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

DISCLAIMER OF OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

In compliance with Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual – Section B: Rules of Catalist (the "Catalist Rules"), the Board of Directors ("**Board**") of No Signboard Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to inform that the independent auditor of the Company, Ernst & Young LLP (the "**Auditor**"), have rendered a disclaimer of opinion (the "**Independent Auditors' Report**") on the audited financial statements of the Company and the Group for the financial year ended 30 September 2021 (the "**Audited Financial Statements**").

For further details, please refer to the extracts of the Independent Auditors' Report and the relevant Notes 2.1 to the Group's Audited Financial Statements, as annexed to this announcement. The Board is of the opinion that all material disclosures have been provided for in Note 2.1 of the Audited Financial Statements in relation to the ability of the Group and the Company to continue as going concern.

Shareholders of the Company are advised to read the Audited Financial Statements in full, as set out in its annual report 2021 (the "**FY2021 AR**"). The electronic copy of the FY2021 AR will be made available on the Company's Corporate Website, the AGM Website (which will be disclosed) and SGXNET on 14 October 2022.

The shares in the Company have been suspended from trading on the Singapore Exchange Securities Trading Limited 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
14 October 2022

---

*This announcement and its contents have 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**"). 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.

INDEPENDENT **AUDITOR'S REPORT**

For the financial year ended 30 September 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of opinion

We were engaged to audit the accompanying financial statements of No Signboard Holdings Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of opinion

<u>Use of the going concern assumption</u>

During the financial year ended 30 September 2021, the Group incurred net loss of $9,112,175 and net cash outflows of $10,194,755. As of that date, the current liabilities and total liabilities of the Group exceeded its current assets and total assets by $2,021,126 and $2,375,243 respectively. As a result of the continuing losses and net cash outflows, the cash resources of the Group as at 30 September 2021 has been further depleted subsequent to the year end and may not be sufficient to meet its obligations when they fall due. As disclosed in Note 2.1 to the financial statements, the Company is currently in the process of a restructuring exercise to re-organise certain of the Group's liabilities and deleverage the balance sheet of the Group. As further disclosed in Note 34 to the financial statements, certain subsidiaries have been placed under creditors' voluntary liquidation. Additionally, the provision of additional funds by a potential investor is dependent on certain conditions precedent. These factors and other matters disclosed in Note 2.1 to the financial statements indicate the existence of material uncertainties that may cast significant doubt on the Group and Company's ability to continue as going concern.

The financial statements have been prepared on a going concern basis based on assumptions as disclosed in Note 2.1. However, we are unable to obtain sufficient appropriate audit evidence to conclude whether the use of the going concern assumption to prepare these financial statements is appropriate as the outcome of the Group's mitigating actions, including the investment and restructuring exercise, is yet to be concluded and is inherently uncertain.

The carrying value of the assets as recorded on the balance sheet of the Group and Company as at 30 September 2021 has been determined based on the continuation as a going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the balance sheet. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the balance sheet.

Impairment assessment of the Group's and Company's plant and equipment and right-of-use assets, and the Company's amount due from subsidiaries

As disclosed in Notes 9 and 12 to the financial statements, the Group's and Company's plant and equipment and right-of-use assets are stated at $1,150,773 and $2,751,393, and $Nil and $Nil as at 30 September 2021, respectively after deducting for accumulated depreciation and impairment charges (the "**assets**"). These assets belong to or are allocated to the Group's cash-generating units (CGUs) made up of individual restaurants in the Group's seafood restaurant and other restaurant business segment. As disclosed in Note 34 to the financial statements, certain CGUs have ceased business and operation subsequent to the year end.

As disclosed in Note 13 to the financial statements, the Company's statement of financial position includes amount due from subsidiaries of $556,240 as at 30 September 2021, which represents the carrying amount after allowance for expected credit loss (ECL). The amount substantially relates to amount due from two subsidiaries that form part of the Group's CGUs mentioned above.

Management has performed impairment assessments on the aforementioned CGUs as at 30 September 2021 by identifying indicators of impairment and where required, determining their recoverable amount by estimating their value-in-use (VIU) based on net present value of the CGU's projected future cash flows. Based on these assessments, the Group and Company have recognised an impairment loss of $1,613,346 and $991,146, on its plant and equipment and $1,149,552 and $396,381 for right-of-use assets for the financial year ended 30 September 2021. In respect of the Company's amount due from subsidiaries, management has performed ECL assessments, and the Company has recognised ECL of $4,178,332 for the financial year ended 30 September 2021.

The results of the impairment and ECL assessments are critically dependent on CGUs' cash flow projections estimated by management and the discount rate applied. Additionally, where the VIU of a CGU is lower than its carrying amount, an estimate of the fair value less costs of disposal of the assets is required to be determined as the alternate basis of the recoverable amount before concluding on the amount of impairment loss to be recorded, if any.

As a result, based on the information available to us, we are unable to obtain sufficient appropriate evidence on the reasonableness of the key assumptions used by management, including but not limited to the projection of future revenue, profit margins, expenditures, and probabilities assigned to the different cash flow scenarios in determining the appropriate recoverable amount of the Group's CGUs and in determining the recoverability of the Company's amount due from subsidiaries.

