

CIRCULAR DATED 24 SEPTEMBER 2020

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 Energy Holdings 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.

Your attention is drawn to paragraph 2.5 of this Circular entitled "Risk Factors", which you should review carefully.

*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 Sponsor has also not drawn on any specific technical expertise in its review of this Circular.*

The contact person for the Sponsor is Ms. Gillian Goh, 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, 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 resolutions tabled at the EGM.

Please refer to paragraph 16 of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM.



ALPHA ENERGY

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

CIRCULAR TO SHAREHOLDERS
in relation to:

- (1) THE PROPOSED DIVERSIFICATION OF BUSINESS TO INCLUDE THE PROVISION OF LEARNING AND EDUCATION SERVICES;
- (2) THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF KYDON LEARNING SYSTEMS INSTITUTE PTE. LTD.;
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF 400,000,000 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.005 FOR EACH SHARE TO THE VENDOR AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION;
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 6,857,142,857 CONVERSION SHARES AT A CONVERSION PRICE OF S\$0.0035 PER CONVERSION SHARE UNDER THE CONVERTIBLE LOAN AGREEMENT;
- (5) THE PROPOSED GRANT OF 3,428,571,428 NON-TRANSFERABLE OPTIONS TO DIDI INVESTMENTS, INC., EACH OPTION CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.005 PER OPTION, AND ISSUANCE OF THE OPTION SHARES PURSUANT TO THE EXERCISE OF THE OPTIONS;
- (6) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO DIDI INVESTMENTS, INC. ARISING FROM THE PROPOSED CONVERSION SHARES ISSUE;
- (7) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 205,714,285 INTRODUCER SHARES TO THE INTRODUCER AS SATISFACTION FOR THE INTRODUCER FEE; AND
- (8) THE PROPOSED SHARE CONSOLIDATION OF EVERY FORTY (40) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED).

Financial Adviser in relation to the Proposed Acquisition



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

Important Dates and Times

Last date and time for lodgement of Proxy Form	:	7 October 2020 at 3 p.m.
Date and time of Extraordinary General Meeting	:	9 October 2020 at 3 p.m.

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DEFINITIONS

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

"Aggregate Consideration"	Purchase	: The aggregate consideration of the Proposed Acquisition, being S\$12,000,000.
"ANS"		: Alaska North Slope
"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"		: Means the audit committee of the Company comprising Mr. Ravinder Singh Grewal s/o Sarbjit Singh (chairman of the audit committee), Mr Max Ng Chee Weng and Mr Fabian Sven Bahadur Scheler
"Balance Consideration"		: S\$2,000,000 of the Aggregate Purchase Consideration, which is to be fulfilled in cash
"Board"		: The board of Directors of the Company
"Books Closure Date"		: The time and date to be determined by the Board after consultation with the Sponsor for compliance with the relevant Catalist Rules, at and on which the Register of Members and share transfer books of the Company will be used to determine the entitlements of Consolidated Shares of Shareholders under the Proposed Share Consolidation
"Business Day"		: Any day on which commercial banks are open for business in Singapore, other than Saturdays, Sundays and days which have been gazetted as public holidays in Singapore
"Business Agreement"	Partnership	: Has the meaning ascribed to it in paragraph 3.6.7 of this Circular
"Catalist"		: The Catalist board of the SGX-ST

DEFINITIONS

“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 24 September 2020
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
“Company” or “Alpha Energy”	: Alpha Energy Holdings Limited (Company Registration No. 200310813H) having its registered office at 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968
“Completion”	: Completion of the Proposed Acquisition
“Completion Date”	: The date of Completion
“Conditions”	: Has the meaning ascribed to it in paragraph 3.6.3 of this Circular
“Consideration Shares”	: 400,000,000 Shares to be allotted and issued to the Vendor at the issue price of S\$0.005 per Consideration Share, as partial fulfilment of the First Consideration
“Consolidated Shares”	: The consolidated Shares after completion of the Proposed Share Consolidation, being shares in the capital of the Company
“Constitution”	: The Constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Interest”	: The interest of the Controlling Shareholder(s)
“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 paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Conversion Price”	: S\$0.0035 per Share
“Conversion Rights”	: Has the meaning ascribed to it in paragraph 5.3 of this Circular
“Conversion Shares”	: Up to 6,857,142,857 Shares to be allotted and issued by the Company under the Convertible Loan Agreement

DEFINITIONS

“Convertible Loan”	: Has the meaning ascribed to it in paragraph 5.1 of this Circular
“Convertible Loan Agreement”	: Has the meaning ascribed to it in paragraph 5.1 of this Circular
“Current Core Business”	: The business of of exploration, exploitation and production of oil that the Group is presently principally involved in
“Directors”	: The directors of the Company as at the Latest Practicable Date
“Ed-Tech”	: Education Technology
“Effective Trading Date”	: Has the meaning ascribed to it in paragraph 9.3 of this Circular
“EGM”	: The extraordinary general meeting of the Company in relation to the Proposed Resolutions to be held via electronic means on 9 October 2020 at 3 p.m., notice of which is set out in pages N-1 to N-6 of this Circular
“Enlarged Share Capital”	: The issued and paid-up share capital of the Company following the Proposed Consideration Share Issue, the Proposed Conversion Shares Issue, the Proposed Grant of Options and the Proposed Introducer Shares Issue, assuming full conversion of the Convertible Loan into Conversion Shares, and that all Options are exercised
“EPS”	: Earnings per Share
“Exercise Price”	: S\$0.005
“First Consideration”	: S\$10,000,000 of the Aggregate Purchase Consideration, to be paid on or prior to Completion, comprising S\$8,000,000 of which is to be fulfilled in cash and S\$2,000,000 to be fulfilled through the allotment and issuance of the Consideration Shares
“First Tranche”	: Has the meaning ascribed to it in paragraph 5.3 of this Circular
“FY”	: The financial year ended or ending 31 December, as the case may be.
“Group”	: The Company and its subsidiaries
“Independent Valuer”	: Cushman & Wakefield VHS Pte. Ltd.
“Introducer”	: RSM Corporate Advisory Pte. Ltd.

DEFINITIONS

“Introducer Agreement”	: The agreements dated 1 April 2020 and 9 September 2020 entered into between the Company and the Introducer pursuant to which the Company has agreed to, as consideration for introducing the Investor to the Company, allot and issue to the Introducer the Introducer Shares as satisfaction for the Introducer Fees
“Introducer Fees”	: Has the meaning ascribed to it in paragraph 8.1 of this Circular
“Introducer Shares”	: Has the meaning ascribed to it in paragraph 8.4 of this Circular
“Investor”	: Didi Investments, Inc
“KLSI” or “Target”	: Kydon Learning Systems Institute Pte. Ltd.
“KLSI Group” or “Target Group”	: The Target and its subsidiaries, being KM, MQ and MQI
“KM”	: Kydon Learning Systems Sdn. Bhd.
“Latest Practicable Date”	: 18 September 2020, being the latest practicable date prior to the finalisation and release of this Circular
“Long Stop Date”	: Has the meaning ascribed to it in paragraph 3.6.5 of this Circular
“LPS”	: Loss per Share
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“MAS”	: The Monetary Authority of Singapore
“MQ”	: MQ Spectrum Pte. Ltd.
“MQI”	: MQ Spectrum (India) Pvt Ltd
“Mr. David Yeo”	: Mr. Yeo Chee Tiong David
“Mr. Samuel Tan”	: Mr. Samuel Tan Choon Hwee
“Mustang Fields”	: The Group’s oil fields in the Southern Miluvealch Unit, North Slope Alaska
“Mustang Project”	: The Group’s business of exploration, exploitation and production of oil from the Mustang Fields
“NAV”	: Net asset value

DEFINITIONS

“Net Proceeds”	: The net proceeds to be raised by the Company from the First Tranche of the Convertible Loan after deducting, amongst others, the consideration payable in cash to the Vendor in relation to the Proposed Acquisition, repayment of a short term loan from the Investor, estimated expenses to be incurred in connection with the Convertible Loan, the Proposed Acquisition and other associated costs, and the payment of restructured debts of the Company which remain payable in cash
“New Share Certificates”	: Has the meaning ascribed to it in paragraph 9.4(a) of this Circular
“Notice of EGM”	: The notice of the EGM which is set out in pages N-1 to N-6 of this Circular
“NTA”	: Net tangible assets
“NTL”	: Net tangible liabilities
“Old Share Certificates”	: Has the meaning ascribed to it in paragraph 9.4(a) of this Circular
“Ordinary Resolution 1”	: The ordinary resolution to approve the Proposed Diversification
“Ordinary Resolution 2”	: The ordinary resolution to approve the Proposed Acquisition
“Ordinary Resolution 3”	: The ordinary resolution to approve the Proposed Consideration Shares Issue
“Ordinary Resolution 4”	: The ordinary resolution to approve the Proposed Conversion Shares Issue
“Ordinary Resolution 5”	: The ordinary resolution to approve the Proposed Grant of Options
“Ordinary Resolution 6”	: The ordinary resolution to approve the Proposed Transfer of Controlling Interest
“Ordinary Resolution 7”	: The ordinary resolution to approve the Proposed Introducer Shares Issue
“Ordinary Resolution 8”	: The ordinary resolution to approve the Proposed Share Consolidation
“Options”	: Non-transferable options to be granted by the Company to the Investor for an aggregate consideration of S\$1.00 on the terms and conditions of the Options Agreement, with each Option carrying the right to subscribe for one (1) Option Share at the exercise price of S\$0.005 per Option
“Options Agreement”	: The options agreement dated 17 September 2020 entered into between the Company and the Investor for the Proposed Grant of the Options

DEFINITIONS

“Option Shares”	:	Up to 3,428,571,428 Shares to be allotted and issued by the Company pursuant to the exercise of the Options at the exercise price of S\$0.005 per Option
“Proposed Acquisition”	:	Has the meaning ascribed to it in paragraph 1.1(b) of this Circular
“Proposed Consideration Shares Issue”	:	Has the meaning ascribed to it in paragraph 1.1(c) of this Circular
“Proposed Conversion Shares Issue”	:	Has the meaning ascribed to it in paragraph 1.1(d) of this Circular
“Proposed Diversification”	:	Has the meaning ascribed to it in paragraph 1.1(a) of this Circular
“Proposed Grant of Options”	:	Has the meaning ascribed to it in paragraph 1.1(e) of this Circular
“Proposed Introducer Shares Issue”	:	Has the meaning ascribed to it in paragraph 1.1(g) of this Circular
“Proposed New Business”	:	Has the meaning ascribed to it in paragraph 2.2 of this Circular
“Proposed Resolutions”	:	Refers collectively to Ordinary Resolutions 1 to 8
“Proposed Consolidation”	Share :	Has the meaning ascribed to it in paragraph 1.1(h) of this Circular
“Proposed Transactions”	:	Refers collectively to the Proposed Diversification, the Proposed Acquisition, the Proposed Consideration Shares Issue, the Proposed Conversion Shares Issue, the Proposed Transfer of Controlling Interest, the Proposed Grant of Options, the Proposed Introducer Shares Issue, and the Proposed Share Consolidation
“Proposed Transfer of Controlling Interest”	of :	Has the meaning ascribed to it in paragraph 1.1(f) of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“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

DEFINITIONS

“Sale Shares”	:	100% of the existing shares in the Target to be acquired by the Company on the terms and subject to the conditions of the SPA
“Second Payment Date”	:	Has the meaning ascribed to it in paragraph 3.6.1(b)
“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
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“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
“Share Registrar”	:	The share registrar of the Company, Tricor Barbinder Share Registration Services
“Shares”	:	Ordinary share(s) in the share capital of the Company
“SIC”	:	Securities Industry Council
“SPA”	:	The sale and purchase agreement dated 14 July 2020 entered into between the Company and the Vendor for the proposed acquisition by the Company of 100% of the existing shares in the Target, as amended on 17 September 2020 and as may be supplemented, modified and/or amended
“Sponsor” or “PPCF” or “Financial Adviser”	:	PrimePartners Corporate Finance Pte. Ltd.
“Subsequent Tranches”	:	Has the meaning ascribed to it in paragraph 5.3 of this Circular
“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
“Total Net Proceeds”	:	The maximum gross proceeds from the Subsequent Tranches of the Convertible Loan together with the Net Proceeds

DEFINITIONS

“Tranche”	: Has the meaning ascribed to it in paragraph 5.1 of this Circular
“Valuation Report”	: Valuation report dated 24 September 2020 issued by the Independent Valuer in relation to the valuation of 100% equity interest in the capital of Target Group, a summary of which is set out in Appendix IV to this Circular
“Summary of Valuation Report”	: A summary of the Valuation Report set out in Appendix IV to this Circular
“Vendor”	: Kydon Holdings Pte. Ltd.
“VWAP”	: Volume weighted average price
“Whitewash Waiver”	: Has the meaning ascribed to it in paragraph 5.3 of this Circular
“ZillLearn”	: ZillLearn Pte. Ltd.

Currencies, Units and Others

“%”	: Per centum or percentage
“INR”	: Indian rupee, the lawful currency of India
“MYR”	: Malaysian ringgit, the lawful currency of Malaysia
“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 Catalyst 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 Catalyst 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 Catalyst Rules as for the time being, unless otherwise stated.

DEFINITIONS

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\$0.742 as at 31 December 2019.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, plans, prospects, intentions or strategies regarding the future and assumptions in light of currently available information.

These forward-looking statements, including but not limited to, statements as to revenue and profitability; any expected growth; any expected industry prospects and trends; planned strategy and future expansion plans; any other matters that are not historical facts; and any other matters discussed in this Circular, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s, the Group’s, the Target’s, and the Target Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Circular, in particular, but not limited to, discussions in paragraph 2.5 of this Circular entitled “Risk Factors”.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. The Group, the Directors, the executive officers of the Company and the Financial Adviser are not representing or warranting to you that the actual future results, performance or achievements of the Company, the Group, the Target and the Target Group will be as those discussed in those statements. The respective actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Further, the Company and the Financial Adviser disclaim any responsibility, and undertake no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

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

Directors:

Mr. Ravinder Singh Grewal s/o Sarbjit Singh (Independent Non-Executive Chairman)
Mr. Daiji Yamada (Executive Director)
Mr. Ng Chee Weng @ Max Ng Chee Weng (Independent Non-Executive Director)
Mr. Tan Ser Ko (Non-Independent Non-Executive Director)
Mr. Fabian Sven Bahadur Scheler (Non-Independent Non-Executive Director)

Registered Office:

438B Alexandra Road
#05-08/10 Alexandra
Technopark
Singapore 119968

24 September 2020

To: **Shareholders of Alpha Energy Holdings Limited**

Dear Sir / Madam

- (1) THE PROPOSED DIVERSIFICATION OF BUSINESS TO INCLUDE THE PROVISION OF LEARNING AND EDUCATION SERVICES;
 - (2) THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF KYDON LEARNING SYSTEMS INSTITUTE PTE. LTD.;
 - (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF 400,000,000 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.005 FOR EACH SHARE TO THE VENDOR AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION;
 - (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 6,857,142,857 CONVERSION SHARES AT A CONVERSION PRICE OF S\$0.0035 PER CONVERSION SHARE UNDER THE CONVERTIBLE LOAN AGREEMENT;
 - (5) THE PROPOSED GRANT OF 3,428,571,428 NON-TRANSFERABLE OPTIONS TO DIDI INVESTMENTS, INC., EACH OPTION CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.005 PER OPTION, AND THE ISSUANCE OF THE OPTION SHARES PURSUANT TO THE EXERCISE OF THE OPTIONS;
 - (6) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO DIDI INVESTMENTS, INC. ARISING FROM THE PROPOSED CONVERSION SHARES ISSUE;
 - (7) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 205,714,285 INTRODUCER SHARES TO THE INTRODUCER AS SATISFACTION FOR THE INTRODUCER FEE; AND
 - (8) THE PROPOSED SHARE CONSOLIDATION OF EVERY FORTY (40) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED).
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LETTER TO SHAREHOLDERS

1. INTRODUCTION

1.1. Purpose of Circular

The Directors are convening an EGM by way of electronic means on 9 October 2020 at 3 p.m. to seek Shareholders' approval for the following (collectively, the **"Proposed Transactions"**):

- (a) (Ordinary Resolution 1) the proposed diversification of the Group's business to include the provision of learning and education services (the **"Proposed Diversification"**);
- (b) (Ordinary Resolution 2) the proposed acquisition of all the issued and fully-paid shares in the capital of Kydon Learning Systems Institute Pte. Ltd. (the **"Proposed Acquisition"**);
- (c) (Ordinary Resolution 3) the proposed allotment and issuance of 400,000,000 new Shares at an issue price of S\$0.005 for each Share to the Vendor as part satisfaction of the consideration for the Proposed Acquisition (the **"Proposed Consideration Shares Issue"**);
- (d) (Ordinary Resolution 4) the proposed allotment and issuance of up to 6,857,142,857 Conversion Shares at a Conversion Price of S\$0.0035 pursuant to the exercise of conversion rights under the Convertible and Loan Agreement (the **"Proposed Conversion Shares Issue"**);
- (e) (Ordinary Resolution 5) the proposed grant of 3,428,571,428 non-transferable Options to the Investor, each Option carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.005 per option (the **"Proposed Grant of Options"**), and the issuance of the Option Shares pursuant to the exercise of the Options;
- (f) (Ordinary Resolution 6) the potential transfer of Controlling Interest in the Company to the Investor arising from the Proposed Conversion Shares Issue (the **"Proposed Transfer of Controlling Interest"**);
- (g) (Ordinary Resolution 7) the proposed allotment and issuance of up to 205,714,285 Introducer Shares to the Introducer as satisfaction for the Introducer Fee (the **"Proposed Introducer Shares Issue"**); and
- (h) (Ordinary Resolution 8) the proposed share consolidation of every forty (40) existing Shares held by shareholders of the company as at the Books Closure Date into one (1) Consolidated Share (fractional entitlements to be disregarded) (the **"Proposed Share Consolidation"**).

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-6 of this Circular.

1.2. Conditionality of Resolutions

Shareholders should note that:

- (a) **Ordinary Resolutions 1 to 7 are inter-conditional.** This means that if any of these resolutions are not approved, the other resolutions will not be deemed duly passed. Ordinary Resolutions 1 to 7 are inter-conditional as the completion of each transaction is conditional upon the completion of the other transactions; and

LETTER TO SHAREHOLDERS

- (b) the passing of Ordinary Resolution 8 is not conditional on the passing of Ordinary Resolutions 1 to 7.

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 DIVERSIFICATION

2.1. Introduction – Challenges in the Current Core Business of the Group

The Group is presently principally involved in the business of exploration, exploitation and production of oil. Since the beginning of 2020, the collapse of the ANS West Coast oil price has had an adverse effect on the operating revenues of the Group in its Current Core Business and hampered the Group's efforts to raise funds and negotiate with various stakeholders to restructure its assets and liabilities relating to the Group's interests in the Mustang Fields.

