

NO SIGNBOARD HOLDINGS LTD.
(Company Registration No. 201715253N)
(Incorporated in Singapore)

**RESPONSE TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) (“SIAS”)**

The Board of Directors (the “**Board**”) of No Signboard Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refer to the following:

- (a) the annual report of the Company for the financial year ended 30 September 2021 (“**FY2021 AR**”); and
- (b) the notice of the annual general meeting (“**AGM**”) issued on 14 October 2022 informing the shareholders of the Company that the AGM will be convened and held by way of electronic means on 31 October 2022 at 10:00 am.

The Board would like to provide responses to the questions received from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the FY2021 AR. Please refer to SIAS website at <https://sias.org.sg/qa-on-annual-reports/> for the list of questions received from SIAS and the Company’s responses (in blue) is shown in this announcement. To clarify, the Company does not respond to the commentaries made by SIAS since they merely set out the context of the questions raised.

SIAS Q1. As noted in the corporate profile, the group operates two outlets, namely Little Sheep Hotpot at Orchard Gateway and nosignboard Sheng Jian at Northpoint City. The group had closed down its flagship seafood restaurant outlets, all Mom’s Touch branches, the Little Sheep Hotpot outlet at One Fullerton and the Danish Breweries operations.

nosignboard Sheng Jian was launched in September 2021 at Northpoint City.

(i) Can management help shareholders better understand the performance of the new, quick serve casual dining concept in terms of revenue, customers served, Sheng Jian Baos sold etc?

Company’s Response:

Nosignboard Sheng Jian commenced operations on 23 September 2021, hence its revenue contribution of \$38K in FY2021 is minimal. Number of Sheng Jian Baos served was 5,100 and number of checks was 1,505.

(ii) Is nosignboard Sheng Jian able to generate sufficient cash flow to support its own operations within the need for more cash/working capital?

Company’s Response:

The nosignboard Sheng Jian is a new brand and is in the gestation period hence will require support for its operations from the Group.

(iii) Are there plans to reintroduce the No Signboard Seafood restaurant brand in Singapore, perhaps in a format that is more accessible and value-for-money to cater to local demand?

Company’s Response:

The Company will evaluate plans to reintroduce the seafood business in Singapore, after the completion of the Proposed Investment announced by the Company on 1 July 2022.

(iv) Similarly, what are the group's long-term plans for Little Sheep Hotpot?

Company's Response:

The Group will continue to operate the Little Sheep Hotpot at Orchard Gateway and we plan to add new outlets, as and when the opportunity arises.

(v) What are the key lessons gleaned by management in the past 5 years as a listed company since the company's listing in November 2017? Going forward, what are management's strategies to capitalise on the expected rebound in the F&B sector as COVID-related measures are scaled back?

Company's Response:

The food services sector has been hard hit during the Covid-19 period and the Group's business and financials have suffered badly as a result. As the sector continues to evolve, going forward we plan to focus on diversification. Pre-Covid 19, the Group had relied heavily on the seafood restaurants as the main revenue and profits contributor and the seafood restaurants relied mostly on the tourists' footfall. However, with the border closures and lack of tourists, we saw the business drop significantly. Going forward, management will consider diversification of revenue as a long-term strategy. The Company envisages that the diversification would be in terms of location, food and products offerings and the targeted customers.

With the above in mind, the Group will continue to operate and focus on its casual and quick-serve restaurant outlets, namely Little Sheep Hotpot at Orchard Gateway and No Signboard Sheng Jian at Northpoint City, which are better suited to operate in the current dining environment.

Post-completion of the Proposed Investment, the Group has plans to open more outlets at such locations with high traffic and may explore new areas of opportunities in other food-related businesses and to target different market segments including reintroducing the seafood business should the opportunity arise, to increase revenue streams and to ensure sustainability and growth going forward.

SIAS Q2. As disclosed in Note 32(a) (page 137 – Related party transactions: Significant related party transactions), the group paid rental expenses of \$149,600 to the holding company, GuGong Pte. Ltd. On page 57, it was disclosed that the \$149,600 in rental expense was for the lease of its corporate office and outlet.

