

**THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF
ERC INSTITUTE PTE. LTD. AS A MAJOR TRANSACTION**

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Alpha DX Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce 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 Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and (ii) a “major transaction” of the Company as defined under Chapter 10 of the Catalist Rules.

Accordingly, the Proposed Acquisition is subject to the approval of shareholders of the Company (the “**Shareholders**”) under Rules 906 and 1014 of the Catalist Rules by way of an ordinary resolution at an extraordinary general meeting (the “**EGM**”) of the Company to be convened in due course.

2. RATIONALE FOR THE PROPOSED ACQUISITION

- 2.1 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.
- 2.2 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.
- 2.3 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 efficiencies 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.

3. INFORMATION RELATING TO THE TARGET, THE SALE SHARES AND THE SELLER

3.1 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 date of this announcement ("**Announcement**"), 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 owner the Seller.

The Target owns no subsidiaries and affiliates. The assets of the Target comprises of 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 Company.

3.2 Value and net profit attributable to the Sale Shares

Based on the latest consolidated audited financial statements of the Target for the financial year ended 30 June 2020:

- (a) the net tangible asset ("**NTA**") value of the Sale Shares is S\$ 3.08 million;
- (b) the book value of the Sale Shares is S\$ 4.97 million ; and
- (c) the net profits attributable to the Sale Shares is S\$ 3.57 million.

3.3 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 date of this Announcement, the Seller is the legal and beneficial owner of 100% of the Sale Shares.

Pursuant to the circular of the Company dated 24 September 2020 ("**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 ordinary shares of the Company ("**Shares**") (or 6,857,142,857 Shares on a pre-consolidated basis) pursuant to the conversion of a S\$22,000,000 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 of the date of this Announcement, the Seller has disbursed S\$22,000,000 out of S\$24,000,000 under the convertible loan agreement dated 17 September 2020 to the Company, and the Company has not issued any Options to the Seller. Save as set out above, the Seller does not have any shareholding interest, direct or indirect in the Company.

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).

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.

4. MATERIAL TERMS OF THE PROPOSED ACQUISITION

A summary of the material terms and conditions of the Proposed Acquisition as set out in the SPA is as follows:

4.1 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 (as defined below).

4.2 Consideration

4.2.1 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:

- (d) S\$18,000,000 to be fulfilled in cash; and
- (e) 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) conditions set out in paragraph 4.2.4 below (the “**Performance Based Earn-out**”).

4.2.2 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 paragraph 3.2 of this announcement); 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 (as defined below).

4.2.3 The Issue Price of S\$0.30 was arrived at taken into consideration *inter alia*; that the issue price of S\$0.20² (“**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\$0.014² (“**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 and the Conversion Price.

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

² According to the Company’s circular dated 24 September 2020, the ZioNext Acquisition issue Price is S\$0.005 and the Conversion Price is S\$0.0035. Having adjusted for the 40:1 share consolidation of the Company completed on 27 March 2021 (“**Share Consolidation**”), the adjusted ZioNext Acquisition Issue Price is S\$0.020 and the adjusted Conversion Price is S\$0.14.

- (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 4.2.4(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 securing 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 paragraph 4.2.4(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 Target’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 (as defined below) (“**Final Determination Date**”), and shall be determined on a rolling twelve (12)-month basis commencing on the Completion Date (as defined below) (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:
- (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 of the Proposed Acquisition (“**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 paragraph 4.2.4(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 paragraphs 4.2.4(a)(i) and 4.2.4(a)(ii) above, and based on the percentage of the increase in total number of enrolment for the Performance Condition in listed paragraph 4.2.4(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.

4.3 Moratorium on Shares

- (a) The Seller hereby irrevocably and unconditionally undertakes that it will not, subject to exceptions in paragraph 4.3(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
 - (iii) publicly announce any intention to do any of the above,
- (b) The restrictions as described in paragraph 4.3(a) above shall apply to all the Performance Shares from the date of issuance of the said Performance Shares (the “**Issuance Date**”) to the date falling 12 months from the Issuance Date (both dates inclusive).

4.4 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.

A summary of the valuation report (“**Valuation Report**”) will be made available for Shareholders in the circular to be despatched by the Company in respect of the Proposed Acquisition in due course.

4.5 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 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 below), 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;
- (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.

4.6 Long stop date 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 31 May 2021 or any other date as mutually agreed by the parties (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.

4.7 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 Condition Precedents ("**Completion Date**").

4.8 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.

