

ALPHA ENERGY HOLDINGS LIMITED
(formerly known as JK Tech Holdings Limited)
(Incorporated in the Republic of Singapore)
(Company Registration No. 200310813H)

**THE PROPOSED DISPOSAL OF THE ENTIRE INFORMATION
TECHNOLOGY BUSINESS TO MR. ANG YEW JIN EUGENE**

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Alpha Energy Holdings Limited (the “**Company**” or “**Alpha Energy**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement dated 3 December 2015 (the “**Agreement**”) with Mr. Ang Yew Jin Eugene (the “**Purchaser**”), who is the Managing Director and a controlling shareholder of the Company, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Company’s entire shareholdings in the following 3 subsidiaries and an associated company (the “**Sale Companies**”) which are principally involved in the information technology (“**IT**”) business (the “**IT Business**”):

- (i) 100% of JK Technology Pte. Ltd.;
- (ii) 100% of Magenta Consulting Pte. Ltd.;
- (iii) 100% of JK Tech Systems (M) Sdn Bhd; and
- (iv) 25% of Pro-Datech Systems Pte. Ltd.,

(the “**Sale Shares**”), for an aggregate cash consideration of S\$4.33 million (the “**Consideration**”), on the terms and subject to the conditions of the Agreement (the “**Proposed Disposal**”).

As the Group’s existing IT Business is operated through the Sale Companies, the Proposed Disposal represents a divestment of the Group’s entire IT Business. Upon the completion of the Proposed Disposal (“**Completion**”), the Group’s sole core business will be that of exploration, exploitation and production of oil and gas which the Company had diversified into in 2014.

The Proposed Disposal is deemed as an interested person transaction under Chapter 9 of Section B of the Listing Manual: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) which requires approval of the independent shareholders of the Company under Rule 906 of the Catalist Rules. The Proposed Disposal is also a major transaction under Rule 1014 of the Catalist Rules which requires approval of the shareholders of the Company (“**Shareholders**”).

2. INFORMATION ON THE SALE COMPANIES

As at the date of this announcement, details of the Sale Companies are as follows:

Sale Company / Place of Incorporation	Principal Activities	Issued and Paid-up Share Capital
JK Technology Pte. Ltd. / Singapore	Supply and delivery of information technology products and provision of related services	S\$6,080,488 comprising 6,080,488 ordinary shares
Magenta Consulting Pte. Ltd. / Singapore	Provision of management consultancy services	S\$329,377 comprising 329,377 ordinary shares

JK Tech Systems (M) Sdn Bhd / Malaysia	Supplier of information technology products and other related services (dormant)	RM2 comprising 2 ordinary shares
Pro-Datech Systems Pte. Ltd. / Singapore	Data storage and security	S\$50,000 comprising 50,000 ordinary shares

No valuation on any of the Sale Companies has been carried out for the Proposed Disposal.

Based on the latest announced unaudited half year financial results of the Group for the six months period ended 30 September 2015 (“**HY2016**”), the net tangible assets (“**NTA**”) and net asset value (“**NAV**”) of the Sale Companies amounted to S\$4.12 million and S\$4.16 million respectively as at 30 September 2015 and the loss before tax attributable to the Sale Companies amounted to S\$1.56 million for HY2016.

The Consideration represents a net gain on disposal of S\$0.04 million over the NAV of the Sale Companies of S\$4.16 million as at 30 Sep 2015, after deducting estimated expenses of S\$0.13 million in relation to the Proposed Disposal.

3. INFORMATION ON THE PURCHASER

Mr. Ang Yew Jin Eugene (“**Mr. Ang**”) is the Managing Director and a controlling shareholder of the Company. As at the date of this announcement, Mr. Ang has a direct interest in 53,617,539 ordinary shares of the Company, equivalent to 15.11% of the Company’s issued share capital of 354,939,065 ordinary shares (excluding treasury shares). He has more than twenty-five (25) years of experience in the IT industry and business, and has played an instrumental role in developing the Group’s IT Business since the establishment of the Company in 2003. Upon Completion, Mr. Ang will continue to serve the Company as a Non-Executive Director.

4. RATIONALE FOR THE PROPOSED DISPOSAL

In 2014, the Group diversified into the business of exploration, exploitation and production of oil and gas and the Company has since become a mineral, oil and gas (“**MOG**”) company. The Proposed Disposal would leave the Company unencumbered to pursue its current strategy of expanding its oil and gas capabilities.

