Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: No Signboard Holdings Ltd.

Stock code: 1G6

Meeting details:
Date: 31 October 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

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?**

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

(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?**

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

(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?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

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?**

(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?**

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

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

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,

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

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)?**

(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?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

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?**

(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?**

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

(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?**

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

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.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

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?**

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

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

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

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

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US