NO SIGN(BOARD) OF GOVERNANCE

Case overview

Established in 1981, No Signboard Holdings Ltd. (No Signboard) was listed on the Catalist Board in 2017. It is known for its No Signboard Seafood chain of seafood restaurants. In 2019, the Executive Chairman and Chief Executive Officer of No Signboard, Sam Lim Yong Sim, was arrested on suspicion of breaching the Securities and Futures Act in relation to false trading, market-rigging and insider trading. In addition, the company restated its net profit to a loss in the first quarter of 2018 and faced recurring losses following its listing. The objective of this case is to facilitate a discussion of issues such as roles and responsibilities of directors; share buybacks; insider trading; restatements of results; and role of sponsors and regulators.

Behind the signboard

No Signboard Holdings Ltd. (No Signboard) started out as a family business in 1981. Sam Lim Yong Sim, the grandson of the founder of No Signboard, is the Executive Chairman and Chief Executive Officer (CEO).[1] His sister, Lim Lay Hoon, is the Chief Operating Officer (COO).[2]

The company has three key business segments – a restaurant business, a beer business and a ready meal business. For the restaurant business, No Signboard operates a chain of seafood restaurants called No Signboard Seafood, alongside a chain of restaurants under different food and beverage brands such as Hawker Asian Burger & Buns, Little Sheep Hot Pot and Mom's Touch Korean Chicken & Burger. The Group also distributes Draft Denmark beer following its acquisition of Danish Breweries, and ready meals under its "Powered by No Signboard" endorsement, which are distributed via vending machines in various parts of Singapore.[3,4]

No Signboard was incorporated as a private limited company on 1 June 2017 with an issued and paid-up capital of S$2 which consisted of two ordinary shares.[5] On 31 August 2017, Singapore Chilli Crab Pte Ltd (SCC) was incorporated as a private company limited by shares with an issued and paid-up capital of S$100 comprising of 100 ordinary shares. SCC operates largely as an investment holding firm.[6]

A restructuring exercise was completed on 31 October 2017 to streamline the Group's structure. This involved No Signboard acquiring from GuGong Pte Ltd (GuGong) – the Lim siblings' investment vehicle[7] – the assets, liabilities, intellectual property, businesses and undertakings of the restaurant business; the entire share capital of Tao Brewery Pte Ltd; and

This case was prepared by Nur Sabrina bte Abu Bakar, Nur Marhaini Bte Erpan, Chong Jin Huang Casper, Ho Hyui Shan Trenna, and edited by Vidhi Killa and Isabella Ow under the supervision of Professor Mak Yuen Teen. It has been substantially re-written, with information added, by Professor Mak Yuen Teen. The case was developed from published sources solely for class discussion and is not intended to serve as illustrations of effective or ineffective management or governance. The interpretations and perspectives in this case are not necessarily those of the organizations named in the case, or any of their directors or employees.

80% of the share capital of Danish Breweries Pte Ltd, for a total consideration of S$2,315,231. The company issued 2,315,231 shares to the acquiree.[8]

Figure 1 shows the Group structure following the restructuring exercise.

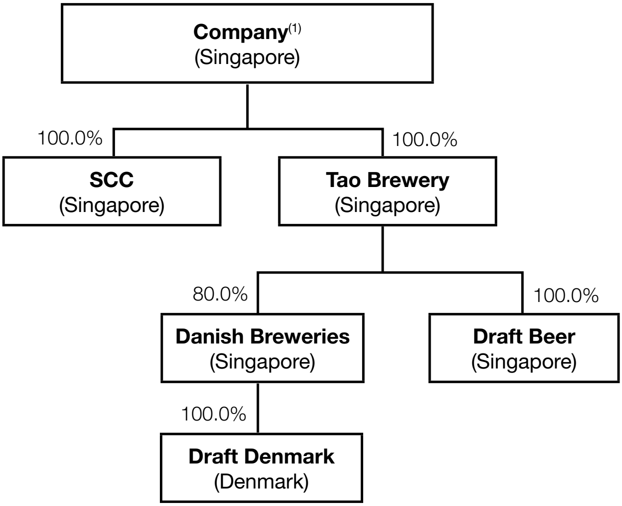

Figure 1: No Signboard's Group structure after the restructuring exercise[9]

On 3 November 2017, GuGong injected S$2,850,000 of cash in exchange for 2,850,000 new shares in the company. The company then sub-divided each ordinary share into 75 shares on 6 November 2017. Following this, the company's issued and paid-up share capital amounted to S$5,165,233 and comprised of 387,392,475 shares.[10]

No Signboard listed on the Catalist Board of the Singapore Exchange (SGX) on 30 November 2017 with its initial public offering (IPO) of 65,734,500 issued shares at S$0.28 per share. The Group said that it had plans to use the net proceeds of about S$18.7 million to establish a new chain of casual dining restaurants, develop its beer and ready meal businesses, and for general working capital purposes.[11]

Leading from the front?

