

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF OCEAN FRESH BERHAD (“OFB” OR THE “COMPANY”) DATED 12 JUNE 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper / Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, KAF Investment Bank Berhad (“**KAF IB**”) or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, from the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, KAF IB and OFB take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from **10.00 a.m. (Malaysian time) on 12 June 2024** and will close at **5.00 p.m. (Malaysian time) on 20 June 2024**. In the event that there is any change to the timetable, OFB will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



OCEAN FRESH BERHAD
Registration No. 202301019041 (1512963-A)
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF OCEAN FRESH BERHAD (“OFB” OR THE “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING A PUBLIC ISSUE OF 50,050,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:-

- (I) 10,510,000 NEW SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (II) 1,710,000 NEW SHARES FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES; AND
- (III) 37,830,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE PRICE OF RM0.28 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sponsor, Underwriter and Placement Agent



INVESTMENT BANK BERHAD
Registration No. 197401003530 (20657-W)

No securities will be allotted or issued based on this Prospectus after six (6) months from the date of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 153.

Bursa Securities has approved the admission of our Company to the official list of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities (“Listing”). This Prospectus has been registered by Bursa Securities. The approval of the Listing and registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION. THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

OCEAN FRESH BERHAD PROSPECTUS



OCEAN FRESH BERHAD

Registration No. 202301019041 (1512963-A)
(Incorporated in Malaysia under the Companies Act 2016)

Lot 19869, Kampung Baru Peramu
26060 Kuantan
Pahang Darul Makmur

Tel : +609 534 3888
Email : general@oceanfresh.com.my

www.oceanfresh.com.my



Unless otherwise defined, all capitalised terms used shall bear the same meanings as defined under “Definitions” and “Glossary of Technical Terms” sections of this Prospectus.

RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

KAF IB, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

STATEMENTS OF DISCLAIMER

Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

Investors should note that they may seek recourse under sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah compliant by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

This Prospectus is prepared and published solely for our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Principal Adviser and Underwriter have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Principal Adviser and Underwriter, any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of our IPO under the laws of Malaysia. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subject to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable times be subject only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected to. Neither we nor the Directors, Promoters, Principal Adviser and Underwriter nor any other advisers in relation to our IPO will accept any responsibility or liability if any application made by you shall become illegal, unenforceable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS / INTERNET SHARE APPLICATION

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application may be subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there are any discrepancies arising between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to this Prospectus registered by Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:-

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third-Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, for fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:-

- (a) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties;
- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium; and
- (c) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third-party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

TENTATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued share capital on the ACE Market is set out below:-

Events	Indicative Dates
Issue of Prospectus / Opening date for the Application	12 June 2024
Closing date of the Application	20 June 2024
Tentative date for balloting of Applications	24 June 2024
Tentative date for allotment of IPO Shares	2 July 2024
Tentative listing date	4 July 2024

In the event that there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make an announcement of such changes on Bursa Securities' website accordingly.

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DEFINITION

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:-

ACE Market	:	ACE Market of Bursa Securities
Acquisitions	:	Acquisitions by OFB of the OFS Products Group which entail the following:- <ul style="list-style-type: none"> (i) acquisition of the entire issued share capital of OFS Products for a total consideration of RM38,423,040 that has been satisfied via the issuance of 160,095,999 new Shares at RM0.24 each, which was completed on 3 May 2024; and (ii) internal reorganisation upon completion of the acquisition of the entire issued share capital of OFS Products whereby OFB has acquired the entire issued share capital of Lianli Huat, East Ocean and OF Trading for a total cash consideration of RM7,614,603, which was completed on 3 May 2024
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
ATM(s)	:	Automated teller machine(s)
Authorised Financial Institution	:	The authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
Board	:	Board of Directors of OFB
Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991
China	:	The People's Republic of China
CMSA	:	Capital Markets and Services Act, 2007

DEFINITION (CONT'D)

Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019
Deposited Securities	:	Securities in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
Depositor	:	A holder of a Securities Account
Director	:	An executive director or a non-executive director of our Company within the meaning of section 2 of the Act
East Ocean	:	East Ocean Frozen Seafood Products (Sabah) Sdn. Bhd. (Registration No. 201701010036 (1224201-A))
EBITDA	:	Earnings before interests, taxation, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Parties	:	Eligible Directors and employees of our Group
EMSHA 1990	:	Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
EPS	:	Earnings per Share
Factory A	:	Single storey detached factory with mezzanine office with a gross floor area of approximately 2,038.29m ²
Factory B	:	Single storey detached factory with mezzanine office with a gross floor area of approximately 3,402.11m ²
Financial Years Under Review	:	Collectively, FYE 2020, FYE 2021, FYE 2022 and FYE 2023
FMA 1967	:	Factories and Machinery Act 1967
FYE	:	Financial year ended/ending 31 December
GP	:	Gross profit
IMR or Providence	:	Providence Strategic Partners Sdn. Bhd. (Registration No. 201701024744 (1238910-A))
IMR Report	:	Independent Market Research Report on the frozen and dried seafood market and the frozen seafood processing industry in Malaysia prepared by Providence as set out in Section 8 of this Prospectus
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application as listed in Section 15.6 of this Prospectus

DEFINITION (CONT'D)

Internet Share Application	:	The application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
IPO	:	Initial public offering of the IPO Shares in conjunction with the Listing, comprising the Public Issue
IPO Price	:	Issue price of RM0.28 per IPO Share
IPO Share(s)	:	New Shares to be issued pursuant to our Public Issue subject to the terms and conditions of this Prospectus
Issuing House	:	Malaysian Issuing House Sdn. Bhd. (Registration No. 199301003608 (258345-X))
KAF IB or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	KAF Investment Bank Berhad (Registration No. 197401003530 (20657-W))
Lianli Huat	:	Lianli Huat Seafood Products Sdn. Bhd. (Registration No. 200301002588 (605008-T))
Listing	:	The admission of OFB to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Listing Scheme	:	Collectively, the Acquisitions, the IPO and the Listing
LPD	:	13 May 2024, being the latest practicable date prior to the registration of this Prospectus or as otherwise stated
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day(s) between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code of Corporate Governance
MCO	:	Movement control order (including all versions and phases) issued by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of Investment, Trade and Industry, Malaysia
NA	:	Net assets
NBV	:	Net book value
OF Trading	:	Ocean Fresh Trading Sdn. Bhd. (Registration No. 200901013688 (856748-D))
OFB or Company	:	Ocean Fresh Berhad (Registration No. 202301019041 (1512963-A))

DEFINITION (CONT'D)

OFB Group or Group	: Collectively, our Company, OFS Products, Lianli Huat, OF Trading and East Ocean
OFB Share(s) or Share(s)	: Ordinary share(s) in our Company
Official List	: The list specifying all securities listed on the ACE Market
OFS Processing	: Ocean Fresh Seafood Processing Sdn. Bhd. (Registration No. 201301015215 (1045048-X)), formerly a wholly-owned subsidiary of OFS Products
OFS Products	: Ocean Fresh Seafood Products Sdn. Bhd. (Registration No. 200201001773 (569436-W))
OFS Products Group	: Collectively, OFS Products and its subsidiaries, namely Lianli Huat, OF Trading and East Ocean
PSFD	: Pahang State Forestry Department
PSFD Land 1	: A piece of vacant land measuring approximately 0.75 hectares next to our Factory B located at Kompt.1, Hutan Simpan Paya Laut Peramu, Mukim Kuala Kuantan, Daerah Kuantan, where we intend to construct our new cold storage facility, the details of which as given in Section 4.7(i) of this Prospectus
PSFD Land 2	: A piece of vacant land measuring approximately 0.43 hectares located at Kompt.1, Hutan Simpan Paya Laut Peramu, Mukim Kuala Kuantan, Daerah Kuantan, where part of our Factory B has been erected, the details of which as given in Section 7.18 of this Prospectus
Participating Financial Institution(s)	: The participating financial institution(s) for the Electronic Share Application as listed in Section 15.5 of this Prospectus
PAT	: Profit after taxation
PBT	: Profit before taxation
PE Multiple	: Price-to-earnings multiple
Pink Form Allocation	: Allocation of 1,710,000 IPO Shares for subscription by the Eligible Parties
Prescribed Securities	: Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Processing Facility	: In the context of this Prospectus, our two (2) factories, i.e. Factory A and Factory B which located in the same premise as our headquarters at Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur
Promoter(s)	: Collectively, Siang Hai Yong, Kee Wan Chum and Kan Swee Koh
Prospectus	: This Prospectus dated 12 June 2024 in relation to our IPO
Public Issue	The public issue of 50,050,000 IPO Shares at the IPO Price

DEFINITION (CONT'D)

Record of Depositors	: A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules
Reporting Accountants or Crowe	: Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)
Rules	: The Rules of Bursa Depository
SAC	: Shariah Advisory Council of the SC
SC	: Securities Commission Malaysia
Securities Account	: An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SICDA or Depository Act	: Securities Industry (Central Depositories) Act, 1991
Sierra Mode	: Sierra Mode Sdn. Bhd. (Registration No. 202101044051 (1444351-W))
Share Registrar	: Securities Services (Holdings) Sdn. Bhd. (Registration No. 197701005827 (36869-T))
Specified Shareholder(s)	: Collectively, Treasure Gain, Untung Besar, Sierra Mode, Siang Hai Yong, Dato' Sri Chia Hooi Huak and Law Chee Kheong
Treasure Gain	: Treasure Gain Sdn. Bhd. (Registration No. 200701032836 (790864-D))
Turkey	: The Republic of Turkiye
Underwriting Agreement	: The underwriting agreement dated 3 May 2024 entered into between our Company and the Underwriter pursuant to our IPO
Untung Besar	: Untung Besar Sdn. Bhd. (Registration No. 200701036541 (794570-W))
US	: United States of America
Vendors	: Collectively, the Specified Shareholders, Heah Theare Haw, Yau Ming Teck, Chia Siew Lee, Kee Yow Lee, Eng Chai Hee and Wong Sing Hong

CURRENCIES AND UNITS

m ²	: Square meter
RM and sen	: Ringgit Malaysia and sen, respectively
RMB	: Chinese Yuan Renminbi
sq ft	: Square feet or square foot
USD	: US Dollar

DEFINITION (CONT'D)

MAJOR CUSTOMERS & SUPPLIERS

The identities of certain major customers and suppliers are not disclosed as they have not given their consents for their names to be disclosed in this Prospectus.

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|------------|--|
| Customer A | : It is a wholesaler which principally involved in the distribution of frozen mackerel and other frozen food products and is based in Bangkok, Thailand. Customer A is not listed on any stock exchange |
| Customer B | : It is an importer which principally involved in various activities including import and export of goods (such as seafood), sales of pre-packaged food and special food and is based in Beijing, China. Its holding company is principally involved in import and export business. Both Customer B and its holding company are not listed on any stock exchange. Its ultimate shareholder is the State Council of China |
| Customer C | : It is an importer which principally engaged in import and export of goods, including seafood and is based in Zhejiang, China. Customer C is not listed on any stock exchange |
| Customer D | : It is a wholesaler which principally involved in the wholesale trading of fish, crustaceans, molluscs and other fisheries and is based in Izmir, Turkey. Customer D is not listed on any stock exchange |
| Customer E | : It is an importer which principally involved in various activities including food business (such as seafood) and is based in Zhejiang, China. Its holding company is principally involved in import and export of goods. Both Customer E and its holding company are not listed on any stock exchange |
| Customer F | : It is a wholesaler which principally involved in import, export and wholesale trade of sea products including fish, crustaceans and molluscs and is based in Istanbul, Turkey. Customer F is not listed on any stock exchange |
| Customer G | : It is an importer which principally involved in various activities including sale of foods (such as seafood) and is based in Beijing, China. Its holding company is principally involved in import and export business. Both Customer G and its holding company are not listed on any stock exchange. Its ultimate shareholder is the Assets Supervision and Administration Commission of the State Council |
| Customer H | : It is an importer which principally involved in the import and export business including food (such as seafood) and is based in Shanghai, China. Customer H is not listed on any stock exchange |
| Customer I | : It is an importer which principally engaged in the sale of aquatic products and is based in Zhejiang, China. Customer I is not listed on any stock exchange |
| Customer J | : It is an importer which principally engaged in the supply chain management services, including seafood and is based in Anhui, China. Its holding company is principally involved in import and export of goods. Both Customer J and its holding company are not listed on any stock exchange |
| Customer K | : It is an exporter which principally involved in the distribution and export of prawns, shrimps and other seafood and is based in Philippines. Customer K is not listed on any stock exchange |

DEFINITION (CONT'D)

- Supplier A : It is a wholesaler and processing facility which principally involved in wholesale of other food including fish, crustaceans and molluscs and is based in Hadhramaut, Yemen. Supplier A is not listed on any stock exchange
- Supplier B : It is a wholesaler and processing facility which principally produces and exports frozen seafoods such as shrimps, fish, molluscs, crab and seafood mix and is based in Samut Sakhon, Thailand. Supplier B is not listed on any stock exchange
- Supplier C : It is a wholesaler and processing facility which principally involved in the manufacturing, processing and export of marine products and is based in Kerala, India. Supplier C is not listed on any stock exchange
- Supplier D : It is a wholesaler principally engaged in the sale of aquatic products and is based in Quanzhou, China. Supplier D is not listed on any stock exchange
- Supplier E : It is a wholesaler principally involved in sale of fish and seafood and is based in Muscat, Oman. Supplier E is not listed on any stock exchange
- Supplier F : It is a wholesaler and processing facility which principally engaged in the processing, refrigeration and sale of aquatic products and is based in Liaoning, China. Supplier F is not listed on any stock exchange
- Supplier G : It is a wholesaler which principally involved in the sale of imported seafood and is based in Selangor, Malaysia. Supplier G is not listed on any stock exchange

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GLOSSARY OF TECHNICAL TERMS

The technical abbreviations and their meanings used throughout this Prospectus are in relation to our Group and business and may not correspond to the standard industry meanings usage of these terms. Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:-

Agitator	:	A machine used to carry out the curling process on molluscs
Aquatic animals	:	Any animal that lives in water and includes molluscs, fishes, prawns, abalone and sea cucumber
Asia Pacific	:	A region consisting of countries in East Asia, Southeast Asia and Oceania and includes, but not limited to, countries such as China, Thailand, Vietnam, Japan, Indonesia, Singapore and Korea
Barnacle shells	:	The shell of a barnacle which is a marine crustacean
BOMBA	:	Fire and Rescue Department of Malaysia
°C	:	Degree in celsius
CCC	:	Certificate of completion and compliance
Central region of Peninsular Malaysia	:	Refers to Selangor, Negeri Sembilan and the federal territories of Kuala Lumpur and Putrajaya
Cephalopods	:	A member of the molluscan class Cephalopoda. They are one of the types of seafood products. Examples are squid, octopus, cuttlefish or nautilus
CF	:	Certificate of fitness for occupation
CFA	:	Certificate for Accommodation
Cold room	:	A refrigeration room where low temperature is maintained in order to ensure our seafood products maintain their shelf life
Curling process	:	A process done on molluscs to loosen and remove any other inedible parts of the mollusc as well as improve the texture
DAH	:	Department of Animal Health, Vietnam
DOL	:	Department of Labour of Peninsular Malaysia
DOSH	:	Department of Occupational Safety and Health, Malaysia
E-commerce marketplace	:	An online platform which allows the sale of products to customers
East Coast of Peninsular Malaysia	:	Refers to Kelantan, Pahang and Terengganu
EU	:	European Union
EU approved vessels	:	Fishing vessels which adhere to strict rules and regulations implemented by the MOH in order to meet the EU standards for seafood supplies. These vessels have a designated landing jetty at the LKIM
EU Number 75 Certificate	:	The certification required to allow the export of seafood products to European countries

GLOSSARY OF TECHNICAL TERMS (CONT'D)

F&B	:	Food and beverage
Farm-raised seafood supplies	:	Seafood supplies that are harvested from aquaculture farms
FDA	:	Food and Drug Administration, US
Fishing enterprises	:	An enterprise, either a company, sole proprietorship or partnership, which is involved in fishing activities and sales of wild-caught seafood supplies
Food Act 1983 and Regulations 1985	:	The Food Act 1983 and the Food Regulations 1985 is a legislation in Malaysia that governs the safety and quality of food products
Frozen seafood products	:	Seafood supplies that have undergone freezing and other processes and packaged to be sold to customers
GACC	:	General Administration of Customs of the People's Republic of China (formerly known as Certification and Accreditation Administration of the People's Republic of China (CNCA))
Glazing	:	A process where a protective layer of ice is formed on the product's surface, allowing it to further safeguard the freshness of the product
GMP	:	Good Manufacturing Practice, a quality assurance system which ensures products are consistently produced and controlled according to quality standards appropriate for their intended use
HACCP	:	Hazard Analysis and Critical Control Point, a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product
HALAL	:	In the context of this Prospectus, food that is allowed or permitted by the Islamic laws to be consumed and is in accordance with laws set out by JAKIM
Insulated ice box	:	A non-mechanical box that is insulated to allow for cooling or preserving food
JAKIM	:	Department of Islamic Development, Malaysia
JBA	:	Jabatan Bekalan Air, Malaysia
LDPE	:	Low density polyethylene
LKIM	:	Lembaga Kemajuan Ikan Malaysia
MAIN	:	Islamic Religious Council of the States, Malaysia
Master packaging	:	A form of packaging where frozen seafood products is enclosed in plastic bags and packaged in carton boxes
MDTCA	:	Ministry of Domestic Trade and Consumer Affairs, Malaysia

GLOSSARY OF TECHNICAL TERMS (CONT'D)

MeSTI	:	Makanan Selamat Tanggungjawab Industri
MeSTI Secure Food Certification Scheme	:	A food hygiene management and operations management certification issued by the Ministry of Health that assesses a company's food safety protection and food quality and safety measures
Middle East	:	A region consisting of countries surrounding the southern and eastern shores of the Mediterranean Sea, and includes, but not limited to, Turkey
Microbiological analysis	:	The use of biological, biochemical, molecular or chemical methods for the detection, identification or enumeration of microorganisms in a material, such as food, drink, environment or clinical sample
MOH	:	Ministry of Health, Malaysia
Mollusc	:	A diverse group of invertebrate animals that include various forms of seafood, such as cuttlefish, squid, octopus, clams (including ark shell), etc
Online marketplaces	:	An e-commerce site that connects sellers with buyers
Otoshimi products	:	Minced fish meat
Peninsular Malaysia	:	The part of Malaysia which occupies the southern half of the Malay Peninsula in Southeast Asia
pH	:	A quantitative measure of the acidity or basicity of aqueous or other liquid solutions
Potable water	:	Water that has been treated to levels that meets state or federal standards for consumption
QA	:	Quality assurance
QC	:	Quality control
Sea Planet	:	Our own brand of frozen seafood products
Seafood supplies	:	In the context of this Prospectus, seafood supplies are seafood procured to undergo freezing and other processes in order to form frozen seafood products
Semi-contact freezers	blast	: This machine comprises height-adjustable racks of trays to freeze seafood product units in blocks or individually, reaching a temperature of between -40°C to -42°C
Shelf life	:	The length of time for which a product remains fit for consumption or sale-able
Solar asset	:	The solar photovoltaic (PV) generation system that categorised as the company's tangible asset which typically comprised solar panels and related equipment
SOPs	:	Standard operating procedures
Surimi products	:	Otoshimi products that have undergone further processing such as dehydration, straining and addition of sugar and polyphosphate. Surimi products can be used in the production of imitation seafood products

GLOSSARY OF TECHNICAL TERMS (*CONT'D*)

TNB	:	Tenaga Nasional Berhad (Registration No. 199001009294 (200866-W))
Wild-caught supplies	seafood :	Seafood supplies that are harvested by fishing enterprises from their natural habitats such as oceans, rivers and lakes

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PRESENTATION OF INFORMATION

All references to “OFB” and “our Company” in this Prospectus are to Ocean Fresh Berhad. Unless the context otherwise stated, all references to “Group” are to our Company and our subsidiaries taken as a whole and words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “Government” in this Prospectus are to the Government of Malaysia, and references to “RM” and “sen” are to the lawful currencies of Malaysia. Certain abbreviations, acronyms and technical terms used in this Prospectus are defined in “Definitions” and “Glossary of Technical Terms”. Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute, or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

The word “approximately” used in this Prospectus is to indicate that a number is not exact. Certain numbers presented in this Prospectus have been rounded off to the nearest thousandth or 2 decimal places, hence may not be accurate. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the IMR. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, third-party projections, including the projections from the IMR, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this Prospectus, the English version shall prevail.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

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FORWARD LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our management for future operations.

Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group’s control that could cause our actual results, performances or achievements to be materially different from future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:-

- (i) demand of our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our future financial position, earnings, cash flows and liquidity; and
- (v) our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- (a) the economic, political and investment environment in Malaysia; and
- (b) Government policy, legislation or regulation.

Such forward-looking statements are based on numerous assumptions regarding our Group’s present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performances or achievements to differ materially include, but are not limited to those discussed in Section 9 on Risk Factors and Section 11.3 on Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Nationality
Law Chee Kheong (m)	Non-Independent Non-Executive Chairman	10, Jalan 4/1 Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan	Malaysian
Siang Hai Yong (m)	Executive Director	No. 51, Lorong IM1/41 Bandar Indera Mahkota Taman Mahkota Indah 25300 Kuantan Pahang Darul Makmur	Malaysian
Teo Chee Han (m)	Executive Director	6, Jalan Kampong Chantek 588590 Singapore	Singaporean
Kee Wan Chum (f)	Executive Director / Head of Operations	33, Lorong Kubang Buaya 54 25250 Kuantan Pahang Darul Makmur	Malaysian
Dato' Sri Chia Hooi Huak (m)	Non-Independent Non-Executive Director	Lot 225, Jalan Kiara Payong Sierramas 47000 Sungai Buloh Selangor Darul Ehsan	Malaysian
Chan Kee Eng (f)	Senior Independent Non-Executive Director	10, Jalan Damansara Permai Damansara Heights 50490 Kuala Lumpur	Malaysian
Syed Razif Al-Idid B. Syed Sidi Al-Idid (m)	Independent Non-Executive Director	No. 17, Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur	Malaysian
Ng Lai Hock (m)	Independent Non-Executive Director	19, Jalan 1/37 Taman Bukit Maluri Kepong 52100 Kuala Lumpur	Malaysian
Yap Lee Teng (f)	Independent Non-Executive Director	C-19-9, Block C, Endah Promenade No. 5, Jalan 3/149E Taman Sri Endah 57000 Kuala Lumpur	Malaysian
Go Sin Sin (f)	Independent Non-Executive Director	Residensi Vogue 1 3, Jalan Bangsar KL Eco City 59200 Kuala Lumpur	Malaysian

(f) = Female (m) = Male

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Chairman	Independent Non-Executive Director
Yap Lee Teng	Member	Independent Non-Executive Director
Ng Lai Hock	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Yap Lee Teng	Chairman	Independent Non-Executive Director
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Member	Independent Non-Executive Director
Ng Lai Hock	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Ng Lai Hock	Chairman	Independent Non-Executive Director
Yap Lee Teng	Member	Independent Non-Executive Director
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Member	Independent Non-Executive Director

COMPANY SECRETARY : Khoo Ming Siang

Qualifications : Chartered Secretary, Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators
(Membership No. MAICSA 7034037)
(SSM Practising Certificate No. 202208000150)

Aquilla Services Sdn. Bhd.
(Registration No.: 202201007148 (1452845-A))
Unit 521, 5th Floor, Lobby 6, Block A
Damansara Intan
No.1, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

Tel No. : +603 - 7732 0792

**REGISTERED OFFICE : Unit 521, 5th Floor, Lobby 6, Block A
Damansara Intan
No.1, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan**

Tel No. : +603 - 7732 0792

**HEAD OFFICE CUM FACTORY : Lot 19869, Kampung Baru Peramu
26060 Kuantan
Pahang Darul Makmur**

Tel No. : +609 - 534 3888
Email : General@oceanfresh.com.my
Website : www.oceanfresh.com.my

**PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : KAF Investment Bank Berhad
(Registration No. 197401003530 (20657-W))
Level 13A, Menara IQ
Persiaran TRX, Tun Razak Exchange
55188 Kuala Lumpur**

Tel No. : +603 - 2708 2800

1. CORPORATE DIRECTORY (CONT'D)

- DUE DILIGENCE SOLICITORS** : **Foong & Partners**
13-1 Menara 1MK
Kompleks 1 Mont' Kiara
No 1 Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Tel No. : +603 - 6419 0822
- AUDITORS AND REPORTING ACCOUNTANTS** : **Crowe Malaysia PLT**
Registration No. 201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C
Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

Partner-in-charge : Choong Kok Keong
Approval No. : 03461/11/2025 J
Professional : Member of the Malaysian Institute of
Qualification Accountants (MIA) and fellow member of the
Association of Chartered Certified Accountants
(ACCA)
Tel No. : +603 - 2788 9999
- IMR** : **Providence Strategic Partners Sdn. Bhd.**
(Registration No. 201701024744 (1238910-A))
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor Darul Ehsan

Person-in-charge : Melissa Lim Li Hua
Qualifications : Bachelor of Commerce (Double major in
Marketing and Management) from Murdoch
University, Australia
Tel No. : +603 - 7625 1769
- ISSUING HOUSE** : **Malaysian Issuing House Sdn. Bhd.**
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, Petaling Jaya
46200 Selangor Darul Ehsan

Tel No. : +603 - 7890 4700
- SHARE REGISTRAR** : **Securities Services (Holdings) Sdn. Bhd.**
(Registration No. 197701005827 (36869-T))
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel No. : +603 - 2084 9000
- LISTING SOUGHT** : ACE Market
- SHARIAH STATUS** : Approved by SAC

2. APPROVALS REQUIRED

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, via its letter dated 4 April 2024 (“**Approval Letter**”), approved our admission to the Official List, the listing of and quotation for our entire issued share capital comprising 210,146,000 Shares on the ACE Market, subject to compliance with the following conditions:-

No.	Details of the conditions imposed	Status of compliance
1.	Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository:- (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
3.	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	To be complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied upon Listing
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of OFB on the first day of Listing;	To be complied upon Listing
6.	In relation to the IPO to be undertaken by OFB, to announce at least 2 Market Days prior to the Listing’s date, the result of the offering including the following:- (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of OFB arising from the IPO, if any. Please be reminded that KAF IB must ensure that the overall distribution of OFB’s securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied upon Listing
7.	OFB / KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval upon the admission of OFB to the Official List.	To be complied upon Listing

2. APPROVALS REQUIRED (CONT'D)**2.1.2 SC**

Our Listing is an exempt transaction under section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, via its letter dated 8 April 2024, approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing, subject to compliance with the following conditions:-

No.	Details of the conditions imposed	Status of compliance
1.	OFB to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied upon Listing
2.	OFB to allocate 12.50% of its enlarged number of issued Shares to Bumiputera investors to be approved or recognised by the MITI within one (1) year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or five (5) years after being listed on the ACE Market, whichever is earlier (“ Compliance Date ”);	To be complied
3.	OFB to submit to the SC a proposal to comply with the equity condition stated in item 2 above, at least six (6) months prior to the Compliance Date; and	To be complied
4.	KAF IB or OFB to submit OFB’s equity structure to the SC upon completion of the Listing.	To be complied upon Listing

The SC had noted the effects of our Listing on the equity structure of our Company as follows:-

Category of shareholders	After the Acquisitions		After our Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Public investors via balloting	-	-	⁽¹⁾ 5,255,000	2.50
- Pink Form Allocation	-	-	⁽²⁾ 50,000	0.02
Total Bumiputera	-	-	5,305,000	2.52
Non-Bumiputera	160,096,000	100.00	204,641,000	97.38
Malaysians	160,096,000	100.00	209,946,000	99.90
Foreigners	-	-	⁽³⁾ 200,000	0.10
Total	160,096,000	100.00	210,146,000	100.00

Notes:-

- (1) Based on the assumption that 5,255,000 Shares allocated to Bumiputera public investors via balloting are fully subscribed.
- (2) Assuming that our Independent Non-Executive Director, Syed Razif Al-Idid B. Syed Sidi Al-Idid fully subscribed for his entitlement under the Pink Form Allocation.
- (3) Assuming that our Executive Director, Teo Chee Han fully subscribed for his entitlement under the Pink Form Allocation.

The SAC had classified our Shares as Shariah-compliant based on our audited combined financial statements for FYE 2023 on 6 June 2024.

2. APPROVALS REQUIRED (CONT'D)

2.2 MORATORIUM

2.2.1 Specified Shareholders

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:-

- (i) the moratorium applies to the entire shareholdings of our Specified Shareholders for a period of six (6) months from the date of our Listing (“**First 6-Month Moratorium**”);
- (ii) upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders’ aggregate shareholdings amounting to at least 45.0% of our total number of issued Shares remain under moratorium for another period of six (6) months (“**Second 6-Month Moratorium**”); and
- (iii) on the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of those Shares held under moratorium.

The details of the moratorium by our Specified Shareholders who hold Shares in our Company are as follows:-

Specified Shareholders	Year 1				Year 2		Year 3	
	First 6-Month Moratorium		Second 6-Month Moratorium		No. of Shares	*%	No. of Shares	*%
	No. of Shares	*%	No. of Shares	*%				
Treasure Gain	51,840,300	24.67	36,063,900	17.16	24,042,700	11.44	12,021,300	5.72
Untung Besar	34,649,000	16.49	24,104,400	11.47	16,069,600	7.65	8,034,800	3.82
Sierra Mode	13,884,000	6.61	9,658,700	4.60	6,439,100	3.07	3,219,600	1.53
Dato’ Sri Chia Hooi Huak	13,692,000	6.51	9,525,200	4.53	6,350,200	3.02	3,175,100	1.51
Siang Hai Yong	12,294,000	5.85	8,552,700	4.07	5,701,800	2.71	2,850,900	1.36
Law Chee Kheong	9,574,700	4.55	6,660,800	3.17	4,440,600	2.11	2,220,300	1.06
Total	135,934,000	64.68	94,565,700	45.00	63,044,000	30.00	31,522,000	15.00

Note:-

- * Based on the enlarged issued share capital of 210,146,000 Shares after our IPO.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period. The moratorium restriction is specifically endorsed on the share certificates representing the Shares held by the Specified Shareholders which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes such restrictions.

In accordance with Rule 3.19(2) of the Listing Requirements, where the Specified Shareholder is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will comply with the moratorium restriction.

In this regard, the ultimate shareholders of the following companies have also undertaken not to sell, transfer or assign their shareholdings in the respective companies during the moratorium period:-

- (a) Darmanto, being the sole shareholder of Treasure Gain;
- (b) Lee Siok Ming and Tan Eng Aun, being the shareholders of Untung Besar; and
- (c) Kan Swee Koh, Kee Wan Chum, Lain Wui Hiung, Law Chee Kheong, Siang Hai Yong and Teo Chee Han, being the shareholders of Sierra Mode.

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

The principal statistics of our IPO is as follows:-

Number of Shares to be offered under our Public Issue	
- <i>Malaysian Public via balloting</i>	<i>10,510,000</i>
- <i>Eligible Parties</i>	<i>1,710,000</i>
- <i>Private placement to selected investors</i>	<i>37,830,000</i>
	50,050,000
Enlarged total number of Shares upon Listing	210,146,000
IPO Price per Share	RM0.28
Market capitalisation (based on our IPO Price and the enlarged total number of 210,146,000 Shares upon Listing)	RM58,840,880

Further details on our IPO are set out in Section 4.3 of this Prospectus.

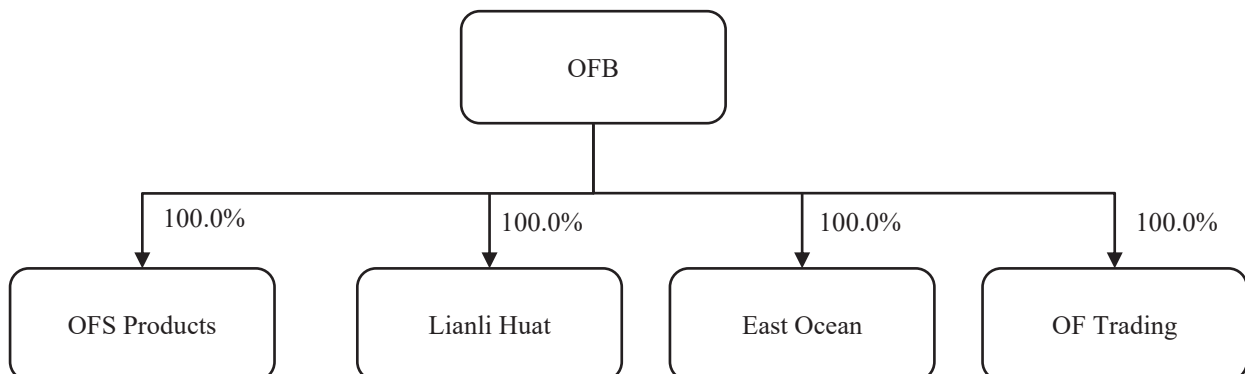
In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders. Further details of the moratorium are set out in Section 2.2 of this Prospectus. Save for the moratorium imposed on the Shares held by our Specified Shareholders, there is no other moratorium imposed on our Shares.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 22 May 2023 as a private limited company under the name of Ocean Fresh Sdn. Bhd. Subsequently, our Company was converted into a public limited company and assumed our present name on 29 August 2023.



Our Company is an investment holding company and through our wholly-owned subsidiaries, our Group is principally involved in the processing and trading of frozen seafood products. In addition, we are also involved in the provision of frozen seafood processing services.

Our group structure upon the completion of the Acquisitions is as follows:-



3. PROSPECTUS SUMMARY (CONT'D)

Our business model is depicted as follows:-

Principal activities	 Processing and trading of frozen seafood products	 Provision of frozen seafood processing services
Products and services	Frozen seafood products	Frozen seafood processing services
Revenue model	Sale of frozen seafood products	Service fee
Customer segment	Wholesalers and processing facilities ⁽¹⁾ , retailers, importers, F&B service providers and walk-in customers	Wholesalers and processing facilities ⁽¹⁾ as well as importers
Markets	<ul style="list-style-type: none"> • Malaysia • Turkey • China • Thailand • Vietnam • Japan • Others (including Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark) 	

Note:-

- (1) These processing facilities will further process the frozen seafood products procured from us into ready-to-eat seafood products and/or ready-to-cook marinated seafood products.

Further details on our business model and principal activities are set out in Section 7 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are summarised as follows:-

(i) Our Processing Facility is equipped to produce quality frozen seafood products

Our Processing Facility is equipped with 18 semi-contact blast freezers. Semi-contact blast freezers freeze seafood supplies between -40°C and -42°C, to allow for the preservation of quality and freshness of our frozen seafood products in terms of shape, colour and taste. Such freezers allow for the freezing of frozen seafood supplies of various sizes and shapes.

(ii) We are able to maintain a consistent supply of frozen seafood products throughout the year

Local and imported wild-caught seafood supplies are highly seasonal and its availability may be subject to factors such as weather conditions and fish population. As such, certain wild-caught seafood supply types may not be available throughout the year and the volume of wild-caught seafood supplies may not be sufficient to fulfil market demand.

3. PROSPECTUS SUMMARY (CONT'D)

In light of this, we understand the importance to maintain a consistent supply of frozen seafood supplies through the following means:-

- (a) We have a network of suppliers comprising local and international wholesalers, local and international processing facilities as well as local fishing enterprises.
 - (b) We have cold rooms which allow us to store our frozen seafood supplies and products, while maintaining their freshness and quality.
- (iii) We are compliant with locally and internationally recognised quality and food safety management certifications**

We have obtained quality and food safety management certifications, including the HACCP and GMP as well as the MeSTI Secure Food Certification Scheme. We have also obtained HALAL certification from JAKIM which provides assurance that our frozen seafood products are processed in a HALAL manner. The HALAL certification is beneficial to our Group as it allows us to target a wider market. The abovementioned certifications are locally and internationally recognised and provide us with the capability to expand our presence in Malaysia as well as penetrate into markets beyond Malaysia such as Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark.

- (iv) We have a wide network of customers from across the globe**

Throughout our years of operation, we have cultivated business relationships with a wide network of customers comprising both local and international customers. Currently, our international customers are from various countries including Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark. For the Financial Years Under Review, our wide network of customers comprises over 160 local customers and over 190 overseas customers.

With a widespread customer network spanning various countries and regions, we are able to insulate ourselves against regional economic fluctuations and market shifts, thus providing stability to our Group in terms of profitability. This advantage has and will continue to drive our Group's success and will act as a key factor to our Group's future development.

- (v) We have a management team who is experienced and committed**

The management team's combined knowledge, experience as well as management capabilities and commitment on realising our Group's goals are essential to our continued growth and future development. As such, our management team have been and will continue to be a major factor to our success and a key factor to our future development.

Further details of our Group's competitive strengths are set out in Section 7.3 of this Prospectus.

3.4 FUTURE PLANS AND STRATEGIES

The future plans and strategies of our Group are as follows:-

- (i) We intend to expand our storage space by setting up a new cold storage facility**

At present, we store our frozen seafood supplies and products in our cold rooms at our headquarters and Processing Facility. During the Financial Years Under Review and up to the LPD, we have reached a utilisation rate of up to 99.94% as indicated in Section 7.19 of this Prospectus. In instances where there was insufficient space at our cold rooms at our headquarters and Processing Facility, we have stored our frozen seafood supplies and products in third-party cold room facilities which reached a maximum tonnage of 400 tonnes at a time during the Financial Years Under Review.

3. PROSPECTUS SUMMARY (CONT'D)

In order to cater to the growth of our business, we intend to set up a new cold storage facility, which will have a total of six (6) units of new cold rooms and a loading bay. The new cold storage facility will be constructed at PSFD Land 1, located right next to our current Processing Facility, where OFS Products had procured a use permit of up to 31 December 2024 from PSFD. The use permit enables OFS Products to utilise the subject land for the construction of a new cold storage facility, subject to periodic renewal. The new cold storage facility is expected to have a total aggregate built-up area of 3,747 m², with a total storage capacity of 3,000 tonnes.

(ii) We intend to continue growing our exports of frozen seafood products to international markets, particularly China

During the Financial Years Under Review, we have exported our products to Turkey and countries mainly in the Asia Pacific such as China, Thailand, Vietnam, Japan Indonesia, Philippines, Singapore and Korea. These markets present a pool of opportunities for us to expand our geographical presence in light of positive market prospects as set out in the IMR Report. According to the IMR Report, the average seafood consumption in the Asia Pacific was the highest in the world at 23.4 kg per capita.

Particularly in China, OFS Products has obtained the GACC certificate (as set out in Section 7.5 of this Prospectus) which allows us to export frozen seafood products into China. We intend to continue to further expand our sales in China as we recognise the potential opportunities present in China in light of the growing frozen seafood market in China. We presently export to China through importers and intend to continue growing our sales through importers. We also intend to collaborate with local wholesalers who have their own network of customers. Apart from China, we will also continue to grow our exports to the existing international markets we presently serve such as Turkey, as we recognise that these markets will continue to present opportunities for us to tap onto.

