

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Capitalised terms appearing on the cover of this Circular shall have the same meanings as defined herein. If you have sold or transferred all your shares in the capital of Alpha DX Group Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting (“**EGM**”) and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee.

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

This Circular has been made available on SGXNet (www.sgx.com). A printed copy of this Circular will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, this EGM would be held by electronic means and therefore Shareholders will not be able to attend the EGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching or listening to the EGM proceedings through a “live” webcast comprising both video (audiovisual) and audio feeds, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy for the resolutions tabled at the EGM.

Please refer to section 14 of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM.



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

CIRCULAR TO SHAREHOLDERS
in relation to:

- (1) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF ERC INSTITUTE PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES**
- (2) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 20,000,000 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.30 FOR EACH PERFORMANCE SHARE TO THE SELLER AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION**

Independent Financial Adviser in relation to the Proposed Acquisition



W CAPITAL MARKETS PTE. LTD.
(Company Registration No. 201813207E)
(Incorporated in the Republic of Singapore)

Important Dates and Times

Last date and time for lodgement of Proxy Form	:	13 May 2021 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	15 May 2021 at 3.00 p.m.
Place of Extraordinary General Meeting	:	By way of electronic means

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

- “Aggregate Value”** : S\$31,200,000, being the aggregate value of all interested person transactions entered into with the Seller (representing the amount at risk) for the current FY commencing on 1 January 2020 up to the Latest Practicable Date
- “AGM”** : Annual general meeting of the Company
- “Asnaro Enterprises”** : Asnaro Enterprises Pte. Ltd.
- “Associates”** : (a) In relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company comprising Mr. Ng Chee Weng @ Max Ng Chee Weng, Mr. Fabian Sven Bahadur Scheler and Mr. Chang Chi Hsung
- “Board”** : The board of Directors of the Company
- “Catalist”** : The Catalist board of the SGX-ST
- “Catalist Rules”** : Section B: Rules of Catalist of the SGX-ST listing manual, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 30 April 2021
- “Companies Act”** : The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
- “Company”** : Alpha DX Group Limited (Company Registration No. 200310813H) having its registered office at 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007

DEFINITIONS

“Completion”	:	Completion of the Proposed Acquisition
“Completion Date”	:	The date of Completion, which shall take place on a date which is mutually agreed to by the parties to the SPA but in any event not more than five (5) business days from the date of fulfilment or waiver of all Conditions Precedent
“Conditions Precedent”	:	Has the meaning ascribed to it in section 2.6.5 of this Circular
“Consideration”	:	Has the meaning ascribed to it in section 2.6.2 of this Circular
“Constitution”	:	The Constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in the company. The SGX-ST may determine that a person who satisfies this section is not a controlling shareholder; or (b) in fact exercises control over a company
“Conversion Price”	:	S\$0.014 per Share, being the conversion price of the Convertible Loan
“Convertible Loan”	:	Has the meaning ascribed to it in section 2.3 of this Circular
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Diversification Circular”	:	The circular of the Company dated 24 September 2020
“EGM”	:	The extraordinary general meeting of the Company in relation to the Proposed Resolutions to be held via electronic means on 15 May 2021 at 3.00 p.m., notice of which is set out in pages N-1 to N-4 of this Circular
“Enlarged Share Capital”	:	The issued and paid-up share capital of the Company following the Proposed Performance Shares Issue
“Final Determination Date”	:	The third Performance Determination Date
“Fund-Raising Exercise”	:	A fund-raising exercise of the exercise to be conducted by the Company as described in section 2.7 of this Circular
“FY”	:	The financial year ended or ending 31 December, as the case may be
“FY2020”	:	The financial year ended 31 December 2020
“Group”	:	The Company and its subsidiaries

DEFINITIONS

“IFA Letter”	:	The letter dated 30 April 2021 issued by the IFA in respect of the Proposed Acquisition as an interested person transaction as reproduced <u>Appendix II</u> of this Circular
“Independent Financial Adviser” or “IFA”	:	W Capital Markets Pte. Ltd.
“Independent Valuer”	:	Cushman & Wakefield VHS Pte. Ltd.
“Issuance Date”	:	The date of issuance of the Performance Shares
“Issue Price”	:	The issue price of S\$0.30 per Performance Share
“Target”	:	ERC Institute Pte. Ltd.
“Latest Practicable Date”	:	29 April 2021, being the latest practicable date prior to the finalisation and release of this Circular
“Long Stop Date”	:	31 May 2021 or any other date as mutually agreed by the parties to the SPA
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Notice of EGM”	:	The notice of the EGM which is set out in pages N-1 to N-4 of this Circular
“NTA”	:	Net tangible assets
“NTL”	:	Net tangible liabilities
“Options”	:	Has the meaning ascribed to it in section 2.3 of this Circular
“Ordinary Resolution 1”	:	The ordinary resolution to approve the Proposed Acquisition
“Ordinary Resolution 2”	:	The ordinary resolution to approve the Proposed Performance Shares Issue
“Performance Based Earn-out”	:	The allotment and issuance of up to 20,000,000 Performance Shares at the Issue Price to the Seller subject to the fulfilment of certain Performance Conditions
“Performance Conditions”	:	The conditions for Performance Based Earn-out set out in section 2.6.3(a) of this Circular
“Performance Determination Date”	:	The last day of each Period
“Performance Shares”	:	Up to 20,000,000 Shares to be allotted and issued to the Seller as part satisfaction of the Consideration for the Proposed Acquisition

DEFINITIONS

“Period”	:	Any twelve (12) month period commencing from either (a) the Completion Date; or (b) the day after a Performance Determination Date that is not the Final Determination Date
“Proposed Acquisition”	:	The proposed acquisition of the Sale Shares as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules
“Proposed Performance Shares Issue”	:	The proposed allotment and issuance of up to 20,000,000 Performance Shares at the Issue Price to the Seller as part satisfaction of the Consideration for the Proposed Acquisition
“Proposed Resolutions”	:	Refers collectively to Ordinary Resolutions 1 and 2
“Proposed Transactions”	:	Refers collectively to the Proposed Acquisition and Proposed Performance Shares Issue
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Recommending Directors”	:	Directors who are regarded as independent for the purposes of making a recommendation on the Proposed Acquisition, being Mr. Daiji Yamada, Mr. Tan Ser Ko, Mr. Fabian Sven Bahadur Scheler, Mr. Ng Chee Weng @ Max Ng Chee Weng, Mr. Chang Chi Hsung, and Ms. Michiko Koyano
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or distributions
“Register of Members”	:	The register of members of the Company
“Sale Shares”	:	The entire issued and paid-up share capital of the Target
“Securities Account”	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
“Securities and Futures Act” or “SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“Seller”	:	DiDi Investments, Inc
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Consolidation”	:	The 40:1 share consolidation of the Company completed on 27 March 2021

DEFINITIONS

“Shareholders”	:	Registered holders of ordinary shares in the capital of the Company, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“Shares”	:	Ordinary share(s) in the share capital of the Company
“SPA”	:	The conditional sale and purchase agreement dated 28 April 2021 entered into between the Company, Asnaro Enterprises and the Seller, in relation to the Proposed Acquisition
“Substantial Shareholder”	:	Shall have the meaning ascribed to it in Section 81 of the Companies Act and Section 2(4) of the SFA, being a person who: (a) has an interest or interests in one (1) or more voting Shares in the Company; and (b) the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“Summary of Valuation Report”	:	A summary of the Valuation Report set out in Appendix I to this Circular
“Target”	:	ERC Institute Pte. Ltd.
“Valuation Report”	:	Valuation report dated 30 April 2021 issued by the Independent Valuer in relation to the valuation of 100% equity interest in the capital of the Target, a summary of which is set out in Appendix I to this Circular
“VWAP”	:	Volume weighted average price
“ZioNext Acquisition”	:	The acquisition by the Company of ZioNext Pte. Ltd. (formerly Kydon Learning Institute Pte. Ltd.) which was completed on 22 January 2021
“ZioNext Acquisition Issue Price”	:	The issue price of S\$0.20 per Share for consideration shares issued or to be issued by the Company for the ZioNext Acquisition
“50% Fulfilment”	:	The fulfilment of any one (1) of the Performance Conditions by 50%, calculated based on the amount of secured annual aggregated revenue for the Performance Conditions, and based on the percentage of the increase in total number of enrolment for the Performance Condition, within a Period
“100% Fulfilment”	:	The fulfilment of any one (1) of the Performance Conditions within a Period
<i>Currencies, Units and Others</i>		
“%”	:	Per centum or percentage

DEFINITIONS

“S\$” and “cents” : Singapore dollars and cents respectively, the lawful currency of Singapore

“US\$” and “US cents” : United States dollars and cents respectively, the lawful currency of the United States of America

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the respective meanings ascribed to them in Section 81SF of the SFA and the terms **“subsidiary”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include firms, corporations and other entities.

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Latest Practicable Date. Any term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference in this Circular to **“Rule”** or **“Chapter”** is a reference to the relevant rule or chapter in the Catalist Rules as for the time being, unless otherwise stated.

Any discrepancies in the tables included herein between the amounts in the columns of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Unless otherwise stated, the conversion of US\$ to S\$ in this Circular is based on the exchange rate of S\$1:US\$ 0.756 as at 31 December 2020.

The legal advisers appointed by the Company for the purpose of the corporate actions set out in this Circular is Morgan Lewis Stamford LLC.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward looking statements. Forward-looking statements include but are not limited to, those using words such as “expect”, “seek”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the Sponsor undertakes any obligation to update publicly or revise any forward-looking statements for any reasons, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

ALPHA DX GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200310813H)

Directors:

Mr. Daiji Yamada (Chief Executive Officer and Executive Director)
Mr. Yoshiyasu Naruse (Non-Independent Non-Executive Director)
Mr. Tan Ser Ko (Non-Independent Non-Executive Director)
Mr. Fabian Sven Bahadur Scheler (Non-Independent Non-Executive Director)
Mr. Ng Chee Weng @ Max Ng Chee Weng (Independent Non-Executive Director)
Mr. Chang Chi Hsung (Independent Non-Executive Director)
Ms. Michiko Koyano (Independent Non-Executive Director)

Registered Office:

229 Mountbatten
Road, #01-11
Mountbatten Square
Singapore 398007

30 April 2021

To: **Shareholders of Alpha DX Group Limited**

Dear Sir / Madam

- (1) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF ERC INSTITUTE PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES**
- (2) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 20,000,000 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.30 FOR EACH PERFORMANCE SHARE TO THE SELLER AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION**

1. INTRODUCTION

1.1. Purpose of Circular

The Directors are convening an EGM by way of electronic means on 15 May 2021 at 3.00 p.m. to seek Shareholders' approval for the following Proposed Transactions:

- (a) (Ordinary Resolution 1) the proposed acquisition of the entire issued and paid-up ordinary shares in the capital of ERC Institute Pte. Ltd. as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules; and
- (b) (Ordinary Resolution 2) the proposed allotment and issuance of up to 20,000,000 new Shares at an issue price of S\$0.30 for each Performance Share to the Seller as part satisfaction of the consideration for the Proposed Acquisition as and when the Performance Conditions have been fulfilled.

LETTER TO SHAREHOLDERS

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Transactions and to seek Shareholders' approval in respect of the same at the EGM. The Notice of EGM is set out at pages N-1 to N-4 of this Circular.

1.2. **Conditionality of Resolutions**

In voting for the Proposed Resolutions set out in the Notice of EGM, Shareholders should note that **Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional** upon each other and in the event that either Ordinary Resolution 1 or Ordinary Resolution 2 is not approved by Shareholders, the Proposed Acquisition and Proposed Performance Shares Issue will not be proceeded with.

1.3. **Disclaimers**

If a Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her legal, financial, tax or other professional adviser(s) immediately.

2. **THE PROPOSED ACQUISITION**

2.1. **Introduction**

The Company and Asnaro Enterprises Pte. Ltd. ("**Asnaro Enterprises**"), a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement dated 28 April 2021 (the "**SPA**") with DiDi Investments, Inc (the "**Seller**") in relation to the Proposed Acquisition by Asnaro Enterprises of the entire issued and paid-up share capital (the "**Sale Shares**") in ERC Institute Pte. Ltd. (the "**Target**") from the Seller.

Asnaro Enterprises was incorporated by the Company on 23 April 2021 as an investment holding company for the purpose of conducting the Proposed Acquisition.

The Proposed Acquisition constitutes (i) an "interested person transaction" pursuant to Chapter 9 of the Catalist Rules; and (ii) for purposes of good corporate governance, as a "major transaction" pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed Acquisition is subject to the approval of Shareholders under Rules 906 and 1014 of the Catalist Rules by way of an ordinary resolution.

2.2. **Rationale for the Proposed Acquisition**

The Group is currently providing digital education and learning solutions and customised learning content through (a) learning solution consultancy services; (b) content digitalisation solutions; (c) enterprise learning management system solutions; (d) operations and support; and (e) specialist manpower deployment services.

Upon the integration of the business operations of the Target, the Board is of the opinion that in addition to the expansion of its customer base, the Group will be able to leverage on and benefit from the expertise of the Target, particularly in relation to the provision of educational services, customised learning content, as well as potentially expanding the Group's network and collaborations with global institutions.

LETTER TO SHAREHOLDERS

As such, over time, the Group will stand to benefit from the potential commercial, operational and costs synergies, particularly where the Target's capabilities can benefit the Group. The Board, taking into consideration the merits of (i) the viability, profitability and growth of the Target's business; and (ii) the general outlook of the education sector, believes that there would be potential synergies particularly in the area of technology integration and the use of the next generation ubiquitous learning platform being offered and developed by ZioNext as well as in various collaborative projects such as a Uzbekistan project whereby the Target and ZioNext jointly develop and implement the new academic programs on the ubiquitous learning platform. Given the potential synergies which will be created by the addition of the Target, the Board believes that the Proposed Acquisition will enhance the long-term interests of the Company and its Shareholders.

2.3. Information on the Seller

The Seller is a private company incorporated on 26 August 2019 in Japan and involved in the learning and education business in Japan. As at the Latest Practicable Date, the Seller is the legal and beneficial owner of 100% of the Sale Shares.

Pursuant to the Diversification Circular, an extraordinary general meeting was held by the Company on 9 October 2020 wherein Shareholders of the Company had approved the issuance of up to 171,428,571 Shares (or 6,857,142,857 Shares on a pre-consolidated basis) pursuant to the conversion of a S\$24,000,000 convertible loan ("**Convertible Loan**") and 85,714,285 non-transferable options ("**Options**") (or 3,428,571,428 non-transferable options on a pre-consolidated basis) to the Seller.

Assuming completion of the transactions stated in the Diversification Circular and full conversion of the Convertible Loan and full exercise of Options, the Seller will own up to 78.2% of all the Shares in the Company.

