Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Arion Entertainment Singapore Limited

Stock code: YYB

Meeting details:
Date: 31 July 2023
Time: 9.30 a.m.
Venue: The National University of Singapore Society (NUSS), Suntec City Guild House, 3 Temasek Boulevard, Tower 5, #02-401/402, Suntec City Mall, Singapore 038983

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Q1. Just prior to the end of the financial year, the company completed the acquisition of Bacui Elitist Technology Limited ("Bacui") on 29 March 2023. This led to the group reporting a profit attributable to shareholders $0.44 million for FY2023 due to the $1.85 million gain on bargain purchase arising from the acquisition of Bacui.

Bacui primarily engages in the provision of human resources, labor outsourcing-related services, infrastructure management services, and food distribution services.

(i) **Can the company provide information regarding its relationship, if any, with Mr Mark Ng, who facilitated the introduction of Bacui and Mr Yang Ran (the principal) for the acquisition?**

Based on the audited financial statements of Bacui Group prepared in accordance with International Financial Reporting Standards for the financial year ended 31 December 2022 ("FY2022"), Bacui has net tangible assets of RMB13.89 million (approximately $2.6 million) and reported profits after tax of RMB1.34 million.

As indicated on page 115 of the annual report, had Bacui been acquired from 1 April 2022, the consolidated revenue and consolidated profit after tax attributable to shareholders for the financial year ended 31 March 2023 would have been $49,711,000 and $350,000 respectively.

(ii) **Can management clearly state Bacui's revenue for the FY2022? How much of the revenue could be linked to COVID-related demand?**

(iii) **For the benefit of shareholders, can management provide insights into the prevailing sentiments in China, specifically in the Guangdong Province?**

(iv) **What are the key growth drivers of Bacui's businesses?**

Q2. On 21 March 2023, Dong Ling Electrical Group Co Ltd ("Dong Ling") became a controlling shareholder after acquiring 193,799,000 shares or 20.75% ownership stake in the company. However, due to the issuance of consideration shares for the Bacui acquisition, Dong Ling's stake has been diluted to 17.79%. Nevertheless, Dong Ling remains as the largest individual shareholder of the company.

(i) **Has the board initiated discussions with the new controlling shareholder to understand their goals for the group?**

(ii) **Has Dong Ling requested for board representation?**

(iii) In addition, the board has not appointed a chairman. **What criteria is the nominating committee using to identify and appoint a board chairman who can provide effective leadership to guide the group?**

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Q3. At the annual general meeting scheduled to be held on 31 July 2023, Mr Ng Kai Man will be retiring pursuant to Regulation 107 of the company's constitution and will be seeking his re-election.

In 2022, Mr Ng Kai Man and two other substantial shareholders entered into an agreement to sell 27.44% of the shares of the company at a share price of $0.0117 per share for a total consideration of $3 million. The proposed sale represented the entire shareholding interests of the sellers. The agreement was eventually terminated, with the seller retaining the $1 million cash deposit and the buyer keeping the 85.44 million shares, being the share deposit.

On 21 March 2023, Mr Ng Kai Man again entered into an agreement to sell his stake in the company, now 193.8 million shares or approximately 20.75%, for a consideration of $2,894,947, or $0.01494 per share.

As SGX RegCo has pointed out, Mr Ng Kai Man disposed his holdings in the company at a consideration that is approximately two times higher than the prevailing market price.

(i) **Can the director clarify his roles and responsibilities in the group?**

(ii) **Given that Mr Ng Kai Man is seeking his re-election, can the director help shareholders understand his commitment to the group when he has disposed of his shares, after two attempts, netting himself prices that are approximately two times higher than the prevailing market price?**

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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