

GENERAL ANNOUNCEMENT::MINUTES OF ANNUAL GENERAL MEETING HELD ON 29 MAY 2020

Issuer & Securities

Issuer/ Manager

NO SIGNBOARD HOLDINGS LTD

Securities

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Announcement Details

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Submitted By (Co./ Ind. Name)

Shirley Tan

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to attached minutes of Annual General Meeting ("AGM") held on 29 May 2020.

For earlier announcements made on 14 May 2020 and 29 May 2020 (under the category "Annual General Meeting") in relation to the AGM, please refer to announcement no. SG200514MEET7FGD.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6966.

Attachments

[NSB%20-%20AGM%20Minutes%20.pdf](#)

[NSB%20-%20Appendix%201.pdf](#)

Total size = 197K MB

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

MINUTES OF ANNUAL GENERAL MEETING

PLACE : "Live" webcast via sg.conveneagm.com/nosignboard
DATE : Friday, 29 May 2020
TIME : 10:00 a.m.
PRESENT : As set out in the attendance records maintained by the Company.
IN ATTENDANCE : As set out in the attendance records maintained by the Company.
CHAIRMAN : Mr Lim Yong Sim (Lin Rongsen)

QUORUM

As a quorum was present, the Chairman declared the Annual General Meeting (“**AGM**”) open at 10.00 a.m.

INTRODUCTION

The Chairman introduced the Directors present.

NOTICE OF AGM

With the consent of the shareholders present, the notice of the AGM (“**Notice**”) convening the meeting was taken as read.

QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND SUBSTANTIAL AND SHAREHOLDERS

The Chairman highlighted that as mentioned in the Notice of this AGM and the accompanying announcement dated 14 May 2020, shareholders will not be able to ask questions at the live webcast AGM. However, the Company has already published its responses to substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM, the Company’s businesses and operations via SGXNet on 28 May 2020. A copy of the response to Securities Investors Association (Singapore) and substantial and relevant questions from Shareholders is annexed hereto as **Appendix 1**.

VOTING BY POLL

The Chairman briefed that in view of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**Order**”) issued by the Minister of Law on 13 April 2020, shareholders will not be able to vote online at the AGM. Instead, shareholders

that wishes to exercise their votes must submit a proxy form to appoint the chairman of the AGM to vote on their behalf. Proxy forms lodged have been checked and found to be in order.

The Chairman informed that all resolutions to be tabled at the AGM would be voted upon by way of poll. All the motions had been duly voted by the shareholders through the submissions of the Proxy Forms to the Share Registrar and the Scrutineer has verified the counting of all votes casted through the Proxy Forms.

BDO Corporate Services Pte. Ltd. was appointed as scrutineers for the poll. RHT Corporate Advisory Pte. Ltd. was appointed as the polling agent.

ORDINARY BUSINESS:**1. ADOPTION OF DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS – RESOLUTION 1**

The meeting proceeded to receive and consider the Directors' Statement and the Audited Financial Statements for the financial period ended 30 September 2019 and the Auditors' Report thereon.

The results of Resolution 1 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	349,120,175	99.89%
Against the Resolution	397,900	0.11%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED:**

“THAT the Directors' Statement and the Audited Financial Statements of the Company for the financial period ended 30 September 2019 together with the Auditors' Report thereon be received and adopted.”

2. RE-ELECTION OF MS. LIM LAY HOON (LIN LIYUN) AS A DIRECTOR – RESOLUTION 2

As Resolution 2 dealt with the re-election of Ms. Lim Lay Hoon (Lin Liyun) as a Director of the Company.

Ms. Lim Lay Hoon (Lin Liyun) was retiring as Director pursuant to Regulation 117 of the Constitution of the Company. She had indicated her consent to continue in office.

Ms. Lim Lay Hoon (Lin Liyun), upon re-election as a Director of the Company, would remain as the Executive Director of the Board of Directors and the Chief Operating Officer of the Company and would be considered non-independent.