The Company intends to pursue and focus on other related investments and acquisitions in relation to the MOG business. The Company is currently evaluating opportunities to acquire additional oil and gas projects and are focusing on projects that are in or near production.

In addition, the Group faces increasingly challenging business conditions in relation to the IT Business, in light of the shortage of qualified staff in the market. Recruiting and retaining quality and dedicated staff remains one of the Group’s biggest obstacles. The increasingly cautious spending of customers on IT products and services due to the global market slowdown and the slowdown in the economy, as well as the increasingly competitive IT industry, has affected the profitability of the Group.

In light of all these factors, the Company believes that the Proposed Disposal enables the Group to divest its IT Business so as to focus on its sole core business of exploration, exploitation and production of oil and gas.

Furthermore, the Purchaser was the founder of the IT Business and has been on the Board since the Company's incorporation in October 2003. In addition, the fact that the Purchaser is a ready buyer of the Sale Companies has greatly reduced the time, inconvenience and costs for the Company to sell the Sale Companies to an external party.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Amount Payable

The aggregate cash Consideration of S\$4.33 million payable by the Purchaser to the Company for the Sale Shares was arrived at on a willing buyer willing seller basis after arm's length negotiations, taking into account the NTA of the Sale Companies amounting to S\$4.12 million as at 30 September 2015. The Purchaser shall also pay the debt of S\$0.67 million owing by the Sale Companies to the Company as at 30 September 2015 on behalf of the Sale Companies. In total, the amount payable by the Purchaser to the Company is S\$5 million (the "**Amount Payable**").

The Company and the Purchaser agree that the Amount Payable, including interest contemplated by Section (i) below, shall be satisfied in the following instalments:

- (a) S\$500,000 shall be payable on the Completion Date (as defined herein);
 - (b) S\$750,000 shall be payable by the first anniversary following the Completion Date;
 - (c) S\$1,250,000 shall be payable by the second anniversary following the Completion Date;
and
 - (d) S\$2,500,000 shall be payable by the third anniversary following the Completion Date.
- (i) The instalment amounts, including the interest accruing as contemplated under this Section (i), shall be subject to an interest of 5.0% per annum from the Completion Date to the dates when the respective instalment amounts are paid.
 - (ii) If the Purchaser fails to pay the respective instalment amounts in full on their respective due dates, a penalty interest of 5.0% per annum shall be imposed on such overdue instalment amounts from the respective due date and up to the date of the respective payment.
 - (iii) However, such penalty interest shall not be imposed on top of any accrued and unpaid interest on the instalment amount.
 - (iv) The Purchaser undertakes to pay all amounts outstanding contemplated under Sections (i), (ii) and (iii) above to the Company by the third anniversary of the Completion Date. The Company reserves all rights under law to recover this amount due and owing.
 - (v) If the Purchaser does not comply with any of the provisions under Section 5.1 of this announcement, including but not limited to the late payment of the instalments, the Company shall be entitled to enforce the charge as set out in the Share Charge Deed as stated under Section 5.2 of this announcement below.

5.2 Security Over Shares and Personal Guarantee

Pursuant to the share charge deed ("**Share Charge Deed**") entered into on the same date as the Agreement, the Purchaser shall charge in favour of the Company as a first fixed charge 15,000,000 ordinary shares in the capital of the Company held directly or indirectly by the Purchaser as at the date of the Agreement (the "**Designated Shares**").

If all present and future moneys, debts and liabilities due or owing to or incurred by the Company under or in connection with the Agreement or any ancillary documents referred to in the Agreement has been irrevocably paid or discharged in full, the Company shall at the request and cost of the Purchaser execute such documents to fully release, reassign or discharge (as appropriate) the Designated Shares from the security created under the Share Charge Deed.

The Purchaser hereby guarantees to the Company the due and punctual performance and observance of all of his obligations, commitments, undertakings and warranties under or pursuant to the Agreement ("**Guaranteed Obligations**"), and shall, in the event of default by itself of any of the Guaranteed Obligations, upon demand by the Company, unconditionally perform and satisfy and/or procure the performance and satisfaction of the Guaranteed Obligations. This guarantee is a continuing guarantee and will remain in force until all the Guaranteed Obligations have been performed and satisfied.