(a) Significant related party transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021	2020
	\$	\$
Holding company		
- Rental expenses	(149,600)	(161,500)
Related parties		
- Sale of live seafood to related parties A and B	1,111	65,091
- Sale of beer to related party A	10,388	6,144
- Franchise fee income from related party A	144,000	144,000
- Rental expense to related party A	(144,000)	(144,000)
- Purchase of food from related party C	-	(400)
- Sale of beer to related party C	-	16,752

Related party A: Mattar Road No Signboard Seafood Restaurant [Company owned by relatives of director - Lim Yong Sim (Lin Rongsen)].

(Source: company annual report; emphasis added)

The company also stated that it does not have a general mandate from shareholders for interested person transactions pursuant to Catalist Rule 920.

(i) Which outlet is the group renting from the holding company?

Company's Response:

Rental for corporate office by holding company - \$45,600
Rental of outlet by Hawker QSR Pte Ltd - \$104,000

Hawker QSR Pte Ltd is in creditors' voluntary liquidation since 23 February 2022 and all relevant leases have since been terminated.

(ii) Can the board, especially the independent directors, help shareholders better understand how the rental expenses for the corporate office and the outlet were determined?

Company's Response:

Rental for corporate office is \$3,800 per month. Prior to the renewal of the lease agreement on 1 April 2021, the Company had engaged an independent valuer to determine the market rent for an equivalent unit and the agreed rental was at a 5% discount to the determined market rent for that year.

(iii) Has the board considered downsizing the corporate office to a more modest scale given the financial position of the group?

Company's Response:

The lease for the corporate office is renewed on a yearly basis and has since ended on 31 March 2022. Since then, while the Company is still using the office, the lease for the unit has not been renewed. We will re-evaluate the lease of the corporate office post-completion of the Proposed Investment.

(iv) Do the IPT transactions with the holding company exceed the thresholds set in Catalist Rule 906 and thus require shareholders' approval?

Company's Response:

As indicated above, the lease for the corporate office was entered on 1 April 2021 and it was renewed on a yearly basis hence the value of the transaction of \$45,600 is below the threshold amount of \$100,000.

The lease for the outlet was entered into on 1 July 2020 for a lease tenure of one year with value of \$156,000. The value of both of these leases are \$201,600, which was less than 5% of the group's latest audited net tangible assets as of 30 September 2019 of S\$16.29m and as of 30 September 2020 of S\$6.2m. The outlet property was then subsequently sold to a third party during the year, hence the actual rental expenses is lower than the contract value.

As shown in the red highlight above, the group paid rental expenses to Mattar Road No Signboard Seafood Restaurant. The company had disclosed in the prospectus that the group was granted a non-exclusive licence to use designated parts of the premises of Mattar Road No Signboard Seafood Restaurant as a collection centre and storage facility for live seafood, as well as for the preparation of certain ingredients used by our group's restaurants, at a rate of \$12,000 per month. The rental rate was agreed upon based on an independent valuation.

(v) Can the board/audit committee help shareholders better understand if the group still requires the Mattar Road premises for live seafood given that the group has closed down all its seafood restaurants and operates at approximately a quarter of the group's scale in FY2018 (by revenue)?

Company's Response:

The lease agreement with Mattar Road will be ending on 31 October 2022 and the Company will not be renewing the lease.

(vi) It is also noted that the company is in a negative equity position and is in the process of a restructuring exercise. **Would the independent directors lead a cost cutting review (which includes the review of the IPTs and RPTs) so as to enable the group to conserve cash and to streamline the group's costs structure?**

Company's Response:

As disclosed previously, the Company had embarked on a series of cost cutting exercise to conserve cash and streamlines the cost structure. The Company will continue to identify opportunities and areas for further cost savings.

SIAS Q3. The company announced a trading halt on 19 January 2022 and subsequently requested for a voluntary suspension of the trading of its securities on 24 January 2022. As stated in the company's 24 January 2022 response announcement to SGX, the company was unable to demonstrate that it is able to continue as a going concern in accordance with Rule of 1303(3) of the SGX-ST Listing Manual Section B: Rules of Catalist.

