



(Company Registration No. 201611835H)
(Incorporated in Singapore)
(the “Company”)

**RESPONSES TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)
AND SHAREHOLDERS ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
31 MARCH 2021 (“FY2021”)**

The Board of Directors (the “Board”) of UnUsUaL Limited (the “Company”, and together with its subsidiaries, the “Group”) would like to thank shareholders who submitted their questions in advance of our Annual General Meeting (“AGM”) to be convened and held by way of electronic means on 30 July 2021, at 11.00 am. In addition, the Company has also received questions from the Securities Investors Association (Singapore) (“SIAS”).

The Company’s responses to the questions raised by SIAS and shareholders in respect of its Annual Report for FY2021 (“AR2021”) are set out below:

Part A – Operational and financial matters

Q1. What was the group’s role (and the performance obligation) in the highly anticipated live broadcast of the JJ Lin [SANCTUARY FINALE Virtual Concert? Given that the virtual concert was reportedly marred by serious technical issues, what is the potential financial impact on the group?

What caused the tremendous "lag" that concert attendees experienced at the JJ LIN concert? Was the Group at fault for causing the technical difficulties that concert attendees experienced? Would the Group need to compensate affected concert attendees? What steps would be taken to ensure that future virtual concerts do not suffer from similar "lag" and/or "technical difficulties?

How do the (profit) margins for virtual concerts differ from that of live concerts?

The Company’s Response

The Group’s associated company, Isotope Productions Pte Ltd, is the promoter of this online virtual concert. Sistic is responsible for the technical aspect of streaming the event. The Group is disappointed with the outcome of the concert. However, Management would like to stress that the Group did not suffer any material financial losses due to the technical issue relating to the streaming of the concert.

Nevertheless, the Group will be looking into this aspect closer with our streaming partner(s) moving forward to ensure that future virtual concerts do not suffer from similar technical difficulties.

The Group has only started with online concerts, it would be premature to make any conclusions on the profit margin comparison between virtual and live concert.

Q2. The group also has plans to bring in a cabaret circus entertainment show, La Clique, at the Marina Bay Sands, from 22 September 2021 to 7 November 2021. This will be the group’s first large-scale live show in Singapore since the onset of COVID-19. Similarly, what is the group’s role in La Clique? How much has been invested in the show? Should the event be postponed or cancelled, what will be the financial impact on the group?

Using the assumptions/budget applied for La Clique, what would the impact to the operations and profitability/margins arising from the need for safe management measures (e.g. reduced seat capacity, pre-event testing)?

The Company's Response

The Group's subsidiary is the promoter for this event. In the event we are required to postpone or cancel the event, the financial impact to the group is not significant. Other than what has been announced or disclosed in the Annual report, the Group are of the opinion that any price and/or commercial sensitive information will not disclosed as it may be detrimental to our business and also to our partners. As such, the Group is unable to disclose how much has been invested for this particular project.

With the safe management measures in place, the Group expects revenue to reduce. In the view of this expected reduction in revenue, the Group is constantly in discussion with partner(s) to lower the cost of promoting this event with the view of ensuring a profitable/viable outcome for all parties involved. The Group do not expect any significant impact on the profitability/margin if we decided to promote this event when the safe management measures are in place.

- Q3. What are the other major live shows planned for the next 18- 24 months? How costly would it be should a planned live show be cancelled due to the resurgence of COVID-19 in the host country/city? How is the group mitigating that risk while planning for live shows?**

The Company's Response

The Group always maintains a pipeline of concerts/events for at least 6 to 12 months. However, due to the COVID-19 situation, the execution of this pipeline of concerts/events has been disrupted. Nevertheless, the Group will make the necessary announcement when there is firm commitment to promote any concerts/events. As mentioned, the Group factors in the cost when undertaking any project and mitigates the risk by working closely with its partners to postpone the planned live concerts/events if necessary instead of cancellation.

- Q4. How is the group positioning itself to capture more interactive and immersive exhibitions?**

Has the board evaluated the pace of recovery/reopening and hence the long-term prospects of the group, especially with regard to the group's promotion segment?

The Company's Responses

The Group remains committed and cautiously optimistic on the long-term prospects of the promotion business as the entertainment qualities of a live concerts/events cannot be replaced or replicated in any form. As mentioned above, the Group looks forward to crystallizing its planned pipeline once the situation permits.

The Group will continue to explore alternative businesses including into interactive and immersive space as and when opportunities arise especially in complement to our existing business.

- Q5. Is the company still receiving rental rebates from its landlord? Is the company still receiving Job support scheme from the authorities? Is the company still receiving any government assistance or support? How has the government assisted/supported the company over the past year, if any?**

The Company's Response

Yes, the Group has received rental rebates from its landlord in line with the COVID-19 support schemes. The Group has also received grants from the Singapore Government as disclosed in Note 7 of the financial statements in AR2021 (page 82).

