

Our Ref: REG/LC/GT/SH/NOC2022030001

10 March 2022

The Board of Directors
Alpha DX Group Limited
229 Mountbatten Square
#01-11 Mountbatten Square
Singapore 398007

Dear Sirs,

NOTICE OF COMPLIANCE (THE “NOTICE”)

ALPHA DX GROUP LIMITED
(“ALPHA” OR THE “COMPANY”, TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)

1. Singapore Exchange Regulation (“**SGX RegCo**” or the “**Exchange**”) refers to the following SGXNet announcements made by the Company previously:
 - (a) Dated 28 December 2020, entitled “Receipt of *“No objection from the SGX-ST for the Company’s application for resumption of trading of its securities subject to fulfilment of conditions”*”;
 - (b) Dated 7 June 2021, entitled “*Resumption of trading*”;
 - (c) Dated 25 February 2022, entitled “*Receipt of Letter of Demand*”, in relation to the outstanding payment of approximately S\$1.9 million to Kydon Holdings Pte. Ltd. for the remaining consideration and interest charges for the acquisition of equity interest in Zionext Pte. Ltd.;
 - (d) Dated 1 March 2022, entitled “*Resignation of Independent Non-Executive Director*”, relating to the immediate resignations of Mr. Chang Chi Hsung and Mr. Ng Chee Weng @ Max Ng Chee Weng;
 - (e) Dated 2 March 2022, entitled “*Response to Queries by SGX-ST dated 26 February 2022*”, pertaining to queries surrounding the letter of demand from Kydon Holdings Pte. Ltd. and the Board’s assessment of the Group’s ability to continue as a going concern;

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- (f) Dated 2 March 2022, entitled “*Receipt of Writs of Summons*”, in relation to S\$0.6 million owing to the Company’s continuing sponsor, PrimePartners Corporate Finance Pte. Ltd.; and
- (g) Dated 9 March 2022, entitled “Resignation of Independent Non-Executive Director” relating to the immediate resignations of Ms. Chew Yean Nee and Mr. Fabian Sven Bahadur Scheler.

2. Trading Resumption

- 2.1 Trading in the Company’s securities had been suspended in November 2019 due to going concern issues.
- 2.2 On 28 December 2020, the Company announced that the SGX-ST has no objection to the Company’s trading resumption proposal, subject to the fulfilment of certain conditions (“**Resumption of Trading Conditions**”), including the following:-
 - (a) Funding from an investor, DiDi Investments, Inc. (the “**Investor**”);
 - (b) An undertaking from the Investor to provide continuing financial support to the Group for at least 12 months following resumption of trading, so as to enable the Company to execute its business plans, remain as a going concern and repay its debts as and when they fall due;
 - (c) An undertaking from the Investor to maintain its shareholdings in the Company at not less than 51% for at least 12 months following the resumption of trading;
 - (d) Disposal of loss-making subsidiaries in the Company’s old business of oil and gas exploration (“**Proposed Disposal**”);
 - (e) Completion of acquisition of new business, Kydon Learning Systems Institute Pte. Ltd. (“**Proposed Acquisition**”);
 - (f) Confirmation from the external auditors, Nexia TS Public Accounting Corporation (“**Nexia**”) that upon completion of the Proposed Disposal and Proposed Acquisition, and in view of the provision of convertible loan from the Investor, issues due to going concern resulting in the disclaimer of audit opinion on the Group’s FY2019 financial statements will be addressed; and
 - (g) Board’s confirmation on sufficiency of working capital for 12 months after resumption of trading and ability to continue as a going concern.

3. On 7 June 2021, the Company announced that it has fulfilled all the Resumption of Trading Conditions. Accordingly, trading in the Company's securities resumed on 8 June 2021.

4. We note the following developments in the Company subsequent to the Company's trading resumption:
 - (a) The Company's announced financial results for the six months ended 30 June 2021 ("**HY2021**") (announced on 13 August 2021), nine months ended 30 September 2021 ("**3QFY2021**") (announced on 13 November 2021) and the financial year ended 31 December 2021 ("**FY2021**") (announced on 2 March 2022) did not indicate any going concern issues.

 - (b) On 25 February 2022, the Company announced the receipt of a letter of demand dated 18 February 2022 from solicitors acting for Kydon Holdings Pte. Ltd. ("**Vendor**"), the Vendor for the Proposed Acquisition, seeking payment of approximately S\$1.9 million in relation to the remaining consideration for the Proposed Acquisition ("**Vendor Letter of Demand**").