As at the Latest Practicable Date, the Seller has disbursed S\$22,000,000 out of S\$24,000,000 under the Convertible Loan Agreement to the Company, and the Company has not issued any shares pursuant to the Options to the Seller. Save as set out above, the Seller does not have any shareholding interest, direct or indirect in the Company.

The beneficial owners of the Seller are Mr. Furuya Koji and Mr. Yoshiyasu Naruse. Mr. Furuya Koji is a director of the Seller, and Mr. Yoshiyasu Naruse is a non-independent non-executive Director of the Company as well as the chief executive officer of the Seller. Save as set out above, the Seller and its beneficial owners are not related to any of the Directors, the chief executive officer, or Controlling Shareholders of the Company, or their respective Associates.

No commission was paid or is payable by the Company to any person in relation to the Proposed Acquisition.

LETTER TO SHAREHOLDERS

2.4. Information on the Target

The Target is an exempt private company limited by shares duly incorporated under the laws of Singapore on 3 November 2003 which has a total issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares. The Target is engaged in the business of providing various EduTrust¹ certified academic programs through collaborations with global institutions, which includes Advanced Diploma Programs, Bachelor's Degree Programs, Master's Degree Programs and corporate training services.

As at the Latest Practicable Date, Mr. Furuya Koji and Ms. Ong Geok Yen are the directors of the Target. Mr. Furuya Koji is also a director of and one of the beneficial owners of the Seller.

The Target owns no subsidiaries and affiliates. The assets of the Target comprises of various assets in the commercial school and higher education programmes.

The Seller is the legal and beneficial owner of the entire issued and paid-up share capital of the Company.

2.5. Key Financial Information on the Target

(a) Asset Value of the Target

Based on the latest unaudited financial statements of the Target for the financial period ended 31 December 2020, the net tangible asset value of the Sale Shares is S\$2.38 million.

(b) Book Value of the Target

Based on the latest unaudited financial statements of the Target for the financial period ended 31 December 2020, the book value of the Sale Shares is S\$3.92 million.

(c) Net Profits of the Target

Based on the latest unaudited financial statements of the Target for the 12 months period ended 31 December 2020, the net profits attributable to the Sale Shares is S\$1.45 million.

(d) Independent Valuation

The Company has appointed Cushman & Wakefield VHS Pte. Ltd. as an Independent Valuer to assess and determine the market value of the 100% equity interest in the capital of the Target for the Proposed Acquisition.

¹ The EduTrust Certification Scheme is a scheme administered by the Committee of Private Education appointed under Section 5 of the Private Education Act (Chapter 247A).

LETTER TO SHAREHOLDERS

A Valuation Report dated 30 April 2021 has been issued by the Independent Valuer in respect of the independent valuation on the market value of 100% equity interest in the capital of the Target, and the Summary of Valuation Report is set out in **Appendix I** to this Circular.

Based on the Valuation Report, the market value of the 100% equity interest in the capital of the Target (without taking into consideration Performance-Based Earn-out) as at 31 December 2020 is in the region of S\$14.9 million to S\$19.2 million. The valuation is based primarily on the income approach with reference made to the market approach. The Independent Valuer has also taken into consideration the prevailing market conditions as at the valuation date, being 31 December 2020.

In addition, a scenario analysis has been performed by the Independent Valuer to illustrate the equity value of the Target based on financial performance prediction assuming the Performance Conditions can be met. Based on the scenario analysis, equity value of 100% equity interest in the capital of Target as at 31 December 2020 ranges from S\$38.0 million to S\$47.7 million. The scenario analysis is for illustration purposes only and does not necessarily imply or represent the market value of the Target as at the Valuation Date.

Shareholders are advised to read and consider the Summary of Valuation Report set out in **Appendix I** to this Circular in respect of the independent valuation on the Target carefully, in particular the terms of reference, key assumptions and critical factors.

2.6. Principal Terms of the Proposed Acquisition

2.6.1 Acquisition of the Sale Shares

The Seller shall sell, and the Company shall purchase from the Seller, the Sale Shares, free from any encumbrances, debts, liabilities, and claims whatsoever and with all rights and benefits attaching thereto and accruing in respect thereof as from the date of the completion of the Proposed Acquisition, including but not limited to, all rights, dividends and distributions declared, made or paid as from the Completion Date.

2.6.2 Consideration

The consideration payable by the Company to the Seller for the Sale Shares shall be the aggregate amount of S\$24,000,000 (the "**Consideration**"), comprising:

- (a) S\$18,000,000 to be fulfilled in cash; and
- (b) up to S\$6,000,000 to be fulfilled through the allotment and issuance of up to 20,000,000 ordinary shares of the Company ("**Performance Shares**") at the issue price of S\$0.30 per Performance Share (the "**Issue Price**"), subject to the fulfilment of certain Performance Conditions set out in section 2.6.3 below (the "**Performance Based Earn-out**").

LETTER TO SHAREHOLDERS

The Consideration payable by the Company to the Seller for the Sale Shares was arrived at and agreed on a “willing-buyer willing-seller” basis and taking into account the net tangible asset value and the net profits/earnings of the Target (details of which are provided in section 2.5 of this Circular); the historical financial performance of the Target; the potential synergy that could be realised between the Company and the Target; and potential benefits that may accrue to the enlarged group based on the fulfilment of the Performance Conditions.

The Issue Price of S\$0.30 was arrived at having taken into consideration *inter alia*; the Zionnext Acquisition Issue Price² and the Conversion Price², both of which had been approved by Shareholders of the Company on 9 October 2020 and that the Issue Price is not more favourable to either the ZioNext Acquisition Issue Price or the Conversion Price.

2.6.3 Performance Based Earn-out

The conditions for and amount of Performance Based Earn-out shall be determined in the following manner:

- (a) payment for the Performance Based Earn-out shall be subject to the fulfilment of any one (1) or more of the following conditions (the “**Performance Conditions**”), in accordance with conditions as listed in this section 2.6.3(a):
 - (i) the Target having entered into a definitive agreement with the Government of Uzbekistan that will generate the secured annual aggregated revenue exceeding S\$4,000,000 (on confirmed purchase order basis or equivalent), and remainder upon receipt of such purchase order or equivalent.
 - (ii) the Target having secured the annual aggregated revenue exceeding S\$4,000,000 (on confirmed purchase order basis) from a source other than the tuition fees (such as the sales of the content/intellectual property license) and revenues generated pursuant to the Performance Condition stated in section 2.6.3(a)(i) above.
 - (iii) the Target having entered into a definitive partnership agreement with two (2) or more universities (other than the existing partners) that collectively increases the Company’s total number of student enrolments by at least 40% as compared to the previous fiscal year.
- (b) the Performance Conditions must be fulfilled within a thirty-six (36) month period from the Completion Date (i.e. the Final Determination Date), and shall be determined on a rolling twelve (12)-month basis commencing on the Completion Date (each, a “**Period**”, and the last day of each Period, a “**Performance Determination Date**”);
- (c) the amount of Performance Based Earn-out shall be determined in the following manner:

² According to the Company’s Diversification Circular, the ZioNext Acquisition issue Price is S\$0.005 and the Conversion Price is S\$0.0035. Having adjusted for the Share Consolidation, the adjusted ZioNext Acquisition Issue Price is S\$0.020 and the adjusted Conversion Price is S\$0.14.

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- (i) for any 50% Fulfilment, 10,000,000 Performance Shares (being half of the Performance Based Earn-out) shall be issued by the Company;
- (ii) for a 100% Fulfilment, 20,000,000 Performance Shares (being the entirety of the Performance Based Earn-out) shall be issued by the Company;
- (iii) for the avoidance of doubt:
 - (A) no Performance Shares shall be issued prior to Completion;
 - (B) no Performance Shares shall be issued if there is no 50% Fulfilment or 100% Fulfilment by the Final Determination Date;
 - (C) half of the Performance Based Earn-out (being 10,000,000 Performance Shares) shall be issued by the Company for each 50% Fulfilment, as determined on each Performance Determination Date; and
 - (D) the aggregate number per Performance Shares based on the Performance Based Earn-out shall not exceed 20,000,000 Performance Shares.

For the purposes of this section 2.6.3(c):

“50% Fulfilment” means the fulfilment of any one (1) of the Performance Conditions by 50%, calculated based on the amount of secured annual aggregated revenue for the Performance Conditions listed in sections 2.6.3(a)(i) and 2.6.3(a)(ii) above, and based on the percentage of the increase in total number of enrolment for the Performance Condition in listed section 2.6.3(a)(iii) above, within a Period; and

“100% Fulfilment” means the fulfilment of any one (1) of the Performance Conditions within a Period; and

- (d) the Performance Shares shall be issued as fully-paid shares, free from encumbrances, and shall rank *pari passu* in all respects with and carry all rights similar to Shares in issue then, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the date of issue of the Performance Shares.

2.6.4 Moratorium on Shares

- (a) The Seller has undertaken that it will not, subject to exceptions in section 2.6.4(b) below, without the prior written consent of the Company:
 - (i) offer, sell, contract to sell, realise, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Performance Share;
 - (ii) enter into a transaction or other arrangement which is designed to or which may reasonably be expected to result in any of the above; or

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- (iii) publicly announce any intention to do any of the above,
- (b) The restrictions as described in section 2.6.4(a) above shall apply to all the Performance Shares from the Issuance Date to the date falling twelve (12) months from the Issuance Date (both dates inclusive).

2.6.5 Conditions Precedent

Completion shall be conditional on the following conditions precedent (the “**Conditions Precedent**”) being reasonably satisfied, or, waived by the Company, in accordance with the SPA:

- (a) the passing of written resolution by the directors of the Seller on terms reasonably satisfactory to the Company approving the transactions contemplated by the SPA;
- (b) the delivery to the Company of the Directors’ resolution in writing of the Target, in the form and substance reasonably satisfactory to the Company, in which it is approved by the Directors;
- (c) the approval of the Shareholders, having been obtained at an EGM to be convened in respect of the Company’s entry into the SPA and all transactions contemplated therein and in connection therewith, and such approval not having been revoked or amended and if such approval is subject to any conditions and where such conditions affect any party, such conditions being reasonably acceptable to the party concerned, and if such conditions are required to be fulfilled on or before the Completion Date, they are so fulfilled in all material respects;
- (d) the Company having completed a fund-raising exercise (whether in the equity or debt markets, whether in the form of a loan or in the form of debt or equity, with or without security, including, without limitation, the incurrence of any indebtedness, the public or private offering of shares/equity interests of the Company on a stock exchange or market trading or quotation system, issuing new shares, stocks, debentures, bonds or other securities and investments through market placement or otherwise) on or before the Long Stop Date resulting in net proceeds for the Company of not less than S\$15,000,000 (in aggregate amount). For the avoidance of doubt, such fund-raising exercise shall not include any disbursement under the Convertible Loan or exercise of any conversion right under the terms of the Convertible Loan by the Seller;
- (e) the resumption of trading of the shares of the Company on the Catalist of the SGX-ST;
- (f) the receipt of the listing and quotation notice in respect of the Performance Shares on the Catalist of the SGX-ST being obtained, and the allotment and issuance of the Performance Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the parties to the SPA;

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- (g) all necessary consents, approvals and waivers being granted for all transactions contemplated in the SPA, not being withdrawn or revoked by third parties, including without limitation, government bodies, stock exchange and other relevant authorities having jurisdiction over the transactions contemplated in the SPA, and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being reasonably acceptable to the party concerned, and if such conditions are required to be fulfilled on or before Completion, they are so fulfilled in all material respects; and
- (h) the execution of the management service agreement between the Company and Ms. Ong Geok Yen in the form and substance reasonably satisfactory to the Company.

2.6.6 Completion Date

The Completion shall take place on a date mutually agreed to by the parties to the SPA but in any event not more than five (5) business days from the date of fulfilment or waiver of all Conditions Precedent.

2.6.7 Long Stop for the fulfilment of Conditions

The Seller undertakes, at its own cost, to use all reasonable endeavours to ensure that the Conditions Precedent are fulfilled to the reasonable satisfaction of the Company as soon as reasonably practicable and in any event by the Long Stop Date.

In the event that any of the Conditions Precedent shall not have been fulfilled (or waived pursuant to the SPA) prior to the Long Stop Date, then the Company shall not be bound to proceed with the purchase of the Completion Shares.

2.6.8 Company's right to terminate

The Company may by written notice given to the Seller any time only prior to the Completion terminate the SPA if any fact, matter or event whether existing or occurring on or before the date of the SPA or arising or occurring afterwards comes to the notice of the Company at any time prior to the Completion which:

- (a) constitutes a breach by the Seller of the SPA including any breach of the covenants or other obligations of the Seller;
- (b) would constitute a breach of any of the warranties contained in the SPA; or
- (c) affects or is likely to affect in a materially adverse manner the business, financial position or prospects of the Target taken as a whole.

2.7. Source of Funds for the Proposed Acquisition

The Company intends to finance the Proposed Acquisition through internal funds as well as proceeds from a Fund-Raising Exercise.

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As at the Latest Practicable Date, it is the intention of the Board to conduct the Fund-Raising Exercise in either or both of the following ways:

- (a) through a private placement. Any placement shares allotted and issued pursuant to this private placement exercise are intended to be allotted and issued pursuant to the general share issue mandate obtained from Shareholders at the AGM of the Company; and/or
- (b) through proceeds from the exercise of Options by the Seller, the grant of which was approved by Shareholders on 9 October 2020.

Pursuant to the Conditions Precedent set out in section 2.6.5(d) above, the amount raised through the Fund-Raising Exercise must not be less than an aggregate amount of S\$15,000,000. In the event that the Fund-Raising Exercise results in net proceeds for the Company of more than S\$15,000,000 but less than S\$18,000,000 (which is the amount of Consideration required to be paid in cash), the Company will fund the Proposed Acquisition through internal funds.

2.8. The Proposed Acquisition as an interested person transaction

Rule 904(5) of the Catalist Rules provides that an interested person transaction means a transaction between an entity at risk and an interested person. Rule 904(2)(a) of the Catalist Rules provides, *inter alia*, that an entity at risk means the issuer. Rule 904(4) of the Catalist Rules provides, *inter alia*, that an interested person means a director, chief executive officer, Controlling Shareholder of the issuer or any of their Associates.

As at the Latest Practicable Date, Mr. Yoshiyasu Naruse is a non-independent non-executive Director of the Company and is also the chief executive officer of the Seller.

Accordingly:

- (a) the Seller is an interested person;
- (b) the Company is an entity at risk; and therefore
- (c) the Proposed Acquisition constitutes an interested person transaction,

under Chapter 9 of the Catalist Rules.