5. SOURCE OF FUNDS

- 5.1 The Company intends to finance the Proposed Acquisition through internal funds as well as proceeds from a fund-raising exercise which it intends to conduct shortly after the resumption of the Company's Shares on the Catalist of the SGX-ST ("**Fund-Raising Exercise**").

As at the date of this Announcement, 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 issue 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 in an EGM conducted by the Company.
- 5.2 Pursuant to the Condition Precedent set out in paragraph 4.5(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.
- 5.3 The Directors are of the reasonable opinion that, having made due and careful enquiry and taking into consideration, as at the date of this Announcement:
- (a) the Group's cash and cash equivalents as of the date of this Announcement;
 - (b) the Group's present bank facilities;
 - (c) the expected earnings of the Target;
 - (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 Corporation, 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 12 months following the completion of the Proposed Acquisition.

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

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

- 6.1 Based on the latest announced consolidated financial statements of the Group (being the audited financial statements for the financial year ended 31 December 2020 ("**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:

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 losses.	-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 FY2020 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 date of this announcement (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.
- (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 of the date of this announcement. 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.

6.2 **Classification of the Proposed Acquisition under Chapter 10 of the Catalyst Rules**

Under Rule 1007(1) of the Catalyst 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 Catalyst Rules, Please refer to paragraph 4.4 of this Announcement for further details of the valuation.

7. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

7.1 **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 Acquisition as shown below is to illustrate what the historical financial information might have been had the Proposed Acquisition 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 Acquisition 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 the 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 subject to the following assumptions:

- (a) all Conditions Precedent have been fulfilled prior to the Proposed Acquisition;
- (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 Acquisition.

7.2 **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 Acquisition	After the Proposed Acquisition	After the Proposed Acquisition 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 Options.

7.3 NTA /NTL

Purely for illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2020, being the end of FY2020, the effect on the net tangible liabilities (“NTL”) per share of the Group as at 31 December 2020 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition	After the Proposed Acquisition 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⁾
NTL per Share (US cents)	183.55	151.95	69.18

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 Options.

7.4 Earnings/Loss

Purely for illustrative purposes only and assuming that the Proposed Acquisition 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 Acquisition	After the Proposed Acquisition 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:

- (1) Based on the Group's audited net loss of US\$10.50 million for FY2020 and net profits attributable to the Target for FY2020 is of 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.

8. INTERESTED PERSON TRANSACTIONS

8.1 The Proposed Acquisition

Mr. Yoshiyasu Naruse, a non-independent non-executive Director of the Company, is also the chief executive officer of the Seller. Pursuant to Chapter 9 of Catalist Rules, the Seller is an associate of Mr. Yoshiyasu Naruse and is regarded as an "interested person" and the Proposed Acquisition thus constitutes an "interested person transaction". The Consideration would therefore constitute the "amount at risk" for the interested person 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 2020 commencing on 1 January 2020 up to the date of this announcement 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 Rule 919 of the Catalist Rules, the aforementioned interested person and its associates are required to abstain from voting on the resolution approving the interested person transaction at the extraordinary general meeting to be convened by the Company in respect of the Proposed Acquisition.

8.2 Audit Committee's Statement

The Audit Committee of the Company comprises Mr. Ng Chee Weng @ Max Ng Chee Weng, Mr. Fabian Sven Bahadur Scheler and Mr Chang Chi Hsung. The Chairman of the Audit Committee is Mr Chang Chi Hsung. All the members of the Audit Committee do not have any interests in the Proposed Acquisition and are accordingly deemed to be independent for the purposes of the Proposed Acquisition. The Audit Committee will form its view as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its independent minority Shareholders after considering the opinion of the independent financial adviser to be obtained in due course. The Audit Committee's view on the Proposed Acquisition will be set out in the Circular.

9. INDEPENDENT FINANCIAL ADVISER

The Company will also appoint an independent financial adviser in due course to advise the independent Directors on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its independent minority Shareholders.

10. DIRECTORS' SERVICE CONTRACTS

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

11. CIRCULAR AND EGM

A circular containing further details on the Proposed Acquisition and enclosing a notice of extraordinary general meeting and the Valuation Report in connection therewith will be despatched to Shareholders of the Company in due course.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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 in this announcement, none of the Directors or the substantial shareholders of the Company has any direct or indirect interest in the Proposed Acquisition, other than through their respective shareholding interests in the Company (if any).

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office 229 Mountbatten Road, #01-11 Mountbatten Square Singapore 398007 for a period of three (3) months from the date of this Announcement.

15. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in dealing their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will complete or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
ALPHA ENERGY HOLDINGS LIMITED

Tan Wee Sin
Company Secretary
28 April 2021

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

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