The results of Resolution 2 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	349,120,175	99.89%
Against the Resolution	397,900	0.11%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“THAT Ms. Lim Lay Hoon (Lin Liyun) be re-elected as a Director of the Company.”

3. RE-ELECTION OF MR. KHUA KIAN KHENG IVAN AS A DIRECTOR – RESOLUTION 3

Mr. Khua Kian Kheng Ivan was retiring as Director pursuant to Regulation 117 of the Constitution of the Company. He had indicated his consent to continue in office.

Mr. Khua Kian Kheng Ivan, upon re-election as a Director of the Company, would remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee and would be considered independent.

The results of Resolution 3 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	349,104,275	99.88%
Against the Resolution	413,800	0.12%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“THAT Mr. Khua Kian Kheng Ivan be re-elected as a Director of the Company.”

4. APPROVAL OF DIRECTORS’ FEES AMOUNTING S\$150,000 FOR THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2020, PAYABLE QUARTERLY IN ARREARS – RESOLUTION 4

The Board had recommended a Directors’ fees of \$150,000 for the financial year ending 30 September 2020, to be paid quarterly in arrears.

The results of Resolution 4 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	349,120,175	99.89%
Against the Resolution	397,900	0.11%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“THAT the Directors’ fees of \$150,000 to be paid quarterly in arrears for the financial year ending 30 September 2020, be approved for payment.”

5. APPOINTMENT OF MESSRS ERNST & YOUNG LLP AS AUDITORS OF THE COMPANY IN PLACE OF THE RETIRING AUDITORS OF THE COMPANY, MESSRS DELOITTE & TOUCHE LLP AND TO AUTHORISE THE DIRECTORS OF THE COMPANY TO FIX THEIR REMUNERATION – RESOLUTION 5

The Meeting was informed that Resolution 5 on the Agenda was to appoint Messrs Ernst & Young LLP as Auditors of the Company in place of the retiring Auditors of the Company, Messrs Deloitte & Touche LLP and to authorise the Directors of the Company to fix their remuneration.

The results of Resolution 5 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	349,120,175	99.89%
Against the Resolution	397,900	0.11%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“THAT Messrs Ernst & Young LLP be appointed as Auditors of the Company in place of the retiring Auditors of the Company, Messrs Deloitte & Touche LLP and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.”

6. ANY OTHER ORDINARY BUSINESS

There being no other ordinary business to transact, the Meeting proceeded to deal with the Special Business on the Agenda.

SPECIAL BUSINESS:

7. AUTHORITY TO ISSUE SHARES IN THE CAPITAL OF THE COMPANY PURSUANT TO SECTION 161 OF THE COMPANIES ACT (CHAPTER 50) OF SINGAPORE (THE “ACT”) AND RULE 806 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL – SECTION B: RULES OF CATALIST (“CATALIST RULES”) – RESOLUTION 6

The Meeting was informed that Resolution 6 on the Agenda was to authorise the Directors to issue and allot shares pursuant to Section 161 of the Companies Act.

The results of Resolution 6 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	346,570,475	99.16%
Against the Resolution	2,947,600	0.84%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED:**

As Ordinary Resolution:

“THAT pursuant to Section 161 of the Act and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:-

- I (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that may or would require shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- II (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided always that:-

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:-

- (i) new shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

- (ii) (where applicable) new shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (iii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Catalist Rules are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company;
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

CONCLUSION

There being no other business, the Chairman declared the Annual General Meeting of the Company closed at 10.10 a.m. and thanked everyone for their attendance.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD

**LIM YONG SIM (LIN RONGSEN)
CHAIRMAN**

SIAS Q1: In the chairman's statement, shareholders were updated on the strategic and operational achievements in 2019, such as the launch of new brands (Mom's Touch Chicken and Burgers) and the overseas expansion (NSB Kitchen concept in Shanghai). Little was said about the financial performance of the group other than a brief mention of the revenue contribution from each segment (seafood restaurant, beer and other restaurants).