At the time of its listing, No Signboard had a board consisting of three independent directors (IDs) – Ivan Khua, Paul Leow and Robert Tay – and two executive directors (EDs), Sam Lim and Lim Lay Hoon.[12]

After joining the Group in 1998 as a general manager, Sam Lim spearheaded the Group's development and expansion over the next two decades.[13] His responsibilities encompass (i) the formulation of the overall business and corporate policies and strategies of the Group; (ii) oversight of the management of the business and operations of the Group; and (iii) leading the Group's business development strategy and efforts.[14]

The company's FY2018 annual report justified Sam Lim's dual role as both Executive Chairman and CEO, stating that "accountability and independence have not been compromised despite the Chairman and CEO being the same person". It also stated that with a majority of the board comprising independent directors, the board was of the view that "there is sufficient element of independence and adequate safeguards against a concentration of power in one single person". As the Executive Chairman is non-independent, the board appointed Ivan Khua as the lead independent director.[15]

Sam Lim is also a substantial shareholder of No Signboard, with deemed interest in No Signboard's shares held by GuGong, in which he has a 93.64% shareholding. Between mid-March 2018 and December 2018, he increased his shareholding interest in No Signboard from 72.97% to 74.91%.[16]

As the COO, Lim Lay Hoon's responsibilities include overseeing the day-to-day operations and management of the Group. Like Sam Lim, she has been involved with the management of the Group for over 20 years.[17]

Besides being the lead ID, Ivan Khua is also the Chairman of the Remuneration Committee (RC). He is an ID at two other SGX-listed companies, KSH Holdings and MoneyMax Financial Services, and an ED of a private oil and gas servicing company, Hock Leong Enterprises.[18]

Paul Leow is Chairman of the Audit Committee (AC). Having more than 20 years of accounting and audit experience, he is an audit partner at Ecovis Assurance LLP. He is also an ID at SGX-listed Fragrance Group and Asian Healthcare Specialist.[19]

Robert Tay is Chairman of the Nominating Committee (NC). He holds a Bachelor of Law degree from King's College London. With over 15 years of experience in legal and executive positions, he has held positions in various companies before joining the Infocomm Media Development Authority Singapore (IMDA) in 2017. He is currently the cluster director (modern services division) of IMDA.[20]

None of the IDs have prior working experience in the food and beverage industry.

Each of the three board committees consists of the three IDs, with each chairing one of the committees.[21] The Chairman of the AC, Paul Leow, is the only director with an accounting background.

Remuneration

Directors' remuneration was disclosed in bands of S$250,000. Both the CEO and the COO receive a fixed salary plus bonus. The remuneration packages for both these directors include one month of annual wage supplement, with the CEO receiving a performance-linked bonus based on the Group's financial performance, and the COO receiving a discretionary bonus to be determined by the RC and approved by the board.

The CEO's remuneration was disclosed as falling within the band of S$750,000 to S$1,000,000, with his fixed salary and bonus constituting 92% and 8% respectively. Meanwhile, the COO received between S$250,000 and S$750,000 and her fixed salary and bonus constituted 93% and 7% respectively.[22]

The IDs received directors' fees which were disclosed as below S$250,000 for each director.[23]

The key management personnel – excluding directors and the CEO – received an aggregate remuneration of S$508,020 for FY2018. The remuneration of the top five key management personnel (non-directors) was disclosed as below S$250,000 for each individual. Unlike most of the other key management personnel, whose remuneration consisted only or mostly of fixed salary, Soong Wee Choo, the then Chief Financial Officer (CFO) of the company, had a variable pay component of 55% in the form of a bonus, with fixed salary accounting for the other 45% of her total remuneration package.[24]

In addition, the remuneration of employees who are immediate family members of the CEO and COO was also disclosed in bands of S$50,000 in the FY2018 annual report.[25]

As part of No Signboard's long-term incentive plans, the company implemented the No Signboard Employee Share Option Scheme and the No Signboard Performance Share Plan. These represent the variable components of remuneration. However, the company did not disclose key performance indicators used. The aim of these incentive plans was said to be to provide employees an opportunity to participate in the equity of the company and to enhance its competitive edge in attracting, recruiting and retaining talented key management personnel. The company does not have contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel.[26]

Crab overboard

On 1 February 2019, when the company announced its Q1 2019 loss,[27] it also restated the previously reported net profit of S$1,444,475 for Q1 2018 - which was announced on 14 February 2018 - to a net loss of S$414,727. The company claimed that this was due to the application of the principles of Merger Accounting – instead of Actual Group Accounting Principles – following a reassessment of the Group's accounting principles.[28,29] Almost every item in the company's profit and loss statement was restated. Figure 2 below shows the original and restated results announcement for Q1 2018.

	Group		
	Original 1Q2018	Restated 1Q2018	Variance arising from the Adoption of Merger Accounting
	$	$	$
Revenue	4,137,480	6,683,120	2,545,640
Other income	2,552,965	32,939	(2,520,026)
Raw materials and consumables used	(1,320,281)	(2,289,028)	(968,747)
Changes in inventories	(6,095)	4,492	10,587
Employee benefits expense	(1,376,496)	(1,976,110)	(599,614)
Operating lease expense	(468,448)	(720,990)	(252,542)
Depreciation and amortisation expense	(49,485)	(159,719)	(110,234)
Other operating expenses	(529,368)	(793,142)	(263,774)
IPO expense	(1,120,396)	(1,120,396)	-
Finance costs	(9,857)	(17,232)	(7,375)
Profit (Loss) before income tax	1,810,019	(356,066)	(2,166,085)
Income tax expense	(365,544)	(58,661)	306,883
Profit (Loss) for the period	1,444,475	(414,727)	(1,859,202)
Items that may be reclassified subsequently to profit or loss			
Exchange diferrences on translation of foreign operations	(314)	(522)	(208)
Total comprehensive profit (loss) for the period	1,444,161	(415,249)	(1,859,410)
Profit (Loss) attributable to:			
Owners of the Company	1,442,836	(416,366)	(1,859,202)
Non-controlling interests	1,639	1,639	-
	1,444,475	(414,727)	(1,859,202)
Total comprehensive profit (loss) attributable to:			
Owners of the Company	1,442,522	(416,888)	(1,859,410)
Non-controlling interests	1,639	1,639	-
	1,444,161	(415,249)	(1,859,410)

Figure 2: Original and restated Q1 2018 results[30]