5.3 Conditions Precedent

The Proposed Disposal is conditional upon satisfaction (or waiver) of the following conditions precedent ("**Conditions Precedent**"):

- (a) the approval of the Shareholders having been obtained at an extraordinary general meeting ("**EGM**") to be convened by the Company for the Proposed Disposal, including the approval from its independent Shareholders under Chapter 9 of the Catalist Rules and not having been revoked or amended and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Purchaser and the Company and to the extent that any conditions to such approval are required to be fulfilled on or before the Completion Date, they are so fulfilled in all material respects;
- (b) all approvals (including, without limitation, from the SGX-ST and the sponsor), consents and licences (whether governmental, corporate or otherwise) for the Proposed Disposal having been obtained and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Purchaser and, to the extent that any such conditions are required to be fulfilled on or before the Completion Date, they are so fulfilled in all material respects;
- (c) the approval of the Board having been obtained and not having been revoked or amended; and
- (d) all corporate guarantees provided by the Company in favour of the Sale Companies are to be discharged.

The Company and Purchaser agree that the Conditions Precedent may be waived, in whole or in part, and conditionally or unconditionally, by the mutual agreement between the parties.

If any of the Conditions Precedent are not satisfied or waived by 31 March 2016 (the "**Long-Stop Date**"), the provisions of the Agreement (other than certain surviving clauses) shall terminate thereon and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save in respect of any antecedent breach of the Agreement.

5.4 Completion Date

The Completion shall take place on (i) the date falling two (2) business days after the date on which all the Conditions Precedent have been fulfilled or waived in writing; or (ii) such later date as the parties may otherwise agree in writing, which in any event shall be no later than the Long-Stop Date ("**Completion Date**").

5.5 General

The Company and the Purchaser agree that notwithstanding that the transfer of the Sale Shares may only occur on Completion, the assets used in or forming part of the Sale Companies, and includes, without limitation, the business names, records, contracts, goodwill, products and employees, shall be deemed to be transferred to the Purchaser on 30 September 2015.

6. INTERESTED PERSON TRANSACTION

The Purchaser is the Managing Director and a controlling shareholder of the Company, and as such, is regarded as an interested person of the Company for the purposes of Chapter 9 of the Catalyst Rules and the Proposed Disposal. Therefore, the Proposed Disposal, being between the Company and the Purchaser, constitutes an interested person transaction under Chapter 9 of the Catalyst Rules.

The Consideration represents 5.8% of the latest audited NTA of the Group of S\$74.89 million as at 31 March 2015.

As the value of the Proposed Disposal is more than five per cent. (5%) of the Group's latest audited NTA, for purposes of Chapter 9 of the Catalyst Rules, approval of the independent Shareholders is required for the Proposed Disposal.

The Group's current total transactions with the Purchaser for the current financial year up to 30 November 2015 were S\$0.17 million and the current total of all interested person transactions for the same financial period were S\$0.19 million.

The Company shall convene an EGM to seek the approval of the independent Shareholders for the Proposed Disposal. A circular setting out details of the Proposed Disposal and such other information as prescribed under Chapter 9 of the Catalyst Rules, together with the notice of EGM, will be despatched by the Company to its Shareholders in due course.

7. STATEMENT OF THE AUDIT COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to the Directors who are independent for the purposes of the Proposed Disposal as an interested person transaction. The Audit Committee of the Company will obtain an opinion from the IFA on the Proposed Disposal before forming its view, which will be disclosed in the circular to be despatched to Shareholders in due course, as to whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the unaudited half year financial results of the Group for HY2016, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the Sale Companies of S\$4.16 million, compared with the Group's net asset value of S\$80.30 million	5.2%
(b)	Net loss attributable to the Sale Companies of S\$1.56 million, compared with the Group's net loss of S\$0.38 million	Not meaningful ⁽¹⁾
(c)	Aggregate value of the consideration received of S\$5.0 ⁽²⁾ million, compared with the Company's market capitalisation of approximately S\$34.78 million as at 2 December 2015 based on the total number of issued shares excluding treasury shares ⁽³⁾	14.4%
(d)	Number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue	Not applicable
(e)	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	Not applicable

Note:

- (1) Not meaningful as both the Group and Sale Companies are loss making. The Company will not apply Catalist Rule 1007(1) as the Proposed Disposal will be deemed a major transaction for which shareholders' approval will be sought
- (2) Based on the cash consideration of S\$4.33 million for the Sale Shares and the debt of S\$0.67 million to be paid by the Purchaser
- (3) Based on the Company's existing issued share capital of 354,939,065 shares (excluding treasury shares) multiplied by the volume weighted average price of S\$0.098 per share on 2 December 2015, being the market day preceding the date of the Agreement

There will be a change in the risk profile of the Group as its sole core business will be that of exploration, exploitation and production of oil and gas following the disposal of its IT Business. As such, the Company has deemed the Proposed Disposal as a "major transaction" within the meaning of Rule 1014 of the Catalist Rules, and will seek the approval of the Shareholders at the EGM to be convened.

