

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

**BUSINESS UPDATE ARISING FROM COVID-19 MEASURES BY SINGAPORE
GOVERNMENT**

*Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the announcements dated 31 March 2020 and 15 May 2020 (the “**Previous Announcements**”)*

Following from the extension of the Circuit Breaker period till 1 June 2020, the Singapore Government announced on 19 May 2020 that Singapore will embark on a three-phased approach to progressively resume activities safely. The first phase (“**Phase 1**”) is expected to commence on 2 June 2020 and last for at least four weeks, subject to improvements in containing the COVID-19 situation. Similar to the extended circuit breaker period, food and beverages outlets are only permitted to continue to provide takeaway and delivery options in Phase 1.

In view of the above, the Board wishes to update the Company's shareholders on its state of affairs and business updates:

- 1) In the month of April and May 2020 when countries had prohibited travelling and the Singapore Government mandated elevated safe distancing restrictions, the Group had maintained a lean operational model. The outlets that remained open provided takeaways and deliveries only, drawing support from the Group and headquarters, as well as unprecedented support measures by the Singapore Government such as property tax rebates passed down by the landlords and jobs support scheme that help in providing temporary relief to the operational costs amidst a decline in revenue from April 2020 (please refer to the below paragraph on financial impact). Arising from the decline in tourist spending due to the travel bans that reduced tourist footfall, combined with dining-in restrictions across the outlets, having considered the overall operations costs (factoring government support measures) across all the outlets, the Company decided to streamline its operations and overheads and temporarily closed two of its outlets located at Clark Quay Central and Orchard Gateway. The staff of the two outlets have been re-deployed to the other operations of the Company. The Group will review the opening of the two outlets once the Singapore Government implements the second phase of the three-phased approach, where dining in options are gradually permitted, subject to any further regulatory changes implemented by Singapore government.
- 2) From June 2020 onwards, the Group will continue to maintain its current operating scale in Phase 1. The Group will continue to monitor its sales and developments. When reviewing the financial performance across all outlets, the Group may (where necessary) finetune its operations which would include but is not limited to, making adjustments to the number of restaurants to be kept open from time to time, depending on external factors such as the evolvement of the COVID-19 situation in tandem with the relevant regulatory changes.

- 3) For the Group's outlet in Shanghai, while dining-in restrictions have been largely lifted in May 2020, revenue is still lower than prior to the onset of COVID-19. The Company was able to tap on rental rebates and employment relief provided by the landlord and Chinese Government. The Group secured the tenancy of its second outlet in Shanghai prior to the onset of COVID-19 and is on track to open it within this financial year.
- 4) The Group has opened a cloud kitchen concept at JTC Space @ Tampines North in April 2020 solely for the purposes of addressing to the delivery demands for the Group's chain of restaurants operating under the brands Little Sheep Hotpot and Mom's Touch. 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 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 the existing employees of the restaurants. The Company is in the process of opening a second cloud kitchen concept in Clementi by June 2020.

Amidst the adverse impact of the COVID-19 pandemic, the Group has intensified its efforts to control costs and intends to keep its operations in Singapore lean. The Group will prioritise its resources on tackling immediate challenges brought about by the COVID-19 pandemic and will adopt a cautious and prudent approach in managing its restaurants portfolio in Singapore and overseas in the near term and will negotiate best possible terms upon renewal and/or entering into new leases.

Financial Impact

As the COVID-19 situation continues to evolve, the extent of any financial impact for the full financial year is difficult to ascertain at present. Nonetheless, consistent with majority of similar businesses operating in the same sector, the Group expects both revenue and operating profits to be affected, contributed largely by travel entry restrictions imposed on visitors into Singapore that resulted in the substantial decrease in the number of tourist coming to Singapore combined with our restaurant and outlets being only limited to takeaways and online sales, without dine-in sales.

The Group's revenue in Q2FY2020 has been impacted since the onset of the COVID-19 in February with a 31% reduction in revenue as compared to Q1FY2020 and a 39% reduction in revenue as compared to Q1FY2019. With the circuit breaker measures fully implemented from April 2020 onwards, being the beginning of the third quarter of FY2020, the Group expects the impact of the circuit breaker measures to affect the Group's revenue for the remainder of the third quarter of FY2020. Notwithstanding, the effect will be partially mitigated by government grants and rental rebates from landlords.

At this juncture, although it is difficult to ascertain the full financial impact of the COVID-19 on the financial performance of the Group for the third quarter ending 30 June 2020 and the full financial year ending on 30 September 2020, the Group has been vigilant in conserving its cash flow and managing its balance sheet and will continue to preserve liquidity and manage its balance sheet

prudently. The Board is of the opinion that the Company has sufficient resources to tide through this period.

The Group will continue to monitor the situation in the key markets it operates in, including any regulations issued to address the spread of the COVID-19, and has arrangements in place (such as business continuity plans) to adapt accordingly. The Board will keep Shareholders updated on any further material impact of COVID-19 on the Group's business activities and any subsequent developments to its businesses.

By Order of the Board

Lim Yong Sim (Lin Rongsen)
Executive Chairman and Chief Executive Officer
28 May 2020

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.

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