(iii) We intend to venture into the processing and trading of dried seafood products

For the Financial Years Under Review and up to the LPD, our revenues are solely generated from frozen seafood products. Moving forward, we intend to venture into the processing and trading of dried seafood products. This is because dried seafood product has relatively lower storage and transportation cost as compared to frozen seafood products which require cold rooms to store and refrigerated vehicles to transport.

As at the LPD, we have received enquiries to provide dried seafood products from potential customers as well as existing customers based in China since 2021. Among the dried seafood products in demand include dried fish, dried sea cucumber, dried shrimp and dried scallop. We have thus begun to produce samples of dried seafood products through the sun-drying method to ascertain the demand from our existing customers for dried seafood products and receive feedback from potential customers particularly, their preference on the size and type of products, anticipated pricing and production lead time. Currently, the processing of dried seafood product samples, through sun-drying method, is being carried out by two (2) existing production personnel at a small open-air area space of approximately 200 sq ft at PSFD Land 2. The associated cost for processing dried seafood product samples is minimal.

We estimate that the cost of acquiring and installing the necessary equipment will amount to approximately RM500,000, and this will be funded via bank borrowings and internally generated funds. We intend to acquire the abovementioned equipment by third quarter of 2024. Thereafter, we would require six (6) months to fine-tune our processes to produce dried seafood products and we anticipate to commence our dried seafood processing activities by first quarter of 2025 after procuring the updated manufacturing licence, MeSTI certificate, HACCP certificate, GMP certificate, HALAL certificate with the inclusion of dried seafood products under the product categories. We are also required to apply to GACC and DAH (where applicable) via MOH, and FDA for the inclusion of dried seafood products to our list of export products.

Further details of our Group's future plans and strategies are set out in Section 7.20 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.5 RISK FACTORS

An investment in our Shares is subject to risks and investors should read and understand all the risk factors before deciding to invest in our Shares. A summary of the more important risks is set out below:-

(i) Any material issue with our product safety and quality may harm our business and reputation, or subject us to product liability claims and regulatory actions

The processing, storage, handling and delivery of our frozen seafood products are subject to inherent risk of product deterioration or contamination or damage. Product safety and quality is thus important to our business and we rely on our QA/QC procedures to ensure our product safety and quality. These QA/QC procedures are detailed in Section 7.5 of this Prospectus. Despite this, there can be no assurance that any failures in our QA/QC procedures such as negligence or misconduct by our employees during our processing operations; unsuitable water or ice quality; as well as technical malfunctions, such as breakdown of machineries and temperature control at our Processing Facility and refrigerated vehicles, may not occur.

(ii) Our operations are subject to interruptions and delays caused by unforeseen event such as equipment/facility failures, accidents, fires or floods

Our business operations require the use of equipment and facility such as semi-contact blast freezers and cold rooms. Although we undertake periodic maintenance services on our semi-contact blast freezers and cold rooms, these equipment and facility may, on occasion, be out of service due to unanticipated failures or damages sustained during operations.

Our business is also subject to loss due to natural disasters such as fires and floods, that are beyond our control, which may cause damage or destruction to all or part of our Processing Facility, equipment and cold room. This would result in interruptions to, or prolonged suspension of, our operations.

In addition, our Processing Facility requires sufficient and consistent supply of electricity and water to operate, any failures in supply of electricity and water would temporarily halt our operations. As at the LPD, we have a back-up generator on standby to power the two (2) cold rooms in our Processing Facility in the event of unforeseen power failure to ensure that our frozen seafood products' quality is not affected.

Although we do not have a back-up generator for the cold room located in Factory A, our cold room is capable to maintain its temperature for up to 48 hours during power failure. Thus far, we have not experienced any power failure situations in excess of 24 hours. Nevertheless, in the event if we were to encounter any power failure in excess of 24 hours, we can rent a mobile generator from third-party providers to power our cold room located in Factory A.

(iii) Our business is subject to risks of revocation or non-renewal of certifications

Some of our customers, be it local or international customers, require our Processing Facility to have certain certifications or registrations, such as HACCP, GMP, MeSTI Secure Food Certification Scheme and/or HALAL certifications. In addition, we are also required to obtain the necessary international approvals such as EU Number 75 Certificate, DAH, GACC and FDA's approval to export our frozen seafood products for certain countries, as required by their local authorities.

In the event that we fail to comply with any such requirements or conditions, our certifications may be revoked or not renewed upon expiry. The loss of any of these certifications may have an adverse impact on our business operations and financial performance as we may not be able to sell our frozen seafood products to those customers that require such certifications.

Since incorporation till the LPD, we have not experienced any revocation or non-renewal of the abovementioned certifications.

3. PROSPECTUS SUMMARY (CONT'D)**(iv) We are dependent on our Executive Directors and key senior management for the continuing success of our Group**

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Executive Directors and key senior management who play significant roles in our daily business operations as well as the development and implementation of our business strategies. Our Executive Directors and key senior management possess the relevant experience, from our processing operations, procurement of raw materials to storage and delivery of our frozen seafood products, as well as sales and marketing, and financial activities.

As such, the loss of services of any of our Executive Directors and/or key senior management within a short period of time without any suitable and timely replacement may adversely affect our business and financial performance. Please refer to Sections 7.22 of this Prospectus for further details of our management succession plan.

(v) We are dependent on the availability of foreign workers in our processing operations

A variety of our processing activities, such as the defrosting, cleaning, cutting and arranging, glazing and packaging processes, are still being handled manually. We are thus dependent on labour to perform these processes. As such, we employ foreign workers, comprising 59.04% of our total production workers at our Processing Facility as at the LPD. We have obtained valid work permits for all of our foreign workers.

Our Group's operations have not been materially impacted by the availability of foreign workers as we also engage local part-time workers to supplement our existing workforce to assist in our processing activities.

However, should there be future implementations of hiring freeze on foreign workers, this may temporarily affect our Group's anticipated business growth as the said hiring freeze and process could increase the cost and time required to hire new workers as well as impede or delay any expansion plans that we have.

Further details of the risks associated with our Group and our IPO are set out in Section 9 of this Prospectus.

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:-

Name	Designation
<u>Directors</u>	
Law Chee Kheong	Non-Independent Non-Executive Chairman
Siang Hai Yong	Executive Director
Teo Chee Han	Executive Director
Kee Wan Chum	Executive Director / Head of Operations
Dato' Sri Chia Hooi Huak	Non-Independent Non-Executive Director
Chan Kee Eng	Senior Independent Non-Executive Director
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Independent Non-Executive Director
Ng Lai Hock	Independent Non-Executive Director
Yap Lee Teng	Independent Non-Executive Director
Go Sin Sin	Independent Non-Executive Director
<u>Key Senior Management</u>	
Kan Swee Koh	General Manager - Administration & Human Resources
Lain Wui Hiung	General Manager - Production
Chong Der Woei	Accountant

Further details on our Directors and key senior management are set out in Sections 5.1.3, 5.2 and 5.5 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and/or substantial shareholders and their respective shareholdings in our Company before and after our IPO are as follows:-

	Nationality/ Country of Incorporation	⁽¹⁾ Before our IPO but after the Acquisitions				⁽²⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Siang Hai Yong	Malaysian	11,994,000	7.49	⁽³⁾⁽⁴⁾ 16,549,000	8.67	⁽⁷⁾ 12,294,000	5.85	⁽³⁾⁽⁴⁾ 16,549,000	7.88
Kee Wan Chum	Malaysian	-	-	⁽³⁾ 13,884,000	8.67	⁽⁷⁾ 200,000	0.10	⁽³⁾ 13,884,000	6.61
Promoter									
Kan Swee Koh	Malaysian	-	-	-	-	⁽⁷⁾ 200,000	0.10	-	-
Substantial shareholders									
Treasure Gain	Malaysia	51,840,300	32.38	-	-	51,840,300	24.67	-	-
Untung Besar	Malaysia	34,649,000	21.64	-	-	34,649,000	16.49	-	-
Sierra Mode	Malaysia	13,884,000	8.67	-	-	13,884,000	6.61	-	-
Dato' Sri Chia Hooi Huak	Malaysian	13,642,000	8.52	-	-	⁽⁷⁾ 13,692,000	6.51	-	-
Law Chee Kheong	Malaysian	9,524,700	5.95	⁽³⁾ 13,884,000	8.67	⁽⁷⁾ 9,574,700	4.55	⁽³⁾ 13,884,000	6.61
Heah Theare Haw	Malaysian	8,526,000	5.33	-	-	8,526,000	4.06	-	-
Darmanto	Indonesian	-	-	⁽⁵⁾ 51,840,300	32.38	-	-	⁽⁵⁾ 51,840,300	24.67
Lee Siok Ming	Malaysian	-	-	⁽⁶⁾ 34,649,000	21.64	-	-	⁽⁶⁾ 34,649,000	16.49
Tan Eng Aun	Malaysian	-	-	⁽⁶⁾ 34,649,000	21.64	-	-	⁽⁶⁾ 34,649,000	16.49

Notes:-

- (1) Based on our issued share capital of 160,096,000 Shares before our IPO but after the Acquisitions.
- (2) Based on our enlarged issued share capital of 210,146,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her shareholdings in Sierra Mode pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholdings of his spouse, Chia Siew Lee in our Company.
- (5) Deemed interested by virtue of his shareholdings in Treasure Gain pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of his shareholdings in Untung Besar pursuant to Section 8 of the Act
- (7) Based on the assumption that all our IPO Shares allocated to the Eligible Parties under the Pink Form Allocation are fully subscribed.

Further details on our Promoters and/or substantial shareholders are set out in Section 5.1 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 UTILISATION OF PROCEEDS

The estimated gross proceeds arising from the Public Issue of RM14.01 million based on our IPO Price shall be utilised in the following manner:-

Purposes	Estimated Timeframe for Utilisation upon Listing	RM'000	%
Capital expenditure for a new cold storage facility	Within 24 months	8,000	57.09
Working capital requirements	Within 24 months	2,514	17.94
Estimated listing expenses	Immediate	3,500	24.97
Total		14,014	100.00

Further details on our utilisation of IPO proceeds are set out in Section 4.7 of this Prospectus.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.9.1 Financial Highlights

The key financial highlights based on the historical audited combined financial statements of our Group for the Financial Years Under Review are as follows:-

	Audited			
	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)
Continuing Operations				
Revenue	94,055	158,469	156,330	159,454
GP	9,217	16,345	18,273	21,087
PBT	2,439	4,362	6,966	6,994
PAT from continuing operations	2,409	4,025	5,589	6,958
Loss after taxation from discontinued operations	(6)	(5)	(8)	(9)
PAT	2,403	4,020	5,581	6,949
PAT attributable to:				
Owners of the Company				
- continuing operations	2,486	4,052	5,601	6,950
- discontinued operations	(6)	(5)	(8)	(9)
Non-controlling interest				
- continuing operations	(77)	(27)	(12)	8
- discontinued operations	-	-	-	-
	2,403	4,020	5,581	6,949
GP margin (%) ⁽¹⁾	9.80	10.31	11.69	13.22
PBT margin (%) ⁽²⁾	2.59	2.75	4.46	4.39
PAT margin (%) ⁽³⁾	2.64	2.56	3.58	4.36
Basic EPS (sen) ⁽⁴⁾	1.55	2.53	3.50	4.34
Diluted EPS (sen) ⁽⁵⁾	1.18	1.93	2.67	3.31

Notes:-

- (1) Computed based on GP divided by revenue from the continuing operations of our Group.
- (2) Computed based on PBT from continuing operations of our Group divided by revenue from the continuing operations of our Group.
- (3) Computed based on PAT attributable to the owners of the Company from continuing operations divided by revenue from the continuing operations of our Group.

3. PROSPECTUS SUMMARY (CONT'D)

- (4) Computed based on PAT attributable to the owners of the Company from continuing operations divided by the issued share capital of 160,096,000 Shares after the Acquisitions but before our IPO.
- (5) Computed based on PAT attributable to the owners of the Company from continuing operations divided by the enlarged issued share capital of 210,146,000 Shares after our IPO.

There were no exceptional or extraordinary items during the Financial Years Under Review. Our audited combined financial statements for the Financial Years Under Review were not subject to any audit qualifications.

3.9.2 Operational Highlights

The breakdown of our revenue by business activities for the Financial Years Under Review is as follows:-

	Audited						Audited	
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Processing and trading of frozen seafood products								
- Molluscs ⁽¹⁾	38,120	40.53	78,507	49.54	111,262	71.18	102,591	64.33
- Fishes ⁽²⁾	49,162	52.27	72,505	45.75	32,317	20.67	33,096	20.76
- Others ⁽³⁾	5,172	5.50	3,891	2.46	8,697	5.56	19,962	12.52
	92,454	98.30	154,903	97.75	152,276	97.41	155,649	97.61
Provision of frozen seafood processing services	1,601	1.70	3,566	2.25	4,054	2.59	3,805	2.39
Total	94,055	100.00	158,469	100.00	156,330	100.00	159,454	100.00

Notes:-

- (1) Mainly comprised cuttlefish, squid, octopus and ark shell meat.
- (2) Mainly comprised tuna, bonito, leatherjacket, mackerel, ribbonfish, pomfret and other types of fishes.
- (3) Mainly comprised sea cucumber, prawn and abalone.

Further details of our Group's financial information are set out in Section 11 of this Prospectus.

3.10 DIVIDEND POLICY

Our Group currently does not have a fixed dividend policy. Nonetheless, it is our intention to pay dividends to our shareholders in the future to allow them to participate in our profits. The declaration of dividends is subject to the discretion of our Board. Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group.

The dividends declared and paid during the Financial Years Under Review are as follows:-

	FYE 2020 (RM)	FYE 2021 (RM)	FYE 2022 (RM)	FYE 2023 (RM)
Dividend paid/declared	⁽¹⁾ 226,700	⁽¹⁾ 226,700	-	-

Note:-

- (1) Dividends declared by OFS Products in respect of FYE 2020 and FYE 2021, of which RM0.23 million were paid out in 2020 and 2021 respectively.

Further details of our dividends are set out in Section 11.7 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.11 IMPACT OF THE COVID-19

Despite the MCOs, our processing and trading activities were allowed to continue as our business was recognised as an essential service. We received MITI's approval on 21 March 2020 indicating that we were allowed to operate our processing activities during the MCO. In accordance with the SOPs set out by the Government at the time, we were also allowed to operate our Processing Facility at lower capacity and/or shorter operating hours throughout different phases of the MCOs. Thus, this has reduced the impact of the COVID-19 on our Group's financial performance during FYE 2020 and FYE 2021.

However, we experienced longer delivery time for imported seafood supplies as well as for our frozen seafood products exported to our international customers mainly as a result of shortage of shipping containers and implementation of additional SOPs at the ports. This has resulted in an increase in shipping costs which we were generally able to pass on to our customers.

Impact on our financial performance

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. In addition, the COVID-19 did not have a significant adverse impact on our overall financial performance for the Financial Years Under Review as evident by the growth in our revenue from RM94.06 million in the FYE 2020 to RM159.45 million in the FYE 2023.

Further details on the impact of COVID-19 to our business and operations are set out in Section 7.14 of this Prospectus.

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4. PARTICULARS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION

The Application period will open at 10.00 a.m. on 12 June 2024 and will remain open until 5.00 p.m. on 20 June 2024. **Late applications will not be accepted.**

4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Events	Indicative Dates
Issue of Prospectus / Opening date for the Application	12 June 2024
Closing date of the Application	20 June 2024
Tentative date for balloting of Applications	24 June 2024
Tentative date for allotment of IPO Shares	2 July 2024
Tentative listing date	4 July 2024

In the event that there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make an announcement of such changes on Bursa Securities' website accordingly.

4.3 DETAILS OF OUR IPO

4.3.1 Public Issue

The Public Issue of 50,050,000 new Shares at our IPO Price representing approximately 23.81% of our enlarged issued share capital will be made available for Application as follows:-

(i) Malaysian Public via balloting

10,510,000 IPO Shares representing approximately 5.00% of our enlarged issued share capital, are made available for application by the Malaysian Public, to be allocated by way of balloting, of which at least 50.00% is to be set aside strictly for Bumiputera public investors.

(ii) Eligible Parties

In recognition of the contributions by the Eligible Parties, we have reserved 1,710,000 IPO Shares (being the Pink Form Allocation) representing approximately 0.81% of our enlarged issued share capital for subscription by the Eligible Parties, as indicated in the table below:-

Category	No. of Eligible Parties	Aggregate no. of IPO Shares allocated
Directors ⁽¹⁾	10	1,010,000
Eligible employees ⁽²⁾	56	700,000
Total	66	1,710,000

4. PARTICULARS OF OUR IPO (CONT'D)**Notes:-**

- (1) The number of IPO Shares to be allocated to our eligible Directors are as follows:-

Name	Designation	No. of IPO Shares allocated
Law Chee Kheong	Non-Independent Non-Executive Chairman	50,000
Siang Hai Yong	Executive Director	300,000
Teo Chee Han	Executive Director	200,000
Kee Wan Chum	Executive Director / Head of Operations	200,000
Dato' Sri Chia Hooi Huak	Non-Independent Non-Executive Director	50,000
Chan Kee Eng	Senior Independent Non-Executive Director	40,000
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Independent Non-Executive Director	50,000
Ng Lai Hock	Independent Non-Executive Director	40,000
Yap Lee Teng	Independent Non-Executive Director	40,000
Go Sin Sin	Independent Non-Executive Director	40,000
Total		1,010,000

- (2) The allocation to our eligible employees (as approved by our Board) is based on the following factors:-

- the employee must be at least 18 years old;
- the employee must be a full-time confirmed employee and on the payroll of our Group;
- the seniority, position and their length of service in our Group;
- the contribution made to our Group; and
- others factors deemed relevant to our Group.

The number of IPO Shares to be allocated to our key senior management are as follows:-

Name	Designation	No. of IPO Shares allocated
Kan Swee Koh	General Manager - Administration & Human Resources	200,000
Lain Wui Hiung	General Manager - Production	50,000
Chong Der Woei	Accountant	50,000
Total		300,000

(iii) Private placement to selected investors

37,830,000 IPO Shares representing approximately 18.00% of our enlarged issued share capital will be made available by way of private placement to selected investors by our Placement Agent.

All our IPO Shares shall, upon allotment and issuance, rank equally in all respects with our existing issued Shares, except that our IPO Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment and issuance of our IPO Shares.

Upon completion of the Public Issue, our issued share capital will increase from 160,096,000 Shares to 210,146,000 Shares.

4. PARTICULARS OF OUR IPO (CONT'D)

4.3.2 Allocation of our IPO Shares and Underwriting Arrangement

In summary, our IPO Shares will be allocated in the following manner:-

	Public Issue	
	No. of Shares	*%
Malaysian Public via balloting:-		
- Bumiputera	5,255,000	2.50
- Non-Bumiputera	5,255,000	2.50
Eligible Parties	1,710,000	0.81
Private placement to selected investors	37,830,000	18.00
Total	50,050,000	23.81

Note:-

* Based on the enlarged issued share capital of 210,146,000 Shares after our IPO.

10,510,000 IPO Shares made available to the Malaysian Public have been fully underwritten. In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board whilst in the event our IPO Shares are not subscribed for in full, these IPO Shares will be made available for application by way of private placement to selected investors. Any remaining IPO Shares thereafter will be subscribed by our Underwriter, subject to the terms and conditions of the Underwriting Agreement.

1,710,000 IPO Shares made available to the Eligible Parties have been fully underwritten. Any IPO Shares reserved under the Pink Form Allocation which are not taken up will be made available firstly, for subscription by other Eligible Parties, secondly, for Applications by the Malaysian Public via balloting and/or selected investors via private placement and finally, by our Underwriter, subject to the terms and conditions of the Underwriting Agreement.

37,830,000 IPO Shares made available to selected investors through private placement are not underwritten. Irrevocable undertakings have been or will be obtained from the selected investors who subscribe for our IPO Shares by way of private placement. Any unsubscribed IPO Shares under this allocation will be made available for Applications by the Malaysian Public via balloting.

Our IPO Shares will be allocated on a fair and equitable manner and the basis of allocation for our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants to broaden our shareholding base and to establish a liquid market for our Shares. The identified investors for our IPO Shares under the private placement will be selected in such manner as may be determined by our Placement Agent, in consultation with our Board, to be in the best interest of our Company. Our Placement Agent, in consultation with our Board, has the absolute discretion to decide whether to accept or reject any placement application.

There is no minimum subscription amount to be raised from our IPO. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 200 public shareholders, each holding not less than 100 Shares at the point of our Listing. If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 9.3.5 of this Prospectus for details in the event our Listing is delayed or aborted.

4. PARTICULARS OF OUR IPO (CONT'D)

As at the LPD, to the extent known to our Company, none of our Directors, substantial shareholders or key senior management has indicated to us that they intend to subscribe for our IPO Shares beyond their respective entitlements under the Pink Form Allocation and there are no person(s) who have indicated to us that they intend to subscribe for more than 5.00% of our IPO Shares.

4.4 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and our Principal Adviser after taking into consideration the following factors:-

- (i) our pro forma NA per Share attributable to the owners of the Company of RM0.27 as at 31 December 2023 based on the enlarged issued share capital of 210,146,000 Shares, after our IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 4.7 of this Prospectus;
- (ii) our EPS of 3.31 sen computed based on our audited PAT from continuing operations attributable to owners of the Company for the FYE 2023 of approximately RM6.95 million respectively and our enlarged issued share capital of 210,146,000 Shares upon Listing, which translate into PE Multiple of 8.47 times;
- (iii) our competitive strengths as set out in Section 7.3 of this Prospectus;
- (iv) our future plans and strategies as set out in Section 7.20 of this Prospectus; and
- (v) the industry overview and outlook based on the IMR Report as set out in Section 8 of this Prospectus.

Prospective investors should also note that the market price of our Shares upon Listing is subject to uncertainties of market forces and other factors which may affect the price of our Shares being traded. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. Prospective investors are also reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus before deciding to invest in our Shares.

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4. PARTICULARS OF OUR IPO (CONT'D)

4.5 SHARE CAPITAL AND RANKING OF OUR SHARES

4.5.1 Share Capital

Upon the completion of our IPO, our enlarged issued share capital will be as follows:-

	No. of Shares	RM
Existing issued share capital	160,096,000	38,423,041
New Shares to be issued pursuant to the Public Issue	50,050,000	14,014,000
Enlarged issued share capital upon Listing	210,146,000	52,437,041

4.5.2 Classes and Ranking of Our Shares

We have only one (1) class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon issuance and allotment, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

Subject to special rights attaching to any Share which we may issue in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy, or by his/its representative under the instrument of proxy or certificate of appointment of corporate representatives or power of attorney (“**Representative**”). On a vote by shows of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have one (1) vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have one (1) vote for each Share held. A proxy may but need not be a shareholder of our Company.

4.6 DILUTION

Dilution is the amount by which our IPO Price to be paid by the applicants for our IPO Shares exceeds our pro forma combined NA per Share after our IPO. The following table illustrates such dilution on per Share basis:-

	Details	RM
IPO Price	(A)	0.28
Audited combined NA per Share as at 31 December 2023 before our IPO but after the Acquisitions	(B)	0.28
Pro forma combined NA per Share as at 31 December 2023 after our IPO and the utilisation of proceeds	(C)	0.27
Decrease in pro forma combined NA per Share attributable to existing shareholders	(C-B)	0.01
Dilution to our new investors	(A-C)	0.01
Dilution to our new investors as a percentage of our IPO Price	(A-C) / (A)	3.57%

4. PARTICULARS OF OUR IPO (CONT'D)

Save as disclosed below, there is no substantial disparity between our IPO Price and the effective cash cost to our Directors, substantial shareholders, key senior management and/or persons connected with them for any of our Shares acquired by them or they have the right to acquire our Shares in any transaction from our date of incorporation up to the date of this Prospectus:-

Directors, substantial shareholders and person connected to them	(1) No. of Shares held before our IPO but after the Acquisitions	(2) Total Consideration (RM)	Average effective cost per Share (RM)
Treasure Gain	51,840,300	12,441,672	0.24
Untung Besar	34,649,000	8,315,760	0.24
Sierra Mode	13,884,000	3,332,160	0.24
Dato' Sri Chia Hooi Huak	13,642,000	3,274,080	0.24
Siang Hai Yong	11,994,000	2,878,560	0.24
Law Chee Kheong	9,524,700	2,285,928	0.24
Heah Theare Haw	8,526,000	2,046,240	0.24
Chia Siew Lee	2,665,000	639,600	0.24

Notes:-

- (1) Being Shares issued pursuant to the Acquisitions.
- (2) Calculated based on the purchase consideration for the Acquisitions attributable to them.

As at the date of this Prospectus, save for the Pink Form Allocation which is based on our IPO Price, there is no outstanding right granted to our Directors, substantial shareholders, key senior management and/or persons connected to them to acquire our Shares.

4.7 UTILISATION OF PROCEEDS

Based on our IPO Price, we expect to raise gross proceeds of RM14.01 million from the Public Issue which intended to be used in the following manner:-

Purposes	Notes	Estimated Timeframe for Utilisation upon Listing	RM'000	%
Capital expenditure for a new cold storage facility	(i)	Within 24 months	8,000	57.09
Working capital requirements	(ii)	Within 24 months	2,514	17.94
Estimated listing expenses	(iii)	Immediate	3,500	24.97
Total			14,014	100.00

Notes:-**(i) Capital expenditure for a new cold storage facility**

As part of our Group's business expansion plan (as further discussed in Section 7.20 of this Prospectus), we intend to utilise RM8.00 million of the gross proceeds from our Public Issue to part finance the construction of a new cold storage facility on PSFD Land 1, where OFS Products had procured a use permit up to 31 December 2024 from PSFD. The use permit enables OFS Products to utilise the subject land for conducting its business operations, subject to periodic renewal.

Upon commissioning, the new cold storage facility is expected to increase our capacity from 1,700 tonnes up to 4,700 tonnes. The new cold storage facility shall cover a total floor area of 3,747 m², comprising the following facilities:-

- six (6) units of cold rooms covering 2,622 m²;
- a loading bay covering 240 m²;

4. PARTICULARS OF OUR IPO (CONT'D)

- an ante room covering 285 m²; and
- a 3-level office covering 600 m².

A breakdown of the estimated construction costs for the new cold storage facility based on a contractor's quotation procured is as follows:-

Descriptions	RM'000
Engineering drawings and professional consultancy services and project management	200
Construction of cold rooms and office building	
▪ Infrastructure works and earthworks	560
▪ Construction costs	3,400
▪ Mechanical and electrical works and other ancillaries	780
Setting up of cold rooms and refrigeration system	
▪ Fittings for cold rooms, ante room and loading bay	3,200
▪ Refrigeration system	2,200
▪ Mechanical and electrical works and other ancillaries	530
▪ Stackable pallet cage	750
Total	11,620

For clarity, the estimated costs are indicative as the final contracts for the construction of the new cold storage facility can only be finalised and entered into after our IPO.

The construction of the new cold storage facility is expected to complete within 18 months upon receiving the requisite approval as illustrated below:-

Milestones	Estimated timeframe
Procuring the requisite approval from the Kuantan City Council for the cold storage facilities' building plan	Within 6 months upon receipt of the gross proceeds from our Public Issue ("T")
Completion of construction	T + 12 months
Issuance of CCC and fire certificate	T + 15 months
Setting up of the new cold rooms and procuring the requisite certifications and/or licences *	T + 18 months

Note *:- OFS Products will obtain business premise licence, food premise registration, HACCP certificate, GMP certificate, MeSTI certificate, HALAL certificate and such other certificates/licences as may be required by the relevant authorities at that point of time, for the operation of the new cold storage facility. In addition, OFS Products will also be required to obtain the registration as cold storage operator from GACC (via MOH) and to notify MOH of the new cold storage facility for the purpose of its EU Number 75 Certificate.

As stated above, the use permit of the PSFD Land 1 is up to 31 December 2024, subject to periodic renewal. Nevertheless, OFS Products had on 10 October 2023 applied to PSFD for a 30-year extension period for the said use permit, for which the decision from PSFD is still pending as at the LPD. OFS Products does not foresee any issue with the extension from PSFD, given that PSFD has approved the use permit to carry out seafood processing activity on PSFD Land 2 for a period of 20 years. In the event OFS Products is unable to secure an extension similar with PSFD Land 2 from PSFD (including the construction of the new cold storage facilities), OFS Products has identified another smaller parcel of adjacent land ("**Adjacent Land**") as an alternative to PSFD Land 1 based on the same construction plan. The Adjacent Land is measuring approximately 0.62 hectares located at Lot 4966, Peramu, Mukim Kuala Kuantan, Daerah Kuantan. As at the LPD, we are in the midst of engaging with the land owners for either a long-term tenancy agreement to be entered into for the Adjacent Land or outright purchase. Nonetheless, the parties could not proceed further as two (2) of the 19 land owners have died intestate. The next-of-kins of the said two (2) deceased land owners are in the midst of applying for distribution of assets in accordance with the Shariah law. OFS Products and the (eventual) land owners will only resume discussion on either the long-term tenancy arrangement or outright purchase once the distribution of assets is resolved.

4. PARTICULARS OF OUR IPO (CONT'D)

As we are only allocating RM8.0 million of the proceeds from our Public Issue for the construction of a new cold storage facility, we intend to finance the remaining RM3.62 million construction costs through bank borrowings to be procured by our Group. We do not foresee any difficulty in procuring the necessary bank borrowings given the small quantum of loan required and our low gearing ratio as disclosed in Section 11.4.8(v) of this Prospectus.

In view of our Processing Facility is also limited and constraint by the volume of products that can be stored at our cold rooms, which is currently near full utilisation rate, the new cold storage facility upon completion will certainly increase our cold room storage space and thereby cater for our business growth. As disclosed in Sections 7.20(ii) and 7.20(iii) of this Prospectus, we intend to grow our exports of frozen seafood products to international markets, particularly China as well as to venture into the processing and trading of dried seafood products. As such, we expect that we will require to store a higher volume of seafood supplies and frozen seafood products, and thus, would require a larger cold room storage space.

(ii) Working capital requirements

We intend to utilise RM2.51 million from the gross proceeds from our Public Issue for the purchase of raw materials, which comprise fresh and frozen seafood. The purchase of raw materials accounted approximately 92.44% to 93.72% of our Group's total cost of sales during the Financial Years Under Review. The breakdown of each type of raw materials cannot be determined at this juncture as it depends on our customers' orders and availability of raw materials at the relevant point of time.

(iii) Estimated Listing Expenses

The estimated listing expenses to be borne by our Group are as follows:-

Details	RM'000
Advisory and professional fees ⁽¹⁾	2,500
Fees payable to authorities	70
Underwriting commission, brokerage fees and placement fees	500
Other miscellaneous expenses and contingencies ⁽²⁾	430
Total estimated listing expenses	3,500

Notes:-

- (1) Includes fees for our Principal Adviser, Reporting Accountants, due diligence solicitors, IMR, Share Registrar and other professional advisers as well as our Issuing House.
- (2) Includes any other incidental charges or related expenses in relation to our IPO such as fees paid to translator, public or investor relation consultants, printing of Prospectus, forms and envelopes, advertisement of Prospectus, sales and service tax and funds reserved for contingency purposes.

If the actual listing expenses are higher than budgeted, the shortfall will be funded from the portion allocated for working capital purposes. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

For the avoidance of doubt, in the event of any material variation to the manner of utilisation of proceeds, we will ensure our compliance with Rule 8.24 of the Listing Requirements.

The proceeds from the Public Issue (save for the estimated listing expenses) will be placed in short-term deposits or money market instruments with licensed financial institutions until eventual utilisation.

4. PARTICULARS OF OUR IPO (CONT'D)

4.8 UNDERWRITING COMMISSION, BROKERAGE FEE AND PLACEMENT FEE**4.8.1 Underwriting Commission**

Our Underwriter will underwrite 12,220,000 IPO Shares made available for application by the Malaysian Public and Eligible Parties. We are obligated to pay our Underwriter the underwriting commission at the rate of 2.00% of the total value of our IPO Shares underwritten at our IPO Price.

4.8.2 Brokerage Fee

Brokerage fee is payable in respect of our IPO Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of participating organisations of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or our Issuing House.

4.8.3 Placement Fees

We are obliged to pay our Placement Agent a placement fee of up to 2.00% of the total value of the 37,830,000 IPO Shares placed out by our Placement Agent.

4.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following terms are reproduced from the Underwriting Agreement including terms which allow our Underwriter to withdraw from the underwriting obligation after the opening of our IPO. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed to it in the Underwriting Agreement:-

4.9.1 Underwriting Commitment

The obligations of our Underwriter under the Underwriting Agreement are conditional upon the following conditions precedent being fulfilled or waived:-

- (i) the Underwriting Agreement having been duly executed by all the parties and stamped and has not been terminated or rescinded pursuant to the provisions therein and the Underwriting Agreement remaining in full force and effect and no breach in respect of the Underwriting Agreement has occurred;
- (ii) there having been on or prior to the last date for receipt of application and payment for the subscription for our IPO Shares in accordance with this Prospectus or such later date as our Company and our Underwriter may mutually agree upon in accordance with this Prospectus (“**Closing Date**”), neither any material adverse change nor any development reasonably likely to result in any material adverse change in the condition, business or operations (financial or otherwise) of our Company and any company within our Group, which is material in the context of our Listing and our IPO from that set forth in this Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material which makes any of the representations and warranties contained in clause 3 of the Underwriting Agreement untrue and incorrect in any material respect as though our Underwriter had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of and/or failure by our Company to perform any of the warranties or undertakings contained in clause 3 of the Underwriting Agreement;

4. PARTICULARS OF OUR IPO (CONT'D)

- (iii) the delivery to our Underwriter:-
 - (a) on or before the Closing Date (or such later time as our Underwriter may agree), a copy certified as a true copy by the company secretary of our Company of the Constitution and all the resolutions of our Directors approving the Underwriting Agreement (including the execution of the Underwriting Agreement), this Prospectus (including the issuance of this Prospectus), our Listing and confirming that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in this Prospectus; and
 - (b) on the Closing Date (or such later time as our Underwriter may agree), a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the Closing Date signed by a Director or duly authorised officers of our Company stating among others, that, to the best of our knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Section 4.9.1(ii) above;
- (iv) this Prospectus being in the form and substance satisfactory to our Underwriter;
- (v) our Listing and our IPO not being prohibited by any statute, order, rule, regulation or directive promulgated by any legislative, executive or regulatory body or authority in Malaysia (including Bursa Securities);
- (vi) our Company having complied and that our Listing and our IPO are in compliance with all applicable laws and the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (vii) our Company having fully complied with all the conditions which are required to be complied with prior to the issuance of this Prospectus or the Closing Date imposed by the SC and Bursa Securities in respect of our Listing and our IPO (except for any conditions which can only be complied with after completion of our Listing, as may be directed by the SC and Bursa Securities);
- (viii) the registration with Bursa Securities of this Prospectus and such other documents as may be required in accordance with the Listing Requirements and the CMSA in relation to our Listing and the lodgement of this Prospectus with the CCM in accordance with the requirements of Section 234 of the CMSA on or before its issuance;
- (ix) Bursa Securities has agreed and approved on or prior to the Closing Date to the admission to the Official List and the listing of and quotation for the entire enlarged issued share capital of our Company on the ACE Market in full force and effect, and if the approval of Bursa Securities shall be conditional, all conditions thereto being in terms acceptable to our Underwriter and the said approval remaining valid and have not been withdrawn, revoked, suspended, terminated or lapsed and that our Listing shall be granted two (2) clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from Bursa Depository confirming that the Securities Accounts of all successful applicants have been duly credited and our Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;
- (x) this Prospectus having been issued within sixty (60) days of the date of the Underwriting Agreement or within such extended period as may be mutually determined by our Underwriter and our Company;
- (xi) the issuance and allotment of our IPO Shares having been approved by Bursa Securities and any other relevant authorities and such authorisation has not been amended, withdrawn, revoked, suspended, terminated or lapsed and all conditions of the approval has been complied with;

4. PARTICULARS OF OUR IPO (CONT'D)

- (xii) all necessary approvals, consents and authorisations required in relation to our Listing and our IPO including but not limited to governmental approvals having been obtained and are in full force and effect and that all conditions to the approvals (except for any which can only be complied with after our Listing has been completed) have been complied with;
- (xiii) our Underwriter having been satisfied that on or prior to the Closing Date, there is no breach of, or failure on the part of our Company to comply with, any of its obligations and undertakings under the Underwriting Agreement which would give rise to a material adverse effect; and
- (xiv) all the resolutions referred to in Section 4.9.1(iii)(a) remaining in full force and effect as at the Closing Date and none having been rescinded, revoked or varied.

If any of the conditions set out in the Underwriting Agreement is not satisfied by the Closing Date, our Underwriter shall thereupon be entitled to terminate the Underwriting Agreement by giving notice in writing not later than seven (7) Market Days after the Closing Date to our Company and in that event, except for the liability of our Company for the payment of the underwriting commission and the underwriting commission and the costs and expenses as provided in the Underwriting Agreement incurred up to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by either our Company and our Underwriter against each other, and the parties shall be released and discharged from the respective obligations hereunder PROVIDED THAT our Underwriter may at its discretion and with respect to its obligations, waive compliance with any of the conditions set out in the Underwriting Agreement. Thereafter, the Underwriting Agreement shall be terminated and be of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches.

