

Issuer: No Signboard Holdings Ltd.

Security: No Signboard Holdings Ltd.

Meeting details:

Date: 31 January 2018

Time: 9.00 a.m.

Venue: No Signboard Seafood, The Central @ Clarke Quay, 6 Eu Tong Sen Street #04-63, Singapore 059817

Company Description

No Signboard Holdings Ltd., an investment holding company, manages and operates food and beverage outlets in Singapore. It operates a chain of seafood restaurants under the No Signboard Seafood brand that serve various seafood cuisine prepared in Chinese and Singapore styles. The company owns and operates three restaurants, as well as operates a restaurant under a franchise agreement. It also promotes and distributes beer, including lager, dark lager, stout, and craft beer under the Draft Denmark brand, as well as distributes certain third party brands of beer and operates as an OEM beer supplier for third party brands. In addition, the company distributes ready meals through a network of vending machines. No Signboard Holdings Ltd. was founded in 1981 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=1G6)

Q1. The company was successfully listed on 30 November 2017 on the Catalist board, with the offering of 65,734,500 invitation shares comprises 15,734,500 new shares and 50,000,000 vendor shares. Including the issue of the 59,265,500 cornerstone shares, the total net proceeds were approximately \$32.0 million, with the company receiving a net proceeds of \$19.3 million.

As stated in the Offer Document dated 23 November 2017, one of the future plans is for the group to establish a new chain of Chinese restaurants under a new casual dining concept. The company has earmarked \$5 million of the net proceeds for this purpose. There appears to be no further plans to increase the number of outlets under the “No Signboard Seafood” brand.

- a) **Can shareholders understand if the new casual dining concept will be also focused on seafood cuisine? What will be the value-proposition of this new dining concept in a market that is already very competitive and crowded?**

The group’s core brand (No Signboard Seafood restaurant) has established a premium positioning in the market with three upmarket restaurants in the Esplanade, VivoCity and The Central @ Clarke Quay.

- b) **Can management elaborate further on the growth plans of the No Signboard Seafood brand in Singapore? Can the Singapore market support any more growth?**
- c) In the Offer Document, it was also stated that the company may expand the restaurant business overseas. **Can management provide better visibility on the group’s overseas plans for the restaurant business?**
- d) The Mattar Road No Signboard Seafood Restaurant is under a franchise agreement with a fixed franchise fee of \$12,000 per month. **Can shareholders understand if there are additional fees such as royalty fees and marketing fees that are common in such franchising agreement?**

Q2. The group diversified into the beer business in June 2017, just prior to the IPO, with the acquisition of 80.0% of the share capital of Danish Breweries. Of the net proceeds of \$19.3 million, more than half, or \$10 million, has been earmarked for the development of the beer business.

- a) **Has the company completed the integration of Danish Breweries with the group’s operations?**
- b) **With more than 6 months of ownership of the beer business, can management tell shareholders what new insights it has developed for the beer business?**
- c) The group is said to be establishing its own brewery in Indonesia. **What technical expertise does the group have to design, set up and operationalise a brewery?**
- d) **Can the company also elaborate on the one-off recognition of a \$1.1 million deposit from its beer distributor for the termination of an agreement?**

Q3. As disclosed in the Offer Document dated 23 November 2017, the company entered into separate Service Agreements with Mr Lim Yong Sim and Ms Lim Lay Hoon that took effect from the listing date. Pursuant to the terms of their respective Service Agreements, Mr Lim and Ms Lim are entitled to a monthly salary of S\$60,000 and S\$30,000 respectively, as well as an annual wage supplement equivalent to one month of their respective monthly salaries.

It was also disclosed that:

Had the Service Agreements been in existence for FY2016, the aggregate remuneration paid to our Executive Directors would have been approximately S\$1.6 million instead of S\$0.4 million and our profit before tax and profit for the year attributable to owners of the Company would have been S\$8.2 million and S\$6.8 million (instead of S\$9.4 million and S\$7.8 million) respectively. (page 135 of the Offer Document)

- a) **Can the remuneration committee (RC) help shareholders understand how the roles and responsibilities of Mr Lim Yong Sim and Ms Lim Lay Hoon have changed after listing, given that the remuneration will increase multiple folds under the Service Agreement?** Based on the illustration shown in the Offer Document, the FY2016 remuneration of Mr Lim and Ms Lim would increase from \$0.4 million to \$1.6 million.
- b) **Can shareholders also understand from the RC if the remuneration of the directors has been benchmarked against suitable peers?**
- c) **As the executive directors are also entitled to a discretionary bonus, can the RC explain to shareholders how they will assess the quantum of the discretionary bonus and if it is tied to any performance indicator?**

Lastly, on 6 November 2017, just prior to the listing, the company's then shareholders approved a share scheme known as the No Signboard Performance Share Plan (PSP) and a share option scheme known as the No Signboard Employee Share Option Scheme (ESOS). **Can the RC help shareholders understand why the PSP and the ESOS were adopted just prior to the listing? Would the company be asking shareholders for a vote to endorse or to re-adopt the PSP and ESOS?**