Subsequently, the onset of COVID-19 caused major economies to commence emergency lock-down measures which further drove down the demand for crude oil, and the ANS West Coast oil price continued on a downward spiral. This resulted in an unprecedented crash in oil price where the ANS West Coast and West Texas Intermediate (WTI) traded in the negative territory for the first time in recent history.

After assessing the viability of the Mustang Project, and taking into consideration of the overall economic outlook and the outlook of the oil and gas industry, the Group is of the view that it would be challenging for the Group to make further investment and development in the Mustang Project into the foreseeable future until the oil market recovers and the management determined that it is economically viable for the Group. As a result, the Group has identified the Proposed Acquisition and assessed that it would be in the best interests of the Company and its Shareholders to diversify into the business of providing learning and education services in order to preserve and enhance shareholders' value.

The Board is of the view that the Proposed Diversification will benefit the Group by extending its revenue base and improving its growth prospects by leveraging on the potential growth prospect of the learning and education sector. In particular, the Proposed Diversification would allow the Company to diversify its earnings stream and would enable it to establish a foothold in the learning and education sector.

2.2. The Proposed Diversification

The Group seeks to diversify the business of the Group into the learning and education sector which is not limited to, some or all of the following activities relating to the provision of learning and education services in the Ed-Tech sector (the "**Proposed New Business**"):

- (a) consultancy services for integrated learning solutions;
- (b) designing and developing digital learning content;

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- (c) developing customised enterprise learning management system (“LMS”) (i.e. a system using a combined method of informal learning, formal learning, and blended learning techniques) based solutions;
- (d) designing and developing customised software to aid learning outcomes;
- (e) managing learning programmes for, *inter alia*, government agencies, educational institutions, training academies, corporations and enterprises; and
- (f) providing operational support for customised systems (which includes software and hardware support).

The Group does not intend for the Proposed New Business to be restricted to any geographical area or to any phase or activity in the Proposed New Business. However, for the avoidance of doubt, the Proposed New Business shall primarily be conducted in Singapore.

2.3. Rationale for the Proposed Diversification

- (a) *The Proposed Diversification will provide a diversified business and income base, thereby reducing reliance on the Current Core Business*

The Group has been actively looking for business ventures to diversify its Current Core Business and the Proposed Diversification is part of the Group’s corporate strategy to improve shareholders’ value. With the Proposed New Business, the Group will obtain an additional and recurrent revenue stream, which in turn reduces the Group’s reliance on its Current Core Business and increases the prospects of profitability and long-term growth of the Group.

As highlighted below, the Board believes that the learning and education sector is more resilient against changing economic conditions as compared to the Group’s Current Core Business, so the revenue stream from the Proposed New Business is expected to be more stable and recurring in nature than that from the Current Core Business.

- (b) *The Proposed New Business has a greater potential to achieve long-term growth for the Group*

The Board recognises that its Current Core Business is cyclical and are vulnerable to changing economic conditions. On the other hand, as the Proposed New Business may remain more relevant and necessary as a societal and aspirational need regardless of market conditions.

In addition, an Ed-Tech-based business in the learning and education sector would have the flexibility to explore and provide a range of services, which may span from formal schooling, vocational education and training, enterprise learning and development, to community-based teaching initiatives. Ed-Tech-based businesses are also not confined by geographical boundaries, making them highly scalable, in line with the worldwide trend of increased digitisation across sectors of the economy and a stable world-wide demand for education and training resources in the Ed-Tech sectors,

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The Board therefore believes that the Proposed New Business will be more resilient and would have a greater potential to achieve long-term growth for the Group.

- (c) *The Proposed New Business is less capital intensive compared to the Current Core Business and has a greater growth potential*

In contrast to the Current Core Business, the Proposed New Business is less capital intensive. The diversification of the Group's business into a less capital-intensive business would allow the Group to have access to alternative revenue streams without requiring substantial investment in capital than what would be required in the Current Core Business.

- (d) *The Proposed New Business complements the expertise and know-how of the Investor*

As will be further elaborated upon in this Circular, the Group intends to raise funds for the Proposed Acquisition through the Convertible Loan, which will be extended to the Company by the Investor. Following the completion of the Convertible Loan, the Investor, who has investments in the Proposed New Business, is expected to lend its expertise to the Company in relation to the Proposed New Business.

Given that the Investor is an existing player in the learning and education segment and has made other investments in the education services sector where its subsidiaries deliver educational content through classroom and online platforms, the Board, taking into consideration of the merits of (i) the capital investment by the Investor; (ii) the viability, profitability and growth of the Proposed New Business; and (iii) the general outlook of the learning and education sector, believes that the Group will be able to harness the expertise and know-how of the Investor in the learning and education sector. Please refer to paragraph 5.4 of this Circular for more information about the Investor.

2.4. Requirements of the Catalist Rules

Chapter 10 of the Catalist Rules regulates transactions which are not in the ordinary course of business of a company and which are material, as determined based on certain relative figures computed with respect to the transaction and the company, including net asset value, net profits, the aggregate value of the consideration vis-à-vis market capitalisation of the company and equity securities. Specifically, a material transaction which is not in the ordinary course of business of a company is required to be approved by shareholders of a company. In addition, a material transaction which is in the ordinary course of business of a company and which changes the risk profile of the company is, notwithstanding that it is in the ordinary course of business of such company, required to be approved by shareholders of a company.

As the Proposed Diversification involves a new business area which is materially different from the Current Core Business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group materially. Accordingly, the Company is convening the EGM to seek Shareholders' approval to approve the Proposed Diversification.

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Upon approval by Shareholders of the Proposed Diversification, any acquisition which is in, or is in connection with, the Proposed New Business, would be in the Group's ordinary course of business and therefore not fall under the definition of a "**transaction**" under Chapter 10 of the Catalist Rules even if the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceed the thresholds set out in Rule 1014 of the Catalist Rules, unless such transaction changes the risk profile of the Group. This will reduce substantially the administrative time and expenses in convening Shareholder meetings for any transactions in the Proposed New Business, as well as provide the Group with greater flexibility to pursue business opportunities in the Proposed New Business which may be time-sensitive in nature.

Nevertheless, as the Proposed New Business is a new business area for the Group, the Company is also seeking Shareholders' approval for the first transaction that it enters into relating to the Proposed New Business (being the Proposed Acquisition).

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification is being sought:

- (a) where an acquisition of assets (whether or not the acquisition is deemed to be in the ordinary course of business of the Company) is one where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, the transaction is classified as a very substantial acquisition or reverse takeover and would be subject to Rule 1015 of the Catalist Rules, and such transaction will be made conditional upon approval by Shareholders at a general meeting;
- (b) Practice Note 10A of the Catalist Rules will apply and Shareholders' approval would be required for any transaction (which falls within the definition as set out in Rule 1002(1) of the Catalist Rules) which changes the risk profile of the Company; and
- (c) where any transaction constitutes an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such transactions and the Company will comply with the provisions of Chapter 9 of the Catalist Rules. In particular, pursuant to Rule 905 of the Catalist Rules, where any interested person transaction is of a value equal to or more than 3% of the Group's latest audited NTA, or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to or more than 3% of the Group's latest audited NTA, the Group must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year. Pursuant to Rule 906 of the Catalist Rules, where any interested person transaction is of a value equal to or more than 5% of the Group's latest audited NTA, or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to or more than 5% of the Group's latest audited NTA, the Group must obtain shareholders' approval for the interested person transaction.

In addition, the Company will be required to comply with any applicable and prevailing Catalist Rules as may be amended or modified from time to time.

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2.5. Risk Factors

Having explained the Board's rationale for the Proposed Diversification, the Board acknowledges that there may be risks for the entry into the Proposed New Business. This paragraph 2.5 sets out the risk factors which, to the best of the Directors' knowledge and belief, are material to Shareholders in making an informed judgment on the Proposed Diversification. The Proposed New Business involves a number of risks, including risks associated with the learning and education sector, risks associated with the entry into new businesses and general competition and macro-economic risks. Some risks are not yet known to the Group and there may be risks which the Group currently believes are not material at present but may subsequently turn out to be. The risk factors set out in this paragraph 2.5 should not be construed as a comprehensive list of all risk factors relating to the Proposed New Business.

Shareholders should carefully consider and evaluate the risk factors and all other information contained in this Circular and consider the risk factors in light of your own investment objectives and financial circumstances before deciding whether to vote in favour of the Proposed Diversification. Shareholders should seek professional advice from your accountants, stockbrokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

2.5.1 RISKS ASSOCIATED WITH THE LEARNING AND EDUCATION SECTOR

(a) ***The Group has no prior track record and operating experience in the Proposed New Business***

The Group does not have a prior track record in the carrying out or implementation of the Proposed New Business. There is no assurance that the Group's foray into the Proposed New Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital, start-up and/or acquisition costs as well as operating costs arising from the Proposed New Business. The Proposed New Business may require significant capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the learning and education sector in the regions where the Group ventures into, as well as the trends and developments affecting the learning and education in general. The Group's future plans with regard to the Proposed New Business may not be profitable, may not achieve sales levels and profitability that justify the investments and/or acquisition costs made and may take a long period of time before the Group could realise any return.

Further, such future plans and new initiatives could be capital intensive and could also result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debt and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group. The Group may face significant financial risks before it can realise any benefits from its investments in the Proposed New Business.

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- (b) ***Profitability of the Proposed New Business is partly dependent on the ability of the Group to price its fees competitively for its digital learning solutions, products and services***

The profitability of the Proposed New Business is partly dependent on fees from the digital learning solutions and Ed-Tech products and services that the Group intends to provide. Fee rates are, in turn, based on factors such as the demand for digital learning solutions and Ed-Tech, products and services, costs of our operations including fees paid to the Group's employees and marketing and advertising fees. If the Group is unable to price its fees competitively to attract governmental agencies, educational institutions, corporation, or other prospective clients, and at the same time cover its operational costs, the Group's business, financial position and results of operations may be materially and adversely affected.

- (c) ***System interruptions may adversely affect the operations of the Proposed New Business and expose the Group to legal and financial liabilities***

The success of the Proposed New Business depends, in part, on the Group's ability to maintain the integrity of its systems and infrastructure, including websites, information and related systems and fulfillment facilities. System interruption, the lack of integration and redundancy in the Group's information systems and infrastructures may adversely affect its ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. The Group may experience occasional system interruptions that make some or all systems or data unavailable or prevent its businesses from efficiently providing services.

The Group may also rely on affiliate and third party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in its systems and infrastructures, its businesses, its affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of the Group to provide services.

Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent the Group from providing services. While the Group may have backup systems for certain aspects of their operations, disaster recovery planning by its nature cannot be sufficient for all eventualities.

In addition, the Group may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these adverse events were to occur, it could adversely affect the Proposed New Business, financial conditions and results of operations.

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- (d) ***The Proposed New Business may rely heavily on information systems and penetration of network security may expose the Group to legal and financial liabilities***

The Group may rely on platforms which are internet-based. The platform and provisions of services over the internet may expose the Group to cyber risks which include but are not limited to security and hacking threats, and distributed denial of service attacks, which could result in the failure of the associated physical infrastructure, which could result in the failure of the associated physical infrastructure.

Further, any penetration of network security or other misappropriation or misuse of customer information could cause interruptions in the Group's operations and subject the Group to increased costs, litigation and other liabilities.

Security breaches could also significantly damage the Group's reputation with customers and third parties with whom it does business. It is possible that advances in computer capabilities, new discoveries, undetected fraud, inadvertent violations of company policies or procedures or other developments could result in a compromise of information or a breach of the technology and security processes that are used to protect customer data. As a result, the security measures in place may not prevent any or all security breaches. The Group may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences, which could have an adverse effect on the Group's business, financial condition and results of operations.

- (e) ***The success and growth of the Proposed New Business may be dependent on the Group's ability to secure its intellectual property rights***

The Group's success and growth in the Proposed New Business will depend on the delivery of innovative and effective solutions to meet its client's learning objectives, which may in turn be dependent on its ability to secure intellectual property rights to its trademarks, trade names, software platforms and/or products that it designs, develops and acquires. If the Group is unable to secure its intellectual property rights, or should its intellectual property be encroached or misappropriated or otherwise missed in jurisdictions where the Group operates or intends to operate in, this may adversely affect the growth prospects of the Proposed New Business.

- (f) ***Technology is constantly improving, and current technology may become obsolete***

In carrying out the Proposed New Business, the Group may develop or acquire new technology for its digital learning solutions, Ed-Tech products and services. The evolution, development and deployment of new technologies may render the existing technology to be uncompetitive or obsolete. The Group needs to keep abreast of technological changes and ensure the relevance of technologies to the Group's clients and service offerings. If the Group does not keep up with the latest technology advancements, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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(g) ***The Group may face competition from existing competitors and new market entrants, particularly in the Ed-Tech sector***

The market for digital learning solutions and Ed-Tech products and services is rapidly evolving, highly fragmented and intensely competitive, and the Group expects that both product and pricing competition to persist and intensify. Increased competition could cause reduced revenue, price reductions, reduced gross margins and loss of market share.

Many of the current and potential competitors in the Proposed New Business may have longer operating histories and substantially greater financial, technical, sales, marketing and other resources, which may enable them to respond more rapidly to new or emerging technologies and changes in customer requirements, reduce prices to win new customers and offer free learning software or online services. The Group may not be able to compete successfully against current or future competitors.

As the market for digitised learning solutions continues to develop, a number of other companies with greater resources than the Group could attempt to enter the market or increase their presence by acquiring or forming strategic alliances with the Group's competitors or by introducing their own competing products. These companies and their products and services may be superior to those offered by the Group. The Group may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete effectively with any of these new entrants to the market.

(h) ***The Group may fail to accurately forecast its clients' demand and trends in preferences***

Demand for the Group's learning software products and related services could be subject to rapidly changing demand and trends in preferences. Therefore, the Group's success depends upon its ability to:

- identify, anticipate, understand and respond to these trends in a timely manner;
- introduce relevant and effective new products and performance features on a timely basis;
- anticipate and meet clients' demand for learning outcomes;
- effectively position and market the Group's products and services;
- identify and secure cost-effective means of marketing the Group's products to reach the appropriate customers;
- identify cost-effective sales distribution channels; and
- identify and successfully implement ways of building brand loyalty and reputation.

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A decline in demand for the Group's products and services due to any failure by the Group to satisfy customer's needs and requirements may adversely affect the Group's business and profitability.

(i) ***The Group's future growth and profitability may depend in large part upon the effectiveness and efficiency of the Group's marketing expenditures***

The Group's future growth and profitability will depend in large part upon the effectiveness and efficiency of its marketing expenditures, including its ability to:

- create greater awareness of its brands and learning solutions;
- select the right market, media and specific media vehicle in which to advertise;
- identify the most effective and efficient level of spending in each market, media and specific media vehicle;
- determine the appropriate creative message and media mix for advertising, marketing and promotional expenditures;
- effectively manage marketing costs, including creative and media expenses, in order to maintain acceptable customer acquisition costs; and
- convert customer inquiries into actual orders.

The Group's planned marketing expenditures may not result in increased revenue or generate sufficient levels of product and brand name awareness, and the Group may not be able to increase the Group's net sales at the same rate as it increases its advertising expenditures.

(j) ***If the recognition by education bodies and other institutions of the value of technology-based education does not continue to grow, the Group's ability to generate revenue from institutions could be impaired***

The Group's success depends partly upon the continued adoption by institutions and potential customers of Ed-Tech initiatives. Some academics and educators oppose digital and online education in principle and have expressed concerns regarding the perceived loss of control over the education process that can result from offering courses online. If the acceptance and adoption rate of Ed-Tech does not grow or not growing at the rate expected by the Group, the Group's ability to continue to grow organically in the Proposed New Business could be impaired which will have adversely affect the financial performance and prospect of the Group.

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- (k) ***If there are changes in the spending policies or budget priorities for government funding of universities, schools, other education providers or government agencies, the Group's financial prospect may be affected***

The Group may be dependent on providing learning and education services to universities, schools, other education providers or government agencies. Accordingly, any general decrease in funding for universities, schools, other education providers or government agencies could reduce their purchase of the Group's products and services, which may adversely affect the financial performance and prospect of the Group.

- (l) ***The Proposed New Business relies on the Group's ability to recruit and retain dedicated and qualified experts and personnel***

The Proposed New Business would rely substantially on the quality of the employees and technical personnel hired for the provision and developments of learning and education products and services. There is, however, no assurance that the Group will be able to hire employees and technical personnel with the necessary expertise, experience and technical knowledge to develop and market the Group's products and services. The Group faces stiff competition from other learning and education service providers which seek to provide similar learning and educational programmes, products and services. There is therefore no guarantee that the Group will be able to recruit and retain quality employees and technical personnel. If the Group is unable to recruit and retain an appropriate number of teachers and school personnel, the quality of the Group's learning and education programmes, products and services may decline or be perceived to decline, which may have a material and adverse effect on the Group's brand and reputation. In the case of highly qualified employees and technical personnel, such persons may demand higher compensation packages, which may materially and adversely affect the Group's profitability and financial position.

- (m) ***The Group may not have the ability or sufficient expertise to execute the Proposed Diversification***

The Group's ability to successfully diversify into the Proposed New Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed New Business. As set out in paragraph 2.8 of this Circular, the Group will be appointing certain key management personnel to oversee the Proposed New Business and is confident that they have the requisite expertise and experience to head the Proposed New Business. That said, there is no assurance that the Group will be able to recruit other qualified personnel with suitable expertise and experience to support the growth of the Proposed New Business. Without the support of strong management team to manage the Proposed New Business, the Group may not be able to successfully implement the Proposed New Business, and this may adversely affect the Group's financial performance and prospects.

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- (n) ***The Group may not be able to find partners to work with for future collaborations or joint ventures or be successful in working with such partners***

From time to time, depending on available opportunities, feasibility and market conditions, the Group may consider that it would benefit from the entry into collaborations or joint ventures with third parties in Singapore or overseas in connection with the Proposed New Business. There is, however, no guarantee as to whether the Group would be able to find partners to work with at such time or, even if the Group is able to find partners to work with, whether the Group would be successful in working with such partners. Accordingly, even if the Group identifies strategic business opportunities with potential for growth that, in its view, would complement the Group's business, there is no assurance that these opportunities would be successfully executed and the Group may from time to time have to forego potential business opportunities.

- (o) ***The Group may not be able to successfully integrate future collaborations or acquisitions with the Proposed New Business***

Further to the Proposed Diversification, the Board and management may consider it to be in the best interests of the Company and the Group to enter into collaborations or make acquisitions. The success and profitability of such collaborations and acquisitions may depend on the Group's ability to successfully integrate such collaborations or acquisitions with the Group's business at the respective point in time, including to employ cost-cutting measures and to derive synergies. There is, however, no assurance that the Group would be able to successfully integrate such collaborations or acquisitions with the Proposed New Business. In the event the Group is not able to successfully integrate such collaborations or acquisitions effectively, the overall financial position and profitability of the Group may be materially and adversely affected.