2.8.1 Shareholders' Approval

Rule 906(1) of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

- (a) 5% of the group's latest audited NTA; or
- (b) 5% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by the shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

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Rule 918 of the Catalist Rules provides that if a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

The value at risk of the Proposed Acquisition is S\$24,000,000 (being the Consideration). Pursuant to Rule 917(5) of the Catalist Rules, the aggregate value of all interested person transactions entered into with the Seller (representing the amount at risk) for the current financial year commencing on 1 January 2020 up to the Latest Practicable Date is S\$31,200,000 (“**Aggregate Value**”), representing the Consideration of S\$24,000,000 and the interest payable on the borrowings of the Company under the Convertible Loan of S\$7,200,000. Based on the latest audited consolidated financial statements of the Group for FY2020, the Aggregate Value represents approximately 24.5% of the NTL (on an absolute basis) of the Group.

As the Aggregate Value of the interested person transactions exceeds 5.0% of the NTL (on an absolute basis) of the Group, the Company is required to seek Shareholders’ approval for the Proposed Acquisition pursuant to Rule 906(1)(a) of the Catalist Rules, and the Company proposes to seek the approval of the Shareholders for the Proposed Acquisition as an “interested person transaction” under Rule 906 of the Catalist Rules at the EGM.

Save as disclosed above, as at the Latest Practicable Date, the Group has not entered into any transactions with the Seller and its Associates in FY2021.

Pursuant to Rule 919 of the Catalist Rules, Mr. Yoshiyasu Naruse, the Seller and its Associates will abstain, and will undertake to ensure that its Associates will abstain, from voting on the resolution approving the interested person transaction. In addition, the Seller and its Associates will decline to accept appointments as proxy for any Shareholder to vote in respect of the resolution approving the interested person transaction, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

2.8.2 **Appointment of Independent Financial Adviser**

The Company has appointed W Capital Markets Pte. Ltd. as its IFA to advise the Recommending Directors as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter is reproduced in **Appendix II** to this Circular. Please refer to section 4 of this Circular for further information on the opinion of the IFA.

2.9. **Rule 1006 Relative Figures for the Proposed Acquisition**

The relative figures set out in Rule 1006 of the Catalist Rules below are computed based on the latest announced consolidated financial statements of the Group (being the audited financial statements for FY2020 such financial year being the most recently completed financial year), and the unaudited financial statements for the Target for the same period FY2020, on the assumptions that the relative figures in relation to the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as follows:

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Rule 1006	Bases of Calculation	Relative Figure (%)	
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A. ⁽¹⁾	
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	-10.4% ⁽²⁾	
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	33.3% ⁽³⁾⁽⁵⁾	-18.8% ⁽⁴⁾⁽⁵⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	35.5% ⁽⁶⁾	
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A. ⁽⁷⁾	

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) The net profits attributable to the Target for the financial period commencing on 1 January 2020 and ending on 31 December 2020 was S\$1.45 million. The Group's net loss before tax for FY2020 was US\$10.50 million (approximately S\$13.88 million based on an exchange rate of S\$1 to US\$0.756 as at 31 December 2020).
- (3) For illustrative purposes, the market capitalisation of the Company is calculated on the basis of 2,255,387,331 Shares (prior to the completion of Share Consolidation) in issue as at the the Latest Practicable Date (excluding treasury shares), and the VWAP of S\$0.032 per Share (prior to the completion of Share Consolidation), based on the trades done on the Catalist of the SGX-ST on 13 November 2019, being the last full market day which the Shares were traded immediately preceding the date and up to the time the SPA was signed.
- (4) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value ("NAV") represented by such shares, whichever is higher. In this instance, as the shares of the Company of the Company has been suspended since 13 November 2019 ("**Trading Suspension**") and following the various corporate exercises undertaken by the Company to date, the market value represented by the shares prior to Trading Suspension is no longer meaningful. In this instance, the NAV of the Company represented by the Performance Shares, being - US\$96.40 million (approximately -S\$127.45 million based on an exchange rate of S\$1 to US\$0.756 as at 31 December 2020) is used.

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- (5) The relative figures for Rule 1006(c) in this instance is calculated based on value of the aggregate purchase consideration of S\$24,000,000.
- (6) The number of equity securities previously in issue calculated based on 56,389,163 Shares in issue as the Latest Practicable Date. A maximum of 20,000,000 Performance Shares may be issued in relation to the Proposed Acquisition.
- (7) Not applicable as the Proposed Acquisition is not a disposal of mineral, oil and gas assets.

2.10. Classification of the Proposed Acquisition under Chapter 10 of the Catalist Rules

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances. As such, for purposes of good corporate governance, the Company will seek Shareholders' approval for the Proposed Acquisition.

Further, notwithstanding that no relative figures on the bases set out under Rule 1006 exceeds 75%, in the interests of corporate governance, the issuer has appointed an independent valuer to carry out a valuation of the Target pursuant to Rule 1014(5) of the Catalist Rules. Please refer to section 2.5(d) of this Circular for further details of the valuation.

3. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

3.1. Assumptions

The *pro forma* financial effects of the Proposed Acquisition on the net tangible assets per share of the Group, the earnings per share of the Group and the share capital of the Company as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the Proposed Acquisition.

The objective of presenting the *pro forma* financial effects of the Proposed Transactions as shown below is to illustrate what the historical financial information might have been had the Proposed Transactions been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Proposed Transactions been completed at the earlier date.

The *pro forma* financial effects have been prepared based on (i) the latest announced audited financial statements of the Group for FY2020, such financial year being the most recently completed financial year, and (ii) the unaudited financial statements for the Target for the same period FY2020, on the following bases and assumptions:

- (a) all Conditions Precedent have been fulfilled prior to the Proposed Transactions;
- (b) all Performance Conditions have been fulfilled prior to the Proposed Acquisition; and
- (c) adjustments having been made to the audited financial statements of the Group for FY2020 to account for the completion of the acquisition of ZioNext Pte. Ltd. (formerly known as Kydon Learning Institute Pte. Ltd.) on 22 January 2021 and the disbursement of S\$22,000,000 from the Seller to the Company pursuant to a convertible loan agreement on 22 January 2021 prior to the Proposed Transactions.

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3.2. Share Capital

For illustrative purposes and assuming the Proposed Acquisition had been completed on 31 December 2020, being the end of FY2020, the *pro forma* financial effects of the Proposed Acquisition on the share capital of the Company for FY2020 are as follows:

	Before the Proposed Transactions	After the Proposed Transactions	After the Proposed Transactions and Fund-Raising Exercise
Number of issued Shares (excluding treasury shares)	56,389,163 ⁽¹⁾	76,389,163 ⁽²⁾	151,389,163 ⁽³⁾

Notes:

- (1) Having adjusted for a 40:1 Share Consolidation of the Company completed on 27 March 2021. The number of issued Shares (excluding treasury shares) on a pre-consolidated basis is 2,255,387,331.
- (2) On the assumption that a maximum of 20,000,000 Performance Shares will be issued in relation to the Proposed Acquisition and no Fund-Raising Exercise has taken place.
- (3) On the assumption that a maximum of 20,000,000 Performance Shares will be issued in relation to the Proposed Acquisition and that Fund-Raising Exercise of S\$15,000,000 has taken place through the exercise of the Options.

3.3. NTA/NTL

Purely for illustrative purposes only and assuming that the Proposed Transactions had been completed on 31 December 2020, being the end of FY2020, the effect on the NTL per share of the Group as at 31 December 2020 are as follows:

	Before the Proposed Transactions	After the Proposed Transactions	After the Proposed Transactions and Fund-Raising Exercise
NTL (US\$)	96,396	108,965 ⁽¹⁾	97,619 ⁽¹⁾⁽³⁾
Adjusted Consolidated NTL (US\$'000)	103,504	116,073	104,727
Number of issued Shares (excluding treasury shares)	56,389,163	76,389,163 ⁽²⁾	151,389,163 ⁽³⁾

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NTL per Share (US cents)	183.55	151.95	69.18
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Notes:

- (1) Based on the Group's audited NTL of US\$96.39 million for FY2020 and NTA contributed by Target of S\$2.38 million for FY2020 (approximately US\$1.80 million based on an exchange rate of S\$1 to US\$0.756 as at 31 December 2020) and estimated professional fees expenses of S\$1 million (approximately US\$0.76 million based on an exchange rate of S\$1 to US\$0.756 as at 31 December 2020).
- (2) On the assumption that a maximum of 20,000,000 Performance Shares will be issued in relation to the Proposed Acquisition and no Fund-Raising Exercise has taken place.
- (3) On the assumption that a maximum of 20,000,000 Performance Shares will be issued in relation to the Proposed Acquisition and that Fund-Raising Exercise of S\$15,000,000 has taken place through the exercise of the Options.

3.4. Earnings/Loss

Purely for illustrative purposes only and assuming that the Proposed Transactions had been completed on 1 January 2020, being the beginning of FY2020, the effect on the loss per Share of the Group for FY2020 are as follows:

	Before the Proposed Transactions	After the Proposed Transactions and Fund-Raising Exercise	
Loss attributable to the equity holders of the Company (US\$'000)	10,497	10,158 ⁽¹⁾	
Adjusted loss attributable to equity holders of the Company (US\$'000)	11,115	10,776	
Weighted number of issued Shares (excluding treasury shares)	56,389,163	76,389,613 ⁽²⁾	151,389,163 ⁽³⁾
Loss per share (US cents)	19.71	14.11	7.12

Notes:

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- (1) Based on the Group's audited net loss of US\$10.50 million for FY2020 and net profits attributable to the Target the period commencing on 1 January 2020 and ending on 31 December 2020 is S\$1.45 million for FY2020 (approximately US\$1.10 million based on an exchange rate of S\$1 to US\$0.756 as at 31 December 2020) and estimated professional fees expenses of S\$1 million (approximately US\$0.76 million based on an exchange rate of S\$1 to US\$0.756 as at 31 December 2020).
- (2) On the assumption that a maximum of 20,000,000 Performance Shares will be issued in relation to the Proposed Acquisition and no Fund-Raising Exercise has taken place.
- (3) On the assumption that a maximum of 20,000,000 Performance Shares will be issued in relation to the Proposed Acquisition and that Fund-Raising Exercise of S\$15,000,000 has taken place through the exercise of Options.

4. OPINION OF THE IFA

In accordance with Rule 921(4)(a) of the Catalist Rules, the Company has appointed W Capital Markets Pte. Ltd. as its IFA to advise the Recommending Directors as to whether the Proposed Acquisition as an interested person transaction:

- (a) is on normal commercial terms; and
- (b) is not prejudicial to the interests of the Company and its minority Shareholders.

The opinion of the IFA in respect of the Proposed Transactions as an interested person transaction is extracted and set out below. All terms and expressions used in the extract below shall have the same meanings those defined in the IFA Letter, unless otherwise stated.

"In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety. We set out below, inter alia, the following key considerations which we consider to be pertinent to our assessment of the Proposed Acquisition:

- (a) *The rationale for the Proposed Acquisition, details of which are set out in Paragraph 5.1 of this IFA Letter;*
- (b) *The analysis of the historical financial performance of the Target, details of which are set out in Paragraph 5.2 of this IFA Letter;*
- (c) *Assessment of the fairness of the Base Consideration for the Proposed Acquisition, details of which are set out in Paragraph 5.3 of this IFA Letter;*
- (d) *Financial effects of the Proposed Acquisition, details of which are set out in Paragraph 5.4 of this IFA Letter. In this regard, it is noted that the Proposed Acquisition would increase the Group's NTA, NTA per share and earnings per Share; and*
- (e) *Other relevant considerations, details of which are set out in Paragraph 5.5 of this IFA Letter, which relates to our assessment on the Performance Based Earn-out.*

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders."

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Shareholders are advised to read and consider the IFA Letter issued by the IFA in its entirety as reproduced in **Appendix II** to this Circular and consider carefully the recommendations of the Recommending Directors for the Proposed Acquisition set out in section 11 of this Circular.

5. THE PROPOSED PERFORMANCE SHARES ISSUE

As part satisfaction of the Consideration for the Proposed Acquisition, subject to the fulfilment of certain Performance Conditions set out in section 2.6.3, up to 20,000,000 Performance Shares will be issued to the Seller at the Issue Price of S\$0.30, representing approximately 8.3% of the existing share capital of the Company as at the Latest Practicable Date. After the completion of the Proposed Transactions, the Performance Shares will represent approximately 13.2% of the Enlarged Share Capital of the Company.

Rule 811(1) of the Catalist Rules provides that an issue of shares must not be priced at more than a 10% discount to the weighted average price for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement was signed. Rule 811(3) of the Catalist Rules provides, *inter alia*, that Rule 811(1) of the Catalist Rules is not applicable if specific shareholder approval is obtained for the issue of shares.

The Issue Price of S\$0.30 for the Performance Shares represents a discount of approximately 76.6% to the VWAP of S\$1.28 (S\$0.032 prior to the 40:1 Share Consolidation) for each Share based on trades done on the SGX-ST on 13 November 2019, being the last full Market Day which the Shares were traded immediately preceding the date and up to the time the SPA was signed. Accordingly, the allotment and issue of the Performance Shares is subject to the specific approval of Shareholders for purposes of Rule 811(3) of the Catalist Rules.

The Performance Shares to be issued and allotted will be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distribution (if any), the Record Date in respect of which falls on or before the date of issue of such Shares.

6. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee, having considered and reviewed, *inter alia*, the terms of, rationale for and benefits of the Proposed Acquisition, the Valuation Report, as well as the advice and opinion of the IFA as set out in the IFA Letter, concurs with the IFA and is of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, as recorded in the register of Directors' shareholdings and register of Substantial Shareholders' shareholdings maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, are as follows:

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Directors and Substantial Shareholders	Direct interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
LTB, LLC	7,136,338	12.7%	–	–
Augustus Trustees Limited	7,136,338	12.7%	–	–
Neo Holding SA	6,530,368	11.6%	–	–
CIMB Islamic Trustee Berhad for Affin Hwang Multi-Asset Fund	5,684,915	10.1%	–	–
JK Technology Pte. Ltd.	4,021,315	7.1%	–	–
Ezion Holdings Limited ⁽¹⁾	2,650,000	4.7%	1,239,300	2.2%
Patrick Tan Choon Hock ⁽²⁾	2,651,162	4.7%	998,750	1.8%
Lorne Thyssen Bornemisza ⁽³⁾	–	–	7,136,338	12.7%
Tim Brockmann ⁽⁴⁾	–	–	6,530,368	11.6%
Nikko Asset Management International Limited ⁽⁵⁾	–	–	5,684,915	10.1%
Nikko Asset Management Co., Ltd. ⁽⁶⁾	–	–	5,684,915	10.1%
Sumitomo Mitsui Trust Holdings, Inc. ⁽⁷⁾	–	–	5,684,915	10.1%
JK Tech Holdings Pte. Ltd. ⁽⁸⁾	–	–	4,021,315	7.1%
JK Premier Holdings Pte. Ltd. ⁽⁹⁾	–	–	4,021,315	7.1%
Ang Yew Jin Eugene ⁽¹⁰⁾	–	–	4,021,315	7.1%

Notes:

- (1) Ezion Holdings Limited is deemed interested in the 1,239,300 Shares held by CES Oil Services Pte. Ltd., wholly owned subsidiary of Charisma Energy Services Limited, which is in turn an associate of Ezion Holdings Limited.
- (2) Mr. Patrick Tan Choon Hock is deemed interested in 998,750 Shares held by his spouse, Ms. Serene Lee Siew Kim.
- (3) Mr. Lorne Thyssen Bornemisza, the beneficial owner of LTB, LLC, is deemed interested in the Shares held by LTB, LLC.
- (4) Mr. Tim Brockmann, the ultimate beneficial owner of Neo Holding SA, is deemed interested in the Shares held by Neo Holding SA.
- (5) Nikko Asset Management International Limited ("NAMIL") holds more than 20% of the shareholdings of Affin Hwang Asset Management Berhad ("AHAM"). AHAM is the fund manager of the Affin Hwang Multi-Asset Fund, which is set up as a unit trust. CIMB Islamic Trustee Berhad is the trustee of the Affin Hwang Multi-Asset Fund. NAMIL is deemed to have an interest in the Shares of held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.
- (6) Nikko Asset Management Co., Ltd. ("NAM") has a controlling interest in NAMIL. NAMIL holds more than 20% of the shareholdings of AHAM. AHAM is the fund manager of the Affin Hwang Multi-Asset Fund, which is set up as a unit trust. CIMB Islamic Trustee Berhad is the trustee of the Affin Hwang Multi-Asset Fund. NAM is deemed to have an interest in the Shares held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.

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- (7) Sumitomo Mitsui Trust Holdings, Inc. ("SMTH") has a controlling interest in NAM. NAM has a controlling interest in NAMIL. NAMIL holds more than 20% of the shareholdings of AHAM. AHAM is the fund manager of the Affin Hwang Multi-Asset Fund, which is set up as a unit trust, CIMB Islamic Trustee Berhad, is the trustee of the Affin Hwang Multi-Asset Fund. NAM is deemed to have an interest in the Shares held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.
- (8)(9) (10) JK Tech Holdings Pte. Ltd. ("JKTH") is deemed to have interest in the Shares held by JK Technology Pte Ltd. ("JKT"), a wholly owned subsidiary of JKTH, which in turn wholly owned by JK Premier Holdings Pte. Ltd. ("JKPH"), which in turn wholly owned by Mr. Ang Yew Jin Eugene

Mr. Yoshiyasu Naruse, a non-independent non-executive Director of the Company, is also the chief executive officer and a beneficial owner of the Seller.

Save as disclosed above and in this Circular, none of the Directors or the Substantial Shareholders or their respective Associates has any direct or indirect interest in the Proposed Acquisition, other than through their respective shareholding interests in the Company (if any).

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transactions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. OTHER INFORMATION

9.1. Application by the Sponsor

The Company will be making an application through its Sponsor, PrimePartners Corporate Finance Pte. Ltd., to the SGX-ST for the listing of and quotation for the Performance Shares on the Catalyst. An appropriate announcement on the outcome of the applications will be made once the listing and quotation notice is issued by the SGX-ST. Any listing and quotation notice which may be issued by the SGX-ST for the listing and quotation of the Performance Shares is not to be taken as an indication of the merits of the Company, its subsidiaries, the Proposed Acquisition or the Proposed Performance Shares Issue.

9.2. Compliance Placement

In the event that the public float of the Company falls below 10%, the Company will undertake a compliance placement to restore the public float.

10. WORKING CAPITAL

The Directors are of the reasonable opinion that, having made due and careful enquiry and taking into consideration, as at the Latest Practicable Date:

- (a) the Group's cash and cash equivalents as of the Latest Practicable Date;
- (b) the Group's present bank facilities;
- (c) the expected earnings of the Target;

LETTER TO SHAREHOLDERS

- (d) the Fund-Raising Exercise resulting in net proceeds for the Company of S\$15,000,000; and
- (e) the completion of the disposal of *inter alia*, its operating subsidiaries based in the United States of America, being Brooks Range Petroleum Corporation, TP North Slope Development LLC, and Caracol Petroleum LLC, as a condition for the resumption of trading of the Company's shares on the Catalist of the SGX-ST as announced by the Company on 28 December 2020;

that the working capital available to the Group is sufficient to meet the Group's present requirements and for the next twelve (12) months following the completion of the Proposed Transactions.

The Company will make the necessary announcement(s) in relation to any Fund-Raising Exercise in due course.

11. DIRECTORS' RECOMMENDATIONS

11.1. Abstention of Mr. Yoshiyasu Naruse

Mr. Yoshiyasu Naruse being a non-independent non-executive Director of the Company and the chief executive officer and a beneficial owner of the Seller, has abstained from making a recommendation to the Shareholders on the Proposed Transactions.

11.2. Recommendation of Recommending Directors

Having considered, *inter alia*, the terms and conditions of and rationale for the Proposed Resolutions, the statement of the Audit Committee and the opinion of the IFA, the Recommending Directors are of the view that the Proposed Transactions are in the interests of the Company and are not prejudicial to the interests of the Shareholders. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of the Proposed Resolutions relating to the Proposed Acquisition and the Proposed Performance Shares Issue, as set out in the Notice of EGM.

11.1. Note to Shareholders

Shareholders, in deciding whether to vote in favour of the Proposed Resolutions, should carefully read the terms and conditions, rationale and financial effects of the Proposed Resolutions. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

LETTER TO SHAREHOLDERS

12. ABSTENTION FROM VOTING

In accordance with Rule 919 of the Catalist Rules, Mr. Yoshiyasu Naruse, the Seller and their respective Associates will abstain, and will undertake to ensure that its Associates, will abstain, from voting on the resolution approving the Proposed Acquisition and the Proposed Performance Shares Issue. In addition, Mr. Yoshiyasu Naruse, the Seller and its Associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Acquisition and Proposed Performance Shares Issue, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

All Shareholders who are required to abstain from voting pursuant to a court order must abstain, and the Company will (provided that if the abstention is pursuant to a court order, such court order is served on the Company before the EGM) procure such Shareholder to abstain, from voting in respect of the relevant resolution. Such Shareholder will also not accept nominations to act as proxy in respect of the relevant resolution unless the Shareholder concerned has provided specific instructions as to voting. The Company will disregard any votes cast on the relevant resolution by such Shareholder (who is required to abstain from voting pursuant to a court order where such court order is served on the Company before the EGM).

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held by way of electronic means on 15 May 2021 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

In light of the current COVID-19 measures in Singapore, this EGM would be held by electronic means and therefore Shareholders will NOT be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM through a “live” webcast or “live” audio feed as set out below:

14.1. Watching the EGM proceedings via Webinar

Shareholders must pre-register at the pre-registration website at the URL <http://alpha-dxEGM.zionext.com> from 30 April 2021 till 3.00 p.m. on 11 May 2021 to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email by 13 May 2021. The email will contain login credentials and instructions to access the live audio-visual webcast of the EGM proceedings. Shareholders who do not receive an email by 3.00 p.m. on 13 May 2021, but have registered by 3.00 p.m. on 11 May 2021, should contact the Company at enquiries@alpha-dx.com.sg.

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14.2. Submitting questions in advance of the EGM

Shareholders will not be able to ask questions during the live audio-visual webcast of the EGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the EGM.

Shareholders can submit questions related to the Proposed Resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance, via email to the Company at enquiries@alphaenergy.com.sg or in hard copy by sending personally or by post and lodging the same at the registered office of the Company. All questions must be submitted by 3.00 p.m. on 9 May 2021 and the Company will not be able to address questions received after the cut-off time and date. The Company shall address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from the Shareholders relating to the Proposed Transactions prior to the EGM via SGXNet and/or during the EGM proceedings.

The Company will publish the minutes as well as responses to the questions received of the EGM on the SGXNet within one (1) month after the EGM.

14.3. Submitting Proxy Form

Shareholders (other than CDP) holding Shares who wish to vote, should complete, sign and return the Shareholder Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, must appoint the Chairman of the EGM as their proxy by completing and submitting the Proxy Form to the Company in the following manner:

- (a) If submitted by post, be deposited at registered office of the Company at 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007; or
- (b) If submitted electronically, be submitted via email to the Company at sg.is.proxy@sg.tricorglobal.com,

in either case not later than forty-eight (48) hours before the time fixed for holding the EGM, which is by 3.00 p.m. on 13 May 2021.

In appointing the Chairman of the EGM as Proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy Form, failing which the appointment will be treated as invalid.

If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

In view of the current COVID-19 measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

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The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case the appointor submits more than one (1) instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by the CDP at least seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on the resolution at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such Shareholder deposits his/her proxy form forty-eight (48) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the EGM.

SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators at least seven (7) working days before the EGM (i.e. by **6 May 2021**), to ensure that their votes are submitted.

15. RESPONSIBILITY STATEMENTS

15.1. Directors

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

16. CONSENTS

16.1. Independent Valuer, Cushman & Wakefield VHS Pte. Ltd.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the issue of the Summary of Valuation Report as set out in **Appendix I** of this Circular, and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

16.2. Independent Financial Adviser, W Capital Markets Pte. Ltd.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the issue of the IFA Letter as set out in **Appendix II** of this Circular, and to act in such capacity in relation to this Circular.

17. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007 during normal business hours from 9.00 a.m. to 5.00 p.m. for three (3) months from the date of this Circular:

- (a) the Constitution;
- (b) the SPA;
- (c) the annual report of the Company for FY2020;
- (d) the Valuation Report; and
- (e) the letter of consents referred to in section 16 of this Circular.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to enquiries@alphaenergy.com.sg to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

Yours faithfully

For and on behalf of the Board of Directors of
ALPHA DX GROUP LIMITED

Daiji Yamada
Chief Executive Officer and Executive Director

APPENDIX I – SUMMARY OF VALUATION REPORT

APPENDIX I – SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the
Target (as defined herein)

Prepared for

Alpha DX Group Limited (formerly known as Alpha
Energy Holdings Limited)

Report Date

30 April 2021

Ref: 21/RY-CW- JW/BV0159-2

Executive Summary

Valuation of 100% equity interest in the capital of the Target (as defined herein)

Date of Valuation:	31 December 2020
Purpose:	Public disclosure purpose
Situation:	<p>Alpha DX Group Limited (formerly known as Alpha Energy Holdings Limited) is a Singapore-based investment holding company (“Company”). Together with its subsidiaries (the “Group”), the Group engaged in the business of exploration, exploitation and production of oil. It had in October 2020 obtained approval for the diversification of its business activities into the learning and education sector including the provision of education services such as consultancy services for integrated learning solutions, designing and developing of digital learning content and developing customized enterprise learning management system. The Company has completed the acquisition of Kydon Learning Systems Institute Pte. Ltd. in January 2021 and has obtained shareholders’ approval to dispose 100% equity interest in the capital of its subsidiary, JK North Slope LLC in March 2021.</p> <p>We understand that the Company is contemplating to acquire 100% equity interest in the capital of ERC Institute Pte Ltd (“ERCi” or “Target”) (“Proposed Acquisition”). ERCi is a private company incorporated in Singapore and engaged in the provision of education services focusing on higher education programmes such as diploma, advanced diploma and degree to local and foreign students. ERCi partnered with universities such as University of Chichester and Embry-Riddle Aeronautical University to provide academic courses in the areas of business management, finance, marketing, aeronautics and aviation. In addition, Target has also provides in-house courses such as advanced diploma programmes and preparatory courses for English language.</p> <p>As a result of the Proposed Acquisition, we have been requested to perform a valuation of 100% equity interest in the capital of the Target as at 31 December 2020 (“Valuation Date”).</p>
Subject Matter:	100% equity interest in the capital of Target
Basis of Valuation:	Market Value
Valuation Approach:	Income Approach

Valuation of 100% equity interest in the capital of the Target (as defined herein)

Other Details:

We wish to highlight that any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The market that the Target is valued in is being impacted by the uncertainty that COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer (as defined herein) could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

Having regard to the foregoing and market conditions as at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in the capital of the Target as at Valuation Date, subject to the assumptions stated herein, is in the region of:-

S\$14.9 million to S\$19.2 million

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

A Valuation Report

To: Alpha DX Group Limited
(formerly known as Alpha Energy Holdings Limited)

Subject Matter: 100% equity interest in the capital of Target

Report Date: 30 April 2021

Valuation Date: 31 December 2020

1. Introduction and Instructions

Appointment

In accordance with your instructions, we have assessed and ascertained the Market Value of 100% equity interest in the capital of Target. We are pleased to submit our summarised valuation report (“Report”), which has been prepared for public disclosure purpose to seek shareholders’ approval pursuant to the Proposed Acquisition and should be read in conjunction with the full valuation report dated 30 April 2021 (“Full Report”).

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Full Report.

2. Terms of reference

Cushman & Wakefield VHS Pte Ltd (“C&W” or “Valuer”) has been appointed to undertake an independent valuation of 100% equity interest in the capital of Target. We were neither a party to the negotiations entered into by the Company and its subsidiaries (the “Group”) in relation to the Proposed Acquisition nor were we involved in the deliberation leading up to the decision on the part of the management of the Company, Group and/or Target (the “Management”) to enter into the Proposed Acquisition and we do not, by the Report or Full Report or otherwise, advise or form any judgement on the merits of the Proposed Acquisition. We do not warrant the merits of the Proposed Acquisition or the acceptability of the risk for the Proposed Acquisition.

We have confined our evaluation strictly and solely on the financial of the Target and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Acquisition or the strategic merits or the comparison with other deals involving shares of the Company, Group and/or Target. We were not required to comment on or evaluate the methods or procedures used by the Target to manage the change in any risk profile of the Company, Group and/or Target in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Report or the Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Acquisition. In addition, we do not

express any views or opinion on the merits of the Proposed Acquisition, the legality or any other matters pertaining to the Proposed Acquisition, documents for the Proposed Acquisition (the notice of meeting and the accompanying explanatory notes), *inter alia*, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management, regarding their assessment of the Proposed Acquisition and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Company, Group and/or Target may be subject to for the Proposed Acquisition.

We were not required to and have not made any independent evaluation or appraisal of the individual assets and liabilities (including without limitation, real property) of the Target. Our opinion in this Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion may change in light of developments which *inter alia*, includes general as well as company specific or industry specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance and financial condition after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target. Likewise, this Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Company, Group and/or Target (the "Shareholder"). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Company, Group and/or Target, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Report and provided by the Company, Group and/or Target which we

used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Report and the Full Report in its entirety.

