Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Jumbo Group Limited

Stock code: 42R

Meeting details:
Date: 29 January 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The theme for the Annual Report FY2020 is "a fresh approach" which management has stated that it reflects the group's ability to adapt to the new normal and reposition itself for the future.

With the onset of the pandemic, the group pivoted from its expansion to sustaining operations of existing outlets, diversifying revenue sources and customer bases, and protecting the livelihood of the team. The group also took the opportunity to close the underperforming branch in Shanghai and to introduce new products and concepts, including the group's first virtual brand, HACK IT. The group made its first acquisition post its listing, with the acquisition of Kok Kee Wanton Noodle.

The chairman has noted that the group does not expect to go back to the heydays until vaccines are proven effective and widely used around the world. The group expects lower footfall at restaurants and weaker sales revenue. As highlighted by the chairman, the group finetuned its growth strategy to leverage on its strong brand presence to build a stronger foothold in Singapore, with a multiple pronged approach, focusing on new concepts and new product offerings, both organically and inorganically.

(i) **With the pivot, how will the group's store format (including size, layout and design) be optimised to adapt to the new operating environment caused by the COVID-19 pandemic?**

(ii) **What is the level of reduction in the group's seating capacities at its restaurants as a result of the government's safe-distancing measures?**

(iii) **Can management elaborate further on the group's success in capturing the takeaway market? What was the percentage of revenue attributable to takeaway and/or food delivery in Phase 2 and in Phase 3?**

(iv) **With the pivot, has the board set a target for the revenue split between in-restaurant dining and takeaway/delivery?**

(v) **Can management also provide shareholders with greater clarity on the impact of COVID-19 on the group's different brands and concepts? Are there brands that have performed strongly during this challenging period?**

(vi) **In particular, can management elaborate further on the expansion plans for Tsui Wah and Kok Kee Wanton Noodle?**

(vii) **Has management evaluated the use of cloud kitchens to expand its geographical reach in Singapore?**

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Q2. The group has expanded to 14 other cities in 5 countries, with the first outlet (JUMBO Seafood) being opened in Shanghai in 2013. The expansion picked up pace prior to the pandemic with the group entering Thailand, Taiwan and South Korea.
In November 2019, the group took over the management of two JUMBO Seafood restaurants from its partner in Taiwan while the latter continues to manage the network of NG AH SIO Bak Kut Teh ("NASBKT") outlets in Taiwan.

(i) **What are the lessons gleaned by management from the experience of setting up franchises in different cities over the past years?**

(ii) **In particular, what are the challenges in maintaining the quality of food and service under the franchise agreement?**

As disclosed in Note 10 (page 95 – Investments in subsidiaries), the acquired business in Taiwan contributed revenue of $6,751,000 and net loss of $2,028,000 to the group from the date of acquisition to 30 September 2020. In addition, the group's subsidiaries with operations in other cities have been suffering losses (shown below).

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		
		2020	2019	2020	2019	2018
		%	%	$'000	$'000	$'000
JBT (China) Pte Ltd	Singapore	30	30	(589)	(226)	(157)
JBHG F&B Services (Beijing) Co Ltd	PRC	49	49	(708)	(587)	(248)
Jumbo F&B Services (Taiwan) Co Ltd	Taiwan	20	–	(404)	–	–
				(1,701)	(813)	(405)

(Source: company annual reports; compiled)

(iii) **What are management's plans to turnaround the subsidiaries?**

(iv) **With several years of experience in "exporting" the JUMBO Seafood brand overseas, can management help shareholders understand if the brand is viable overseas and can deliver sustainable profits in the long run?** As can be seen from the table above, the subsidiaries suffered losses even before the pandemic.

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Q3. For 2020, the company made 45 announcements on SGXNet, including a profit guidance that was released by the company on 4 May 2020. In it, the company provided shareholders and potential investors with a timely update on the group's operations due to the pandemic, which was expected to result in a significant decrease in profit.

Throughout the year, the company's general announcements have been clearly titled, with subjects such as "Changes to board composition", "Press release – Jumbo opens second Jumbo Seafood restaurant in Fuzhou".

One announcement by the company dated 27 August 2020 stood out because it lacked any details. It was posted as a "General announcement:: General announcement".

The link to the announcement is:
https://links.sgx.com/FileOpen/JUMBO_General_Announcement.ashx?App=Announcement&FileID=629644

The announcement relates to a fine of $1,000 for Zui Yu Xuan Teochew Cuisine and a cessation of dine-in services from 28 August to 6 September 2020 for breaching safe distancing measures at the premises.

Shareholders would appreciate and have more trust in boards and companies which communicate clearly and candidly on the prospects, challenges, achievements and mistakes made by the group. In fact, the company annual report gave a good account of the group's operations, prospects, strategies and risks in this challenging period. The sections on corporate profile, milestones, 2020 at a glance, chairman's message, Group CEO's statement and financial highlights were informative and helped shareholders better understand the group.

(i) **What is the board's level of involvement in the drafting and approving of communications to provide regular, effective and fair communication with shareholders?**

(ii) **In addition, what is the oversight by the board on the group's compliance with relevant regulations (including safe-distancing measures, food handling/safety)?**

(iii) **What guidance has the board given to management on the group's sustainability efforts especially in reducing its environmental footprint as more single-use plastics and packaging will be used in its takeaway/delivery business?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)