2.5.2 GENERAL RISKS

- (a) ***The Group may be exposed to a range of economic risks relating to the Proposed New Business in the countries in which the Group may operate***

The performance of the Proposed New Business depends largely on the economic situation in Singapore and in the geographical markets in which the Group proposes to enter into. There is no assurance that the Ed-Tech sector in Singapore or such other geographical markets will continue to grow. This may adversely affect the demand for the Group's learning and education programmes, products and services. Singapore and the other geographical markets in which the Group seeks to operate may be adversely affected by political, economic, regulatory, social or diplomatic developments. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting Singapore or such other geographical markets, or adverse developments in the supply, demand and prices of resources in such countries, may have an adverse effect on the Group's business. This may also materially and adversely affect the Group's business operations, financial condition, results of operations and prospects.

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(b) ***The Group may be susceptible to fluctuations in foreign exchange rates***

Should the Group choose to expand or operate substantially in countries other than locations where it is currently operating, a significant portion of the Group's revenue and expenses in relation from operating the Proposed New Business may be denominated in the foreign currencies of the respective countries in which it is involved. While care will be taken to hedge against foreign exchange risks, any unforeseen fluctuations against the reporting currency of the Group that are unfavourable to the Group may affect the Group's profitability and financial position.

(c) ***The Group may be subject to general risks associated with operating businesses outside Singapore***

The Group does not plan to restrict the Proposed New Business to any specific geographical market. There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow. In addition, if the governments of countries in which the Proposed New Business operates tightens or otherwise adversely changes their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits and, accordingly, the cash flow of the Group will be adversely affected.

(d) ***The Group may be faced with limited availability of funds and is subject to financing risks***

The Group may require extensive technological research and development and the availability of financing may be essential to the Group's ability to undertake and/or expand the Proposed New Business.

However, the Group cannot assure that it will have sufficient funds at its disposal for the operations and expansion of the Proposed New Business, be able to secure adequate financing, if at all, or obtain or renew credit facilities granted by banks and financial institutions for the projects in question when the need arises. Furthermore, the incurrence of debt will increase the Group's financing costs and obligations and could result in operating and financial covenants imposed by financial institutions that restrict its operations and its ability to pay dividends to Shareholders. In such event, the Group's business, financial condition and performance may be materially and adversely affected.

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- (e) ***The Group is subject to risks relating to the economic, political, legal or social environment in the overseas markets that the Group may operate in, such as in Malaysia and India***

The Group's business, earnings, asset values, prospects and the value of the Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting the overseas markets that the Group may operate in, such as Malaysia and India, where applicable. The Group does not have control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on the Group's business operations.

Specifically, the business, results of operations and financial condition may be materially and adversely affected by:

- (i) changes in government regulations concerning restrictions on price controls, export controls, taxation, ownership and expropriation of property, environmental and/or health safety;
- (ii) imposition of additional restrictions on currency conversions and remittances abroad;
- (iii) laws, regulations and policies;
- (iv) industrial disruptions; and
- (v) economic growth or slowdown.

Terrorist attacks and other acts of violence or war may negatively affect those economies and may also adversely affect financial markets globally. In addition, any such activities in the overseas markets or its neighbouring countries might result in concerns about stability in the region, which may materially and adversely affect the Group's business, results of operations and financial condition.

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(f) ***Our operations may be subject to disruptions caused by uncontrollable and unforeseen events and influences***

The Group may face severe disruption in operations from events or circumstances not within its control which, sustained over time, may negatively impact the Group's financial condition and performance. Examples of these events or circumstances include conflicts, wars, terrorism, global pandemics (including the COVID-19 pandemic) and other social disruptions, adverse weather and natural disasters including floods, earthquakes, increased costs, unexpected delays from the engagement of third party contractors and service providers, accidents or fires which may result in injuries, damages to critical equipment, power supply or infrastructure and disruptions caused by members of the local community. Any of these events or conditions could materially and adversely affect the Group's business, financial condition, financial performance, results of operations and prospects.

2.6. Funding for the Proposed New Business

The Company may fund the Proposed New Business through a combination of internal sources of funds and borrowings from financial institutions. The Directors will determine the optimal combination of internal funding and bank borrowings, taking into account the cash flow of the Group and the prevailing bank financing costs.

As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

2.7. Risk Management Measures and Safeguards

The Board does not have a separate risk committee as the Board is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. To address the risks presented by the Proposed Diversification, the members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the Proposed New Business following the Proposed Diversification. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the Proposed New Business.

The Company will endeavour to ensure that the risk management systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Proposed New Business, and will review such risk management systems periodically to assess its adequacy.

The Board and the Audit Committee will adopt internal policies before tabling proposals for any new projects or investments under the Proposed New Business. In addition, the Board and the Audit Committee, which review the risk exposure of the Proposed New Business of the Company at regular intervals, will review the risk exposure of the Proposed New Business at intervals of not less than annually.

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The risk management and internal control systems, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Company and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

2.8. Management of the Proposed New Business

(a) Mr. Daiji Yamada

Mr. Daiji Yamada, who was appointed as Executive Director of the Company with effect from 14 May 2020, will have primary oversight of the Proposed New Business. He will provide the strategic vision and policy on the Proposed New Business, and together with the Board, manage the Proposed New Business. His curriculum vitae was announced on the SGXNet on 14 May 2020.

Mr. Daiji Yamada has been active in both the formal and informal education sectors, with over 20 years of experience in developing and delivering training programs for corporations in diverse industries and culture as well as universities and colleges in Japan. In addition, he has over 30 years of experience in cross border mergers and acquisitions (M&A) and post-merger integration (PMI) for the companies in diverse size and industries including public companies in Japan, United States of America and Canada. He has served as the Chief Strategist for the Yamanashi Gakuin School Corporation from 2018 to 2020, and remains as its Executive Management Advisor. He has also served as a Chief Executive Officer for several public companies in Canada and the United States of America between 1990 and 2001.

(b) Mr. David Yeo

After completion of the Proposed Acquisition, the Group intends to engage Mr. David Yeo to provide business advisory services to the management team of the KLSI Group under the purview of the Board and senior management of the Group. The Group may also bank on the expertise and experience of Mr. David Yeo to make important decisions, including but not limited to the recruitment of new employees, experts and professionals to be part of the management or consulting team for the Proposed New Business.

Mr. David Yeo is the founder of the KLSI Group and a veteran in the Ed-Tech industry, with over 20 years of experience. Having successfully started and grown numerous Ed-Tech companies (including the KLSI Group), Mr. David Yeo has a firm grasp on where the business opportunities and risks lie in the sector, and is in a unique position to value add to the Proposed New Business.

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Following the completion of the Proposed Acquisition, the Group intends to enter into various agreements with the Vendor, its beneficial shareholders and/or associates, through which the Group expects to develop a mutually beneficial and sustainable business relationship. As Mr. David Yeo is a beneficial shareholder of the Vendor, the Company will resolve all potential conflicts of interest prior to Mr. David Yeo's engagement by the Group for his services.

2.9. Financial impact of the Proposed New Business

As at the Latest Practicable Date, save for the Proposed Acquisition, the Group has not made any substantial affirmative and binding investments in relation to the Proposed New Business that are expected to materially impact the EPS or NTA per Share of the Group for the current financial year ending 31 December 2020. Please refer to Sections 10.3 and 10.4 for the impact on NTA and EPS in relation to, *inter alia*, the Proposed Acquisition.

The Company would make the necessary announcements as and when appropriate in the event that any further developments relating to the Proposed Diversification would have any material impact on the EPS or NTA per Share of the Group.

2.10. Impact on the financial reporting of the Proposed New Business

For the purposes of reporting the financial performance of the Group, in accordance with the applicable accounting standards and the Catalist Rules, where the financial results of the Proposed New Business is material, it will be accounted for and disclosed as a separate business segment in the Group's financial statements. The Group's financial statements, which would include the financial results of the Proposed New Business, will be periodically announced in accordance with the requirements set out in Chapter 7 of the Catalist Rules.

3. THE PROPOSED ACQUISITION

3.1. Introduction

On 15 July 2020, the Company announced that it had entered into a sale and purchase agreement dated 14 July 2020 and had on 18 September 2020 announced that it had entered into an amendment to the sale and purchase agreement dated 17 September 2020 (collectively referred to as "**SPA**") with the Vendor for the proposed acquisition by the Company of 100% of the existing shares ("**Sale Shares**") in KLSI at an aggregate purchase consideration of S\$12,000,000.

Upon completion of the Proposed Acquisition, the Target will become a wholly-owned subsidiary of the Company.

3.2. Rationale for the Proposed Acquisition

The Directors are of the view that the Proposed Acquisition is in line with the Group's goal to diversify its business into the Proposed New Business, provide additional revenue streams for the Group, to increase Shareholder's value, and is in the best interests of the Group for the following reasons:

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- (a) *The Proposed Acquisition is in line with the Group's growth strategy to diversify into the Proposed New Business and reduce the Group's reliance on the Current Core Business*

As stated in paragraph 2.3(a) above, the Company intends to diversify into the Proposed New Business, and the Proposed Acquisition is in line with the Group's strategy to diversify its business and generate an additional stream of revenue for the Group and to reduce its reliance on its Current Core Business.

In contrast to the cyclical nature of the Current Core Business and its vulnerability to changing economic conditions, the Target Group and, in particular its focus in the area of Ed-Tech, is resilient and demand for such services continues to thrive amidst the COVID-19 pandemic. During the COVID-19 circuit breaker period, schools, education institutions and corporate training sectors in Singapore were forced to transform the way that education content was being delivered, moving away from traditional classroom settings to e-Learning platforms.

- (b) *The Proposed Acquisition will allow the Group to tap into the expertise and know-how of the Investor*

As elaborated in paragraph of 5.4 in this Circular, the Group intends to raise funds for the Proposed Acquisition through the Convertible Loan, which will be extended to the Company by the Investor.

Given that the Investor has other investments in the learning and education services sector where its subsidiaries deliver educational content through classroom and online platforms. The Board, taking into consideration of the merits of (i) the capital investment by the Investor; (ii) the viability, profitability and growth of the Target Group's business; and (iii) the general outlook of the learning and education sector, believes that the Group will be able to harness the expertise and know-how of the Investor in the learning and education sector.

- (c) *Profitable and Proven Track Record of the Target Group*

The Board has also taken into consideration that the Target Group has been profitable (excluding a non-recurring impairment expense of approximately S\$5.21 million during its most recent financial year) for the last three (3) financial years with a growing business presence in the Proposed New Business. The Target also has a proven track record and an established clientele which includes government agencies and major tertiary institutions in Singapore.

3.3. Information on the Vendor

The Vendor is a private company limited by shares incorporated and validly existing under the laws of Singapore. As at the Latest Practicable Date, the Vendor is the legal and beneficial owner of 100% of the Sale Shares.

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Together with its subsidiaries comprising KLSI Group, the Vendor owns various assets in the learning and education domain and offers a full spectrum of learning technology solutions and customised digital learning content.

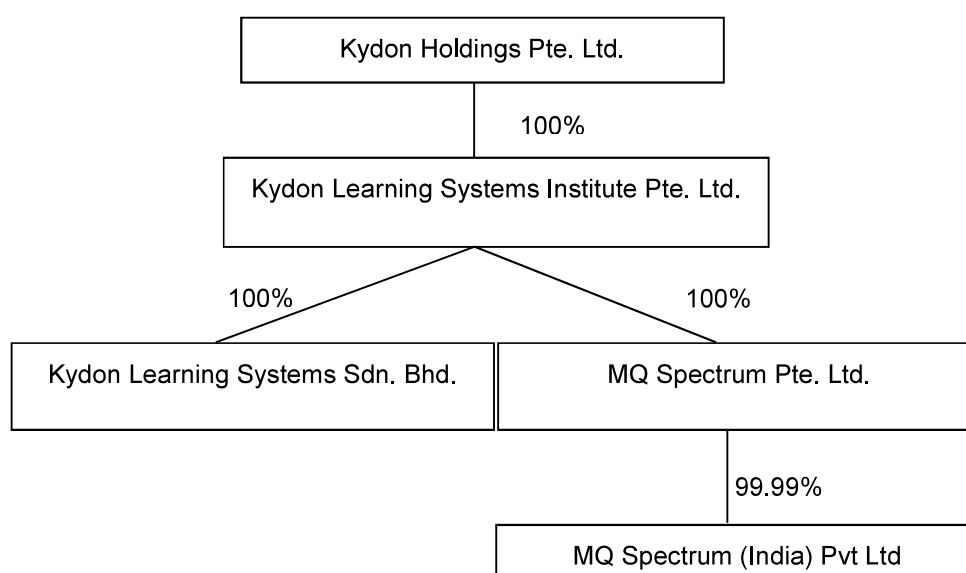
The Vendor is beneficially owned by Mr. David Yeo, Mr. Ong Tun Cheng, Ms. Chai Shiang Jen Agnes (“**Ms. Chai**”) and LearnTech Investments Pte. Ltd (its shareholders are Mr David Yeo, Ms. Chai and Ms. Zin Zin Moe).

Prior to the SPA, the Vendor, including its ultimate beneficial shareholders, have had no previous business, commercial, trade dealings or any other connection and are independent of the Group, the Directors or the controlling shareholders of the Company.

3.4. Information on the Target Group

The Target is a private company limited by shares duly incorporated under the laws of Singapore. As at the Latest Practicable Date, the Target has a total issued and paid-up share capital of S\$2,550,000 comprising 597,619 ordinary shares. The Target Group is in the principal business of offering learning technology solutions and customised digital learning content, including but not limited to (a) learning solutions consultancy services; (b) content digitalisation solutions; (c) enterprise LMS solutions; (d) programme management; (e) operations and support; and (f) specialist manpower deployment services.

The group structure of the Vendor and the Target Group as at the Latest Practicable Date is set out in the diagram below:



(a) KLSI

The Target is principally engaged in the business of designing digital content and media in the Ed-Tech sector, and deploying courses for clients (encompassing animations, course wares, motion graphics, simulations, videos, etc.) on online or mobile platforms.

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KLSI's key service offerings are set out as follows:

1. Developing Learning Environment

KLSI helps organizations create and develop sustainable new learning environments by designing digital content and media. It has, to date, deployed courses for clients (encompassing animations, course wares, motion graphics, simulations, and videos etc.) on online or mobile platforms.

2. Developing Engaging Content

KLSI's tools, products and services are designed to create content to promote continuing education in organizational settings.

3. Quality Assurance

As a partner to government agencies, educational institutions and corporations, KLSI aims to provide solutions to cater to a range of educational objectives. As such, its tools, content, products, and services are routinely tested and improved to provide quality services to its clients.

4. Fusing Pedagogical Practices with Technology

KLSI focuses on improving learning outcomes by applying the research in the field of pedagogy to its design, use and management of technological processes.

(b) **KM**

KM is a private company limited by shares duly incorporated under the laws of Malaysia. As at the Latest Practicable Date, KM has a total issued and paid-up share capital of MYR1,000,002 comprising 1,000,002 ordinary shares. It is principally engaged in the business of supporting KLSI's projects in areas of design and development of digital content and media. Besides supporting KLSI in its projects, KM has also successfully secured other clients in Malaysia for similar services as KLSI.

(c) **MQ**

MQ is a private company limited by shares duly incorporated under the laws of Singapore. As at the Latest Practicable Date, MQ has a total issued and paid-up share capital of S\$50,000 comprising 50,000 ordinary shares. It is principally engaged in the business of providing integrated LMS solutions across multiple platforms to meet the digital learning needs of government agencies and corporations.

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Besides providing application development, implementation and customisation services, MQ has also developed “PENCIL”, an in-house software, which is the core product upon which its enterprise learning management system solutions are delivered. PENCIL is a social media-enabled enterprise learning management system to allow learning across the windows mobile platform. It has been deployed in various government agencies in Singapore, and has passed vulnerability assessment tests and certified for deployment on the public internet.

As at the Latest Practicable Date, MQ has the following accreditation:

(a) ISO 9001:2015 certification; and

(b) Bizsafe 3 certification.

(d) **MQI**

MQI is a private company limited by shares duly incorporated under the laws of India. As at the Latest Practicable Date, MQI has a total issued and paid-up share capital of INR100,000 comprising 10,000 ordinary shares. It is principally engaged in the business of providing software development, maintenance and enhancement to the KLSI Group. MQI has over 20 personnel in India to support MQ in its projects as well as in-house software development, maintenance and enhancement.

As at the Latest Practicable Date, MQ holds 99.99% of the issued share capital and is the 100% beneficial owner of MQI. In accordance with the requirements of the Companies Act 2013 of the Republic of India, MQI has been incorporated with two (2) registered members. The other member of MQI is a consultant from a third party firm providing accounting and tax services to MQI.

As at the Latest Practicable Date, KM, MQ and MQI mainly provide supporting services to KLSI and do not contribute materially to the revenues of the Target Group.

3.5. Key Financial Information on the Target Group

(a) **Asset Value of the KLSI Group**

Based on the unaudited consolidated financial statements of the KLSI Group as at 31 December 2019, the net tangible asset value of the KLSI Group was approximately S\$1.20 million.

(b) **Net Profits of the KLSI Group**

The net profits (before income tax, minority interests and non-recurring items) attributable to the KLSI Group, based on the unaudited consolidated financial statements of the KLSI Group for FY2019, was approximately S\$1.32 million.

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(c) 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 Group for the Proposed Acquisition.

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

Based on the Valuation Report, the market value of the 100% equity interest in the capital of the Target Group as at 30 June 2020 is in the region of S\$10.8 million to S\$13.3 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 30 June 2020.

Shareholders are advised to read and consider the Summary of Valuation Report issued by the Independent Valuer in respect of the independent valuation on the Target Group carefully, in particular the terms of reference, key assumptions and critical factors. The Summary of Valuation Report is set out in Appendix IV to this Circular.

3.6. Principal Terms of the Proposed Acquisition

3.6.1 Consideration

The Aggregate Purchase Consideration for the Sale Shares of S\$12,000,000 shall be fulfilled in the following manner:

- (a) the **"First Consideration"** of S\$10,000,000 to be paid on or prior to completion of the Proposed Acquisition (**"Completion"**), S\$8,000,000 of which is to be fulfilled in cash and S\$2,000,000 to be fulfilled through the allotment and issuance of 400,000,000 Shares at the issue price of S\$0.005 per Share (which shall be adjusted for any consolidation, subdivision or reclassification resulting in an alteration to the total number of Shares before Completion, paid and allotted as the case may be on the date of Completion (**"Completion Date"**)) (**"Consideration Shares"**); and
- (b) the **"Balance Consideration"**, of S\$2,000,000, which shall be paid out by the Company in cash on or after 31 December 2020 and the earlier of:

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- (i) the end of the month in which the Completion confirms the achievement of the Promised Assets Increase¹; or
- (ii) 31 August 2021,
(the “**Second Payment Date**”).