Total equity decreased from \$6.8 million as at 30 September 2020 to negative \$2.4 million as at 30 September 2021.

Conditional sales and purchase agreement/loan agreements with two potential investors were terminated in May 2022.

The company and Gazelle Ventures Pte. Ltd. entered into a memorandum of understanding dated 30 April 2022 pursuant to which the Investor agreed to invest a sum of up to \$5 million into the company, subject to certain conditions. Details can be found on pages 81 and 82 of the annual report.

On 14 July 2022, the company announced that it has received \$450,000, being the full sum of the Emergency Funding under the Super Priority Financing Agreement.

(i) Can management provide shareholders with an update of the group's financial position? How much of the proceeds from the Emergency Funding remains?

Company's Response:

All capitalised terms used in the Company's response to Question 3 and as set out this announcement shall, unless otherwise defined, have the meanings ascribed to them in the Company's announcement dated 1 July 2022 in respect of the Investment.

The unaudited financial result for the year ended 30 September 2022 will be released by 30 November 2022. As of the date of this announcement, approximately \$30K of the Emergency Funding remains unutilised.

(ii) When will the group receive the investment of up to \$5 million from the investor? Does the group have sufficient working capital to support its current operations?

Company's Response:

Out of the Subscription Amount of S\$500,000, a sum of S\$450,000, being the full sum of the Emergency Funding, has been received by the Company from the Investor. The remainder of the Full Investment Amount of S\$4,550,000 will be received by the Company from the Investor on completion of the Investment, which is conditional on the satisfaction of the conditions listed in the Company's response to Query 3(iv) below. The Company is working closely with the Investor to fulfil the said conditions precedent as soon as possible.

(iii) What are the (remaining) milestones to be achieved before the company can submit its resumption proposal to SGX RegCo?

Company's Response:

The Company is in the midst of preparing the application for the resumption of trading of the Shares (the "**Trading Resumption Application**"), the circular and relevant documents for the purpose of convening the EGM to seek approval from Shareholders for the Proposed Transactions. The Company aims to convene the EGM and submit the resumption proposal as soon as possible.

(iv) What are the next steps following the approval of the scheme by creditors on 11 October 2022? Can the company list down the outstanding conditions precedent?

Company's Response:

The Company is working towards satisfying the conditions to the Investment. A status update on the satisfaction of certain Key Conditions (as defined below) to the Investment is set out below. In particular, the Company is working towards convening the EGM to seek the shareholders' approvals for the Proposed Transactions (including the Whitewash Resolution) in satisfaction of the conditions set out in sub-paragraphs (f) and (h) below so that it may submit the Trading Resumption Application to the SGX-ST as soon as possible.

Completion of the Investment is conditional upon, amongst others:

- (a) the Company's successful application for super priority status for the provision of Emergency Funding by the Investor to the Company as rescue financing under Section 67 of the IRDA;
- (b) the conditions to the Super Priority Financing Agreement having been satisfied (or waived) in accordance with its terms, the Super Priority Financing Agreement having been completed in accordance with its terms and the Emergency Funding having been fully disbursed by the Investor to the Company in accordance with the terms of the Super Priority Financing Agreement;
- (c) the grant of orders by the Singapore High Court for the Company and the Scheme Companies to (i) convene the Scheme Meetings; and (ii) restrain all proceedings against the Company as sought in the IRDA application (HC/OA 90/2022);
- (d) the approval of the Scheme by the Scheme Creditors of the Scheme Companies and shareholders of the Scheme Creditors (if applicable) at the Scheme Meeting(s) in compliance with the requirements of Section 210 of the Companies Act having been obtained;
- (e) the approval of the Singapore High Court of the Scheme in accordance with Section 210(4) of the Companies Act having been obtained and the Scheme having become effective upon lodgement of the same with ACRA;
- (f) approval for (i) the Scheme, (ii) the Subscription and the allotment and issue of the Subscription Shares, (iii) the appointment of 2 directors nominated by the Investor to the Board of the Company, (iv) the CRPS Subscription and the allotment and issue of the Convertible Redeemable Preference Shares, (v) the amendment of the Company's Constitution as required to reflect the provisions of the Implementation Agreement (including but not limited to the rights of the holders of Convertible Redeemable Preference Shares), (vi) the transfer of controlling interest resulting from the allotment and issue of the Subscription Shares and the Convertible Redeemable Preference Shares, (vii) such other transactions contemplated in connection with the Scheme and the Investment having been obtained from Shareholders at an EGM to be convened, including but not limited to the Share Consolidation (as defined below) and any approval required pursuant to Rule 811 of the Catalist Rules in the event that the issue price for the Subscription Shares or the CRPS is at a discount exceeding 10% of weighted average price for trades done on the SGX-ST for the full market day of the date of the Implementation Agreement and/or the Conversion Price for the Convertible Redeemable Preference Shares is at more than 10% discount to the prevailing market price of the Shares prior to the signing of the Implementation Agreement;
- (g) the Constitution having been amended as required to reflect the provisions of the Implementation Agreement, including but not limited to the rights of the holders of Convertible Redeemable

