

## ARION ENTERTAINMENT SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number 199407135Z)

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### ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF BACUI ELITIST TECHNOLOGY LIMITED

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#### 1. INTRODUCTION

1.1 **Acquisition.** The board of directors (the “**Board**” or the “**Directors**”) of Arion Entertainment Singapore Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that pursuant to a sale and purchase agreement dated 29 March 2023 (“**SPA**”) entered into with Xinlong Investment Holding Limited (the “**Vendor**”) and Mr. Yang Ran (the “**Principal**”), it has on 29 March 2023 acquired the entire issued and paid-up share capital of Bacui Elitist Technology Limited (“**Target**”) for S\$980,000 payable in ordinary shares in the share capital of the Company (“**Acquisition**”).

1.2 The Acquisition constitutes a “discloseable transaction” under Chapter 10 of the Section B: Rules of Catalist of the listing manual (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Further details of the Acquisition are set out below.

#### 2. INFORMATION RELATING TO THE VENDOR, THE PRINCIPAL AND THE TARGET GROUP

*Shareholders should note that information relating to the Target Group (as defined below) in this paragraph was prepared based on representations made by the Vendor.*

2.1. **The Vendor and the Principal.** The Vendor is an investment holding company incorporated in the British Virgin Island, having its registered address at Unit 8, 3/F, Qwomar Trading Complex, Blackbume Road, Port Purcell, Road Town, Tortola, British Virgin Islands, VG1110.

The Vendor is wholly-owned by Xinlong Development Limited, which in turn is wholly-owned by the Principal, a businessman based in Hong Kong and the People’s Republic of China (“**PRC**”). Xinlong Development Limited is incorporated in the British Virgin Islands and is an investment holding company.

#### 2.2. The Target Group

(a) **Target.** The Target, Bacui Elitist Technology Limited, is a company incorporated in British Virgin Island, having its registered address at Unit 8, 3/F, Qwomar Trading Complex, Blackbume Road, Port Purcell, Road Town, Tortola, British Virgin Islands, VG1110. The Target is an investment holding company.

The Target has an indirect interest of 98.01% in the Operating Companies via the Investment Holding Companies, as defined in sub-paragraph (b) and (c) below. The

remaining 1.99% of minority interest in the Operating Companies are held by Flourishing Investment Service Limited and Foshan Xinlong Zhigu Enterprise Service Co., Ltd, whose ultimate beneficial shareholders are the Principal and his nominees. The structure in [Appendix 1](#) containing this minority interest was initially put in place by the Principal to enable offshore ownership of the Operating Companies, whilst being in compliance with PRC laws and regulations which regulate foreign investment/ownership and PRC resident ownership of PRC companies. This minority interest is therefore not to be acquired by the Company pursuant to the Acquisition.

Please see the diagrammatic chart in [Appendix 1](#) for the outline of the relationship between the Target Group (comprising the Operating Companies and Investment Holding Companies), the Vendor and the Principal, as at the date of this announcement.

- (b) **Operating Companies.** The Operating Companies within the Target Group comprise Foshan Shunde District Bacui Human Resources Co. Ltd. (“**FHR**”) and Bacui (Guangdong) Human Resources Services Co. Ltd. (“**BHR**”) (each an “**Operating Company**”).

FHR, a wholly-owned subsidiary of Foshan Bacui Jingyi Logistics Management Service Co., Ltd. (“**FBL**”), is a company incorporated in PRC, having its registered address at Room 2106, 21/F, Pacui Technologies Building, #5 Zhicheng Road, Fengsha Village, Daliang Street, Shunde District, Foshan City, Guangdong Province, PRC.

BHR, a wholly-owned subsidiary of FHR, is a company incorporated in PRC, having its registered address at Room 606, 6 Longdong Shanzhuang Street, Tianhe District, Guangzhou, PRC.

The Operating Companies undertake human resources and labour outsourcing related services in the Guangdong Province of the PRC. Clients of the Operating Companies are government departments, banks and state-owned enterprises. The Operating Companies source and supply contract workers to their customers who may be in need of temporary labor from time to time e.g. to conduct Covid-19 tests for health departments, to conduct counter services for banks and to conduct administrative services for Government District Office such as driver license renewal.