4.9.2 Termination by our Underwriter upon the occurrence of adverse changes or force majeure event

Our Underwriter may by notice in writing to our Company given at any time before the Listing Date, terminate, cancel or withdraw its commitment to underwrite the 12,220,000 IPO Shares made available for application by the Malaysian Public and Eligible Parties under the Underwriting Agreement if:-

- (i) any of the conditions precedent set out in the Underwriting Agreement are not fully satisfied on or before Closing Date or such other time as are indicated in the respective conditions; or
- (ii) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter to our Company in writing or as stipulated in the written notice informing our Company of such breach or by the Closing Date, whichever is earlier; or
- (iii) there is withholding of information which is required to be disclosed by or to our Underwriter, pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by our Underwriter to our Company in writing or as stipulated in the written notice informing our Company of such breach which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our Listing, or the distribution or sale of our IPO Shares; or
- (iv) there shall have occurred, happened or come into effect, or which in the opinion of our Underwriter is likely to occur, any material and adverse change to the business or financial condition of our Company or our Group from that set out in this Prospectus which is material in the context of the issuing of our IPO Shares and our Listing; or

4. PARTICULARS OF OUR IPO (CONT'D)

- (v) there shall have occurred, happened or come into effect any of the following circumstances:-
- (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing;
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Underwriter (including without limitation, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
 - (c) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, national emergency, civil war or commotion, hijacking, terrorism;
 - (d) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power;
 - (e) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic which results in the closure of banks or government or regulatory offices or any other authorities which are required for our Underwriter to perform its obligations under the Underwriting Agreement, or other acts of God;
 - (f) any government requisition, mandatory control orders or restrictions in movement or other occurrence of any nature whatsoever;
 - (g) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more; and/or
 - (h) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the ACE Market due to exceptional financial circumstances or otherwise,

which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on the business or the operations of our Group, the success of our Listing and/or our IPO, or the distribution or sale of our IPO Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

- (vi) there is failure on the part of our Company to perform any of its obligations therein contained which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter to our Company in writing or as stipulated in the written notice informing our Company of such breach or by the Closing Date, whichever is earlier; or
- (vii) any approvals for our Listing are revoked, or withdrawn, or modified or is varied or subject to the conditions not acceptable to our Underwriter; or
- (viii) the Closing Date is not the day and time adopted in this Prospectus or such other extended date as may be agreed in writing by our Underwriter; or

4. PARTICULARS OF OUR IPO (CONT'D)

- (ix) our IPO or our Listing is stopped or delayed by our Company for any reason whatsoever (unless such delay arises due to action or non-action of the regulatory authorities or has been approved by our Underwriter); or
- (x) any commencement of legal proceedings or action against any member of our Group or any of our Directors (excluding the independent non-executive Directors of our Company) which would have or is likely to have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer our IPO Shares; or
- (xi) any of the resolutions or approvals referred to in the Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a material adverse effect; or
- (xii) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if any of this Prospectus were to be issued at that time, constitute a material omission therefrom as of the latest practicable date of this Prospectus; or
- (xiii) the FTSE Bursa Malaysia Kuala Lumpur Composite Index is, at the close of normal trading on Bursa Securities, on any Market Day:-
 - (a) on or after the date of the Underwriting Agreement; and
 - (b) prior to the Closing Date,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for three (3) consecutive Market Days; or
- (xiv) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) consecutive Market Days.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of Promoters and Substantial Shareholders

The details of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after our IPO are as follows:-

	Nationality / Country of Incorporation	⁽¹⁾ Before our IPO / After the Acquisitions				⁽²⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Siang Hai Yong	Malaysian	11,994,000	7.49	⁽³⁾⁽⁴⁾ 16,549,000	10.34	⁽⁷⁾ 12,294,000	5.85	⁽³⁾⁽⁴⁾ 16,549,000	7.88
Kee Wan Chum	Malaysian	-	-	⁽³⁾ 13,884,000	8.67	⁽⁷⁾ 200,000	0.10	⁽³⁾ 13,884,000	6.61
Promoter									
Kan Swee Koh	Malaysian	-	-	-	-	⁽⁷⁾ 200,000	0.10	-	-
Substantial shareholders									
Treasure Gain	Malaysia	51,840,300	32.38	-	-	51,840,300	24.67	-	-
Untung Besar	Malaysia	34,649,000	21.64	-	-	34,649,000	16.49	-	-
Sierra Mode	Malaysia	13,884,000	8.67	-	-	13,884,000	6.61	-	-
Dato' Sri Chia Hooi Huak	Malaysian	13,642,000	8.52	-	-	⁽⁷⁾ 13,692,000	6.51	-	-
Law Chee Kheong	Malaysian	9,524,700	5.95	⁽³⁾ 13,884,000	8.67	⁽⁷⁾ 9,574,700	4.55	⁽³⁾ 13,884,000	6.61
Heah Theare Haw	Malaysian	8,526,000	5.33	-	-	8,526,000	4.06	-	-
Darmanto	Indonesian	-	-	⁽⁵⁾ 51,840,300	32.38	-	-	⁽⁵⁾ 51,840,300	24.67
Lee Siok Ming	Malaysian	-	-	⁽⁶⁾ 34,649,000	21.64	-	-	⁽⁶⁾ 34,649,000	16.49
Tan Eng Aun	Malaysian	-	-	⁽⁶⁾ 34,649,000	21.64	-	-	⁽⁶⁾ 34,649,000	16.49

Notes:-

- (1) Based on our issued share capital of 160,096,000 Shares before our IPO but after the Acquisitions.
- (2) Based on our enlarged issued share capital of 210,146,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her shareholdings in Sierra Mode pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholding of his spouse, Chia Siew Lee in our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (5) Deemed interested by virtue of his shareholdings in Treasure Gain pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of his shareholdings in Untung Besar pursuant to Section 8 of the Act.
- (7) Based on the assumption that all our IPO Shares allocated to the Eligible Parties under the Pink Form Allocation are fully subscribed.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Company and there is no arrangement with any third parties which may result in a change in control of our Company.

Save as disclosed above, we are not aware of any other person who can, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.2 Changes in Promoters' and Substantial Shareholders' Shareholdings

Save as disclosed below, the changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 22 May 2023 are as follows:-

	As at 22 May 2023				⁽²⁾ Before our IPO / After the Acquisitions				⁽³⁾ After our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders												
Siang Hai Yong	-	-	-	-	11,994,000	7.49	⁽⁴⁾⁽⁵⁾ 16,549,000	10.34	⁽⁸⁾ 12,294,000	5.85	⁽⁴⁾⁽⁵⁾ 16,549,000	7.88
Kee Wan Chum	-	-	-	-	-	-	⁽⁴⁾ 13,884,000	8.67	⁽⁸⁾ 200,000	0.10	⁽⁴⁾ 13,884,000	6.61
Promoter												
Kan Swee Koh	-	-	-	-	-	-	-	-	⁽⁸⁾ 200,000	0.10	-	-
Substantial shareholders												
Treasure Gain	-	-	-	-	51,840,300	32.38	-	-	51,840,300	24.67	-	-
Untung Besar	-	-	-	-	34,649,000	21.64	-	-	34,649,000	16.49	-	-
Sierra Mode	-	-	-	-	13,884,000	8.67	-	-	13,884,000	6.61	-	-
Dato' Sri Chia Hooi Huak	-	-	-	-	13,642,000	8.52	-	-	⁽⁸⁾ 13,692,000	6.51	-	-
Law Chee Kheong ⁽¹⁾	1	100.00	-	-	9,524,700	5.95	⁽⁴⁾ 13,884,000	8.67	⁽⁸⁾ 9,574,700	4.55	⁽⁴⁾ 13,884,000	6.61
Heah Theare Haw	-	-	-	-	8,526,000	5.33	-	-	8,526,000	4.06	-	-
Darmanto	-	-	-	-	-	-	⁽⁶⁾ 51,840,300	32.28	-	-	⁽⁶⁾ 51,840,300	24.67
Lee Siok Ming	-	-	-	-	-	-	⁽⁷⁾ 34,649,000	21.64	-	-	⁽⁷⁾ 34,649,000	16.49
Tan Eng Aun	-	-	-	-	-	-	⁽⁷⁾ 34,649,000	21.64	-	-	⁽⁷⁾ 34,649,000	16.49

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:-

- (1) As at the date of incorporation, the sole shareholder of our Company is Law Chee Kheong. Subsequently on 23 May 2023, the subscriber share was transferred to Lim Laang Feng.
- (2) Based on our issued share capital of 160,096,000 Shares before our IPO but after the Acquisitions.
- (3) Based on our enlarged issued share capital of 210,146,000 Shares after our IPO.
- (4) Deemed interested by virtue of his/her shareholdings in Sierra Mode pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholding of his spouse, Chia Siew Lee in our Company.
- (6) Deemed interested by virtue of his shareholdings in Treasure Gain pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of his shareholdings in Untung Besar pursuant to Section 8 of the Act.
- (8) Based on the assumption that all our IPO Shares allocated to the Eligible Parties under Pink Form Allocation are fully subscribed.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.3 Profiles of our Promoters and Substantial Shareholders

The profiles of our Promoters and substantial shareholders are as follows:-

(i) Siang Hai Yong

Siang Hai Yong, a Malaysian, age 62, is our Executive Director, Promoter and substantial shareholder. He was appointed to our Board on 10 August 2023. He is responsible for overseeing our Group's strategic planning, development and overall business operations.

He completed his primary school education from Sekolah Jenis Kebangsaan (Cina) Hai Ping in 1975. In order to support his family, he started fishing and selling seafood products in Kampung Sungai Burung on a small-time basis in 1976. He later assisted to operate a fishing vessel and in 1981, he moved to Kuantan and continued fishing and selling seafood products on a small-time basis.

With the experience and expertise gained in the fishing industry, he co-founded Yin Li Fishery, with Chia Siew Lee in August 1995. At the time, Yin Li Fishery was principally involved in the wholesale of fish and seafood products in Pasar Besar Selayang. In March 2012, he handed over the business operations of Yin Li Fishery to his son, Siang Chun Sai, in order to focus on OFS Products.

Siang Hai Yong was appointed as a director of OFS Products in 2002 and was in charge of supply chain management given his experience in the fishing industry. With his understanding of the fishery industry and experience in supply chain management, he saw a need to ensure consistent supply and quality of seafood supplies to fulfil customers' orders throughout the years. He thus co-founded OF Trading in May 2009 with Kee Yow Lee, to focus on widening OFS Products' network of suppliers and inspecting seafood supplies to ensure its quality. In June 2013, Siang Hai Yong took over the role to oversee OFS Products' strategic direction and business development. Since then, Siang Hai Yong has been key to OFS Products' growth of the frozen seafood processing business over the years. He later set up East Ocean in March 2017 with Chew Meng Chung, to focus on ensuring the quality of local seafood supplies sourced from suppliers based in Sabah.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

As at the LPD, he is also the director and/or shareholder of several private limited companies as disclosed in Section 5.2.3 (i) of this Prospectus.

(ii) Kee Wan Chum

Kee Wan Chum, a Malaysian, age 38, is our Promoter and Executive Director / Head of Operations. She was appointed to our Board on 1 October 2023.

She is responsible for our Group's daily business operating activities and managing our employees to ensure smooth operations of our business. In addition, she is also responsible to identify new business opportunities, handle procurement of supplies and drive our Group's sales as well as to develop new systems and procedures to improve operational efficiency for our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She graduated from University Putra Malaysia with a Bachelor of Engineering in Process and Food in June 2009.

She joined Lianli Huat as QC personnel in June 2009, where she was responsible for ensuring the company's compliance to various QC certificates and regulations, particularly HACCP certificate and HALAL standards as well as managing the construction of the company's business premises. In January 2011, she was transferred and redesignated to Marketing Executive of OFS Products, where she assisted in the sales and marketing as well as logistics and shipping of seafood products. She was subsequently promoted in May 2013 to Senior Marketing Executive cum QC Coordinator, where in addition to her existing responsibilities, she also assisted in ensuring the company's compliance to various QC certifications and regulations.

In March 2014, she was promoted to Marketing Manager, where she was responsible for maintaining customer relationships as well as developing new marketing strategies to help achieve the sales target of the company. In June 2015, she was redesignated to QC Manager, where she was in charge of ensuring compliance and maintenance of the certifications held by the company as well as leading the QA/QC team in ensuring that the quality and safety standards of the seafood products are met. In August 2016, she was redesignated to QC cum Purchasing Manager. In addition to her existing responsibilities, she was also in charge of overseeing the company's procurement and sourcing activities related to raw materials as well as overseeing the activities of the sales team. In March 2017, she was promoted to Assistant General Manager of Marketing, where she was responsible for monitoring the cost of raw materials, driving sales growth, obtaining new suppliers and customers as well as leading the QA/QC team to ensure the company's certifications are maintained and regulations are complied with.

In January 2021, she was promoted to General Manager, where she was in charge of the daily business operating activities of the company, including managing operational costs, performance and capacity-related activities; analysing data based on sales and demand for procurement purposes; identifying new business opportunities and driving sales as well as developing new systems and procedures to improve operational efficiency for the company.

In December 2021, she was appointed as director of OFS Products. Subsequently on 1 October 2023, she was appointed as Executive Director / Head of Operations of our Group. She does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. As at the LPD, she is also a director and shareholder of Sierra Mode, a Specified Shareholder, the profile of which is disclosed in Section 5.1.3 (vi) of this Prospectus. The details of her past directorship outside our Group as at the LPD are disclosed in Section 5.2.3(iv) of this Prospectus.

The profile of our other Promoter is as follows:-

(iii) Kan Swee Koh

Kan Swee Koh, a Malaysian, age 48, is our Promoter and General Manager for Administration & Human Resources. She is responsible in our Group's overall human resources and administrative functions.

She completed her LCCI Group Diploma Studies covering Accounting, Cost Accounting, Management Accounting and Business Statistics from Saga Institute in June 1996.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She began her career in April 1996 with Messrs S.P. Kong & Co as Office Administration and Accounts Clerk, where she was involved in assisting audit, taxation and accounting related activities as well as managing administrative and data processing related matters. In August 1997, she resigned from Messrs S.P. Kong & Co and joined Nagakota Marble Works Sdn Bhd in September 1997 as Account Clerk, where she was involved in the preparation of accounts, payroll and administrative matters of the company. In October 1998, she resigned from Nagakota Marble Works Sdn Bhd and joined Hon Soon Motor as Account Clerk in November 1998. She left Hon Soon Motor in the subsequent month and took a break from her career. In February 1999, she resumed her career and joined Messrs SPAN & Co as Audit Assistant, where she was involved in assisting in the field of audit, financial reporting and tax compliance. In July 2002, she left Messrs SPAN & Co.

In August 2002, she joined OFS Products as Account Executive, where she was responsible for handling the company's daily finance and administrative functions. In January 2008, she was promoted to Finance Manager and in February 2011, she was subsequently promoted to Assistant General Manager of OFS Products. In September 2023, she was promoted to her present position as General Manager for Administration & Human Resources of the company. For clarity, prior to the joining of Chong Der Woei as our Group's Accountant, she is fully responsible for the finance and accounting functions of our Group.

She does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. As at the LPD, she is also a director and shareholder of Sierra Mode, a Specified Shareholder, the profile of which is disclosed in Section 5.1.3 (iv) of this Prospectus. The details of her past directorship outside our Group as at the LPD are disclosed in Section 5.5.4 (ii) of this Prospectus.

The profile of our substantial shareholders are as follows:-

(iv) Treasure Gain

Treasure Gain is our substantial shareholder.

Treasure Gain was incorporated on 4 October 2007 under the Act as a private limited company. Treasure Gain is principally an investment holding company. As at the LPD, the issued share capital of Treasure Gain is RM1,180,000 comprising 1,180,000 ordinary shares. As at the LPD, the sole shareholder of Treasure Gain is Darmanto whilst the director of Treasure Gain is Dato' Sri Chia Hooi Huak.

As at the LPD, Treasure Gain does not have any subsidiary and/or associated company, other than the 32.38% equity interest held in our Company. Save for Teo Chee Han, who is the Executive Director of our Company, being the son of Darmanto and son-in-law of Dato' Sri Chia Hooi Huak, none of the director and shareholder of Treasure Gain has any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

(v) Untung Besar

Untung Besar is our substantial shareholder.

Untung Besar was incorporated on 5 November 2007 under the Act as a private limited company. Untung Besar is principally an investment holding company. As at the LPD, the issued share capital of Untung Besar is RM6,170,000 comprising 6,170,000 ordinary shares. As at the LPD, the shareholders and directors of Untung Besar are as follows:-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Nature of involvement	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Tan Eng Aun	Shareholder	2,685,000	43.52	-	-
Lee Siok Ming	Shareholder and director	3,485,000	56.48	-	-
Siang Hai Yong	Director	-	-	-	-

As at the LPD, Untung Besar does not have any subsidiary and/or associated company, other than the 21.64% equity interest held in our Company. As at the LPD, none of the director and shareholders of Untung Besar has any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

(vi) Sierra Mode

Sierra Mode is our substantial shareholder.

Sierra Mode was incorporated on 23 December 2021 under the Act as a private limited company. Sierra Mode is principally involved in the provision of business management consultancy services, other business support services activities and activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses. For clarity, as at the LPD, Sierra Mode is dormant and is only holding OFB Shares. As at the LPD, the issued share capital of Sierra Mode is RM100 comprising 100 ordinary shares. As at the LPD, the shareholders and directors of Sierra Mode are as follows:-

Name	Nature of involvement	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Kee Wan Chum	Shareholder and director	30	30.00	-	-
Siang Hai Yong	Shareholder and director	20	20.00	-	-
Kan Swee Koh	Shareholder and director	10	10.00	-	-
Law Chee Kheong	Shareholder	20	20.00	-	-
Lain Wui Hiung	Shareholder	10	10.00	-	-
Teo Chee Han	Shareholder	10	10.00	-	-

As at the LPD, Sierra Mode does not have any subsidiary and/or associated company, other than the 8.67% equity interest held in our Company. Save for Teo Chee Han, who is our Executive Director, being the son of Darmanto and son-in-law of Dato' Sri Chia Hooi Huak, none of the director and shareholders of Sierra Mode has any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

(vii) Dato' Sri Chia Hooi Huak

Dato' Sri Chia Hooi Huak, a Malaysian, age 46, is our Non-Independent Non-Executive Director and substantial shareholder. He was appointed to our Board on 1 October 2023.

He completed his primary school education from Sekolah Jenis Kebangsaan (Cina) Phooi Tee in 1990. He then attended secondary education at Sekolah Menengah Kebangsaan Ungku Aziz in Sabak Bernam until 1994.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Upon completing his education, he began helping out at Soon Guang Enterprise, a family business which was principally involved in the seafood trading business to wholesalers at Pasar Borong Selayang. Upon gaining experience in the trading business at Pasar Borong Selayang, he moved to Kuala Pilah in 1996 to assist with another family business, which was principally involved in the retail of seafood. Within the same year, he moved back to Sungai Besar to continue his career with Soon Guang Enterprise. During his tenure there, he also founded Soon Huak Trading, a sole proprietorship, in October 1999 when he saw the opportunity to venture into the distribution business of alcoholic beverages and soft drinks in Sungai Besar.

With his involvement in Soon Guang Enterprise, the business expanded and began to import seafood products from Indonesia for onward sale to local wholesalers. The business also involved minor processing activities such as organisation of seafood products by type, followed by weighing, chilling and packaging activities. In 2007, he left Soon Guang Enterprise to focus on various investment activities, where he has held directorships of companies involved in a variety of businesses, such as trading of seafood products, investment holding, trading of bird nest products, processing of seafood products and trading of furniture.

Between 2007 and 2012, he was appointed as director of Lianli Huat in October 2007, Treasure Gain in November 2007, director of Rich Prolific Sdn Bhd in June 2008, director of OFS Products in February 2009 and Annex Venture Sdn Bhd in July 2012.

In March 2013, he joined Huan Jia Sdn Bhd, a company focused on the provision of entertainment services, as Chief Executive Officer, where he was responsible for the strategic direction and growth of the business. In July 2019, he left Huan Jia Sdn Bhd. In August 2019, he concurrently joined both Annex Design Sdn Bhd and Annex Sofa Sdn Bhd as Regional Manager, where he was involved in overseeing and managing the business operations of both companies. In July 2022, he subsequently joined Majestic BB Club Sdn Bhd, a company focused on the provision of entertainment services, as Chief Executive Officer, where he is also responsible for the strategic direction and growth of the business. In August 2023, he resigned from Annex Sofa Sdn Bhd.

In 2007, Dato' Sri Chia Hooi Huak, together with Law Chee Kheong, invested in OFS Products through Treasure Gain which owns 40.0% equity interests in OFS Products.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company, save for his son-in-law, Teo Chee Han.

As at the LPD, he is also the director and/or shareholder of several private limited companies as disclosed in Section 5.2.3 (iii) of this Prospectus.

(viii) Law Chee Kheong

Law Chee Kheong, a Malaysian, age 63, is our Non-Independent Non-Executive Chairman and substantial shareholder. He was appointed to our Board on 22 May 2023.

He graduated with a Bachelor of Science in Engineering from King's College, United Kingdom in August 1983. In January 1988, he completed his Master of Business Administration (MBA) from Columbia University, United States of America.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Upon obtaining his bachelor's degree, Law Chee Kheong began his career as Development Executive with Bandar Raya Developments Berhad (currently known as BRDB Developments Sdn Bhd) in October 1983, where he was involved in assisting the development of the company's projects. In August 1986, he left Bandar Raya Developments Berhad to pursue his Master of Business Administration degree. Upon obtaining his Master's degree, he joined IGB Corporation Berhad as Manager, Corporate Affairs, in February 1988, where he was responsible for overseeing matters relating to corporate finance. In August 1990, he resigned from IGB Corporation Berhad and joined M&A Capital Corporation Sdn Bhd as Director in September 1990. During his tenure there, he was responsible for seeking investment opportunities within Malaysia. In September 1991, he resigned from M&A Capital Corporation Sdn Bhd. In October 1991, he joined Inter-Pacific Securities Sdn Bhd as General Manager, where he was in charge of institutional dealings of the company. In October 1993, he left Inter-Pacific Securities Sdn Bhd and took a short career break.

In January 1994, he joined Jupiter Securities Sdn Bhd as remisier where he was involved in trading of share transactions for retail clients. He subsequently resigned from Jupiter Securities Sdn Bhd and joined Kestrel Securities Sdn Bhd (currently known as Avenue Kestrel Sdn Bhd) as Chief Executive Officer in April 1996, where he was in charge of overseeing the overall business operations of the company. In September 2002, Kestrel Securities Sdn Bhd (currently known as Avenue Kestrel Sdn Bhd) was acquired by Avenue Securities Sdn Bhd (currently known as ECM Libra Avenue Bhd) and he was redesignated to Head of Branch, where he was in charge of the Muar branch. In October 2003, he was redesignated to oversee the business development division, where he was responsible for sourcing of new clients. In March 2005, he was redesignated to the position of dealer, where he was involved in institutional business of the company. In October 2005, he resigned from Avenue Securities Sdn Bhd and subsequently retired from his career.

In 2007, Law Chee Kheong, together with Dato' Sri Chia Hooi Huak, invested in OFS Products through Treasure Gain which owns 40.0% equity interests in OFS Products.

In October 2007, he was appointed as director of OFS Products. Subsequently on 1 October 2023, he was appointed as the Non-Independent Non-Executive Chairman of our Company. He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

As at the LPD, he is also the director and/or shareholder of several private limited companies as disclosed in Section 5.2.3 (ii) of this Prospectus.

(ix) Heah Theare Haw

Heah Theare Haw, a Malaysian, age 75, is our substantial shareholder.

He received his secondary education in Han Chiang High School from 1960 to 1965.

In 1967, he began working at Beh Kwang Chee Medical Factory, which was involved in retailing of herbal drinks. At the time, he worked as a salesman, where he was responsible for selling herbal drinks. In 1970, he moved to Singapore and joined Thong Soon Pte Ltd, an import and export company, as sales personnel, where he was involved in handling the sales of the company. In 1974, he returned to Malaysia and joined Tai Tong Hang (M) Sdn Bhd, a company involved in the import and export of food products, as director. During his tenure there, he was in charge of overseeing the daily business operations and appointing distributors for the company. In 1976, he subsequently joined Etton (M) Sdn Bhd, a company involved in the import and distribution of cigarettes, as director, where he is currently in charge of overseeing the daily business operations and appointing distributors for the company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Heah Theare Haw has set up and grown various businesses over the years. In June 1988, he founded Golden Globe Cigarette Manufacturing Sdn Bhd, a company involved in the manufacturing of cigarettes. In March 1999, he co-founded 3Tak Holdings Sdn Bhd, a property investment holding company, together with Heah Kai Tak. He subsequently founded Papyrus Resources Sdn Bhd, a company involved in the trading of paper and paper products in July 2011. In November 2017, he founded Agro Intan Sdn Bhd, a company involved in the growing of durians, and Intan Spring Sdn Bhd, a company involved in the growing of oil palm.

In 2008, Heah Theare Haw invested in OFS Products through Treasure Gain which owns 40.0% equity interests in OFS Products. Thereafter, through the distributions by Treasure Gain of part of its equity interests in OFS Products to its shareholders in January 2022 (as further elaborated in Section 6.1.1 of this Prospectus), Heah Theare Haw received his portion of 5.33% equity interest or 8,526,000 ordinary shares of OFS Products. As at the LPD, he is also a shareholder and director of various companies including Homestar Manufacturing Sdn Bhd, Solidfeed (M) Sdn Bhd, Far East Medical Sdn Bhd, Greenpart Sdn Bhd, Transmode Centre Sdn Bhd, Penang Han Chiang Associated Chinese Schools Association, Poly Apex Sdn Bhd, HJU International College Sdn Bhd, and Han Chaing Learning Sdn Bhd.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

(x) Darmanto

Darmanto, an Indonesian, age 68, is our substantial shareholder by virtue of his shareholdings in Treasure Gain. As at the LPD, he is the sole shareholder of Treasure Gain, the details of which are as shown in Section 5.1.3(iv) of this Prospectus.

Darmanto spent his early life in Indonesia. In order to assist his family financially, he began working part-time at an early age and did not receive any education.

Darmanto built his experience as an entrepreneur, particularly in the real estate by investing in various properties in Malaysia and logistic industries in Singapore, and invested in several businesses over the years. Currently, he is a director of Indah Harum Sdn Bhd, a company involved in real estate properties since December 1994 and Bukit Wawasan Development Sdn Bhd, a company involved in property development since October 2002. He is also a director of Ohana Investment Holding Pte Ltd, a company which principally involved in letting of self-owned or leased real estate property in Singapore, since October 2010. He is also currently a director of Majestic Fast Ferry Pte Ltd, a company which operates passenger ferry services and travel agencies and tour operators, since December 2016.

In May 2008, he invested in Treasure Gain and became a substantial shareholder of our Group. He does not hold any directorship or executive position in our Group. Save for the above, he does not hold any other directorships or shareholdings in other companies.

Save for Dato' Sri Chia Hooi Huak and Teo Chee Han, he does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

(xi) Lee Siok Ming

Lee Siok Ming, a Malaysian, age 45, is our substantial shareholder by virtue of her shareholdings in Untung Besar. As at the LPD, she holds 56.48% direct equity interest in Untung Besar, the details of which are as shown in Section 5.1.3(v) of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She received her secondary education in Penang Chinese Girls' High School from 1990 to 1993. In 1993, she halted her education to assist her family business in Penang, which was involved in trading of building materials. In 2002, she co-founded SML Resources Sdn Bhd, a company involved in the trading of building materials, and assumed the position of Director, where she was involved in overseeing the daily business operations and handling paperwork. She then continued to invest in various companies in Penang, relating to construction and project development, as a passive investor.

In February 2006, she co-founded Hong She Sdn Bhd, which was involved in the provision of money lending services. She subsequently set up United Sands Sdn Bhd, a company involved in trading of building materials, together with Tan Eng Aun in February 2013. In December 2014, she co-founded Fixel Sdn Bhd, a company involved in the distribution and sale of beauty skincare products, with Tan Eng Aun.

She is currently holding directorships in two (2) companies involved in property development, namely Leva Land Sdn Bhd and Canivest Corporation Sdn Bhd. She is also a shareholder of PS Total Solution Sdn Bhd, Urban Paradigm Sdn Bhd and Ladang Oasis Sdn Bhd. She is a shareholder and director of Bleu Property Sdn Bhd, Prima Mutiara Properties Sdn Bhd and Mingshe Sdn Bhd.

She does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

(xii) Tan Eng Aun

Tan Eng Aun, a Malaysian, age 58, is our substantial shareholder by virtue of his shareholdings in Untung Besar. As at the LPD, he holds 43.52% direct equity interest in Untung Besar, the details of which are as shown in Section 5.1.3(v) of this Prospectus.

He received his primary education in SJK(C) Han Chiang from 1973 to 1979. Since 1981, he began working at his family business in Penang, which was involved in the trading of steel. At the time, he was responsible for overseeing and managing the business operations. In 1996, he left the family business and subsequently moved to Kuala Lumpur, where he is currently a passive investor for various companies.

In February 2013, he co-founded United Sands Sdn Bhd, a company involved in trading of building materials, with Lee Siok Ming. In December 2014, he incorporated Fixel Sdn Bhd, a company involved in the distribution and sale of beauty skincare products, together with Lee Siok Ming.

He is currently a shareholder and director Tropicap Development Sdn Bhd and Prima Mutiara Properties Sdn Bhd.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company.

5.1.4 Promoters' and/or Substantial Shareholders' Remuneration and Benefits

Save for the aggregate remuneration and benefits paid and proposed to be paid to certain Promoters and/or substantial shareholders for services rendered to our Group in all capacities for the FYE 2023 and FYE 2024 as set out in Sections 5.2.4 and 5.5.3 of this Prospectus, there are no other amount or benefits that have been paid or intended to be paid to our other Promoters and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2 DIRECTORS

5.2.1 Shareholdings of Directors

The details of our Directors and their respective shareholdings in our Company before and after our IPO are as follows:-

Directors	Designation	⁽¹⁾ Before our IPO / After the Acquisitions				⁽²⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	⁽³⁾ No. of Shares	%	No. of Shares	%
Law Chee Kheong	Non-Independent Non-Executive Chairman	9,524,700	5.95	⁽⁴⁾ 13,884,000	8.67	9,574,700	4.55	⁽⁴⁾ 13,884,000	6.61
Siang Hai Yong	Executive Director	11,994,000	7.49	⁽⁴⁾⁽⁵⁾ 16,549,000	10.34	12,294,000	5.85	⁽⁴⁾⁽⁵⁾ 16,549,000	7.88
Teo Chee Han	Executive Director	-	-	-	-	200,000	0.10	-	-
Kee Wan Chum	Executive Director	-	-	⁽⁴⁾ 13,884,000	8.67	200,000	0.10	⁽⁴⁾ 13,884,000	6.61
Dato' Sri Chia Hooi Huak	Non-Independent Non-Executive Director	13,642,000	8.52	-	-	13,692,000	6.51	-	-
Chan Kee Eng	Senior Independent Non-Executive Director	-	-	-	-	40,000	0.02	-	-
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Independent Non-Executive Director	-	-	-	-	50,000	0.02	-	-
Ng Lai Hock	Independent Non-Executive Director	-	-	-	-	40,000	0.02	-	-
Yap Lee Teng	Independent Non-Executive Director	-	-	-	-	40,000	0.02	-	-
Go Sin Sin	Independent Non-Executive Director	-	-	-	-	40,000	0.02	-	-

Notes:-

- (1) Based on our issued share capital of 160,096,000 Shares before our IPO but after the Acquisitions.
- (2) Based on our enlarged issued share capital of 210,146,000 Shares after our IPO.
- (3) Based on the assumption that all our IPO Shares allocated to our Directors under the Pink Form Allocation are fully subscribed.
- (4) Deemed interested by virtue of her/his shareholdings in Sierra Mode pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholding of his spouse, Chia Siew Lee in our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.2 Profiles of Directors

The profiles of our Directors, Siang Hai Yong, Kee Wan Chum, Dato' Sri Chia Hooi Huak, and Law Chee Kheong have been disclosed in Section 5.1.3 of this Prospectus. The profiles of our other Directors are as follows:-

(i) Teo Chee Han

Teo Chee Han, a Singaporean, age 32, is the Executive Director of our Company. He was appointed to our Board on 1 October 2023. He is responsible for managing our Group's international business development activities and corporate affairs.

He completed his secondary education in Broadrick Secondary School, Singapore in December 2007.

Upon completing his studies in 2007, he moved to Australia to explore business opportunities until May 2013 and eventually co-founded LuxProperty.com Pty Ltd, an Australian company involved in the management of an online directory listings for real estate properties in Sydney, Australia. In June 2013. At the time, he was responsible for the company's business development activities. In May 2014, he stepped down from LuxProperty.com Pty Ltd, and returned to Singapore, where he subsequently joined Lucky Bloom Pte Ltd, a Singaporean company involved in coal trading. During his tenure there, he assumed the position of Vice President of Trading, where he was involved in building and maintaining relationships with coal suppliers and customers as well as identifying and procuring new suppliers and customers. In August 2017, he resigned from Lucky Bloom Pte Ltd. In September 2017, he joined Majestic Fast Ferry Pte Ltd, a Singaporean company involved in the provision of logistics services, as Marketing Director. During his tenure there, he was responsible for driving the marketing activities of the company. In December 2022, he resigned from Majestic Fast Ferry Pte Ltd and subsequently came to Malaysia.

In December 2021, he was appointed as director of OFS Products. Subsequently on 1 October 2023, he was appointed to his present position as Executive Director.

Teo Chee Han is the son of Darmanto, a substantial shareholder of our Company by virtue of his shareholdings in Treasure Gain. He is also the son-in-law of Dato' Sri Chia Hooi Huak, the Non-Independent Non-Executive Director and substantial shareholder of our Company.

As at the LPD, he is also the director and/or shareholder of several private limited companies as disclosed in Section 5.2.3 (v) of this Prospectus.

(ii) Chan Kee Eng

Chan Kee Eng, a Malaysian, age 66, is the Senior Independent Non-Executive Director of our Company. She was appointed to our Board on 18 March 2024.

She graduated with a Diploma in Management from Malaysian Institute of Management ("Diploma") in February 2001. She then graduated with a Bachelor of Business (Business Administration) from Royal Melbourne Institute of Technology, Australia ("Degree") in March 2002.

She began her career with Hong Leong Finance Berhad in August 1977, as Secretary to the Finance Manager. During her tenure there, she was involved in carrying out administrative and secretarial work in the finance department. In May 1984, she left Hong Leong Finance Berhad and joined MUI Finance Berhad as Confidential Secretary, where she was involved in carrying out administrative and secretarial work for the Assistant General Manager.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In September 1988, she was transferred to the loans department, where she assumed the position of Loans Officer, whereby she assisted in loan recovery as well as the drafting of loan proposals for the clients. In January 1998, under United Merchant Finance Berhad (which acquired MUI Finance berhad in June 1994), she was appointed as Branch Manager of the branch office in USJ, Subang Jaya, where she was in charge of overseeing the daily operational activities of the branch office as well as marketing loans and deposit services to prospective clients of the branch office.

In March 1999, she was transferred to the head office to head the Credit Supervision Unit, where she was in charge of leading the team in the recovery of corporate loans and syndicated loans. While working, she also furthered her studies and pursued her Diploma's course and Degree's course on a part-time basis during weekday evenings and weekends.

In November 2000, post the acquisition of United Merchant Finance Berhad by Southern Bank Berhad, she was transferred to the Merger Committee to work with consultants to streamline the loan processes as well as carry out system enhancements of the merged entity. Upon completion of the acquisition exercise in December 2002, she was transferred to manage the credit control support department, a centralised department that was involved in retail loans documentation, loans settlement and custodian of loan documents. In July 2008, post the acquisition of Southern Finance Berhad by CIMB Bank, she was redesignated to Assistant Vice President of various departments, including credit recovery, legal recovery, as well as loan documentation and administration, where she continued to lead the departments in various loan-related activities. Her last position with CIMB Bank was in January 2015, as Assistant Vice President of the credit collection, agency management and legal department, where she was responsible for liaising with solicitors regarding litigation cases for vehicles and property loans. She subsequently retired in November 2017.

She does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. The details of her directorship and shareholding outside our Group as at the LPD are disclosed in Section 5.2.3 (vi) of this Prospectus.

(iii) Syed Razif Al-Idid B. Syed Sidi Al-Idid (“Syed Razif”)

Syed Razif, a Malaysian, age 53, is our Independent Non-Executive Director. He was appointed to our Board on 1 October 2023.

He graduated with a Bachelor of Science in Economics with Statistics from the University of Bristol, United Kingdom in June 1993. He was admitted as an Associate of The Institute of Chartered Accountants in England and Wales in September 1997 and then to Fellow in July 2012. He was admitted as a Member of the Malaysian Institute of Accountants since April 1999.

Upon graduation, he trained with KPMG London, United Kingdom in August 1993 as Trainee Chartered Accountant and was subsequently promoted to Assistant Manager. During his tenure at KPMG London, he was involved in conducting audits on clients within the financial sector. In December 1997, he left KPMG London and returned to Malaysia.

In the same month, he joined Smith Zain Securities Sdn Bhd, which was then under Merrill Lynch International, as Industry Analyst, where he wrote buying and selling recommendations relating to the telecommunication, oil and gas, and technology sectors. In June 2000, he left Smith Zain Securities Sdn Bhd and moved to Singapore to join ING Barings Securities (Singapore) Pte Ltd as Regional Telecommunications Analyst in the Research Department in July 2000. During his tenure there, he was responsible for conducting research and analysis for the telecommunication sector and was involved in the initial public offering exercise for a major telecommunication company in Malaysia.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In September 2004, he resigned from ING Barings Securities (Singapore) Pte Ltd and joined UBS AG, Singapore Branch as director of the Equities Department, where he was involved in conducting research and analysis, developing forecast earnings and compiling research reports for clients as well as involved in the initial public offering exercise for a major telecommunication company in Singapore. In January 2007, he was redesignated to Client Advisor of UBS AG, Singapore Branch, where he was responsible for managing wealth portfolios and offshore banking services for ultra-high net worth clients. In April 2009, he resigned from UBS AG, Singapore Branch and joined Credit Suisse Group as Senior Private Banker in the same month and was responsible for managing the wealth portfolio and offshore banking services for clients. In September 2010, he resigned from Credit Suisse Group and joined Coutts & Co Ltd as director in the same month. During his tenure there, he was in charge of managing the banking team and their performances.

In April 2013, he resigned from Coutts & Co Ltd and returned to UBS AG, Singapore Branch as Client Advisor of the Wealth Management Division, where he was responsible for managing the assets and investments of clients. In October 2017, he left UBS AG, Singapore Branch and joined CIMB Bank Berhad in Singapore as Country Head in November 2017, where he was in charge of managing the company's private banking business in Singapore. In October 2022, he was redesignated to Head of Private Banking Sales, where he leads teams of private bankers covering the ASEAN market.

In July 2023, he resigned from CIMB Bank Berhad. In August 2023, he joined Bank of Singapore, a subsidiary of OCBC Bank, where he assumed his present position as Managing Director. Currently, he heads a team of private bankers covering the Malaysian market.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. As at the LPD, he does not hold any directorships or shareholdings outside our Group.

(iv) Ng Lai Hock

Ng Lai Hock, a Malaysian, age 70, is our Independent Non-Executive Director. He was appointed to our Board on 1 October 2023.

He obtained a Certificate in Engineering (Electrical) from the Technicians Certification Authority, New Zealand in December 1976. He subsequently graduated with a Bachelor of Engineering (Electrical) from the University of Canterbury, New Zealand in May 1979. He was elected as a Member in Electrical Engineering with The Institution of Engineers Malaysia since January 1983. He is also a registered Professional Engineer (Electrical) under the Board of Engineers Malaysia since June 1983.

He began his professional career in New Zealand with New Zealand Transformer Ltd in May 1974 as Test Technician, where he conducted testing and quality control on power instruments and audio transformers.

In February 1975, he was promoted to Assistant Design Engineer, where he conducted testing and quality control on power instruments and audio transformers as well as carried out designing of instruments and transformers. In February 1977, he left New Zealand Transformer Ltd to pursue his bachelor's degree at the University of Canterbury. In November 1978, he resumed his professional career in New Zealand with Turnbull and Jones Ltd as Design and Development Engineer, where he was involved in designing and constructing power protection systems as well as designing and developing power equipment.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In May 1979, he resigned from Turnbull and Jones Ltd and returned to Malaysia. In June 1979, he joined Motorola (M) Sdn Bhd as Product and Test Engineer, where he was involved in trimming and testing of resistors and modules. In February 1980, he left Motorola (M) Sdn Bhd to join Kejuruteraan Maju Sekitar Sdn Bhd as Electrical Engineer in March 1980. During his tenure there, he was involved in conducting design and cost estimations as well as preparing, planning and evaluating electrical installations for projects.