Preference Shares, and the amended Constitution to be adopted by the Company in a form acceptable to the Parties on or prior to the Completion Date;

- (h) approval for the Whitewash Resolution having been obtained from Independent Shareholders;
- (i) Lim Yong Sim and GuGong Pte. Ltd., who collectively hold 254,437,880 Shares which represent 55.03% of the total issued and paid-up share capital of the Company, providing an undertaking to vote in favour of the resolutions to be obtained at the EGM to be convened in respect of matters listed above in sub-paragraph (g) by no later than one (1) month prior to the date of the EGM;
- (j) the SIC having granted the Investor and its concert parties the Whitewash Waiver and the Whitewash Waiver not having been revoked or amended as at the Completion Date and, where such Whitewash Waiver is subject to conditions, such conditions being reasonably acceptable to the Investor;
- (k) approval for the resumption of trading of the Shares on the SGX-ST being obtained from the SGX-ST and such approval not having been revoked or amended as at the Completion Date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Investor;
- (l) approval in-principle for the listing and quotation of the Subscription Shares on the Catalist of the SGX-ST being obtained from the SGX-ST and such approval not having been revoked or amended as at the Completion Date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Investor;
- (m) the designation of a Bank Account for the deposit of the Full Investment Amount of S\$5,000,000 comprising the Subscription Amount (which includes the Emergency Funding) and the Additional Investment Amount. The Investor acknowledges, understands and agrees that the Full Investment Amount of \$5,000,000 shall have to be deposited into the Bank Account prior to, and as one of the conditions for, approval for the resumption of trading of the Shares on the SGX-ST. To this end, the Investor shall deposit the Full Investment Amount into the Bank Account on Completion or prior to approval for the resumption of trading of the Shares on the SGX-ST having been obtained from the SGX-ST, whichever is earlier; and
- (n) the completion of the Share Consolidation,

(collectively, the “**Key Conditions**”).

As of the date of announcement, the Key Conditions set out in sub-paragraphs (a), (b), (c), (d), (f)(iii) and (j) have been satisfied. In relation to the Key Condition set out in sub-paragraph (j), the Company has submitted an extension application to the SIC to seek an extension of time to hold the EGM to obtain approval of the Whitewash Resolution from Independent Shareholders. Shareholders will be updated on the outcome of the extension application.

The Key Condition set out in sub-paragraph (e) is expected to be obtained on or around 28 October 2022. The sanction applications have been fixed for hearing on 28 October 2022.

The Key Conditions set out in sub-paragraphs (f) (other than (f)(iii)), (g), (h), (l) and (n) are expected to be satisfied at the EGM of the Company in respect of the approval of the Proposed Transactions or upon the completion of the Investment. The Company is in the midst of preparing the circular and the relevant documents for the purpose of holding the EGM as soon as possible.

The Key Conditions set out in sub-paragraphs (k) and (m) are expected to be satisfied when the SGX-ST approves the resumption of trading of the Shares.