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Company on a “willing-buyer willing-seller” basis, and taking into account the following factors:

- (A) the net tangible asset values and the net profits/earnings of the KLSI Group (details of which are provided in paragraphs 3.5(a) and 3.5(b) of this Circular);
- (B) the historical financial performance of the KLSI Group;
- (C) the prospects and growth potential of the KLSI Group and the Proposed New Business (details of which are provided in paragraphs 2.3(a) and 2.3(b) of this Circular);
- (D) the potential synergy that could be realised between the Investor and the Company following the injection of the Proposed New Business;
- (E) the KLSI Group’s established clientele in the government agencies and tertiary institutions in Singapore;
- (F) the knowledge and skillsets of the management team of KLSI Group in its continuing development of proprietary platforms to be utilised in its delivery of the business; and
- (G) the valuation of similar companies within the Ed-Tech sector.

The terms for the issuance of Consideration Shares at S\$0.005 per Consideration Share was arrived at after arm’s length negotiations between the Vendor and the Company on a “willing-buyer willing-seller” basis, taking into account the following factors:

- (I) the issuance of Consideration Shares would reduce the proportion of Consideration to be fulfilled in cash, thereby conserving cash for the Group for working capital purposes and for future acquisition opportunities;
- (II) the issuance of Consideration Shares would allow the Vendor to take part in the equity of the Company, thereby aligning the interests of the Vendor and the Company moving forward; and
- (III) the Issue Price is not more favourable to the Conversion Price.

¹ “**Promised Assets Increase**” means the increase, collectively, in the total net asset value of the KLSI Group to more than S\$5 million, ascertained based on management accounts of the KLSI Group as at the date of achievement of such increase. For the avoidance of doubt, the Vendor shall not be obliged to achieve the Promised Assets Increase, and whilst the “total net asset value” of the KLSI Group shall include capital injection from any person, including the Company, the Company shall not be obliged to inject equity into the KLSI Group to achieve the Promised Assets Increase

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The Issue Price of S\$0.005 represents a discount of approximately 84% to the VWAP of S\$0.032 per Share, 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.

3.6.2 Interest to First Consideration

If the Company fails to pay the part First Consideration or any part thereof on or before 30th November 2020, the Seller shall be entitled to interest at SIBOR + one (1) per cent above the base rate (per annum) from time to time calculated on the outstanding amount of the First Consideration in Cash from and including 30th September 2020 until and including the date of actual payment of such outstanding amount of the First Consideration in cash.

3.6.3 Conditions

Completion of the Proposed Acquisition is conditional on, *inter alia*, the following key conditions being reasonably satisfied, or, waived by the Company, in accordance with the SPA:

To be fulfilled by the Company

- (a) the approval of Shareholders having been obtained at an EGM to be convened in respect of the Company's entry into the SPA;
- (b) the receipt of the listing and quotation notice in respect of the Consideration Shares on the Catalist of the SGX-ST and the resumption of trading of the Company's shares on the SGX-ST having been obtained; and

To be fulfilled by the Vendor

- (c) the aggregate amount of the positive net asset value of KLSI, MQ and KM as at 30 April 2020 and the Completion Date being no less than S\$1 million.

Please refer to **Appendix I** for further details on the conditions to Completion (the "**Conditions**").

3.6.4 Completion Date

Subject to fulfilment or waiver by the Company of the respective Conditions, the Completion Date shall be within five (5) Business Days (or otherwise agreed by the Parties) from and including the date of:

- (a) the EGM of the Company lawfully approving the sale and purchase of the Shares in accordance with the SPA;
- (b) the resumption of trading of the shares of the Company on the Catalist of the SGX-ST; or
- (c) the notification by the Company to the Vendor after all Conditions have been fulfilled to the reasonable satisfaction of the Company or otherwise waived in writing in accordance with the SPA,

whichever is the later, but in any event not later than the Long Stop Date (as defined below).

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3.6.5 Long Stop Date

The Long Stop Date shall be the earlier of fifteen (15) Business Days after the resumption of trading of the Company's shares on the SGX-ST having been obtained or 30 November 2020, whichever is the earlier (the "**Long Stop Date**").

3.6.6 Non-satisfaction of any Condition

If, at any time, a party to the SPA becomes aware of a fact or circumstance that might prevent a Condition from being satisfied by the Long Stop Date, it shall inform the other party as soon as reasonably practicable. Thereafter, the parties shall on a without prejudice basis negotiate in good faith for a new date for the Long Stop Date and the terms and conditions to complete the transactions contemplated under the SPA. In such negotiation, the parties shall discuss affairs including but not limited to the following:

- (a) whether or not to defer the Completion by a practically reasonable period for the Completion;
- (b) whether or not the Company may waive all or any of the Conditions and proceed to effect the Completion (so far as practicable); or
- (c) terminate the SPA without liability on either part.

In the event that any of the Conditions shall not have been fulfilled (or waived) prior to the Long Stop Date for whatever reason, and the parties fail to reach an agreement to defer the Completion Date or waive the Conditions within fourteen (14) days from the Long Stop Date, the SPA shall be terminated without liability to either party.

3.6.7 Post-Completion Obligations

Following Completion, the Vendor undertakes that as soon as reasonably practicable after the Completion Date and in any event within two (2) months afterwards, the Vendor and the Company shall in good faith negotiate to enter into a business partnership agreement ("**Business Partnership Agreement**") in the form and substance reasonably satisfactory to the parties, which shall include but not be limited to the following items:

- (a) non-competition undertakings to be imposed upon any member of the Vendor, the Vendor's subsidiaries or any company which Mr. David Yeo is a controlling² shareholder or director;
- (b) compliance by certain key management personnel of the Vendor on non-competition undertakings;

² For the purpose of the SPA, "control" means the authority or ability, whether exercised or not, to control or direct a person's business, affairs, management or policies upon possession of beneficial ownership or power to direct the vote, of more than 50 per cent. (50%) of the votes entitled to be cast or to control the composition of the board of directors.

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- (c) the Company's preferential right to participate in any new business to be carried out by the Vendor, the Vendor's subsidiaries or any company which Mr. David Yeo is a controlling shareholder or director;
- (d) the grant of licensing rights by ZilLearn³ to KLSI to use and integrate, with or without customization, ZilLearn's platform and its system into the KLSI's enterprise LMS services; and
- (e) the license agreement with ZilLearn for its platform, systems, and applications to be offered in the Japanese market.

The scope of the Business Partnership Agreement is not finalized and may be subject to further changes.

3.7. Management of the Proposed New Business

(a) **Mr. Samuel Tan**

Mr. Samuel Tan will remain as the Managing Director of KLSI, and he will oversee and take charge of the business and management of the KLSI Group.

Mr. Samuel Tan is an industry veteran in the digital learning and transformation industry with experience particularly in the provision of strategic consultancy services involving, *inter alia*, learning technologies, information technologies and sales management. He has been instrumental in securing and delivering the Singapore Ministry of Education's FutureSchools initiative and the Singapore Armed Forces' LEARNet program. He is also well-acquainted with the Greater China market having worked there for almost a decade. Samuel holds a Master of Business Administration from the University of Victoria.

(b) **Mr. Rakesh Kumar Gupta**

Mr. Rakesh Kumar is the Research & Development Director of KLSI, an IT professional with entrepreneurial experience and an innate passion for new and emerging technologies.

Over the span of his career, Mr. Rakesh Kumar has developed numerous applications which have been widely used in the digital learning domain. Mr. Rakesh Kumar was honoured as Singapore's Young Indian Entrepreneur of the Year in 2007 and Singapore's Young IT Professional of the Year in 2009, in addition to multiple other awards he has received. Mr. Rakesh Kumar holds a Master of Computing from the National University of Singapore.

(c) **Mr. Victor Lee Sey Mun**

As the Business Development Director of KLSI, Mr. Victor Lee oversees the retention of existing customers and acquisition of new customers.

³ ZilLearn is a company incorporated under the laws of Singapore whose principal activity is in operating an online open learning marketplace. Mr. David Yeo is a controlling shareholder of ZilLearn.

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Mr. Victor Lee has been in the digital learning domain for 15 years and was a presenter for the “New Learning Technologies 2007”, a global learning conference on competency-based learning technology hosted by the Society for Applied Learning Technology. Mr. Victor Lee holds a Bachelor of Science (Computer and Information Science) from the National University of Singapore.

The Company would following the Proposed Acquisition and the successful integration of the Proposed New Business into the Group determine if Mr. Samuel Tan, Mr. Rakesh Kumar Gupta and Mr. Victor Lee Sey Mun are to be considered as key executive officers of the Company. Should any of them be considered as a key executive office of the Company, the Company will ensure that he would be subject to all relevant requirements of the Catalist Rules (including announcements).

3.8. Source of Funds for the Proposed Acquisition

The Group intends to fund the cash portion of the Proposed Acquisition with the proceeds of the Convertible Loan. Please refer to paragraph 5 of this Circular for further details relating to the Convertible Loan.

The estimated professional and other fees and expenses incurred or to be incurred by the Company in connection with the Proposed Transaction will also be fully funded with the proceeds of the Convertible Loan.

3.9. 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 (i) the latest announced unaudited financial statements of the Group for FY2019, such financial year being the most recently completed financial year, and (ii) the unaudited financial statements for the Target for the same period FY2019, on the assumptions that:

- (a) all Conditions have been fulfilled prior to the Proposed Acquisition;
- (b) the Balance Consideration will be paid; and
- (c) the First Tranche (and not any Subsequent Tranche) of the Convertible Loan Agreement has been disbursed.

Rule 1006	Bases of Calculation	Relative Figures (%)	
(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.	(5.0) ⁽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.	31.6% ⁽³⁾⁽⁴⁾	40.0% ⁽⁵⁾

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Rule 1006	Bases of Calculation	Relative Figures (%)
(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.	17.7% ⁽⁶⁾⁽⁷⁾
(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. ⁽⁸⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) The net profits attributable to the KLSI Group for FY2019 is US\$0.98 million (approximately S\$1.32 million based on an exchange rate of S\$1 to US\$0.742 as at 31 December 2019 excluding a non-recurring impairment of approximately US\$3.87 million). The Group's net loss before tax for FY2019 is US\$19.74 million. For the avoidance of doubt, the net loss of the Group excludes the non-recurring items such as impairment expenses, gains on options expired and gains on bargain purchase of approximately US\$173.55 million.
- (3) 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 represented by such shares, whichever is higher. In this instance, the market value represented by the shares, being higher in value, S\$0.032 is used.
- (4) The market capitalisation of the Company is calculated on the basis of 2,255,387,331 Shares in issue as at the Latest Practicable Date (excluding treasury shares), and the VWAP of S\$0.032 per Share, 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.
- (5) The aggregate value of the consideration given or received is compared with a hypothetical market capitalisation of the Company, calculated on the basis of 8,141,101,616 Shares (comprising 2,255,387,331 Shares in issue as at the Latest Practicable Date, 5,714,285,714 Conversion Shares and 171,428,571 Introducer Shares) (excluding treasury shares), with each Share valued at S\$0.0035 (i.e. the Conversion Price). This assumes the scenario where only the First Tranche (and no Subsequent Tranche) has been disbursed and no Options are exercised.
- (6) An aggregate of 400,000,000 Consideration Shares shall be issued in relation to the Proposed Acquisition.
- (7) The number of equity securities previously in issue calculated based on 2,255,387,331 Shares in issue as at the Latest Practicable Date.
- (8) This is not applicable to an acquisition of assets.

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

Rule 1010 of the Catalist Rules states, inter alia, that where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds, for an acquisition, 5%, the transaction would be a discloseable transaction and the Company must immediately announce the information required under Chapter 10 of the Catalist Rules, where applicable.

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With regards to the relative figure pursuant to Rule 1006(b) being negative, paragraph 4.4(b) of Practice Note 10A of the Catalist Rules states, inter alia, that in a case of an acquisition of a profitable asset by a loss-making issuer, an issuer must, in relation to the transaction, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules, where applicable the acquisition of a profitable asset by a loss-making issuer, where: (a) the absolute relative figure computed on the basis of each of Catalist Rule 1006(c) and Catalist Rule 1006(d) does not exceed 75%; and (b) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value).

Notwithstanding that the Proposed Acquisition is classified as a “discloseable transaction” under the Catalist Rules, the Company is seeking shareholders’ approval at the EGM in the interests of good corporate governance.

3.11. Requirements of the Catalist Rules

Notwithstanding that approval for the Proposed Diversification may have been obtained from the Shareholders (if any), (i) Rule 1015 of the Catalist Rules will continue to apply to acquisitions of assets (including options to acquire assets) whether or not in the Company’s ordinary course of business and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company; or (ii) acquisitions or disposals of assets (including options to acquire or dispose assets) which, in accordance to Practice Note 10A of the Catalist Rule will change the risk profile of the Company. Such acquisitions must be, amongst others, made conditional upon approval by shareholders at a general meeting.

In addition, as set out in paragraph 2.4 above, upon approval by Shareholders of the Proposed Diversification under Ordinary Resolution 1, any acquisition which is in, or is in connection with, the Proposed New Business, would be in the Group’s ordinary course of business and therefore not fall under the definition of a “transaction” under Chapter 10 of the Catalist Rules. Nevertheless, as the Proposed New Business is a new business area for the Group, the Company will still seek Shareholders’ approval for the Proposed Acquisition at the EGM as it is the first transaction that the Company enters into relating to the Proposed New Business.

Notwithstanding the above requirements as prescribed under the Catalist Rules, when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the “**First Major Transaction**”) involving the Proposed New Business, or where any of the Catalist Rule 1006 figures in respect of several transactions are aggregated (the “**Aggregated Transactions**”) over the course of a financial year exceeds 75.0%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the Shareholders at a general meeting. As such, for purposes of good corporate governance, the Company is seeking Shareholders’ approval for the Proposed Acquisition.

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4. THE PROPOSED ISSUANCE OF CONSIDERATION SHARES

- 4.1. As part satisfaction of the Consideration for the Proposed Acquisition, 400,000,000 Consideration Shares will be issued to the Vendor at S\$0.005 per Consideration Share, representing approximately 18% of the existing share capital of the Company as at the Latest Practicable Date. After the completion of the Proposed Transactions, the Consideration Shares will represent approximately 3% of the Enlarged Share Capital of the Company.
- 4.2. 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.
- 4.3. The issue price of S\$0.005 for the Consideration Shares represents a discount of approximately 84% to the VWAP of S\$0.032 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 Consideration Shares is subject to the specific approval of Shareholders for purposes of Rule 811(3) of the Catalist Rules.
- 4.4. The Consideration 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 of in respect of which falls on or before the date of issue of such Shares.
- 4.5. If the Proposed Share Consolidation is approved by Shareholders at the EGM to be convened, the issue price for Consideration Shares is expected to be adjusted. Please refer to paragraph 9.6 for more information on the expected adjustments.

5. THE PROPOSED CONVERSION SHARES ISSUE

5.1. Introduction

The Company had entered into a convertible loan agreement dated 17 September 2020 with the Lender (the “**Convertible Loan Agreement**”), pursuant to which the Investor has agreed to extend to the Company a convertible loan of up to a maximum aggregate principal amount of S\$24,000,000, which may be extended to the Company in one or more tranches (each, a “**Tranche**”) on the same or different disbursement dates (the “**Convertible Loan**”). Any amount of loan extended under the Convertible Loan Agreement can be converted into new Shares on the terms and conditions of the Convertible Loan Agreement.

5.2. Rationale for the Convertible Loan and Proposed Conversion Shares Issue

The Company is of the view that the entry by the Company into the Convertible Loan Agreement is beneficial to the Group, as the proceeds from the Convertible Loan will enable the Company to pursue its plan to diversify into the Proposed New Business and to complete the Proposed Acquisition as well as to inject working capital into the Group.

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5.3. Key Terms of the Convertible Loan

The principal terms of the Convertible Loan are set out below:

Lender	DiDi Investments, Inc
Borrower	Alpha Energy Holdings Limited.
Maximum Principal Amount	Up to S\$24,000,000, which may be extended to the Company in one or more Tranches on the same or different disbursement dates.
Loan Amount	<u>First Tranche:</u> S\$20,000,000 or in integral multiples of S\$1,000,000 in excess thereof (“First Tranche”). <u>Subsequent Tranches:</u> In multiples of S\$1,000,000 (“Subsequent Tranches”), at the sole discretion of the Investor.
Purpose	To repay the Investor an earlier S\$1 million short term loan, to fund the acquisition of the Target, to finance the payment of transaction fees and expenses relating to the Convertible Loan, and to be retained in the Company for general working capital purposes and for future investments and acquisition opportunities.
Availability Period	From (and including) the date of the Convertible Loan Agreement to (and including) 31 March 2021, or such other date as may be agreed between the Investor and the Company.
Time of Disbursement	<u>First Disbursement:</u> A notice of disbursement for the First Tranche shall be delivered to the Company within ten (10) days from the fulfilment (or waiver by the Investor) of all conditions to the first disbursement, following which the First Tranche shall be disbursed within five (5) business days of delivery of a such notice. The notice of disbursement must be sent during the Availability Period. <u>Subsequent Disbursements:</u>

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	Within five (5) business days of delivery of a notice of disbursement for Subsequent Tranches to the Company (which shall be within the Availability Period). Disbursements of Subsequent Tranches shall be at the sole discretion of the Investor.
Interest	6% per year accruing daily, calculated on the basis of the actual number of days elapsed over a 365-day year.
Interest Period	3 months (i.e. quarterly).
Final Repayment Date	Five (5) years from the date of disbursement of the First Tranche.
Set-off	The First Tranche shall be set off against an earlier loan of S\$1,000,000 at the point of disbursement.
Conversion Price	<u>S\$0.0035 per Share.</u> The Conversion Price of S\$0.0035 represents a discount of approximately 89% to the VWAP of S\$0.032 per Share, 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 Convertible Loan Agreement was signed. The Conversion Price was arrived at after arm's length negotiations between the Investor and the Company on a "willing-buyer willing-seller" basis, taking into account (A) a full write-down of the Company's Current Core Business; and (B) a premium of approximately S\$8 million placed on the Company as a listed entity by the Investor.
Adjustments	Conversion Price shall be adjusted for any consolidation or subdivision of Shares prior to Conversion.
Conversion Rights	Subject to terms and conditions in the Convertible Loan Agreement, both the Investor and the Company shall have the option to convert the whole of or any part of the outstanding principal amount under the Convertible Loan to Shares of the Company ("Conversion Shares") at the Conversion Price (as adjusted from time to time) from the date of disbursement of the First Tranche to the final repayment date.