- (c) **Investment Holding Companies.** The rest of the companies within the Target Group are Investment Holding Companies, comprising (i) Hong Kong-incorporated Bacui Management Investment Limited (“**BMI**”); (ii) PRC-incorporated Foshan Shengcui Investment Service Co., Ltd. (“**FSI**”); (iii) PRC-incorporated Foshan Bacui Jingyi Logistics Management Service Co., Ltd. (“**FBL**”); and (iv) PRC-incorporated Foshan Shengcui Logistics Management Service Co., Ltd (“**FSL**”).

The Investment Holding Companies sit between the Target and the Operating Companies. To recap, the structure in [Appendix 1](#) was initially put in place by the Principal to enable offshore ownership of the Operating Companies, whilst being in compliance with PRC laws and regulations which regulate foreign investment/ownership and PRC resident ownership of PRC companies.

### 2.3. **The Relationship between the Vendor, the Principal and Group**

The Vendor and the Principal are independent third parties unrelated to any of the Company's directors, controlling shareholders of the Company or their respective associates. As at the date of this announcement, neither the Principal nor his associates have any interest in or business relationships with the Company.

## 3. **RATIONALE FOR THE ACQUISITION**

The Acquisition is part of the Company's business strategy to capitalise on growth opportunities. The Vendor was introduced by Mr. Mark Ng, a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants as well as a Certified Practising Accountant of CPA Australia. As at the date of this announcement, neither Mr. Mark Ng nor his associates have any interest in or business relationships with the Company.

The Board believes that its investment into the Operating Companies, whose business model is asset light and scalable across PRC, can potentially generate high returns of capital for the Company and additional income and cash flow for the Group.

In terms of risk profile, the Board believes its investment into the Operating Companies does not change the risk profile of the Group. Reason being (a) the Acquisition will not cause the reduction in the Company's net profits or net asset value; (b) the Operating Companies registered audited operating profits for the financial year ended 31 December 2021, and will not for the financial year ended 31 December 2022, register audited operating losses by virtue of the undertaking from the Principal to make good the difference to the Company; and (c) the Consideration (as defined below) will be paid in Consideration Shares (as defined below) – no new liabilities will be incurred.

Having considered the terms of the Acquisition, the Board is of the view that the Acquisition is in the best interests of the Company.

## 4. **KEY TERMS OF THE ACQUISITION**

4.1 **The Acquisition.** Subject to the terms and conditions of the SPA, the Vendor shall sell to the Company, and the Company shall acquire from the Vendor, the Target Share free and clear of all encumbrances and together with all rights, title and interest attaching thereto as at the date of completion being 29 March 2023 ("**Completion Date**"), including the right to receive all dividends and other distributions declared, paid or made thereon thereafter.

4.2 **Consideration.** Subject to the terms and conditions of the SPA, the consideration in respect of the Target Share shall be S\$980,000 ("**Consideration**"), which shall be satisfied by way of the allotment and issuance of 155,555,555 new ordinary shares of the Company ("**Consideration Shares**") at the Issue Price of S\$0.0063 equivalent to the volume weighted average price of the ordinary shares of the Company on 29 March 2023 being the full market day on which the SPA is signed.

Prior to Completion (as defined below), the Consideration Shares represent 16.66% of the Company's existing share capital of 933,951,593 ordinary shares. Post Completion, the

Consideration Shares represent 14.28% of the Company's enlarged share capital of 1,089,507,148 ordinary shares.

To avoid doubt, the Company shall be utilising its share issue general mandate approved by shareholders at its annual general meeting held on 29 July 2022 for the issuance of the Consideration Shares. As at the date of this announcement, the Company has not issued and allotted any ordinary shares pursuant to the said share issue general mandate and the number of Consideration Shares fall within the maximum number of the shares that the Company may issue on a non pro rate basis under the said share issue general mandate, being 466,975,797 ordinary shares, which represents 50% of its prevailing share capital of 933,951,593 ordinary shares.