Accordingly, we are unable to determine the appropriateness and recoverability of the carrying amount of the Group's and Company's plant and equipment and right-of-use assets, and the Company's amount due from subsidiaries as at 30 September 2021, and the corresponding impairment loss and ECL recognised for the year then ended. Consequently, we are also unable to determine the appropriateness of the related disclosures, and the extent of adjustments that may be required in relation to the carrying amount of the Group's and Company's plant and equipment and right-of-use assets, and the Company's amount due from subsidiaries as at 30 September 2021.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2021

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of opinion paragraph, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
14 October 2022

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 30 September 2021

1. CORPORATE INFORMATION

No Signboard Holdings Ltd. (the "Company") was incorporated on 1 June 2017 in the Republic of Singapore with its principal place of business and registered office at 10 Ubi Crescent, #03-02 Ubi Techpark Lobby A, Singapore 408564.

The Company was admitted to the Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 30 November 2017.

The principal activity of the Company is the management and operation of food & beverage outlets and investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**").

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore dollars ("**SGD**" or "**$**").

<u>Going concern uncertainty</u>

During the financial year ended 30 September 2021, the Group incurred net loss of $9,112,175 (2020: $9,389,518) and net cash outflows of $10,194,755 (2020: $2,870,291). As of that date, the current liabilities and total liabilities of the Group exceeded its current assets and total assets by $2,021,126 (2020: current assets of $4,004,712) and $2,375,243 (2020: net assets of $6,807,747) respectively. The net current liabilities of the Group include bank borrowings of $1,707,660 that were reclassified from 'non-current' to 'current' as a result of a breach of one of the financial covenants, as disclosed in Note 14 to the financial statements. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Notwithstanding, these financial statements have been prepared on a going concern basis as the Board is of the view that based on the assumption that the restructuring exercise and proposed Investment as disclosed below will be completed successfully, and that the Group will be able to generate cashflows from operations to meet the Group's working capital requirements and to operate as a going concern.

The Company announced on 30 April 2022 that the Company and Gazelle Ventures Pte. Ltd. had entered into a memorandum of understanding dated 30 April 2022 ("**MOU**") pursuant to which the Investor agreed to invest a sum of up to S$5,000,000 (the "**Full Investment Amount**") into the Company, subject to certain conditions. The Full Investment Amount would comprise (i) an initial amount of S$500,000 by way of a subscription of new ordinary Shares representing 75% of the enlarged issued and paid-up share capital of the Company upon completion of the Subscription, and (ii) the remaining S$4,500,000 by way of a convertible instrument. The key conditions precedent are as follow:

1) The Company's successful application for super priority status for the provision of Emergency Funding
2) The approval of the scheme of arrangement for the restructuring of existing liabilities of the Company and its relevant subsidiaries
3) Approval for the resumption of trading of the shares on the SGX-ST being obtained from the SGX-ST
4) Approval in-principle for the listing and quotation of the Subscription Shares on the Catalist of the SGX

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Going concern uncertainty (cont'd)

Due to the Company's emergency funding requirements, the Company and the Investor had also agreed that out of the Subscription Amount, a sum of S$450,000 had been extended by the Investor as emergency rescue financing to the Company in accordance with the terms and conditions of the Super Priority Financing Agreement which had been entered into on 25 May 2022. Flowing from this, the Company and the Investor agreed that the Emergency Funding would form part of the Subscription Amount to be paid by the Investor in return for the allotment and issue of such number of Shares representing 75% of the enlarged issued and paid-up share capital of the Company upon completion of the Subscription.

The Singapore High Court (the "**Court**") granted a moratorium under Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 of Singapore ("**IRDA**") filed by the Company and its subsidiaries, NSB Hotpot Pte. Ltd. and NSB Restaurants Pte. Ltd. (the "**Scheme Companies**") on 29 April 2022 and at the hearing on 26 May 2022, ordered that the moratorium sought in relation to the Company and the Scheme Companies be granted until 29 October 2022 or until further order of the Court, subject to certain disclosure requirements; and

The Company has filed an application on 5 May 2022 for the grant of super priority status over all preferential debts specified in Section 203(1)(a) to (i) and all other unsecured debts under Section 67(1)(b) of the IRDA for the debt arising from the Emergency Funding provided by the Investor, the Court, at the hearing on 26 May 2022, had granted the super priority status over the debt arising from the Emergency Funding,

As disclosed in Note 34, the group has placed certain subsidiaries under creditors' voluntary liquidation and closed certain outlets. Further, the Company is currently in the process of a court-supervised restructuring exercise which will include the Scheme, to reorganize the Scheme Companies' liabilities and deleverage the balance sheet of the Group ("**Restructuring Exercise**") and has appointed DHC Capital Pte. Ltd. as the independent financial advisor and scheme manager for the Restructuring Exercise.

On 18 July 2022, the Scheme Companies applied to the Court for leave to be granted, pursuant to Section 210(1) of the Companies Act, to the Scheme Companies to convene the Scheme Meetings of the Scheme Creditors for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme (the "**Leave Applications**"). On 16 August 2022, the Court granted the Leave Applications and ancillary applications for leave to hold the Scheme Meetings. The Scheme Meetings were held on 11 October 2022, during which the creditors approved the Scheme.

Investigation by the Commercial Affairs Department of the Singapore Police Force

Note 33 to the financial statements discloses an ongoing Commercial Affairs Department of the Singapore Police Force ("**CAD**") investigation on the Company's Executive Chairman and Chief Executive Officer ("**CEO**") concerning the abortive share buyback executed by the Company's CEO in 2019, who was put on arrest and on bail on reasonable suspicion that sections 197 and 218 of the Securities and Futures Act Chapter 289 might have been breached. The CAD's investigation is still ongoing as at the date of the financial statements. The Board of Directors and management have assessed that this matter is not expected to have significant impact on the accompanying financial statements.