



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Alpha DX Group Limited

**Stock code:** VVL

**Meeting details:**

Date: 31 October 2022

Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** On 10 March 2022, the company requested for a voluntary trading suspension after it had requested for a trading halt on 7 March 2022. This follows the issuance of a Notice of compliance by the Singapore Exchange Trading Limited (“SGX-ST”) on 10 March 2022 (“NOC”).

Trading in the company’s securities had been suspended from November 2019 to June 2021.

The board has assessed that the company is unable to demonstrate that it is able to continue as a going concern in accordance with Rule of 1303(3) of the SGX-ST Listing Manual Section B: Rules of Catalist. In addition, as stated in the NOC, the Exchange required the company to provide clarity on the affairs in the company, including the group’s ability to operate on a going concern.

Subsequently, the company applied to the General Division of the High Court of Singapore for the grant of a moratorium under Section 64 of the Insolvency Restructuring and Dissolution Act 2018 (No. 40 of 2018) (“IRDA”). A 6-month moratorium was granted on 8 April 2022 with effective dates from 9 March 2022 to 9 September 2022. The company then proposed to enter into a “pre-packaged” scheme of arrangement with its creditors pursuant to Section 210 of the Companies Act 1967 (“CA”) read together with Section 71 of the IRDA.

On 17 October 2022, the company announced that the court had sanctioned the scheme and the company is *“in the midst of putting together a viable resumption proposal to be submitted to the SGX RegCo for the resumption of trading of the Company’s Shares on the Catalist of the SGX-ST”*.

- (i) **What are the (remaining) milestones to be achieved before the company can submit its resumption proposal to SGX RegCo?**
- (ii) **What is the level of involvement of the board, especially the independent directors, in the resumption proposal application?**
- (iii) **What is the role of the sponsor in this process?**
- (iv) **Has the board set management a timeline to submit the resumption proposal?**

**Q2.** Would the board/management provide shareholders greater clarity on the following operational, financial and governance matters?

- (i) Zionext Pte. Ltd. (formerly known as “Kydon Learning Systems Institute Pte. Ltd.”): Can management elaborate further on the business model of ZioNext? What are the key value drivers of ZioNext? Would the company be able to share more of the operational achievements and user metrics of ZioNext?**
- (ii) Invictus Academy Inc. (formerly known as “DiDi Academy Inc.”): Similarly, what are management’s plans for Invictus?**
- (iii) What is management’s experience and track record of doing business in Uzbekistan and Kazakhstan?**
- (iv) What is the depth of the management team in the core functions of the group, such as operations, education, pedagogy, project management, IT, marketing, etc?**
- (v) How was the Evolve Capital Advisory Private Limited shortlisted and selected as the company’s continuing sponsor following the termination of PrimePartners Corporate Finance Pte. Ltd. as the sponsor?**

**Q3.** The company experienced a series of resignations by the directors in February and March 2022. The reasons given were:

Differences with management on the approach to the Company's restructuring as laid out in the resignation letter, including the dealing with transactions for which the Company put down good faith deposits and which management refuses to consider abandoning so that the deposits can be returned to the Company to address its issues with the creditors.

Differences with the management on the administration, short lead time given when asking for approvals and the timeliness of certain disclosure and announcement of matters to shareholders. This unfortunately does not allow me to perform my role effectively as an Independent Director, moving forward.

Differences with management on the administration and the timeliness of certain disclosure and announcement of matters to shareholders. (Refer to the Announcement dated 25th February 2022 on the SGXnet)... The resignation of 2 directors consecutively is a cause for concern, it is hoped that these positions can be replaced soon... The reasons for the resignation of the Audit Committee Chairperson should be noted.

(Source: company announcements)

The resigning directors referred to the announcement relating to the receipt of letter of demand dated 18 February 2022 from solicitors acting for Kydon Holdings Pte. Ltd., for the payment of S\$1,900,937.75 in relation to the remaining consideration and interests charges for the acquisition of equity interest in Zionext Pte. Ltd. (formerly known as "Kydon Learning Systems Institute Pte. Ltd.").

The full announcement can be found here:

<https://links.sgx.com/1.0.0/corporate-announcements/96RORN1Y34IQW0AJ/17c52022dfe41d8c985574575926054f1afd31f70dcb6565dafbb4a81f71d89d>

The cessations left the company with no members in the audit committee and the board then consisted of just a non-independent non-executive chairman, the executive director cum and chief executive officer and an independent director.

It is noted that Mr. Daiji Yamada was appointed to the board as the executive director on 14 May 2020. At the time of his appointment, it was noted that Mr Daiji Yamada has no prior experience as a director of an issuer listed on SGX and he will be attending training on the roles and responsibilities of a director of a listed issuer.

- (i) **Can the board help shareholders better understand Mr. Daiji Yamada's role and his interactions with the former directors leading up to the directors' resignations in February and March 2022? Specifically, what improvements have been made to the company and management in terms of providing the board directors with information, making timely disclosure of material information to shareholders, facilitating board processes/approvals, etc?**
- (ii) **In addition, can Ms Michiko Koyano (an independent director) help shareholders better understand her level of familiarity with the relevant rules and laws for a listed issuer in SGX-ST?**
- (iii) **The chairman, Mr Yoshiyasu Naruse, and Ms Michiko Koyano appear to be based in Japan (the country of principal residence). How effective are the directors during this period when the company is faced with a legal dispute and is going through a 'pre-packaged' scheme of arrangement with its creditors pursuant to the Companies Act and the Insolvency Restructuring and Dissolution Act 2018?**

<sup>^</sup>On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](https://www.sias.org.sg)**

<sup>^</sup> Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation  
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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