The material restatement prompted SGX to issue several queries. On 6 March 2019, the company responded by explaining the rationale for restating the Q1 2018 results, saying that it was due to a change in basis of preparation of the Group's financial statements. According to the company, during the year-end audit, No Signboard and its auditors, Deloitte & Touche LLP, concluded that "the continuation of the use of the Merger Accounting Principles adopted in FY2017 would be more appropriate to better reflect the Group's financial performance for better comparability between the current year's (FY2018) financial statements and prior year's (FY2017) financial statements (in which merger accounting principles was used)".[31]

The discrepancy in the profit and loss figures was primarily because of the restructuring exercise involving the acquisition of a restaurant and beer business from its holding company, GuGong. Based on the restructuring agreement, the transfer of the legal interest in the restaurant business and its subsidiaries was on 31 October 2017, after the restructuring exercise was completed, whereas the transfer of economic interest was on 1 July 2017.[32]

The Group had originally prepared the financial statements according to the Actual Group Accounting Principles, applied on the basis that the company had obtained control over the subsidiaries on 31 October 2017, i.e., the legal completion date of the restructuring exercise. However, after an assessment by the company and its auditors, Deloitte & Touche LLP, it was decided that the continuation of the use of Merger Accounting Principles adopted in FY2017 was more appropriate, to allow better comparability between the FY2018 and FY2017. The Merger Accounting Principles were to be applied "as if the restructuring exercise had occurred from the date when the merged entities first came under the control of the group of shareholders acting in concert, even though the Group was not yet legally formed."[33]

The company said that the restatement would only affect the first quarter result announcement and not the subsequent quarters. However, the accumulated year-to-date semi-annual, nine months and annual results would be affected as they included the restated results of the first quarter.[34]

In the third quarter of FY2019 (financial period ended 30 June 2019), No Signboard reported a net loss of S$1.4 million due to higher operating expenses incurred for its hotpot and quick serve restaurants, along with a decrease in its revenue. The Group's revenue fell 15% to S$5.9 million from S$7 million in the previous year. This was attributed to a 10% reduction in the average customer spending under its seafood restaurant business and greater competition in the beer industry.[35]

In the same announcement, No Signboard reported a loss per ordinary share of 0.31 cents for the third quarter ended 30 June 2019 compared to the previous Q3 2018 earnings per ordinary share of 0.16 cents.[36]

No Signboard's losses continued as it reported a loss of S$4,851,509 for the full year ended 30 September 2019.[37]

The share buyback

"This was an honest mistake on the part of Mr Lim as he did not notice that the share purchase at prices of up to S$0.14 exceeded the 5% cap above the average closing price of the last five days permitted under the share buyback mandate of S$0.1226 as at 31 January 2019."

– No Signboard, in its reply to SGX queries on 3 February 2019[38]

On 31 January 2019, No Signboard held its Annual General Meeting (AGM) to approve the company's new share buyback mandate.[39] Under this mandate, Sam Lim instructed the company's broker, UOB Kay Hian Pte Ltd (UOBKH), to queue for the purchase of the company's shares at a price of up to S$0.14 each. By 12:12 PM on 31 January 2019, a total of 1,068,700 shares were purchased.[40] This led to a 24% surge in stock price to S$0.15, prompting SGX to query the reason behind the unusual share price movement.[41] No Signboard immediately requested for a trading halt on the same day.[42]

In response to SGX queries regarding the trading activity, No Signboard disclosed that Sam Lim had made an "honest mistake". It claimed that he did not realise that the share purchase at prices of up to S$0.14 compared to a market price of S$0.1226 as at 31 January 2019 exceeded the 5% cap above the average closing price of the previous five days permitted under the share buyback mandate.[43]

It also emerged that at the time of the share buyback, the company had not held its AC meeting and board meeting to approve its first quarter results ended 31 December 2018 (Q1 2019). The share repurchase was done a day before the announcement of the company's first quarter results on 1 February 2019, or during the "black-out" period when dealing in the securities of the company is restricted.[44]

In its FY2018 and FY2017 annual reports, the company disclosed that it adopted the Code of Best Practices on Securities Transactions, which was compliant with Rule 1204(19) of the Catalist rules. Directors and employees are barred from dealing in shares two weeks before the announcement of the company's quarterly financial results and one month before the announcement of the full-year results. They are also not allowed to deal in shares on a short-term basis or when they have price-sensitive information and have to abide by the insider trading laws at all times. All senior managers need to inform the concerned authority regarding their dealings in the company's shares within two market days of a transaction.[45,46]

Were the rules broken?

"While share buy-back serves as a useful capital management tool and is a legitimate commercial activity, share buy-back transactions, like any on-market trading activities, are subject to relevant market conduct provisions of the Securities and Futures Act (SFA)."

– *Singapore Exchange Regulation (SGX RegCo) CEO Tan Boon Gin*[47]

The share buyback undertaken by Sam Lim breached two Catalist listing rules with respect to dealing in the company's shares during the black-out period and the purchase of shares at a price which exceeded the regulatory limit on share buyback prices. These breaches triggered an investigation by the Commercial Affairs Department (CAD). [48]

The purchase of shares at a price which exceeded the share price cap may also have breached Sections 197 and 218 of the Securities and Futures Act (SFA)[49] which relates to false trading and market rigging transactions.[50]

Under the SFA, a person cannot take any action to create a false or misleading appearance of active trading in any capital market product on an organised market, or the price of any capital market product traded on an organised market. Section 218 of the SFA(Cap. 289) states that if a person associated with a firm possesses information that is not generally available and can have a potential material effect on the price or value of securities or securities-based derivative contracts of that firm, the person must not purchase the securities or securities-based derivative contracts.