4.3 **Acquisition Basis.** The Consideration Shares has been agreed on the following basis ("**Acquisition Basis**"):

- (a) within the Target Group, only FHR and BHR are Operating Companies with the rest being Investment Holding Companies;
- (b) each Operating Company will as at Completion Date operate as a going concern; and
- (c) the Consideration is equivalent to (i) circa 40% of S\$2.46 million, the audited consolidated net tangible assets of the Operating Companies for the financial year ended 31 December 2021, being the latest available audited financial statements as at the date of the SPA; and (ii) circa 37% of S\$2.62 million, the unaudited consolidated net tangible assets of the Operating Companies for the financial year ended 31 December 2022. The discount to the net tangible assets of the Operating Companies was agreed on a willing-buyer-willing-seller basis having regard to the margin of safety demanded by the Company as part of prudent capital allocation.

4.4 **Conditions Precedent.** Completion (as defined below) will be conditional upon the satisfaction or waiver (in accordance with the terms and conditions of the SPA) of, conditions precedent set out in the SPA ("**Conditions Precedent**"). The following are summaries of the key Conditions Precedent:

(a) *Satisfactory due diligence on the Target Group*

The Company being satisfied with its due diligence investigations into the financial, accounting, legal, tax and business of the Target Group;

(b) *Approval from the Board*

The approval from the Board in relation to the Acquisition having been obtained.

(c) *Regulatory Approval*

The approval-in-principle of SGX-ST being obtained in relation to the listing and quotation of the Consideration Shares on the Catalist board of the SGX-ST.

4.5 **Completion.** Completion will take place within 7 business days after the date of the satisfaction or waiver of the last Conditions Precedent (“**Completion**”) (or at such other later date as the Company and the Vendor may agree in writing), but in any event such date being no later than 30 September 2023.

4.6 **Undertakings, Representations and Warranties.** The Vendor, the Principal and the Company have provided such representations and warranties as are customary for transactions of this nature or other similar transactions.

Given the audited financial statements of the Operating Companies for the financial year ended 31 December 2022 is not yet available at the point of entry of the SPA, the Principal has undertaken that:

- (a) he shall not, and shall procure the Vendor or any of his nominees who receive any Consideration Shares not to, sell, transfer or dispose any Consideration Shares until the Operating Companies publishes their consolidated audited financial statements for the financial year ended 31 December 2022;
- (b) the net tangible assets of the Operating Companies, as set out in the consolidated audited financial statements of the Operating Companies for the financial year ended 31 December 2022, shall not be less than S\$1.8 million;
- (c) the consolidated audited financial statements of the Operating Companies for the financial year ended 31 December 2022, will have operating profits; and
- (d) in the event the Operating Companies registers an operating loss as set out in the consolidated audited financial statements of the Operating Companies for the financial year ended 31 December 2022 (“**Loss**”), the Principal shall pay the Purchaser the amount equivalent to that Loss on demand.

## 5. CATALIST RULES COMPUTATION AND ACQUISITION AS A DISCLOSEABLE TRANSACTION

5.1 **Relative Figures.** The relative figures of the Acquisition computed on the bases set out in Rule 1006 (a) to (e) of the Catalist Rules are as follows:

Catalist Rules	Basis of Calculation	Relative Figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable <sup>(1)</sup>
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits <sup>(2)</sup>	-19.21% <sup>(3)</sup>
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market	16.66% <sup>(4)</sup>

	capitalisation based on the total number of issued shares excluding treasury shares	
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	16.66% <sup>(5)</sup>
1006(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	Not applicable <sup>(6)</sup>

**Notes:**

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profit or loss including discontinued operations that have not been disposed of, before income tax and non-controlling interests."
- (3) This is based on the 98.01% of the profits before tax of the Operating Companies for the half year ended 30 June 2022 of RMB507,222 (equivalent to S\$99,358) amounting to RMB497,128 (equivalent to S\$97,381) and the loss before tax of the Group for the half year ended 30 September 2022 of -S\$506,000, at the exchange rate of S\$1 : RMB5.105.
- (4) This is based on the Consideration of S\$980,000 and the Company's market capitalization, being S\$5,883,895, which is calculated based on the volume weighted average price of S\$0.0063 per Company's share as at 29 March 2023, being the full market day on which the SPA was signed.
- (5) This is based on 155,555,555 Consideration Shares issued at the Issue Price of S\$0.0063 and 933,951,593 ordinary shares in issue at the relevant point in time.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

5.2 **Discloseable Transaction.** As the relative figures of the Acquisition computed on the bases set out in Rule 1006 of the Catalist Rule exceed 5% but do not exceed 75%, the Acquisition constitutes a "discloseable transaction" as defined in Chapter 10 of the Catalist Rules. Accordingly, the approval of the shareholders of the Company is not required.