In February 1981, he resigned from Kejuruteraan Maju Sekitar Sdn Bhd and joined Hashim and Neh Jurutera Perunding Sdn Bhd as Electrical Engineer in March 1981. During his tenure there, he oversaw the planning and cost estimations and tender applications for projects as well as managed project execution. Simultaneously in October 1984, he also worked in Perunding Budiman Sdn Bhd as Electrical Engineer, where he was responsible for the overall design, tender and contract management of projects. He left Perunding Budiman Sdn Bhd in May 1985.

In January 1986, he founded Enmac Sekutu, a sole proprietorship involved in the provision of mechanical and electrical engineering services. In August 1986, he resigned from Hashim and Neh Jurutera Perunding Sdn Bhd. In August 1996, he subsequently incorporated Enmac Sekutu Sdn Bhd, a company involved in the provision of building designing services and assumed his present position as Managing Director, where he is currently responsible for leading a team of engineers and overseeing the entire engineering projects from its inception to completion, including project tendering, project planning, engineering feasibility evaluations, cost predictions and financial simulations.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. The details of his directorship and shareholdings outside our Group as at the LPD are disclosed in Section 5.2.3(vii) of this Prospectus.

(v) Yap Lee Teng

Yap Lee Teng, a Malaysian, age 47, is our Independent Non-Executive Director. She was appointed to our Board on 1 October 2023.

She graduated with a Bachelor of Accountancy from Universiti Putra Malaysia in August 2001. She is a Chartered Accountant with the Malaysian Institute of Accountants since August 2004.

She began her career in accountancy with Lee Thong Wah & Co. as Audit Assistant in May 2001, where she was involved in conducting statutory audit to ensure company's compliance as well as assisting in taxation and company secretarial work. In January 2002, she resigned from Lee Thong Wah & Co. and subsequently joined RSM Robert Teo, Kuan & Co. as Audit Trainee in the same month, where she assisted in audit procedures. In May 2003, she was promoted to Audit Senior 2 and in February 2004, she was promoted again to Audit Senior 1. During her tenure there, she was responsible for supervising a team of auditors as well as conducting statutory audit for clients to ensure compliance with relevant rules and regulations.

In August 2004, she resigned from RSM Robert Teo, Kuan & Co. and joined BDO Binder (currently known as BDO Malaysia) as Audit Semi Senior II in the same month. At BDO Binder, she was responsible for ensuring various companies' statutory audit complied with the rules and regulations. In May 2005, she resigned from BDO Binder. In June 2005, she joined Horwath (currently known as Crowe Malaysia PLT) as Audit Senior Assistant, where she was responsible for conducting statutory audit for small-medium enterprises and public-listed companies to ensure compliance with relevant rules and regulations. In October 2005, she was promoted to Audit Senior, where she was in charge of leading the audit team as well as handling a portfolio of clients. In March 2006, she left Horwath to join e-pay (M) Sdn Bhd (a subsidiary of e-pay Asia Limited, which subsequently became a subsidiary of GHL Systems Berhad in 2014) as Assistant Manager –

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Finance in the same month, where she was responsible for overseeing all financial and accounting related activities of the company.

In July 2014, she was appointed as Vice President – Group & Management Information Systems. In July 2015, she was subsequently redesignated to Vice President - Finance Malaysia, where she was in charge of all finance and accounting related functions of e-pay (M) Sdn Bhd, providing training to junior staff members as well as leading the finance division across Malaysia, Australia and Indonesia. In July 2016, she left e-pay (M) Sdn Bhd.

In September 2016, she joined Shieldcard Holdings Sdn Bhd as Head of Finance & Accounts. During her tenure there, she was in charge of the overall finance and accounting related functions of the company as well as involved in the implementation of disruptive processes in the members reward program in Malaysia and improvement of the operational efficiency of finance and business-related reports. In June 2020, she left Shieldcard Holding Sdn Bhd to join Paysys (M) Sdn Bhd (a subsidiary of GHL Systems Berhad) where she assumed her present position as Vice President - Finance. Currently, she is overseeing and leading the finance team as well as managing all finance and accounting related functions of the Paysys (M) Sdn Bhd group of companies within Malaysia.

She does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. As at the LPD, she does not hold any directorships or shareholdings outside our Group.

(vi) Go Sin Sin

Go Sin Sin, a Malaysian, age 33, is the Independent Non-Executive Director of our Group. She was appointed to our Board on 18 March 2024.

She graduated with a degree in Bachelor of Psychology with Human Resource Development from Universiti Teknologi Malaysia in October 2015. She qualified with a Certificate in Investor Relations from the Investor Relations Society in January 2018.

She began her career with Esente Advisory Sdn Bhd in January 2015, as a Public Relations Intern, where she assisted in strategising, developing and implementing public and investor relations programmes for corporate clients. In June 2015, she completed her internship and was subsequently appointed as Associate, where she participated in planning and executing corporate communication programmes, as well as monitoring and analysing the effectiveness of programmes within investment communities including research analysts, fund managers, shareholders, investors, and financial media. In January 2017, she was promoted to Senior Executive, where she managed the deliverables of public and investor relations activities for clients, established and maintained engagements with investment communities, as well as mentored junior team members. In January 2021, she was promoted to Manager of Investor Relations. While continuing her existing responsibilities, she shifted her focus to driving investor relations initiatives for clients, as well as retaining and securing clients for Esente. In August 2022, she resigned from Esente Advisory Sdn Bhd.

In September 2022, she joined Hanaura Partners Sdn Bhd, assuming her present role as Manager and was subsequently promoted to Senior Manager in February 2024, where she is involved in providing corporate and business consultancy services to clients with a focus on business and management advisory.

She does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders of our Company. The details of her directorship and shareholding outside our Group as at the LPD are disclosed in Section 5.2.3 (viii) of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.3 Involvement of our Directors in Other Businesses/Corporations outside Our Group

Save as disclosed below, our Directors do not have any other principal directorship held or principal business activities performed by them in other businesses or corporations outside our Group within the past five (5) years up to the LPD:-

(i) Siang Hai Yong

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Untung Besar	Investment holding	Director	4 December 2007	-	-	-
Sierra Mode ⁽¹⁾	<ul style="list-style-type: none"> Business management consultancy services Other business support service activities Activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses 	Director and shareholder	23 December 2021	-	20.00	-
Yin Li Fishery ⁽²⁾	<ul style="list-style-type: none"> Wholesale of fish and seafood products 	Partner	10 August 1995	-	33.33	-
Deluxe Palace Nite Club Sdn Bhd	Pubs, bars, discotheques, coffee houses, cocktail lounges and karaoke	Shareholder	-	-	4.10	-
Deluxe Autoworld Sdn Bhd	To carry on business of used car dealer	Shareholder	-	-	7.11	-
Cakna Nadi Sdn Bhd	<ul style="list-style-type: none"> Export and import of stationery Retail sale of books, newspapers and stationery Wholesale of stationery, books, magazines and newspaper 	Shareholder	-	-	20.00	30.00 ⁽³⁾
Golden Empire Palace Restaurant Sdn Bhd	<ul style="list-style-type: none"> Restaurants and catering of food and beverage Investment of business 	Shareholder	-	-	3.85	-
Kuala Lumpur Hoi Seong Enterprise Berhad	<ul style="list-style-type: none"> Investment holding 	Shareholder	-	-	- ⁽⁴⁾	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Winningvest Sdn Bhd	<ul style="list-style-type: none"> Investment holding Coconut farming 	Shareholder	17 November 2006	24 August 2023	36.00 ⁽⁵⁾	-
Shanghai Vision Sdn Bhd	Dormant ⁽⁶⁾	Shareholder	15 June 2004	15 December 2009	- ⁽⁴⁾	-
Past involvement						
Ocean Rise Seafood Products Sdn Bhd	Retail sale of fish, other seafood and products thereof, wholesale of fish and other seafood	Director and shareholder	23 June 2017	30 August 2023	-	-
Perikanan LYH Sdn Bhd	Deep-sea fishing and seafood wholesaler	Director and shareholder	22 March 2017	28 June 2023	-	-
Majestic Fishery Sdn Bhd	<ul style="list-style-type: none"> Wholesale of a variety of goods without any particular specialisation not elsewhere classified Commercial fishing in ocean and coastal waters 	Director and shareholder	24 July 2020	23 June 2023	-	-
Ying Lee Fishery	<ul style="list-style-type: none"> Wholesale of seafood Agent for transportation of seafood 	Partner	28 January 2010	11 April 2023	-	-
Ying Lee Transport	Transportation	Partner	10 September 2013	18 April 2023	-	-
4596 Fishery	<ul style="list-style-type: none"> Commercial fishing in ocean and coastal water Sale of seafood products 	Partner	31 March 2017	11 April 2023	-	-
Quan Tat Kuantan Fishery Trading	<ul style="list-style-type: none"> Commercial fishing in ocean and coastal water Sale of seafood products 	Partner	12 April 2017	11 April 2023	-	-
YLSK Fishery	<ul style="list-style-type: none"> Commercial fishing in ocean and coastal water Sale of seafood products 	Partner	2 December 2019	11 April 2023	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Yi Hang Seafood Enterprise	<ul style="list-style-type: none"> Commercial fishing in ocean and coastal water Sale of seafood products 	Partner	1 November 2022	11 April 2023	-	-
Perniagaan Hai San Huat Sdn Bhd	Dissolved on 12 November 2019. Previously involved in fishing, providing loading charges and management services	Director	4 April 2016	-	-	-
Ocean Falcon Enterprise	Expired on 26 April 2020. Sale of fish and seafood, wholesale of frozen fish, vegetables and fruits	Partner	14 July 2011	-	-	-
Ying Lee Frozen Seafood	Expired on 9 November 2021. Previously involved in sale, supply, import and export of frozen seafood	Partner	10 November 2016	-	-	-
SL Tyres & Batteries Services	<ul style="list-style-type: none"> Sale of vehicle's tires and batteries Vehicle service center Sale of vehicle's spare parts and accessories 	Partner	22 October 2018	28 July 2023	-	-
OFS Processing	Wholesaler, retailer, processor and exporter of frozen seafood products	Director	6 May 2013	10 October 2023	-	-
Hailuzen Enterprise	Sale of vehicle's spare parts, engine oil and diesel	Partner	23 April 2019	6 October 2023	-	-

Notes:-

- (1) As at the LPD, Sierra Mode is not involved in any business activity other than an investment holding for the 8.67% equity interest held in our Company.
- (2) In March 2012, Siang Hai Yong handed over the business operations of Yin Li Fishery to his son, Siang Chun Sai, who is the other legal partner of Yin Li Fishery, in order to focus on OFS Products. Pursuant to a Deed of Assignment dated 1 July 2023, Siang Hai Yong has assigned all his beneficial interest in Yin Li Fishery to Siang Chun Sai in accordance with the terms therein and as a result of which, Siang Chun Sai is the sole partner who is responsible for the daily operations, management and businesses of Yin Li Fishery and who has the full control over the daily operations, management and businesses of Yin Li Fishery onwards. For clarity, Yin Li Fishery is not involved in the business of wholesaling frozen seafood products and is only involved in the upstream activities, i.e. wholesale of fish and seafood products. In addition, our Group has ceased and discontinued all business transaction and arrangement, whether as a supplier or customer or otherwise, with Yin Li Fishery.
- (3) Deemed interest by virtue of his children, Siang Chun Shui and Siang Chun Sai, direct shareholdings in Cakna Nadi Sdn Bhd pursuant to Section 8 of the Act.
- (4) Negligible.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (5) Siang Hai Yong is merely a passive investor in Winningvest Sdn Bhd. As at the LPD, Winningvest Sdn Bhd is only involved in coconut farming.
- (6) As at the LPD, Shanghai Vision Sdn Bhd is still a dormant company with no intended operations.

(ii) Law Chee Kheong

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Hibiscus Capital Sdn Bhd	<ul style="list-style-type: none"> Investment holding Letting of properties 	Director and shareholder	16 February 2005	-	66.67	33.33 ⁽¹⁾
Zamurni Land Sdn Bhd	To carry on or undertake any business or activity considered advantageous to the company ⁽²⁾	Director	14 March 2019	-	-	-
Vista Jayamaju Sdn Bhd	Investment or resale of property, real property and housing development business and contractors	Director and shareholder	14 March 2019	-	- ⁽³⁾	-
AIM Edition Sdn Bhd	Property development and land investment	Director	17 June 2019	-	-	-
Surespace Sdn Bhd ⁽⁴⁾	<ul style="list-style-type: none"> Activities of holding companies Export and import a variety of goods without any particular specialisation not elsewhere classified Buying, selling, renting and operating of self-owned or leased real estate – residential buildings 	Director and shareholder	13 January 2020	-	99.99	- ⁽³⁾⁽⁵⁾
Gran Ventures Sdn Bhd	Activities of holding companies ⁽⁶⁾	Director and shareholder	12 October 2021	-	100.00	-
FA Technology Sdn Bhd	Assembling of audio and telecommunication products, electronic and computerised equipment and investment holding	Shareholder	-	-	3.75	-
Astute Fund Management Berhad	<ul style="list-style-type: none"> Unit trust management Management of wholesale funds Provision of portfolio management services 	Shareholder	-	-	6.51	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Sierra Mode ⁽⁷⁾	<ul style="list-style-type: none"> • Business management consultancy services • Other business support service activities • Activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses 	Shareholder	-	-	20.00	-
Aquilla Services Sdn Bhd	Business management consultancy services	Shareholder	-	-	5.00	-
Foong Lim Plantations & Holdings Sdn Bhd	Provision of consultation service and investment holding	Shareholder	-	-	32.89	-
Struktur Jelita Sdn Bhd	Investment in properties	Shareholder	-	-	_(3)	-
Stable Growth Sdn Bhd	Construction	Shareholder	12 January 2018	22 June 2020	8.93	-
Pembinaan Teknikhas Sdn Bhd	General contractor in building construction	Shareholder	-	-	4.76	-
MTYX Venture Sdn Bhd	Activities of holding companies ⁽⁶⁾	Shareholder	-	-	20.0	-
Atwaters (M) Sdn Bhd	Property investments	Shareholder	-	-	4.75	-
Past involvement						
Megah Pustaka Sdn Bhd	Dissolved on 3 January 2020. Previously involved in construction of buildings not elsewhere classified, activities of holding companies, wholesale of a variety of goods without any particular specialization	Director and shareholder	17 July 2018	-	-	-
Treasure Gain	Investment holdings	Director	31 October 2013	4 August 2023	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:-

- (1) Deemed interest by virtue of his children, Law Jeng Yee's, Law Seok Yee's, Law Veng Yee's and Law Kean Mun, Clement's direct shareholdings in Hibiscus Capital Sdn Bhd pursuant to Section 8 of the Act.
- (2) Currently, Zamurni Land Sdn Bhd is only holding shares in a company involved in the property development.
- (3) Negligible.
- (4) As at the LPD, Surespace Sdn Bhd does not have investment in any companies and is not involved in any export and import activities.
- (5) Deemed interest by virtue of his children, Law Seok Yee's and Law Kean Mun, Clement's direct shareholdings in Surespace Sdn Bhd pursuant to Section 8 of the Act.
- (6) As at the LPD, the company does not have investment in any companies.
- (7) As at the LPD, Sierra Mode is not involved in any business activity other than an investment holding for the 8.67% equity interest held in our Company.

(iii) Dato' Sri Chia Hooi Huak

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Treasure Gain	Investment holding	Director	15 November 2007	-	-	-
Annex Venture Sdn Bhd	Trading of household furniture	Director and shareholder	9 July 2012	-	50.00	-
Takumi F&B Sdn Bhd	<ul style="list-style-type: none"> • Engaged in operating and trading of foods to customers ⁽¹⁾ • General trading • Investment holding 	Director and shareholder	31 July 2013	-	10.00	-
Biasan Suria Sdn Bhd	<ul style="list-style-type: none"> • Retail sale of construction materials, hardware, paints and glass • Activities of holding companies ⁽²⁾ • Buying, selling, renting and operating of self-owned or leased real estate land 	Director and shareholder	2 May 2019	-	40.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Trillion Project Sdn Bhd	<ul style="list-style-type: none"> Buying, selling, renting and operating of self-owned or leased real estate land Activities of holding companies ⁽²⁾ Retail sale of construction materials, hardware, paints and glass 	Director and shareholder	2 May 2019	-	40.00	-
Majestic Logistics Sdn Bhd	Investment of properties	Director and shareholder	6 March 2020	-	20.00	-
Duta Pangkor Ekspres Feri Sdn Bhd	Business of carriage and transport	Shareholder	-	-	12.50	31.25 ⁽³⁾
Deluxe Palace Nite Club Sdn Bhd	Pubs, bars, discotheques, coffee houses, cocktail lounges and karaoke	Shareholder	-	-	11.94	-
Universal Development Sdn Bhd	Investment holding	Shareholder	-	-	1.30	-
Huan Jia Holding Sdn Bhd	Investment holding	Shareholder	-	-	7.31	-
SAS Coconut Sdn Bhd	To carry on the manufacturing business, trading of coconut products, transportation and related activities	Shareholder	-	-	10.00	10.00 ⁽⁴⁾
Tropikal Klasik Sdn Bhd	<ul style="list-style-type: none"> Growing of other tropical and subtropical fruits not elsewhere classified Growing of fruit-bearing vegetables Growing of coconut (estate and smallholdings) 	Shareholder	-	-	21.43	-
AIM Edition Sdn Bhd	Property development and land investment	Shareholder	17 March 2017	12 October 2019	10.00	-
Soon Huak Trading	Grocery store, selling liquor, ice and combustion material	Sole proprietor	12 October 1999	-	100.00	-
Fresh Fragrant Coconut Marketing Sdn Bhd	Selling of coconut fruit	Shareholder	18 July 2017	10 May 2019	20.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Rich Prolific Sdn Bhd	Cultivation and trading of bird's nest	Shareholder	4 June 2008	1 December 2018	25.00	-
Country Homes Food Court Sdn Bhd	Food court	Shareholder	19 June 2017	13 March 2019	33.33	-
Kurnia Bumitek Sdn Bhd	Activities of holding companies ⁽²⁾	Shareholder	19 July 2018	15 August 2023	85.00	-
Past involvement						
Min Hok Cold Storage Sdn Bhd	<ul style="list-style-type: none"> • Freight transport by road • Production of ice, including ice for food and non-food (e.g. cooling) purposes • Wholesale of fish and other seafood 	Director	4 April 2022	12 July 2023	-	-
Majestic Fishery Sdn Bhd	<ul style="list-style-type: none"> • Wholesale of a variety of goods without any particular specialisation not elsewhere classified • Commercial fishing in ocean and coastal waters 	Shareholder	-	-	-	-
Minhok Cold Storage Enterprise	Ice business and seafood	Partner	14 March 2014	25 April 2023	-	-
Goldstream Capital Sdn Bhd	Dissolved on 9 June 2022. Previously involved in entertainment lounge operator and related business	Director and shareholder	6 August 2012	4 September 2012	-	-
Huang Jia Bird Nest Sdn Bhd	Dissolved on 17 February 2020. Previously involved in trading of health food and bird nests products	Director and shareholder	4 August 2008	1 June 2011	-	-
Famous Region Sdn Bhd	Dissolved on 3 August 2020. The company was dormant prior to dissolution	Director and shareholder	1 July 2008	-	-	-
OFS Processing	Wholesaler, retailer, processor and exporter of frozen seafood products	Director	6 May 2013	10 October 2023	-	-

Notes:-

- (1) Takumi F&B Sdn Bhd was involved in the operation of a Japanese restaurant. In October 2014, the company ceased its business operation including the Japanese restaurant.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (2) As at the LPD, the company does not have investment in any companies.
- (3) Deemed interest by virtue of his father, Chia Jok Lian's direct shareholding in Duta Pangkor Ekspres Feri Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his father, Chia Jok Lian's direct shareholding in SAS Coconut Sdn Bhd pursuant to Section 8 of the Act.

(iv) Kee Wan Chum

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Sierra Mode ⁽¹⁾	<ul style="list-style-type: none"> Business management consultancy services Other business support service activities Activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses 	Director and shareholder	23 December 2021	-	30.00	-
Past involvement						
Ocean Rise Seafood Products Sdn Bhd	Retail sale of fish, other seafood and products thereof, wholesale of fish and other seafood	Director	17 February 2021	15 May 2023	-	-
HQ Food Enterprise	Trading of seafood and frozen food	Partner	26 July 2019	18 May 2023	-	-
OFS Processing	Wholesaler, retailer, processor and exporter of frozen seafood products	Director	21 December 2021	10 October 2023	-	-

Note:-

- (1) As at the LPD, Sierra Mode is not involved in any business activity other than an investment holding for the 8.67% equity interest held in our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(v) Teo Chee Han

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Majestic Industrial Sdn Bhd ⁽¹⁾	<ul style="list-style-type: none"> Activities of holding companies Other management consultancy activities not elsewhere classified Real estate activities with own or leased property not elsewhere classified 	Director and shareholder	1 September 2022	-	100.00	-
Majestic Venture Sdn Bhd ⁽²⁾	<ul style="list-style-type: none"> Real estate activities with own or leased property not elsewhere classified Activities of holding companies Other management consultancy activities not elsewhere classified 	Director and shareholder	1 September 2022	-	100.00	-
Pengangkutan JF Jaya Sdn Bhd	Involved in renting of motor vehicles, ship, cargo, permit or licence, towing services and bunkering services or any related services	Director	14 December 2022	-	-	-
Majestic (9) M Sdn Bhd	<ul style="list-style-type: none"> Developers Investment company ⁽³⁾ Importers and exporters 	Director and shareholder	28 December 2016	-	79.00	-
Zamurni Land Sdn Bhd	To carry on or undertake any business or activity considered advantageous to the company ⁽⁴⁾	Director and shareholder	14 March 2019	-	-	99.90 ⁽⁵⁾
Vista Jayamaju Sdn Bhd	Investment or resale of property, real property and housing development business and contractors	Director and shareholder	14 March 2019	-	-	99.90 ⁽⁵⁾
AIM Edition Sdn Bhd	Property development and land investment	Director and shareholder	17 March 2017	-	-	85.00 ⁽⁶⁾
Delta Geological Mining Sdn Bhd	<ul style="list-style-type: none"> Mining of gold Support activities for other mining and quarrying 	Director and shareholder	8 August 2022	-	60.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
	<ul style="list-style-type: none"> • Mining of tin ores 					
Sustainable Global Mining Sdn Bhd	<ul style="list-style-type: none"> • Mining of gold • Support activities for other mining and quarrying • Mining of tin ores 	Director and shareholder	1 August 2022	-	60.00	-
Modern Metals Sdn Bhd	<ul style="list-style-type: none"> • Mining of gold • Support activities for other mining and quarrying • Mining of tin ores 	Director and shareholder	20 December 2022	-	100.00	-
Sierra Mode ⁽⁷⁾	<ul style="list-style-type: none"> • Business management consultancy services • Other business support service activities • Activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses 	Shareholder	-	-	10.00	-
Tanamas Global Sdn Bhd	<ul style="list-style-type: none"> • Property development and land investment 	Director and shareholder	6 September 2023	-	100.00	-
Tanamas Valley Sdn Bhd	<ul style="list-style-type: none"> • Property development and land investment 	Director and shareholder	12 September 2023	-	100.00	-
Advance Super Magnet Sdn Bhd	<ul style="list-style-type: none"> • Manufacture of any other fabricated metal products 	Director and shareholder	22 June 2023	-	-	50.00 ⁽⁸⁾
Solaris Minerals Sdn Bhd	<ul style="list-style-type: none"> • Business of mining, general trading and general services 	Director and shareholder	30 October 2023	-	-	30.0 ⁽⁹⁾
Non-Radioactive Mining Sdn Bhd	<ul style="list-style-type: none"> • Other mining and quarrying; • Support activities for other mining and quarrying; • Manufacture of any other fabricated metal products 	Director and shareholder	18 December 2023	-	-	100.00 ⁽¹⁰⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Galaxy 126 Sdn Bhd	<ul style="list-style-type: none"> Activities of holding companies ⁽¹⁾; Sales by commission agents; Other retail sales in non-specialised stores 	Shareholder	-	-	70.00	-
Pelangi Setara Sdn Bhd	<ul style="list-style-type: none"> Logging and timber merchant 	Director and shareholder	19 April 2024	-	10.0	40.0 ⁽¹²⁾
Amanplex Saga Sdn Bhd	<ul style="list-style-type: none"> Providing workmanship for logging infrastructure and as a contractor for timber harvesting. Planting, replanting, transplanting, thinning and conserving of forests and timber tracts. 	Director and shareholder	19 April 2024	-	10.0	40.0 ⁽¹³⁾
Past involvement						
Surespace Sdn Bhd ⁽¹⁴⁾	<ul style="list-style-type: none"> Activities of holding companies Export and import a variety of goods without any particular specialisation not elsewhere classified Buying, selling, renting and operating of self-owned or leased real estate – residential buildings 	Director	13 January 2020	9 September 2020	-	-

Notes:-

- (1) As at the LPD, Majestic Industrial Sdn Bhd does not have investment in any companies and remains dormant and has applied to the CCM to strike off its name from the register pursuant to Section 551(1) of the Act.
- (2) As at the LPD, Majestic Venture Sdn Bhd Bhd does not have investment in any companies and is still dormant.
- (3) Majestic (9) M Sdn Bhd is only holding shares in a company involved in the property development.
- (4) Zamurni Land Sdn Bhd is only holding shares in a company involved in the property development.
- (5) Deemed interest by virtue of his direct shareholding in Majestic 9 (M) Sdn Bhd pursuant to Section 8 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (6) Deemed interest by virtue of his direct shareholding in Majestic 9 (M) Sdn Bhd and his indirect shareholding in Vista Jayamaju Sdn Bhd and Zamurni Land Sdn Bhd pursuant to Section 8 of the Act.
- (7) As at the LPD, Sierra Mode is not involved in any business activity other than an investment holding for the 8.67% equity interest held in our Company.
- (8) Deemed interest by virtue of his direct shareholding in Modern Metals Sdn Bhd pursuant to Section 8 of the Act.
- (9) Deemed interest by virtue of his wife, Chia Yan Mei's direct shareholding in Solaris Minerals Sdn Bhd pursuant to Section 8 of the Act.
- (10) Deemed interest by virtue of his indirect shareholding in Advance Super Magnet Sdn Bhd pursuant to Section 8 of the Act.
- (11) As at the LPD, the company does not have investment in any companies.
- (12) Deemed interest by virtue of his wife, Chia Yan Mei's direct shareholding in Pelangi Setara Sdn Bhd pursuant to Section 8 of the Act.
- (13) Deemed interest by virtue of his wife, Chia Yan Mei's direct shareholding in Amanplex Saga Sdn Bhd pursuant to Section 8 of the Act.
- (14) As at the LPD, Surespace Sdn Bhd does not have investment in any companies and is not involved in any export and import activities.

(vi) Chan Kee Eng

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Toyo Ventures Holdings Berhad (<i>a company listed on Main Market</i>)	<ul style="list-style-type: none"> • Investment holding • Management services 	Director	1 March 2021	-	-	-
OCB Berhad (<i>a company listed on Main Market</i>)	Investment holding	Director	1 December 2021	-	-	-
Past involvement						
-	-	-	-	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vii) Ng Lai Hock

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Enmac Sekutu Sdn Bhd	Building designer services	Director and shareholder	26 August 1996	-	98.00	-
Unihumax Innovation Sdn Bhd	<ul style="list-style-type: none"> Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; Production of natural mineral waters and other bottled waters 	Director	16 January 2024	-	-	-
Past involvement						
Genius Data Sdn Bhd	Dissolved on 3 August 2020. Previously involved in general trading	Director and shareholder	1 November 2000	-	-	-
Soverign Ventures Sdn Bhd	Dissolved on 16 September 2022. Previously involved in holding companies	Director and shareholder	12 April 2018	-	-	-

(viii) Go Sin Sin

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Phos Capital Sdn Bhd ⁽¹⁾	<ul style="list-style-type: none"> Activities of holding companies Business management consultancy services 	Director and shareholder	20 December 2022	-	100.00	-
Past involvement						
-	-	-	-	-	-	-

Note:-

- (1) As at the LPD, Phos Capital Sdn Bhd does not have investment in any companies and is only involved in the business management consultancy services which includes the services of investor relations, internal control, business planning and matching.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

As at the LPD, the directorships of our Directors are in compliance with Rule 15.06 of the Listing Requirements as none of our Directors hold more than five (5) directorships in public listed companies on Bursa Securities.

Our Directors' current principal directorships and principal business activities performed outside our Group will not give rise to a conflict of interest with our Group in view that none of those companies in which they have involvements in carry on similar business activities as our Group, or are the customers or suppliers of our Group.

In addition, the involvements of our Executive Directors in those business activities as stated above will not affect their contributions to nor abilities/commitments to carry out their respective roles with our Group as they are not involved in the day-to-day operations and active management of the said companies. As for our Non-Independent Non-Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Directors, they have confirmed that their directorships/involvements in those companies as stated above will not affect their abilities and commitments to carry out their respective roles as our Non-Independent Non-Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Directors respectively.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.4 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2023 and FYE 2024 are set out below:-

FYE 2023					
Directors	Salary (RM'000)	Director's fee (RM'000)	⁽¹⁾ Other Emoluments (RM'000)	⁽²⁾ Bonuses (RM'000)	Total (RM'000)
Siang Hai Yong	192	-	9	16	217
Teo Chee Han	120	-	-	-	120
Kee Wan Chum	210	-	28	16	254
Law Chee Kheong	-	40	-	-	40
Dato' Sri Chia Hooi Huak	-	-	-	-	-
Chan Kee Eng ⁽³⁾	-	-	-	-	-
Syed Razif Al-Idid B. Syed Sidi Al-Idid	-	-	-	-	-
Ng Lai Hock	-	-	-	-	-
Yap Lee Teng	-	-	-	-	-
Go Sin Sin ⁽³⁾	-	-	-	-	-

Proposed Fees for FYE 2024					
Directors	Salary (RM'000)	Director's fee (RM'000)	⁽¹⁾ Other Emoluments (RM'000)	⁽²⁾ Bonuses (RM'000)	Total (RM'000)
Siang Hai Yong	192	-	9	-	201
Teo Chee Han	120	-	-	-	120
Kee Wan Chum	220	-	28	-	248
Law Chee Kheong	-	25	-	-	25
Dato' Sri Chia Hooi Huak	-	20	-	-	20
Chan Kee Eng	-	20	-	-	20
Syed Razif Al-Idid B. Syed Sidi Al-Idid	-	20	-	-	20
Ng Lai Hock	-	20	-	-	20
Yap Lee Teng	-	20	-	-	20
Go Sin Sin	-	20	-	-	20

Notes:-

- (1) Comprising benefits-in-kind as well as contributions to Employees Provident Fund, Social Security Organisation and Employment Insurance System.
- (2) The bonuses for FYE 2024, if any, can only be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to the recommendation of our Remuneration Committee and the approval of our Board.
- (3) The Directors are only appointed during FYE 2024.

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Directors' fees and any benefits payable to Directors shall be subject to approval by our shareholders pursuant to an ordinary resolution to be passed at a general meeting in accordance with our Constitution.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

5.3 BOARD PRACTICES

Our Board takes note of the recommendations under the MCCG released on 28 April 2021. As at the LPD, our Board has adopted all relevant recommendations of the MCCG in terms of the composition of our Board and the relevant committees.

5.3.1 Directors' Terms of Office

As at the LPD, the details of the date of expiration of the current term of office of our Directors and the period for which our Directors have served in that office are as follows:-

Director	Designation	Date of Appointment as Director	No. of Years and Months in Office as at LPD	Date of Expiration of the Current Term of Office
Law Chee Kheong	Non-Independent Non-Executive Chairman	22 May 2023	11 months	Subject to retirement by rotation at our 2 nd AGM
Siang Hai Yong	Executive Director	10 August 2023	9 months	Subject to retirement by rotation at our 2 nd AGM
Teo Chee Han	Executive Director	1 October 2023	7 months	Subject to retirement by rotation at our 2 nd AGM
Kee Wan Chum	Executive Director	1 October 2023	7 months	Subject to retirement by rotation at our 3 rd AGM
Dato' Sri Chia Hooi Huak	Non-Independent Non-Executive Director	1 October 2023	7 months	Subject to retirement by rotation at our 3 rd AGM
Chan Kee Eng	Senior Independent Non-Executive Director	18 March 2024	1 month	Subject to retirement by rotation at our 4 th AGM
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Independent Non-Executive Director	1 October 2023	7 months	Subject to retirement by rotation at our 3 rd AGM
Ng Lai Hock	Independent Non-Executive Director	1 October 2023	7 months	Subject to retirement by rotation at our 4 th AGM
Yap Lee Teng	Independent Non-Executive Director	1 October 2023	7 months	Subject to retirement by rotation at our 4 th AGM
Go Sin Sin	Independent Non-Executive Director	18 March 2024	1 month	Subject to retirement by rotation at our 4 th AGM

In accordance with our Constitution, at our first AGM, all our Directors shall retire from the office and at the AGM in every subsequent year, 1/3 of our Directors for the time being or if the number is not multiple of 3, then the number nearest to 1/3 shall retire from office at each AGM provided always that each Director shall retire from office once at least in every 3 years. A retiring Director is eligible for re-appointment. It provides that any new or additional Director appointed by our Board during the year shall hold office until the next AGM and shall then be eligible for re-election. The election of each Director is voted separately. For clarity, all our Directors have been re-elected during our first AGM held in April 2024.

5.3.2 Audit and Risk Management Committee

The main functions of our Audit and Risk Management Committee include, amongst others, the following:-

- (i) to consider the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (ii) to put in place the policies and procedures to assess the suitability and independence of external auditors;
- (iii) to review whether there is a reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment;
- (iv) to discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
- (v) to review with the external auditors their audit plan, scope and nature of the audit of our Group;
- (vi) to review the results of the external audit, any significant findings arising from the audit, recommendations and the management team's responses;
- (vii) to review with the external auditors their evaluation of the system of internal control and their audit report;
- (viii) to keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence and objectivity is not impaired;
- (ix) to review the quarterly results and year-end financial statements of our Group focusing particularly on:-
 - (a) any changes in or implementation of major accounting policies;
 - (b) significant adjustment arising from the audit;
 - (c) any significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;
 - (d) the going concern assumption and major judgement areas; and
 - (e) compliance with accounting standards and other legal requirements;
- (x) to review the adequacy of the internal audit plan, scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work independently has objectively;
- (xi) to review the internal audit programme, processes and results of the internal audit programme, the effectiveness of the internal audit function, ensure that appropriate action is taken on the recommendations of the internal audit function;
- (xii) to monitor and assess the role and effectiveness of the internal audit function through reviewing the internal audit processes from time to time and, any appraisal or assessment of the performance appraisal/assessment of members of the internal auditors;
- (xiii) to recommend such measures as to be taken by our Board on the effectiveness of the system of internal control and risk management practices of our Group;
- (xiv) to engage independent experts periodically, or at least once every five (5) years to facilitate an objective and candid evaluation of the internal auditors, if necessary;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (xv) to evaluate the quality and effectiveness of our internal control system and management information systems, including in compliance with applicable laws, regulations and rules (including relevant tax laws, regulations and rules established by all relevant regulatory bodies);
- (xvi) to review and recommend to our Board, the Directors' Statement on risk management and internal control and any changes to the said statement;
- (xvii) to assist our Board in identifying the principal risk, review and assess the effectiveness of the risk management framework and internal control systems based on reports and recommendations from the internal auditors and report to our Board on its findings; and
- (xviii) to consider any related party transactions and potential conflict of interest situations that may arise within our Company or our Group.

The members of our Audit and Risk Management Committee are as follows:-

Name	Designation	Directorship
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Chairman	Independent Non-Executive Director
Yap Lee Teng	Member	Independent Non-Executive Director
Ng Lai Hock	Member	Independent Non-Executive Director

5.3.3 Remuneration Committee

The main functions of our Remuneration Committee include, amongst others, the following:-

- (i) to support our Board in overseeing the design and operation of our Group's remuneration system to ensure corporate accountability and governance;
- (ii) to ensure that the remuneration package should be structured such that it is competitive and balance which should be sufficient to attract and retain Executive Directors and key senior management of calibre and yet not excessive;
- (iii) to review and recommend to our Board the total individual remuneration package for our Executive Directors and key senior management personnel including, where appropriate, salaries, bonuses, directors' fee, allowances, incentive payments, options or benefit-in-kinds within the terms of agreed remuneration policy based on individual contributions to our Group's overall performance and value instead of depending on short term performance to avoid any incentives for excessive risk-taking;
- (iv) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and key senior management;
- (v) to review our Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and key senior management and recommend to our Board for approval;
- (vi) to review compensation policy of Directors and key senior management and ensure the compensations offered are in line with market practice (if any);

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

- (vii) to review the remuneration and benefits accorded to the non-Executive Directors to ensure that the level of remuneration commensurate with the experience and level of responsibilities undertaken; and
- (viii) to ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at general meetings.

The members of our Remuneration Committee are as follows:-

Name	Designation	Directorship
Yap Lee Teng	Chairman	Independent Non-Executive Director
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Member	Independent Non-Executive Director
Ng Lai Hock	Member	Independent Non-Executive Director

5.3.4 Nomination Committee

The main functions of our Nomination Committee include, amongst others, the following:-

- (i) to regularly review the succession planning for our Board, including our Executive Directors and key senior management by refreshing the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board and organisation and make recommendations to our Board with regard to any changes.
- (ii) to refresh our Board composition by periodically proposing potential/new candidates to our Board using the following criteria to assess the suitability of the candidates prior to recommending to our Board for appointment or for purposes of the reappointment of existing Directors:-
 - (a) diversity of our Board, in skills, experience, age, cultural background and gender with at least 30% women.
 - (b) probity, personal integrity, financial integrity and reputation, where the candidate must have personal qualities such as professionalism, honesty, integrity, diligence, independence of mind and fairness. The candidate/Director must manage his/her debts or financial affairs prudently.
 - (c) experience and competence, where the candidate/Director must have the skills, working experience, capability and commitment necessary to carry out the role.
 - (d) time and commitment, where the candidate/Director is able to devote time as a Director, participate and contribute in our Board.
- (iii) the process for identifying and nominating new candidates for appointment as a director or existing Directors for reappointment entails the following steps:-
 - (a) identification of skills required or which are relevant.
 - (b) selection/assessment of candidates/Directors.
 - (c) interaction with candidate(s)/Directors(s).
 - (d) Nomination Committee's deliberation and confirmation that the recommended candidate/Director is fit and suitable for our Board in new/existing role.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (e) recommendation by Nomination Committee for our Board's approval.
- (f) decision by our Board on recommended appointment/reappointment.
- (iv) to facilitate and review the Directors' orientation/induction and internal and external training programmes annually to continuously train and equip the existing and new Directors and to ensure a statement is made in the annual report by our Board containing a brief description of the training attended by each Director during the financial year.
- (v) to undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends.
- (vi) utilise independent sources to identify suitably qualified candidates. If the selection of candidates was based on recommendations made by existing Directors, key senior management or major shareholders, the Nomination Committee should explain why these source(s) suffice and other sources were not used.
- (vii) to recommend to our Board, candidate(s) to fill the seats on Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.
- (viii) to recommend and/or approve candidates for key senior management positions in our Group based on:-
 - (a) objective criteria;
 - (b) merit; and
 - (c) with due regard for diversity in skills, experience, age, cultural background and gender.
- (ix) to ensure that for the key senior management recommended, there are measures in place to provide for the orderly succession of our Board, including our Executive Directors and key senior management.
- (x) the Nomination Committee may engage independent experts at least every 3 years to facilitate an objective and candid Board evaluation.
- (xi) the Nomination Committee shall recommend to our Board the removal of a Director or key senior management if he/she ineffective, errant or negligent in discharging his/her responsibilities.
- (xii) our Board is ultimately responsible in the entire function of our Group, with the support and assistance from the Nomination Committee:-
 - (a) to review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with the terms of reference of the Audit and Risk Management Committee;
 - (b) to review annually, the independence of the Independent Non-Executive Director;
 - (c) to act in line with the directions of our Board; and

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (d) to consider and examine such other matters as the Nomination Committee considers appropriate.