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	• The Company shall not be able to exercise its Conversion Rights to cause the Investor's shareholding ownership in the Company to exceed 29.9%, unless a whitewash waiver ("Whitewash Waiver") is obtained from the Securities Industry Council ("SIC") and approved by the Shareholders in an extraordinary general meeting to be convened for the Investor to fully exercise its Conversion Rights. • All interests and any other costs stated to be payable under the Convertible Loan shall be payable in cash and shall not be subject to the Conversion Rights.
Undertakings to exercise Conversion Rights	• The Company shall exercise its Conversion Right to increase the Investor's shareholding ownership in the Company to 29.9% without undue delay upon the resumption of trading of the Company's shares on the Catalist of the SGX-ST. • The Company shall fully exercise its Conversion Right on any outstanding principal amount under the Convertible Loan without undue delay after Whitewash Waiver has been obtained from the SIC and the whitewash resolution has been approved by independent Shareholders in a separate EGM to be convened.
Status of Conversion Shares	The Conversion Shares, when allotted and issued, shall be fully paid and shall rank <i>pari passu</i> in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Conversion Shares.
Conditions to Disbursement	• The Investor being sufficiently satisfied with due diligence conducted by the Investor on (i) the Company and its subsidiaries; and (ii) the KLSI Group. • The Investor being satisfied that the Company is free from any claims, whether present or future, from any claims and/or liabilities in relation to its existing mineral, oil and gas business. • Binding settlements have been reached between the Company and all its existing creditors, on terms acceptable to the Investor.

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	• The Company shall have obtained, (to the Investor's satisfaction), a release and waiver (conditional or otherwise) from ING Capital LLC on any and all of the Company's obligations towards ING Capital LLC, including any corporate guarantee(s) provided by the Company to its subsidiaries in relation to its existing mineral, oil and gas business. • The Company shall have obtained Shareholder's approval in an EGM for: ○ a diversification into the learning and education business; ○ the Proposed Acquisition; and ○ the issuance of Conversion Shares. • The Company shall have submitted a proposal (or proposals) through its Sponsor to SGX-ST with a view to resuming trading in its securities pursuant to Rule 1304(1) of the Catalist Rules. • Resumption of trading of the Company's shares on the Catalist of the SGX-ST. • Mr. Yoshiyasu Naruse shall have been appointed as a director of the Company and such appointment shall be effective on the date of the disbursement of the First Tranche.
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Please refer to **Appendix II** for other principal terms of the Convertible Loan Agreement.

5.4. Information on the Investor

The Investor is a private company incorporated on 26 August 2019 in Japan and involved in the learning and education business in Japan. The Investor intends to invest in the Company and was identified and introduced to the Company through RSM Corporate Advisory Pte. Ltd.

Prior to the date of the Convertible Loan Agreement, the Investor, including its ultimate beneficial shareholders, have had no previous business, commercial, trade dealings or any other connection with the Group, the Directors or the controlling shareholders of the Company. The Investor is investing in the Company, at arm's length, as a new strategic investor.

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The Company confirms, to the best of its knowledge, that the Company, its Directors and/or substantial Shareholders do not have any connection (including business relationships) with any of the Investor. The Investor has also confirmed with the Company that it and its ultimate beneficial owners do not fall within the categories of persons set out under Rule 812(1) of the Catalist Rules.

5.5. Appointment of Mr. Yoshiyasu Naruse as Director of the Company

As stated in the paragraph above, the appointment of Mr. Yoshiyasu Naruse to the Board is a condition to disbursement under the Convertible Loan Agreement. Mr. Yoshiyasu Naruse is currently the chief executive officer of the Investor and has extensive experience in the business of providing education services. The Company will ensure that prior to the proposed appointment of Mr. Yoshiyasu Naruse to the Board, all relevant requirements of the Catalist Rules (including announcements) will be complied with.

Prior to the date of the Convertible Loan Agreement, Mr. Yoshiyasu Naruse, has had no previous business, commercial, trade dealings or any other connection with the Group, the Directors or the controlling shareholders of the Company.

5.6. Use of Proceeds

The aggregate gross proceeds from the First Tranche of the Convertible Loan will be **S\$20,000,000** and shall be used by the Company in the following estimated proportions:

Use of Proceeds	S\$	Percentage Allocation
Payment of consideration to the Vendor in relation to the Proposed Acquisition	10,000,000	50%
Repayment of an earlier S\$1,000,000 short term loan from the Investor	1,000,000	5%
Payment of professional fees and expenses incurred by the Company in relation to the Convertible Loan, the Proposed Acquisition and other associated costs	1,600,000	8%
Payment of restructured debts of the Company (i.e. Alpha Energy Holdings Limited) which remain payable in cash	2,000,000	10%
Retained in the Company for general working capital purposes and for future investments and acquisition opportunities (" Net Proceeds ")	5,400,000	27%
<u>Total</u>	20,000,000	100%

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The maximum gross proceeds from the Subsequent Tranches of the Convertible Loan is **S\$4,000,000** and shall be used by the Company in the following estimated proportions:

Use of Proceeds	S\$	Percentage Allocation
Retained in the Company for general working capital purposes and for future investments and acquisition opportunities (collectively with the above Net Proceeds, the “ Total Net Proceeds ”)	4,000,000	100%
<u>Total</u>	4,000,000	100%

Pending the deployment for the uses identified above, the gross proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements of utilisation of the gross proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of proceeds in the Company’s interim and full year financial statements and the Company’s annual report. Where there is material deviation from the stated use of the gross proceeds, the Company will announce the reasons for such deviation. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the proceeds in the announcements and status reports. Where there is a material deviation in the use of the proceeds, the Company will announce the reasons for such deviation.

5.7. Shareholders’ Approval for the Issue of Conversion Shares

Rule 811(1) of the Catalist Rules provides that an issue of shares must not be priced at more than 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 Conversion Price of S\$0.0035 represents a discount of approximately 89% to the VWAP of S\$0.032 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 Convertible Loan Agreement was signed. Accordingly, the allotment and issue of the Conversion Shares is subject to the specific approval of Shareholders for purposes of Rule 811(3) of the Catalist Rules. The Conversion Shares will not be allotted and issued pursuant to the Company’s general share issue mandate.

Please refer to Section 5.3 of the Circular on how the Conversion Price was arrived at.

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5.8. Expected Adjustments

If the Proposed Share Consolidation is approved by shareholders in a general meeting to be convened, the Conversion Price is expected to be adjusted. Please refer to paragraph 9.6 for more information on the expected adjustments.

6. THE PROPOSED GRANT OF OPTIONS

6.1. Introduction

The Company announced that it had on 17 September 2020 entered into an options agreement (“**Options Agreement**”) with the Investor pursuant to which the Company has agreed to grant, and the Investor has agreed to acquire 3,428,571,428 non-transferable Options for a nominal aggregate consideration of S\$1.00, with each Option carrying the right to subscribe for one (1) new Share (each, an “**Option Share**” and collectively, the “**Option Shares**”) at the Exercise Price of S\$0.005 per Option, on terms and conditions of the Options Agreement.

The number of Options granted under the Options Agreement is equivalent to one (1) Option for every two (2) Conversion Shares under the Convertible Loan. For illustrative purposes only, *should the Options be fully exercised by the Vendor and the Convertible Loan fully converted, the effective price per new Share issued under the Convertible Loan Agreement and pursuant to the Proposed Grant of Options would be S\$0.004.*

There is no placement agent appointed for the Proposed Grant of Options. The Proposed Grant of Options will be by way of a private placement pursuant to an exempted offer under Section 272B of the Securities and Futures Act (Chapter 289). Hence, no prospectus or offer information statement in connection with the Proposed Grant of Options will be lodged with the SGX-ST acting as agent on behalf of the MAS.

6.2. Rationale for the Proposed Grant of Options

The objective of the Proposed Grant of Options is to raise funds for the growth, development and expansion of its learning and education business and exploration of new business opportunities as and when they arise, as well as to strengthen its financial and working capital position.

Assuming the Investor exercises all its Options under the Options Agreement, the estimated gross proceeds from the exercise of Options, is S\$17,142,857, which would significantly further improve the Company’s financial position and enable it to pursue further business opportunities in the learning and education sector. The proceeds from the exercise of the Options will potentially further strengthen and supplement the Group’s financial position and capital base with added financial flexibility to the Group, as future opportunities may require sums more than the proceeds raised by the Company through the Convertible Loan. The Proposed Grant of Options would also serve to encourage the Investor’s early commitment as the Company may continue to seek further fundraising in future for growth.

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6.3. Key Terms of the Options

Number of Options	:	3,428,571,428.
Transferability	:	The Options shall not be transferable and will not be listed or traded on the Catalist.
Exercise Rights	:	Each Option entitles the Investor to subscribe for one (1) new Share at the Exercise Price during the Exercise Period, provided that the Shares have resumed trading on the Catalist.
Exercise Price	:	S\$0.005 per Option.
Aggregate Proceeds	Gross :	S\$17,142,857 (assuming the exercise of all Options).
Exercise Period	:	The period of three (3) years, commencing on and including the date of issue of the Options.
Adjustment Events	:	The Exercise Price and the number of Options shall from time to time be adjusted by the Directors in all or any of the following cases: (a) an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend); (b) a capital distribution made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); (c) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; and (d) any consolidation, subdivision or conversion of the Shares.

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- Winding Up** : Subject to the terms and conditions of the Options set out in the Options Agreement, if notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, the Investor shall be entitled to, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, elect to be treated as if it had immediately prior to the commencement of such winding-up exercised the Options and had on such date been the holder of the Shares to which it would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Investor in accordance with the terms and conditions of the Options set out in the Options Agreement.
- Status of Option Shares** : The Option Shares arising from the exercise of the Options will, upon allotment and issue rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue and allotment of the Option Shares.
- Further Issues** : The Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the holder of the Option shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.
- Notice of Expiry Date** : The Company shall, not later than one (1) month before the last day of the expiry period, announce the expiry date on the SGXNet. Additionally, the Company shall, not later than one (1) month before the expiry date, take reasonable steps to notify the Investor in writing of the expiry date and such notice shall be delivered personally or by post to the address of the Investor.
- Alteration to Terms of Options** : No material alteration to the terms of the Options after the issue thereof to the advantage of the Investor shall be made, unless the alterations are made pursuant to the terms and conditions of the Options set out in the Options Agreement or the prior approval of Shareholders in general meeting has been sought.
- Governing Law** : Laws of the Republic of Singapore.

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6.4. Issue Size

The Option Shares (on a fully exercised basis) represent:

- (a) approximately 152% of the Shares (excluding treasury Shares) as at the Latest Practicable Date; and
- (b) approximately 26% of the Enlarged Share Capital of the Company.

6.5. Exercise Price

The Exercise Price of S\$0.005 per Option represents:

- (a) a discount of approximately 84% to the VWAP of S\$0.032 for each Share based on trades done on the SGX-ST on 13 November 2019, being the last full Market Day when the Shares of the Company were traded prior to the trading suspension on 18 November 2019; and
- (b) a premium of approximately 43% to the Conversion Price of the Convertible Loan.

The Exercise Price was determined on a “willing-buyer willing-seller” basis, after taking into consideration the following factors: (A) the Exercise Price is at a premium to the Conversion Price (the basis of which is set out in paragraph 5.3 above) having considered the anticipated development and expansion of the learning and education business by the Group following the completion of the Proposed Acquisition; and (B) the long-term benefits of a strategic investment by the Investor in exercising the Options, which would improve the Company’s financial position and enable it to pursue further business opportunities in the learning and education sector.

6.6. Conditions

The completion of the Options Agreement is conditional on, *inter alia*, the following key conditions being satisfied:

- (a) the Company having received approvals from its Shareholders in a general meeting to be convened in respect of:
 - (i) the Proposed Acquisition and all transactions contemplated in connection therewith;
 - (ii) the Proposed Diversification of business to include the provision of learning and education services;
 - (iii) the proposed allotment and issuance of Consideration Shares to the Vendor as consideration for the Proposed Acquisition;
 - (iv) the proposed allotment and issuance of Conversion Shares;
 - (v) the Proposed Grant of Options and all transactions contemplated in connection therewith;

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- (vi) the proposed allotment and issuance of Option Shares; and
- (vii) a Proposed Transfer of Controlling Interest to the Investor pursuant to the proposed allotment and issuance of Conversion Shares and/or Option Shares; and
- (b) the receipt of the listing and quotation notice in respect of the Option Shares on the Catalist of the SGX-ST having been obtained.

6.7. Status of Option Shares

The Option Shares (if issued) will upon issue and allotment, be duly authorised, validly issued and credited as fully paid-up, be free from any and all encumbrances, and shall rank *pari passu* in all respects with the existing Shares in issue, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Option Shares.

6.8. Use of Proceeds

Assuming that all the Options are validly exercised, the aggregate gross proceeds from the issuance of Option Shares will be S\$17,142,857. No material expenses are expected to be incurred from the Proposed Grant of Options. The aggregate gross proceeds from the exercise of the Options shall be used by the Company in the following estimated proportions:

Use of Proceeds	S\$	Percentage Allocation
For acquisition(s) of business(es) or asset(s) in relation to the Proposed New Business	17,142,857	100%
Total	17,142,857	100%

Pending the deployment for the uses identified above, the gross proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements of utilisation of the gross proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of proceeds in the Company's interim and full year financial statements and the Company's annual report. Where there is material deviation from the stated use of the gross proceeds, the Company will announce the reasons for such deviation. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the proceeds in the announcements and status reports. Where there is a material deviation in the use of the proceeds, the Company will announce the reasons for such deviation.

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6.9. Shareholder's Approval for the Proposed Grant of Options

Section 161 of the Companies Act, the Articles and Rules 805, 806 and 824 of the Catalist Rules provide that an issuer must obtain the prior approval of shareholders in general meeting for the grant of options, unless such options are issued under a general mandate obtained from shareholders in general meeting.

Rule 811(2)(a) of the Catalist Rules provides that in an issue of convertible securities (including options), if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the relevant agreement. Rule 811(3) of the Catalist Rules provides, *inter alia*, that Rule 811(2) of the Catalist Rules is not applicable if specific shareholder approval is obtained for the issue of convertible securities.

The Exercise Price of S\$0.005 per Option represents a discount of approximately 84% to the VWAP of S\$0.032 per Share, 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. Accordingly, the Proposed Grant of Options is subject to the specific approval of Shareholders at the EGM for purposes of Rule 811(3) of the Catalist Rules. For the avoidance of doubt, the Option Shares will not be allotted and issued pursuant to the Company's general share issue mandate.

6.10. Expected Adjustments

If the Proposed Share Consolidation is approved by Shareholders at the EGM to be convened, the Exercise Price and number of Options to be issued to the Investor under the Options Agreement are expected to be adjusted. Please refer to paragraph 9.6 for more information on the expected adjustments.

7. THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE INVESTOR PURSUANT TO THE CONVERSION SHARES

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval of shareholders in general meeting. Under the Catalist Rules, a Controlling Shareholder is a person who directly or indirectly holds 15% or more of the nominal amount of all voting shares in the Company, or a person who in fact exercises control over the Company.

Pursuant to the terms of the Convertible Loan Agreement, the Company has undertaken to exercise its Conversion Right to increase the Investor's shareholding ownership in the Company to 29.9% without undue delay upon the resumption of trading of the Company's shares on the Catalist.

Accordingly, the Proposed Conversion Shares Issue would constitute a transfer of a Controlling Interest in the Company and is subject to the approval of the Shareholders for the purposes of Rule 803 of the Catalist Rules.

Please refer to the table in **Appendix III** for further details on the changes in shareholding interests of the Company.

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8. THE PROPOSED INTRODUCER SHARES ISSUE

8.1. Introduction

On 18 September 2020, the Company announced that as consideration for the introductory services provided by the Introducer to the Company with regards to the Proposed Acquisition and Proposed Convertible Loan, the Introducer shall be paid a fee in the amount of three per cent (3%) of the gross proceeds raised through the Proposed Convertible Loan (the “**Introducer Fees**”). No part of the Introducer Fee will be shared with the Investor and its associates.

In lieu of cash, Introducer Shares (on terms set out below) are proposed to be allotted and issued to the Introducer as satisfaction for the Introducer Fees.

The Introducer Fee and the Introducer Shares were mutually agreed upon between the Company and Introducer, without the involvement of any other party and on commercial terms.

8.2. Rationale for the Proposed Introducer Share Issue

The Board is of the view that the Proposed Introducer Share Placement would allow the Company to conserve its cash reserves and provide the Company with greater financial flexibility in the future.

8.3. The Introducer

The Introducer is a professional corporate advisory services firm incorporated in Singapore.

The Introducer shares the same ultimate shareholders as SF Ventures Pte. Ltd., which currently holds 39,000,000 Shares, representing approximately 1.7% of the Company. The Introducer also holds 47,000,000 shares in Ezion Holdings Limited (“**Ezion**”) representing approximately 1.25% of the shareholding in Ezion. Ezion is a substantial shareholder of the Company.

Save as disclosed in this Circular, the Introducer has confirmed to the Company that it is not related to the Investor, the Group, its directors, substantial Shareholders or their respective associates. The Introducer has also confirmed with the Company that it does not belong to any of the categories of persons under Rule 812 of the Catalyst Rules.

8.4. Terms of the Introducer Shares Issue

The Introducer Fee shall be satisfied by the issue of up to 205,714,285 new Shares (the “**Introducer Shares**”) on the following terms:

- (a) 171,428,571 new Shares at S\$0.0035 per Share (i.e. the Conversion Price) upon the disbursement of the First Tranche of the Convertible Loan; and
- (b) up to an aggregate of 34,285,714 new Shares at S\$0.0035 per Share (i.e. the Conversion Price), upon the disbursement of each Subsequent Tranche under the Convertible Loan.

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The issue price of S\$0.0035 per Share is the same as the Conversion Price and represents a discount of approximately 89% to the VWAP of S\$0.032 for each Share based on trades done on the SGX-ST on 13 November 2019, being the last full Market Day when the Shares of the Company were traded prior to the trading suspension on 18 November 2019. The discount was determined by virtue of the fact that the issue price is the same as the Conversion Price.

The Introducer Shares, if and when fully allotted, issued and fully paid, will be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at their date of issue except for any dividends, distributions or entitlements, the record date of which falls on or before such date of issue of the Introducer Shares.

8.5. Issue Size

The Introducer Shares represent:

- (a) approximately 9.1% of the total issued and paid up share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 1.6% of the Enlarged Share Capital of the Company.

8.6. Shareholders' Approval

Rule 811(1) of the Catalist Rules provides that an issue of shares must not be priced at more than 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\$0.0035 represents a discount of approximately 89% to the VWAP of S\$0.032 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 introducer fee agreement was signed. Accordingly, the allotment and issuance of the Introduction Shares is subject to the specific approval of Shareholders at the EGM for purposes of Rule 811(3) of the Catalist Rules. For the avoidance of doubt, the Introducer Shares will not be allotted and issued pursuant to the Company's general share issue mandate.

8.7. Expected Adjustments

If the Proposed Share Consolidation is approved by shareholders in a general meeting to be convened, the issue price and number of the Introducer Shares are expected to be adjusted. Please refer to paragraph 9.6 for more information on expected adjustments.

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9. THE PROPOSED SHARE CONSOLIDATION

9.1. Introduction

On 18 September 2020, the Company announced that it is proposing to undertake the Proposed Share Consolidation pursuant to which the Company proposes to consolidate every forty (40) existing Shares as at a Books Closure Date to be determined into one (1) Consolidated Share, fractional entitlements to be disregarded.