- Q6. Given the cancellation/postponement of live events, it is unsurprising that the revenue dropped very significantly to S\$1,345,984. However, given the sharp fall in revenue, one would expect the amount that needs to be collected from customers to be lesser. Consequently, receivables should rightfully fall by a steeper figure. Total trade and other**

receivables decreased to S\$29,970,859 from S\$43,248,532 (page 85), a decrease of just slightly over S\$13.0 million. Is the company having difficulties collecting the money owed from its debtors?

With reference to (pg 101) The trade receivables of the Group comprise 3 debtors (31 March 2020: 3 debtors), which represented 74% (31 March 2020: 81%) of the trade receivables, Your debt seems very concentrated - shareholders are naturally concerned about concentration risk of your debt - could you please indicate who these 3 debtors are? What is the financial position of these 3 debtors?

With reference to (page 103) The other receivables of the Group comprise 2 debtors (31 March 2020: 2 debtor), which represented 99% (31 March 2020: 100%) of the other receivables. Your debt seems very concentrated - shareholders are naturally concerned about concentration risk of your debt - could you please indicate who these 2 debtors are? What is the financial position of these 2 debtors?

(Page 102) \$9,283,640 of trade receivables are past due by more than 270 days."More than 270 days" is very vague and has no upper limit, could the company please provide more granular data? Could you break down the data - What is the amount of receivables that are owed between 270 days to 365 days, 1 years to 2 years, 2 years to 3 years, 3 years to 5 years etc respectively?

For receivables that are already owed for more than 2 years (i.e. pre-covid), if there are any, what makes the company confident that the counterparty would eventually pay up when it did not even have the capacity/willingness to do so pre-covid? Should receivables that are already owed for more than 2 years (i.e. pre-covid) be impaired or otherwise? Please justify.

The Company's Response

Given the current situation, we do experienced some slowness in recovering certain receivables. However, the Group wishes to assure shareholders that the Group manages this aspect closely and will take appropriate action(s) as and when required.

Other than what has been announced or disclosed in the Annual report, the Group is of the opinion that any price and/or commercial sensitive information will not disclosed as it may be detrimental to our business and also to our partners. Thus, the Group is unable to provide any comments on the debtors at this point in time.

Q7. Please explain the impairment loss on financial assets of S\$3.8 million (page 61)? What exactly are the financial assets involved? Why is there such impairment loss?

The Company's Response

The financial assets mainly involved exposure to credit risk arising primarily from trade and other receivables.

The Group determines impairment loss by making debtor-specific assessment of expected impairment loss for long overdue customers and using a provision matrix for remaining receivables with the relevant historical information to determine the probability of default of the instruments and incorporated forward looking information, including assessing potential impact on the outbreak of COVID-19 pandemic.

Please refer to Note 30(b) of the financial statements in AR2021 for more details on how the Group derived with the impairment loss of S\$3.8 million.

- Q8. PIs provide detail of other receivables under non-current asset and why they take so long to collect?**

The Company's Response

This is in relation to projects that were reclassified to non-current asset as the projects remain suspended due to the COVID-19 pandemic. The Group is of the view that the amount will be recovered once the projects are able to restart when the situation permits. In this regard, the Group is constantly in talks with the various partners in the relevant cities to restart the projects.

- Q9. Cash and cash equivalents decreased by approximately S\$9.3 million or 73.6%, from S\$12.6 million to S\$3.3 million. (page 6) The company has \$8,487,280 of borrowings due within the next 6 months (page 93). How does the company plan to pay off these debts due soon? Would it need to raise money from shareholders via a rights issue?**

The Company's Response

The Group plan to repay these debts from the proceeds from operations, including collections from debtors. As at the date of this announcement, the Group wishes to assure shareholders that the Group has sufficient working capital to meet its operational needs and financial commitments.

The Group has no plan for a rights issue currently but the Board would take into consideration all factors including but not limited to the financial position of the Group, and macroeconomic circumstances before determining whether to undertake any fund raising activities in the best interests of the shareholders.

- Q10. For FY2021, net loss was S\$9.3 million (page 65 – Consolidated statement of cash flow). The group generated a net cash outflow of S\$4.4 million from operating activities before working capital changes. Net cash used in operating activities was higher at S\$6.5 million in FY2021, compared to S\$5.4 million in FY2020. Cash and cash equivalents at the end of the year amounted to S\$3.3 million, down from S\$12.6 million. Total borrowings (Note 22 – Borrowings; page 93) decreased to S\$18.3 million from S\$20.7 million. As shown Note 30 (page 104 – Financial risk management), S\$11.9 million of the group's bank borrowings have contractual maturity date of less than 1 year.**

What are the salient terms (including interest rate, maturity, covenants) of the group's bank borrowings?

Has the board set a limit to its gearing?