Accordingly, our Report, Full Report or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by Company, subject to the terms of reference and the contents of the Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Full Report or Report or opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Report or the Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Full Report or the Report.

3. Bases of Valuation

The valuation has been prepared in accordance with International Valuation Standards.

Bases

The subject matter has been valued on the basis of Market Value as at the Valuation Date which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

4. Assumptions and Reservations

Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Target's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us the financial projections from 1 January to 31 December ("CY") 2021 ("CY2021") to CY2025. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- There will not be any material changes in the political and/or economic conditions under which the Target operates that may adversely affect the future prospects of the Target.

- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target.
- The current owners of the Target have clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Target's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Target's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report.

It should be noted that the valuation of the Target critical upon the following key value drivers:

- The Target continues to operate as a going concern and is able to meet all its financial obligations.
- The Target's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections.
- The Target has sufficient operational resources to support the projected turnover and profitability.
- The Target continues to maintain costs in accordance with the forecast.

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Target.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit, due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on any transactions including the Proposed Acquisition. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to the comparable companies on international stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate

for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

Reservations

The value conclusions reflect all information known by the valuers of C&W who worked on the valuation in respect of the equity interest in the capital of the Target, market conditions and available data.

5. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a lessee, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

Market Value of the subject matter can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change.

The outbreak of the COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. The market that the Target is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present.

This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

We have no present or prospective interest in the Target and are not a related corporation of nor do we have a relationship with the owner(s) or other party/parties whom the client is contracting with.

The valuers’ compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Company, Group and/or Target, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of assets. Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

6. Valuation Methodology

We have considered the 3 valuation approaches namely Income Approach, Market Approach and Cost Approach and have adopted Income Approach as our primary approach with Market Approach as reference.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the Target had on-going business to generate future cash flow, the use of Income Approach as the primary approach is considered to be appropriate.

Under Market Approach, we have considered several market multiple methods, namely enterprise value to sales (“EV/Sales”), enterprise value to earnings before interest, taxation, depreciation and amortisation (“EV/EBITDA”) and enterprise value to earnings before interest and taxation (“EV/EBIT”) multiples in the valuation. Based on our analysis, the volatilities from the multiples of Comparable Companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. In addition, the Target is at its growth stage and the current earnings derived is not normalised. Therefore, Market Approach has only been used as reference.

The Cost approach is not adopted mainly because the Cost Approach does not directly incorporate information about the future economic benefits contributed by the subject asset, business or business interest.

Accordingly, we have relied solely on Income Approach in assessing the equity value of the Target and the Market Approach as a reference.

Income Approach - Discounted Cash Flow Analysis

Discounted Cash Flow (“DCF”) Method is one application of Income Approach. We have used free cash flow to firm (“FCFF”) to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash & cash equivalents as well as non-operating assets/liabilities. FCFF is defined as follows:

$$FCFF = EBIT (1 - Tax\ rate) + Depreciation\ and\ Amortization - Capital\ Spending - Change\ in\ Working\ Capital$$

In applying the DCF method there are three critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

The assumptions used in the DCF analysis are set out in the following sections.

- *Financial projections*

Management has provided us with 5-year financial projections from CY2021 to CY2025, which form the basis of the DCF analysis. Based on discussion with Management and our review, the financial projections are broadly in-line with the accompanying assumptions. Based on the financial projections provided, the expected FCFF of the Target from CY2021 to CY2025 is as follows:

SGD'000, unless otherwise specified	Forecast					Normalised
	CY2021	CY2022	CY2023	CY2024	CY2025	
Revenue	9,088	11,024	12,087	12,500	13,237	13,237
EBIT	665	1,995	2,911	3,237	3,841	3,841
Less: Tax expenses	17.0%	(113)	(339)	(495)	(550)	(653)
Add: Depreciation and amortisation	45	61	61	61	61	61
Less: Capital expenditure	(136)	(165)	(181)	(187)	(199)	(61)
Less: Net working capital changes	(1,457)	91	787	1,207	1,296	1,296
FCFF	(996)	1,643	3,084	3,767	4,347	4,484

- *Capital expenditure*

Minimal amount of capital expenditure is projected to be incurred during the projected period of about 1.5% of the revenue per annum with reference to historical capital expenditure incurred by Target.

- *Net working capital changes*

Trade and other receivable and trade and other payable are expected to change in line with the projected revenue and cost of sales & operating expenses (excluding depreciation) (as the case may be). The underlying net working capital assumptions are set out as follows:

- Trade and other receivables turnover days: 30 to 236 days
- Trade and other payables turnover days: 60 to 128 days

- *Terminal value*

To estimate the terminal value of Target at the end of the projection period in CY2025, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long-term growth rate.

$$\text{Terminal value} = \text{CF}_{n+1} / (r - g)$$

Where	CF_{n+1}	=	expected cash flow one year from n -th year
	r	=	required rate of return, i.e. discount rate
	g	=	growth rate in perpetuity

We have assumed that the earnings of the Target would reach a stable growth rate ranging from 1.5% to 2.5% after CY2025 based on expected long-term global GDP growth rate.

- *Discount rate*

Income Approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows from Target is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital (“WACC”) ranging from 15.0% to 17.0%.

- *Debt & non-operating payable and excess cash & cash equivalents*

In order to arrive at the equity value of 100% interest in the capital of Target from the enterprise value, the existing debt & non-operating payables are subtracted and excess cash & cash equivalents are added. As at the Valuation Date, Target has no debt & non-operating payables and excess cash & cash equivalents of approximately S\$0.5 million.

- *Adjustment for private company discount (marketability discount)*

According to the International Glossary of Business Valuation Terms, marketability means the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing equity in privately held companies. We applied a marketability discount of approximately 30% for the purpose of this valuation with reference to empirical historical studies.

- *Market Value of 100% equity interest in the capital of the Target*

Based on the DCF method, the derived 100% enterprise value of ERCi ranges from S\$20.8 million to S\$26.8 million as at Valuation Date. The value of 100% equity interest in the capital of Target is then derived by taking enterprise value, subtracting debt & non-operating payables, adding excess cash & cash equivalents and applying the marketability discount. As at the Valuation Date, Target has no debt & non-operating payables and excess cash & cash equivalents of approximately S\$0.5 million. A marketability discount of 30% is applied to reflect the private status of Target. As such, based on DCF Method, the Market Value of 100% equity interest in the capital of Target as at the Valuation Date ranges from S\$14.9 million to S\$19.2 million.

7. Valuation Result

Having regard to the foregoing, we are of the opinion that the Market Value of the 100% equity interest in the capital of the Target as at Valuation Date, subject to the assumption stated herein, is in the region of: -

S\$14.9 million to S\$19.2 million

The following table illustrates the results of the valuation based on Market Approach, which are purely for reference purposes only and do not reflect Market Value of 100% equity interest in the capital of the Target as at Valuation Date.

S\$	
Market Approach	S\$7.3 million to S\$20.0 million

8. Scenario Analysis

In addition to purchase price for the Proposed Acquisition, we understand that there will be an arrangement for payments of performance bonus (“Performance Based Pay-out”) subject to conditions stipulated in the sales and purchase agreement. The Management has provided us with 5-years financial projections from CY2021 to CY2025 based on the assumptions that conditions for Performance Based Pay-out can be met (“Financial Performance Prediction”). Scenario analysis has been performed to illustrate the equity value of the Target based on Financial Performance Prediction. The analysis is for illustration purposes only and does not necessary imply or represent the Market Value of the Target as at the Valuation Date. We also do not required to reconcile or rationalize the differences between the results in the scenario analysis with the result in Section 7 “Valuation Result”.

The derived 100% enterprise value of Target based on Financial Performance Prediction using DCF method ranges from S\$53.8 million to S\$67.6 million as at Valuation Date. The value of 100% equity interest in the capital of Target is then derived by taking enterprise value, subtracting debt & non-operating payables, adding excess cash & cash equivalents and applying the marketability discount. As at the Valuation Date, Target has no debt & non-operating payables and excess cash & cash equivalents of approximately S\$0.5 million. A marketability discount of 30% is applied to reflect the private status of Target. As such, based on DCF Method and Financial Performance Prediction, the equity value of 100% equity interest in the capital of Target as at the Valuation Date ranges from S\$38.0 million to S\$47.7 million.

9. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

10. Disclosure and Publication

You must not disclose the contents of the Report and/or Full Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or the Report and/or Full Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

11. Limiting Conditions

This Report is prepared subject to the Limiting Conditions in Appendix 1 of the Report.

12. Valuer's Credential

The valuation is performed by Richard Yap who is a senior corporate advisory executive with more than 10 years of experience in M&A, valuation of business, financial instruments and intangible assets and has worked extensively throughout Asia Pacific. He has demonstrable success across Valuations, Advisory and Capital Markets. Currently based in Singapore, Richard leads the Business Valuation team for C&W throughout Singapore and South East Asia. Richard is a Chartered Financial Analyst (CFA), Chartered Accountant (CA Singapore) as well as Chartered Valuer and Appraiser (CVA).

Signed for and on behalf of C&W.

Richard Yap

CFA, CA (Singapore), CVA

Senior Director

Appendix 1 Limiting Conditions

The Report and/or Full Report is prepared subject to the following terms and conditions: -

- 1) The Report and/or Full Report is:
 - a. restricted to the use by the client to whom the Report and/or Full Report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from Valuation Date. We disclaim any liability arising from any reliance on the Report and/or Full Report by any other person or for any other purpose or beyond a reasonable time.
- 2) Neither the whole nor any part of the Report and/or Full Report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
- 3) Where it is stated in the Report and/or Full Report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
- 4) The values assessed in the Report and/or Full Report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 5) While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).
- 6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s) (where applicable).
- 7) Any plans that are included in the Report and/or Full Report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).
- 8) We have not taken into account of any property, plant and machinery in our valuation.

- 9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).
- 10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).
- 11) Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations (where applicable).
- 12) Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid (where applicable).
- 13) Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).
- 14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a) any direct loss of profit;
 - b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
- 15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
- 16) Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
- 17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).
- 18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.
- 19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives

- rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
- 20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
- 21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address the Report and/or Full Report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the Report and/or Full Report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
- 22) Where we consent to reliance on the Report and/or Full Report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
- 23) Where you provide a copy of and/or permit another party or parties to rely upon the Report and/or Full Report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report and/or Full Report by any such unauthorised person or entity.
- 24) Save where we have consented to another party or other parties relying on the Report and/or Full Report in accordance with clauses 21 and 22, where the Report and/or Full Report is prepared or where we consent to the Report and/or Full Report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the Report and/or Full Report.
- 25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).
- 26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).

- 27) The Report and/or Full Report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of the Report and/or Full Report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.
- 28)
- a) The U.S. Foreign Corrupt Practices Act (the “FCPA”) and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official’s position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
 - b) We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act (“Applicable Anti-Bribery Laws and Rules”).
 - c) You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
 - d) We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively “Applicable Sanctions/AML Rules”).
 - e) You represent and warrant to us that you, and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
 - f) In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a Target Group of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

APPENDIX II – IFA LETTER

APPENDIX II – IFA LETTER



W CAPITAL MARKETS PTE. LTD.
Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

30 April 2021

The Directors of Alpha DX Group Limited who are considered independent in relation to the Proposed Acquisition (the “**Recommending Directors**”)

Mr. Daiji Yamada	(Chief Executive Officer and Executive Director)
Mr. Fabian Sven Bahadur Scheler	(Non-Independent Non-Executive Director)
Mr. Tan Ser Ko	(Non-independent Non-Executive Director)
Mr. Max Ng Chee Weng	(Independent Non-Executive Director)
Mr. Chang Chi Hsung	(Independent Non-Executive Director)
Ms. Michiko Koyano	(Independent Non-Executive Director)

Dear Sirs,

THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 30 April 2021 (“**Circular**”) issued by Alpha DX Group Limited (the “**Company**”, and together with its subsidiaries (the “**Group**”) shall have the same meanings herein.*

1. INTRODUCTION

The Proposed Acquisition

On 28 April 2021, the Company announced that the Company and Asnaro Enterprises Pte. Ltd. (“**Asnaro Enterprises**”), a wholly-owned subsidiary of the Company, has on 28 April 2021 entered into a conditional sale and purchase agreement (the “**SPA**”) with DiDi Investments, Inc (the “**Seller**”) in relation to the proposed acquisition (the “**Proposed Acquisition**”) by Asnaro Enterprises of the entire issued and paid-up share capital (the “**Sale Shares**”) in ERC Institute Pte. Ltd. (the “**Target**”) from the Seller.

Asnaro Enterprises was incorporated by the Company on 23 April 2021 as an investment holding company for the purpose of conducting the Proposed Acquisition.

The Proposed Acquisition constitutes (i) an interested person transaction pursuant to Chapter 9 of the Catalist Rules and (ii) a “major transaction” of the Company as defined under Chapter 10 of the Catalist Rules.

The Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) pursuant to Rules 921(4)(a) of the Catalist Rules, as well as to advise the Recommending Directors in relation to the Proposed Acquisition being an Interested Person Transaction. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation of and opinion on the

Proposed Acquisition. This IFA Letter forms part of the Circular issued by the Company to its Shareholders in connection with the Proposed Transactions.

2. TERMS OF REFERENCE

The purpose of this IFA Letter is to provide an independent opinion on whether the terms of the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its independent Shareholders (“**Minority Shareholders**”). We have prepared this IFA Letter pursuant to the requirements of Chapter 9 of the Catalist Rules as well as for the use of the Recommending Directors in connection with their consideration of the Proposed Acquisition and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to undertake the Proposed Acquisition. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Acquisition and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Acquisition.

In the course of our evaluation, we have held discussions with the management of the Company (the “**Management**”) and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the accuracy or reliability of the information. In this regard, we note that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “**Responsibility Statements**” in Paragraph 15.1 of the Circular.

The scope of our appointment does not require us to perform an independent evaluation or appraisal of the assets, liabilities and/or profitability of the Company and its subsidiaries (the “**Group**”) and/or the Target and we do not express a view on the financial position, future growth prospects and earnings potential of the Company after the completion of the Proposed Acquisition in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group and/or the Target. In this respect, we have been furnished with, *inter alia*, a valuation report dated 30 April 2021 (“**Valuation Report**”) prepared by Cushman & Wakefield VHS Pte Ltd (the “**Independent Valuer**”) in relation to the independent valuation on the market value of 100% equity interest in the capital of the Target as at 31 December 2020 (the “**Valuation Date**”). As we are not experts in the evaluation or appraisal of the assets as set out in the Valuation Report, we have placed sole reliance on the appraisal in relation to the Target as assessed by the Independent Valuer and as set out in the Valuation Report.