Accordingly, subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date. After the Books Closure Date, every forty (40) existing Shares registered in the name, or standing to the credit of the Securities Account, of each Shareholder or Depositor (as the case may be) as at the Books

Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be aggregated and/or dealt with in such manner as the Board may, in its absolute discretion, deem appropriate in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded. A Shareholder who holds less than forty (40) existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be a Shareholder upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of forty (40) Shares as at the Books Closure Date.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of US\$115,103,988 comprising 2,255,387,331 Shares, excluding 187,000 treasury shares. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date and no fractions of Consolidated Shares arising from the Proposed Share Consolidation, and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of US\$115,103,988 comprising 56,384,683 Consolidated Shares following the completion of the Proposed Share Consolidation (with 4,675 consolidated treasury shares).

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The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of fractional entitlement.

9.2. Rationale

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders having taken into consideration the following:

(a) Reduction of volatility of the Share price

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each board lot of Shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation. Given their susceptibility to speculation and market manipulation, lowly-priced shares are generally more volatile as compared to higher-priced shares. The Board believes that the Proposed Share Consolidation may serve to reduce the volatility of its Share price and reduce fluctuations in the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

(b) Increase in the market interest and attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued. It is expected that, all other things being equal and disregarding all other corporate actions being contemplated by the Company, the theoretical trading price and NTA of each Consolidated Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation would be higher than the current trading price and NTA of each existing Share. In addition, the Proposed Share Consolidation may facilitate corporate actions which may include future fundraising via issuance of Shares, and increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors, thus potentially providing a more diverse shareholder base.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

9.3. Conditions for the Proposed Share Consolidation

The Proposed Share Consolidation is subject to, *inter alia*, the following:

- (a) the approval of Shareholders for the Proposed Share Consolidation at the EGM; and

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- (b) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist of the SGX-ST.

An application will be made by the Sponsor, for and on behalf of the Company, for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist of the SGX-ST. An appropriate announcement on the outcome of the application 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 Consolidated Shares is not to be taken as an indication of the merits of the Company, its subsidiaries, the Proposed Share Consolidation, or the Consolidated Shares.

Assuming that the abovementioned approvals are duly obtained, the Directors will fix the Books Closure Date and the date when the Proposed Share Consolidation will become effective and on which the Consolidated Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares ("**Effective Trading Date**") at such date and time as they deem appropriate in the interests of the Company and its Shareholders.

An announcement will be made by the Company to notify Shareholders of the Books Closure Date and the Effective Trading Date in due course. The announcement of the Books Closure Date will be made at least five (5) Market Days ahead of the Books Closure Date.

9.4. **Updating of Register of Members and Depository Register**

If Shareholders approve the Proposed Share Consolidation at the EGM, the Shareholders' entitlements of the Consolidated Shares will be determined on the Books Closure Date, based on their shareholdings as at 5.00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings in the Company as at the Books Closure Date and the Consolidated Shares will begin trading in board lots of one hundred (100) Consolidated Shares at 9.00 a.m. on the Effective Trading Date.

(a) **Deposit of Share Certificates with CDP**

Shareholders who hold physical share certificates for the existing Shares ("**Old Share Certificates**") in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP, must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Books Closure Date. After the Books Closure Date, CDP will not accept any Old Share Certificates for deposit.

After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 for cancellation and issuance of New Share Certificates in replacement thereof as described below.

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(b) **Issue of New Share Certificates**

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 as soon as possible during normal business hours (9.00 a.m. to 5.00 p.m., Mondays to Fridays) and preferably, not later than five (5) Market Days after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the relevant Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders are to deliver their respective Old Share Certificates to the Company's Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation. Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from those reflected in the Register of Members of the Company.

(c) **Share Certificates not valid for settlement of trades on the Catalist of the SGX-ST**

Shareholders who hold Old Share Certificates are reminded that their Old Share Certificates are not valid for settlement of trading in the Consolidated Shares on the Catalist of the SGXST, as the Shares are traded under a book-entry (scripless) settlement system, but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery for trades done on the Catalist although they will continue to be prima facie evidence of legal title to the Consolidated Shares.

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9.5. Trading Arrangements for the Consolidated Shares and odd lots

(a) Trading arrangements for the Consolidated Shares

Subject to the approval for the Proposed Share Consolidation by Shareholders at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of one hundred (100) Consolidated Shares. Accordingly, forty (40) existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

(b) Trading arrangements for odd lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

The existing Shares are currently traded in board lots of one hundred (100) Shares in the ready market. Following the completion of the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of the Consolidated Shares (that is, lots other than board lots of one hundred (100) Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid and Shareholders may have to bear disproportionate transaction costs in trading such Consolidated Shares.

Shareholders who receive odd lots of Consolidated Shares subsequent to the completion of the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST can trade with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying shares. As odd lots of Consolidated Shares can be traded on the unit share market of the SGX-ST, no separate arrangement will be made for the trading of such odd lots.

A Shareholder who holds less than forty (40) Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be a Shareholder upon completion of the Proposed Share Consolidation. As such, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. They may, subject to such advice on actions that they should take and their own investment policies and risk/return requirements, consider the possibility of purchasing additional Shares so as to increase the number of existing Shares held to multiples of forty (40) existing Shares prior to the Books Closure Date

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9.6. Expected Adjustments to the Price and Number of Shares / Options to be issued under the Proposed Transactions

If the Proposed Share Consolidation is approved by Shareholders and the listing and quotation notice for the Consolidated Shares is issued by the SGX-ST, the Company intends to complete the Proposed Share Consolidation immediately before the other Proposed Transactions. Accordingly, the number and prices of Shares and/or Options to be issued pursuant to the Proposed Transactions will be adjusted in accordance with the following formula:

$$\text{Adjusted Price} = 40 \times \text{Price}$$

$$\text{Adjusted number of Shares/Options} = \frac{1}{40} \times \text{Number of Shares/Options}$$

where:

“**Price**” means (a) the issue price for the Consideration Shares; (b) the Conversion Price for the Convertible Loan; (c) the Exercise Price for the Options; and (d) the issue price for the Introducer Shares.

The adjusted Prices and /or the number of Share/Options issued pursuant to the Proposed Transactions are accordingly set out below:

(a) Proposed Acquisition

	Pre-adjustment	Post-adjustment
Issue Price for each Consideration Share	S\$0.005	S\$0.200
Number of Consideration Shares	400,000,000	10,000,000

(b) Proposed Convertible Loan

	Pre-adjustment	Post-adjustment
Conversion Price	S\$0.0035	S\$0.140
Maximum Number of Conversion Shares	6,857,142,857	171,428,571

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(c) **Proposed Grant of Options**

	Pre-adjustment	Post-adjustment
Exercise Price	S\$0.005	S\$0.200
Number of Options / Maximum Number of Option Shares	3,428,571,428	85,714,285

(d) **Proposed Introducer Shares Issue**

	Pre-adjustment	Post-adjustment
Issue price of each Introducer Share to Introducer Fees in relation to the Convertible Loan	S\$0.0035	S\$0.140
Number of Introducer Shares	205,714,285	5,142,857

Adjustments, if and when made, will be announced by the Company stating the specific formula, whether the adjustment has been reviewed to be in accordance with the formula, the identity of the reviewer and its relationship to the issuer. These adjustments will be confirmed in writing by the Company's auditors to be fair and reasonable.

9.7. **Other Adjustments**

As at the date of this Latest Practicable Date, the Company has the following outstanding convertible securities issued under the following schemes and/or agreements:

- (a) the Alpha Energy Employee Share Option Scheme which was approved by the Shareholders on 29 July 2016;
- (b) the deed poll executed by the Company dated 14 February 2019 in relation to the issue of S\$6,196,500 in aggregate principal amount of 1.35 per cent convertible perpetual securities; and
- (c) the option agreement dated 24 September 2018 entered into between the Company and the Alaska Industrial Development and Export Authority,

(collectively, the **"Existing Share Options"**). As a result of the Proposed Share Consolidation, adjustments may be made to the number and/or exercise price of the Existing Share Options. The Company will in due course make the relevant announcements and notify holders of the Existing Share Options of such adjustments. These adjustments will be confirmed in writing by the Company's auditors to be fair and reasonable.

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10. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

10.1. Assumptions

The *pro forma* financial effects of the Proposed Transactions on the net tangible assets/liabilities per share of the Group and the earnings/loss 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 Transactions.

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 unaudited financial statements of the Group for FY2019, such financial year being the most recently completed financial year, and (ii) the unaudited financial statements for the KLSI Group for the same period FY2019, on the following bases and assumptions:

- (a) all Conditions have been fulfilled prior to the Proposed Acquisition;
- (b) S\$20,000,000, being the amount of the First Tranche, will be disbursed by the Investor to the Company under the Convertible Loan Agreement immediately after completion of the Proposed Transactions;
- (c) on full conversion of the Convertible Loan, S\$24,000,000, being the maximum principal amount under the Convertible Loan, will have been disbursed by the Investor to the Company under the Convertible Loan Agreement;
- (d) no interest expense will be incurred in relation to the Convertible Loan; and
- (e) adjustments of approximately US\$96.7million have been made to the latest announced unaudited financial statements of the Group for FY2019 to mainly account for (i) an impairment of the Group's assets relating to its Current Core Business following the receipt of the notices of default and sale from the Trustee Services of Alaska, at the direction of Alaska Industrial Development and Export Authority, as set out in the Company's announcement dated 29 May 2020 and 7 September 2020; and (ii) purchase price allocation adjustments upon completion of the Mustang Project ("**Audit Adjustments**").

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10.2. Share Capital

	Number of Shares before the Proposed Share Consolidation (excluding treasury shares)	Number of Shares after the Proposed Share Consolidation (excluding treasury shares)
Before the Proposed Transactions	2,255,387,331	56,384,683
Immediately after completion of the Proposed Transactions ⁽¹⁾	4,032,547,622	100,813,690
After completion of the Proposed Transactions and full conversion of the Convertible Loan ⁽²⁾	9,718,244,473	242,956,111
After completion of the Proposed Transactions, full conversion of the Convertible Loan and full exercise of the Options ⁽³⁾	13,146,815,901	328,670,397

Notes:

- (1) 1,205,731,720 Conversion Shares representing 29.9% of the enlarged shareholding of the Company, 400,000,000 Consideration Shares and 171,428,571 Introduction Shares will be issued upon the completion of the Proposed Transactions.
- (2) An additional 5,651,411,137 Conversion Shares (for a total of 6,857,142,857 Conversion Shares) and additional 34,285,714 Introduction Shares will be issued upon full conversion of the Convertible Loan.
- (3) 3,428,571,428 Option Shares will be issued upon full exercise of the Options.

10.3. Net Tangible Assets (“NTA”) / Net Tangible Liabilities (“NTL”)

Purely for illustrative purposes only and assuming that the Proposed Transactions had been completed on 31 December 2019, being the end of FY2019, the *pro forma* financial effects on the NTA/NTL per share of the Group as at 31 December 2019 are as follows:

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
<u>As reported</u>		
NTA (US\$)	14,663,959	14,663,959
<u>After Audit Adjustments</u>		
NTL (US\$)	85,526,106	85,526,106

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NTL per Share (US cents)	3.79	151.68
<u>Immediately after completion of the Proposed Transactions⁽¹⁾</u>		
NTL (US\$)	90,126,783	90,126,783
NTL per Share (US cents) ⁽²⁾	2.23	89.40
<u>After completion of the Proposed Transactions and full conversion of the Convertible Loan</u>		
NTL (US\$)	75,494,543	75,494,543
NTL per Share (US cents) ⁽³⁾	0.78	31.07
<u>After completion of the Proposed Transactions, full conversion of the Convertible Loan and full exercise of the Options</u>		
NTL (US\$)	62,774,543	62,774,543
NTL per Share (US cents) ⁽⁴⁾	0.48	19.10

Notes:

- (1) This scenario assumes that the Proposed Transactions have been completed and the First Tranche of the Convertible Loan has been disbursed and converted to increase the Investor's shareholding in the Company to 29.9%.
- (2) 1,205,731,720 Conversion Shares representing 29.9% of the enlarged shareholding in the Company, 400,000,000 Consideration Shares and 171,428,571 Introduction Shares will be issued upon the completion of the Proposed Transactions.
- (3) An additional 5,651,411,137 Conversion Shares (for a total of 6,857,142,857 Conversion Shares) and additional 34,285,714 Introduction Shares will be issued upon the full conversion of the Convertible Loan.
- (4) 3,428,571,428 Option Shares will be issued upon full exercise of the Options.

10.4. Earnings per Share ("EPS") / Loss per Share ("LPS")

Purely for illustrative purposes only and assuming that the Proposed Transactions had been completed on 1 January 2019, being the beginning of FY2019, the *pro forma* financial effects on the LPS of the Group for FY2019 are set out below on the following bases and assumptions:

- (a) adjustments have been made to account for the non-recurring items, which include the impairment, other impairment expenses on non-financial assets and on exploration and evaluation assets, gains on options expired and gains on bargain purchase of US\$177,422,421 ("**Non-recurring Adjustments**").

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
<u>As reported</u>		
Loss (US\$)	96,618,516	96,618,516

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<u>After Audit Adjustments and Non-recurring Adjustments</u>		
Loss (US\$)	15,873,609	15,873,609
LPS (US cents)	1.42	56.76
<u>Immediately after completion of the Proposed Transactions⁽¹⁾</u>		
Loss (US\$)	16,550,572	16,550,572
LPS (US cents) ⁽²⁾	0.57	22.86
<u>After completion of the Proposed Transactions and full conversion of the Convertible Loan</u>		
Loss (US\$)	16,639,612	16,639,612
LPS (US cents) ⁽³⁾	0.19	7.76
<u>After completion of the Proposed Transactions, full conversion of the Convertible Loan and full exercise of the Options</u>		
Loss (US\$)	16,639,612	16,639,612
LPS (US cents) ⁽⁴⁾	0.14	5.54

Notes:

- (1) This scenario assumes that the Proposed Transactions have been completed and the First Tranche of the Convertible Loan has been disbursed and converted to increase the Investor's shareholding in the Company to 29.9%.
- (2) 1,205,731,720 Conversion Shares representing 29.9% of the enlarged shareholding of the Company, 400,000,000 Consideration Shares and 171,428,571 Introduction Shares will be issued upon the completion of the Proposed Transactions. For illustrative purposes, the LPS before and after the Proposed Share Consolidation assuming no Non-recurring Adjustments have been made will be US\$6.70 and US\$267.93 respectively.
- (3) An additional 5,651,411,137 Conversion Shares (for a total of 6,857,142,857 Conversion Shares) and additional 34,285,714 Introduction Shares will be issued upon the full conversion of the Convertible Loan. For illustrative purposes, the LPS before and after the Proposed Share Consolidation assuming no Non-recurring Adjustments have been made will be US\$2.26 and US\$90.46 respectively.
- (4) 3,428,571,428 Option Shares will be issued upon full exercise of the Options. For illustrative purposes, the LPS before and after the Proposed Share Consolidation assuming no Non-recurring Adjustments have been made will be US\$1.62 and US\$64.63 respectively.

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11. OTHER INFORMATION

11.1. Mandatory Offer Requirement under the Code

Under Rule 14 of the Code, any person who acquires, whether by a series of transactions over a period of time or not, shares which, taken together with shares held or acquired by persons acting in concert with him, carry 30% or more of the voting rights in a company, is required to make a mandatory general offer, for all shares in the company concerned which he does not already own, control or has agreed to acquire.

In the event the Investor holds more than 30% of the Shares, pursuant to the Code, the Investor will be required to make a mandatory general offer in respect of all the remaining Shares which it does not already own, control or has agreed to acquire.

The Investor currently does not intend to exercise its Conversion Right under the Convertible Loan Agreement or exercise its Options to hold more than 30% of the Shares, and intends to seek a Whitewash Waiver from the SIC in respect of its (and its concert parties') obligation to make a mandatory offer under Rule 14 of the Code arising from the issuance of the Conversion Shares and/or the Option Shares.

11.2. 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 Consolidated Shares, Consideration Shares, Conversion Shares, Option Shares and Introducer Shares on the Catalist. 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 Consideration Shares, Conversion Shares, Option Shares, Introducer Shares or Consolidated Shares is not to be taken as an indication of the merits of the Company, its subsidiaries, the Proposed Acquisition, the Proposed Consideration Shares Issue, the Proposed Conversion Shares Issue, the Proposed Grant of Options, the Proposed Introducer Shares Issue, the Proposed Share Consolidation, the Consideration Shares, the Conversion Shares, the Option Shares, the Introducer Shares, or the Consolidated Shares.

11.3. 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.

12. WORKING CAPITAL

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

- (a) the Group's cash and cash equivalents as at the Latest Practicable Date;
- (b) the Group's present bank facilities;

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- (c) the expected earnings of the Target Group; and
- (d) the Total Net Proceeds of the Convertible Loan;

and furthermore on the assumptions that (i) the Group will no longer develop its Current Core Business; and (ii) the Company (i.e. Alpha Energy Holdings Limited) will only be liable for the continuing obligation from the forbearance agreement to remain in effect and will not be required to fund any more development or operational cost on its Current Core Business, that the working capital available to the Group is sufficient to meet the Group's present requirements and for the next 12 months following completion of the Proposed Transactions, with or without the subscription and/or exercise of the Options taking place. Notwithstanding the foregoing, the Directors are of the opinion that the proceeds from the exercise of the Options will further strengthen and supplement the Group's financial position and capital base.

13. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Please refer to the **Appendix III** to this Circular for a breakdown of the shareholding interests of Directors and substantial shareholders of the Company both prior to and immediately after completion of the Proposed Transactions, as well as both prior to and immediately after the exercise of the Options.

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transactions, other than through their respective shareholdings in the Company.

14. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms and conditions of and rationale for the Ordinary Resolutions, the Directors are of the view that the following Ordinary Resolutions relating to:

- (a) the Proposed Diversification;
- (b) the Proposed Acquisition;
- (c) the Proposed Consideration Shares Issue;
- (d) the Proposed Conversion Shares Issue;
- (e) the Proposed Grant of Options;
- (f) the Proposed Transfer of Controlling Interest to the Investor;
- (g) the Proposed Introducer Shares Issue; and
- (h) the Proposed Share Consolidation,

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the Directors are of the unanimous opinion that the Proposed Transactions are in the best interests of the Company and are not prejudicial to the interests of the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolutions 1 to 8 relating to the Proposed Transactions, as set out in the Notice of EGM.

14.2. **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.

15. **EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages N-1 to N-6 of this Circular, will be held by way of electronic means on 9 October 2020 at 3 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of EGM.

16. **ACTION TO BE TAKEN BY SHAREHOLDERS**

Due to the current COVID-19 restriction orders in Singapore, Shareholders will NOT be allowed 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:

16.1. **Watching the EGM proceedings via Webinar**

Shareholders must pre-register at the pre-registration website at the URL <http://alphaenergyEGM.avaleasemgdwebinar.com> from now till 3 p.m. on 5 October 2020 to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email by 7 October 2020. 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 p.m. 7 October 2020, but have registered by 3 p.m. on 5 October 2020, should contact the Company at enquiries@alphaenergy.com.sg.