The members of our Nomination Committee are as follows:-

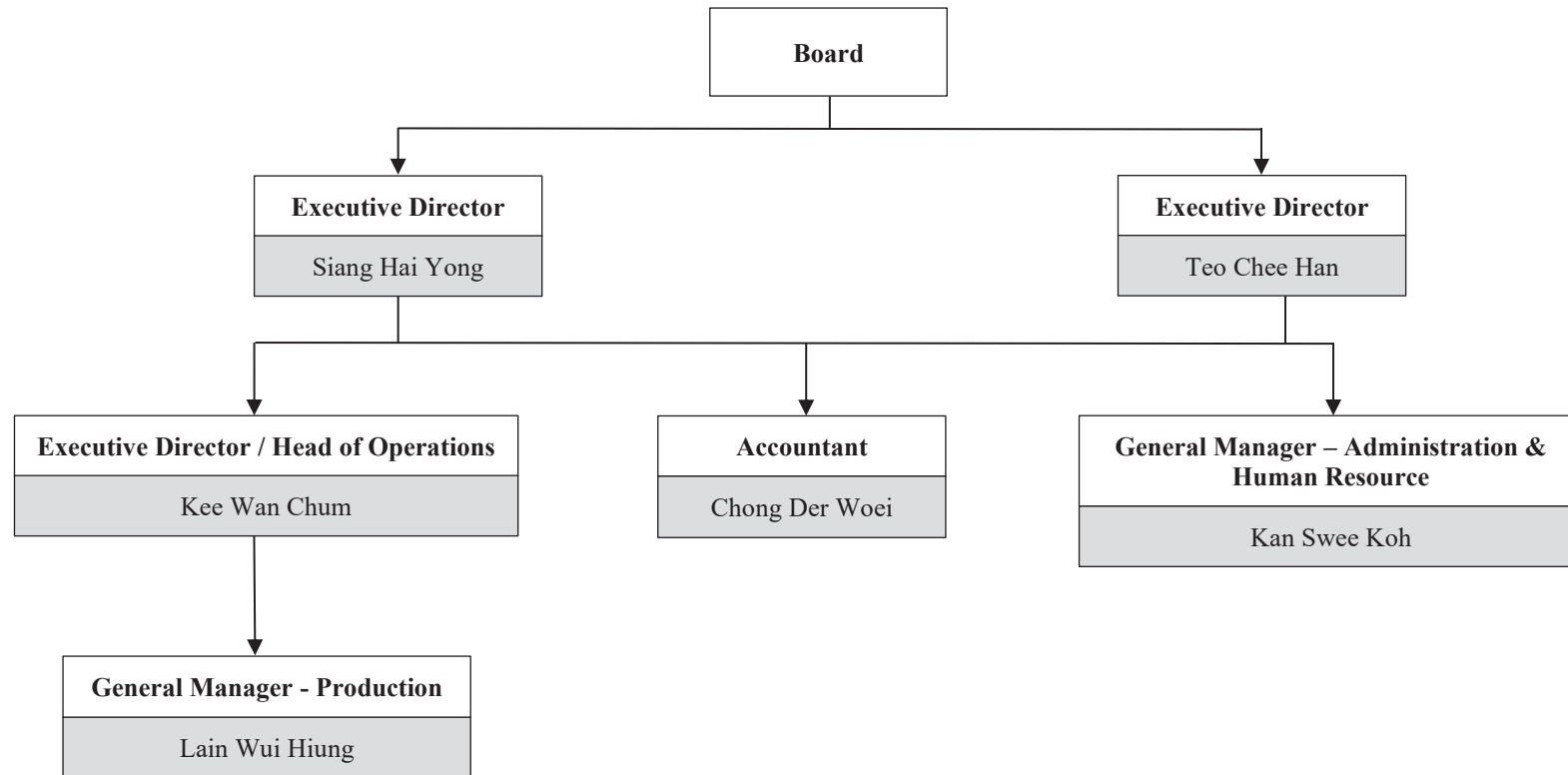
Name	Designation	Directorship
Ng Lai Hock	Chairman	Independent Non-Executive Director
Yap Lee Teng	Member	Independent Non-Executive Director
Syed Razif Al-Idid B. Syed Sidi Al-Idid	Member	Independent Non-Executive Director

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is set out below:-



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

5.5 KEY SENIOR MANAGEMENT

5.5.1 Shareholdings of Key Senior Management

The details of our key senior management and their respective shareholdings in our Company before and after our IPO are as follows:-

Name	Designation	⁽¹⁾ Before our IPO / After the Acquisitions				⁽²⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chong Der Woei	Accountant	-	-	-	-	50,000	0.02	-	-
Kan Swee Koh	General Manager - Administration & Human Resources	-	-	-	-	200,000	0.10	-	-
Lain Wui Hiung	General Manager - Production	-	-	-	-	50,000	0.02	-	-

Notes:-

- (1) Based on our issued share capital of 160,096,000 Shares before our IPO but after the Acquisitions.
- (2) Based on our enlarged issued share capital of 210,146,000 Shares after our IPO and assuming the key senior management fully subscribe for their respective entitlements under the Pink Form Allocation.

5.5.2 Profiles of Key Senior Management

The profiles of our key senior management, Kan Swee Koh, who is also our Promoter has been disclosed in Section 5.1.3(iii) of this Prospectus. The profiles of our other key senior management are as follows:-

(i) Chong Der Woei

Chong Der Woei, a Malaysian, age 44, is our Group's Accountant. He is responsible for the overall financial and accounting functions, including taxation of our Group.

He graduated with a Bachelor of Accountancy from Universiti Utara Malaysia in September 2005. In addition, he has been a Member of the Malaysian Institute of Accountants since December 2009.

Upon graduation, he began his professional career with Messrs Ash'ariCheong as Associate, where he was involved in voluntary winding up processes and corporate exercises as well as preparation of financial statements and accounts. In February 2008, he was promoted to Audit Senior, where he was responsible for conducting financial audits, preparing consolidated accounts, ensuring compliance with accounting standards, providing insight and advice to clients as well as reviewing assignments. In April 2009, he joined Messrs Afrizan Tarmili Khairul Azhar as Audit Senior, where he was responsible for conducting financial audits, preparing consolidated accounts, ensuring compliance with accounting standards, providing insight and advice to clients as well as reviewing assignments. In April 2010, he resigned from Messrs Afrizan Tarmili Khairul Azhar and subsequently joined Sam's Metal Trading (Kuantan) Sdn Bhd as Finance Manager in May 2010. During his tenure there, he was in charge of reviewing financial management accounts, tax computations and payroll activities as well as ensuring all statutory audits and reports are completed.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He left Sam's Metal Trading (Kuantan) Sdn Bhd in June 2011 and joined Messrs Afrizan Tarmili Khairul Azhar as Assistant Manager in July 2011, where he was in charge of reviewing audit assignments; advising clients on compliance, technical and accounting issues; and preparing financial statements and Audit Planning Memorandum's for companies. In December 2012, he resigned from Messrs Afrizan Tarmili Khairul Azhar and joined Messrs Lau, Wong & Yeo as Audit Manager in January 2013, where he was responsible for overseeing and managing the audit assignments and activities carried out by the audit team. He left Messrs Lau, Wong & Yeo in June 2013 and subsequently took a career break.

In October 2013, he joined Messrs Sekhar & Tan as Assistant Audit Manager where he was involved in reviewing audit assignments to ensure compliance as well as other audit-related activities. In May 2014, he resigned from Messrs Sekhar & Tan and took a career break before returning to Messrs Afrizan Tarmili Khairul Azhar as Manager – Assurance and Business Advisory in August 2014. During his tenure there, he was responsible for overseeing the team's audit activities as well as managing the team. He left Messrs Afrizan Tarmili Khairul Azhar in April 2017. In June 2017, he founded DWC Management & Consultant Services, a sole proprietorship and assumed the position of Financial Management Consultant and Advisor. During his tenure there, he was in charge of various accounting, audit and tax-related activities. In January 2023, he left DWC Management & Consultant Services and joined OFS Products in the same month and assumed his present position as our Group's Accountant.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders. As at the LPD, he does not hold any directorship or shareholdings outside our Group.

(ii) Lain Wui Hiung

Lain Wui Hiung, a Malaysian, age 48, is our General Manager, Production. He is in charge of overseeing and managing the teams responsible for the packaging, logistics and export of frozen seafood product

He completed his SPM from St. Michael Secondary School in December 1994.

Upon completing his study, he joined Excel Grade Sdn Bhd as a General Worker in July 1995, where he was involved in the processing activities of seafood. In July 1997, he was transferred from Excel Grade Sdn Bhd to Eastern Global (M) Sdn Bhd, where he assumed the position of Supervisor. During his tenure there, he was in charge of supervising a team involved in the processing and packing of frozen seafood products. In July 2002, he left Eastern Global (M) Sdn Bhd and took a break from his career.

In May 2003, he joined OFS Products as Production Manager, where he was responsible for handling the packaging, logistics and export of frozen seafood products. In May 2013, he was promoted and assumed his present position as General Manager, Production.

He does not have any family relationships with any of our Promoters, Directors and/or substantial shareholders. As at the LPD, he is a shareholder of Sierra Mode, a Specified Shareholder, the profile of which is disclosed in Section 5.1.3 (vi) of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.5.3 Remuneration of Key Senior Management

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for the FYE 2023 and FYE 2024 (in the bands of RM50,000), are set out below:-

	Remuneration Band	
	FYE 2023 (RM'000)	Proposed for FYE 2024 (RM'000)
Chong Der Woei	50 – 100	50 – 100
Kan Swee Koh	150 – 200	150 – 200
Lain Wui Hiung	200 – 250	200 – 250

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.5.4 Involvement of our Key Senior Management in Other Businesses/Corporations outside Our Group

Save as disclosed below, our key senior management personnel do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD:-

(i) Chong Der Woei

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
-	-	-	-	-	-	-
Past involvement						
DWC Management & Consultant Services ⁽¹⁾	Provision of accounting, taxation and consulting services	Sole Proprietor	28 June 2017	6 January 2023	-	-

Note:-

(1) This business registration has since expired on 19 September 2023.

(ii) Kan Swee Koh

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Sierra Mode ⁽¹⁾	<ul style="list-style-type: none"> • Business management consultancy services • Other business support service activities • Activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses 	Director and Shareholder	23 December 2021	-	10.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Past involvement						
Vee Sheng Trading ⁽²⁾	Sale of groceries	Partner	15 March 2019	28 June 2023	-	-

Notes:-

- (1) As at the LPD, Sierra Mode is not involved in any business activity other than an investment holding for the 8.67% equity interest held in our Company.
- (2) The business registration for Vee Sheng Trading was terminated on 28 June 2023.

(iii) Lain Wui Hiung

Company	Principal Activities	Involvement in Business	Date of Appointment	Date of Resignation	Equity Interest	
					Direct (%)	Indirect (%)
Present involvement						
Sierra Mode ⁽¹⁾	<ul style="list-style-type: none"> • Business management consultancy services • Other business support service activities • Activities of head offices, which includes but not limited to administrative functions such as supervision and management of other companies or businesses 	Shareholder	-	-	10.00	-
Past involvement						
-	-	-	-	-	-	-

Note:-

- (1) As at the LPD, Sierra Mode is not involved in any business activity other than an investment holding for the 8.67% equity interest held in our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

5.6 RELATIONSHIPS OR ASSOCIATIONS BETWEEN THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no other relationships or associations between our Promoters, substantial shareholders, Directors and key senior management of our Group:-

Name	Designation / Position	Relationship
Teo Chee Han	<ul style="list-style-type: none"> Executive Director 	<ul style="list-style-type: none"> Son of Darmanto Son-in-law of Dato' Sri Chia Hooi Huak
Darmanto	<ul style="list-style-type: none"> Substantial shareholder 	<ul style="list-style-type: none"> Father of Teo Chee Han
Dato' Sri Chia Hooi Huak	<ul style="list-style-type: none"> Non-Independent Non-Executive Director Substantial shareholder 	<ul style="list-style-type: none"> Father-in-law of Teo Chee Han

5.7 EXISTING OR PROPOSED SERVICE AGREEMENTS

Save as disclosed below, as at the LPD, there are no existing and/or proposed service contracts entered or to be entered between our Group and our Directors or key senior management:-

- (i) the service agreement dated 10 August 2023 entered into between our Company and Siang Hai Yong, for the appointment of Siang Hai Yong as the Executive Director for a period of three (3) years commencing from 10 August 2023 and shall, thereafter be extended annually. The Executive Director shall be paid a fixed monthly salary of RM16,000 and the monthly salary shall be reviewed by the Remuneration Committee each year and the rate of monthly salary shall be increased by such amount calculated by reference to the performance of the Executive Director. Either party may terminate the service agreement by giving not less than three (3) months written notice or payment in lieu of such notice. There are no benefits provided for the Executive Director upon termination of employment pursuant to the service agreement;
- (ii) the service agreement dated 1 October 2023 entered into between our Company and Teo Chee Han, for the appointment of Teo Chee Han as the Executive Director for a period of three (3) years commencing from 1 October 2023 and shall, thereafter be extended annually. The Executive Director shall be paid a fixed monthly salary of RM10,000 and the monthly salary shall be reviewed by the Remuneration Committee each year and the rate of monthly salary shall be increased by such amount calculated by reference to the performance of the Executive Director. Either party may terminate the service agreement by giving not less than three (3) months written notice or payment in lieu of such notice. There are no benefits provided for the Executive Director upon termination of employment pursuant to the service agreement; and
- (iii) the service agreement dated 1 October 2023 entered into between our Company and Kee Wan Chum, for the appointment of Kee Wan Chum as the Executive Director for a period of three (3) years commencing from 1 October 2023 and shall, thereafter be extended annually. The Executive Director shall be paid a fixed monthly salary of RM18,300 and the monthly salary shall be reviewed by the Remuneration Committee each year and the rate of monthly salary shall be increased by such amount calculated by reference to the performance of the Executive Director. Either party may terminate the service agreement by giving not less than 3 months written notice or payment in lieu of such notice. There are no benefits provided for the Executive Director upon termination of employment pursuant to the service agreement.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.8 DECLARATION BY THE PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and key senior management is or has been involved in any of the following, whether in or outside Malaysia:-

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against them or any partnership in which they were partners or any corporation of which they were directors or members of key senior management;
- (ii) they have not been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, they have not been charged or convicted in a criminal proceeding nor are they named subject of a pending criminal proceeding;
- (iv) in the last 10 years, no judgment was entered against them, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on their part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, they were not subject to any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on their part that relates to the capital market;
- (vi) they were not the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining them from engaging in any type of business practice or activity;
- (vii) they are not the subject to any current investigation or disciplinary proceeding, or in the last 10 years, they have not been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) no unsatisfied judgments were made against them.

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6. INFORMATION ON OUR GROUP

6.1 HISTORY

6.1.1 The incorporations of the OFS Products Group are as follows:-

(i) OFS Products

Our Group's history began with the incorporation of OFS Products in 2002 by Tan Song Hoak and Kee Yow Lee, each of whom held a 50.00% equity shareholding. In the same year of incorporation, Siang Hai Yong, our Group's Executive Director, was appointed as the director of OFS Products together with the founding shareholders and he was then in charge of overseeing the supply chain management of the company in light of his past experience in the fishery business.

In 2007, our Group's Non-Independent Non-Executive Directors, Law Chee Kheong and Dato' Sri Chia Hooi Huak through Treasure Gain acquired 40.00% equity interest in OFS Products from Aquamarine Industries Sdn Bhd, an investment holding company.

Thereafter, Tan Song Hoak and our Group's Executive Director, Siang Hai Yong, through Untung Besar acquired 60.00% equity interest in OFS Products in 2008 from the remaining shareholders of OFS Products at the time, i.e. Tan Song Hoak, Kee Yow Lee, Lim Lien Tong, Tan Eng Aun and Lee Siok Ming. This resulted in the collective equity interests of Untung Besar and Treasure Gain in OFS Products amounting to 100.00%.

In 2013, Siang Hai Yong took over Tan Song Hoak's role to oversee the company's strategic direction and business development after Tan Song Hoak resigned from his role and sold his equity interest in OFS Products through Untung Besar. Teo Chee Han was brought into OFS Products in December 2021, in light of his international business experience, to be in charge of international business development activities and corporate affairs.

(ii) Lianli Huat

In 2003, Tan Song Hoak and Tan Yeok Kweng set up Lianli Huat with 50.00% equity interests each in the company. In 2004, OFS Products invested into Lianli Huat, resulting in it holding an 18.0% equity interest in Lianli Huat.

In 2007, our Group's Non-Independent Non-Executive Directors, Law Chee Kheong and Dato' Sri Chia Hooi Huak through Treasure Gain acquired 40.00% equity interest in Lianli Huat from the shareholders of Lianli Huat, i.e. Tan Yeok Kweng, Ong Lian Oeu, Beh Hong Ang, Chung Hooi Yong, Tan Boon Suan and Meng Fanzhe.

In 2008, Tan Song Hoak and our Group's Executive Director, Siang Hai Yong as well as other shareholders of Lianli Huat at the time, consolidated their equity interests of 42.00% in Lianli Huat under Untung Besar.

In an effort to consolidate its operations, OFS Products acquired the remaining 82.00% equity interest in Lianli Huat in 2014 from Treasure Gain and Untung Besar.

(iii) OF Trading

OF Trading was set up by Siang Hai Yong and Kee Yow Lee in 2009 with 50.00% equity interests each in the company. In 2013, OFS Products acquired 100.00% equity interest in OF Trading from Siang Hai Yong and Kee Yow Lee, but subsequently sold its entire equity interest in OF Trading to Treasure Gain and Untung Besar. Thereafter, OFS Products acquired the entire equity interest in OF Trading from Treasure Gain and Untung Besar in 2022.

6. INFORMATION ON OUR GROUP (CONT'D)

(iv) East Ocean

In 2017, Siang Hai Yong and Chew Meng Chung incorporated East Ocean with 50.00% equity interests each in the company. OFS Products acquired 60.00% equity interest from Siang Hai Yong and thereafter, the remaining 40.00% equity interest in East Ocean in 2017 and 2023 respectively.

Subsequently, both Treasure Gain and Untung Besar distributed part of their equity interests in OFS Products to their shareholders in January and December 2022 respectively via capitalising the amount owing to shareholders and capital repayment respectively. Pursuant to the Acquisitions, the shareholders of OFS Products emerged at OFB's level to facilitate our Listing, where OFS Products, Lianli Huat, OF Trading and East Ocean became wholly-owned subsidiaries of OFB.

6.1.2 Business Operations

OFS Products commenced its business in processing and trading of frozen seafood products in 2002 upon its incorporation. OFS Products' frozen seafood products were either sold under the "Sea Planet" brand, the customers' brands or unbranded since then, and its seafood supplies were processed from locally wild-caught seafood supplies at the time.

Initially, OFS Products operated out of Factory A, which was then equipped with nine (9) semi-contact blast freezers and a cold room. Its annual maximum production capacity at the time was approximately 9,000 tonnes of frozen seafood products. Thereafter, OFS Products set up Factory B in 2003 and began processing and trading of otoshimi and surimi products in the same year of its incorporation. At the time, Factory B was equipped with otoshimi and surimi processing equipment. In 2003, Lianli Huat was set up to process otoshimi and surimi products.

Meanwhile, OFS Products began to obtain the first independent certification for food quality and safety standard compliance, namely HACCP, for the Processing Facility in 2005. OFS Product's ability to obtain the HACCP depicts the Group's capabilities to meet local and international standards and regulations.

OFS Products subsequently obtained the EU Number 75 Certificate, which is a requirement to export any fish and fishery products to countries within the EU region, from the MOH in 2007. Shortly after, in the same year, OFS Products secured its first orders to export frozen seafood products to two (2) companies based in Italy and Spain, which are part of the EU.

In 2008, OFS Products widened its network of EU-based customers when it secured a sales order to export frozen seafood products to Portugal and began exporting frozen seafood products to countries in Asia Pacific, particularly in Korea and Vietnam. OFS Products subsequently began to export frozen seafood products to China and Indonesia in 2009. OFS Products also began to secure orders of frozen seafood products from Singapore in 2010.

As OFS Products continued to expand its frozen seafood processing business, there was a growing need to secure a consistent supply of fresh seafood products and have control over the quality of the frozen seafood products. Having only procured local wild-caught seafood supplies in the past, OFS Products was subjected to the seasonal availability of local seafood supplies due to factors such as weather conditions and climate. OF Trading was thus set up in 2009 to focus on sourcing new seafood suppliers and inspecting seafood supplies to ensure its quality for OFS Products. With OF Trading focusing on supply chain management, OFS Products began to widen its network of suppliers to not only include local fishing enterprises which supplied wild-caught local seafood supplies, but also wholesalers and/or processing facilities of imported wild-caught seafood supplies and farm-raised seafood supplies.

In 2010, there was a fire outbreak in Factory B which badly damaged the processing facility for otoshimi and surimi products. As Lianli Huat's otoshimi and surimi processing business was already adversely impacted by the competitive nature of the industry, it ceased the processing of otoshimi and surimi products and began to focus on trading of frozen seafood products. In the meantime, Factory B was re-constructed into a frozen seafood processing facility and cold room to cater for OFS Products' business expansion.

6. INFORMATION ON OUR GROUP (CONT'D)

OFS Products obtained the GMP certification for the frozen seafood processing activities in 2011. In the same year, OFS Products also obtained the export approval from DAH in Vietnam, in line with the country's newly implemented regulation to export frozen seafood products to Vietnam at the time. In 2011, OFS Products also began to secure orders from Thailand.

In 2012, all of the assets relating to the otoshimi and surimi processing business that were unaffected by fire were subsequently disposed of and Factory B's re-construction was completed. In the same year, OFS Products obtained the FDA certificate, depicting the Group's capabilities to comply with food safety requirements in the US and began exporting frozen seafood products to the US. Also in 2012, OFS Products also began to secure orders of frozen seafood products from customers in Australia. In the same year, OFS Products also received the MeSTI certificate from MOH, which verified that the frozen seafood products adhere to the food safety guidelines. As an effort to target a wider market, OFS Products obtained the HALAL certificate from JAKIM in 2013, thus providing assurance that OFS Products' frozen seafood products are processed in a HALAL manner.

In line with the requirements set out by China's regulations at the time for the export of frozen seafood products into China, OFS Products obtained certificate from the Certification and Accreditation Administration of the People's Republic of China (CNCA), which is currently known as GACC in 2015.

In an effort to better control the quality of local seafood supplies sourced from Sabah, Siang Hai Yong incorporated East Ocean in 2017. Post the incorporation of East Ocean, East Ocean facilitated the quality inspection of seafood supplies at fish landing sites in Sabah, while OF Trading continued to focus on the quality inspection of all other seafood supplies and maintaining business relationships with its suppliers.

OFS Products also secured its first order of frozen seafood products from the Philippines in 2018, and subsequently secured its first order of frozen seafood products from Turkey in 2020 and Denmark in 2023.

Over the years, OFS Products has successfully grown and evolved into one of the established frozen seafood processor and trader in Malaysia. OFS Products has had 22 years of experience in frozen seafood processing with a network of suppliers to supply local and international wild-caught and farm-raised seafood as well as a network of customers across the globe. Of the total seafood processing industry size in Malaysia, OFS Products has also garnered a market share of 2.7% according to the IMR report by Providence. In addition, our Processing Facility has an annual maximum production capacity of approximately 18,000 tonnes of frozen seafood products by 18 units of semi-contact blast freezers and a total cold room storage capacity of 1,700 tonnes of frozen seafood products by three (3) cold rooms.

6.2 KEY ACHIEVEMENTS AND MILESTONES

The key achievements and milestones in the history and development of our Group's business operations up to the LPD are summarised below:-

Year	Key Achievements and Milestones
2002	<ul style="list-style-type: none"> OFS Products was incorporated and commenced its operations with nine (9) semi-contact blast freezers and a cold room
2003	<ul style="list-style-type: none"> OFS Products set up Factory B and began processing and trading of otoshimi and surimi products Lianli Huat was incorporated
2004	<ul style="list-style-type: none"> OFS Products invested into Lianli Huat, resulting in it holding an 18.00% equity interest in Lianli Huat
2005	<ul style="list-style-type: none"> OFS Products obtained the HACCP certification for its Processing Facility
2007	<ul style="list-style-type: none"> OFS Products obtained the EU Number 75 Certificate OFS Products secured its first order from customers in Italy and Spain, which are part of the EU

6. INFORMATION ON OUR GROUP (CONT'D)

Year	Key Achievements and Milestones
	<ul style="list-style-type: none"> • Our Group's Non-Independent Non-Executive Director, Law Chee Kheong and Dato' Sri Chia Hooi Huak through Treasure Gain acquired 40.00% equity interests in OFS Products from Aquamarine Industries Sdn Bhd, an investment holding company • Our Group's Non-Independent Non-Executive Directors, Law Chee Kheong and Dato' Sri Chia Hooi Huak through Treasure Gain acquired 40.00% equity interest in Lianli Huat from Tan Yeok Kweng, Ong Lian Oeu, Beh Hong Ang, Chung Hooi Yong, Tan Boon Suan and Meng Fanzhe
2008	<ul style="list-style-type: none"> • Tan Song Hoak and our Group's Executive Director, Siang Hai Yong through Untung Besar acquired 60.00% equity interest in OFS Products from the remaining shareholders of OFS Products at the time, i.e. Tan Song Hoak, Kee Yow Lee, Lim Lien Tong, Tan Eng Aun and Lee Siok Ming • Tan Song Hoak and our Group's Executive Director, Siang Hai Yong as well as other shareholders of Lianli Huat at the time, consolidated their equity interests of 42.00% in Lianli Huat under Untung Besar • OFS Products began exporting frozen seafood products to Portugal and countries in Asia Pacific, namely Korea and Vietnam
2009	<ul style="list-style-type: none"> • OFS Products secured its first orders from customers in China and Indonesia • OF Trading was incorporated to focus on sourcing new seafood suppliers and inspecting seafood supplies to ensure its quality
2010	<ul style="list-style-type: none"> • OFS Products secured its first orders from Singapore • Lianli Huat ceased its otoshimi and surimi processing business after the fire outbreak in Factory B and began to be involved in trading of frozen seafood products
2011	<ul style="list-style-type: none"> • OFS Products obtained the GMP certification • OFS Products obtained the export approval from DAH in Vietnam • OFS Products secured its first order from Thailand
2012	<ul style="list-style-type: none"> • Factory B's reconstruction was completed • OFS Products obtained the FDA certificate • OFS Products secured its first order from Australia • OFS Products obtained MeSTI certificate
2013	<ul style="list-style-type: none"> • OFS Products obtained HALAL certificate • Siang Hai Yong took over Tan Song Hoak's role after Tan Song Hoak resigned from his role and sold his equity interest in OFS Products through Untung Besar
2014	<ul style="list-style-type: none"> • OFS Products acquired the remaining 82.00% equity interest in Lianli Huat from Treasure Gain and Untung Besar
2015	<ul style="list-style-type: none"> • OFS Products obtained certificate from CNCA
2017	<ul style="list-style-type: none"> • East Ocean was incorporated to focus on seafood supplies sourced from Sabah
2018	<ul style="list-style-type: none"> • OFS Products secured its first order from the Philippines
2020	<ul style="list-style-type: none"> • OFS Products secured its first order from Turkey
2021	<ul style="list-style-type: none"> • Teo Chee Han was appointed as Executive Director and has since been in charge of international business development activities and corporate affairs
2022	<ul style="list-style-type: none"> • OFS Products acquired the entire equity interest in OF Trading
2023	<ul style="list-style-type: none"> • OFS Products acquired the entire equity interest in East Ocean • Our Company was incorporated to facilitate the Listing and acquired OFS Products, Lianli Huat, OF Trading and East Ocean • OFS Products secured its first order from Denmark

6. INFORMATION ON OUR GROUP (CONT'D)

6.3 OUR COMPANY

Our Company (Registration No. 202301019041 (1512963-A)) was incorporated in Malaysia under the Act on 22 May 2023 as a private limited company under the name of Ocean Fresh Sdn Bhd. Subsequently, our Company was converted into a public limited company and assumed our present name on 29 August 2023. Our Company is an investment holding company.

Our share capital as at the LPD is RM38,423,041 comprising 160,096,000 Shares. The movements in our share capital since our incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Type / Consideration	Cumulative No. of Shares	Cumulative Share Capital (RM)
22 May 2023	1	Subscribers' shares / Cash	1	1
3 May 2024	160,095,999	Consideration for the Acquisitions / Otherwise than cash	160,096,000	38,423,041

Upon completion of the IPO, our Company's issued share capital will increase to RM52,437,041 comprising 210,146,000 Shares.

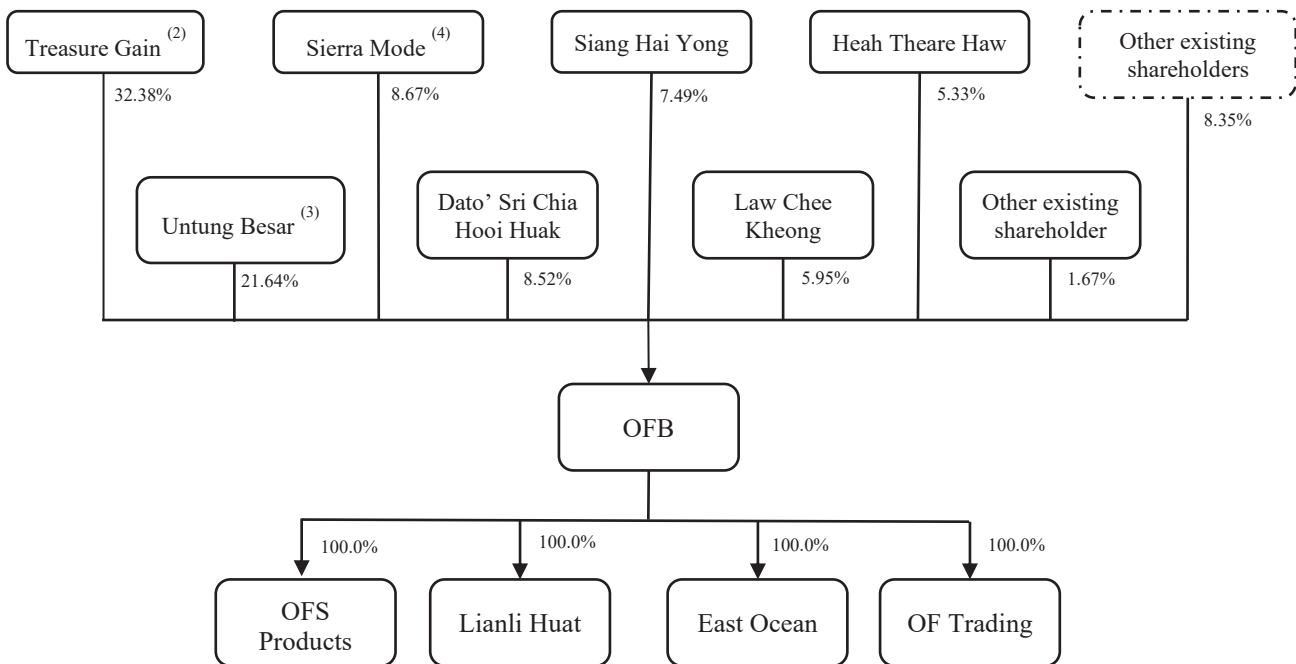
As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the above allotments.

6.4 OUR GROUP

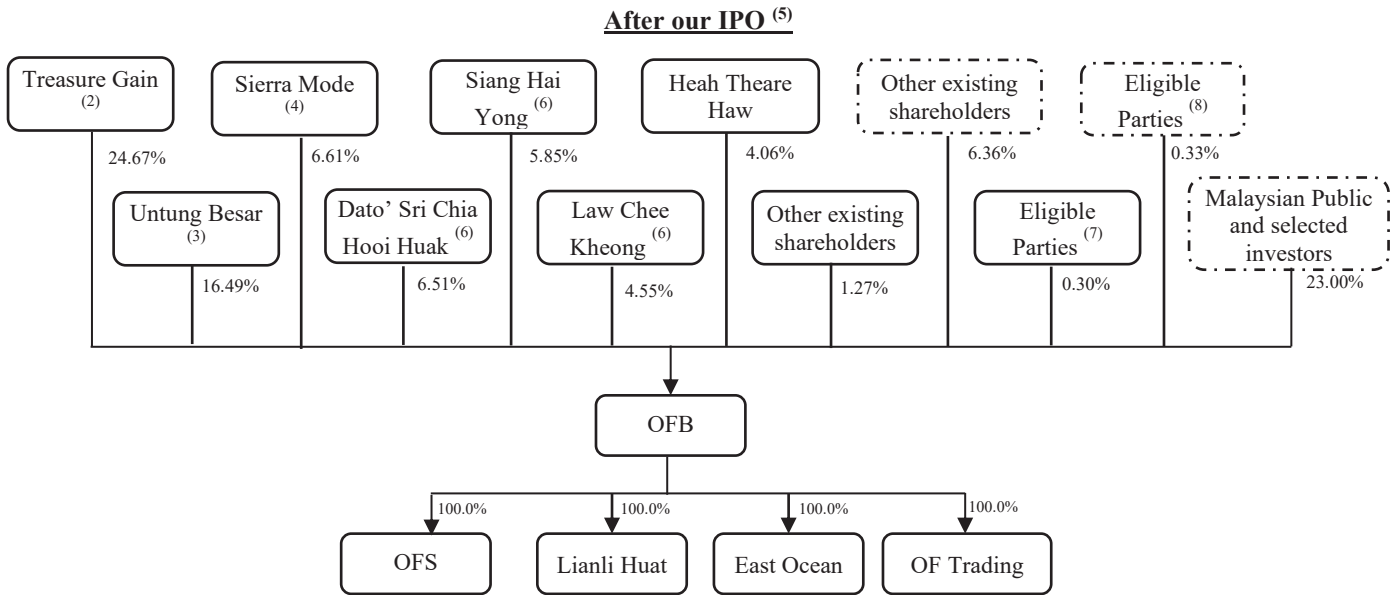
6.4.1 Group Structure

Our group structure before and after our Listing are as follows:-

After the Acquisitions but before our IPO ⁽¹⁾



6. INFORMATION ON OUR GROUP (CONT'D)



Notes:-

- Represents public shareholders
- Represents non-public shareholders

- (1) Based on our issued share capital of 160,096,000 Shares before our IPO but after the Acquisitions.
- (2) Please refer to Section 5.1.3 (iv) of this Prospectus for the details of its directors and shareholders.
- (3) Please refer to Section 5.1.3 (v) of this Prospectus for the details of its directors and shareholders.
- (4) Please refer to Section 5.1.3 (vi) of this Prospectus for the details of its directors and shareholders.
- (5) Based on our issued share capital of 210,146,000 Shares after our IPO.
- (6) Based on the assumption that all our IPO Shares allocated to him under the Pink Form Allocation as disclosed in Note 1, Section 4.3.1(ii) of this Prospectus are fully subscribed.
- (7) Based on the assumption that all our IPO Shares allocated to our Directors (save for Dato' Sri Chia Hooi Huak, Siang Hai Yong and Law Chee Kheong) under the Pink Form Allocation as disclosed in Note 1, Section 4.3.1(ii) of this Prospectus are fully subscribed.
- (8) Based on the assumption that all our IPO Shares allocated to the Eligible Parties (save for our Directors) under the Pink Form Allocation are fully subscribed.

6.4.2 Listing Scheme

In conjunction with and as integral part of our Listing, our Company undertook a Listing Scheme as follows:-

6. INFORMATION ON OUR GROUP (CONT'D)

6.4.2.1 Acquisitions

Our Company entered into the share sale agreement on 9 October 2023 to acquire the entire issued share capital of OFS Products Group pursuant to the Acquisitions, which entails the following:-

- (i) acquisition of the entire issued share capital of OFS Products for a total consideration of RM38,423,040, which was fully satisfied by the issuance of 160,095,999 new Shares at an issue price of RM0.24 each. The total purchase consideration of RM38,423,040 was arrived at after taking into consideration the audited consolidated NA of OFS Products Group as at 31 December 2022 of RM38.423 million.

The details of the Vendors and the number of Shares issued to them are as follows:-

Vendors	Shareholding in OFS Products		Purchase consideration (RM)	No. of Shares issued
	No. of shares	(%)		
Treasure Gain	1,692,932	32.38	12,441,672	51,840,300
Untung Besar	1,131,520	21.64	8,315,760	34,649,000
Sierra Mode	453,400	8.67	3,332,160	13,884,000
Dato' Sri Chia Hooi Huak	445,488	8.52	3,274,080	13,642,000
Siang Hai Yong	391,680	7.49	2,878,560	11,994,000
Law Chee Kheong	311,070	5.95	2,285,928	9,524,699
Heah Theare Haw	278,430	5.33	2,046,240	8,526,000
Yau Ming Teck	240,800	4.61	1,769,760	7,374,000
Chia Siew Lee	87,040	1.66	639,600	2,665,000
Kee Yow Lee	84,320	1.61	619,680	2,582,000
Eng Chai Hee	57,120	1.09	419,760	1,749,000
Wong Sing Hong	54,400	1.04	399,840	1,666,000

For clarity, the Acquisitions exclude OFS Processing (which was previously a wholly-owned subsidiary of OFS Products) as it had been disposed of by OFS Product to a non-related party on 16 October 2023 for a cash consideration of RM2,771, equivalent to the audited NA of OFS Processing as at 30 June 2023, as it had ceased its operations since the FYE 2018 pursuant to the streamlining of its business to OFS Products.

- (ii) internal reorganisation upon completion of the acquisition of the entire issued share capital of OFS Product whereby our Company had acquired the entire issued share capital of Lianli Huat, East Ocean and OF Trading for a total cash consideration of RM7,614,603 from OFS Products. The said consideration was arrived at after taking into account the aggregate audited NA of Lianli Huat, East Ocean and OF Trading as at 31 December 2022 of RM7.615 million.