The listing rules do not explicitly prohibit share buybacks in any particular period. However, the CEO of SGX RegCo, Tan Boon Gin, advised that firms should avoid share buybacks during the two weeks immediately before the announcement of quarterly financial statements and one month immediately before the annual financial statements. He also recommended that companies refrain from buying shares under a share buyback programme when there are upcoming material developments or unannounced material information which may potentially impact the company's share price or trading volume.[51]

According to the share buyback mandate in the notice of the AGM dated 31 December 2018, the maximum price of shares to be purchased in an on-market share buyback is clearly sated to be 105% of the average closing price. This raises questions about the company's claim of the breach being an "honest mistake" on the part of its CEO.[52]

Dwindling price

"If the price and volume of a security have been artificially interfered with through share buy-back activities, the investing public would be misled and deceived as to the genuine market value of the security. This will undermine the operation of a fair, orderly and transparent market"

– SGX RegCo CEO Tan Boon Gin[53]

Following the share buyback during the black-out period, there was a spike in share price on 1 February 2019. Just after noon that day, the company reported its Q1 2019 results, which included a restatement of its previous Q1 2018 profit of S$1,444,475[54] to a loss of S$414,727, as well as a Q1 2019 loss of S$573,643.[55] No Signboard's share price fell by about 30% from about S$0.12 to S$0.08 over the following three months. It fell by another 25% to around S$0.06 in end-May 2019[56] following the announcements of the investigation by CAD and the arrest of CEO Sam Lim for possible breaches of the SFA.[57,58]

Regulators act

SGX issued a query on 31 January 2019 to the company about unusual trading activity which the company responded to first on 3 February 2019, followed by a further update five days later on 8 February 2019.[59,60]

No Signboard disclosed that the shares purchased by UOBKH on the company's behalf on 31 January 2019, constituting 0.23% of issued shares or 1,068,700 shares, were not approved by the board. The company said that UOBKH agreed that the shares purchased was a mistake made on behalf of the company and that the two mutually agreed to mitigate this error by taking the position into UOBKH's error-in-trade account. The company would thus not bear the cost of this purchase.[61] Notwithstanding the explanation, the company acknowledged that the two breaches had occurred.[62]

The CAD launched a probe into the share buyback on 24 April 2019 and obtained statements from No Signboard's key executives. In an announcement on 29 April 2019, the company said it was "fully cooperating" with the CAD.[63] From 24 April 2019 to 26 April 2019, No Signboard provided the CAD with access to documents in connection with the share buyback. Sam Lim's passport was retained by the CAD. In spite of this situation, the company said that business and operations had not been affected and would continue as usual.[64]

On 30 April 2019, Sam Lim was arrested under reasonable suspicions of breaches of Sections 197 and 218 of the SFA. He has not been charged with any offence and was subsequently released on bail. No Signboard again reiterated that business and operations had not been affected and would continue as usual.[65]

On 2 July 2019, the company announced that it had, in consultation with SGX Regco and its sponsor, RHT Capital Pte Ltd (RHT Capital), appointed Nexia TS Public Accounting Corporation (Nexia TS) as an independent reviewer, based on SGX Regco's directive. In its announcement, No Signboard stated that "the scope of the independent review will include, inter alia, the review of the appropriateness of adopting the Actual Group Accounting Principles in respect of the unaudited Group Financial Statements for 1Q2018 to 3Q2018, and whether it was prepared in accordance with Singapore Financial Reporting Standards". The independent reviewer was to report its findings directly to SGX Regco.[66]

CFO resigns

"Was there really any doubt that September 30 was going to be her last day at No Signboard since her employment contract contains a three-month notice period, which is exactly the period between the date she tendered her resignation and her last day?"

– Associate Professor Mak Yuen Teen, NUS Business School[67]

On 1 July 2019, No Signboard's CFO, Voon Sze Yin, tendered her resignation after accepting a new job offer. However, this was only announced three months later, on 30 September 2019.[68] In the announcement, the company said that even after Voon Sze Yin had tendered her resignation, she agreed with the board to continue working in her role until the independent review was substantially completed, enabling a smooth transition and handover to the new CFO.[69]

Based on Rule 704 of the Catalist rules,[70] SGX requires an immediate announcement of the resignation of key officers, as this is regarded as material information. Therefore, there was arguably non-compliance with Rule 704 since Voon Sze Yin had tendered her resignation on 1 July 2019 when she had accepted a new job offer but it was only announced on 30 September 2019. RHT Capital did not comment on the company's compliance with Rule 704. The independent reviewer, Nexia TS, claimed that her resignation would not impede the progress of the independent review.[71]

The timing of her resignation was questioned by Associate Professor Mak Yuen Teen of NUS Business School. He pointed out that "No Signboard had their CFO resigned around the time that the results that are now significantly re-stated were first announced". [72]

No Signboard's previous CFO, Soong Wee Choo, who was appointed on 1 May 2017 had also earlier resigned "to pursue personal interests" with effect from 1 February 2018.[73] Her resignation was also announced only on her date of departure.[74]

The role of sponsors

"Like Y Ventures and No Signboard, regulators must review the due diligence that was done for these listings, and whether the sponsors and auditors should be held accountable."

– Associate Professor Mak Yuen Teen, NUS Business School[75]

Sponsors are the supervisors of issuers listed on the Catalist Board and their role is to ensure that companies comply with the Catalist rules.

RHT Capital was the full sponsor and issue manager for the listing of No Signboard on the Catalist Board on 30 November 2017.[76] As a full sponsor, RHT Capital can provide corporate finance advisory services to No Signboard for its capital market needs and corporate actions along with being the continuing sponsor after its listing. Under Rule 225(3) of the Catalist rulebook, Catalist issuers must retain their full sponsor as continuing sponsor for at least three years. As No Signboard's continuing sponsor, RHT Capital would have to advise the company on its continuing listing obligations and overseeing its compliance with these obligations.

