

ARION ENTERTAINMENT SINGAPORE LIMITED

(Incorporated in Singapore)

(Company Registration Number 199407135Z)

RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors of the Company (the “**Board**” or “**Directors**”) wishes to announce the that it has received queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 15 September 2020 in relation to the annual report (“**AR**”) for the financial year ended 31 March 2020 (“**FY2020**”) and set out the Company’s responses below.

The SGX-ST refers to Arion’s AR for FY2020, it is noted that its auditors had raised a key audit matter on the going concern assumption.

The Group reported net loss of \$1,036,000 in FY2020 and as at that date, total cash and cash equivalents decreased by \$1,076,000 from outflows of cash from operating activities.

Note 4 of the AR also stated that these financial results indicate the existence of material uncertainties on the Group’s and the Company’s ability to continue as going concerns. Nevertheless, management has prepared the financial statements on a going concern basis after taken into consideration that the Group and the Company will have sufficient cashflows to meet the operating requirements, based on a 12-month cash flows projection where the assumptions used in the preparation of the cash flow projections extend to forecast effects from the global Covid-19 pandemic which have impacted the Group’s operations.

Question 1: Please elaborate on how the Group and Company will have sufficient cashflows to meet the operating requirements based on the 12-month cash flow projection and what are the key assumptions associated with it.

Company’s Response

As at 31 March 2020, the Group and the Company have cash and cash equivalents of S\$2.1 million and S\$1.8 million respectively.

The Group and Company have prepared their respective 12 months cashflows projection for the financial year ending 31 March 2021 (“**FY2021**”), taking into consideration the following key assumptions (where relevant):

- Voluntary reduction in Executive Director’s remuneration;
- Recurring expenses of the Group remaining unchanged from FY2020; and
- Covid-19 pandemic impact on our Malaysian operations resulting in a 50% downward adjustment of the gross profit.

The cashflows projection for the Group (save for Malaysia) is based on its existing operations.

Based on the FY2021 cashflows projection and the projected cash run-rates, the Group's and Company's cash and cash equivalents as at 31 March 2020 will be more than sufficient to meet their respective operating requirements for FY2021.

Question 2: The Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.

Company's Response

The Board has taken note of the cashflows projections referred to in the response to question 1 above which showed that the Group's cash and cash equivalents as at 31 March 2020 were more than sufficient to meet the Group's projected operating requirements for FY2021. As such, the Board is of the view that the Group will be able to continue as a going concern.

With the completion of the Proposed Subscription, as announced by the Company on 5 August 2020, that was completed on 14 September 2020, the Company raised net proceeds of about S\$1.6 million of which S\$1.3 million will be used for working capital and the remaining S\$0.3 million will be used for future corporate developments and new business opportunities. With the additional net proceeds raised, the Board's going concern assessment is further strengthened.

Question 3: The Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.

Company's Response

On the basis of the responses to Questions 1 and 2 above, the Board is of the view that trading of the Company's shares should not be suspended as the Group has sufficient cash and cash equivalents to pay its debts as and when they fall due and to continue as a going concern.

Question 4: The Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response

On the basis of the responses to Questions 1, 2 and 3 above, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

For and on behalf of the Board

Ng Kai Man

Executive Director

16 September 2020

*This announcement 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.*

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