The Acquisitions were completed on 3 May 2024. Following the completion of the Acquisitions, our Group has formed and OFS Products, Lianli Huat, East Ocean and OF Trading have become our wholly-owned subsidiaries.

6.4.2.2 IPO

The details of our IPO are set out in Section 4.3 of this Prospectus.

6.4.2.3 Listing of and quotation for our Shares

Upon completion of the Listing Scheme, our Company will be admitted to the Official List and our entire enlarged issued share capital of 210,146,000 Shares shall be listed and quoted on the ACE Market.

6. INFORMATION ON OUR GROUP (CONT'D)

6.4.3 Subsidiary and Associated Company

Details of our subsidiaries are as follows:-

Company/ Registration No.	Date/ Country of Incorporation	Principal Place of Business	Effective Equity Interest (%)	Principal Activities
OFS Products (Registration No. 200201001773 (569436-W))	22.01.2002 / Malaysia	Malaysia	100	Wholesaler, retailer, processor and exporter of frozen seafood products and investment holding
Lianli Huat (Registration No. 200301002588 (605008-T))	28.01.2003 / Malaysia	Malaysia	100	Trading of seafood products
East Ocean (Registration No. 201701010036 (1224201-A))	27.03.2017 / Malaysia	Malaysia	100	To render sourcing services for all type of seafood ⁽¹⁾
OF Trading (Registration No. 200901013688 (856748-D))	13.05.2009 / Malaysia	Malaysia	100	To render sourcing services for all type of seafood ⁽²⁾

Notes:-

- (1) East Ocean will identify suitable fresh seafood supplies from the fish landing sites in Sabah based on the procurement list provided by OFS Products and thereafter, OFS Products will make the procurement with the suppliers directly.
- (2) OF Trading will identify suitable fresh seafood supplies from the fish landing sites in Kuantan based on the procurement list provided by OFS Products and thereafter, OFS Products will make the procurement with the suppliers directly.

As at the LPD, our Group does not have any associate or joint venture company.

6.5 MATERIAL INVESTMENTS AND DIVESTITURES

6.5.1 Material Investments

Save as disclosed below, our Group made no other material investments during the Financial Years Under Review up to the LPD:-

	Audited				Unaudited
	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	1 January 2024 up to the LPD (RM'000)
Investments (Cost)					
Solar asset ⁽¹⁾	-	1,777	-	-	-
Plant and machineries ⁽²⁾	13	203	887	-	27
Factory equipment, laboratory equipment and cold room ⁽³⁾	-	53	176	408	219
Motor vehicle ⁽⁴⁾	55	140	287	159	3
Factory building ⁽⁵⁾	-	46	-	319	455
	68	2,219	1,350	886	704

6. INFORMATION ON OUR GROUP (CONT'D)

Notes:-

- (1) Purchase of the solar assets to generate electricity for the Factory A and Factory B.
- (2) Purchase of the packaging machine, iron pallets, semi-contact blast freezers and the relevant spare parts.
- (3) Purchase of metal detector machine, galvanised pallet steel cage and cold room spare parts.
- (4) Purchase of the forklifts, refrigerated truck, van and car.
- (5) Capitalisation of renovation cost for the headquarters and Processing Facilities.

The above material investments were located within Malaysia and were mainly funded through a combination of bank borrowings and our internally generated funds.

6.5.2 Material Divestitures

There were no other material capital divestitures (including interest in other corporations) made by us during the Financial Years Under Review up to the LPD.

6.5.3 Material plan to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our Public Issue as disclosed in Section 4.7 of this Prospectus, our Group has no other immediate plans to construct, expand or improve our facilities as at the LPD.

6.6 PUBLIC TAKE-OVERS

None of the following has occurred since our incorporation on 22 May 2023 up to the LPD:-

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

6.7 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The material laws and regulations that are relevant to the business operations of our Group are summarised below. The following sections do not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to:-

- (i) Local Government Act 1976 (“**LGA 1976**”)

The LGA 1976 was enacted to address the laws concerning local governance in Peninsular Malaysia. This legislation empowers each local authorities, including Kuantan City Council (previously known as Kuantan Municipal Council) which oversees our Group's business premises situated in Kuantan, Pahang Darul Makmur, to issue licence or permit for trades, occupation and premises. Such licences or permits are subject to conditions set by the local authority. Further, pursuant to Section 107(5) of the LGA 1976, every person to whom a licence has been granted shall exhibit his licence at all times in some prominent place on the licensed premises and shall produce such licence if required to do so by any officer of the local authority authorised to demand the same. Failure to acquire or produce the licences shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding six (6) months or to both.

Since our Group's business premises are located within the jurisdiction of Kuantan District, relevant by-laws namely, the Licensing of Trade, Business and Industries (Kuantan Municipal Council) By Laws 1983, come into effect, which stipulate that engaging in any trade, business or industry within the district necessitates obtaining a licence issued by the Kuantan City Council.

6. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, our subsidiaries, OFS Products and Lianli Huat, each holds a valid business licence issued by Kuantan City Council, which is renewable annually. Please refer to Section 7.15 of this Prospectus for further details of the business licenses obtained by OFS Products and Lianli Huat.

For the avoidance of doubt, as at the LPD, the principal activities of OF Trading and East Ocean do not fall within the type of trade, business or industry as prescribed under the schedule of the Licensing of Trade, Business and Industries (Kuantan Municipal Council) By-Laws 1983. Therefore, no business licence is required for OF Trading.

- (ii) FMA 1967 and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations 1970 (“**FMAR 1970**”)

The FMA 1967 and FMAR 1970 were enacted to regulate and ensure the safety, health and welfare of workers in factories and other industrial establishments. This includes provisions stating that the occupier of factory has a duty to maintain the standards of safety of appliances and machinery within the factory as well as the health and welfare of the factory workers. Pursuant to Section 19(1) of the FMA 1967, no person is allowed to operate or cause the operation of machinery that requires a certificate of fitness, unless a valid certificate issued under the FMA 1967 is in effect for that machinery's operation. In the case of any contravention, an inspector appointed under the FMA 1967 shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued. Any person found contravening Section 19(1) of the FMA 1967 commits an offence and shall, on conviction, be liable to a fine not exceeding RM150,000.00 or to imprisonment for a term not exceeding three (3) years or to both.

“Machinery” is defined under the FMA 1967 to include steam boilers, unfired pressure vessels, fired pressure vessel, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials, but does not include:-

- (a) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;
- (b) any machinery driven by manual power other than hoisting machines;
- (c) any machinery used solely for private and domestic purposes; or
- (d) office machines.

The Factories and Machinery (Repeal) Act 2022 (“**FMRA 2022**”), which has been passed as law and will come into effect on 1 June 2024.

The FMRA 2022, when it comes into operation, will repeal the FMA 1967. However, any registration made or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA 1967 shall, on the coming into operation of FMRA 2022, be dealt with under the Occupational Safety and Health Act 1994 (“**OSHA 1994**”) and its subsidiary legislations.

As at the LPD, our Group possesses valid certificates of fitness for the relevant machineries we use, issued by DOSH. Please refer to Section 7.15 of this Prospectus for further details of the certificates of fitness for the relevant machineries obtained by OFS Products.

6. INFORMATION ON OUR GROUP (CONT'D)

(iii) OSHA 1994

The OSHA 1994 was enacted to promote and ensure the safety and health of workers in connection with the activities of individuals at work. Pursuant to Section 16 of the OSHA 1994, it is the duty of every employer and every self-employed person, except in such cases as may be prescribed, to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy and to bring the statement and any revision of it to the notice of all of his employees. Failure to do so constitutes an offence and upon conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding two (2) years or both.

Furthermore, Section 30 of the OSHA 1994 reads that, every employer with forty (40) or more employees employed at any place of work or as directed by the Director General of DOSH is required to establish a safety and health committee at the place of work, failing which, such employer shall be guilty of an offence and on conviction, be liable to a fine not exceeding RM5,000.00 or to imprisonment for a term not exceeding six (6) months or to both.

The Occupational Safety and Health (Amendment) Act 2022 (“**OSHAA 2022**”) has been passed as law and will come into operation on 1 June 2024.

The OSHAA 2022, when it comes into operation, will provide, amongst others:-

- (a) the obligation on every employer to conduct a risk assessment in relation to the safety and health risk posed to any person who may be affected by his job at the place of work and where the risk assessment indicates that risk control is required to eliminate or reduce the safety and health risk, the employer shall implement such control;
- (b) the right of an employee to remove himself from imminent danger at his place of work or the work if the employer fails to take any action to remove the danger which the employee has informed the employer that he has reasonable justification to believe that imminent danger exists at his place of work; and
- (c) provisions in relation to the notice of occupation of place of work, installation and periodic inspection of plants as well as the requirement of a CF for plants to be operated.

As at the LPD, our Group has formulated a documented standard operating occupational safety and health policy. Additionally, we have established a safety and health committee and a certified safety and health officer has been appointed to oversee the safety and health related matter within our Group. As at the LPD, our Group is in compliance with OSHA 1994.

(iv) Fish Marketing Rules 2010 (“**FMR 2010**”)

The purpose of the FMR 2010 was enacted to oversee various aspects of the fish industry, with a specific focus on governing the marketing of fish which includes the issuance of licenses to individuals and businesses involved in wholesaling, retailing, fish processing as well as those engaged in importing and exporting fish.

FMR 2010 reads that no person shall:-

- (a) operates any place other than the fish marketing place specified by LKIM by notification in the Gazette as a wholesale fish market or retail fish market, unless an application with the LKIM is made to register the place as a wholesale fish premise or retail fish premise;
- (b) have any fish dealings unless at a wholesale fish premise or retail fish premise which has been registered with LKIM;

6. INFORMATION ON OUR GROUP (CONT'D)

- (c) import or export any fish without licence; or
- (d) process any fish without licence.

The activities above are collectively referred to as the “**Prescribed Activities**”.

Failure to comply with the above stated provisions shall constitute an offence and render such person to be liable on conviction to a fine not exceeding RM25,000.00 and for a second or subsequent offence, to a fine not exceeding RM50,000.00.

As at the LPD, our subsidiaries, OFS Products and Lianli Huat possess valid licence to Trade, Import, Export and Process Fish, issued by LKIM. Please refer to Section 7.15 of this Prospectus for further details of the Licence to Trade, Import, Export and Process Fish obtained by OFS Products and Lianli Huat.

For the avoidance of doubt, as at the LPD, the principal activities of OF Trading and East Ocean do not fall within the scope of the Prescribed Activities, and thus, do not require the licence to Trade, Import, Export and Process Fish, issued by LKIM.

(v) Food Hygiene Regulation 2009 (“**FHR 2009**”)

The FHR 2009 was enacted to ensure the quality of the food supply chain. Pursuant to Regulation 3(1) of the FHR 2009, no person shall use any food premises for the purposes of or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food or the relabelling, reprocessing or reconditioning of any food (“**Activities**”) unless the premises is registered under the FHR 2009. Failure to comply with the said Regulation 3(1) shall constitute an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two (2) years.

As at the LPD, our subsidiary, OFS Products has a valid food premise registration issued by MOH. Please refer to Section 7.15 of this Prospectus for further details of the food premise registration obtained by OFS Products.

For the avoidance of doubt, as at the LPD, the other subsidiaries of our Group do not involve in the Activities. Therefore, the certificate of food premise registration is not required.

(vi) Industrial Co-ordination Act 1975 (“**ICA 1975**”)

The ICA 1975 was enacted to promote and facilitate coordinated industrial development within Malaysia. Pursuant to Section 3 of the ICA 1975, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity, failing which, shall constitute an offence and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000.00 for every day during which such default continues.

“Manufacturing activity” is defined under the ICA 1975 as “the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”.

Manufacturing companies with shareholders’ funds of RM2,500,000.00 and above or engaging seventy-five (75) or more full-time paid employees are required to apply to MITI for a manufacturing licence.

As at the LPD, our subsidiary, OFS Products holds a valid manufacturing licence issued by MITI. Please refer to Section 7.15 of this Prospectus for further details of the manufacturing licence obtained by OFS Products.

For the avoidance of doubt, as at the LPD, the other subsidiaries of our Group are not carrying out any manufacturing activities. Therefore, no manufacturing licence is required.

6. INFORMATION ON OUR GROUP (CONT'D)

- (vii) Food (Issuance of Health Certificate for Export of Fish and Fish Product to the European Union) Regulations 2009 (“**FIHCR 2009**”)

The FIHCR 2009 was enacted to govern the export of fish and fish products to the EU. Under the FIHCR 2009, any individual or entity intends to export fish and fish products to the EU is required to:-

- (a) comply with EU requirements; and
- (b) apply for a health certificate in writing to the competent authority for each consignment of the fish and fish product.

As at the LPD, our subsidiary, OFS Products has obtained the requisite health certificates for each consignment of its products to the EU.

- (viii) EMSHA 1990 and Employees’ Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020

EMSHA 1990, as amended by Workers’ Minimum Standards of Housing and Amenities (Amendment) Act 2019 was enacted to establish the minimum standards for the housing, accommodations and amenities criteria for employees (where applicable, including their dependants) as well as health, hospital, medical and social amenities to be provided to employees by their employers. Section 24D of the EMSHA 1990 reads that no accommodation shall be provided to an employee unless certified with a CFA obtained from the DOL. Failure to obtain a CFA by an employer shall constitute an offence and shall on conviction, be liable to a fine not exceeding RM50,000.00 only.

As at the LPD, OFS Products has rented five (5) properties in Pekan, Pahang Darul Makmur as accommodation for all the foreign workers employed by our Group and all five (5) properties have been certified with a CFA issued by the DOL. The properties are currently occupied by all its foreign production workers. For clarity, our Group is only required to provide accommodation to its foreign employee who holds a visitor’s pass (temporary employment).

As at the LPD, our Group is in compliance with the EMSHA 1990 and Employees’ Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020.

- (ix) Fire Services Act 1988 (“**FSA 1988**”)

The FSA 1988 was enacted to establish a comprehensive legal framework focused on preventing, preparing for and responding to fire-related emergencies. As per Section 28 of the FSA 1988, all designated premises are required to possess a fire certificate (“**FC**”), which is renewable on an annual basis. Upon receiving a proper application for a FC, BOMBA will initiate an inspection of the designated premises. If the premises are found to have adequate fire-fighting equipment or fire safety installations in relation to their use, the Director General of BOMBA will issue a FC, subject to any relevant conditions or prescriptions.

Where there is no FC in force in respect of any designated premises the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding five (5) years or to both.

As at the LPD, Factory B, which is a designated premise under the FSA 1988, has a valid FC issued by BOMBA and such FC is subject to annual renewal. Whilst for Factory A, BOMBA has vide its letter dated 17 April 2024, confirmed that Factory A is not a designated premise under the FSA 1988, and thus FC is not required. As at the LPD, our Group is in compliance with the FSA 1988.

6. INFORMATION ON OUR GROUP (CONT'D)

- (x) Street, Drainage and Building Act 1974 (“**SDBA 1974**”) and Uniform Building By-Laws 1984 (“**UBBL 1984**”)

The SDBA 1974 was implemented by the local authorities of Peninsular Malaysia which mandates that every building or part building must possess a CF or CCC before it can be occupied.

Pursuant to the UBBL 1984, a CF will only be issued by the local authority upon submission of certification forms by the qualified persons, i.e. architect, registered building draughtsman or engineer. The certification must affirm, to the best understanding of the qualified persons, that:-

- (a) the relevant building has been constructed in accordance with the UBBL 1984 and any stipulated conditions imposed by the local authority;
- (b) essential services have been adequately provided; and
- (c) the qualified persons accept full responsibility for the aspects they are concerned with.

Section 28 of the UBBL 1984 states that no person shall occupy or permit to be occupied any building or any part thereof, other than a singly built detached house, unless a CF, a partial CF or a temporary CF has been issued for such building and any failure to comply with this by-law shall render such person liable to prosecution under the SBDA 1974.

As at the LPD, our headquarters and Processing Facilities have valid CF and CCC.

- (xi) Immigration Act 1959/63 (“**IA**”)

The IA was enacted to manage and regulate immigration matters, balancing national security as well as issuing work permits to foreign workers employed by Malaysian employers. The IA states no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit / pass or has been granted an exemption under the IA. Section 55B of the IA provides that an employer who employs one (1) or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000.00 but not more than RM50,000.00 or to imprisonment for a term not exceeding twelve (12) months or to both for each such employee. Furthermore, where it is proven that an employer has at the same time employed more than five (5) such employees, that employer shall, on conviction, be liable to imprisonment for a term of not less than six (6) months but not more than five (5) years and shall also be liable to whipping of not more than six (6) strokes.

As at the LPD, all foreign workers employed by our Group possess a valid permit / pass.

- (xii) National Land Code (“**NLC**”)

The NLC governs land matters within Peninsular Malaysia and Labuan. Pursuant to the NLC, the state authority may alienate or subdivide land according to three categories of land use: “agriculture”, “building” and “industry”. These categories are subject to any express conditions and restrictions in interest, as may be imposed by the state authority at the time of land approval for alienation or subdivision. These conditions and restrictions in interest are endorsed on or referred to in the document of title to the land. Failure to use the land in accordance with the category of land use, along with any express conditions and restrictions in interest, may result in the land administrator appointed under Section 12 of the NLC (“**Land Administrator**”) serving a notice to the proprietor to remedy the breach. The Land Administrator also has the authority to impose fine and/or forfeit the land as deemed appropriate.

As at the LPD, there has been no non-compliance with the NLC by our Group.

6. INFORMATION ON OUR GROUP (CONT'D)

(xiii) National Forestry Act 1984 (“NFA”)

The NFA was enacted to provide for the administration, management and conservation of forests and forestry development within Peninsular Malaysia and Federal Territory of Labuan. Section 32(1) of the NFA provides that no person shall occupy or carry out any activity upon any land within a permanent reserved forest, unless he is the holder of a use permit. Any person who contravenes Section 32(1) of the NFA shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding five (5) years or to both such fine and imprisonment. Section 33 of the NFA further provides that the state authority may, in accordance with the provisions of the NFA and of any rules, permit the occupation of or the carrying out of any activity upon, any land in a permanent reserved forest and such permit to occupy or carry out any activity upon any land within a permanent reserved forest issued by the state authority shall be known as use permits. Except in so far as it is otherwise prescribed, every use permit shall be issued by the state authority for a term expiring not later than the end of the calendar year in which it commences, and may be renewed from time to time. Such use permit shall be in the form as prescribed under the NFA and in the case of renewal of such use permit, it shall be endorsed with a note of such renewal and the date of its intended expiry.

For clarity, fifth schedule of the NFA provides that the reference to the state authority shall be construed as reference to the “Minister”. Whilst “Minister” is defined as the minister responsible for forestry, i.e. Ministry of Natural Resources and Nature Sustainability, which heads the Forestry Department Peninsular Malaysia and eleven (11) state forestry departments, including PSFD.

As at the LPD, OFS Products has obtained from PSFD a valid use permit for PSFD Land 1 for the purpose of operating cold rooms on PSFD Land 1 since 15 February 2014 and a valid use permit for PSFD Land 2 for the purpose of carrying out seafood processing activity on PSFD Land 2 since 5 September 2003.



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7. BUSINESS OVERVIEW

7.1 PRINCIPAL ACTIVITIES AND PRODUCTS

7.1.1 Principal activities

Our Company is principally an investment holding company and through our subsidiaries, we are principally involved in the processing and trading of frozen seafood products. In addition, we are also involved in the provision of frozen seafood processing services. Our business model is summarised in the diagram below:-

Principal activities	 Processing and trading of frozen seafood products	 Provision of frozen seafood processing services
Products and services	Frozen seafood products	Frozen seafood processing services
Revenue model	Sale of frozen seafood products	Service fee
Customer segment	Wholesalers and processing facilities ⁽¹⁾ , retailers, importers, F&B service providers and walk-in customers	Wholesalers and processing facilities ⁽¹⁾ as well as importers
Markets	<ul style="list-style-type: none"> • Malaysia • Turkey • China • Thailand • Vietnam • Japan • Others (including Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark) 	

Note:-

- (1) These processing facilities will further process the frozen seafood products procured from us into ready-to-eat seafood products and/or ready-to-cook marinated seafood products.

Our principal activities can be segmented as follows:-

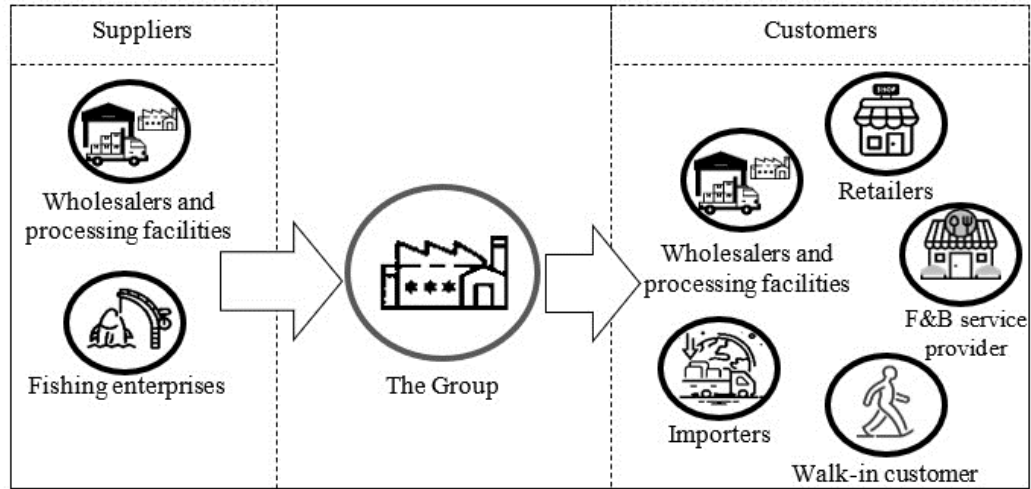
(i) Processing and trading of frozen seafood products

We process and trade frozen seafood products in bulk, and our customers comprise local and international wholesalers and processing facilities, retailers, importers, F&B service providers and walk-in customers. We process and trade frozen seafood products based on the orders placed by these customers for the required volume, type and specifications of frozen seafood products. We earn a margin from the sale of frozen seafood products.

These frozen seafood products are sold under our own brand, i.e. “Sea Planet”, unless requested by our customers to be packed under their own brand or without brand. Our products are typically packaged in the form of master packaging which are generally labelled and branded with our “Sea Planet” brand or according to our customers’ specifications and requirements.

7. BUSINESS OVERVIEW (CONT'D)

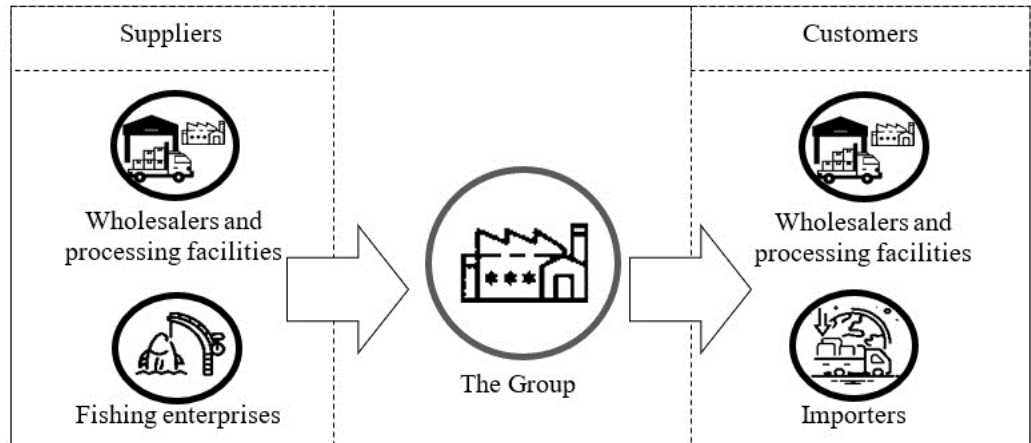
The diagram below depicts the suppliers and customers segments of our Group for our frozen seafood processing and trading segment:-



(ii) Provision of frozen seafood processing services

At times, we can also be engaged to provide frozen seafood processing services. In such instances, we process frozen seafood products based on these customers' requirements, in terms of volume, type and specifications of frozen seafood products. Our customers for this segment are typically local and international wholesalers and processing facilities as well as importers. We earn a service fee from providing frozen seafood processing services.

The diagram below depicts the suppliers and customers segments of our Group for our frozen seafood processing service segment:-



The frozen seafood products are typically packaged and labelled based on customers' requirements.

For the processing and trading of frozen seafood products segment, the required processing activities involve defrosting, cleaning and cutting, freezing using semi-contact blast freezers, glazing and packaging. In terms of packaging, we will package the frozen seafood products under our own brands i.e. "Sea Planet", unless requested by our customers to be packed under their own brand or without brand.

7. BUSINESS OVERVIEW (CONT'D)

As for the provision of frozen seafood processing services segment, we provide all or part of the aforesaid processing activities based on the request by the customers, but we will not be involved in the procurement of seafood supplies as they will be supplied by our customers. In terms of packaging, we will package the frozen seafood products based on the customers' requirements.

We process our frozen seafood products in our Processing Facility located in Kuantan, Pahang Darul Makmur. Our Processing Facility is equipped with the following key equipment and facility:-

- (a) semi-contact blast freezers, which freezes seafood product units to reach a temperature of between -40°C and -42°C. This process will preserve the quality and freshness of our frozen seafood products in terms of shape, colour and taste. All of our processing activities are carried out in a temperature-controlled environment; and
- (b) cold rooms, which allow us to store our frozen seafood products while maintaining their freshness and quality prior to delivery to our customers. As at the LPD, we have three (3) cold rooms at our Processing Facility. Our frozen seafood products are typically stored in our cold rooms on average for 36 days prior to delivery to our customers. Our frozen seafood products have a shelf life of up to two (2) years while still maintaining the products' quality and freshness. In the event there is insufficient space at our cold rooms in our Processing Facility, we store our frozen seafood products in third-party cold room facilities.

As an assurance of our frozen seafood product quality and safety, we have obtained local certifications for our Processing Facility for food quality and safety standard compliance such as the HACCP, GMP and MeSTI Secure Food Certification Scheme. Our ability to obtain these certifications and approvals highlights our Group's capabilities to meet local and international standards and regulations. In addition, we have also obtained HALAL certification from JAKIM which provides assurance that our frozen seafood products are processed in a HALAL manner. These certifications are beneficial to our Group as they allow us to expand and penetrate the international markets such as the Asia Pacific and the Middle East.

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7. BUSINESS OVERVIEW (CONT'D)

7.1.2 Products

Our frozen seafood products can be processed from local and imported wild-caught and farm-raised seafood supplies sourced from local and international wholesalers and processing facilities as well as local fishing enterprises.

The key types of frozen seafood products we process and sell are as follows:-

(i) Molluscs

Molluscs have a soft body and no spine. Some of the types of molluscs our Group processes and trades include the following:-



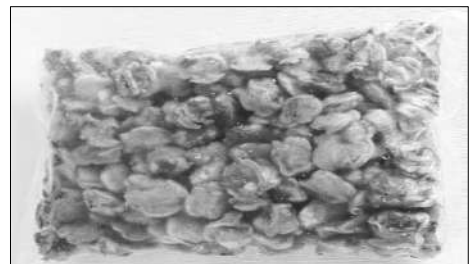
Cuttlefish



Squid



Octopus



Ark shell meat

(ii) Fishes

Fishes are aquatic animals that have gills and fins. Our Group processes and trades fishes of various sizes such as the following:-



Tuna



Bonito



Leatherjacket



Mackerel



Ribbonfish



Pomfret

7. BUSINESS OVERVIEW (CONT'D)**(iii) Others**

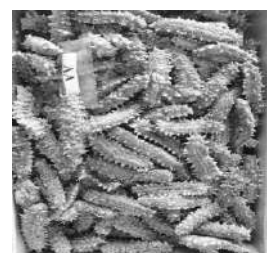
We also process and trade other types of frozen seafood products such as the following:-



Prawn



Abalone



Sea cucumber

7.1.3 Principal markets

During the Financial Years Under Review, we have largely exported our frozen seafood products to international markets, particularly Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark. We have obtained the necessary international approvals to export these products for the respective countries, as required by their local authorities, such as GACC, EU Number 75 Certificate, DAH and FDA. The delivery of frozen seafood products to international customers are carried out by appointed forwarding agents.

We also sell our products domestically in Malaysia. We own one (1) refrigerated vehicle which is used to deliver our products to customers in the East Coast and Central region of Peninsular Malaysia. The delivery of frozen seafood products to customers located in other regions in Malaysia are undertaken by third-party delivery companies. If necessary, we will also utilise third-party delivery companies to carry out deliveries when our own vehicles lack the capacity to meet demand.

The breakdown of our Group's segmental revenue by geographical locations for the Financial Years Under Review is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	10,023	10.66	21,155	13.35	28,512	18.24	27,447	17.21
Overseas								
Turkey	2,512	2.67	35,192	22.21	64,468	41.24	39,586	24.83
China	32,366	34.41	35,691	22.52	29,952	19.16	53,400	33.49
Thailand	27,310	29.04	50,439	31.83	12,134	7.76	5,675	3.56
Vietnam	5,546	5.90	2,018	1.27	5,378	3.44	10,347	6.49
Japan	5,150	5.48	4,915	3.10	5,566	3.56	5,563	3.49
Others ⁽¹⁾	11,148	11.84	9,059	5.72	10,320	6.60	17,436	10.93
	84,032	89.34	137,314	86.65	127,818	81.76	132,007	82.79
Total	94,055	100.00	158,469	100.00	156,330	100.00	159,454	100.00

Note:-

- (1) Others - comprise countries such as Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark.

7. BUSINESS OVERVIEW (CONT'D)

7.2 LOCATION OF OPERATIONS

Our Processing Facility comprises two (2) factories, i.e. Factory A and Factory B. Our headquarters, Factory A and Factory B are located within the same premises in Kuantan, Pahang Darul Makmur as described below:-

Operational facility	Main functions	Address
Our headquarters	Management office	Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur
Factory A	Processing and storage of frozen seafood supplies and products	Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur
Factory B	Processing and storage of frozen seafood supplies and products	Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur

The pictures below illustrate our headquarters, Factory A and Factory B:-



Entrance to our headquarters

7. BUSINESS OVERVIEW (CONT'D)

Factory A



Processing area



Semi-contact blast freezers



Cold room

Factory B



Processing area



Semi-contact blast freezers



Cold room

7.3 COMPETITIVE STRENGTHS

Our competitive advantages and key strengths are as follows:-

(i) Our Processing Facility is equipped to produce quality frozen seafood products

Our Processing Facility is equipped with 18 semi-contact blast freezers. Semi-contact blast freezers freeze seafood supplies between -40°C and -42°C , to allow for the preservation of quality and freshness of our frozen seafood products in terms of shape, colour and taste. Such freezers allow for the freezing of frozen seafood supplies of various sizes and shapes.

The semi-contact blast freezers comprise height-adjustable racks of trays. Thus, it can be used to freeze small and large-sized seafood. We primarily produce frozen seafood products using these semi-contact blast freezers.

The abovementioned machineries are essential in enabling us to consistently provide quality products to meet customers' demand.

(ii) We are able to maintain a consistent supply of frozen seafood products throughout the year

Local and imported wild-caught seafood supplies are highly seasonal and its availability may be subject to factors such as weather conditions and fish population. As such, certain wild-caught seafood supply types may not be available throughout the year and the volume of wild-caught seafood supplies may not be sufficient to fulfil market demand.

In light of this, we understand the importance to maintain a consistent supply of frozen seafood supplies through the following means:-

7. BUSINESS OVERVIEW (CONT'D)

- (a) We have a network of suppliers comprising local and international wholesalers, local and international processing facilities as well as local fishing enterprises.

Certain types of seafood supplies are seasonal and the availability are subject to factors such as weather conditions and fish population. As such, certain seafood supplies may not be available in certain countries or regions throughout the year. With a wide network of local and international wholesalers and processing facilities as well as local fishing enterprises from different countries and regions throughout the world, we are less affected by these seasonal factors. When a particular country or region does not have supply for certain seafood supplies due to seasonal, weather and climate factors, we are able to approach suppliers in other countries or regions for supply. Thus, we are able to fulfil our customers' orders throughout the year. Further, we are also able to procure seafood supplies from other countries and regions in cases where the seafood supplies in the countries and regions are priced lower than local seafood supplies due to availability of supply.

In addition, we not only use wild-caught seafood supplies, but also farm-raised seafood supplies in our frozen seafood processing activities. Aquaculture farming is not seasonal as it is not dependent on factors such as weather conditions and fish populations. As such, farm-raised seafood supplies procured from aquaculture farms typically fulfils this demand-supply gap created from the seasonal nature of fishing activities.

- (b) We have cold rooms which allow us to store our frozen seafood supplies and products, while maintaining their freshness and quality.

We are able to store frozen seafood supplies and products in our cold rooms located at our Processing Facility, especially when there are surplus in seafood supplies. This will allow us to meet customers' demand even when seafood supplies are low and/or offer shorter lead time to our customers.

Our ability to maintain a consistent supply of frozen seafood products throughout the year is critical in order to consistently generate sales throughout the year and stay ahead of competition in the frozen seafood processing industry.

(iii) We are compliant with locally and internationally recognised quality and food safety management certifications

Our Group recognises the importance of providing quality products consistently to ensure customer satisfaction and secure repeat orders from our customers. This is particularly essential in the frozen seafood processing business where quality and freshness of products are key in maintaining a good reputation in the industry.

Our Processing Facility has been designed to meet QC measures for hygiene and food safety. Our QC procedures are implemented throughout our process flow, from receipt, defrosting and sorting of supplies to cleaning and cutting, freezing, glazing and packaging (further details are elaborated in Section 7.4 of this Prospectus). To ensure product safety and quality, we also undertake QA measures, such as filtration of water used in our Processing Facility, hygiene procedures, temperature, routine maintenance of cold rooms and refrigerated vehicle.

As a testament, we have obtained quality and food safety management certifications, including the HACCP and GMP as well as the MeSTI Secure Food Certification Scheme.

We have also obtained HALAL certification from JAKIM which provides assurance that our frozen seafood products are processed in a HALAL manner. The HALAL certification is beneficial to our Group as it allows us to target a wider market.

7. BUSINESS OVERVIEW (CONT'D)

The abovementioned certifications are locally and internationally recognised and provide us with the capability to expand our presence in Malaysia as well as penetrate into markets beyond Malaysia such as Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark.

(iv) We have a wide network of customers from across the globe

Throughout our years of operation, we have cultivated business relationships with a wide network of customers comprising both local and international customers. Currently, our international customers are from various countries including Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark. For the Financial Years Under Review, our wide network of customers comprises over 160 local customers and over 190 overseas customers.

Through our business relationships with customers from various geographic locations, we have gained valuable insight into these markets, thus allowing us to understand their preferences, demands as well as market trends. As such, we are able to tailor our products and services to meet the needs of each market effectively, therefore enhancing customer satisfaction. Additionally, through our business relationships with our customers, we are able to create a sense of trust and reliability with the said customer, thus improving our reputation as a dependable partner.

Further, with a widespread customer network spanning various countries and regions, we are able to insulate ourselves against regional economic fluctuations and market shifts, thus providing stability to our Group in terms of profitability. This advantage has and will continue to drive our Group's success and will act as a key factor to our Group's future development.

(v) We have a management team who is experienced and committed

We have an experienced and committed management team comprising our Executive Directors and key senior management. Our Executive Director, Siang Hai Yong is responsible for overseeing our Group's strategic planning, development and overall business operations. As for Teo Chee Han, another Executive Director of our Group, is responsible for managing our Group's international business development activities and corporate affairs. Meanwhile, our Executive Director and Head of Operations, Kee Wan Chum is responsible for our Group's daily business operating activities and managing our employee to ensure the smooth operations of our business, identifying new business opportunities, handling procurement of supplies and driving our Group's sales as well as developing new systems and procedures to improve operational efficiency for our Group.

Siang Hai Yong and Kee Wan Chum have vast experience in the fishery and frozen seafood processing industry and have been working with our Group for 22 years and 15 years, respectively. Their knowledge and experience of the industry as well as the understanding of our business operations have been vital in building our business and maintaining our relationships with our network of customers and suppliers. As such, they have been vital to the growth and success of our Group.

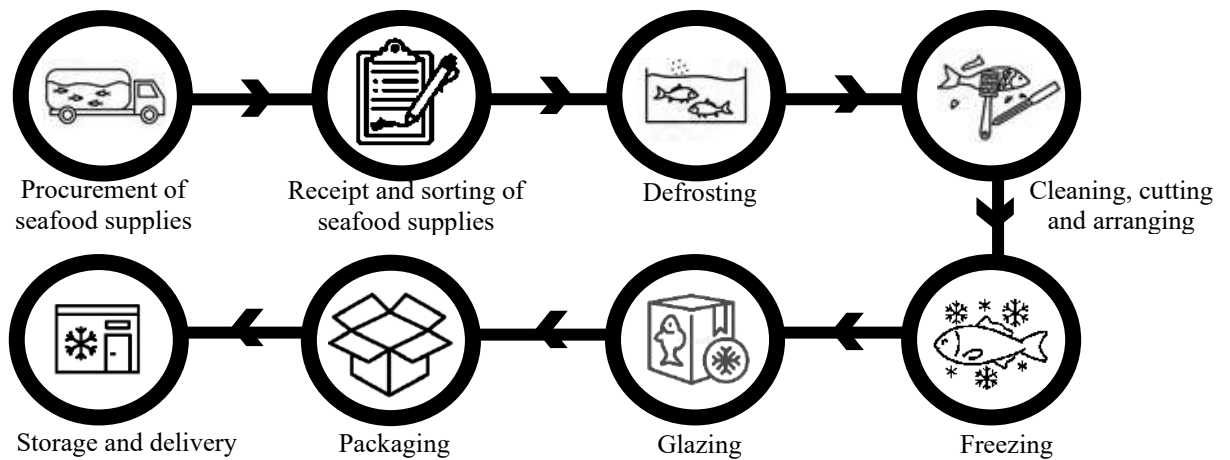
Our Executive Directors are supported by our competent key senior management team who have accumulated experience in their respective fields, namely, our General Manager for Administration and Human Resource, Kan Swee Koh; our General Manager, Production, Lain Wui Hiung; and our Group's Accountant, Chong Der Woei.

The management team's combined knowledge, experience as well as management capabilities and commitment on realising our Group's goals are essential to our continued growth and future development. As such, our management team have been and will continue to be a major factor to our success and a key factor to our future development.

7. BUSINESS OVERVIEW (CONT'D)

7.4 PROCESS FLOWS

The process flow for the processing and trading of frozen seafood products is as depicted below:-



(i) Procurement of seafood supplies

The procurement of our seafood supplies typically starts with a planning schedule which is created by our Head of Operations. The planning schedule will include a procurement list which comprises a fixed set of fishes to be procured on a daily basis. Additionally, the procurement list will include the criteria of the seafood supplies that are required to be purchased such as, type of seafood, country of origin and the price range.