Affiliates of RHT Capital which are part of the RHT Group of companies may also be providing professional services such as compliance solutions, corporate advisory, share registrar, corporate governance, risk management and investor relations services to issuers sponsored by RHT Capital. RHT Corporate Advisory, which was an affiliate of RHT Capital prior to May 2019,[77] was providing company secretary and share registrar services to No Signboard, while RHT Capital was acting as its continuing sponsor.[78] This raises questions about potential conflicts of interest.[79,80]

In response to the breaches committed by Sam Lim, RHT Capital directed him to attend directors' training to re-familiarise himself with the listing rules and other regulatory requirements. Additionally, No Signboard was directed to immediately develop and implement a comprehensive internal policy and procedure on the share buyback process to prevent any such cases of share buyback in the future.[81]

A murky future

"Singapore continues to be a major market for our Group, and we will continue to explore other opportunities both locally and regionally to expand our business."

– Sam Lim, Executive Chairman and CEO of No Signboard [82]

While No Signboard has continued to try to convey a sense of optimism, its future appears to be fraught with challenges.

On 8 August 2019, No Signboard announced that it was closing its hawker-themed fast food (Hawker QSR) outlets due to unsustainable sales and continuing losses.[83] It was only about a year prior when it announced the launch of its new fast food business 'Hawker'.[84]

The company said it was in the process of re-conceptualising its Hawker QSR brand.[85] Further, as part of the renewal of the tenancy of its Esplanade outlet, No Signboard was required to renovate its premises in the first quarter of FY2020 and this was expected to have a negative impact on its financial results for that quarter.[86]

The company saw its losses balloon in Q1 2020, citing the adoption of new accounting standards with respect to depreciation expenses as the reason. The net loss for the financial quarter ended 31 December 2019 widened to S$1.21 million, from S$574,000 the year before, even as revenue rose by 6.9% to S$5.99 million.[87]

With the slowdown in the Singapore economy resulting in decreased average customer spending,[88] and with the increase in competition in the food and beverage industry, there has been an impact on the Group's seafood restaurant and beer businesses. Following its exit from its Hawker QSR business after less than a year, No Signboard decided to remain cautious by not launching new concepts and dining brands. Having obtained master franchises for Little Sheep and Mom's Touch, the company said that its current strategy is to leverage on its two existing international brands. As part of the Group's overseas expansion plan for its seafood brand, it launched its first overseas No Signboard Seafood outlet in Shanghai.[89] No Signboard added that it would continue to explore suitable opportunities to strengthen its competitive edge in its existing business, while diversifying its food and beverage business at the same time.[90]

The COVID-19 pandemic causing a fall in visitor numbers and lower consumer spending[91] from the quarter beginning January 2020 onwards has added to its woes.

Meanwhile, the threat of regulatory action looms over the company and its directors. On 29 April 2020, the company announced the findings of the independent review by Nexia TS and the publication of the Independent Reviewer Memorandum (including two appendices).[92] The findings were damning as it concluded that the company changed from the use of Merger Accounting Principles, which was used in preparing its financial statements in its IPO offer document, to Actual Accounting Principles for Q1, Q2 and Q3 of FY2018 following its listing, and then back to Merger Accounting Principles again for its full year financial results for the financial year ended 30 September 2018. It had done so without applying the same to the previous corresponding financial quarters. This resulted in non-compliance with FRS for the relevant quarters. It also resulted in, among others, "non-comparability of the financial statements and double-counting of the same financial information in two consecutive accounting periods due to a restructuring exercise undertaken in conjunction with its IPO".[93] SGX Regco said that it "will be reviewing the Nexia report very carefully for possible breaches of the listing rules".[94]

Discussion questions

1. Discuss the key corporate governance issues relating to No Signboard.
2. In your opinion, what improvements in corporate governance and internal controls are needed to help No Signboard turn around its fortunes?
3. Evaluate the effectiveness of the board of directors at No Signboard. To what extent is the board of directors responsible for the problems in the company?
4. What is the role of the sponsor under the Catalist regime? Did the sponsor, RHT Capital, discharge its responsibilities effectively as a full sponsor and continuing sponsor? Explain.
5. Evaluate how No Signboard communicated with stakeholders regarding its corporate governance issues.
6. Explain the breaches and possible breaches in rules committed by Sam Lim and the company. Do you believe the regulators have acted effectively in this case? Explain.

Endnotes

1 No Signboard Holdings Ltd. (n.d.). About Us – Board of Directors. Retrieved from http://www.nosignboard-holdings.com/bod.html

2 Tan, R.L. (2012, April 23). Grandmother was creator of No Signboard Seafood's famed white pepper crab. *The Straits Times.* Retrieved from https://www.straitstimes.com/singapore/grandmother-was-creator-of-no-signboard-seafoods-famed-white-pepper-crab

3 No Signboard Holdings Ltd. (n.d.). About Us. Retrieved from http://www.nosignboardholdings.com/profile.html

4 No Signboard Holdings Ltd. (n.d.). Our business – ready meal. Retrieved from http://www.nosignboard holdings.com/ready-meal.html

5 No Signboard Holdings Ltd. (n.d.). Offer document dated 23 November 2017. Retrieved from http://www.no signboardholdings.com/pdf/IPO-Prospectus.pdf

6 *Ibid*.