The Company's Response

The Board reviews the terms of all the Group's banking facilities to ensure that such terms are in line with market debt financing arrangements before acceptance.

The Board has not set a limit to the Group's gearing, but the mix between the different sources of capital is reviewed regularly to better manage the risk and return of the Group's projects.

- Q11. The group had no bank borrowings at the end of FY2018. Bank borrowings increased to S\$4.0 million in FY2019, and then to S\$20.6 million in FY2020. At the end of FY2021, bank borrowings decreased slightly to S\$18.2 million.**

Can management elaborate further on the group's ability to generate cash from its operations?

The Company's Response

The Group's operations have been disrupted by the effects of the current pandemic. The Group have postponed/deferred the live concerts/events to later dates to be confirmed. Concurrently, the Group has taken action to reduce all discretionary expenses with the objective to conserve its resources. The Group's cost base is relatively low, as most of the project works are outsourced. Whilst the Group prepares for the eventual reopening, the Group will continue to pursue all leads to generate positive cashflows. The Group is mindful of its financial commitments and reviews its financial obligations regularly.

As mentioned above, the Group wishes to assure shareholders that the Group has sufficient working capital to meet its operational needs and financial commitments as at the date of the announcement.

- Q12. As at 31 March 2021, "other current assets" of the group amounted to \$25,751,774 representing 34% of the group's total assets. As noted in the key audit matter, "Other current assets" of the group represents the assets recognised for costs incurred to fulfil a contract, which are future events relating to production, promotion and other activities.**

Can management provide a breakdown of "Other current assets" by the nature of spending, by the events, by counterparties etc? With the resurgence of COVID-19, what are the risks that these other current assets may be impaired or written off as events are cancelled?

The Company's Response

Other current assets comprises of i) Deposit for event fees; ii) pre-design works; and iii) pre-production fees.

As mentioned above, most of the Group's concerts/events have been postponed and not cancelled. Nevertheless, the Group is monitoring this closely, and will make impairment provisions when necessary.

Part B – Corporate Governance

- Q13. "On Friday night, EHT's managers said in a regulatory filing that all of its former and current Singapore-based directors were arrested and released on bail on Oct 1, on "reasonable suspicion" that disclosure requirements may have been breached."**

It was reported that Mr Tan Wee Peng Kelvin was arrested and under investigation for their involvement in Eagle Hospitality Trust in October 2020. I note that one of the resolutions proposed is to re-elect Mr Tan Wee Peng Kelvin as an Independent Director of the company. What is the current status of the authorities' investigation into Eagle Hospitality Trust? What is the current status of the authorities' investigation into Mr. Tan Wee Peng Kelvin?

The Company's Response

As far as the Board is aware, investigations are still ongoing and no charges have been made against Mr Kelvin Tan.

The Board wishes to highlight that the investigation in Eagle Hospitality Trust is not related to the Company and the business and operations of the Group are not affected by the investigation.

- Q14. At the annual general meeting scheduled to be held on 30 July 2021, three directors, namely Mr Melvin Ang, Mr Johnny Ong and Mr Kelvin Tan, would be retiring pursuant to Regulation 97 of the company's constitution and would be seeking their re-election. The biographies of the directors can be found on pages 10 to 12 of the annual report. Additional information on directors seeking their re-election can be found on pages 42 to 50. In particular, should he be re-appointed as a director, Mr Kelvin Tan will remain as an independent director, the chairman of audit committee, member of Nominating Committee and remuneration committee.**

- (i) **How did the nominating committee (NC) carry out its assessment on the re-nomination of retiring directors standing for re-election?**

The Company's Response

Pursuant to Rule 720(4) of the Catalist Rules and the Company's Constitution, all Directors are required to submit themselves for re-nomination and re-election at least once every three (3) years; and at least one-third of the Directors to retire from office by rotation.

The NC makes recommendation to the Board on re-nomination of Directors based on, among others, the Director's attendance, preparedness, participation at Board and Board Committees meetings, his and her qualification, experience and expertise and the time and effort dedicated to the activities of each Board Committees and contributions to the Group's business and affairs, including the Management's access to the Directors for guidance or exchange of views as and when necessary. The recommendation of the NC for the nomination of a Director for re-election is made to the Board. The Board will review the recommendation by the NC. The Board and the, NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business, as disclosed in page 25 of the AR2021.

At the forthcoming AGM of the Company, Mr Melvin Ang, Mr Johnny Ong and Mr Kelvin Tan ("**Retiring Directors**") are subject to retiring pursuant to Regulation 97 of the Constitution of the Company. The Board has accepted the NC's nominations of the Retiring Directors who have given their consents for re-election at the forthcoming AGM of the Company after taking into consideration the Retiring Directors' attendance, participation and contribution to the business and operations of the Company as well as Board processes. Each of these Directors, being interested in the matter, had abstained from all discussions and recommendations in respect of their own re-election.