The information on which we relied was based upon market, economic, industry, monetary and other conditions prevailing as at 29 April 2021 (the “**Latest Practicable Date**” or “**LPD**”) which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our opinion in relation to the Proposed Acquisition, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder or specific group of Shareholders. As each Shareholder would have different investment objectives and profiles,

we recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in the context of his specific or their investments objectives or portfolio(s) consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility or and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this IFA Letter and the Circular.

3. INFORMATION ON THE TARGET

The Target is an exempt private company limited by shares duly incorporated under the laws of Singapore on 3 November 2003 which has a total issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares. The Target is engaged in the business of providing various EduTrust certified academic programs through collaborations with global institutions, which includes Advanced Diploma Programs, Bachelor's Degree Programs, Master's Degree Programs and corporate training services. As at the Latest Practicable Date, Mr Furuya Koji and Ms. Ong Geok Yen are the directors of the Target. Mr. Furuya Koji is also a director of and one of the beneficial owners the Seller.

The Target owns no subsidiaries and affiliates. The assets of the Target comprises various assets in the commercial school and offers higher education programmes. The Seller is the legal and beneficial owner of the entire issued and paid-up share capital of the Target.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

The detailed terms of the Proposed Acquisition have been set out in Paragraph 2 of the Circular. A summary of the salient terms is set out below for your reference:

4.1 Consideration for the Proposed Acquisition

The consideration payable by the Company to the Seller for the Sale Shares shall be the aggregate amount of S\$24,000,000 (the "**Consideration**"), comprising:

- (a) S\$18,000,000 to be fulfilled in cash ("**Base Consideration**"); and
- (b) up to S\$6,000,000 to be fulfilled through the allotment of up to 20,000,000 ordinary shares of the Company ("**Performance Shares**") at the issue price of S\$0.30 per Performance Share (the "**Issue Price**"), subject to the fulfilment of certain Performance Conditions (as defined below) set out in Paragraph 2.6.3(a) of the Circular (the "**Performance Based Earn-out**").

The Consideration payable by the Company to the Seller for the Sale Shares was arrived at and agreed on a "willing-buyer willing-seller" basis and taking into account the net tangible asset values and the net profits/earnings of the Target; the historical financial performance of the Target; the potential synergy that could be realised between the Company and the Target; potential benefits that may accrue to the enlarged group based on the fulfilment of the Performance Conditions.

The Issue Price of S\$0.30 was arrived at taken into consideration *inter alia*; that the issue price of S\$0.20 (adjusted for the share consolidation)("ZioNext Acquisition Issue Price") for consideration shares issued or to be issued by the Company for the acquisition of ZioNext Pte. Ltd. (formerly Kydon Learning Institute Pte. Ltd.) ("**ZioNext Acquisition**") and the conversion price of S\$0.14 (adjusted for the share consolidation)("Conversion Price") under the Convertible Loan, both of which had been approved by Shareholders of the Company on 9 October 2020 and

that the Issue Price is not more favourable to either the ZioNext Acquisition Issue Price or the Conversion Price.

4.2 Conditions Precedent

Completion shall be conditional on the following conditions precedent (the “**Conditions Precedent**”) being reasonably satisfied, or, waived by the Company, in accordance with the SPA:

- (a) the passing of written resolution by the directors of the Seller on terms reasonably satisfactory to the Company approving the transactions contemplated by the SPA;
- (b) the delivery to the Company of the Directors’ resolution in writing of the Target, in the form and substance of reasonably satisfactory to the Company, in which it is approved by the Directors.
- (c) the approval of the Shareholders, having been obtained at an EGM to be convened in respect of the Company’s entry into the SPA and all transactions contemplated therein and in connection therewith, and such approval not having been revoked or amended and if such approval is subject to any conditions and where such conditions affect any party, such conditions being reasonably acceptable to the party concerned, and if such conditions are required to be fulfilled on or before the Completion Date (as defined in the Circular), they are so fulfilled in all material respects;
- (d) the Company having completed a fund-raising exercise (whether in the equity or debt markets, whether in the form of a loan or in the form of debt or equity, with or without security, including, without limitation, the incurrence of any indebtedness, the public or private offering of shares/equity interests of the Company on a stock exchange or market trading or quotation system, issuing new shares, stocks, debentures, bonds or other securities and investments through market placement or otherwise) on or before the Long Stop Date resulting in net proceeds for the Company of not less than S\$15,000,000 (in aggregate amount). For the avoidance of doubt, such fund-raising exercise shall not include any disbursement under the Convertible Loan or exercise of any conversion right under the terms of the Convertible Loan by the Seller;
- (e) the resumption of trading of the shares of the Company on the Catalist of the SGX-ST;
- (f) the receipt of the listing and quotation notice in respect of the Performance Shares on the Catalist of the SGX-ST being obtained, and the allotment and issuance of the Performance Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the parties to the SPA;
- (g) all necessary consents, approvals and waivers being granted for all transactions contemplated in the SPA, not being withdrawn or revoked by third parties, including without limitation, government bodies, stock exchange and other relevant authorities having jurisdiction over the transactions contemplated in the SPA, and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being reasonably acceptable to the party concerned, and if such conditions are required to be fulfilled on or before Completion, they are so fulfilled in all material respects; and
- (h) the execution of the management service agreement between the Company and Ms. Ong Geok Yen in the form and substance reasonably satisfactory to the Company.

5. EVALUATION OF THE PROPOSED ACQUISITION

In arriving at our opinion on whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders, we have given due consideration to, *inter alia*, the following:

- 5.1 Rationale for the Proposed Acquisition;
- 5.2 Historical financial performance of the Target;
- 5.3 Assessment of the fairness of the Base Consideration in comparison with:
 - (i) the fair market value of 100% equity interest in the Target as assessed by the Independent Valuer; and
 - (iii) the valuation statistics of companies broadly comparable to the Target;
- 5.4 Financial effects of the Proposed Acquisition; and
- 5.5 Other relevant considerations.

5.1 Rationale for the Proposed Acquisition

We have considered the rationale by the Company for the Proposed Acquisition as set out in Paragraph 2.2 of the Circular and we have set them out in italics below for your ease of reference:

“The Group is currently providing digital education and learning solutions and customised learning content through (a) learning solution consultancy services; (b) content digitalisation solutions; (c) enterprise learning management system solutions; (d) operations and support; and (e) specialist manpower deployment services.

Upon the integration of the business operations of the Target, the Board is of the opinion that in addition to the expansion of its customer base, the Group will be able to leverage on and benefit from the expertise of the Target, particularly in relation to the provision of educational services, customised learning content, as well as potentially expanding the Group’s network and collaborations with global institutions.

As such, over time, the Group will stand to benefit from the potential commercial, operational and costs synergies, particularly where the Target’s capabilities can benefit the Group. The Board, taking into consideration the merits of (i) the viability, profitability and growth of the Target’s business; and (ii) the general outlook of the education sector, believes that there would be potential synergies particularly in the area of technology integration and the use of the next generation ubiquitous learning platform being offered and developed by ZioNext as well as various collaborative projects such as a Uzbekistan project whereby the Target and ZioNext jointly develop and implement the new academic programs on the ubiquitous learning platform. Given the potential synergies which will be created by the addition of the Target, the Board believes that the Proposed Acquisition will enhance the long-term interests of the Company and its Shareholders.”

5.2 Historical financial performance of the Target

Set out below is the summary of the financial information of the Target for the last three financial years ended 30 June (“FY”) 2018, 2019, 2020 and the six-months financial periods ended 31 December 2019 (“HY2020”) and 31 December 2020 (“HY2021”) respectively provided by the Company:

Review of operation results of the Target

S\$'000	FY2018 Audited	FY2019 Audited	FY2020 Audited	HY2020 Unaudited	HY2021 Unaudited
Revenue	11,356	9,661	9,135	4,384	3,342
Other income and gains	159	168	2,571 ⁽¹⁾	1,962	144
Cost related expense	(5,476)	(5,274)	(4,805)	(2,363)	(1,981)
Employee benefits expense	(1,645)	(1,422)	(1,491)	(794)	(597)
Depreciation	(410)	(210)	(740)	(16)	(358)
Other losses	-	(154)	(142)	-	-
Rental expenses	(2,113)	(1,171)	-	-	-
Finance costs	-	-	(142)	(7)	(63)
Other expenses	(1,731)	(1,307)	(819)	(836)	(278)
Profit before tax from continuing operations	140	290	3,568⁽¹⁾	2,329	209
Income tax	72	(1)	-	-	-
Profit from continuing operations for the year	212	289	3,568⁽¹⁾	2,329	209

Source: Company and Target

Notes:

(1): As part of the due diligence exercise undertaken by the Company on the Target, the Company had commissioned a financial due diligence review ("**FDD Review**") on the Target. It is noted from the FDD Review that there was a gain on disposal of S\$2,051,000 recognized in FY2020. Accordingly, the normalized net profit of the Target for FY2020 (excluding the gain on disposal) has been determined to be S\$1,518,000 ("**Normalized FY2020 NPAT**").

(2): Figures in the above table may not add up due to rounding.

The Target is a private company incorporated in Singapore and engaged in the provision of education services focusing on higher education programmes such as diploma, advanced diploma and degree to local and foreign students. The Target partnered with universities such as University of Chichester and Embry-Riddle Aeronautical University to provide academic courses. The Target also provides in-house courses such as advanced diploma programmes and preparatory courses for English language.

Revenue decreased by S\$1.7 million or approximately 14.9% from S\$11.4 million in FY2018 to S\$9.7 million in FY2019 mainly due to the tightening of government regulations in connection to the issuance of course licenses and student visas which directly affected enrollment. In addition, the weakening of the Australian dollar resulted in Australia becoming a more favourable higher education destination relative to Singapore. For FY2020, revenue decreased by S\$0.5 million or approximately 5.4% due to the impact of Covid-19, but was partially offset by a new revenue line of S\$0.8 million relating to the sale of course licenses to DiDi Academy Inc. The Target expects this new revenue line of license fees and royalty fees to grow moving forward and is planning to implement this new strategy to other countries. Revenue decreased by S\$1.0 million or approximately 23.8% from S\$4.4 million in HY2020 to S\$3.3 million in HY2021. This was due to the cessation of course revenues from University of Wolverhampton as well as impact from Covid-19 which affected the new enrolment and recruitment of new students. Going forward, the Target plan to supplement revenues through the new revenue line as mentioned above.

Course related expense are cost of sales which mainly pertain to royalty fees paid to the university partners. Majority of the royalty fees were being paid to Embry-Riddle Aeronautical University. Course related expense decreased by S\$0.2 million from S\$5.5 million in FY2018 to S\$5.3 million in FY2019 and further decreased by S\$0.5 million to S\$4.8 million in FY2020, in line with the decrease in revenue. Course related expense decreased by S\$0.4 million from S\$2.4 million in HY2020 to S\$2.0 million in HY2021 in line with the decrease in revenue.

Other income and gains comprised miscellaneous income, gains in foreign exchange, advance receipts written off from customers, government grants and waiver of payables. In HY2020, there was a gain on disposal of S\$2.1 million whereas there was none for HY2021. This was partially offset by a decrease in provision for bad debts of S\$0.1 million made for HY2021 and decrease in other income of S\$0.1 million for HY2021.

Employee benefits expenses pertain to staff salaries cost, contributions to defined contribution plans and other benefits. Employee benefits expenses decreased by S\$0.2 million from S\$1.6 million in FY2018 to S\$1.4 million in FY2019 and then increased slightly by S\$0.1 million to S\$1.5 million in FY2020. The decrease in employee benefits expense for FY2019 was mainly due to a decrease in the number of headcounts for the Target.

Under the new lease accounting standard, the Target stopped recognising rental expense for FY2020, instead lease assets and liabilities are recognised in the balance sheet and depreciation of the right-of-use assets are recognised in the income statement of approximately S\$0.7 million in FY2020 and S\$0.4 million in HY2021.

Other losses of S\$0.1 million in FY2019 pertained mainly to plant and equipment written off, whereas the other losses of S\$0.1 million in FY2020 pertained mainly to bad debts written off for trade receivables.

Other expenses comprised agent commissions for the recruitment of students, marketing fees, administrative fees, bank charges and travelling expenses. Other expenses decreased by S\$0.4 million from S\$1.7 million in FY2018 to S\$1.3 million in FY2019 and further decreased by S\$0.5 million to S\$0.8 million in FY2020. The decrease in other expenses from FY2018 to FY2019 was mainly due to the decrease in agent commission which was in line with the decrease in revenue. The decrease in other expenses from FY2019 to FY2020 was mainly due to the decrease in agent commission and marketing fees in line with the decrease in revenue and the decrease in administrative fees which are charged together with registration of students and was in line with the decrease in revenue.

Arising from the above, net profit increased slightly by S\$0.1 million from S\$0.2 million in FY2018 to S\$0.3 million in FY2019 and further increased by S\$1.2 million to S\$1.5 million (based on the Normalized FY2020 NPAT) in FY2020. Net profit decreased from S\$2.3 million for HY2020 to S\$0.2 million for HY2021.

Review of financial position of the Target

S\$'000	31 December 2020 Unaudited
Current assets	8,797
Non-current assets	1,613
Total assets	10,410
Current liabilities	5,496
Non-current liabilities	985
Total liabilities	6,481
Share capital	1,000
Retained earnings	2,929
Total equity	3,929

Source: Company and Target

Major assets and liabilities

As at 31 December 2020, the assets of the Target totalling approximately S\$10.4 million comprised current assets of S\$8.8 million and non-current assets of S\$1.6 million. Current assets comprised mainly (i) other receivables of S\$5.2 million, which pertains to receivables from the Target's ex-parent company, the ERC Group; (ii) trade receivables of S\$2.8 million; (iii) cash and cash equivalents of S\$0.4 million; (iv) deposits, prepayments and prepaid examination fees of S\$0.4 million. Non-current assets comprised mainly right-of-use assets of S\$1.6 million pertaining to office space and classrooms.

As at 31 December 2020, the liabilities of the Target totalling approximately S\$6.5 million comprised current liabilities of S\$5.5 million and non-current liabilities of S\$1.0 million. Current liabilities comprised mainly (i) contract liabilities of S\$2.9 million; (ii) other payables of S\$0.7 million; (iii) current portion of lease liabilities of S\$0.7 million; (iv) trade payables of S\$0.6 million; and (v) accruals and other liabilities of S\$0.5 million. Non-current liabilities comprised the non-current portion of lease liabilities.

In respect of the above, we note the following:

- Based on the Normalized FY2020 NPAT of approximately S\$1.5 million, the P/E ratio of the Target as implied by the Base Consideration is approximately 11.9 times.
- As at 31 December 2020, the unaudited NAV of the Target is approximately S\$3.9 million. We note that the P/NAV ratio of the Target as implied by the Base Consideration is approximately 4.6 times.