Generally, our seafood supplies are procured primarily from local and international wholesalers and processing facilities as well as local fishing enterprises. Depending on the criteria of the procurement list as well as seasonal availability and specifications of the supplies, we will determine if the seafood supplies should be procured from either local or international wholesalers and processing facilities or local fishing enterprises. The operational process for the procurement of seafood supplies from wholesalers and processing facilities as well as fishing enterprises varies, as depicted below:-

(a) Procurement from local and international wholesalers and processing facilities

Based on the procurement list, our procurement team will place an order for the required volume, type and specifications of the seafood supplies from our respective wholesalers and processing facilities. Upon receipt of a quotation, our Head of Operations will examine the order and provide approval prior to the order confirmation. Once the order has been confirmed, the supplier will then proceed to arrange the delivery of the seafood supplies to be delivered to our Processing Facility.

(b) Procurement from local fishing enterprises

Our procurement team will arrive at the jetty in LKIM Kuantan and identify suitable fishing enterprises to procure the required seafood supplies based on the procurement list. Fishing enterprises are chosen based on available stock, price and quality. Once a fishing enterprise is chosen, our procurement team will then negotiate with the representative of the fishing enterprise on the price and terms. Upon finalising the pricing and terms, we will transfer the procured seafood supplies into our insulated ice boxes filled with ice to maintain the temperature.

Once procurement is complete, our procurement team will then proceed to conduct inspections on the seafood supplies (as detailed in Section 7.5 of this Prospectus) prior to transportation to our Processing Facility, via our own non-refrigerated vehicles.

7. BUSINESS OVERVIEW (CONT'D)

Occasionally, our procurement manager may identify unique, abundant supply and/or cheap seafood supplies from fishing enterprises at the jetty. Accordingly, our procurement manager will liaise with our Head of Operations for approval to purchase certain seafood supplies which are not included in the procurement list depending on the pricing and availability of supply.

Meanwhile, for EU approved seafood supplies, we will procure seafood supplies from EU approved vessels. These vessels as well as their crew are required to adhere to strict rules and regulations implemented by the MOH in order to meet the EU standards for seafood supplies. The approved EU seafood supplies are received at an area designated only for EU approved vessels at the jetty in LKIM Kuantan.

In the event we are engaged to provide frozen seafood processing services, our customers will supply us with the necessary seafood supplies and thus, we need not procure seafood supplies.

(ii) Receipt and sorting of seafood supplies

Upon receipt of the seafood supplies at our Processing Facility, quality inspection will be conducted by our QC team. The seafood supplies will be inspected and tested based on the physical appearance, colour and texture, smell and temperature upon arrival, cleanliness as well as their biological properties and chemical properties, to ensure that they are fresh and of quality. Seafood supplies that fail to meet our standards and specifications will be rejected and discarded.



Our seafood supplies are either delivered to us chilled in insulated ice boxes filled with ice or in frozen blocks. Seafood supplies that arrive in frozen blocks will be required to undergo the defrosting process (as elaborated in (iii) below). Meanwhile, seafood supplies which are chilled, will be washed, rinsed and then sorted in accordance to the type, size and weight of seafood supplies.



During the handling and processing of the seafood supplies, they will be kept in a solution comprising potable water, ice flakes and salt in order to maintain the temperature and to prevent contamination.

(iii) Defrosting

Seafood supplies, which arrive in the form of frozen blocks, will be thawed in large insulated tubs for defrosting. Upon defrosting, the seafood supplies will undergo quality inspection by our QC team. The seafood supplies will then be washed and weighed before being sorted in accordance to type, size and weight of seafood supplies. These seafood supplies will then be stored in insulated ice boxes while waiting to be processed.

For the frozen seafood supplies which have already been processed, we will defrost the seafood supplies and our QC team will conduct inspections. Then, we will either perform the cleaning and cutting process (as elaborated in (iv) below) or perform repackaging of the seafood supplies into smaller carton boxes to be distributed to our customers.

Generally, seafood supplies will be inspected and tested based on the physical appearance, colour and texture, smell, cleanliness as well as their biological properties and chemical properties, to ensure that they are fresh and of quality. Seafood supplies that fail to meet our standards and specifications will be rejected and discarded.

7. BUSINESS OVERVIEW (CONT'D)

(iv) Cleaning, cutting, and arranging

Generally, we also carry out cleaning of seafood supplies, which involves descaling and skinning of the seafood supplies. During this stage, inedible parts of the seafood supplies will be removed. After the seafood supplies have been cleaned, they will then be washed before being subsequently cut or sliced into uniform sizes in accordance to customers' requirements.

Depending on the type of seafood, we may be required to carry out extra steps in order to process the seafood supplies. For most of our molluscs, after being peeled, gutted and cleaned, they will also undergo curling process to loosen and remove any other inedible parts of the molluscs, as well as improve the texture. If necessary, further cleaning of the molluscs will be conducted after the curling process, to ensure that they are thoroughly clean and are safe for consumption.



Meanwhile, for fishes, prawns and sea cucumbers, we will carry out de-heading, gutting, peeling and/or tail removal processes as necessary, before sizing and weighing the seafood supplies. We may also do without the cleaning process for seafood supplies if requested by our customers or if the seafood supplies do not require the above processes such as in the case of abalones.

After the abovementioned processes, an inspection will be conducted randomly by our QC team on the processed seafood supplies. This is to ensure that the processed seafood supplies have no physical defects, offensive odours and/or slimy texture, as well as to ensure the weight and/or thickness of the cut seafood supplies meet the specifications (details of these inspections are set out in Section 7.5 of this Prospectus). Seafood supplies that do not meet our standards will be discarded and disposed of.

Once the inspection is completed, the seafood supplies will be washed again, before being sorted, based on the type, weight and size. The seafood supplies will then be soaked in the solution comprising potable water, ice flakes and salt, and left to drain to remove the excess liquid. The processed seafood supplies will be weighed again before being arranged in freezing trays. We will fill the freezing trays with water prior to the freezing process.

**(v) Freezing**

Once the seafood supplies have been cleaned, cut and arranged in freezing trays filled with water, we will then proceed to freeze the seafood supplies. For the freezing of our seafood supplies, we utilise semi-contact blast freezers.

The seafood supplies will be arranged in freezing trays and placed in semi-contact blast freezers until they are fully frozen. Our semi-contact blast freezers are maintained at temperatures between -40°C and -42°C .

Through utilising semi-contact blast freezers, our seafood supplies are rapidly frozen thus maintaining its freshness, shape, colour and taste. Depending on the size, weight and volume of seafood supplies, each of the semi-contact blast freezers will take approximately three (3) to five (5) hours for seafood supplies to be fully frozen.

7. BUSINESS OVERVIEW (CONT'D)

(vi) Glazing

After the seafood supplies are frozen using the semi-contact blast freezers, the seafood supplies will undergo glazing, depending on the type of seafood.

The glazing process begins with the retrieval of freezing trays of seafood supplies from the blast freezers to be moved to the glazing station. Generally, the freezing trays will be immersed in water and as a result, the frozen blocks of seafood supplies will be separated from the freezing trays. The blocks of frozen seafood will then be immersed in water and a protective layer of ice will form on the surface of the frozen blocks to further safeguard the freshness of the frozen seafood products.

At any point in time, only a single type of seafood supply will be placed in each semi-contact blast freezer, in order to avoid cross-contamination. Additionally, surfaces that have been in contact with the frozen seafood supplies (such as the freezing trays and glazing basin) will be cleaned before they are used for other types of seafood supplies.

(vii) Packaging

Generally, master packaging with our brand is used for frozen seafood products which are sold in bulk, where the products are enclosed in LDPE plastic bags before being packaged into carton boxes, unless otherwise specified by customers.

Thereafter, the packaged seafood products are arranged into carton boxes and labelled accordingly. These carton boxes are then sealed securely with strapping tape. Different colour strapping tape is utilised to signify different products to allow for easy identification. Once the packaging and labelling of the seafood product is completed, our production personnel will then proceed to inspect the packaging of the seafood products (as detailed in Section 7.5 of this Prospectus). Each carton box is then tagged with the corresponding batch number and marked based on the size and type of seafood product for easy identification and traceability.

**(viii) Storage and delivery**

Prior to delivery of our seafood products, the carton boxes are stored in our cold rooms where the temperature is fixed at -20°C, to ensure the products maintain their freshness and quality. The frozen seafood products are mainly distributed to local and international wholesalers and processing facilities, retailers, importers, F&B service providers and walk-in customers. Our frozen seafood products are distributed via our refrigerated vehicle to customers in the East Coast and Central regions of Peninsular Malaysia as well as through third-party delivery companies.

As for international customers, we will engage third-party logistic provider to deliver the frozen seafood products to the port and from there, the forwarding agents appointed by us will utilise specialised refrigerated containers for the shipping of our seafood products to our customers so to ensure that they will be delivered in good condition.

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7. BUSINESS OVERVIEW (CONT'D)

7.5 QA/QC

To ensure the consistent in providing quality products, we place great emphasis on maintaining the quality standards that meet both local and international standards. By providing consistent quality products to customers, we are able to maintain customer satisfaction and secure recurring orders from our customers. Currently, we comply with the following local and international standards and regulations:-

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope / Description of certification	Major conditions imposed	Status of compliance
OFS Products	HACCP certificate (Hazard Analysis and Critical Control Point) Certificate No. HA0419016-2/1	MOH	25 October 2022 / 24 October 2025	Fulfilment of the terms and conditions for implementation of HACCP system for fish	<ol style="list-style-type: none"> 1. This certificate and its logo shall not be transferred nor shall its contents be altered. 2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation. 3. OFS Products shall be subjected to inspection, monitoring and enforcement activities conducted by MOH. 4. This certificate remains the property of MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force. 5. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate. 	<p>Noted and complied</p> <p>Noted</p> <p>Complied</p> <p>Noted and complied</p> <p>Complied</p>

7. BUSINESS OVERVIEW (CONT'D)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope / Description of certification	Major conditions imposed	Status of compliance
OFS Products	EU Number 75 ⁽¹⁾	MOH	8 September 2010 / -	OFS Products has been awarded EU Number 75 for purposes of exportation of fish and fishery products to the EU for squid, cuttlefish and octopus	Nil	Nil
OFS Products	HALAL certificate Reference No. JAKIM 700-2/3/1 001-09/2013	JAKIM	16 July 2022 / 15 July 2024 ⁽²⁾	It is hereby certified that frozen cuttlefish, frozen fish, frozen octopus, frozen prawn and frozen squid manufactured / distributed / managed by OFS Products has complied with Islamic Law and Malaysian Halal Standard	<ol style="list-style-type: none"> 1. This certificate and the Malaysian HALAL logo shall not be traded, transferred nor shall its content be altered. 2. Any changes to the name or address of OFS Products, factory or premise, name of product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM for further action. 3. OFS Products shall at all times be subject to inspection, monitoring and enforcement conducted either by JAKIM, MAIN or MDTCA. 4. This certificate may be suspended or withdrawn at any time by JAKIM, MAIN or MDTCA if there is doubt in terms of Islamic Law or violation of any laws or regulations that are currently in force. 	<p>Noted and complied</p> <p>Noted</p> <p>Noted and complied</p> <p>Noted</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>Company</u>	<u>Standard/Certificate</u>	<u>Certification body</u>	<u>Issuance date / Expiry date</u>	<u>Scope / Description of certification</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
OFS Products	GMP certificate Certificate No. GM0419018-1/1	MOH	25 October 2022 / 24 October 2025	Fulfilment of the terms and conditions for implementation of GMP system	5. OFS Products shall exhibit the logo on the product or the approved premises as stated in this certificate.	Complied
					6. The use of the logo on the approved product or premise shall be accompanied by the Reference Number and the Standard Number as stated in the certificate for such product or premise.	Noted and complied
					1. This certificate and its logo shall not be transferred nor shall its contents be altered.	Noted and complied
					2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation.	Noted and complied
					3. OFS Products shall be subjected to inspection, monitoring and enforcement activities conducted by MOH.	Complied
					4. This certificate remains the property of MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force.	Noted

7. BUSINESS OVERVIEW (CONT'D)

<u>Company</u>	<u>Standard/Certificate</u>	<u>Certification body</u>	<u>Issuance date / Expiry date</u>	<u>Scope / Description of certification</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
OFS Products	MeSTI certificate Certificate No. ME1019119-1/1	MOH	25 October 2022 / 24 October 2025	Fulfilment of the terms and conditions for certification of MeSTI	<p>5. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate.</p> <p>1. This certificate and its logo shall not be transferred nor shall its contents be altered.</p> <p>2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation.</p> <p>3. OFS Products shall be subjected to inspection, monitoring and enforcement activities conducted by MOH.</p> <p>4. This certificate remains the property of MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force.</p> <p>5. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate.</p>	<p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Complied</p> <p>Noted</p> <p>Noted and complied</p>
OFS Products	Certificate of Registration with FDA ⁽³⁾ FDA Registration No. 10966387702	Registrar Corp	24 October 2023 / 31 December 2024 ⁽⁴⁾	OFS Products is registered with FDA pursuant to the Federal Food Drug and Cosmetic Act of US	Nil	Nil

7. BUSINESS OVERVIEW (CONT'D)

<u>Company</u>	<u>Standard/Certificate</u>	<u>Certification body</u>	<u>Issuance date / Expiry date</u>	<u>Scope / Description of certification</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
OFS Products	Registration of OFS Products with the DAH for export of fish and fishery products to Vietnam with Approval No. EU75	Certification body: MOH Registering body: DAH	10 August 2015 / -	OFS Products has been listed by the DAH for the export of cephalopods, fishes, block frozen raw squid, cuttlefish and octopus, individual quick freezing (“IQF”) squid, semi IQF squid and cuttlefish as well as block frozen / semi IQF / IQF prawns	Any additions to the list of products must be notified to MOH along with the list of sources of raw materials involved in the processing of the product.	Noted and complied.
OFS Products	Registration of OFS Products with GACC for export of fish and fishery products to China Registration No. CN057	Certification body: MOH Registering body: GACC	10 August 2015 / -	OFS Products has been listed by GACC for the export of cephalopods, fishes, finfish, sea catch prawn, sea cucumber, cuttlefish and frozen octopus to China	Any additions to the list of products must be notified to MOH along with the list of sources of raw materials involved in the processing of the product.	Noted and complied

Notes:-

- (1) Although there are no major conditions imposed for the EU Number 75 Certificate, in order for OFS Products to continue holding the EU Number 75 Certificate, it must ensure that its fishery products that are destined to the EU:-
- (a) are accompanied by health certificate(s) issued by the MOH, being the central competent authority appointed by the EU; and
 - (b) comply with EU requirements, including but not limited to the following:-
 - (i) being produced in a processing facility which applies general hygiene requirements and implements a programme based on the HACCP principles and is regularly audited by the competent authorities, and being listed as an EU approved establishment; and
 - (ii) have been caught and handled onboard vessels, landed, handled and where appropriate prepared, processed, frozen and thawed hygienically, in compliance with the relevant EU regulations.

As at the LPD, OFS Products’ frozen seafood products which exported to the EU are accompanied by the health certificate issued by MOH and complied with the EU requirements.

7. BUSINESS OVERVIEW (CONT'D)

- (2) OFS Products has on 29 April 2024 submitted the renewal application for the HALAL certificate to JAKIM. As at the LPD, the approval from JAKIM is still pending as site inspection is required prior to the issuance of the renewed HALAL certificate. Please refer to Section 9.1.3 of this Prospectus for the risk of revocation or non-renewal of certifications, including HALAL certificate.
- (3) Although there are no major conditions imposed for the Certificate of Registration with FDA, if the FDA determines that food manufactured, processed, packed, received or held by a facility registered under the US Federal Food, Drug and Cosmetic Act has a reasonable probability of causing serious adverse health consequences or death to humans or animals, the FDA may by order suspend the registration of a facility:-
- (a) that created, caused or was otherwise responsible for such reasonable probability; or
- (b) that knew of, or had reason to know of, such reasonable probability; and packed, received or held such food.
- (4) The Certificate of Registration with FDA is subject to annual renewal, with each renewal application to be submitted to the Registrar Corp between 1 October and 31 December of each year.

As such, we are required to obtain and maintain the abovementioned certificates and registrations, as it allows us to conduct our business operations as well as distribute our products locally and internationally. Our Head of Operations is responsible in ensuring that the abovementioned certificates and registrations are maintained.

Our QC procedures for the processing activities of our frozen seafood products are led by our Assistant Manager of QC who reports to our Head of Operations. We implement various QC measures throughout various stages of the process flow for the processing and trading of frozen seafood products, as depicted below:-

Process flow stage	QC procedure
Receipt and sorting of seafood supplies	<p>➤ Upon receipt of our seafood supplies, the physical properties of the supplies are inspected to ensure the following specifications are met:-</p> <p>Appearance and texture</p> <ul style="list-style-type: none"> ▪ Skin should have a bright pigmentation and sticks to the flesh; ▪ Gills (for fish) should be bright in colour; ▪ Flesh should be firm, elastic and pearly white; ▪ Tentacles (for molluscs) should be resistant to removal; and ▪ No discolouration. <p>Smell</p> <ul style="list-style-type: none"> ▪ No offensive odours or abnormal smell. <p>Cleanliness</p> <ul style="list-style-type: none"> ▪ Free from foreign materials such as mud, sand, plastic, sieves, leaves and twigs, metal pieces or barnacle shells; and ▪ Free of contaminants such as sewage, smoke and/or fuel oil or grease. <p>➤ The temperature check for seafood supplies is conducted using a digital thermometer. For fish, abalone and sea cucumbers, the temperature must be below 4°C. Meanwhile, the temperature for</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>Process flow stage</u>	<u>QC procedure</u>
	<p>molluscs and prawns must be below 2°C.</p> <ul style="list-style-type: none"> ➤ The biological properties are also examined on a daily basis to ensure the bacteria levels are within permitted levels and the seafood supplies are safe for consumption. ➤ Prior to processing, the pH level of the water is tested on a daily basis to ensure it is safe for use. ➤ Seafood supplies which do not meet our standards will be rejected and discarded.
Cleaning, cutting and arranging	<ul style="list-style-type: none"> ➤ Seafood supplies are cleaned to ensure that there are no physical damages to the flesh or skin, offensive odours, and/or slimy texture. ➤ The temperature check for seafood supplies is conducted using a digital thermometer. For fish, abalone and sea cucumbers, the temperature must be below 4°C. Meanwhile, the temperature for molluscs and prawns must be below 2°C. ➤ The weight and/or thickness of the cut seafood supplies are inspected to ensure they are uniform and meet the specifications of our customer.
Freezing	<ul style="list-style-type: none"> ➤ The settings of the semi-contact blast freezers are checked to ensure that the mode is correct and the temperature is set between -40°C and -42°C. ➤ The temperature of the frozen seafood supplies in the semi-contact blast freezers are randomly checked to ensure that the temperature is maintained between -40°C and -42°C, to avoid bacteria growth.
Packaging	<ul style="list-style-type: none"> ➤ Packaging for our frozen seafood products is examined to ensure the following:- <ul style="list-style-type: none"> ▪ Frozen seafood products are neatly packed in LDPE plastic and arranged into carton boxes accordingly; ▪ Frozen seafood products are sealed securely with the correct colour strapping tape; and ▪ Each carton is tagged with the corresponding batch number, date of production and marked based on size and type of seafood product.
Storage and delivery	<ul style="list-style-type: none"> ➤ The temperature of the cold rooms where our carton boxes are stored in, are checked twice per day to ensure they are fixed at minimum of -18°C to prevent bacteria growth. ➤ Delivery of our seafood products are required to be handled with care and within a short duration to prevent damage or deterioration or contamination of the packaging or the frozen seafood product.

Further, in accordance with HACCP, we are also required to send samples of our products to independent laboratories on an annual basis. These samples include swab tests of surfaces which have had food contact including processing tables, equipment units, tools and utensils, trays, air samples, samples of frozen seafood products as well as samples of the water and ice flakes. The independent laboratories will then carry out a biological testing and chemical testing to examine the type and levels of bacteria and chemical present in the contact surfaces, air, water and ice as well as the frozen seafood

7. BUSINESS OVERVIEW (CONT'D)

products within our Processing Facility. The results from the laboratory tests will then verify the quality and safety of our frozen seafood products. Additionally, the tests will also identify if there are any dangerous or harmful bacteria and chemical contaminants present in these samples, or if levels of certain biological or chemical content exceed the acceptable safety levels set out by HACCP. In such instances, we will reject and discard the frozen seafood products produced within the batch.

We also adhere to the strict EU standards for the purpose of exporting fish and fishery products to the EU. In order to export our seafood products to the EU, we are required to conform to the EU standards for the procurement of seafood supplies from EU approved vessels, and the processing of EU seafood supplies must be separated from the processing of other types of seafood supplies.

We also undertake the following QA measures for our frozen seafood products to ensure safety and quality:-

(i) Water and ice supply

We utilise potable water which is supplied to us by the JBA throughout our processing. We ensure the water supplied to us meets drinking water quality standards in accordance to the Food Act 1983 and Regulations 1985. Further, we also conduct periodic testing on the water supplied to us, to ensure safety and compliance to regulatory requirement. We carry out sampling bacteriological verification of the water quality in our own laboratory on a daily basis. Our QC personnel will also examine the chlorine levels and monitor the pH level of the water on a daily basis.

Additionally, we also utilise the potable water from JBA for the manufacturing of our ice flakes used in the processing of our seafood supplies. The potable water is first filtered through a sand filter to remove unwanted sediments prior to manufacturing our ice flakes.

Further, the ice flakes we utilise are required to undergo testing to ensure that it is suitable for processing. Our QC personnel will examine the chlorine levels and monitor the pH levels of the ice flakes. The ice flakes are also required to be manufactured, handled and stored in sanitary conditions and bacteria levels are kept at appropriate levels.

(ii) Hygiene procedures for production workers

Our team of production workers are required to adhere to strict hygiene procedures in accordance with HACCP guidelines prior to entering our Processing Facility. These procedures are implemented to reduce the risk or exposure to contaminants or conditions that may harm our workers or our products. Prior to entering our Processing Facility, our workers are required to equip themselves with protective outer clothing, including mouth covers, appropriate footwear, hair restraints (such as hair coverings or nets), gloves and water-proof aprons. Our workers are also required to disinfect their footwear, and wash and sanitise their hands before entering processing areas. Additionally, our workers are not allowed to wear any personal items which are easily dislodged, such as jewellery, watches, hair pins and pins as well as cosmetics and perfume.

(iii) Fixed temperature of cold rooms and refrigerated vehicle

The temperature of our cold rooms is fixed at -20°C to ensure our seafood products maintain their freshness and quality. Meanwhile, we also ensure the temperature of our refrigerated vehicle and containers are fixed at -18°C for the delivery of our products to our local customers within the East Coast and Central regions of Peninsular Malaysia. Further, we also carry out maintenance twice a year on our cold rooms as well as our refrigerated vehicle, to ensure that they are functioning as required.

7. BUSINESS OVERVIEW (CONT'D)**(iv) Scheduled maintenance and cleaning of machinery**

Our Processing Facility is also required to undergo washing and cleaning after processing of our seafood products on a daily basis to ensure the hygiene of the facility is maintained at acceptable levels. This includes conducting regular cleaning with food grade sanitiser of surfaces which are in contact with seafood supplies, such as processing tables, equipment units, tools and utensils, trays, gloves and outer garments as well as the floor.

Microbiological analysis is also carried out on a monthly basis, whereby environmental test and swab tests are carried out on food contact surfaces, to ensure hygiene levels are up to standards.

(v) Selection of suppliers

We procure our seafood supplies from selected local and international wholesalers and processing facilities as well as local fishing enterprises. Before placing orders with new suppliers, we will first vet them to ensure their seafood supplies are fresh and of quality. We will first ensure that they have the necessary licences and certificates required by regulatory bodies before placing any orders. Additionally, if necessary, we may also be required to visit their warehouse or processing facility to assess the quality of seafood supplies they provide.

For EU approved vessels, we will conduct an annual supplier audit. Additionally, the Department of Fisheries Malaysia will also conduct supplier audits on a semi-annual basis, to ensure that the EU approved vessel adheres to regulatory requirements. Meanwhile for non-EU approved vessels, we will conduct supplier audits on three (3) random suppliers, on an annual basis.

7.6 PRODUCT DEVELOPMENT

We typically do not undertake research or development activities on existing frozen seafood products. Nevertheless, our management team constantly keeps abreast with the latest technological developments for machinery and equipment used in seafood processing as well as market trends and demand for frozen seafood product types.

7.7 KEY MACHINERY AND EQUIPMENT

A summary of the key machinery and equipment owned by us as at 31 December 2023 are set out below:-

Machinery and equipment	Functions	No. of units	Average age Years	NBV as at 31.12.2023 RM'000
Semi-contact blast freezer	Freezing of seafood supplies	18	7	1,084
Ice flake machine	Produce ice flakes	3	5	139
Cold room	Storage of frozen seafood products	3	14	319
Packaging machine	Vacuum sealing and strapping tape machine for packing of frozen seafood products	12	5	44
Metal detector machine	Detecting the presence of metal inside seafood	1	Less than 1	55
Agitator	To perform curling process	1	10	5
Cooling tower	To maintain temperatures in the cold rooms, semi-contact blast freezers and ice flake machine	2	11	*
Total				1,646

Note:-

* The value is negligible after accumulated depreciation.

7. BUSINESS OVERVIEW (CONT'D)

7.8 MODES OF MARKETING, DISTRIBUTION AND SALES

We sell our frozen seafood products through the following sales channels:-

(i) In-house sales team

Our sales activities are led by our Head of Operations and executed by our sales team. Our sales team typically targets local and international wholesalers and processing facilities as well as retailers. Our sales team approaches new wholesalers and processing facilities as well as retailers for our processing and trading of frozen seafood products. In addition, our sales team is also responsible for handling new and recurring requests for quotations and orders from customers as well as after-sales activities such as receiving feedback, handling complaints and/or enquiries from our customers.

Our in-house sales team are constantly kept abreast with the latest developments and market trends in the seafood industry such as types of frozen seafood products in demand. This allows our in-house sales team to better understand existing and new customers' preferences and demand.

(ii) Referrals

We also secure new customers through referrals from our existing customers as well as our management team's business network.

In addition to participations in international exhibitions as elaborated in (iii) below, we have been expanding our international customer base via referrals from our existing international customers and professional network, which contributed to the growth of our sales from the international market.

(iii) Exhibitions

We attend and/or participate in international seafood exhibitions to create market awareness for our processing capabilities and our frozen seafood products and thereby, attract prospective customers, particularly in the international markets. Additionally, through these exhibitions, we are able to identify and develop business relations with potential suppliers of seafood products.

During the Financial Years Under Review, we have attended and/or participated in the following international seafood exhibitions:-

Exhibition	Location
Vietnam Fisheries International Exhibition 2022	Vietnam
Seafood Expo Global 2023	Spain
Vietnam Fisheries International Exhibition 2023	Vietnam
China Fisheries & Seafood Expo 2023	China

In view of the travel restrictions arising from the COVID-19 pandemic since the early 2020, we had temporarily suspended our attendance and/or participation in exhibitions. Nonetheless, we have and will continue to attend and/or participate in future local and international exhibitions from 2024 onwards. Our attendance and/or participation in these exhibitions will facilitate us in expanding our network of international customers. However, attendance and/or participation in exhibitions is not the only avenue for us to secure orders from new international customers. During Financial Years Under Review, we have secured orders from new customers in Turkey, Vietnam, China and Denmark via our corporate website, social media platforms or e-commerce marketplaces, despite not actively attending and/or participating in exhibitions.

7. BUSINESS OVERVIEW (CONT'D)

(iv) Social media platform

We acknowledge the importance of utilising digital media marketing on social media to drive traffic to our corporate website and online marketplaces. Since the beginning of 2023, we have started posting videos, pictures and online content on TikTok, Instagram and Facebook to create better awareness of our Group and products with the aim of attracting more customers as well as interact with them.

(v) E-commerce marketplaces

We also retail and wholesale our products via third-party e-commerce marketplaces such as Shopee and Alibaba. Through utilising these platforms, we are able to reach out to businesses across the globe as well as serve customers within Malaysia.

(vi) Corporate website

We also create awareness of our Group and products through our website at <https://www.oceanfresh.com.my> which provide information on our Group and our business. Our websites consist of information on our products and processing capabilities.

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7. BUSINESS OVERVIEW (CONT'D)

7.9 MAJOR CUSTOMERS

The table below lists our top five (5) major customers for the FYE 2020 to FYE 2023 :-

(i) FYE 2020

Major customers	Revenue contribution		Length of relationship as at the LPD	Country	Type of products sold / service provided
	RM'000	%			
Customer A	22,067	23.46	4 years	Thailand	Frozen seafood products
Customer B	11,348	12.07	4 years	China	Frozen seafood products
Customer C	4,774	5.08	7 years	China	Frozen seafood products
Progress International Corporation	2,994	3.18	11 years	Japan	Frozen seafood products
Customer D	2,512	2.67	4 years	Turkey	Frozen seafood products
Total	43,695	46.46			

(ii) FYE 2021

Major customers	Revenue contribution		Length of relationship as at the LPD	Country	Type of products sold / service provided
	RM'000	%			
Customer A	43,463	27.43	4 years	Thailand	Frozen seafood products
Customer D	28,091	17.73	4 years	Turkey	Frozen seafood products
Customer E	4,711	2.97	6 years	China	Frozen seafood products
Customer F	4,238	2.67	3 years	Turkey	Frozen seafood products
Ying Lee Fishery	4,154	2.62	7 years	Malaysia	Frozen seafood products and frozen seafood processing services
Total	84,657	53.42			

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7. BUSINESS OVERVIEW (CONT'D)

(iii) FYE 2022

Major customers	Revenue contribution		Length of relationship as at the LPD	Country	Type of products sold / service provided
	RM'000	%			
Customer D	34,411	22.01	4 years	Turkey	Frozen seafood products
Customer F	21,104	13.50	3 years	Turkey	Frozen seafood products
Customer A	7,244	4.63	4 years	Thailand	Frozen seafood products
Customer G	5,915	3.78	4 years	China	Frozen seafood products and frozen seafood processing services
Customer H	5,208	3.33	7 years	China	Frozen seafood products
Total	73,882	47.25			

(iv) FYE 2023

Major customers	Revenue contribution		Length of relationship as at the LPD	Country	Type of products sold / service provided
	RM'000	%			
Customer F	21,738	13.63	3 years	Turkey	Frozen seafood products
Customer D	13,499	8.47	4 years	Turkey	Frozen seafood products
Customer I	9,757	6.12	1 year	China	Frozen seafood products
Customer J	6,222	3.90	1 year	China	Frozen seafood products
Customer K	4,244	2.66	4 years	Philippines	Frozen seafood products
Total	55,460	34.78			

For the FYE 2020 to FYE 2023, our Group's top five (5) major customers collectively contributed 46.46%, 53.42%, 47.25% and 34.78% to our Group's total revenue, respectively. Our Group is not dependent on any major customer as the revenue contribution from the top five (5) major customers generally vary from year-to-year as we have a diverse customer base of over 300 customers during FYE 2020 to FYE 2023. As tabulated above, our revenue from Customer A reduced to below 5.00% for FYE 2022 from over 20.00% for FYE 2020 and FYE 2021 and ceased to be our major customer for FYE 2023. Whilst for Customer F, our revenue increased from 2.67% for FYE 2021 to 13.63% for FYE 2023. Nonetheless, our revenue contribution from Customer D has increased from 2.67% for FYE 2020 to 22.01% for FYE 2022 but subsequently decreased to 8.47% for FYE 2023. Further, our Group does not have any long-term arrangement with any major customers as our products are delivered based on the purchase orders received from customers.

7. BUSINESS OVERVIEW (CONT'D)

7.10 MAJOR SUPPLIERS

The table below lists our top five (5) major suppliers for the FYE 2020 to FYE 2023:-

(i) FYE 2020

Major suppliers	Type of supplier	Purchases		Length of relationship as at the LPD	Country	Type of products supplied	Source of supply
		RM'000	%				
Hup Let Sdn Bhd	Wholesale and processing of seafood products	19,840	25.05	13 years	Malaysia	Seafood supplies	Wild-caught
Supplier A	Wholesale and processing of seafood products	4,222	5.33	4 years	Yemen	Seafood supplies	Wild-caught
Seng Fu Trading Sdn Bhd	Wholesale and processing of seafood products	3,663	4.63	13 years	Malaysia	Seafood supplies	Wild-caught
QL Endau Deep Sea Fishing Sdn Bhd	Wholesale and processing of seafood products	2,394	3.02	4 years	Malaysia	Seafood supplies	Wild-caught
Chew and Yew Enterprise Sdn Bhd	Wholesale and processing of seafood products	2,150	2.71	5 years	Malaysia	Seafood supplies	Wild-caught
Total		32,269	40.74				

(ii) FYE 2021

Major suppliers	Type of supplier	Purchases		Length of relationship as at the LPD	Country	Type of products supplied	Source of supply
		RM'000	%				
Hup Let Sdn Bhd	Wholesale and processing of seafood products	36,271	26.59	13 years	Malaysia	Seafood supplies	Wild-caught
Supplier B	Wholesale and processing of seafood products	10,419	7.64	3 years	Thailand	Seafood supplies	Wild-caught
Supplier C	Wholesale and processing of seafood products	4,477	3.28	11 years	India	Seafood supplies	Wild-caught
Hai Jia Fu Seafood Trading	Wholesale and processing of seafood products	3,735	2.74	9 years	Malaysia	Seafood supplies	Wild-caught
Seng Fu Trading Sdn Bhd	Wholesale and processing of seafood products	3,734	2.74	13 years	Malaysia	Seafood supplies	Wild-caught
Total		58,636	42.99				

(iii) FYE 2022

Major suppliers	Type of supplier	Purchases		Length of relationship as at the LPD	Country	Type of products supplied	Source of supply
		RM'000	%				
Supplier B	Wholesale and processing of seafood products	13,531	10.99	3 years	Thailand	Seafood supplies	Wild-caught
Supplier D	Wholesale of seafood products	6,845	5.56	4 years	China	Seafood supplies	Wild-caught
Hup Let Sdn Bhd	Wholesale and processing of seafood products	6,838	5.55	13 years	Malaysia	Seafood supplies	Wild-caught
Supplier E	Wholesale of seafood products	5,698	4.63	2 years	Oman	Seafood supplies	Wild-caught
Supplier F	Wholesale and processing of seafood products	5,327	4.33	2 years	China	Seafood supplies	Farm-raised
Total		38,239	31.06				

7. BUSINESS OVERVIEW (CONT'D)

(iv) FYE 2023

<u>Major suppliers</u>	<u>Type of supplier</u>	<u>Purchases</u>		<u>Length of relationship as at the LPD</u>	<u>Country</u>	<u>Type of products supplied</u>	<u>Source of supply</u>
		<u>RM'000</u>	<u>%</u>				
Supplier D	Wholesale of seafood products	12,879	8.78	4 years	China	Seafood supplies	Wild-caught
Hai Jia Fu Seafood Trading	Wholesale and processing of seafood products	9,930	6.77	9 years	Malaysia	Seafood supplies	Wild-caught
Supplier B	Wholesale and processing of seafood products	8,541	5.83	3 years	Thailand	Seafood supplies	Wild-caught
Supplier F	Wholesale and processing of seafood products	7,795	5.32	2 years	China	Seafood supplies	Farm-raised
Supplier G	Wholesale of seafood products	4,881	3.33	2 years	Malaysia	Seafood supplies	Wild-caught
Total		44,026	30.03				

For the FYE 2020 to FYE 2023, our Group purchased 40.74%, 42.99%, 31.06% and 30.03% of our total purchases from our top five (5) major suppliers, respectively. Our Group is not dependent on any major supplier as we are able to source similar seafood supplies from our pool of suppliers. In addition, there will not be any switching cost involved if we were to purchase seafood supplies from different suppliers as we do not have any long term or exclusive contracts with any of our suppliers, including Hup Let Sdn Bhd as our purchases are made through purchase orders as and when needed. Evidently, our purchases from Hup Let Sdn Bhd, which amounted to over 25.0% for FYE 2020 and 2021, have decreased to a low of 5.55% for FYE 2022 and it ceased to be a major supplier of our Group for FYE 2023.

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7. BUSINESS OVERVIEW (CONT'D)**7.11 KEY TYPES, SOURCES AND AVAILABILITY OF MATERIALS**

The table below sets out the breakdown of our Group's purchases of supplies:-

Type of suppliers	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wholesalers and processing facilities								
- Local	53,850	68.00	75,709	55.49	33,330	27.06	45,406	30.97
- International ⁽¹⁾	16,741	21.14	42,294	31.00	75,232	61.09	74,684	50.94
	70,591	89.14	118,003	86.49	108,562	88.15	120,090	81.91
Fishing enterprises	8,602	10.86	18,427	13.51	14,600	11.85	26,527	18.09
Total	79,193	100.00	136,430	100.00	123,162	100.00	146,617	100.00

Note:-

- (1) Including, amongst others, China, Thailand, India, Indonesia, Vietnam, Angola, Yemen, Oman, Sri Lanka and United Arab Emirates.

7.12 SEASONALITY

Our business is subject to seasonal demand. The demand for our products is higher prior to the commencement and during festive seasons such as Chinese New Year, Hari Raya, Deepavali and Christmas.

7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group has not experienced any interruption in business which had a significant effect on our operations for the past twelve (12) months prior to the LPD.

7.14 IMPACT OF THE COVID-19

Despite the MCOs, our processing and trading activities were allowed to continue as our business was recognised as an essential service. We received MITI's approval on 21 March 2020 indicating that we were allowed to operate our processing activities during the MCO. In accordance with the SOPs set out by the Government at the time, we were also allowed to operate our Processing Facility at lower capacity and/or shorter operating hours throughout different phases of the MCOs. Thus, this has reduced the impact of the COVID-19 on our Group's financial performance during FYE 2020 and FYE 2021.

However, we experienced longer delivery time for imported seafood supplies as well as for our frozen seafood products exported to our international customers mainly as a result of shortage of shipping containers and implementation of additional SOPs at the ports. This has resulted in an increase in shipping costs which we were generally able to pass on to our customers.

Subsequently, a national lockdown policy was implemented from 1 June 2021 to 14 June 2021 throughout Malaysia and Phase 1 of the National Recovery Plan was implemented on 15 June 2021. Throughout this period, most economic sectors were not allowed to operate with the exception of essential economic and service sectors. However, our Group is able to operate as usual subject to SOPs imposed by the Government as we are operating in one of the essential service sectors. All the states in Malaysia entered into Phase 4 of the National Recovery Plan by 3 January 2022, where public and private sector workplaces were allowed to operate at full capacity and physical meetings and gatherings were allowed with physical distancing.

7. BUSINESS OVERVIEW (CONT'D)

Malaysia has entered into the “Transition to Endemic” phase since 1 April 2022, and “Endemic” phase since 1 May 2022. Since then, all restrictions limiting business operating hours and number of employees in a workplace have been uplifted.

Impact on our financial performance

Seafood is an essential product and thus, there was continuous demand for seafood despite the implementation of the MCOs and any resulting impact on the economy.