- (ii) **Has the NC and the board deliberated on the suitability of Mr Kelvin Tan who is an independent director and the chairman of the audit committee? In the additional disclosure by directors seeking their re-election, the director has disclosed the following:**

"I am currently one of 6 Defendants in a suit commenced on 26 April 2021 in the General Division of the High Court of Singapore viz HC/S 384 / 2021. The 6 Defendants comprise 5 independent directors (including myself) and 1 executive director of Eagle Hospitality REIT Management Pte Ltd ("REIT Manager**"). The Plaintiffs in this suit (who are unitholders) have raised allegations against all 6 Defendants that we have breached sections 199(a), 199(b) and 201(d) read with section 234(1A) of the Securities and Futures Act (Cap. 289) ("**SFA**") for allegedly making false or misleading statements and/or allegedly omitting to state a material fact necessary in order to make the statements made, not misleading, which is likely to induce, or is in connection with the subscription, sale or purchase of securities or any capital market products (the "**Civil Suit**"). Local media has reported that the six defendants, including Mr Kelvin Tan, were arrested last October on "reasonable suspicion" that disclosure requirements may have been breached.**

The Company's Responses

The NC reviews annually the independence of each Director taking into account the existence relationships or circumstances, including those provided in the Code of Corporate Governance 2018 (the "**Code**"). Every Independent and Non-Executive Director is required to complete a confirmation of independence form (the "**Confirmations**") drawn up based on Principal 2 of the Code for the NC review and recommendation to the Board. The Confirmations, were circulated and tabled at the NC Meeting for NC review and consideration. Based on the Confirmations, the NC was satisfied and agreed that the Independent Directors are independent in accordance with

the definition of independence as set out in the Code. Each of the Directors abstained from the deliberation of his own independence.

In addition to the annual review of the independence and individual director's disclosure forms submitted by each of the directors, the NC had also reviewed and deliberated on the declaration submitted by the Retiring Directors pursuant to Rule 720(6) of the Catalist Rules, in particular for Mr Kelvin Tan on his above disclosure, the NC noted from Mr Kelvin Tan that the Civil Suit is still ongoing and no charges have been made against him. Pending the outcome of the Civil Suit, the NC (with Mr Kelvin Tan recusing and abstaining himself) has assessed the present situation and noted that the Investigation and the Civil Suit relates to his role in Eagle Hospitality Trust and Eagle Hospitality REIT Management Pte Ltd. It does not involve the Company and does not at this time suggest an adverse finding of his character and integrity, and Mr Kelvin Tan has conducted himself professionally as an Independent Director of the Company.

The NC has thus concluded that Mr Kelvin Tan's roles and responsibilities as Independent Director of the Company's Board and Board Committees should continue and the NC is of the same view that he remains suitable to continue to discharge his duties professionally as an Independent Director of the Company.

In arriving at this view, the NC had also considered the past working relationships with him since the incorporation of the Company and his long and illustrious career track record. In view of the above, the NC, with the concurrence of the Board, has agreed to propose his nomination for re-election at the forthcoming AGM and would table its recommendation for Board's consideration. It was further noted that the NC and the Board will continue to monitor and reassess its position as and when appropriate and has requested Mr Kelvin Tan to keep the Board updated on the Civil Suit.

- (iii) **Given the lawsuit and his other commitments, including his directorship in another listed company, Viking Offshore and Marine Ltd, which is undergoing a restructuring, can the director help shareholders know how he is able to afford sufficient time, energy and attention to matters of the group?**

The Company's Responses

The NC had reviewed his existing directorships in other listed companies and other major appointment during the financial year and is of the view that his existing directorships of two listed companies as stated on page 28 of the AR2021 and his other principal commitments have not impinged on his abilities to discharge his duties as a director of the Company.

The NC and the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and each of its Board Committees and individual Directors. Such processes are aimed to assess whether each Director continues to contribute effectively and demonstrate commitment to the role.

In evaluating the Individual performance, the NC will consider his performance criteria in relation to their industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the board and board committee meetings.

The NC evaluated the performance of the Board as a whole, each of its Board's Committees and individual performance taking into consideration the Board's discharge of its principal responsibilities, and the Board's deliberation of Company's long-term strategy. The NC considered the Board performance to be satisfactory and met its performance objectives. In addition, the NC is also satisfied that Mr Kelvin Tan has devoted sufficient time, with full attendance for all the Board and Board Committees meetings and provided full attention to the Company's affairs and has been adequately carrying out his duties as a Director.

In view of the above, the NC with the concurrence of the Board has agreed to propose his nomination for re-election at the forthcoming AGM and would table its recommendation for Board's consideration.

By Order of the Board

Leslie Ong Chin Soon
Executive Director and Chief Executive Officer
29 July 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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