16.2. **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.

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Shareholders can submit questions related to the ordinary 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 p.m. on 3 October 2020 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 the Company's website 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 and on the Company's corporate website within one month after the EGM.

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 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968; or
- (b) If submitted electronically, be submitted via email to the Company at sq.is.proxy@sq.tricorglobal.com,

in either case not later than forty-eight (48) hours before the time fixed for holding the EGM, which is by 3 p.m. on 7 October 2020.

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.

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 instrument of proxy).

LETTER TO SHAREHOLDERS

A Depositor's name must appear on the Depository Register maintained by the CDP at least 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of 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 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 3 p.m. on 30 September 2020), to ensure that their votes are submitted.

17. RESPONSIBILITY STATEMENTS

17.1. 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.

17.2. Financial Adviser to the Proposed Acquisition

To the best of the PPCF's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and PPCF is 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 PPCF 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.

LETTER TO SHAREHOLDERS

18. CONSENTS

18.1. Financial Adviser, PrimePartners Corporate Finance Pte. Ltd.

PPCF, the Financial Adviser to the Company in relation to the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and references to its name in the form and context in which they appear in the Circular and to act in such capacity in relation to this Circular.

18.2. 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, the Summary of Valuation Report as set out in Appendix IV of this Circular and all references to the Valuation Report, in the form and context in which it appears in this Circular, and to act in such capacity in relation to this Circular.

18.3. Legal adviser to the Company, Morgan Lewis Stamford LLC

Morgan Lewis Stamford LLC, as the legal adviser to the Company for the Circular, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name and to act in such capacity in relation to this Circular.

18.4. Legal adviser to the Company, Focus Law Asia LLC

Focus Law Asia LLC, as the legal adviser to the Company in relation to the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name and to act in such capacity in relation to this Circular.

19. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968 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 Convertible Loan Agreement;
- (d) the Introducer Agreement;
- (e) the Options Agreement;
- (f) the Summary of Valuation Report;
- (g) the Valuation Report; and
- (h) the letters of consent referred to in paragraph 18 of this Circular.

LETTER TO SHAREHOLDERS

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 ENERGY HOLDINGS LIMITED

Daiji Yamada
Executive Director

APPENDIX I – CONDITIONS TO COMPLETION OF THE PROPOSED ACQUISITION

Part 1: Vendor's Conditions Precedent to the Completion

The Completion is conditional on the Vendor's fulfilment of the following (or otherwise waived by the Company to the extent that such condition can be waived for Completion to proceed):

1. the aggregate amount of the positive net asset value of KLSI, MQ and KM as at 30 April 2020 and the Completion Date being no less than S\$1 million;
2. the execution of the following agreements, in form and substance reasonably satisfactory to the Company (collectively, the "**Administrative Service Agreements**");
 - (i) the Vendor as the service provider and KLSI as the service recipient;
 - (ii) the Vendor as the service provider and MQ as the service recipient;
 - (iii) KM as the service provider and the Vendor as the service recipient;
 - (iv) KM as the service provider and KLSI as the service recipient;
 - (v) KM as the service provider and ZilLearn as the service recipient; and
 - (vi) MQI as the service provider and MQ as the service recipient;
3. the execution of the management service agreement and/or employment agreement between the Vendor, KM and MQI and each of its key employees of such Company identified by the Company (including but not limited to the Key Management Personnel⁴) in the form and substance reasonably satisfactory to the Company (collectively, the "**Personnel Related Agreement**");
4. the completion of full distribution and payment of the dividends of KLSI to the Vendor, the amount of which shall be no more than S\$500,000 and not make any adverse changes to KLSI's balance sheet as at 30 April 2020;
5. the passing of written resolution by the directors of the Vendor in terms reasonably satisfactory to the Company approving the transactions contemplated by the SPA;

⁴ "**Key Management Personnel**" means any of the following and any other personnel which parties mutually agree:

Name	Company	Position
Samuel Tan Choon Hwee	Kydon Holdings Pte. Ltd.	Managing Director
Victor Lee Sey Mun	Kydon Holdings Pte. Ltd.	Director, Business Development
Rakesh Kumar Gupta	Kydon Holdings Pte. Ltd.	Research & Development Director

APPENDIX I – CONDITIONS TO COMPLETION OF THE PROPOSED ACQUISITION

6. the delivery to the Company of the financial statements of each of the companies for the financial year ended 31 December 2019 (which are audited for KLSI and KM, and unaudited for MQ (consolidated with MQI)) in the form and substance reasonably satisfactory to the Company;
7. KM obtaining the necessary business premise licence from Iskandar Puteri City Council;
8. the correction of the description of its nature of business of KM and lodgement of the corrections with the Companies Commission of Malaysia (“**CCM**”);
9. the correction of KM’s registered business address in CCM’s record;
10. the delivery to the Company of written consents, approvals, waivers and/or notifications (in terms of reasonably satisfactory to the Company) from and/or to the counterparties in respect of any agreements entered into by the Vendor or any member of the KLSI Group to the effect that the counterparties consent to the transactions contemplated under the SPA and agree not to exercise any right of termination arising by reason of such transactions, and such consents, approvals, waivers not having been amended or revoked before Completion including but not limited to:
 - (a) agreement between NCS Pte Ltd and MQ in respect of the provision of IT application services by MQ; or otherwise a written confirmation of the completion of the project
 - (b) lease agreement between JTC Corporation and the Vendor in respect of the lease of the premises situated at 8 JURONG TOWN HALL ROAD #24-06, THE JTC SUMMIT SINGAPORE (609434);
 - (c) agreements between United Overseas Bank Limited and KLSI in respect of hire purchase, premium financing loan, bank factoring, bank overdraft; or otherwise a written confirmation or consent of the termination of these agreements;
 - (d) loan agreements between United Overseas Bank Limited and MQ in respect of BizMoney Loan and SME Working Capital Loan; and or otherwise a written confirmation or consent of the termination of these agreements; and
 - (e) loan agreements between United Overseas Bank Limited and KLSI in respect of the TBL;
11. ratification of existing services agreements, which were entered into between the Vendor and the KLSI Group (the “**Service Agreements**”), and the approval of the Administrative Service Agreements, by board resolutions of any company in the KLSI Group and the Vendor whereby any director that is directly or indirectly interested in any of the Service Agreements or the Administrative Service Agreements declares his interests in such resolutions.

Part 2: Company’s Conditions Precedent to the Completion

The Completion is conditional on the Company’s fulfilment of the following:

1. the approval of the board of directors of the Company having been obtained for the entry into the SPA and all transactions contemplated herein and in connection herewith, and such approval not having been revoked or amended;

APPENDIX I – CONDITIONS TO COMPLETION OF THE PROPOSED ACQUISITION

2. 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 herein 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;
3. the allotment and issuance of the Consideration 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;
4. 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
5. the receipt of the listing and quotation notice in respect of the Consideration Shares on the Catalist of the SGX-ST being obtained.

APPENDIX II – PRINCIPAL TERMS OF THE CONVERTIBLE LOAN

PART 1 - GENERAL

Principal Amount	Up to S\$24,000,000, which may be extended to the Company in one or more tranches (each, a “ Tranche ”) on the same or different disbursement dates
Purpose	To repay the Investor an earlier S\$1 million short term loan, to fund the acquisition of KLSI, to finance the payment of transaction fees and expenses relating to the Convertible Loan, and to be retained in the Company for general working capital purposes and for future investments and acquisition opportunities.
Availability Period	From (and including) the date of the Convertible Loan Agreement to (and including) 31 March 2021, or such other date as may be agreed between the Investor and the Company.
Loan Amount	<u>First Tranche:</u> S\$20,000,000 or in integral multiples of S\$1,000,000 in excess thereof. <u>Subsequent Tranches:</u> In multiples of S\$1,000,000. at the sole discretion of the Investor.
Interest	6% per year, calculated on the basis of the actual number of days elapsed over a 365-day year.
Interest Payment Period	3 months (i.e. quarterly).
Time of Disbursement	<u>First Disbursement:</u> A notice of disbursement for the First Tranche shall be delivered to the Company within ten (10) days from the fulfilment (or waiver by the Investor) of all conditions to the first disbursement, following which the First Tranche shall be disbursed within five (5) business days of delivery of a such notice. The notice of disbursement must be sent during the Availability Period. <u>Subsequent Disbursements:</u> Within five (5) business days of delivery of a notice of disbursement for Subsequent Tranches to the Company (which shall be within the Availability Period). Disbursements of Subsequent Tranches shall be at the sole discretion of the Investor.
Payment of Interest on Loan:	Interest is payable on the last day of each Interest Period. If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on

APPENDIX II – PRINCIPAL TERMS OF THE CONVERTIBLE LOAN

	the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).
Principal Repayment	Five (5) years from the date of disbursement of the First Tranche.
Set-off	The principal amount of S\$20,000,000 shall be set off against an earlier loan of S\$1,000,000 at the point of disbursement.

PART 2 – CONVERSION RIGHT

Conversion Price	S\$0.0035 per share in the capital of the Company (“ Share ”)
Adjustments	Conversion Price shall be adjusted for any consolidation of subdivision of Shares.
Conversion Rights	• Subject to terms and conditions in the Convertible Loan Agreement, both the Investor and the Company shall have the option to convert the whole of or any part of the outstanding principal amount under the Convertible Loan to Shares of the Company at the Conversion Price (as adjusted from time to time) from the date of disbursement of the First Tranche to the final repayment date. • The Company shall not be able to exercise its Conversion Right to cause the Investor’s shareholding ownership in the Company to exceed 29.9%, unless whitewash waiver is obtained from the SIC and approved by the Shareholders of the Company in an EGM to be convened. • All interests and any other costs stated to be payable under the Convertible Loan shall be payable in cash and shall not be subject to the Conversion Rights.
Undertakings to exercise Conversion Rights	• The Company shall exercise its Conversion Rights to increase the Investor’s shareholding ownership in the Company to 29.9% without undue delay upon the resumption of trading of the Company’s shares on the Catalist of the SGX-ST. • The Company shall fully exercise its Conversion Rights on any outstanding principal amount under the Convertible Loan without undue delay after whitewash waiver has been obtained from the SIC and the whitewash resolution has been approved by Shareholders in an EGM

APPENDIX II – PRINCIPAL TERMS OF THE CONVERTIBLE LOAN

PART 3 – OTHER TERMS

Conditions to Disbursement	• The Investor being satisfied of due diligence conducted by the Investor on (i) the Company and its subsidiaries; and (ii) the KLSI Group. • The Investor being satisfied that the Company is free from any claims, whether present or future, from any claims and/or liabilities in relation to its existing mineral oil and gas business. • Demonstrate to the Investor's satisfaction that binding settlements have been reached between the Company and all its existing creditors, on terms acceptable to the Investor, at the Investor's sole and absolute discretion. • Obtain, to the Investor's satisfaction, a release and waiver (conditional or otherwise) from ING bank on any and all of the Company's obligations towards ING bank, including any corporate guarantee(s) provided by the Company to its subsidiaries in relation to its existing mineral, oil and gas business. • Shareholder's approval having been obtained by the Company in an EGM for: ○ a diversification of business into the learning and education business; ○ the acquisition of KLSI; ○ the issuance of Conversion Shares; ○ the Proposed Grant of Options; and ○ the Proposed Transfer of Controlling Interest. • Resumption of trading of the Company's shares on the Catalist of the SGX-ST. • Mr. Yoshiyasu Naruse shall have been appointed as a director of the Company and such appointment shall be effective on the date of the disbursement of the First Tranche. • The Company shall have provided to the Investor a cash requirement schedule indicating how it intends to use the proceeds of the Convertible Loan.
Use of Proceeds	The Company shall apply the proceeds of the Loan in the following manner:

APPENDIX II – PRINCIPAL TERMS OF THE CONVERTIBLE LOAN

	(a) first, towards the repayment of an earlier S\$1,000,000 short term loan to the Investor; (b) second, towards the payment of consideration to the Vendor in relation to the for the acquisition KLSI; (c) third, towards the payment of professional fees and expenses incurred by the Company in relation to the Convertible Loan, the acquisition of KLSI and other associated costs; (d) fourth, towards the payment of restructured debts which remain payable in cash; and (e) fifth, to be retained in the Company for general working capital purposes or for future acquisition opportunities.
Bank Charges	The Company shall be responsible for any bank charges applicable on the Company's bank account.
Prepayment	The Company may, at any time and upon providing notice to the Investor, prepay the whole or any part of the Convertible Loan.
Representations	Customary representations including, without limitation, the following: (a) status; (b) binding obligations; (c) non-conflict with other obligations; (d) power and authority; (e) validity and admissibility in evidence; (f) governing law and enforcement; (g) no misleading information; (h) pari passu ranking.
General Undertakings	The Company will make customary undertakings including, without limitation, the following: <i>Compliance with laws</i> (a) compliance with laws; <i>Exercise of Conversion Rights</i> (b) Company to exercise Conversion Rights to the maximum extent possible without undue delay; <i>Use of Proceeds</i> (c) Company shall apply proceeds of the Convertible Loan as prescribed in the Convertible Loan Agreement. (d) Company shall notify the Investor (within 5 Business Days of each withdrawal) each time it withdraws cash from the Bank Account.

APPENDIX II – PRINCIPAL TERMS OF THE CONVERTIBLE LOAN

	Bank Account (e) Company shall, as soon practicable, appoint two Bank Authorised Signatories as joint signatories to the bank account. “Bank Authorised Signatory” means: (a) Mr. Yoshiyasu Naruse; (b) Mr. James Daiji Yamada; and (c) any other person as may be appointed by the Board, unless such person has ceased to be a director of the Company.
Event of Default	Events of Default usual for transactions of this nature (subject to materiality and carve-outs to be agreed) as may be agreed in respect of the Company including, without limitation, the following: (a) non-payment; (b) misrepresentation; (c) unlawfulness; (d) repudiation; (e) creditor’s process of the Company; (f) insolvency proceedings of the Company;
Governing Law	Singapore Law.
Jurisdiction	Courts of Singapore.

APPENDIX III – CHANGES IN SHAREHOLDING INTERESTS

PART 1 – NO EXERCISE OF OPTIONS

The breakdown of the shareholding interests of the parties to the Proposed Transactions and substantial shareholders of the Company:

- (i) before the completion of the Proposed Transactions (and both before and after completion of the Proposed Share Consolidation);
- (ii) after the completion of the Proposed Transactions and assuming that (A) the Proposed Share Consolidation has been completed; (B) no Option has been exercised, (C) all the Introducer Shares have been issued assuming the full disbursement of the Convertible Loan; and (D) Whitewash Waiver has not been granted and the Convertible Loan has been converted such that the Investor holds 29.9% of the enlarged shareholding of the Company; and
- (iii) after the completion of the Proposed Transactions and assuming that (A) the Proposed Share Consolidation has been completed (B) no Option has been exercised, (C) all the Introducer Shares have been issued assuming the full disbursement of the Convertible Loan; and (D) the Convertible Loan has been fully converted into Conversion Shares.

APPENDIX III – CHANGES IN SHAREHOLDING INTERESTS

Shareholding Interests (Direct)

Shareholders	Prior to the Proposed Transactions			Upon Completion of the Proposed Transactions and assuming full disbursement of the Convertible Loan and that Whitewash Waiver has not been granted		Upon Completion of the Proposed Transactions and assuming full conversion of the Convertible Loan	
	Number of Shares		%	Number of Shares (after the Proposed Share Consolidation)	%	Number of Shares (after the Proposed Share Consolidation)	%
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation					
The Investor	-	-	-	30,571,428	29.9%	171,428,571	70.6%
The Vendor	-	-	-	10,000,000	9.8%	10,000,000	4.1%
RSM	-	-	-	5,142,857	5.0%	5,142,857	2.1%
LTB, LLC	285,453,546	7,136,338	12.7%	7,136,338	7.0%	7,136,338	2.9%
Augustus Trustees Limited	285,453,546	7,136,338	12.7%	7,136,338	7.0%	7,136,338	2.9%
Neo Holding SA	261,214,734	6,530,368	11.6%	6,530,368	6.4%	6,530,368	2.7%
CIMB Islamic Trustee Berhad for Affin Hwang Multi-Asset Fund	227,396,600	5,684,915	10.1%	5,684,915	5.6%	5,684,915	2.3%
JK Technology Pte. Ltd.	160,852,617	4,021,315	7.1%	4,021,315	3.9%	4,021,315	1.7%
Ezion Holdings Limited ⁽¹⁾	155,572,000	3,889,300	6.9%	3,889,300	3.8%	3,889,300	1.6%
Patrick Tan Choon Hock ⁽²⁾	145,996,500	3,649,912	6.5%	3,649,912	3.6%	3,649,912	1.5%
Others	733,447,788	18,336,194	32.4%	18,336,197	18.0%	18,336,197	7.6%
Total:	2,255,387,331	56,384,683	100%	102,098,968	100%	242,956,111	100%

Notes:

- (1) Ezion Holdings Limited is deemed interested in the Shares held by CES Oil Shares Pte. Ltd. (before the Proposed Share Consolidation: 49,572,000; after the Proposed Share Consolidation: 1,239,300), a 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 the Shares held by his spouse, Ms. Serene Lee Siew Kim (before the Proposed Share Consolidation: 39,950,000; after the Proposed Share Consolidation: 998,750).

APPENDIX III – CHANGES IN SHAREHOLDING INTERESTS

Shareholding Interests (Deemed)

Shareholders	Prior to the Proposed Transactions			Upon Completion of the Proposed Transactions and assuming full disbursement of the Convertible Loan and that Whitewash Waiver has not been granted		Upon Completion of the Proposed Transactions and assuming full conversion of the Convertible Loan	
	Number of Shares		%	Number of Shares (after the Proposed Share Consolidation)	%	Number of Shares (after the Proposed Share Consolidation)	%
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation					
Lorne Thyssen Bornemisza ⁽¹⁾	285,453,546	7,136,338	12.7%	7,136,338	7.0%	7,136,338	2.9%
Tim Brockmann ⁽²⁾	261,214,734	6,530,368	11.6%	6,530,368	6.4%	6,530,368	2.7%
Nikko Asset Management International Limited ⁽³⁾	227,396,600	5,684,915	10.1%	5,684,915	5.6%	5,684,915	2.3%
Nikko Asset Management Co., Ltd. ⁽⁴⁾	227,396,600	5,684,915	10.1%	5,684,915	5.6%	5,684,915	2.3%
Sumitomo Mitsui Trust Holdings, Inc. ⁽⁵⁾	227,396,600	5,684,915	10.1%	5,684,915	5.6%	5,684,915	2.3%
JK Tech Holdings Pte. Ltd. ⁽⁶⁾	160,852,617	4,021,315	7.1%	4,021,315	3.9%	4,021,315	1.7%
JK Premier Holdings Pte. Ltd. ⁽⁷⁾	160,852,617	4,021,315	7.1%	4,021,315	3.9%	4,021,315	1.7%
Ang Yew Jin Eugene ⁽⁸⁾	160,852,617	4,021,315	7.1%	4,021,315	3.9%	4,021,315	1.7%

Notes:

- (1) Mr. Lorne Thyssen Bornemisza, the beneficial owner of LTB, LLC, is deemed interested in the Shares held by LTB, LLC.
- (2) Mr. Tim Brockmann, the ultimate beneficial owner of Neo Holding SA, is deemed interested in the Shares held by Neo Holding SA.
- (3) 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 held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.
- (4) 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.
- (5) 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.
- (6)(7)(8) 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.