- (i) **Would the chairman consider giving shareholders a balanced and candid overview of the achievements and challenges faced by the group so that shareholders get a true and fair view of the progress made by the group in the year?**

Company's Response:

In this regard, we would like to clarify that the substance of the Chairman's statement in the both the FY2018 and FY2019 ARs include the highlights of the Company's developments within the financial period, the future outlook which include challenges that will be faced by the Group, as well as a summarized review on the financial performance of the Group so shareholders are able to have a balanced and candid overview on the Group's performance for the reporting financial period and the future plans and strategic activities of the Group in light of future challenges highlighted. However, as with any announcements disclosed on the SGXNET, the Chairman's statement is part of the a section of the annual report hence, for completeness of information on the overall performance of the Group, is to be read together with the financial review section that can be found on pages 12-13 of the FY2019 AR and the accompanying financial statements for full details of the financial performance of the Group.

- (ii) **Would the independent directors review and improve the quality of communication with shareholders (especially the level of candour) in the annual report moving forward?**

Company's Response:

We first would like to address the feedback in relation to the term "*level of candour*" which is a subjective interpretation that varies according to each individual. Notwithstanding, as we continuously look to improve, we have included open channels of communication (for example, the AGM to be held on 29 May 2020, shareholders are able to post queries in relation to the FY2019 AR and related to the resolutions) for shareholders to reach out in the event that they require clarification. Nonetheless, we will continue to work on improving the way we communicate with our shareholders, so shareholders are able to make informed decisions when they read our announcements. Any feedback can be communicated to our investor relations team via email: IR@nosignboardseafood.com.

- (iii) **Has the sponsor reviewed if the level of clarity (especially on the financial performance of the group) in the annual report meets the SGX guidelines or best practices for listed companies?**

Sponsor's Response:

Pursuant to the Catalist Rule 226(2)(b), our role as sponsors of the Company is to review all documents to be released by the issuer to shareholders or to the market before release to ensure that the issuer is in compliance with the Rules and makes proper disclosure. Whilst we are not able to opine on "best practices for listed companies", in discharging our obligations as sponsors, we incorporate compliance guidelines published by SGX to ensure there is sufficient information when reading the annual report in its entirety for all shareholders to understand the financial performance of the Company and its subsidiaries in accordance to the requirements of the Catalist Rules.

SIAS Q2: Principle 3 of the Code of Corporate Governance 2012 calls for a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business

- (i) **Has the board evaluated the pros and cons of separating the roles of the chairman and CEO? If not, would the board be evaluating if the separation of the roles of the chairman and CEO may benefit the group, especially given the findings of the independent review that was directed by SGX Regco?**

Company's Response:

Mr Lim Yong Sen ("Mr Sam Lim") is the Executive Chairman of the Board and also the CEO of the Company since the Company IPO. Given the scale of the business and operations, Mr Sam Lim would be able to execute and drive business strategies in his capacity as the CEO that is supported by the management team, as well as steer the Company forward, together with the other Board members, as the Executive Chairman of the Board.

As explained in the FY2019 AR, the Board is of the view that accountability and independence have not been compromised despite the Chairman and CEO being the same person. With the majority of the Board comprising Independent Directors, the Board is of the view that there is sufficient element of independence and adequate safeguards against a concentration of power in one single person.

SIAS Q3: Due to the pandemic and the measures put in place to control the spread of COVID-19, the group's restaurants and outlets are limited to takeaway and online delivery orders, without dine-in sales (page 110 – Event after reporting period).

- (i) **What was the level of investment for the new No Signboard Seafood restaurant in Shanghai? What was the budgeted pay-back period used by management in its investment thesis?**

Company's Response:

As of today, the Group has invested RMB5,000,000 as registered capital which has been used for working capital and new outlet set up in the No Signboard Seafood restaurant in Shanghai. The budgeted pay-back period was under 5 years, pre Covid-19.

