

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

RESPONSE TO SGX QUERIES REGARDING BUSINESS UPDATE

The Board of Directors (“**Board**”) of No Signboard Holdings Ltd. (“**Company**”, and together with its subsidiaries, “**Group**”) refers to the Company’s announcement dated 8 August 2019 on the business update and would like to respond to the queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Company sets out below its responses to the queries raised by the SGX-ST:

Question 1: We refer to the announcement released by No Signboard (“NSB” or the “Company”) on 8 Aug 2019, stating that it will be ceasing operations of the Hawker QSR restaurants due to continuing losses and that it expects to make impairment loss of \$500K.

The Hawker quick service restaurants (QSR) was only launched in Oct 2018 (less than a year ago), with the 1st outlet in Esplanade and a 2nd outlet was opened in Nov 2018.

- (a) **How many outlets have been opened to date, and where are they located?**
- (b) **What due diligence was performed when the Company decided to open the Hawker QSR restaurants?**
- (c) **What has changed in the short span of less than a year?**
- (d) **It was stated in the Company’s annual report (released on 30 Dec 2018) that the Company is confident of the prospects in the Hawker QSR business and had expansion plans. Why is there a total change in plans in the short period of 7 months?**
- (e) **To provide details / breakdown of the expected impairment of \$500K. How was this arrived at?**

Response

- (a) 3 outlets have been opened to date and they are located at Esplanade Mall, One@KentRidge and Jewel Changi Airport.
- (b) The Group conducted market research on the fast food industry and food trends in Singapore, and undertook a detailed menu development process based on the research. The survey is also backed by the Group’s observation of how well the seasonal Asian burgers are well received at established fast food chains.

Further, given the Group CEO’s track record and experience in the F&B industry, the Group was positive in delivering an authentic spot-on local flavour in our burgers and

wraps. The confidence was strengthened by the fact that Hawker QSR restaurants were headed by an individual who has significant experience in running fast food outlets and manage the fast food operations.

- (c) The restaurant Hawker QSR was offering a unique twist on Singapore food served through a fast food concept. While market research was undertaken, the actual results did not translate into sustainable sales and ultimately the product offering and concept was not successful.
- (d) Please refer to our response to Question 1(b) & (c) above. With the research and market testing undertaken by the Group, the Group was confident in the potential of the Hawker QSR. Following the launch of the Hawker QSR, the management realised that it was not performing up to expectations. The Group was faced with the decision to either continue investing into the business with the hope of turning it around or abort the investment to stem the losses. The Group opted to be conservative and decided to cease the operations of Hawker QSR and to re-allocate the Group's capital and resources.

The Group is adopting a cautious stance by not trying to launch new dining concepts. Instead the Group is now looking to leverage off the 2 existing international brands; Little Sheep and Mom's Touch where the Group has acquired master franchises. Further, as part of its overseas growth and expansion strategies, the Group will be extending its own seafood brand with the opening of its first seafood restaurant in Shanghai, China by end December 2019.

- (e) It relates to the impairment of outlets renovation based on the net book value and includes estimated outlets reinstatement cost of \$50,000.

Question 2: What is the average time taken for a new restaurant to generate profits?

Response

There is no guarantee that a new restaurant will generate profits as there are too many factors that could influence profits. Generally, we are able to gauge within the first 6 to 12 months of operations whether the business has the potential to grow and become successful.

Question 3: In 2018, other than Hawker QSR, the Group also opened other QSRs ie, Hotpot restaurants (Little Sheep Hotpot) and Korean fried chicken restaurants (Mom's Touch). How are these other QSRs performing?

Response

Little Sheep Hotpot is still in gestation stage. We will be opening the 2nd outlet at Orchard Gateway by end of this year. While the first Little Sheep Hotpot is yet to be profitable, it is operating close to breakeven and the Group believes that with the establishment of the 2nd location, we expect more economies of scale and synergies. The Group has not opened any Mom's Touch outlet at this time, however the first outlet is scheduled to be opened in September 2019.

Question 4: What is the lease period for the Hawker QSR restaurants?

Response

The lease period ranges from 2-3 years.

Question 5: Will the Group be in breach of any terms / agreements if it ceases operations in the Hawker QSR restaurants? If so, what is the worst case financial impact?

Response

We are in close discussions with the landlords to source for replacement tenants. There is no issue of any breach of tenancy agreement by the Group as we are honouring all rental payments. The financial impact arising from our cessation of the hawker QSR restaurants would be the rental payments which the Group has to pay until the replacement tenants are found for the vacated outlets.

By Order of the Board

Lim Yong Sim (Lin Rongsen)
Executive Chairman and Chief Executive Officer
14 August 2019

*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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