 - (c) On 28 February 2022, the Company announced the immediate resignations of two independent directors, namely Mr. Chang Chi Hsung ("**Mr Chang**") and Mr. Ng Chee Weng @ Max Ng Chee Weng ("**Mr Ng**"). Both Mr Chang and Mr Ng provided the same reasons for resigning, being "*Differences with management on the administration and the timeliness of certain disclosure and announcement of matters to shareholders*" in relation to the Vendor Letter of Demand.

 - (d) On 1 March 2022, PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") terminated its continuing sponsorship agreement with the Company, giving three months' notice for Alpha to find a new sponsor.

 - (e) On 2 March 2022, the Company responded to queries from SGX RegCo on 26 February 2022 in relation to the Vendor Letter of Demand ("**Response to SGX Queries**"). In its responses, the Company stated, *inter alia*, that:
 - i. it has been negotiating with the Vendor on a proposed payment plan and that the Vendor had agreed on an extension on time and for resolution on a timely manner.

 - ii. it has received a letter of demand on 11 February 2022 from solicitors representing PPCF for an outstanding amount of S\$0.6 million for sponsorship and financial advisory fees. The Company has on 1 March

2022 received a Writ of Summons filed by PPCF in the Singapore High Court. ("**PPCF Writ**"). The Company elaborated that it is in negotiations with PPCF and that the claimed amount is not expected to have a material financial impact to the Group's NTA and EPS for FY2022.

- iii. Notwithstanding the Vendor Letter of Demand and PPCF Writ, the Board confirmed that the Group is able to continue as a going concern and the Group had cash and cash equivalents of S\$3.4 million as at 31 January 2022. The Board further confirmed that the Company's shares should not be suspended pursuant to Catalist Rule 1303(3) and that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

- (f) On 2 March 2022, SGX RegCo issued further queries to the Company in relation to the resignations of Mr Chang and Mr Ng, the PPCF Writ, the resignation of PPCF and the Company's Response to SGX Queries (the "**2 March Queries**"). Till-date, the Company has yet to respond to the 2 March Queries. Please refer to Appendix A for the 2 March Queries.

- (g) After the Company released its FY2021 unaudited full year financial results ("**FY2021 Results**") on 2 March 2022, SGX RegCo issued another set of queries to the Company on 3 March 2022, requesting for breakdown of certain items in its financial statements and updates on its new business ("**3 March Queries**"). Till-date, the Company has yet to respond to the 3 March Queries. Please refer to Appendix B for the 3 March Queries.

- (h) On 5 March 2022, the Company announced that it had, on 4 March 2022, received a statutory demand from the solicitors of the Vendor for the alleged outstanding fees of approximately S\$1.9 million ("**Vendor Statutory Demand**"). This is notwithstanding that Alpha had earlier announced that it was negotiating with the Vendor on a proposed payment plan and the Vendor had agreed on an extension of time and for resolution on a timely manner.

- (i) The Company requested for a trading halt on 7 March 2022.

- (j) On 9 March 2022, the Company announced two further resignations of independent directors, namely Ms. Chew Yean Nee ("**Ms Chew**") and Mr. Fabian Sven Bahadur Scheler ("**Mr Fabian**"). Similar reasons as the earlier resignations were provided, being differences with management on the administration and the timeliness of certain disclosure and announcement of matters to shareholders.

5. Exchange's Directives

- 5.1 Catalyst Rule 305(1) provides that the Exchange may exercise administrative powers for the purpose of ensuring that the market is fair, orderly and transparent. Catalyst Rule 305(1)(b) provides that the Exchange may require an issuer to make specific disclosures; and Catalyst Rule 305(1)(k) further provides that the Exchange may impose any other requirements on Relevant Persons which the Exchange considers appropriate.
- 5.2 In light of the above and pursuant to Catalyst Rules 305(1)(b) and (k), SGX RegCo hereby directs the Company to comply with the following:
- (a) Respond to the queries posed by SGX RegCo on 2 and 3 March 2022 (refer to Appendices A and B) via a SGXNet announcement no later than Monday, 14 March 2022.
 - (b) Obtain and disclose via SGXNet by Wednesday, 16 March 2022, detailed explanations from each of Mr Chang, Mr Ng, Ms Chew and Mr Fabian (collectively, the "**Former IDs**") as to the reason(s) for each of the Former ID's resignation including:
 - i. providing detailed reasons for their resignation;
 - ii. whether there are any other material reason / concerns leading to his/her resignation;
 - iii. actions taken by each of the Former IDs in relation to areas of concerns that resulted in their resignations; and
 - iv. why he/she consider it proper and appropriate to resign at this juncture in view of these concerns, and given that the Company is in the midst of responding to SGX RegCo's queries and the Board is assessing the Group's ability to operate as a going concern.