- (ii) **Has management suspended all new investments in the Hawker brand to focus on franchised brands?**

Company's Response:

As announced by the Company on 8 August 2019, the operations of Hawker QSR brand has ceased and management has ceased all new investments in the Hawker brand. The focus will be on our existing portfolio of F&B concepts such as the No Signboard brand and the franchised brands.

- (iii) **With the current situation, is the group suspending all of its expansion plans (even with the franchised brands)?**

Company's Response:

Yes, as part of the Group's strategy to manage its costs, the Group has shelved its expansion plans (even with the franchised brands) except for those that the Company had previously committed prior the onset of the COVID-19 such as the opening of a second outlet in Shanghai and opening a Cloud Kitchen concept (to be further explained in the responses to Q3(iv) below).

- (iv) **Has the board/management had time to review how the pandemic might permanently affect the business model of operating restaurants? What changes would be made to the group's operating model to cater to the "new normal"?**

Company's Response:

The Company had on 15 May 2020 disclosed in the commentary of the second quarter financial statements for the period ended 31 March 2020, that as a consequential effect of the Covid-19 situation and the various measures put in place by the Singapore Government, our restaurants and outlets are only limited to takeaway and online delivery orders, without dine-in sales. Since the onset of this pandemic, the Company has intensified its social media and digital platform presence to attract different target customer types whilst trying to adapt to the potential changes in local consumer dining choices resulting from the implications of COVID-19.

As such, the Group in response to the changing food and beverage landscape, has opened a cloud kitchen concept at JTC Space @ Tampines North in April 2020 solely for Little Sheep Hotpot and Mom's Touch deliveries and is in the process of opening a second cloud kitchen concept in Clementi. A cloud kitchen concept is a small outfit to prepare food that is rented solely for the purposes to provide takeaway and delivery services ("**Cloud Kitchen**"). The rationale behind opening a Cloud Kitchen is part of the Group's interim strategy to be able to address the existing limitation on the delivery radius through its third-party delivery partners. The Group is of the view that the cost of setting up and operating the Cloud Kitchen will not have a material impact to the financial position of the Company as the set up cost is low and the staff engaged to run the operations are staffed with the existing employees. In this regard, for full details of the Company's business update arising from COVID-19 measures by the Singapore Government, please refer to the separate announcement made by the Company on the same day for the said matter.

Shareholder Question 1: The Group's investment in Danish Draft Beer business turned out to be a total failure since 2017. Cost of investment paid then appeared to be overly priced for an unknown draft beer new player in the market resulted in goodwill on consolidation of SGD3.44 which was then fully impaired in 2018. Additional resources were allocated trying to turn around this business since then. However, Beer business revenue plunged by a whopping of 48% in 2019 and suffered a segmental loss of SGD 1.7million for the first time in 2019 compared with a profit of SGD0.4 million in 2018. Judging from the current trend, more losses are expected moving forward. Minority shareholders like us might not have to mourn these losses should the management was more vigilant then.

- (a) **Not taking this avenue to quell the past here, but had the management carried out appropriate new investment project appraisal and market feasibility studies before entered into this new era of which the management then had not have any prior experiences??**

Company's Response:

Danish Breweries Pte Ltd ("DB") was acquired by the Group in June 2017 prior to the Company's initial public offering ("IPO") on 30 November 2017, which promotes and distributes *Draft Denmark* brand of beer through distributorship arrangements with wholesale distributors. Although the management then did not have direct prior experiences in the beer business, they took into consideration the acquisition of the beer business was also led by the same team of experienced people managing the business prior to acquisition.

In addition to examining the team that will be spearheading the business, the management then had engaged a professional firm to conduct a valuation of DB at the time of acquisition, which included a review of reasonableness of the financial forecasts and the assumptions used for the purpose of preparing the forecasts and had found the results to be satisfactory.

- (b) **What was the management's rationale and the Group's competitive advantage over major establish international well-known players in deciding investing in this competitive yet throat cutting draft beer business??**

Company's Response:

DB established the *Draft Denmark* brand in 2014 and is distributed in Singapore amongst outlets comprising of pubs, coffee shops and clubs. The acquisition of 80% of DB in June 2017, prior to the Company's IPO, had contributed approximately S\$3.1 million to the Group's revenue for FY2017. This accounted for 12.7% of the Group's revenue for FY2017.

