Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: UnUsUaL Limited

Security: UnUsUaL Limited

Meeting details:
Date: 26 July 2018
Time: 2.00 p.m.
Venue: 2mm Talent Hub (1 Zubir Said Drive #01-01 School of the Arts Singapore 227968)

Company Description

UnUsUaL Limited, an investment holding company, engages in the production and promotion of live events and concerts in Singapore, Malaysia, Hong Kong, and internationally. The company operates through three segments: Promotion, Production, and Others. It is involved in the rental of stage lighting, sound systems, and audio equipment, as well as provision of light system installation and its related services; leasing of premises to customers to hold activities and other related services; and leasing of stage equipment. The company also organizes and promotes various shows, entertainment acts, and other related services; organizes and manages events; and provides concert production services and artiste services. The company was founded in 1997 and is headquartered in Singapore. UnUsUaL Limited is a subsidiary of Unusual Management Pte. Ltd.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=1D1)

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1. As noted in the Chairman's Statement, the group has plans to "strengthen its presence in China and Hong Kong, where returns on high-quality event production and concert promotion are greater" (page 8 of the annual report).

(i) **What are the key success factors that will help the group gain a stronger foothold in the China and Hong Kong markets?**

(ii) **With revenue of S$2.9 million derived from Hong Kong and $1.7 million derived from China in 2018, how big can the group grow its production and promotion business in these two key markets?**

(iii) **For the diversification of genres, how does the group identify "content" partners?**

(iv) **How does the board reduce/mitigate the risks associated with introducing new genres/shows and the risks associated with new markets?**

2. In the Consolidated Statement of Cash Flows, the group recognised a purchase of intangible asset amounting to $2.7 million as at 31 March 2018 (page 47). As at the end of the financial year, the intangible asset accounted for more than 20% of the group's non-current assets. In Note 17, the group did not provide more information on the intangible asset.

17 Intangible asset

	Group	
	31 March 2018 $	31 March 2017 $
Cost		
Beginning of financial year	–	–
Additions	2,700,000	–
End of financial year	2,700,000	–
Accumulated amortisation		
Beginning of financial year	–	–
Amortisation charge (Note 5)	90,000	–
End of financial year	90,000	–
Net book value		
End of financial year	2,610,000	–

(Source: Company annual report)

(i) **What is the $2.7 million in intangible asset that was acquired during the 4th quarter of the financial year ended 31 March 2018?**

(ii) **What is the basis (by the audit committee/management) to use 10 years as the estimated useful life of the intangible asset?**

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3. As the board chairman is considered non-independent, Guideline 2.2 of the 2012 Code of Corporate Governance recommends that independent directors make up at least half of the board.

The company has stated that the "[nominating committee] is of the opinion that based on the Group's current size and operations, it is neither necessary nor cost effective to have independent directors to make up at least half of the Board" (page 20).

(i) **Would the nominating committee (NC) justify its opinion that it is *not necessary* to have independent directors make up at least half of the board to comply with Guideline 2.2 [emphasis added]?**

(ii) **As the director fees (for independent directors) amount to $100,000 for the financial year ended 31 March 2018, does the NC think that an estimated increase of $35,000 would be material to the company and that it is prohibitively not "cost effective" to have independent directors make up at least half the board so as to establish an even stronger independent element on the board?**

(iii) **Other than adding an independent director to the board, has the NC consider other measures so as to comply with Guideline 2.2?**

(iv) **Would the NC and the board reconsider its deviation from Guideline 2.2?**