APPENDIX III – CHANGES IN SHAREHOLDING INTERESTS

PART 2 – FULL EXERCISE OF OPTIONS

The breakdown of the shareholding interests of the parties to the Proposed Transactions and substantial shareholders of the Company:

- (i) before the completion of the Proposed Transactions (and both before and after completion of the Proposed Share Consolidation); and
- (ii) after the completion of the Proposed Transactions and assuming that (A) the Proposed Share Consolidation has been completed; (B) all Option have been exercised, (C) all the Introducer Shares have been issued assuming the full disbursement of the Convertible Loan; and (D) the Convertible Loan have been fully converted into Conversion Shares.

APPENDIX III – CHANGES IN SHAREHOLDING INTERESTS

Shareholding Interests (Direct)

Shareholders	Prior to the Proposed Transactions			Upon Completion of the Proposed Transactions and assuming full conversion of the Convertible Loan and the Options	
	Number of Shares		%	Number of Shares (after the Proposed Share Consolidation)	%
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation			
The Investor	-	-	-	257,142,857	78.2%
The Vendor	-	-	-	10,000,000	3.0%
RSM	-	-	-	5,142,857	1.6%
LTB, LLC	285,453,546	7,136,338	12.7%	7,136,338	2.2%
Augustus Trustees Limited	285,453,546	7,136,338	12.7%	7,136,338	2.2%
Neo Holding SA	261,214,734	6,530,368	11.6%	6,530,368	2.0%
CIMB Islamic Trustee Berhad for Affin Hwang Multi-Asset Fund	227,396,600	5,684,915	10.1%	5,684,915	1.7%
JK Technology Pte. Ltd.	160,852,617	4,021,315	7.1%	4,021,315	1.2%
Ezion Holdings Limited ⁽¹⁾	155,572,000	3,889,300	6.9%	3,889,300	1.2%
Patrick Tan Choon Hock ⁽²⁾	145,996,500	3,649,912	6.5%	3,649,912	1.1%
Others	733,447,788	18,336,194	32.4%	18,336,197	5.6%
Total:	2,255,387,331	56,384,683	100%	328,670,397	100%

Notes:

- (1) Ezion Holdings Limited is deemed interested in the Shares held by CES Oil Shares Pte. Ltd. (before the Proposed Share Consolidation: 49,572,000; after the Proposed Share Consolidation: 1,239,300), a 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 the Shares held by his spouse, Ms. Serene Lee Siew Kim (before the Proposed Share Consolidation: 39,950,000; after the Proposed Share Consolidation: 998,750).

APPENDIX III – CHANGES IN SHAREHOLDING INTERESTS

Shareholding Interests (Deemed)

Shareholders	Prior to the Proposed Transactions			Upon Completion of the Proposed Transactions and assuming full conversion of the Convertible Loan and the Options	
	Number of Shares		%	Number of Shares (after the Proposed Share Consolidation)	%
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation			
Lorne Thyssen Bornemisza ⁽¹⁾	285,453,546	7,136,338	12.7%	7,136,338	2.2%
Tim Brockmann ⁽²⁾	261,214,734	6,530,368	11.6%	6,530,368	2.0%
Nikko Asset Management International Limited ⁽³⁾	227,396,600	5,684,915	10.1%	5,684,915	1.7%
Nikko Asset Management Co., Ltd. ⁽⁴⁾	227,396,600	5,684,915	10.1%	5,684,915	1.7%
Sumitomo Mitsui Trust Holdings, Inc. ⁽⁵⁾	227,396,600	5,684,915	10.1%	5,684,915	1.7%
JK Tech Holdings Pte. Ltd. ⁽⁶⁾	160,852,617	4,021,315	7.1%	4,021,315	1.2%
JK Premier Holdings Pte. Ltd. ⁽⁷⁾	160,852,617	4,021,315	7.1%	4,021,315	1.2%
Ang Yew Jin Eugene ⁽⁸⁾	160,852,617	4,021,315	7.1%	4,021,315	1.2%

Notes:

- (1) Mr. Lorne Thyssen Bornemisza, the beneficial owner of LTB, LLC, is deemed interested in the Shares held by LTB, LLC.
- (2) Mr. Tim Brockmann, the ultimate beneficial owner of Neo Holding SA, is deemed interested in the Shares held by Neo Holding SA.
- (3) 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.
- (4) 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.
- (5) 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.
- (6)(7)(8) 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.

APPENDIX IV – SUMMARY OF VALUATION REPORT

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

Prepared for

Alpha Energy Holdings Limited

Report Date

24 September 2020

Ref: 20/RY-CW-IC/BV0128-2

Executive Summary

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

Date of Valuation:	30 June 2020
Purpose:	Public disclosure purpose
Situation/Background:	Alpha Energy Holdings Limited ("Alpha Energy" or "Company") is an investment holding company. Together with its subsidiaries (the "Group"), the Group engaged in the business of exploration, exploitation and production of oil. It focuses on development of independently certified oil and gas assets of proven reserves, and proven and probable reserves into becoming productive assets. As part of its effort to explore for possibility to diversify its business to generate additional revenue stream, the Company had on 14 July 2020 entered into conditional sales and purchase agreement ("SPA") for a proposed acquisition of 100% equity interest in Kydon Learning Systems Institute Pte Ltd ("Proposed Acquisition"). Kydon Learning Systems Institute Pte Ltd ("Kydon" or "Target") and its subsidiaries, namely Kydon Learning Systems Sdn. Bhd ("KM"), MQ Spectrum Pte Ltd. ("MQ") and MQ Spectrum (India) Pvt Ltd ("MQI") (collectively, "Target Group" or "KLSI Group") are engaged in the provision of education services. The Target Group offers digital learning solutions including but not limited to learning solutions consultancy, content digital solutions, program management, enterprise learning management system solutions and specialist manpower deployment services. 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 Group as at 30 June 2020 ("Valuation Date").
Subject Matter:	100% equity interest in the capital of Target Group
Basis of Valuation:	Market Value
Valuation Approach:	Income Approach

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

S\$10.8 million to S\$13.3 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 Energy Holdings Limited
Subject Matter: 100% equity interest in the capital of Target Group
Report Date: 24 September 2020
Valuation Date: 30 June 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 KLSI Group. 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 24 September 2020 ("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 Group. 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, Target and/or Target Group (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 Group 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, Target and/or Target Group. We were not required to comment on or evaluate the methods or procedures used by the Target Group to manage the change in any risk profile of the Company, Group, Target and/or Target Group 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, Target and/or Target Group 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 Group. 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 Group. 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, Target and/or Target Group (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, Target and/or Target Group, 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, Target and/or Target Group 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 and Report have 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 date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein 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 Group'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 financial period of 1 July to 31 December 2020 ("FPDec2020") to financial year ended 31 December ("FY") 2025. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target Group 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 Group operates that may adversely affect the future prospects of the Target Group.
- 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 Group.
- The current owners of the Target Group 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 Group'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 Group'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 Group critical upon the following key value drivers:

- The Target Group continues to operate as a going concern and is able to meet all its financial obligations.
- The Target Group'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 Group has sufficient operational resources to support the projected turnover and profitability.
- The Target Group 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 Group.

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 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 Group, 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 Group 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 Group 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, Target and/or Target Group, 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 Cost Approach, Income Approach and Market Approach and have adopted Income Approach as our primary approach with Market Approach as reference.

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

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 business of Target Group's operations had been established for several years, the use of Income Approach as the primary approach is considered to be appropriate.

Under Market Approach, we have considered enterprise value to sales ("EV/Sales") and enterprise value to earnings before interest, taxation, depreciation and amortisation ("EV/EBITDA") 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. Further, the current earnings derived from the Target Group is not normalised. Therefore, Market Approach has only been used as reference.

Accordingly, we have relied solely on Income Approach in assessing the equity value of the Target Group 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:

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

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

We were provided with financial projections from FPDec2020 to FY2025, 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. The expected FCFF of the Target Group from FPDec2020 to FY2025 is as follows:

SGD000, unless otherwise specified	Forecast						Normalised
	FPDec2020	FY2021	FY2022	FY2023	FY2024	FY2025	
Revenue	6,066	9,400	9,894	10,436	11,033	11,690	11,690
EBIT	2,020	2,740	2,846	2,964	3,096	3,272	3,272
Less: Tax expenses	343	466	484	504	526	556	556
Add: Depreciation and amortisation	30	96	134	175	217	233	233
Less: Capital expenditure	118	182	192	202	214	226	233
Less: Net working capital changes	591	185	(168)	(188)	(213)	(241)	(241)
FCFF	998	2,003	2,472	2,621	2,786	2,964	2,958

Further details of the financial projections can be found in section entitled "Financial Analysis" of the Full Report.

Capital expenditure: Minimal amount of capital expenditure is projected for forecast period which is about 1.9% of the revenue per annum.

Net working capital changes: Trade receivable and trade payable are expected to change in line with the projected revenue and cost of sales (as the case may be). The underlying net working capital assumptions are set out as follows:-

- Trade receivables turnover days: 45 to 93 days
- Trade payables turnover days: 30 to 57 days

Terminal value

To estimate the terminal value of Target Group at the end of the projection period in FY2025, 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.

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

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 Group would reach a stable perpetual growth rate ranging from 1% to 3% after FY2025 based on the 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

Group is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital ("WACC") ranging from 17% to 19%.

Debt & non-operating payables and excess cash & cash equivalents

In order to arrive at 100% equity value of the Target Group from the enterprise value, the existing debt & non-operating payables are subtracted and excess cash & cash equivalents are added. As at the Valuation Date, the Target Group has debt & non-operating payables of S\$3.5 million and cash & cash equivalents of approximately S\$2.4 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 25% for the purpose of this valuation with reference to empirical historical studies.

Market Value of 100% equity interest in the capital of the Target Group

Based on the DCF method, the derived 100% enterprise value of Target Group ranges from S\$15.5 million to S\$18.9 million as at Valuation Date. The equity value of 100% equity interest in the capital of the Target Group 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, the Target Group has net debt & non-operating payables of S\$3.5 million and excess cash & cash equivalents of S\$2.4 million. A marketability discount of 25% is applied to reflect the private status of Target Group.

As such, based on DCF Method, the Market Value of 100% equity interest in the capital of Target Group as at the Valuation Date ranges from S\$10.8 million to S\$13.3 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 Group as at Valuation Date, subject to the assumption stated herein, is in the region of: -

S\$10.8 million to S\$13.3 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 Group as at Valuation Date.

S\$ (million), unless otherwise stated	
Market Approach	S\$5.9 million to S\$15.0 million

8. 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.

9. 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.

10. Limiting Conditions

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

11. 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
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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of Alpha Energy Holdings Limited (the “**Company**”) will be held by way of electronic means on 9 October 2020 at 3 p.m. for the purpose of considering and, if thought fit, passing 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 24 September 2020 (the “**Circular**”).*

Shareholders should note that:

- (a) Ordinary Resolutions 1 to 7 (“**Transaction Resolutions**”) are inter-conditional on each other. This means that if any of these resolutions are not approved, the other resolutions will not be deemed duly passed. Ordinary Resolutions 1 to 7 are inter-conditional as the completion of each transaction is conditional upon the completion of the other transactions; and
- (b) the passing of Ordinary Resolution 8 is not conditional on the passing of Ordinary Resolutions 1 to 7.

AS ORDINARY RESOLUTIONS:

ORDINARY RESOLUTION 1

THE PROPOSED DIVERSIFICATION OF THE BUSINESS TO INCLUDE THE PROVISION OF LEARNING AND EDUCATION SERVICES

THAT subject to and contingent upon the passing of the Transaction Resolutions:

- (a) approval be and is hereby granted for the diversification of the business activities of the Company and its subsidiaries into the learning and education sector, including the provision of learning and education services, such as (i) consultancy services for integrated learning solutions, (ii) designing and developing digital learning content, (iii) developing customised enterprise learning management system (i.e. a system using a combined method of informal learning, formal learning, and blended learning techniques) based solutions, (iv) designing and developing customised software to aid learning outcomes, (v) managing learning programmes for, *inter alia*, government agencies, educational institutions, training academies, corporations and enterprises, and (vi) providing operational support for customised systems (which includes software and hardware support); 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2

THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF KYDON LEARNING SYSTEMS INSTITUTE PTE. LTD.

THAT subject to and contingent upon the passing of the Transaction Resolutions:

- (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
- (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.

ORDINARY RESOLUTION 3

THE PROPOSED ALLOTMENT AND ISSUANCE OF 400,000,000 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.005 FOR EACH SHARE TO THE VENDOR AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION

THAT subject to and contingent upon the passing of the Transaction Resolutions:

- (a) authority be and is hereby given to the Directors to allot and issue to the Vendor an aggregate of 400,000,000 Consideration Shares, credited as fully paid-up, at an issue price of S\$0.005 per Consideration Share, representing a discount of approximately 84% to the VWAP of S\$0.032 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 3 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 4

THE PROPOSED ISSUE OF UP TO 6,857,142,857 CONVERSION SHARES TO THE INVESTOR AT A CONVERSION PRICE OF S\$0.0035 PER CONVERSION SHARE UNDER THE CONVERTIBLE LOAN AGREEMENT

THAT subject to and contingent upon the passing of the Transaction Resolutions:

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (a) authority be and is hereby given to the Directors to allot and issue to the Investor up to 6,857,142,857 Conversion Shares, credited as fully paid-up, at an issue price of S\$0.0035 per Conversion Share, representing a discount of approximately 89% to the VWAP of S\$0.032 per Share, 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 Convertible Loan Agreement was signed, on the terms and subject to the conditions set out in the Convertible Loan Agreement; 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 4 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 5

THE PROPOSED GRANT OF 3,428,571,428 NON-TRANSFERABLE OPTIONS TO THE INVESTOR, EACH OPTION CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.005 PER OPTION, AND THE ISSUANCE OF THE OPTION SHARES PURSUANT TO THE EXERCISE OF THE OPTIONS

THAT subject to and contingent upon the passing of the Transaction Resolutions:

- (a) approval be and is hereby given for the grant by the Company of 3,428,571,428 non-transferable Options, and the subsequent allotment and issuance of up to 3,428,571,428 Option Shares arising from the exercise of Options, by the Company to the Investor at an exercise price of S\$0.005 per Option, representing a discount of approximately 84% to the VWAP of S\$0.032 for each Share based on trades done on the SGX-ST on 13 November 2019, being the last full Market Day when the Shares of the Company were traded prior to the trading suspension on 18 November 2019, on the terms and subject to the conditions set out in the Option Agreement; 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 5 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 6

THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE INVESTOR ARISING FROM THE ALLOTMENT AND ISSUANCE OF CONVERSION SHARES PURSUANT TO THE EXERCISE OF THE CONVERSION RIGHTS UNDER THE CONVERTIBLE LOAN AGREEMENT

THAT subject to and contingent upon the passing of the Transaction Resolutions:

- (a) approval be and is hereby given for the allotment and issuance by the Company of Conversion Shares to the Investor on the terms and subject to the conditions set out in the Convertible Loan Agreement which constitutes a transfer of Controlling Interest in the Company to the Investor pursuant to Rule 803 of the Catalist Rules; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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 6 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 7

THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 205,714,285 INTRODUCER SHARES TO THE INTRODUCER AS SATISFACTION FOR THE INTRODUCER FEE

THAT subject to and contingent upon the passing of the Transaction Resolutions:

- (a) authority be and is hereby given to the Directors to allot and issue to the Introducer of up to 205,714,285 new Shares at an issue price of S\$0.0035 per Share, credited as fully paid-up, the issue price representing a discount of approximately 89% to the VWAP of S\$0.032 for each Share based on trades done on the SGX-ST on 13 November 2019, being the last full Market Day when the Shares of the Company were traded prior to the trading suspension on 18 November 2019; 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 7 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 8

THE PROPOSED SHARE CONSOLIDATION OF EVERY FORTY (40) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED)

THAT:

- (a) the Proposed Share Consolidation be and is hereby approved and that authority be and is hereby given for all the Shares in the Company issued to Shareholders as at the Books Closure Date to be consolidated by consolidating every forty (40) Shares held by each Shareholder as at the Books Closure Date into one (1) Consolidated Share with effect from the date to be determined by the Directors and in the manner set out in the Circular;
- (b) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above shall be disregarded; and
- (c) 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 8 and implement any of the foregoing as they think fit and in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

By Order of the Board
ALPHA ENERGY HOLDINGS LIMITED

Tan Wee Sin
Company Secretary

Singapore
24 September 2020

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://alphaenergyEGM.avaleasemgdwebinar.com> (the "**Pre-registration Link**") from now till 3 p.m. on 5 October 2020 (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 p.m. on 7 October 2020 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 p.m. on 7 October 2020 may contact the Company for assistance at +65 6571 0200 or email enquiries@alphaenergy.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 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968 or sent by email to enquiries@alphaenergy.com.sg. Questions must be submitted by 3 p.m. on 3 October 2020 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 p.m. on 3 October 2020. 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 and the Company's website 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 any or all of 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) each resolution 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 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968 or sent by email to sq.is.proxy@sg.tricorglobal.com not less than forty-eight (48) hours (i.e. by 3 p.m. on 7 October 2020), 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 sq.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 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the EGM by

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 p.m. on 30 September 2020), 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 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

ALPHA ENERGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200310813H)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

- 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.
- For investors who have used their SRS monies to buy Alpha Energy Holdings 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.
- 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.

PERSONAL DATA PRIVACY:

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 24 September 2020.

*I/We, _____ (Name) _____ (NRIC/Passport/Co Reg No.)
of _____ (Address)

being a shareholder/shareholders* of **ALPHA ENERGY HOLDINGS 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 9 October 2020 at 3 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 Diversification			
2	The Proposed Acquisition			
3	The Proposed Consideration Shares Issue			
4	The Proposed Conversion Shares Issue			
5	The Proposed Grant of Options			
6	The Proposed Transfer of Controlling Interest to the Investor			
7	The Proposed Introducer Shares Issue			
8	The Proposed Share Consolidation			

⁽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 _____ 2020

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, 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 3 p.m. on 30 September 2020), 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 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968 or sent by email to sg.is.proxy@sg.tricorglobal.com, not less than forty-eight (48) hours (i.e. by 3 p.m. on 7 October 2020), 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 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

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:

PROXY FORM

- (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.