The Group had decided to include the beer business as part of its principal activities during IPO with the intention to build on its existing restaurant business portfolio and diversify into a business within the F&B industry. As such, on 18 June 2018, the Company had announced its decision to consolidate its control and business strategies over DB by acquiring the remaining 20% of DB, whilst recognizing that it is in its growth phase and capital intensive.

The acquisition of Danish Breweries was in line with the Group's core strategy to complement its Restaurant Business.

- (c) Understand that management is currently undergoing stringent cost cutting measures to contain operating cashflow to tide over Covid 19 pandemic situation, Is the management considering divesting non performing Danish Draft Beer business to focus Group's resources on consolidating restaurant businesses which is the management's stronghold?? Under current uncertainties climate, please consider this suggestion seriously as it may not be able to turnaround in the near term and more resources are required to be deployed to stamp an edge over stronger major international well-known draft beer players.

Company's Response:

The management has been assessing the performance of DB since the start of FY2020 and has revised the FY2020 business plan for DB, which included an overall review of the profitability of the customers base, cost reduction measures and plans to downsizing of the operations. The onset of Covid-19 pandemic has accelerated the execution of these plans and measures. Concurrently, we are doing an in-depth assessment of this business and will make a decision in due course.

Shareholder Question 2: Reference is made to the Note 35 (page 109) and item (ii) of Auditors' Report emphasis of matter opinion on the CAD's ongoing investigation concerning abortive company's share buyback executed by Chairman and CEO and that he was put on arrest and on bail on reasonable suspicion that Section 197 Section 218 of Securities and Futures Act Chapter 289 may have been breached.

What's management contingency plan in the event IF the result of the investigation turns out to be adversely negative and that affecting current CEO's soul driver role in the Group moving forward?

Company's Response:

As set out in the Notes to the Financial Statements and the Auditor's Report, the investigations by the relevant authorities on the Chairman and CEO in connection with the abortive share buyback are currently ongoing and nothing has been brought to the attention of the Board otherwise. Accordingly, it would be premature and inappropriate at this stage to speculate on the potential outcome of the investigations or whether there will be any impact on the ability of the Chairman and CEO to continue in his existing roles. Nonetheless, the Board would like to reassure all shareholders that regardless of the outcome of the investigations, the Company has taken steps to ensure that the business and operations of the Company are not solely dependent on the Chairman and CEO.

In addition to the Chairman and CEO, other members of the Board and key management personnel, including our Executive Director and Chief Operating Officer, Lim Lay Hoon, and other senior management, such as our Group Chief Financial Officer, Lok Pei San, are equipped with a diverse range of expertise, experience and capabilities to be able to continue operating the business effectively and collectively contribute to the long-term success of the Company, under the continued oversight of the Board. Succession planning and leadership renewal has always been a key focus of the Board. Going forward, the Company will continue its efforts to groom and develop talent from within, and where appropriate, will also look into the possible recruitment of top talent from external sources to manage the evolving needs of the Company.

Shareholder Question 3: Note 34 (Page 108&109) of the report states that Independent Review reports from Nexia TS Public Accounting Firm (“Nexia”) states that the Group’s unaudited statements for 1Q2018, 2Q2018 and 3Q2018 should be prepared using Merger Accounting Principle instead of Actual Group Accounting Principles in order to comply with the recognition and measurement principles of the relevant Singapore Financial Reporting Standards. Company’s Auditors has included this in its Auditors’ Report as emphasis of matters (page 45). On 29 April 2020 SGXRegco announced that it will be reviewing Nexia’s report for possible breaches of listing rules.

- a) **What’s the management’s rationale then in using a different accounting principle in preparing its unaudited financial statement for 1Q2018,2Q2018 and 3Q2018?**

Company’s Response:

We refer shareholders to Appendix A - Management’s Representations in the Independent Review Memorandum announced by the Company on 29 April 2020, which sets out the background and Management’s rationale for using a different accounting principle.

