: US\$3.16 million) for the financial year ended 31 December 2020 and it is in a net current liabilities position of US\$96.40 million (2019: US\$165.42 million) as at 31 December 2020. In addition, the Group might incur further liabilities in relation to the contingent liabilities disclosed in Note 28 which related mainly to the Mustang Project.

The Group had ceased its oil exploration and production since 28 November 2019. All leases held by the Group through its subsidiary corporations, had been sold in the public auctions held on 23 September 2020 and 20 January 2021. Accordingly, management has been working on the disposal of JK North Slope LLC and its subsidiary corporations, namely, Brooks Range Petroleum Corporation, Caracol Petroleum LLC, and TP North Slope Development LLC. In addition, the Company intends to dispose JK North Slope Group Inc Srl and has dissolved its subsidiary corporation, Mustang Road LLC as at the date of issuance of these financial statements. The entire results of the exploration and evaluation business segment are disclosed in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* (Note 13(b)).

These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Board of Directors of the Company, having considered the following factors, are of the view that the going concern basis of the Group remains appropriate:

- The Company is not expected to be liable for any liabilities and contingent liabilities related to the Mustang Project which is held through its subsidiary corporation, JK North Slope LLC, accordingly no repayment of the liabilities as at 31 December 2020 amounted to US\$109.75 million (Note 13(b)(iv)) and no further liabilities from contingent liabilities related to the Mustang Project (Note 28) are expected;
- The Company's subsidiary corporation, JK North Slope Group Inc Srl has on 9 March 2021, entered into a sale and purchase agreement ("SPA") for the disposal of JK North Slope LLC and its subsidiary corporations comprising Caracol Petroleum LLC, TP North Slope Development LLC and Brooks Range Petroleum Corporation with an aggregate net liabilities of US\$92.37 million as at 31 December 2020 for consideration of US\$1.00 (collectively, the "Disposal Group") subject to the consent from a lender which the Company is in the midst of obtaining;
- The Company has successfully diversified into education service business through the completion of acquisition of 100% of existing shares in Zionext Pte. Ltd. (formerly known as Kydon Learning Systems Institute Pte. Ltd.) ("Zionext") on 22 January 2021. With the acquisition of Zionext, the Group is expected to generate a cash inflow from operating activities of S\$2.64 million from Zionext and its subsidiary corporations for the next 18 months ending 30 June 2022;
- The Company has received the capital investment in the form of a convertible bond of S\$22.00 million (equivalent to US\$16.64 million) and is expected to receive subsequent disbursement of S\$2.00 million (equivalent to US\$1.51 million) pursuant to the convertible loan agreement entered between the Company and DiDi Investments, Inc. on 17 September 2020; and
- The Company has on 24 December 2020, through its Sponsor, received a notification that the Singapore Securities Trading Limited has no objection to the Company's application for resumption of trading of its securities ("No Objection Letter") subject to the fulfilment of the certain conditions and the Company is in the midst of fulfilling the resumption of trading conditions which management expects to be fulfilled within the next 6 months from the No Objection Letter.

As described in the preceding paragraphs, management is confident that the Group and the Company have adequate resources to continue in operational existence for at least the next 12 months from the end of financial year, and the use of the going concern assumption in the preparation of the financial statements is appropriate.

Accordingly, the accompanying financial statements did not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group and the Company were unable to continue as going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to:

- (i) Reflect the situation that assets may need to be realised other than their carrying amounts; and
- (ii) Provide for further liabilities that might arise

No adjustments have been made in the accompanying financial statements in respect of these.