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## Regulatory Announcement

29 April 2020

### **SGX RegCo to review No Signboard Holdings' independent review report for possible listing rule breaches**

Singapore Exchange Regulation ("SGX RegCo") refers to No Signboard Holdings Ltd's 29 April 2020 announcement of findings by independent reviewer, Nexia TS Public Accounting Corporation ("Nexia").

As SGX RegCo had directed the independent review, Nexia reported straight to us.

In its report, Nexia opined that the company ought to have continued with the use of Merger Accounting Principles in the preparation of the group's financial statements for the quarters ended 31 December 2017 ("1QFY2018"), 31 March 2018 ("2QFY2018") and 30 June 2018 ("3QFY2018") (collectively, the "Relevant Quarters") under the given circumstances explained in the report. Nexia further opined that if the company had decided to adopt a different accounting principle, it ought to have applied the change in accounting principle retrospectively in order to comply with the Financial Reporting Standards ("FRS").

In this case, the company had decided to adopt a different accounting principle – Actual Group Accounting Principles for the preparation of the financial statements for the Relevant Quarters without applying the same to its previous corresponding financial quarters. The financial statements prepared for the Relevant Quarters were therefore not in compliance with the FRS. This also resulted in, among others, non-comparability of the financial statements and double-counting of the same financial information in two consecutive financial periods due to a restructuring exercise undertaken in conjunction with its IPO.

SGX RegCo expects listed issuers to exercise caution and give due consideration before changing the accounting principles for preparation of their financial statements. The reasons for such a change should be made clear and succinct. The listing rules require presentation of financial information with sufficient comparability across periods to enable investors to make an informed decision on the company's financial performance.

SGX RegCo further expects issuers to comply with the prescribed accounting standards under the listing rules when reporting their financial statements (Rule 220 for Mainboard issuers and Rule 415 for Catalist issuers). These requirements apply to both interim and full-year financial results. In light of the foregoing, we will be reviewing the Nexia report very carefully for possible breaches of the listing rules.

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