Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Arion Entertainment Singapore Limited

Stock code: YYB

Meeting details:
Date: 30 July 2021
Time: 10.00 a.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.

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Q1. The group's revenue derived from the publishing operations in Malaysia was fairly resilient despite a challenging year, slipping less than 2% to $857,000 in FY2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Note	2021 $'000	2020 $'000
Revenue	16	857	869
Other gains	17	24	28
Expenses			
- Printing and editorial costs		(488)	(452)
- Audit fees paid/payable			
- Auditor of the Company		(32)	(38)
- Other auditor		(5)	(5)
- Non-audit fees paid/payable to auditor of the Company		(5)	(5)
- Depreciation of property, plant and equipment	10	(3)	(4)
- Employee compensation	18	(577)	(854)
- Rental expense		(42)	(37)
- Professional fees		(196)	(233)
- Other		(226)	(299)
Total expenses		(1,574)	(1,927)
Loss before income tax		(693)	(1,030)
Income tax expense	19	(6)	(6)
Net loss		(699)	(1,036)

(Source: company annual report)

However,"printing and editorial costs" and "employee compensation" would significantly exceed revenue in both years, making the operations unprofitable.

(i) **What are management's plans to turn the Malaysian publishing operations profitable?**

(ii) **Can management provide shareholders with greater clarity on the profile of its readers/subscribers? What is the number of subscribers/readers of the group's publications?**

(iii) **Has the group shifted to e-magazines/online publications?**

(iv) Revenue from advertisements dropped from $100,000 in FY2020 to $57,000 in FY2021. **Given the low circulation, high costs and changes to consumer behaviour, has the board evaluated the sustainability of the group's publication business?**

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Q2. At the EGM held on 16 February 2021, the company obtained shareholders' approval for the proposed diversification and expansion of the group's business into property business and moneylending business. The company has stated that it has plans to commence the moneylending business in Hong Kong in the next few months.

The auditors have highlighted the group's going concern as a key audit matter in the report on the audit of the financial statements (page 39). For the financial year ended 31 March 2021, the group reported net loss of $(699,000) and as at that date, total cash and cash equivalents decreased by $689,000 due to outflows of cash from operating activities.

With proceeds from the issue of new shares amounting to $1.63 million, the group ended the year with $3.05 million.

(i) **Can management elaborate further on the due diligence it carried out for the moneylending business in Hong Kong?**

(ii) **What is the market entry strategy/niche of the group? How does the group intend to compete against the incumbents?**

(iii) **Has the group obtained the prerequisite Money Lenders License that is issued by the Licensing Court of Hong Kong pursuant to the Money Lenders Ordinance and Money Lenders Regulations to carry out lending businesses in Hong Kong? How familiar is management with the Money Lenders Regulations (Chapter 163A of the Laws of Hong Kong)?**

(iv) **Does the group have sufficient capital to fund the moneylending business?**

(v) **In addition, has the board set up an effective risk management framework to manage/mitigate the risks in the moneylending business? How does the group address the possible concentration risks from its borrowers given the relatively small capital pool?**

Q3. At the annual general meeting scheduled to be held on 30 July 2021, Mr Chou Kong Seng, an independent director of the company, will retire pursuant to Article 107 of the company's constitution and will be seeking his re-election.

Mr Kesavan Nair, along with Mr Chou Kong Seng, would also be seeking a two-tier vote by shareholders for their continued appointment as independent directors.

Mr Chou Kong Seng and Mr Kesavan Nair were first appointed on 14 August 2012 and 14 February 2013 respectively. The profiles of the directors can be found on pages 4 and 5 of the annual report. Additional information on directors seeking their re-election and continued appointment as independent directors can be found on pages 24 to 31 of the annual report.

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(i) **How was the rigorous review of the independence of the long-tenured non-executive directors carried out given that Mr Kesavan Nair chairs the nominating committee while Mr Chou Kong Seng is a member of the NC?** The third member of the NC is Mr Lee Keng Mun, an independent director.

(ii) **How effective was the NC in discharging its key responsibilities, including the review of directors' independence?**

(iii) **Can the directors help shareholders understand their contributions to the group, especially in enhancing long term shareholders value?** The group's 5-year financial highlight (page 6) is reproduced for reference.

Year	Revenue* S$'000	Loss Attributable to Shareholders S$'000	Loss Per Share Singapore Cents
FY 2017	1,596 ^	(7,305)	(0.26)
FY 2018	1,208 ^	(890)	(0.02)
FY 2019	1,007	(1,314)	(0.09)
FY 2020	897	(1,036)	(0.17)
FY 2021	**857**	**(699)**	**(0.09)**

* Including other gains and excluding discontinued operations
^ Excluding gain/ (loss) on disposal of subsidiary corporations

(Source: company annual report 2021)

In fact, the group has been loss making for several years prior to FY2017:

Year	Revenue* (S$'000)	Loss Attributable to Shareholders (S$'000)	Loss Per Share (Singapore Cents)
FY 2013	9,455	(3,422)	(0.09)
FY 2014	7,320	(2,863)	(0.28)
FY 2015	7,924	(2,793)	(0.44)
FY 2016	2,859	(6,320)	(0.44)
FY 2017	**1,596^**	**(7,305)**	**(0.26)**

* Including other income and excluding discontinued operations
^ Excluding loss on disposal of subsidiary corporations (refer to Note 24 to the Financial Statements)

(Source: company annual report 2017)

(iv) **Has the nominating committee (NC) reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

(v) **What are the plans for the progressive renewal of the board (Principle 4 of the Code of Corporate Governance 2018)?**

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^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

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^ 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)