

NO SIGNBOARD HOLDINGS LTD.

(Company Registration No. 201715253N)
(Incorporated in Singapore)

RESPONSE TO SGX-ST QUERIES

The Board of Directors (“**Board**”) of No Signboard Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the Company’s responses to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 20 August 2021 in relation to the Company’s third quarter financial statements for the period ended 30 June 2021 (“**3QFY2021**”) announcement dated 13 August 2021 (the “**Result Announcement**”). *Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as in the Company’s Result Announcement.*

Query 1(i) and (ii):

It is disclosed in the P/L that (1) impairment of PPE was S\$456k and (2) impairment of other assets is S\$22k for 3QFY2021.

In note 10, it was disclosed that PPE being written down represents the carrying values of certain PPE in the seafood restaurants, other restaurants and beer business to their recoverable amounts. Please disclose the following information:

- (i) For each of the impairment loss, please explain how the respective amounts of impairment were determined, and what were the benchmarks utilized;
- (ii) Please disclose if any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;

Company’s response:

All the restaurant outlet operations were impacted by the COVID-19 pandemic and incurred losses in the current financial period. Accordingly, management identified that the plant and equipment of these outlets have indicators of impairment and performed impairment tests to determine their recoverable amounts. The assessment for impairment is based on cash generating units (“CGUs”) comprising the Group’s seafood restaurants, other restaurants and beer business.

The impairment of plant and equipment represents the write-down of the carrying values of certain plant and equipment in the seafood restaurants, other restaurants and beer business to their recoverable amounts.

The impact on current period’s impairment arose mainly from the significant decrease in projected revenue from the various cash generating units as a result of the COVID-19 Return to Phase 2 (Heightened Alert), whereby dine-in activities have been suspended.

The Group has terminated several outlets in the seafood restaurants and accordingly, the carrying value of the plant and equipment in the seafood restaurants was not significantly impacted resulting in a minimal write down of \$26,512 in 3QFY2021.

The Group’s other restaurants comprised of 2 outlets of the Little Sheep Hotpot business and 3 outlets of Mom’s Touch fast food business. These outlets have recorded lower revenue than previously anticipated due to the COVID-19 Phase 2 (Heightened Alert) restrictions. Accordingly,

the forecasted revenue has been reduced to reflect the uncertainty arising from these measures and the longer period of recovery to business normalcy. This resulted in a write down of \$429,316 in the other restaurant cash generating unit for 3QFY2021.

For the current financial period, the recoverable amounts of plant and equipment relating to restaurant outlets with indicators of impairment were determined based on value-in-use calculations using cash flow projections approved by management. The pre-tax discount rates applied to the cash flow projections ranged between 9.0% to 15.6%. These are consistent with the parameters used in the last annual financial statements for the year ended 30 September 2020.

No valuation was performed for the 3QFY2021 announcement.

Query 1(iii):

- (iii) Please explain the nature of the other assets being impaired and the reasons for the impairment;

Company's response:

Other assets pertain to the upfront sponsorship provided by the Group to their customers based on the agreed contractual terms. The amount is amortised to profit or loss based on the period as stipulated in the contract.

The beer business has been impacted by the COVID-19 pandemic and incurred losses in the current financial period. Accordingly, management identified that the other assets have indicators of impairment and performed impairment tests to determine their recoverable amounts, which were determined based on value-in-use calculations using cash flow projections with pre-tax discount rates applied, as stated above.

The Group has recognised an impairment charge of \$22,354 to the other assets of the beer business for 3QFY2021.

Query 1(iv):

- (iv) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment.

Company's response:

The Board is satisfied with the reasonableness of the methodologies used to determine the amount of impairment.

By Order of the Board

Lim Yong Sim (Lin Rongsen)
Executive Chairman and Chief Executive Officer
23 August 2021

*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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