In respect of the other receivables of S\$5.2 million which pertains to receivables from the Target's ex-parent company, the ERC Group, we understand that prior to the acquisition of the Target by DiDi Investments, the Target was operating with a few other ERC entities as part of a group. Funds were used flexibly within the group to satisfy various operating expenses of the group and the Target has accumulated significant amounts of intercompany receivables and payables, with a net amount receivable of S\$5.2 million due from the ERC Group entities. As at the Latest Practicable Date, the amount is still outstanding and we understand from the Company that it is the intention of the ERC Group entities to repay these receivables once they have the ability to make such payments. As the amount is significant, comprising approximately 50% of total assets of the Target, it should therefore be noted that any write-off or provisions made subsequently as a result of doubts over the collectability of these receivables will materially affect the net asset position of the Target.

5.3 Assessment of the fairness of the Base Consideration

5.3.1 Comparison with the fair market value of 100% equity interest in the Target

In connection with the Proposed Acquisition, the Independent Valuer was commissioned by the Company to assess and determine the market value of the 100% equity interest in the capital of the Target as at 31 December 2020.

As set out in the Valuation Report, the Independent Valuer has conducted its valuation on the basis of "Market Value" which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

There are basically 3 types of valuation approach, namely, income approach, cost approach and market approach. We note that the Independent Valuer has considered the 3 approaches and has adopted income approach as their primary approach with market approach as reference.

Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. The market approach often uses market multiple derived from a set of comparable companies, each with different multiples. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors. The market approach is the preferred valuation approach when verifiable, reliable and relevant market information is available. The cost approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

The Independent Valuer's rationale for adopting the income approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the Target had on-going business to generate future cash flow, the use of income approach as

the primary approach is considered to be appropriate. Under the income approach, the Independent Valuer has been provided with 5-year financial projections which form their basis of the discounted cash flow analysis. Based on the Valuation Report, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. In addition, the Target is at its growth stage and the current earnings is not normalised, therefore, the Independent Valuer has used market approach only as a reference. The cost approach is not adopted mainly because the cost approach does not directly incorporate information about the future economic benefits contributed by the subject asset, business or business interest.

The Independent Valuer is of the opinion that that the market value of the 100% equity interest in the capital of Target as at 31 December 2020 is in the range of **S\$14.9 million to S\$19.2 million**. We note that the Base Consideration of S\$18 million is within the range albeit closer to the higher end of the valuation and represents a premium of 20.8% to the low end of the valuation of S\$14.9 million and a discount of 6.3% to the high end of the valuation of S\$19.2 million.

It should be noted that the independent valuation of the Target is based on various assumptions and limitations as set out in the Valuation Report, and Shareholders are advised to read the above in conjunction with the Summary of Valuation Report in its entirety as set out in Appendix I to the Circular.

5.3.3 Comparison with the Valuation Statistics of Companies Broadly Comparable to the Target

In considering what may be regarded as a reasonable range of valuation for the purposes of assessing the Consideration of the Proposed Acquisition, we have referred to selected companies listed and traded on the regional stock exchanges with business operations that are broadly comparable with those of the Target to provide an indication of the current market expectations with regard to the perceived valuation of such businesses. We have, in consultation with the Management, used the following companies which are principally engaged in the business of provision of tertiary education services (collectively, the “**Comparable Companies**”).

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Target in terms of, *inter alia*, business activities, size and scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Target. Shareholders should also note that private companies, such as the Target, are generally valued at a discount to listed companies due to lack of marketability. As such, any comparison herein merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below:

Company	Stock Exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (S\$ million)
Raffles Education Corp Ltd	Singapore	Raffles Education Corp Ltd provides training programs and courses in various areas of design and management. The Company's education services include fashion design, visual communication, multimedia design, interior design, design management, fashion marketing, and business administration.	226.1
SEG Bhd	Bursa Malaysia	SEG International Berhad is an investment holding company. The Company through its subsidiaries, provides professional, commercial, and academic educational institution, operates commercial colleges, and provides education facilities, training centers, and job placement consultancy services.	249.8

Company	Stock Exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (\$ million)
Minda Global Bhd	Bursa Malaysia	Minda Global Berhad operates in Malaysia. The company primarily engaged as a provider of educational services and operates private universities in Kuala Lumpur, Johor Bahru, Kuching, Kota Kinabalu and Kota Bharu.	70.0
Sti Education Systems	Philippines	STI Education Systems Holdings Inc owns and operates college campuses throughout the Philippines.	99.6
Centro Escolar University	Philippines	Centro Escolar University is a university located in the city of Manila. It was established as an educational institution in 1907.	75.1
Far Eastern University	Philippines	Far Eastern University, Inc. is an educational institution. The school offers a variety of post-secondary and professional certification courses. The School provides education in the areas of business, art, science, architecture, education, law, and nursing.	384.3
Top Education Group Ltd	Hong Kong	Top Education Group Ltd, doing business as Top Education Institute, offers educational services. The Company provides graduates and undergraduate degree program in the field of business, legal, and technology. Top Education Institute serves clients in Australia.	87.7
China Gingko Education Group	Hong Kong	China Gingko Education Group Company Limited provides education services. The Company offers management, literature, engineering, education, economics, and arts education services. China Gingko Education Group provides services in China.	119.6
Chen Lin Education Group	Hong Kong	Chen Lin Education Group Holdings Limited provides education related services. The Company offers outstanding private higher education, international business education, logistics management education, and other services. Chen Lin Education Group Holdings provides services in China.	433.9
Academies Australasia Group	Australia	Academies Australasia Group Limited grants baccalaureate and graduate degrees. The College offers degrees in accounting, language, information technology, management, marketing, tourism, and sports and fitness. Academies Australasia Group serves students in Australia and Singapore.	40.2

Source: Bloomberg L.P.

The valuation measures of the Comparable Companies are set out below:

Comparable Companies	Last Financial Year End	Historical P/E^{(1) (2)}	Historical P/NTA^{(1) (3)}	Historical EV/EBITDA^{(1) (2)}
		(times)	(times)	(times)
Raffles Education Corp Ltd	June	n.a. ⁽⁴⁾	0.4	18.6
SEG International Bhd	December	19.8	8.7	12.6
Minda Global Bhd	December	n.a. ⁽⁴⁾	1.8	12.1
Sti Education Systems	March	n.a. ⁽⁴⁾	0.5	15.0
Centro Escolar University	March	43.7	0.6	12.9
Far Eastern University	May	22.5	1.8	12.7
Top Education Group Ltd	June	19.5	14.0	7.2
China Gingko Education Group	December	41.4	1.4	5.7

Comparable Companies	Last Financial Year End	Historical P/E ^{(1) (2)}	Historical P/NTA ^{(1) (3)}	Historical EV/EBITDA ^{(1) (2)}
		(times)	(times)	(times)
Chen Lin Education Group	December	32.8	3.6	22.7
Academies Australasia Group	June	10.6	n.a. ⁽⁵⁾	5.9
High		43.7	14.0	22.7
Low		10.6	0.4	5.7
Mean		27.2	3.6	12.5
Median		22.5	1.8	12.6
Target (implied by the Base Consideration)⁽⁶⁾		11.9	4.6	7.5

Source: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and W Capital's computations

Notes:-

- (1) Market capitalization, historical P/E, P/NTA and EV/EBITDA of the Comparable Companies were based on their respective closing prices as at the Latest Practicable Date.
- (2) Based on the historical full year consolidated earnings of the respective Comparable Companies.
- (3) The P/NTA ratios of the Comparable Companies were based on their respective NTA values as set out in their latest available published financial statements as at the Latest Practicable Date.
- (4) Not applicable as the respective Comparable Companies recorded negative net profit.
- (5) Not applicable as the respective Comparable Companies is in negative net tangible assets position.
- (6) The historical P/E multiple and the historical EV/EBITDA multiple of the Target as implied by the Base Consideration were computed based on its Normalized FY2020 NPAT and EBITDA.

Based on the above, we note that:

- (a) The P/E ratio of the Target as implied by the Base Consideration of 11.9 times is within the range of the P/E ratios of the Comparable Companies of between 10.6 times and 43.7 times, and is lower than the mean and median P/E ratio of such Comparable Companies of 27.2 and 22.5 times respectively;
- (b) The P/NTA of the Target as implied by the Base Consideration of 4.6 times is within the range of the P/NTA ratios of such Comparable Companies of between 0.4 times and 14.0 times, higher than the mean and median P/NTA ratio of the Comparable Companies of 3.6 times and 1.8 times respectively;
- (c) The EV/EBITDA ratio of the Target as implied by the Base Consideration of 7.5 times is within the range of the EV/EBITDA ratio of such Comparable Companies of between 5.7 times and 22.7 times and below the mean and median EV/EBITDA ratios of the Comparable Companies of 12.5 times and 12.6 times respectively; and

5.4 Financial effects of the Proposed Acquisition

The *pro forma* financial effects of the Proposed Acquisition on the NTA per Share and the earnings per Share (“**EPS**”) of the Group are set out in Paragraph 3 of the Circular and have been prepared based on the various assumptions as set out therein. The financial effects are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group and of the Company following completion of the Proposed Acquisition.

In summary, we note that the Proposed Acquisition is expected to improve the net tangible liability per Share of the Group as at 31 December 2020 from approximately 183.55 US cents to 69.18 US cents per Share (after the Proposed Acquisition and Fund-Raising Exercise) and reduce the loss per Share from 19.71 US cents to 7.12 US cents per Share (after the Proposed Acquisition and Fund Raising Exercise).

5.5 Other Relevant Considerations

5.5.1 Performance Based Earn-out

In accordance to the SPA, in addition to the Base Consideration of S\$18 million to be fulfilled in cash, up to S\$6 million will be fulfilled through the allotment of up to 20,000,000 ordinary shares of the Company (“**Performance Shares**”) at the issue price of S\$0.30 per Performance Share subject to the fulfilment of any one or more of the following conditions (the “**Performance Conditions**”):-

- (a) the Target having entered into a definitive agreement with the Government of Uzbekistan that will generate the secured annual aggregated revenue exceeding S\$4,000,000 (on confirmed purchase order basis or equivalent), and remainder upon receipt of such purchase order or equivalent;
- (b) the Target having secured the annual aggregated revenue exceeding S\$4,000,000 (on confirmed purchase order basis) from the source other than the tuition fees (such as the sales of the content/intellectual property license) and revenues generated pursuant to the Performance Condition stated in (a) above; or
- (c) the Target having entered into a definitive partnership agreement with two (2) or more universities (other than the existing partners) that collectively increases the Target’s total number of student enrolment by at least 40% as compared to previous fiscal year.

The Performance Shares shall be issued as fully-paid shares, free from encumbrances, and shall rank *pari passu* in all respects with and carry all rights similar to Shares in issue then, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the date of issue of the Performance Shares. The Performance Shares will be subject to a moratorium (as set out in Paragraph 2.6.4 of the Circular) for a period of twelve (12) months from the date of issuance of the said Performance Shares.

The Performance Conditions must be fulfilled within a thirty-six (36) month period from the Completion Date (“**Final Determination Date**”), and shall be determined on a rolling twelve (12)-month basis commencing on the Completion Date (each, a “**Period**”, and the last day of each Period, a “**Performance Determination Date**”). The amount of Performance Based Earn-out shall be determined in the following manner:

- (i) for any 50% Fulfilment, 10,000,000 Performance Shares (being half of the Performance Based Earn-out) shall be issued by the Company;
- (ii) for a 100% Fulfilment, 20,000,000 Performance Shares (being the entirety of the Performance Based Earn-out) shall be issued by the Company;
- (iii) for avoidance of doubt:
 - (A) no Performance Shares shall be issued prior to Completion;
 - (B) no Performance Shares shall be issued if there is no 50% Fulfilment or 100% Fulfilment by the Final Determination Date;
 - (C) half of the Performance Based Earn-out (being 10,000,000 Performance Shares) shall be issued by the Company for each 50% Fulfilment, as determined on each Performance Determination Date; and
 - (D) the aggregate number per Performance Shares based on the Performance Based Earn-out shall not exceed 20,000,000 Performance Shares.

As an illustration and for comparison, we note that an incremental increase of S\$4.0 million in annual aggregated revenue as a result of fulfilment of either of the revenue-based Performance Conditions in 5.5.1 (a) or (b) above will imply a 43.8% increase in revenue as compared to the FY2020 revenue of the Target or a 39.8% increase in revenue as compared to the average revenue over the last three years, *ceteris paribus*.

In considering what may be regarded as a reasonable range of performance bonus for the achievement of the revenue-based targets, we set out below the historical price to sale (“P/Sales”) ratios for the Comparable Companies:

Comparable Companies	Historical P/Sales ⁽¹⁾ (times)
Raffles Education Corp Ltd	2.3
SEG International Bhd	3.8
Minda Global Bhd	2.4
Sti Education Systems	1.4
Centro Escolar University	2.0
Far Eastern University	3.9
Top Education Group Ltd	2.8
China Gingko Education Group	0.6
Chen Lin Education Group	7.4
Academies Australasia Group	0.7
High	7.4
Low	0.6
Mean	2.7
Median	2.3

Source: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and W Capital’s computations

Note:-

(1) Historical P/Sales of the Comparable Companies were based on their respective closing prices as at the Latest Practicable Date and their historical full year consolidated revenue of the respective Comparable Companies.

Under the terms of the Performance Based Earn-out, the Company will be paying a maximum of S\$6.0 million worth of shares as performance bonus in the event of the fulfilment of either of the revenue-based Performance Conditions which will result in an incremental annual aggregated revenue of S\$4 million and implies a P/Sales ratio of 1.5 times. This is within the range of the P/Sales ratio of Comparable Companies of 0.6 times to 7.4 times and below the mean and median P/Sales ratio of Comparable Companies of 2.7 times and 2.3 times. In addition, this is also lower than the implied price/sales ratio of 2.0 times based on the revenue of the Target of S\$9.1 million for FY2020 and Base Consideration of S\$18 million.

We noted from the Valuation Report that the Independent Valuer has included a scenario analysis in the Valuation Report which takes into account the Performance Based Earn-out. The scenario analysis has been performed to illustrate the equity value of the Target assuming that the conditions for the Performance Based Earn-out can be met. Their analysis is for illustration purposes only and does not necessary imply or represent the market value of the Target as at 31 December 2020. Based on their scenario analysis, the Independent Valuer has derived an equity value of 100% equity interest in the capital of the Target in the range from S\$38.0 million to S\$47.7 million. The aggregate pay-out of S\$24 million (which comprise the Base Consideration of S\$18 million and the maximum Performance Based Earn-out of S\$6 million) represents a discount of between 36.8% to 48.9% to the equity value of the Target based on the results of such scenario analysis.