Subject to Shareholders’ approval for the Proposed Transactions having been obtained at the EGM, the Company will:

- (i) first complete the issuance of Scheme Shares (as defined below) to the Scheme Creditors under the Scheme (if any);
- (ii) followed by the completion of the Share Consolidation; and

(iii) followed by the issuance of the Subscription Shares (as defined below) and the Convertible Redeemable Preference Shares (as defined below). The issuance of the Subscription Shares and the Convertible Redeemable Preference Shares shall take place simultaneously.

(v) When is the expected date/timeframe of the High Court's sanction of the schemes?

Company's Response:

The sanction applications have been fixed for hearing before the Honourable Justice Pang Khang Chau at 2:30pm on 28 October 2022.

Separately, on 14 October 2022, the company announced that the external auditor of the company has proposed certain adjustments and reclassifications following the finalisation of the audit for FY2021. The material variances between the group's audited financial statements and unaudited financial statements were as large as \$5.56 million (decrease in total assets). It appears that the company had not adjusted for the impairments and write offs due to cessation of operations and closure of restaurants.

Loss of \$(6.35) million (unaudited) turned into a loss of \$(9.11) million (audited). The company's equity was first reported as \$2.21 million as at 30 September 2021 (unaudited). Following the audit, the company financial position turned into a capital deficit of \$(1.25) million.

The auditors have had to make material changes to the financial statements following the finalisation of the audit for FY2020. Previously, the company was directed by SGX RegCo to appoint an independent reviewer to, inter alia, review the appropriateness of the group's accounting practices.

(vi) Can the audit committee help shareholders better understand the underlying reasons for the material variances for the financial year ended 30 September 2021?

Company's Response:

The FY2021 annual report relates to the financial year from 1 October 2020 to 30 September 2021, for which the financial statements should have been finalised in January 2022 and AGM held by 30 January 2022. However, as the Company's shares have been suspended from trading since 24 January 2022, the AGM date has been extended accordingly with the relevant approvals from SGX RegCo as announced by the Company previously.

Subsequently to the financial year end, the Group has undertaken a series of cost cutting measures which included the following:

- 1) creditors' voluntary liquidation of non-core and loss-making subsidiaries, Hawker QSR Pte Ltd and Danish Breweries Pte Ltd with effect from 23 February 2022 and 12 April 2022 respectively; and
- 2) closure of the No Signboard Seafood Esplanade outlet with effect from 1 April 2022. The closure of the No Signboard Seafood Esplanade outlet is intended to reduce operating costs, in light of the Group's current financial situation. The closure of the outlet will allow the Group to focus its efforts and resources on operating the Group's remaining two casual and quick-serve restaurant outlets.

Hence, the auditors have proposed that the carrying values of the Group's plant and equipment and right-of-use assets be adjusted to accounted for the above events that have occurred subsequent to the financial year end which amounted to the variances.

(vii) How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?

Company's Response:

Please refer to the responses above. In addition, the financial statements have been audited by the auditors.

(viii) **What role did the AC play in the preparation of the financial statements? Was it adequate?**

Company's Response:

The AC has reviewed the auditors basis for the proposed adjustments and are satisfied that adjustments are appropriate.

(ix) **What are the challenges faced by the company's finance and accounting staff in meeting the Singapore Financial Reporting Standards (International) (SFRS(I))?**

Company's Response:

The decision to liquidate the non-core and loss-making subsidiaries, Danish Breweries Pte Ltd and Hawker QSR Pte Ltd and closure of outlets were made only after the Company's share have suspended from trading on 24 January 2022. Hence, the information was not available, and effects were not accounted for during the preparation of the unaudited financial results for the financial year ended 30 September 2021, which were announced on 29 November 2021.

(x) **What changes have been made/will be made to the group's financial reporting systems and processes?**

Company's Response:

There are currently no changes to be made. However, we will continue to monitor closely and make improvements to the process as and when required.

Notwithstanding that the shares in the Company have been suspended from trading since 24 January 2022, shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Lim Yong Sim (Lin Rongsen)
Executive Chairman and Chief Executive Officer
28 October 2022

*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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Mr. Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.