7 Cheok, J. (2017, November 23). No Signboard prices IPO at S$0.28 per share, valuing company at S$129.5m. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/companies-markets/no-signboard-prices-ipo-at-s028-per-share-valuing-company-at-s1295m

8 No Signboard Holdings Ltd. (2017, November 23). IPO Prospectus. Retrieved from http://www.nosignboard holdings.com/pdf/IPO-Prospectus.pdf

9 *Ibid*.

10 No Signboard Holdings Ltd. (n.d.). Annual Report 2017. Retrieved from http://www.nosignboardholdings.com/pdf/NSB_AR2017.pdf

11 No Signboard Holdings Ltd. (2017, November 23). No Signboard, a leading F&B player in Singapore, serves up a listing on Catalist. Retrieved from http://www.nosignboardholdings.com/pdf/Press-Release-No-Sign-board-Holdings-Launch.pdf

12 No Signboard Holdings Ltd. (n.d.). About Us – Board of Directors. Retrieved from http://www.nosignboard-holdings.com/bod.html

13 Asia Pacific Enterprise Awards. (2018). Outstanding category – Sam Lim Yong Sim (Lin Rongsen). Retrieved from https://apea.asia/singapore/hall-of-fame-sg-2018/no-signboard-holdings-ltd/

14 No Signboard Holdings Ltd. (n.d.). Annual Report 2018. Retrieved from http://www.nosignboardholdings.com/pdf/NSB_AR2018.pdf

15 *Ibid*.

16 Tan, L. (2019, January 31). Hot stock: No Signboard halts trading after 24% surge; SGX queries unusual activity. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/companies-markets/hot-stock-no-signboard-halts-trading-after-24-surge-sgx-queries-unusual-activity

17 No Signboard Holdings Ltd. (n.d.). About Us – Board of Directors. Retrieved from http://www.nosignboard-holdings.com/bod.html

18 No Signboard Holdings Ltd. (n.d.). Annual Report 2018. Retrieved from http://www.nosignboardholdings.com/pdf/NSB_AR2018.pdf

19 *Ibid*.

20 No Signboard Holdings Ltd. (n.d.). About Us – Board of Directors. Retrieved from http://www.nosignboard-holdings.com/bod.html

21 *Ibid*.

22 *Ibid*.

23 *Ibid*.

24 *Ibid*.

25 *Ibid*.

26 *Ibid*.

27 No Signboard Holdings Ltd. (2019, February 1). First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 December 2018. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Results%20Announcement%20Q1FY2019.ashx?App=Announcement&FileID=542496

28 No Signboard Holdings Ltd. (2019, March 6). Reply to SGX Regulation's Queries And Clarifications On First Quarter Financial Statements And Dividend Announcement For The Quarter Period Ended 31 December 2018. Retrieved from https://links.sgx.com/FileOpen/Reply%20to%20SGX%20Regulation%20Queries%20and%20Clarification%20Announcement.ashx?App=Announcement&FileID=546543

29 No Signboard Holdings Ltd. (2019, March 6). Response to SGX Queries – Appendix 1. Retrieved from https://links.sgx.com/FileOpen/Appendix%201%20-%20To%20Reply%20to%20SGX%20Regulation%20Queries%20and%20Clarification%20Announcement.ashx?App=Announcement&FileID=546544

30 *Ibid*.

31 No Signboard Holdings Ltd. (2019, March 6). Reply to SGX regulation's queries and clarifications on first quarter financial statements and dividend announcement for the quarter period ended 31 December 2018. Retrieved from https://links.sgx.com/FileOpen/Reply%20to%20SGX%20Regulation%20Queries%20and%20Clarification%20Announcement.ashx?App=Announcement&FileID=546543

32 *Ibid*.

33 *Ibid*.

34 No Signboard Holdings Ltd. (2019, March 6). Response to SGX Queries. Retrieved from https://links.sgx.com/FileOpen/Appendix%201%20-%20To%20Reply%20to%20SGX%20Regulation%20Queries%20and%20Clarification%20Announcement.ashx?App=Announcement&FileID=546544

35 No Signboard Holdings Ltd. (2019, August 6). Third Quarter Financial Statements and Dividend Announcement for the Period Ended 30 June 2019. Retrieved from https://links.sgx.com/FileOpen/Results%20Announcement_Q3FY2019.ashx?App=Announcement&FileID=573334

36 *Ibid*.

37 No Signboard Holdings Ltd. (2019, November 29). Full Year Financial Statements and Dividend Announcement for the Year Ended 30 September 2019. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Results%20Announcement%20-%20Q4FY2019.ashx?App=Announcement&FileID=587874

38 No Signboard Holdings Ltd. (2019, February 3). Response to SGX Queries Regarding Trading Activity. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Response%20to%20SGX%20Query%20Regarding%20Trading%20Activity%20.ashx?App=Announcement&FileID=542670

39 No Signboard Holdings Ltd. (2019, January 31). Results of Annual General Meeting. Retrieved from http://www.nosignboardholdings.com/pdf/NSB-Results-of-AGM.pdf

40 No Signboard Holdings Ltd. (2019, February 3). Response to SGX Queries Regarding Trading Activity. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Response%20to%20SGX%20Query%20Regarding%20Trading%20Activity%20.ashx?App=Announcement&FileID=542670

41 Ramchandani, N. (2019, February 3). No Signboard 'inadvertently' conducted share buyback during black out period. The Business Times. Retrieved from https://www.businesstimes.com.sg/companies-markets/no-signboard-inadvertently-conducted-share-buyback-during-black-out-period

42 No Signboard Holdings Ltd. (2019, January 31). Request for trading halt. Retrieved from https://links.sgx.com/1.0.0/corporate-announcements/5MX0X6P1EN9B3IKB/7559e962062a35568c81d3926f60ec329286827e006141c1ce48cb7652cd8e5a

43 No Signboard Holdings Ltd. (2019, February 3). Response to SGX Queries Regarding Trading Activity. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Response%20to%20SGX%20Query%20Regarding%20Trading%20Activity%20.ashx?App=Announcement&FileID=542670

44 *Ibid*.