We further understand from the Management that the Performance Based Earn-out are tied to revenue targets instead of bottom line (net profit) targets as the Company’s current business strategy is to garner as much market share of the sector as possible. Once that is achieved, the Company will focus on improving bottom line results. In addition, we note that the payment of the Performance Based Earn-out based on the fulfilment of future revenue or profit targets is not an uncommon term in the acquisition of business as it serves as an incentive to the Seller and is paid at a later date based on the financial performance achieved by the Company and therefore helps to align the Seller’s interests with that of the Company to drive the financial performance.

Based on the above considerations, we are of the view that Performance Based Earn-out are reasonable and are on normal commercial terms.

5.5.2 Issue Price of the Performance Shares

On 19 November 2019, the Shares of the Company was suspended as the Company then known as Alpha Energy Holdings Limited experienced difficulty in the repayment of debt. Since then, the Group has ceased its oil exploration and production business and diversified into the learning and education sector. We note that the Company has on 28 December 2020 announced the receipt of “no objection” from the SGX-ST for the Company’s application for resumption of trading of its securities subject to fulfilment of certain conditions as set out in the announcement dated 28 December 2020. As at the Latest Practicable Date, the Shares of the Company remains suspended.

Analysis of the Issue Price of S\$0.30 for the Performance Based Earn-out

We set out below key information from the statement of financial position of the Group as at 31 December 2020:

US\$'000	31 December 2020 Audited
Current assets	17,622
Non-current assets	3
Total assets	17,625
Current liabilities	114,021
Non-current liabilities	-
Total liabilities	114,021
Share capital	115,104
Perpetual securities and reserves	(3,013)
Accumulated losses	(207,884)
Equity attributable to equity holders of the Company	(95,793)
Non-controlling interests	(603)
Total equity	(96,396)
Number of shares	56,389,163

As at 31 December 2020, the Group is in a net liabilities position. Net liabilities attributable to equity holders of the Company is approximately US\$95.8 million (equivalent to approximately S\$127.4 million). Current assets of S\$17.6 million comprised mainly the trade and other receivables and cash and cash equivalents of the disposal group of JK North Slope Group Inc Srl and its subsidiaries corporations which are classified as held for sale. Similarly, current liabilities of S\$114.0 million comprised mainly the liabilities directly associated with the disposal group classified as held for sale.

Following the cessation of the oil exploration and production business, the Group has diversified into the learning and education sector. On 21 January 2021, the Group had obtained the disbursement of S\$22 million loan under the convertible loan agreement and had on 22 January 2021 completed the acquisition of all the issued and fully-paid shares in the capital of Zionext Pte. Ltd. (formerly known as Kydon Learning Systems Institute Pte. Ltd. (“KLSI”)) (“**Acquisition of KLSI**”)

We note that the acquisition of all the issued and fully-paid shares in the capital of Zionext Pte. Ltd. with a purchase consideration of S\$10 million, S\$2 million of the purchase consideration was via the issuance of consideration shares at an issue price of S\$0.20 (adjusted for the share consolidation) (“**Issue price for KLSI’s acquisition**”). On 17 September 2020, the Company entered into a Convertible Loan Agreement with DiDi Investments (“**Investor**”) for the amount of S\$24 million, which can be converted at the option of the Investor at a conversion price of S\$0.14 (adjusted for the share consolidation) (“**Conversion price**”). After adjusting for completion of the acquisition of KLSI, and the disbursement of S\$22 million pursuant to the convertible loan agreement, the adjusted negative net tangible liabilities of the Group is US\$103.5 million,

representing negative net tangible liabilities of 183.55 US cents per share (equivalent to approximately S\$2.43 per share based on exchange rate of S\$1.00 to US\$1.3221 as at 31 December 2020).

Based on the adjusted negative net tangible liabilities of the Group, the Issue price of S\$0.30 represent a premia of 112.3% to the net tangible liabilities per Share.

In addition, we note that the issue price of S\$0.30 for the Performance Based Earn-out is at a 50% premium above the Issue price for Kydon's acquisition and a 114% premium to the conversion price pursuant to the Convertible Loan Agreement.

6. OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below, *inter alia*, the following key considerations which we consider to be pertinent to our assessment of the Proposed Acquisition:

- (a) The rationale for the Proposed Acquisition, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (b) The analysis of the historical financial performance of the Target, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (c) Assessment of the fairness of the Base Consideration for the Proposed Acquisition, details of which are set out in Paragraph 5.3 of this IFA Letter;
- (d) Financial effects of the Proposed Acquisition, details of which are set out in Paragraph 5.4 of this IFA Letter. In this regard, it is noted that the Proposed Acquisition would increase the Group's NTA, NTA per share and earnings per Share; and
- (e) Other relevant considerations, details of which are set out in Paragraph 5.5 of this IFA Letter, which relates to our assessment on the Performance Based Earn-out.

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinions are prepared as required under Chapter 9 of the Listing Manual as well as addressed to the Recommending Directors in connection with their consideration of the Proposed Acquisition and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of the forthcoming Extraordinary General Meeting and for the purpose of the Proposed Acquisition.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Sheila Ong
Senior Vice President
Corporate Finance

NOTICE OF EXTRAORDINARY GENERAL MEETING

ALPHA DX GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200310813H)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of Alpha DX Group Limited (the “**Company**”) will be held by way of electronic means on 15 May 2021 at 3.00 p.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the following ordinary resolutions:

Please refer to the section titled “IMPORTANT INFORMATION” below for details.

All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company's circular dated 30 April 2021 (the “Circular”).

Shareholders should note that Ordinary Resolution 1 and Ordinary Resolution 2 are **inter-conditional on each other**. This means that if either of the resolutions is not approved, the other resolution will not be deemed duly passed.

AS ORDINARY RESOLUTIONS:

ORDINARY RESOLUTION 1

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF ERC INSTITUTE PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

THAT subject to and contingent upon the passing of the Ordinary Resolution 2:

- (a) the Proposed Acquisition be and is hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Proposed Acquisition in accordance with the SPA, and any other transactions and/or ancillary documents contemplated under the SPA, as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 1 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 2

THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 20,000,000 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.30 FOR EACH PERFORMANCE SHARE TO THE SELLER AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION

THAT subject to and contingent upon the passing of Ordinary Resolution 1:

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (a) authority be and is hereby given to the Directors to allot and issue to DiDi Investments, Inc an aggregate of up to 20,000,000 Performance Shares, credited as fully paid-up, at an issue price of S\$0.30 per Performance Share, representing a discount of approximately 76.6% to the VWAP of S\$1.28 (or S\$0.032 prior to the 40:1 Share Consolidation) for each Share based on trades done on the SGX-ST on 13 November 2019, being the last full Market Day which the Shares were traded immediately preceding the date and up to the time the SPA was signed, on the terms and subject to the conditions set out in the SPA; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 2 and implement any of the foregoing as they think fit and in the interests of the Company.

By Order of the Board

ALPHA DX GROUP LIMITED

Tan Wee Sin

Company Secretary

Singapore

30 April 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT INFORMATION

Shareholders of the Company (“Shareholders”) should take note of the following arrangements for the EGM:

- (a) **Participation in the EGM via Live EGM Webcast and Live EGM Audio Feed:** The EGM will be conducted by electronic means and Shareholders will not be able to attend the EGM physically. All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate in the EGM proceedings by watching a “live” webcast (the “**Live EGM Webcast**”) or listen to a “live” audio feed (the “**Live EGM Audio Feed**”). Shareholders/Investors holding shares through relevant intermediaries (**other than SRS investors**) will not be able to pre-register for the “live” broadcast of the EGM. Such Shareholders/investors who wish to participate in the EGM proceedings should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.
- (b) **Live EGM Webcast and Live EGM Audio Feed:** All Shareholders who wish to follow the proceedings of the EGM will need to pre-register at <http://alpha-dxEgm.zionext.com> (the “**Pre-registration Link**”) from 30 April 2021 till 3.00 p.m. on 11 May 2021 (the “**Registration Deadline**”) for verification of their status as Shareholders (or the corporate representatives of such Shareholders) of the Company. Following successful verification, each Shareholder or its corporate representative(s) will receive an email confirmation (“**Confirmation Email**”) by 3.00 p.m. on 13 May 2021 containing instructions to access the live EGM proceedings.

Shareholders or their corporate representative(s) must not forward the abovementioned information to any other persons who are not shareholders and who are not eligible to attend the EGM. This is also to avoid any technical disruptions to the Live EGM Webcast or Live EGM Audio Feed due to overloading.

Shareholders or their corporate representatives who have registered by the Registration Deadline but do not receive the Confirmation Email by 3.00 p.m. on 13 May 2021 may contact the Company for assistance at +65 6571 0200 or email enquiries@alpha-dx.com.sg.

- (c) **Submission of Questions in advance of the EGM:** Shareholders will not be able to ask questions “live” via the Live EGM Webcast. Shareholders may submit questions related to the ordinary resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance, by post to the Company at 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007; or sent by email to enquiries@alpha-dx.com.sg. Questions must be submitted by 3.00 p.m. on 9 May 2021 so that they may be addressed during the EGM proceedings. Shareholders or their representatives (in the case of shareholders which are legal entities) must state his/her full name and whether he/she is a shareholder or a representative of a shareholder which is a legal entity. Any question without the identification details will not be addressed. The Company shall address relevant and substantial questions (as may be determined by the Company in its sole discretion) received by 3.00 p.m. on 9 May 2021 prior to the EGM via SGXNet and/or during the EGM proceedings. The Company will publish the minutes of the EGM, including substantial and relevant comments or queries from shareholders relating to the agenda of the EGM, and responses from the Company, on SGXNet within one month after the date of EGM.
- (d) **Voting solely via appointing Chairman of the Meeting as Proxy:** Shareholders may only exercise their voting rights at the EGM via proxy voting. Shareholders who wish to vote on the resolutions at the EGM must appoint the Chairman of the EGM as their proxy to do so on their behalf. In the Proxy Form, a shareholder should specifically direct the Chairman on how he is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the EGM, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid. The instrument appointing the Chairman of the EGM as proxy must be deposited at the registered office of the Company at 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007 or sent by email to sg.is.proxy@sg.tricorglobal.com not less than forty-eight (48) hours (i.e. by 3.00 p.m. on 13 May 2021), before the time appointed for holding the EGM. The Proxy Form can be downloaded from SGXNet (www.sgx.com). **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to sg.is.proxy@sg.tricorglobal.com.**
- (e) **Investors who hold through Relevant Intermediaries (including SRS Investors):** A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited (the “**CDP**”) at least seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on the resolutions at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Future Act, Chapter 289 of Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any shareholder who is holding his shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his proxy form forty-eight (48) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote at the EGM. SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators at least seven (7) working days before the EGM (i.e. by 3.00 p.m. on 6 May 2021), to ensure that their votes are submitted.

Access to documents or information relating to the EGM

In accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, all documents and information relating to the business of the EGM (including the Circular and the Proxy Form) have been published on SGXNet (www.sgx.com). Printed copies will not be

NOTICE OF EXTRAORDINARY GENERAL MEETING

sent to Shareholders.

Further Updates

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the EGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the EGM. The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to continue holding its EGM amidst the COVID-19 situation.

Personal Data Privacy

By (a) submitting an instrument appointing the Chairman of the EGM as a proxy to vote at the EGM and/or any adjournment hereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the EGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholders' personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as a proxy for the EGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the EGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Shareholders received before the EGM and if necessary, following up with the relevant shareholders in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM

<p>ALPHA DX GROUP LIMITED (Incorporated in the Republic of Singapore) (Company Registration No. 200310813H)</p> <p>PROXY FORM EXTRAORDINARY GENERAL MEETING <i>(Please see notes overleaf before completing this Proxy Form)</i></p>	<p>IMPORTANT:</p> <ol style="list-style-type: none"> 1. Shareholders who wish to vote on any or all of the resolutions at the Extraordinary General Meeting ("EGM") must appoint the Chairman of the EGM as their proxy to do so on their behalf. 2. For investors who have used their SRS monies to buy Alpha DX Group Limited's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. 3. SRS investors who wish to appoint Chairman of the EGM as their proxy should contact their respective Agent Banks or SRS Operators at least seven (7) working days before the EGM to specify voting instructions and to ensure that their votes are submitted. <p>PERSONAL DATA PRIVACY:</p> <p>By submitting an instrument appointing the Chairman of the EGM as Proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Proxy Form and Notice of Extraordinary General Meeting dated 30 April 2021.</p>	
*I/W e,	(Name)	(NRIC/Passport/Co Reg No.)
of	(Address)	
being a shareholder/shareholders* of ALPHA DX GROUP LIMITED (the " Company "), hereby appoint the Chairman of the EGM as *my/our *proxy to vote for *me/us on *my/our behalf at the EGM to be held by electronic means on 15 May 2021 at 3.00 p.m.. and at any adjournment thereof.		

No.	Ordinary Resolutions relating to:	No. of Votes For ⁽¹⁾	No. of Votes Against ⁽¹⁾	No. of Votes Abstain ⁽²⁾
1	The Proposed Acquisition			
2	The Proposed Performance Shares Issue			

⁽¹⁾ Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please tick (√) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

⁽²⁾ If you wish the Chairman of the EGM as your proxy to abstain from voting a resolution, please tick (√) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that the Chairman of the EGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.

Dated this _____ day of _____ 2021

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

Total Number of Shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, this EGM would be held by electronic means and therefore shareholders will not be able to attend the EGM in person. A shareholder (whether individual or a legal entity) must appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM if such shareholder wishes to exercise his/her/its voting rights at the EGM. This proxy form has been made available on SGXNet (www.sqx.com). A printed copy of this proxy form will NOT be despatched to shareholders.
3. A shareholder who is a relevant intermediary entitled to vote at the EGM must appoint the Chairman of the EGM to attend and vote at the EGM instead of the shareholder. SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators at least seven (7) working days before the EGM (i.e. by 6 May 2021), to ensure that their votes are submitted. Where a shareholder (whether individual or a legal entity) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act, Chapter 36 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing the Chairman of the EGM as proxy must be deposited at the registered office of the Company at 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007 or sent by email to sg.is.proxy@sg.tricorglobal.com not less than forty-eight (48) hours (i.e. by 3.00 p.m. on 13 May 2021), before the time appointed for holding the EGM. **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**
 5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 6. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In the case of shareholder of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such shareholder are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

PROXY FORM

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the EGM as a proxy to vote at the EGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with the Notice of EGM, or (c) submitting any question(s) prior to the EGM in accordance with the Notice of EGM a shareholder of the Company consents to the collection, use and disclosure of the shareholders' personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as a proxy for the EGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the EGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from shareholders received before the EGM and if necessary, following up with the relevant shareholders in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.