9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the financial effects of the Group as set out below are based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 (“FY2015”) and HY2016 and before taking into consideration the estimated expenses in relation to the Proposed Disposal.

9.1 Effect on Earnings per Share (“EPS”) or Loss per Share (“LPS”)

Assuming that the Proposed Disposal had been completed on 1 April 2014, the effect of the Proposed Disposal on the Group’s EPS or LPS for FY2015 will be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit/(loss) attributable to Shareholders of the Company for FY2015 (\$’000)	1,254	(498) ⁽¹⁾
Weighted average number of Shares (’000)	66,230	66,230
EPS/(LPS) (Singapore cents)	1.89	(0.75)

Note:

- (1) Based on the Group’s audited net profit of S\$1.25 million for FY2015 and adjusted for the profit contributed by the Sale Companies of S\$0.94 million for FY2015 and the loss on disposal of the Sale Companies of S\$0.82 million as the NAV of the Sale Companies was S\$5.15 million as at 31 March 2014.

Assuming that the Proposed Disposal had been completed on 1 April 2015, the effect of the Proposed Disposal on the Group’s LPS for HY2016 will be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to Shareholders of the Company for HY2016 (\$’000)	(376)	(172) ⁽²⁾
Weighted average number of Shares (’000)	298,792	298,792
LPS (Singapore cents)	(0.13)	(0.06)

Note:

- (2) Based on the Group’s unaudited net loss of S\$0.38 million for HY2016 and adjusted for the loss contributed by the Sale Companies of S\$1.56 million for HY2016 and the loss on disposal of the Sale Companies of S\$1.36 million as the NAV of the Sale Companies was S\$5.69 million as at 31 March 2015.

9.2 Effect on NTA per Share

Assuming that the Proposed Disposal had been completed on 31 March 2015, the effect of the Proposed Disposal on the Group's NTA per share as at 31 March 2015 will be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (\$'000)	74,894	73,533 ⁽¹⁾
Number of Shares ('000)	290,939	290,939
NTA per Share (Singapore cents)	25.74	25.27

Note:

- (1) After adjusting for the loss on disposal of the Sale Companies of S\$1.36 million based on the NAV of the Sale Companies of S\$5.69 million as at 31 March 2015.

Assuming that the Proposed Disposal had been completed on 30 September 2015, the effect of the Proposed Disposal on the Group's NTA per share as at 30 September 2015 will be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (\$'000)	80,268	80,441 ⁽²⁾
Number of Shares ('000)	354,939	354,939
NTA per Share (Singapore cents)	22.61	22.66

Note:

- (2) After adjusting for the profit on disposal of the Sale Companies of S\$0.17 million based on the NAV of the Sale Companies of S\$4.16 million as at 30 September 2015.

10. USE OF PROCEEDS

The entire net proceeds (after deducting all costs and expenses of S\$0.13 million associated with the Proposed Disposal) from the Proposed Disposal of S\$4.87 million, as and when paid by the Purchaser, will be used to finance continued development of the Group's oil and gas business.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed, none of the other Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company (if any).

12. CIRCULAR TO THE SHAREHOLDERS

As noted above, the Company will convene an EGM to seek approval from the Shareholders for the Proposed Disposal. A circular setting out further information on the Proposed Disposal, together with the notice of EGM, will be despatched by the Company to the Shareholders in due course.

13. ABSTENTION FROM RECOMMENDATION AND VOTING

The Purchaser, being an interested person for purposes of Chapter 9 of the Catalist Rules and the Proposed Disposal, shall abstain from making a recommendation on the Proposed Disposal.

Rule 919 of the Catalist Rules provides that interested persons and their associates must not vote on any Shareholders' resolution nor accept any appointments as proxies unless specific instructions as to voting are given, in respect of any resolutions approving interested person transactions involving themselves.

Accordingly, the Purchaser will abstain from voting on the resolution in respect of the Proposed Disposal and has undertaken to ensure that his associates will abstain from voting in respect of the resolution in respect of the Proposed Disposal. The Purchaser has also undertaken to decline, and ensure that his associates shall also decline, to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of the resolution relating to the Proposed Disposal unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement and the Share Charge Deed are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 61 Kaki Bukit Avenue 1, #02-13 Shun Li Industrial Park, Singapore 417943, for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
ALPHA ENERGY HOLDINGS LIMITED

Lee Tiong Hock
Company Secretary
3 December 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.