45 No Signboard Holdings Ltd. (n.d.). Annual Report 2017. Retrieved from http://www.nosignboardholdings.com/pdf/NSB_AR2017.pdf

46 No Signboard Holdings Ltd. (n.d.). Annual Report 2018. Retrieved from http://www.nosignboardholdings.com/pdf/NSB_AR2018.pdf

47 Tan, B. G. (2018, November 26). What companies should observe when conducting share buy-backs. *SGX*. Retrieved from https://www.sgx.com/media-centre/20181126-what-companies-should-observe-when-conducting-share-buy-backs

48 The Straits Times. (2019, April 30). CAD probes No Signboard over share buyback. Retrieved from https://www.straitstimes.com/business/companies-markets/cad-probes-no-signboard-over-share-buyback

49 Singapore Statutes Online. (2019, November 8). Securities and Futures Act. Retrieved from https://sso.agc.gov.sg/Act/SFA2001

50 Tang, S.K. (2019, May 2). No Signboard CEO arrested and on bail amid probe into share buyback. *Channel News Asia.* Retrieved from https://www.channelnewsasia.com/news/business/no-signboard-ceo-arrested-and-on-bail-amid-probe-into-share-11496908

51 Heng, J. (2018, November 30). SGX lays out what to observe when conducting share buybacks. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/companies-markets/sgx-lays-out-what-to-observe-when-conducting-share-buybacks

52 No Signboard Holdings Ltd. (2019, January 31). Notice of Annual General Meeting. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20AGM%20Notice.ashx?App=Announcement&FileID=538990

53 Tan, B. G. (2018, November 26). What companies should observe when conducting share buy-backs. *SGX*. Retrieved from https://www2.sgx.com/media-centre/20181126-what-companies-should-observe-when-conducting-share-buy-backs

54 No Signboard Holdings Ltd. (2019, March 6). Response to SGX Queries – Appendix 1. Retrieved from https://links.sgx.com/FileOpen/Appendix%201%20-%20To%20Reply%20to%20SGX%20Regulation%20Queries%20and%20Clarification%20Announcement.ashx?App=Announcement&FileID=546544

55 No Signboard Holdings Ltd. (2019, February 1). First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 December 2018. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Results%20Announcement%20Q1FY2019.ashx?App=Announcement&FileID=542496

56 Yahoo Finance. (n.d.). No Signboard Holdings Ltd. Retrieved from https://sg.finance.yahoo.com/quote/1G6.SI/

57 No Signboard Holdings Ltd. (2019, April 29). Investigation by Commercial Affairs Department. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Announcement%20-Investigation%20by%20CAD.ashx?App=Announcement&FileID=556578

58 No Signboard Holdings Ltd. (2019, May 2). Investigation by Commercial Affairs Department (the “CAD”). Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20CAD%20Investigation.ashx?App=Announcement&FileID=557519

59 No Signboard Holdings Ltd. (2019, February 3). Response to SGX queries regarding trading activity. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Response%20to%20SGX%20Query%20Regarding%20Trading%20Activity%20.ashx?App=Announcement&FileID=542670

60 No Signboard Holdings Ltd. (2019, February 8). Update on response to SGX queries regarding trading activity and clarification on the share buyback. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Update%20on%20Response%20to%20SGX%20Queries.ashx?App=Announcement&FileID=542941

61 No Signboard Holdings Ltd. (2019, February 8). Update on response to SGX queries regarding trading activity and clarification on the share buyback. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Update%20on%20Response%20to%20SGX%20Queries.ashx?App=Announcement&FileID=542941

62 *Ibid*.

63 No Signboard Holdings Ltd. (2019, April 29). Investigation by Commercial Affairs Department. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Announcement%20-Investigation%20by%20CAD.ashx?App=Announcement&FileID=556578

64 *Ibid*.

65 No Signboard Holdings Ltd. (2019, May 2). Investigation by Commercial Affairs Department (the “CAD”). Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20CAD%20Investigation.ashx?App=Announcement&FileID=557519

66 No Signboard Holdings Ltd. (2019, July 2). Appointment of independent reviewer. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Appointment%20%20of%20Independent%20Reviewer.ashx?App=Announcement&FileID=566757

67 Mak, Y. T. (2019, October 5). When should cessation of directors and key officers be announced?.*Governance for Stakeholders.* Retrieved from https://governanceforstakeholders.com/2019/10/05/when-should-cessation-of-directors-and-key-officers-be-announced-2/

68 No Signboard Holdings Ltd. (2019, September 30). Announcement of cessation: resignation of Chief Financial Officer. Retrieved from https://links.sgx.com/1.0.0/corporate-announcements/DG5BKK6WVLM2TH35/301a32f3fc2ecfe63e0e9ad247af9fad9fa62a263e5c7837aec761fe082f47b3

69 Lam, F. (2019, October 1). No Signboard names Lok Pei San as group CFO after Voon Sze Yin quits. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/companies-markets/no-signboard-names-lok-pei-san-as-group-cfo-after-voon-sze-yin-quits

70 SGX Catalist Rules. (n.d.). Retrieved from http://rulebook.sgx.com/rulebook/catalist-rules

71 Lam, F. (2019, October 2). No Signboard says independent reviewer does not object to CFO departure. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/companies-markets/no-signboard-says-independent-reviewer-does-not-object-to-cfo-departure