SGX RegCo also wishes to refer the Company and the Former IDs to our Regulator's Column published on 1 July 2021 entitled "*Regulator's Column: What SGX RegCO expects of Nomination Committees when directors join or resign.*"

Based on the responses to be provided by each of the Former IDs, SGX RegCo will make an assessment of each of the Former IDs' suitability for appointment as a director and / or executive officer in any issuer listed on the SGX-ST.

- (c) Appoint new independent directors to the Board of Alpha. SGX RegCo further requires the Company to obtain prior approval of the Exchange for such appointments.

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- (d) Following the resignations of the Former IDs, the Company does not have any member on its Audit Committee (“AC”). The Company is reminded to comply with Catalist Rule 704(7) to fill the vacancies within its AC within two months, but in any case not more than three months.
- 5.3 Trading in the Company’s securities should be suspended until there is clarity on the affairs in the Company, including the Group’s ability to operate on a going concern.
- 5.4 Where warranted, SGX RegCo may issue further directives to the Company to look further into any areas of concern and/or take appropriate regulatory actions.
- 5.5 SGX RegCo requires (a) the Company; (b) its past, current and future board of directors, key management and staff; and/or (c) any other person(s) as directed by the Exchange, to render full cooperation to the SGX RegCo and its sponsor, PPCF.
- 5.6 Please note that this Notice is an official notification to the Company with immediate effect.
- 5.7 Pursuant to Catalist Rule 305(4), failure to comply with the requirements SGX RegCo has imposed shall be deemed to be a contravention of the Catalist Rules.
- 5.8 Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Catalist Rules, including any failure to comply with the requirements SGX RegCo has imposed.

Yours faithfully,

June Sim

Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation

cc: Ms Ng Shi Qing, PrimePartners Corporate Finance Pte. Ltd.

Appendix A – 2 March Queries

We refer to the announcements made by Alpha DX Group Limited (“Alpha” or the “Company”) on 1 and 2 March 2022, in relation to the following:

- (a) Resignation of Independent Non-Executive Director, Mr Chang Chi Hsung (“Mr Chang”);
- (b) Resignation of Independent Non-Executive Director, Mr Ng Chee Weng@Max Ng Chee Weng (“Mr Ng”);
- (c) Writ of Summons rec from the Company’s continuing sponsor, PrimePartners Corporation Finance Pte. Ltd. (“PPCF”) on 1 March 2022 for a sum of S\$604,844.76;
- (d) Resignation of PPCF on 1 March 2022; and
- (e) Response to SGX Regco’s queries on 2 March 2022 in relation to the Letter of Demand announced on 25 Feb 2022.

Please work with the Company on the following queries:

1. Reason stated for the resignations of Mr Chang and Mr Ng is due to “differences with management on the administrative and timeliness of certain disclosure and announcement of matters to shareholders” with reference to the 25 Feb 2022 announcement.
 - Please elaborate on the reasons stated by Mr Chang and Mr Ng.
 - Are there any disagreement or unresolved differences between the Company’s Executive Directors / management and Mr Chang and Mr Ng?
 - Are there any material governance concerns, internal control concerns or matters concerning the management of company’s affairs which have a material impact on the company’s financial performance or operations, that should be brought to the attention of the shareholders?
2. In response to SGX RegCo’s queries, the Company responded on 2 March 2022 that the Board has assessed that the Group is able to continue as a going concern. Basis provided includes the Group’s cash position of S\$3.4 million and working capital position of S\$1.2 million as at 31 Jan 2022.
 - In view of the Group’s cash position, please provide reasons and circumstances leading to the receipt of letter of demand (S\$1.9 million) from Kydon Holdings and Writ of summons received from PPCF (S\$605K).
 - Are there any disputes between the Company and Kydon; as well as the Company and PPCF on the outstanding amounts? If so, please elaborate. If not, please explain why such amount remain outstanding.