- b) **What’s the financial impact of two different accounting principles retrospectively since 2017?**

Company’s Response:

We refer shareholders to Appendix B - Proposed Adjustments and Effects of Restatement in the Independent Review Memorandum announced by the Company on 29 April 2020 which set out the merger adjustments to the financial statements for the first quarter ended 31 December 2017 (“1Q2018”), the second quarter ended 31 March 2018 (“2Q2018”) and the 3rd quarter ended 30 June 2018 (“3Q2018”).

As stated in the Company’s announcement on 29 April 2020, these adjustments have already been made in the Group’s announcement for the full year financial statements for the financial year ended 31 September 2018 (“FY2018”) released on 29 November 2018, the Independent Auditor’s Report for FY2018 dated 31 December 2018 and in the Group’s announcements for the financial statements for the first quarter ended 31 December 2018 (the “1Q2019 Announcement”), second quarter ended 31 March 2019 (the “2Q2019 Announcement”) and third quarter ended 30 June 2019 (the “3Q2019 Announcement”) where the restated 1Q2018, 2Q2018 and 3Q2018 financial statements are also presented. The 1Q2019 Announcement, 2Q2019 Announcement and 3Q2019 Announcements were released on SGXNET on 1 February 2019, 10 May 2019 and 6 August 2019 respectively. As the financial statements for the financial year ended 31 September 2017 (“FY2017”) were prepared using merger accounting principles, no re-statement of the FY2017 financial statements is required.

- c) **What are the financial and non-financial impact for FY2020 or beyond on possible breaches of listing rule, Rule 415 for Catalyst issuer on reporting of financial statements?**

Company's Response:

The Board notes Singapore Exchange Regulation's ("SGX RegCo") regulatory announcement dated 29 April 2020 which stated that SGX RegCo will be reviewing the Independent Reviewer's report for possible breaches of the Catalyst Rules.

However, it would be premature and inappropriate to speculate at this juncture as to the potential outcome of such a review or whether any regulatory fines or penalties, or other financial and non-financial consequences, if any, will be imposed. In any event, the Board is seeking legal and professional advice, and also works closely with the Sponsor, on these matters. The Company will provide an update when appropriate.

Shareholder Question 4: Note 5(b) (page 81) Amount due from Subsidiaries (non- trade) – SGD3,912,153. Original gross owing was SGD12,300,100. This amount was a result of after netting off loss allowance amounted to SGD8,387,947 made during the year.

- a) **Is this amount due from subsidiaries that are engaged in the Danish Draft Beers businesses?**

Company's Response:

Out of the \$12.3 million amount due from subsidiaries, \$5 million are due from subsidiaries engaged in the Danish Draft beer business.

- b) **What was the nature of this unsecured, interest free and repayable on demand non trade transactions?**

Company's Response:

The unsecured and interest free loans are provided to the Group's subsidiaries for the working capital and capex expenditure purposes.

- c) **What was the management's rationale then in extending SGD12.3 million unsecured and interest free loan to this subsidiary?**

Company's Response:

These are all wholly-owned subsidiaries which the Group provide financial support to at the initial stage of their operations, during the gestation periods of their expansion.

- d) **What's the cause of this loss allowance and actions taken by the management in recovering this amount?**

Company's Response:

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) that are applicable for annual periods beginning on 1 January 2018. The Group's financial statements for the financial year ended 30 September 2019 are prepared in accordance with the SFRS(I).

Upon the adoption of SFRS(I) 9, the standard requires the Group and the Company to record expected credit losses on all its financial assets measured at amortised cost. The Group and the Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The Company carried out a review of the recoverability of receivables in subsidiaries. In determining the expected credit loss, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default as well as loss upon default.

The recoverability of the receivables in subsidiaries are reviewed on a yearly basis, after adjusting for the factors as listed above and the loss allowance will be adjusted for accordingly.