72 Mak, Y. T. (2019, March 3). No sign of Governance. *Governance for Stakeholders.* Retrieved from https://governanceforstakeholders.com/2019/03/03/no-sign-of-governance/

73 No Signboard Holdings Ltd. (2018, February 1). Change – Announcement of cessation: Announcement of cessation of Chief Financial Officer. Retrieved from https://links.sgx.com/1.0.0/corporate-announcements/Z8HGE6JFULE06U1F/fe577d32de3cfe15beae4bb568af4b4dfc3ad023bfaa8c60a0a1cf3fb0b6238d

74 Mak, Y. T. (2019, October 5). When should cessation of directors and key officers be announced?.*Governance for Stakeholders.* Retrieved from https://governanceforstakeholders.com/2019/10/05/when-should-cessation-of-directors-and-key-officers-be-announced-2/

75 Mak, Y. T. (2019, March 3). No sign of Governance. *Governance for Stakeholders.* Retrieved from https://governanceforstakeholders.com/2019/03/03/no-sign-of-governance/

76 No Signboard Holdings Ltd. (2017, November 23). IPO Prospectus. Retrieved from http://www.nosignboard-holdings.com/pdf/IPO-Prospectus.pdf

77 RHT Fintech. (2020, January 23). Response to Business Times on SGX issues compliance order to Catalist-listed RHT over potential conflicts of interest. Retrieved from https://www.rhtgoc.com/news/in-the-news/response-to-business-times-on-sgx-issues-compliance-order-to-catalist-listed-rht-over-potential-conflicts-of-interest/

78 No Signboard Holdings Ltd. (2019, October 1). Change of share registrar. Retrieved from https://links.sgx.com/FileOpen/Change%20of%20Share%20Registrar.ashx?App=Announcement&FileID=527889

79 Chong, C. (2020, January 22). RHT Capital served notice of compliance over potential conflict of interest. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/companies-markets/rht-capital-served-notice-of-compliance-over-potential-conflict-of-interest

80 Mak, Y. T., Chew, Y. H., & Lai, M. (2020, February 11). Sponsors' conflicts symptomatic of a bigger issue. *The Business Times.* Retrieved from https://www.businesstimes.com.sg/opinion/sponsors-conflicts-symptomatic-of-a-bigger-issue

81 The Straits Times. (2019, February 5). Share buyback during blackout period an honest mistake: No Signboard. Retrieved from https://www.straitstimes.com/business/companies-markets/share-buyback-during-blackout-period-an-honest-mistake-no-signboard

82 No Signboard Holdings Ltd. (2019, November 4). No Signboard opens 2nd Little Sheep Hotpot outlet at Orchard Gateway Basement One, Singapore. Retrieved from https://links.sgx.com/FileOpen/NSB%20-%20Press%20Release%20-%20launched%202nd%20Little%20Sheep%20Hotpot%20outlet%20.ashx?App=Announcement&FileID=584032

83 No Signboard Holdings Ltd. (2019, August 8). Business update. Retrieved from https://links.sgx.com/FileOpen/NSB_Business%20update%20.ashx?App=Announcement&FileID=573857

84 No Signboard Holdings Ltd. (2018, June 27). Entrance into fast food business. Retrieved from https://links.sgx.com/FileOpen/Announcement_Entrance%20into%20Fast%20Food%20Business_Hawker_2018%2006%2027.ashx?App=Announcement&FileID=512045

85 Shaffer, L. (2019, August 6). No Signboard swings to fiscal 3Q net loss. *Shenton Wire.* Retrieved from https://shentonwire.net/2019/08/06/no-signboard-reports-fiscal-3q-swung-to-net-loss/

86 No Signboard Holdings Ltd. (2019, August 6). Third quarter financial statements and dividend announcement for the period ended 30 June 2019. Retrieved from http://www.nosignboardholdings.com/pdf/Results-Announcement-Q3FY2019.pdf

87 Leow, A. (2020, February 14). No Signboard's Q1 losses widen to S$1.21 million. The Business Times. Retrieved from https://www.businesstimes.com.sg/companies-markets/no-signboards-q1-losses-widen-to-s121-million

88 Seow, B. Y. (2019, August 13). Singapore cuts full-year GDP growth forecast to 0%-1%; economists see support measures ahead. *The Straits Times.* Retrieved from https://www.straitstimes.com/business/economy/singapore-cuts-full-year-gdp-growth-forecast-to-0-to-1-q2-growth-falls-to-decade

89 Shaffer, L. (2019, October 14). No Signboard opens first overseas outlet in Shanghai. *Shenton Wire.* Retrieved from https://shentonwire.net/2019/10/14/no-signboard-opens-first-overseas-outlet-in-shanghai/

90 The Straits Times. (2019, August 7). Company Briefs: No Signboard. *The Straits Times.* Retrieved from https://www.straitstimes.com/business/company-briefs-no-signboard

91 Choo, Y. T. (2020, April 28). 60% of consumer spending hit by coronavirus circuit breaker measures: MAS. *The Straits Times.* Retrieved from https://www.straitstimes.com/business/economy/60-of-consumer-spending-hit-by-circuit-breaker-measures-mas

92 No Signboard Holdings Ltd. (2020, April 29). Independent Reviewer Memorandum. Retrieved from https://links.sgx.com/1.0.0/corporate-announcements/E8JYZXTR6F93MVO0/6d008b9d6837bad1132b1dd575a0f558e0a72b49e8e292697934a0a2351516a5

93 SGX. (2020, April 29). SGX RegCo to review No Signboard Holdings' independent review report for possible listing rule breaches. Retrieved from https://links.sgx.com/FileOpen/No%20SignBoard%20-%20Regulatory%20Announcement.ashx?App=Announcement&FileID=608678

94 *Ibid*.