3. In response to SGX RegCo's queries, the Company disclosed on 2 Mar 2022 that the bases for the Board assessing that the Group is able to continue as a going concern is because the Group's short-term liabilities of S\$7.3m can be partially satisfied by the Group's cash of S\$3.4m and the Company is in negotiations to convert some liabilities into equity, as well as in discussions with creditors to extend the due date of its short term liabilities.
 - (a) Please elaborate on the progress of such negotiations / discussions to restructure the Group's short-term liabilities and whether any agreement has been entered into.
 - (b) Assuming the negotiations / discussions do not result in positive outcomes, ie, disregarding matters which are not definitive, please provide the Board's opinion on the Group's ability to operate as a going concern and state in detail the bases in arriving at such opinion.
 - (c) For the purpose of the Company's resumption of trading on 8 June 2021,
 - (i) The Board had provided its opinion on its ability to operate as a going concern and confirmed sufficiency of working capital for at least 12 months after resumption of trading.
 - Please confirm if such opinion and confirmations are still valid and whether the considerations taken into account then are still valid. If not, please provide further details.
 - (ii) The Investor and Controlling shareholder of the Company, Didi Investments Inc. had provided an undertaking to provide financial support to the Group for at least 12 months after resumption of trading, to enable it to execute its business plans, remain a going concern and repay its debts as and when they fall due. In response to SGX RegCo's queries, the Company disclosed on 2 Mar 2022 that its working capital available is S\$3.4m and it does not have other credit lines.
 - Why is the financial support from Did Investments Inc. not taken into consideration by the Board in assessing availability of working capital and going concern?
4. Are there any disagreements between the Company and its sponsor PPCF? Please provide details.
5. Is the Company in talks with new sponsors? Please provide updates to shareholders on progress.

Appendix B – 3 March Queries

We refer to the announcement made by Alpha DX Group Limited (“Alpha” or the “Company”) on 2 March 2022, on its FY2021 financial results.

1. We note that the Group’s trade and other receivables of S\$5.2 million accounted for about 53.6% of the Group’s current assets of S\$9.7 million.

The following breakdown of the trade and other receivables is disclosed:

- (i) Trade receivables from non-related parties: S\$2.6 million
- (ii) Other receivables: S\$342K
- (iii) Deposits: S\$2.1 million
- (iv) Prepayments: S\$79K

Please provide information on the following:

- Nature of each of the above breakdown items;
 - Explanation on reasons for the high trade receivables in the education business.
 - Are the “Other receivables”, “Deposits” and “Prepayments” in relation to the education business? What are the circumstances that led such items being incurred? Who are such payments made to / receivables expected from?
 - Aging of the Group’s trade receivables, and actions taken to recover the past due receivables.
 - Has the Board assessed if there are recoverability issues?
2. Revenue for FY2021 amounted to S\$9.75 million and was solely contributed by the Digital Transformation in Learning and Education (“DTLE”) business segment.
 - Please provide details on the revenue streams and the Group’s revenue recognition for the DTLE business segment.
 3. The Group recorded trade and other payables of approximately S\$7.07 million as at 31 Dec 2021, of which S\$5.27 million relates to “Other Payables to non-related parties” and S\$1.66 million relates to “Accrued Operating Expenses”.
 - Please provide further breakdown and explain the nature of “Other Payables” and why these were incurred.
 - Please explain the nature of the “Accrued Operating Expenses” and why is there a need to accrue such expenses.
 4. The proposed acquisition of an exclusive perpetual territorial license (the “License”) from ERC Institute Pte. Ltd. has been postponed, but the Company has paid additional deposit of S\$600K.
 - Please provide the Company’s rationale for paying the additional S\$600K deposit.

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- Please clarify if the License is essential for Invictus Academy Inc to conduct its academy courses in Singapore.
 - Has the Company obtained all the licenses required for Invictus Academy Inc. to operate its business?
 - The Company obtained shareholders' approval and completed the acquisition of Invictus Academy (formerly known as Didi Academy) in September 2021. What is the impact of the delayed acquisition of the License on the Company's plans for Invictus Academy? What happens if the acquisition of the Licence does not materialise? Is the acquisition of the Licence a condition precedent to the acquisition of Invictus Academy? Has Invictus Academy commenced operations and has the Group recorded any revenue from Invictus?
5. Please provide updates on the Group's operations in (a) Kydon; (b) Invictus and (c) any other projects / initiatives which the Company had previously announced.