To avoid doubt, having regard to Practice Note 10A of the Catalist Rules, the negative figure of Rule 1006(b) does not cause the Acquisition to be subject to shareholders' approval because it arises from the acquisition of a profitable asset (the Operating Companies) by the loss-making Group where (i) all the absolute relative figures are below 75%; and (ii) the net profit attributable to the Operating Companies of RMB497,128 (equivalent to S\$97,381 at the exchange rate of S\$1 : RMB5.105) for the half year ended 30 June 2022 exceeds 5% of the consolidated net loss of the Group of -S\$506,000 for the half year ended 30 September 2022, taking into account only the absolute value.

## 6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 **Bases.** The combined proforma financial effects of the Acquisition on the Group set out below are strictly for illustrative purposes, and do not necessarily reflect the actual financial performance and position of the Group following the Acquisition. The financial effects of the Acquisition were calculated based on:

- (a) the latest audited financial statements of the Group for the financial year ended 31 March 2022 (“FY2022”); and
- (b) the audited combined financial statements of the Operating Companies for the financial year ended 31 December 2021.

6.2 **Assumptions.** For the purposes of illustrating the financial effects of the Acquisition, the financial effects have been prepared based on, inter alia, the above bases and the following assumptions:

- (a) the financial effects of the Acquisition on the Group’s net tangible asset (“NTA”) is computed assuming that the Acquisition was completed on 31 March 2022, being the last day of FY2022;
- (b) the financial effects of the Acquisition on the Group’s loss per Share (“LPS”) is computed assuming that the Acquisition was completed on 1 April 2021, being the first day of FY2022.

### 6.3 Proforma Financial Effects.

#### (a) NTA

	Before the Acquisition	After the Acquisition
NTA of the Group (S\$’000)	1,829	4,238
No. of Shares (’000 Shares) (excluding treasury shares)	933,952	1,089,507
NTA per Share (Singapore cents)	0.20	0.39

#### (b) LPS

	Before the Acquisition	After the Acquisition
Net profit /(loss) of the Group (S\$’000)	(929)	(910)
No. of Shares (’000 Shares) (excluding treasury shares)	933,952	1,089,507
Loss per Share (Singapore cents)	(0.10)	(0.08)

**(c) Share Capital**

	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
Existing Shares	933,951,593	1,089,507,148
Share Capital (S\$)	142,601,085	143,581,085

**7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this announcement, to the best of the knowledge of the Board: (i) none of the directors (other than in his capacity as director or shareholder of the Company, as the case may be) of the Company has any interest, direct or indirect in the Acquisition; and (ii) there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Acquisition.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 138 Robinson Road #26-03 Oxley Tower Singapore 068906 for three (3) months from the date of this announcement.

**9. SERVICE CONTRACTS**

No new directors are proposed to be appointed to the Board in connection with the Acquisition. As such, no service agreements will be entered into with any such person in connection with the Acquisition.

**10. TRADING CAUTION**

Shareholders are advised to exercise caution in trading their shares. The Acquisition is subject to, amongst others, the Conditions Precedent. There is no certainty or assurance as at the date of this announcement that the Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Acquisition. Accordingly, shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement (other than information relating to the Vendor, the Principal and Target Group, including in particular Paragraphs 3 and 4 of this announcement (the "**Third Party Information**")) and confirm after making all reasonable enquiries, that to the best of their



knowledge and belief, this announcement (other than in relation to Third Party Information) constitutes full and true disclosure of all material facts about the Acquisition, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

The directors of the Vendor (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the Third Party Information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Third Party Information constitutes full and true disclosure of all material facts about the Target Group, and the directors of the Vendor are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors and the directors of the Vendor respectively has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

**ARION ENTERTAINMENT SINGAPORE LIMITED**

Ng Kai Man  
Executive Director  
29 March 2023

*This announcement has been reviewed by the Company's sponsor, PrimePartner Corporate Finance Pte. Ltd. (the "**Sponsor**"). This announcement 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 contact person for the Sponsor is Ms Foo Jien Jieng. 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.*

# Appendix 1

## Target Group Structure