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. In addition, the COVID-19 did not have a significant adverse impact on our financial performance for the Financial Years Under Review as evident by the growth in our revenue from RM94.06 million in the FYE 2020 to RM159.45 million in the FYE 2023.

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7. BUSINESS OVERVIEW (CONT'D)

7.15 MAJOR APPROVALS, LICENCES AND PERMITS

Save as disclosed below, there are no other approvals, licences and permits which our Group is materially dependent on for our business as at the LPD:-

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	OFS Products	Business licence for Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	Kuantan City Council	Account No. L0120164550	1 January 2024 / 31 December 2024	Nil	Not applicable
2.	Lianli Huat	Business licence for Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	Kuantan City Council	Account No. L0120164539	1 January 2024 / 31 December 2024	Nil	Not applicable
3.	OFS Products	Licence to Trade, Import, Export and Process Fish ⁽¹⁾ <ul style="list-style-type: none"> • Entry Point: Any entry point that may be gazetted • Categories of fish: Wet, frozen and process 	LKIM	Serial No. B11502A	Validity period: Until 31 July 2025 Date of 1 st licence: 29 July 2002	<p>(a) OFS Products must comply with the quality, quantity and type of fish to be imported and exported;</p> <p>(b) OFS Products must adhere to good fish handling practices as per the Schedule, Rule 8 and 9 of the Fish Marketing Rules 2010;</p> <p>(c) OFS Products must comply with any method of sale and processing of fish as stipulated by LKIM;</p> <p>(d) OFS Products must use scales approved by LKIM or MDTC;</p> <p>(e) OFS Products must pack its fish in containers designated by LKIM;</p> <p>(f) OFS Products must comply with the fish grading system as required by LKIM;</p> <p>(g) OFS Products must not trade, process, export or import fish that is not safe for human consumption without the prior written approval from LKIM;</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>

7. **BUSINESS OVERVIEW (CONT'D)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(h) OFS Products must comply with all reasonable requests and instructions from the officers of LKIM or other officers as authorised under The Fisheries Development Authority of Malaysia Act 1971;	Complied
						(i) OFS Products is responsible for all acts of its employees related to the approved activities under this licence;	Noted and complied
						(j) OFS Products is prohibited from importing and exporting live fish unless it has obtained the approval of the Department of Fisheries, Malaysia;	Noted and complied
						(k) Trading and processing of fish can be conducted at the location stipulated in this licence only;	Noted and complied
						(l) This licence shall not be transferred or used by anyone other than OFS Products; and	Noted and complied
						(m) This licence may be revoked if any of the limitations and conditions of this licence or the provisions of The Fisheries Development Authority of Malaysia Act 1971 or the rules made thereunder are violated or not complied by OFS Products, or that OFS Products is found to have committed relevant offences under any written laws.	Noted
4.	OFS Products	Manufacturing Licence	MITI	License No. A016456	Effective date: 4 December 2007 Validity period: Subject to compliance with the terms and conditions of this manufacturing licence	(a) The manufacturing licence is issued to OFS Products for the manufacturing of frozen seafood at Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang; (b) OFS Products shall notify MITI in respect of the sale shares in OFS Products;	Complied Complied

7. **BUSINESS OVERVIEW (CONT'D)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(c) OFS Products shall train Malaysians in its employment so that the transfer of technology and expertise is ensured at all levels of employment; and	Noted
						(d) OFS Products must implement its projects as approved and comply with the laws and regulations enacted in Malaysia	Noted and complied
5.	Lianli Huat	Licence to Trade, Import, Export and Process Fish ⁽¹⁾	LKIM	Serial B11501A	No. Validity period: Until 30 June 2025 Date of 1 st licence: 11 August 2003	(a) Lianli Huat must comply with the quality, quantity and type of fish to be imported and exported;	Complied
		<ul style="list-style-type: none"> Entry Point: Any entry point that may be gazetted Categories of fish: Wet and frozen 				(b) Lianli Huat must adhere to good fish handling practices as per the Schedule, Rule 8 and 9 of the Fish Marketing Rules 2010;	Complied
						(c) Lianli Huat must comply with any method of sale and processing of fish as stipulated by LKIM;	Complied
						(d) Lianli Huat must use scales approved by LKIM or MDTCA;	Complied
						(e) Lianli Huat must pack its fish in containers designated by LKIM;	Complied
						(f) Lianli Huat must comply with the fish grading system as required by LKIM;	Complied
						(g) Lianli Huat must comply with all reasonable requests and instructions from the officers of LKIM or other officers as authorised under the Fisheries Development Authority of Malaysia Act 1971;	Noted and complied
						(h) Lianli Huat is responsible for all acts of its employees related to the approved activities under this license;	Noted and complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(i) Trading and processing of fish can be conducted at the location stipulated in this license only;	Not applicable
						(j) Lianli Huat must not trade, process, export or import fish that is not safe for human consumption without the prior written approval from LKIM;	Complied
						(k) Lianli Huat must not trade, process, export or import fish that is obtained or caught illegally or is in violation with the FMR 2010;	Complied
						(l) Lianli Huat is prohibited from importing and exporting live fish unless it has obtained the approval of the Department of Fisheries, Malaysia;	Complied
						(m) This license shall not be transferred or used by anyone other than Lianli Huat; and	Noted and complied
						(n) This license may be revoked if any of the limitations and conditions of this license or the provisions of the Fisheries Development Authority of Malaysia Act 1971 or the rules made thereunder are violated or not complied by Lianli Huat, or that Lianli Huat is found to have committed relevant offences under any written laws.	Noted
6.	OFS Products	Food Premise Registration	MOH	Registration No. FSSM05130064 3-01	12 May 2022 / 12 May 2025	Nil	Not applicable
7.	OFS Products	Certificate of fitness in accordance with FMA 1967 and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations,	DOSH	Certificate No. PMD-PH/23 70295 Registration No. PH PMD 235	15 December 2023/ 28 February 2025	Nil	Not applicable

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
		1970 (“FAMA Regulations”) in respect of an autoclave located at Lot 19869 Kampung Baru Peramu, 26060 Kuantan, Pahang					
8.	OFS Products	Certificate of fitness in accordance with FMA 1967 and FAMA Regulations in respect of an electric chain hoist located at Lot 19869 Kampung Baru Peramu, 26060 Kuantan, Pahang	DOSH	Certificate No. PMA-PH/23 70297 Registration No. PH PMA 432	15 December 2023 / 28 February 2025	Nil	Not applicable
9.	OFS Products	Certificate of fitness in accordance with FMA 1967 and FAMA Regulations in respect of an electric chain hoist located at Lot 19869 Kampung Baru Peramu, 26060 Kuantan, Pahang	DOSH	Certificate No. PMA-PH/23 70296 Registration No. PH PMA 1740	15 December 2023 / 28 February 2025	Nil	Not applicable
10.	OFS Products	Certificate of fitness in accordance with FMA 1967 and FAMA Regulations in respect of an electric chain hoist located at Lot 19869 Kampung Baru Peramu, 26060 Kuantan, Pahang	DOSH	Certificate No. PMA-PH/23 70298 Registration No. PH PMA 1739	15 December 2023 / 28 February 2025	Nil	Not applicable

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
11.	OFS Products	Certificate under the sales tax (person exempted from payment of tax) order 2018	Royal Malaysian Custom Department	Exemption Certificate No. C10-2402-27200001	8 February 2024 / 7 February 2025	<p>(a) The approved manufacturer shall pay sales tax on any raw materials, components and packaging materials that cannot be accounted for.</p> <p>(b) If the raw materials, components and packaging materials are not used and the goods produced thereof are not exported within twelve (12) months from the date of import or purchase or such further period as approved by the Director General, the approved manufacturer shall be liable to pay sales tax on the raw materials, components and packaging materials purchased or imported.</p> <p>(c) The approved manufacturer shall keep records or accounts of the goods imported or purchased and the records or accounts are made available for inspection by any sales tax officer at any time.</p>	<p>Complied</p> <p>Noted and complied</p> <p>Complied</p>
12.	OFS Products	Use permit to carry out seafood processing activity on PSFD Land 2 in accordance with National Forestry Act 1984 ⁽²⁾	PSFD	Permit No. PP. 41/2003	1 January 2024 / 31 December 2044	<p>(a) The permit is non-assignable, and shall expire upon the death of the person, or the dissolution of the company who is the holder of the permit.</p> <p>(b) The permit can be suspended or cancelled provided under Sections 25, 26 and 27 of the National Forestry Act 1984 as if this permit were a licence.</p> <p>(c) The validity period of the permit can be renewed with the permission of the Director of the State Forestry for a period not exceeding one (1) calendar year by giving notice no later than thirty (30) days before the expiration date.</p>	<p>Noted</p> <p>Noted</p> <p>Noted</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
13.	OFS Products	Use permit to operate cold room on PSFD Land 1 in accordance with National Forestry Act ⁽³⁾	PSFD	Permit No. CK.PP.17.14	1 January 2024 / 31 December 2024	<p>(a) The permit is non-assignable, and shall expire upon the death of the person, or the dissolution of the company who is the holder of the permit.</p> <p>(b) The permit can be suspended or cancelled provided under Sections 25, 26 and 27 of the National Forestry Act 1984 as if this permit were a licence.</p> <p>(c) The validity period of the permit can be renewed with the permission of the Director of the State Forestry for a period not exceeding one (1) calendar year by giving notice no later than thirty (30) days before the expiration date.</p>	<p>Noted</p> <p>Noted</p> <p>Noted</p>

Notes:-

- (1) OFS Products / Lianli Huat will renew the Licence to Trade, Import, Export and Process Fish from LKIM on a yearly basis.
- (2) OFS Products has secured a 20-year extension for the use permit, effective from 1 January 2024 to 31 December 2044 granted by PSFD via its letter dated 21 November 2023 for the purpose of carrying out seafood processing activity at PSFD Land 2. Nonetheless, for the avoidance of doubt, PSFD can suspend or revoke the use permit in accordance with Sections 25, 26 and 27 of the National Forestry Act 1984 as if the use permit were a licence. In the event of termination, OFS Products is able to shift that particular part of the operational to the other side of the Factory B, which is within our own land as the part of our Processing Facility which was erected on the PSFD Land 2 does not serve as the critical operational site of our Factory B. For clarity, approximately 1,477.23m² or 43.42% of Factory B was constructed on part of the PSFD Land 2 (including roof awning which covers an area of 446.62m²) where the use permit has been granted.
- (3) OFS Products had procured a use permit up to 31 December 2024 from PSFD for the purpose of operating a cold room at PSFD Land 1. For clarity, although OFS Products has obtained the use permit for PSFD Land 1 for approximately 10 years since 15 February 2014, with yearly renewal, PSFD Land 1 has remained vacant since then. The total area of land granted under the use permit is approximately 0.75 hectares. The use permit is subject to periodic renewal, along with the payment of a requisite renewal fee of RM375 per annum or such other amount as may be determined by PSFD from time to time. The purpose of this PSFD Land 1 is to facilitate our business expansion through the construction of a new cold storage facility. Please refer to Section 4.7(i) of this Prospectus for further details of the new cold storage facility. OFS Products had on 10 October 2023, submitted its application to PSFD for a 30-year extension of the use permit. As at the LPD, OFS Products is still pending the reply from PSFD. OFS Products does not foresee any issue with the extension from PSFD, given that PSFD has approved the use permit to carry out seafood processing activity on PSFD Land 2 for a period of 20 years.

7. BUSINESS OVERVIEW (CONT'D)

Nonetheless, for the avoidance of doubt, PSFD can suspend or revoke the aforesaid use permit in accordance with Sections 25, 26 and 27 of the National Forestry Act 1984 and in such event, OFS Products will then be required to relocate the new cold storage facility. The estimated construction costs (civil and structural) for another cold storage facility will be approximately RM4.94 million. As for the estimated loss to our Company arising from such revocation, it will be depending on the timing of such revocation vis-à-vis the net book value of the cold storage facility built (after depreciation) at the material point in time.

In the event OFS Products is unable to secure an extension similar with PSFD Land 2 from PSFD, OFS Products will explore construct the new cold storage facilities at the Adjacent Land (as defined in Note (i), Section 4.7 of this Prospectus).


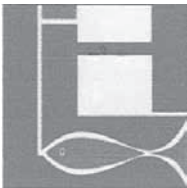
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7. BUSINESS OVERVIEW (CONT'D)


7.16 PATENTS, TRADEMARKS AND REGISTRATIONS

As at the LPD, save as disclosed below, our Group does not have any other patents, trademarks and registrations:-

Registered trademarks

<u>No.</u>	<u>Trademark</u>	<u>Issuing authority</u>	<u>Registered owner</u>	<u>Class no.</u>	<u>Trademark no.</u>	<u>Registration validity</u>
1.		Intellectual Property Corporation of Malaysia	OFS Products	Class 29 – Squid, cuttlefish, fish, octopus, and products made from fish, cuttlefish, prawn, squid and octopus, all included in class 29	TM07016982	29 August 2007 to 29 August 2027
2.		Intellectual Property Corporation of Malaysia	Lianli Huat	Class 29 – Food products made from fish, crab, shrimp, prawn, squid, octopus and cuttlefish; processed fisheries products; seafood products; meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; all included in class 29	TM08008289	29 April 2008 to 29 April 2028

Trademark application

<u>No.</u>	<u>Trademark</u>	<u>Issuing authority</u>	<u>Applicant</u>	<u>Class no.</u>	<u>Application no.</u>	<u>Application date</u>	<u>Status</u>
1.		Intellectual Property Corporation of Malaysia (“MyIPO”)	OFS Products	Class 29 – Frozen seafood	TM2023025020	21 August 2023	Provisional Refusal (Objection) - Appeal ⁽¹⁾

Note:-

- (1) The trademark application was objected by the Registrar of MyIPO on 16 January 2024. OFS Products has submitted its appeal to the Registrar of MyIPO on 7 February 2024. For avoidance of doubt, in the event that the trademark is not successfully registered, our business and profitability will not be materially affected as our Group’s business and profitability are not materially dependent on the trademark.

7. BUSINESS OVERVIEW (CONT'D)

7.17 CONTRACTS/ARRANGEMENTS/DOCUMENTS WHICH OUR GROUP IS MATERIALLY DEPENDENT ON

As at the LPD, there are no contracts, agreements, arrangements or documents entered into by our Group or issued to our Group which we are materially dependent on and which are material to our business and profitability.

7.18 PROPERTIES, PLANT AND EQUIPMENT

A summary of the properties owned by our Group for our operations as at the LPD are as follows:-

Registered owner	Title / Postal address	Description / Existing use	Category of land use / Tenure	Express Conditions / Restrictions in interests / Encumbrances/ Lease	Land area / Built-up area	Date of issuance of CF / CCC	NBV as at 31.12.2023 RM'000
Registered Owner OFS Products	Title GM 4240, Lot 19869, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description Individually constructed factory comprising:- <ul style="list-style-type: none"> • single storey detached factory with mezzanine office; • single storey detached factory with mezzanine office; • a canteen, lab, store, toilet and changing room; and • a guardhouse. 	Category of land use Industrial	Express Conditions This land shall be used for industrial purposes only	Land area 7,638 m ²	16 March 2007/ 28 March 2013	5,699
	Postal address Lot 19869 Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	Existing use Processing Facility including cold rooms and management office	Tenure Freehold	Restrictions in interests This land shall not be transferred, leased or charged unless written consent from the YAB Menteri Besar Pahang is obtained	Built-up area Factory A 2,038.29 m ² Factory B 3,402.11 m ²		
				Encumbrances Charged to Bank Pertanian Malaysia Berhad vide presentation number 2338/2020 dated 9 March 2020	Canteen/Lab/Store/Toilets and Changing room 139.35 m ²		
				Lease Lease granted to TNB vide presentation number 571/2010 dated 25 January 2010 for an area measuring approximately 104 m ² for a period of 30 years commencing on 13 November 2006 and expiring on 12 November 2036	Guardhouse 5.95 m ²		

Our Factory A and Factory B located at Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur. However, approximately 1,477.23m² or 43.42% of Factory B was constructed on part of PSFD Land 2 (including roof awning which covers an area of 446.62m²), where OFS Products had procured a use permit up to 31 December 2044 from PSFD. Please refer to Note 1, Section 7.15 of this Prospectus for further details on the use permit.

7. BUSINESS OVERVIEW (CONT'D)

A summary of the properties rented by our Group for our operations as at the LPD are as follows:-

No.	Landlord	Tenant	Property address	Description / Existing use	Built-up area	Tenure	Rental per annum RM
1.	Persatuan Nelayan Negeri Pahang (“PNNP”)	OFS Products	Ruang Pemetaan/ Ruang EU	<u>Description</u> Fish landing site <u>Existing use</u> Fish landing site	N/A	1 year commencing from 1 January 2024 to 31 December 2024	19,200
2.	Hajar Aisyah binti Mohd Abd Hadi <i>(trading as Hajar Aisyah binti Mohd Abd Hadi (Business Registration No. CA0311488-M))</i>	OFS Products	No 40, Lorong Rendang Damai 2, Taman Rendang Damai, 26600 Pekan, Pahang Darul Makmur ⁽ⁱ⁾	<u>Description</u> Single storey terrace house <u>Existing use</u> Workers’ accommodation	865 sq ft	1 year commencing from 15 August 2023 until 14 August 2024	24,000
3.	Ummi Kalsum binti Zahari	OFS Products	No. 2, Lorong 22, Taman Mentiga Jaya, 26600 Pekan, Pahang Darul Makmur ⁽ⁱ⁾	<u>Description</u> Single storey terrace house <u>Existing use</u> Workers’ accommodation	645 sq ft	1 year commencing from 15 August 2023 until 14 August 2024	21,600
4.	Hajar Aisyah binti Mohd Abd Hadi <i>(trading as Hajar Aisyah binti Mohd Abd Hadi (Business Registration No. CA0311488-M))</i>	OFS Products	No. 21, Lorong 21, Lorong Rendang Ixora 8, Taman Rendang Ixora, 26600 Pekan, Pahang Darul Makmur ⁽ⁱ⁾	<u>Description</u> Single storey terrace house <u>Existing use</u> Workers’ accommodation	820 sq ft	1 year commencing from 15 August 2023 until 14 August 2024	24,000

7. BUSINESS OVERVIEW (CONT'D)

<u>No.</u>	<u>Landlord</u>	<u>Tenant</u>	<u>Property address</u>	<u>Description / Existing use</u>	<u>Built-up area</u>	<u>Tenure</u>	<u>Rental per annum RM</u>
5.	Umyy Kalsum Binti Zahari	OFS Products	No. 14, Lorong Ketapang Mualim 1/9, Taman Ketapang Mualim 1, 26600 Pekan, Pahang Darul Makmur ⁽ⁱ⁾	<u>Description</u> Single storey terrace house <u>Existing use</u> Workers' accommodation	1,166 sq ft	1 year commencing from 15 September 2023 until 14 September 2024	21,600
6.	Leng Bong Heng @ Bong Heng	OFS Products	44, Tkt 1&2, Jalan Ahmad, 26600 Pekan, Pahang Darul Makmur ⁽ⁱ⁾	<u>Description</u> Single storey terrace house <u>Existing use</u> Workers' accommodation	1,935 sq ft	1 year commencing from 1 October 2023 until 30 September 2024	26,400

Note:-

- (i) Please refer to Section 6.7 (viii) of this Prospectus for the status of the CFA for these properties.

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7. BUSINESS OVERVIEW (CONT'D)

A summary of the fleet of motor vehicles owned and used by our Group for our operations as at 31 December 2023 are as follows:-

Type of motor vehicle	Functions	No. of units	Average age Years	NBV as at 31.12.2023 RM'000
Forklift	Lifting and moving goods in our Processing Facility	6	3	200
Trucks ⁽¹⁾	Transportation of goods	4	6	140
Van	Transportation of employees	1	Less than 1	61
Car	Transportation of employees	2	5	10
Motorcycle	Transportation of employees	1	12	(2) -
Total				411

Notes:-

- (1) Inclusive of one (1) refrigerated and three (3) non-refrigerated trucks.
(2) Negligible.

7.19 PRODUCTION CAPACITY AND OUTPUT

The maximum production capacity and utilisation rates of our Processing Facility for the FYE 2020 to FYE 2023 are set out below:-

	⁽¹⁾ Maximum production capacity	Actual production	Utilisation rate
	tonnes	tonnes	%
FYE 2020	18,000	6,331	35.2
FYE 2021	18,000	9,349	51.9
FYE 2022	18,000	6,308	35.0
FYE 2023	18,000	8,571	47.6

Note:-

- (1) Maximum production capacity is calculated based on the following:-
- (i) maximum volume of seafood that can be frozen daily and 345 working days (i.e. excluding 20 days of public holidays and scheduled maintenance) in a year using our semi-contact blast freezers; and
- (ii) maximum production capacity is based on two (2) 8-hour shifts per day. For information purposes, our Processing Facility generally operates on one (1) 8-hour shift per day.

Our Processing Facility is also limited by the volume of products that can be stored at our cold rooms. The maximum capacity and utilisation rates of our cold rooms in our Processing Facility for the FYE 2020 to FYE 2023 are set out below:-

	⁽ⁱ⁾ Maximum storage capacity at any point in time	⁽ⁱⁱ⁾ Highest storage utilisation	Utilisation rate
	tonnes	tonnes	%
FYE 2020	1,700	1,562	91.88
FYE 2021	1,700	1,694	99.65
FYE 2022	1,700	1,699	99.94
FYE 2023	1,700	1,695	99.71

7. BUSINESS OVERVIEW (CONT'D)

Notes:-

- (i) Maximum annual storage capacity is calculated based on maximum volume of frozen seafood supplies and products that can be stored in the cold rooms at a point in time.
- (ii) Highest storage utilisation was calculated based on highest use of storage space during the financial year or period.

We store our excess supplies and products at third-party cold room facilities in the event of insufficient space in our cold rooms at our Processing Facility. As our supplies and frozen seafood products were only stored as and when there is insufficient space in our cold rooms and thus, we have not signed any agreements with the cold room facility provider. During the Financial Years Under Review, our third-party cold room facilities were mainly located in Klang, Selangor Darul Ehsan and Selayang, Kuala Lumpur as there are no suitable vacant cold room facilities located in Kuantan, Pahang Darul Makmur.

7.20 FUTURE PLANS AND STRATEGIES

The following strategies have been identified as a means to strengthen our business:-

(i) We intend to expand our storage space by setting up a new cold storage facility

As disclosed in Section 7.20(ii) and 7.20(iii) of this Prospectus, we intend to grow our exports of frozen seafood products to international markets, particularly China as well as to venture into the processing and trading of dried seafood products. As such, we expect that we will require to store higher volume of seafood supplies and frozen seafood products. At present, we store our frozen seafood supplies and products in our cold rooms at our headquarters and Processing Facility.

We have sufficient production capacity to cater for our Group's future plan to grow our exports of frozen seafood products to international markets as our utilisation rates during the Financial Years Under Review were only between 35.0% and 51.9%, as indicated in Section 7.19 of this Prospectus. However, we have insufficient space at our cold rooms at our headquarters and Processing Facility. During the Financial Years Under Review and up to the LPD, we have reached a utilisation rate of up to 99.94% as indicated in Section 7.19 of this Prospectus. In instances where there was insufficient space at our cold rooms at our headquarters and Processing Facility, we have stored our frozen seafood supplies and products in third-party cold room facilities reaching a maximum tonnage of 400 tonnes at a time during the Financial Years Under Review.

In order to cater to the growth of our business, we intend to set up a new cold storage facility, which will have a total of six (6) units of new cold rooms and a loading bay. The new cold storage facility will be constructed at PSFD Land 1, located right next to our current Processing Facility, where OFS Products had procured a use permit of up to 31 December 2024 from PSFD. The use permit enables OFS Products to utilise the subject land for the construction of new cold storage facility, subject to periodic renewal. The new cold storage facility is expected to have a total aggregate built-up area of 3,747 m², with a total storage capacity of 3,000 tonnes.

The intended location for the new cold storage facility is as depicted below:-



Intended location of new cold storage facility

7. BUSINESS OVERVIEW (CONT'D)

The new cold storage facility will be used to store frozen seafood supplies and frozen seafood products. It will be designed to comply with the ISO 22000:2005 certification for food safety management system.

When the new facility is operational, we will be able to maintain a higher level of inventories, thus increasing the maximum storage capacity of our existing cold rooms of 1,700 tonnes to 4,700 tonnes.

This would enable us to:-

- (a) increase storage capacity to cater for growing demand for our frozen seafood products. We have been receiving increasing orders and expect to continue receiving increasing orders from customers in view of the growing demand for seafood products;
- (b) have additional storage space to store seasonal seafood supplies or when there are surplus in seafood supplies, which will allow us to fulfil customers' orders throughout the year, even when seafood supplies are low or are not in season;
- (c) facilitate us to secure orders from potential customers which require their suppliers to have a minimum storage capacity which exceeds our current storage capacity; and
- (d) have additional storage space to store seafood supplies to process dried seafood products, thus enabling us to expand our range of products to include dried seafood products.

With the new cold storage facility, we will also have better control over the quality of our seafood supplies and frozen seafood products in comparison to storing our frozen seafood supplies and frozen seafood products at third-party cold room facilities. Further, as the cold storage facility will be located adjacent to our Processing Facility, we will be able to improve our operational efficiency as seafood supplies and frozen seafood products can be easily transferred between the facilities in a short span of time and with minimal transportation costs.

To this end, we intend to invest a sum of approximately RM11.62 million which will be used to defray the construction of our new cold storage facility, including the engineering drawings and professional consultancy services and project management, construction of cold rooms and office building as well as setting up of cold rooms and refrigeration system. This will be partly funded via the proceeds from our Public Issue as set out in Section 4.7 of this Prospectus, whilst the remaining RM3.62 million construction costs through bank borrowings to be procured by our Group.

We expect to obtain the requisite approval from the Kuantan City Council for the cold storage facilities' building plan within 6 months upon receipt of the gross proceeds from our Public Issue. Barring any unforeseen circumstances, we will commence construction thereafter and expect the new cold storage facility to be fully operational upon 18 months from the commencement of construction.

In order to facilitate the operation of our new cold storage facility, we intend to recruit an additional five (5) production employees within 18 months from the commencement of construction of the cold room facility. These production employees will be responsible to handle the packaging and storage activities which involve, amongst others, packaging and labelling, organising and stacking as well as managing inventory of seafood supplies and frozen seafood products. These personnel will also be responsible to ensure that the cold rooms are maintained at the appropriate temperature.

7. BUSINESS OVERVIEW (CONT'D)

(ii) We intend to continue growing our exports of frozen seafood products to international markets, particularly China

Our revenue from the international market grew from RM84.03 million in the FYE 2020 to RM132.01 million in the FYE 2023.

During the Financial Years Under Review, we have exported our products to Turkey and countries mainly in the Asia Pacific such as China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore and Korea. These markets present a pool of opportunities for us to expand our geographical presence in light of positive market prospects as set out in the IMR Report. According to the IMR Report, the average seafood consumption in the Asia Pacific was the highest in the world at 23.4 kg per capita.

Particularly in China, OFS Products has obtained the GACC certificate (as set out in Section 7.5 of this Prospectus) which allows us to export frozen seafood products into China. We intend to continue to further expand our sales in China as we recognise the potential opportunities present in China in light of the growing frozen seafood market in China. According to the IMR Report, *“a large proportion of the retail sales volume and retail sales value of frozen seafood products in Asia Pacific was contributed by China, which constituted 74.7% and 55.8% of retail sales volume and retail sales value of frozen seafood products in Asia Pacific in 2023. Between 2017 and 2023, the retail sales volume of frozen seafood in China grew at a CAGR of 3.6%, while retail sales value of frozen seafood products in China grew at a CAGR of 7.8%.”*

We presently export to China through importers and intend to continue growing our sales through importers. We also intend to collaborate with local wholesalers who have their own network of customers. By collaborating with these local wholesalers, we would be able to tap on their network of customers to sell our frozen seafood products in China, though we may still be required to export to China through importers in the event such local wholesalers do not have the relevant import licence. As at the LPD, we are currently in the midst of identifying suitable wholesalers to collaborate with. Once we have identified these wholesalers, we will conduct our due-diligence on their background and experience to ensure that they are suitable to collaborate with. Barring any unforeseen circumstances, we intend to finalise the appointment of a wholesalers to distribute our products in China by third quarter of 2024.

Apart from China, we will also continue to grow our exports to the existing international markets we presently serve such as Turkey, as we recognise that these markets will continue to present opportunities for us to tap onto.

The cost of purchase of seafood supplies, including those to cater for the expected growth in our exports, will be funded via our internally generated funds, bank borrowings and/or proceeds raised from our Public Issue.

(iii) We intend to venture into the processing and trading of dried seafood products

For the Financial Years Under Review and up to the LPD, our revenues are solely generated from frozen seafood products. Moving forward, we intend to venture into the processing and trading of dried seafood products. This is because dried seafood product has relatively lower storage and transportation cost as compared to frozen seafood products which require cold rooms to store and refrigerated vehicles to transport.

As at the LPD, we have received enquiries to provide dried seafood products from potential customers as well as existing customers based in China since 2021. Among the dried seafood products in demand include dried fish, dried sea cucumber, dried shrimp and dried scallop. We have thus begun to produce samples of dried seafood products through the sun-drying method to ascertain the demand from our existing customers for dried seafood products and receive feedback from potential customers particularly, their preference on the size and type of products, anticipated pricing and production lead time. Currently, the processing of dried seafood product samples, through sun-drying method, is being carried out by two (2) existing

7. BUSINESS OVERVIEW (CONT'D)

production personnel at a small open-air area space of approximately 200 sq ft at PSFD Land 2. The associated cost for processing dried seafood product samples is minimal.

To this end, we expect that the cost of setting up a processing area for dried seafood products will be as follows:-

Type of equipment	Description	Number of units	Estimated cost (RM'000)
Dehydrator room	Dehydration of cooked seafood supplies to produce dried seafood products	1	110
Electrical cooker	Cooking of seafood supplies	4	55
Tools, accessories and ancillary equipment	Include trolleys, trays, utensils, working tables and racking systems that are required during the dried seafood process	-	255
Installation cost	Includes wiring and piping systems	-	80
Total			500

We estimate that the cost of acquiring and installing the necessary equipment will amount to approximately RM500,000, and this will be funded via bank borrowings and internally generated funds. We intend to acquire the abovementioned equipment by third quarter of 2024. Thereafter, we would require six (6) months to fine-tune our processes to produce dried seafood products and we anticipate to commence our dried seafood processing activities by first quarter of 2025 after procuring the updated licences/certificates, namely manufacturing licence, MeSTI certificate, HACCP certificate, GMP certificate, HALAL certificate with the inclusion of dried seafood products, under the product categories. We are also required to apply to GACC and DAH via MOH as well as FDA for the inclusion of dried seafood products to our list of export products.

We have allocated an area measuring approximately 3,300 sq.ft. in Factory B for the processing and storage of dried seafood products. Currently, we only intend to carry out simple non-structural renovation for such area which does not require any regulatory approval. However, in the event if we are required to carry out any renovation which may result in structural alteration, such as building of partition, compartment, gallery, loft, roof, ceiling or other structure, we will seek the necessary approvals from the relevant authorities prior to the commencement of the renovation. With the additional storage space at our proposed new cold rooms, we expect that we will also be able to store larger volume of seafood supplies.

The cleaning, cutting and arranging processes can be carried out by our existing personnel. However, we intend to recruit 5 additional workers to perform the dehydration process by the first quarter of 2025. Such additional workers will cost us approximately RM0.11 million per annum. These new workers will be trained by our equipment supplier in order to ensure that they have the capability to operate the equipment.

Over the years, we have built a customer base of more than 300 customers, some of whom we have been securing repeat orders. Our large customer base serves as a foundation for us to cross-sell our dried seafood products.

7.21 EXCHANGE CONTROLS

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

7. BUSINESS OVERVIEW (CONT'D)

7.22 EMPLOYEES

As at the LPD, our Group has a total of 117 employees, of which 68 are local employees while 50 are foreign employees, who are employed on contractual basis and they are classified under the production category, save for one (1) of the foreign employees is our Executive Director.

As at 31 December 2023 and as at the LPD, the number of employees in our Group (including our Executive Directors) are as follows:-

Category	Number of Employees	
	As at 31.12.2023	As at LPD
Executive Directors	3	3
Key senior management	3	3
Finance and accounting	4	4
Human resources and administration	4	5
Sales and marketing	6	6
Office	1	1
Production ⁽¹⁾	76	83
Procurement	8	8
Others ⁽²⁾	4	4
Total	109	117

Notes:-

(1) Comprises the following:-

	Number of Employees	
	As at 31.12.2023	As at LPD
Local production workers and part-time workers	34	34
Foreign production workers	42	49
Total	76	83

(2) Comprise our logistics department, cleaners and security guards.

As at the LPD, our Group have 49 foreign employees from Vietnam, Nepal and Myanmar, who are employed on contract basis with valid working permits. None of our employees belong to any labour union and as at the LPD, there has not been any past material industrial dispute between our management and our employees.

Our Group is aware of the importance of retaining our key senior management team in order to ensure our Group's success. As such, we have implemented efforts to train our employees and remunerate them accordingly. Our success in the future will also be dependent on our ability to attract and retain skilled personnel.

We have a management succession plan consisting of:-

- (i) structured career planning and development;
- (ii) competitive remuneration and employee benefits; and
- (iii) continuous training and development.

Further, our key senior management team has clearly defined leadership roles and responsibilities within operations and finance respectively and are able to provide assistance and support to our Executive Directors in order to facilitate the growth of our Group.

As part of our management succession plan, we have implemented processes to groom new management personnel to gradually assume the responsibilities of our key senior management team. Our Group's strategy for management continuity is driven by our key senior management team who is also in charge of identifying key competencies and recruitment of candidates with knowledge and expertise of our business to enhance operations.

7. BUSINESS OVERVIEW (CONT'D)

7.23 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

In alignment with our Group's commitment to ensure environmentally responsible operations, providing a conducive workplace for our employees, and promoting quality products that are safe and fit for human consumption, we have adopted the following environmental, social and governance practices:-

Responsible Operation

We have obtained the Licence to Trade, Import, Export, and Process Fish issued by LKIM (as set out in Section 7.15 of this Prospectus), which certifies that we have complied with the Good Fish Handling Practices, including but not limited to the proper handling and storage of wet fish and processed fish as outlined in the Schedule of the Fish Marketing Regulations 2010.

Our frozen seafood products undergo processing within our Processing Facility located in Kuantan, Pahang Darul Makmur which is outfitted with semi-contact blast freezers and cold rooms. This controlled temperature environment enables us to process our seafood products while preserving their quality and freshness prior to the delivery to our customers.

We strive to ensure that our frozen seafood products consistently meet the strict food safety and quality control standards. As at the LPD, our Processing Facility is operating in accordance with the food safety and quality practices under the HACCP, GMP and MeSTI Secure Food Certification Scheme (as set out in Section 7.5 of this Prospectus). Our employees and workers have received training in HACCP and GMP food safety practices. Additionally, we have acquired HALAL certification from JAKIM (as set out in Section 7.5 of this Prospectus) which provides assurance that our frozen seafood products are processed in accordance with HALAL principles.

Environmental

Our Group is committed to achieve environmental sustainability in order to protect the environment and promote environmental awareness. As part of our ongoing efforts to promote environmental sustainability, we have installed the solar assets at our Processing Facility and we encourage our employees to reduce the use of papers and to recycle used papers. Additionally, our employees are encouraged to switch off lighting, air conditioning, water dispensers and other electrical appliances in our Processing Facility when they are not in use. Further, we have installed a wastewater treatment plant at our Processing Facility to treat the wastewater generated from our seafood processing operation in accordance with the requirements set by the Department of Environment. Monthly reports on the quality of the treated wastewater that we discharged are submitted to the Department of Environment for monitoring purposes.

Social

We are committed to maintain good labour practices and adhere to the provisions outlined in the relevant labour laws and best practices. Given the labour-intensive nature of our operations, we engage foreign workers in various roles to work in our Processing Facility. It is our Group's stance to unequivocally reject human trafficking, human rights violations, child labour and forced labour.

Furthermore, we place strong emphasis on the safety and health of our employees. In line with this, we provide safe and healthy work environment for all our employees and foreign workers. We strive to offer proper accommodation in accordance with the relevant statutory provisions. As at the LPD, five (5) properties in Pekan, Pahang Darul Makmur rented by OFS Products which are currently being used as foreign workers accommodation have been certified with a CFA issued by the DOL. For further details, please refer to Section 6.7(viii) of this Prospectus. We have a safety and health policy in place to mitigate any associated risks at our workplace. Additionally, we have also obtained the relevant certificate of fitness for the machineries in our Processing Facility, which has been registered with DOSH under the FMA 1967.

7. BUSINESS OVERVIEW (CONT'D)

Governance

As at the LPD, our Board has progressively adopted the principles and practices as promulgated in the MCCG, where appropriate. In seeking to maintain high standards of corporate governance, our Group intends to adopt all the applicable principles and practices as promulgated in the MCCG. This commitment encompasses ethical conduct, accountability, transparency and sustainability, all of which contribute to fostering business prosperity. We have established a framework comprising policies, procedures and practices designed to ensure adherence to the following areas:-

- (i) Malaysian Anti-Corruption Commission Act 2009;
- (ii) Whistleblower Protection Act 2010;
- (iii) Employment Act 1995;
- (iv) FMA 1967; and
- (v) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

In addition, we have also put in place an anti-bribery and anti-corruption policy as well as a whistleblowing policy in order to uphold the integrity of our employees.

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8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 13 MAY 2024

The Board of Directors
OCEAN FRESH BERHAD
Lot 19869, Kampung Baru Peramu,
26060 Kuantan,
Pahang Darul Makmur.

Dear Sirs,

Independent Market Research (“IMR”) Report on the Frozen and Dried Seafood Market in Asia Pacific and the Frozen Seafood Processing Industry in Malaysia, in conjunction with the Listing of OCEAN FRESH BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Frozen and Dried Seafood Market in Asia Pacific and the Frozen Seafood Processing Industry in Malaysia for inclusion in the Prospectus of OCEAN FRESH BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industries within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Melissa Lim'.

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent boutique research and advisory firm based in Selangor, Malaysia. Since our inception, PROVIDENCE has specialised in the preparation of independent market research reports for capital market exercises on Bursa Malaysia Securities Berhad, including initial public offerings, reverse takeovers, mergers and acquisitions, as well as other related corporate exercises. Our reports aim to provide insightful business intelligence for corporations and investors through the assessment of industry dynamics.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has approximately 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

8. IMR REPORT (CONT'D)



Ocean Fresh Berhad and its subsidiaries (collectively referred to as “**OFB Group**” or “**the Group**”) are principally involved in the processing and trading of frozen seafood products as well as provision of frozen seafood processing services. OFB Group has been selling its frozen seafood products to local and international markets, particularly countries in Asia Pacific such as Republic of Turkiye (“**Turkey**”), the People’s Republic of China (“**China**”), Malaysia, Thailand, Vietnam and Japan.

In addition, the Group also intends to grow its exports of frozen seafood products to international markets, particularly China which is part of the Asia Pacific. The Group also intends to venture into the processing and trading of dried seafood products.

As such, this IMR report focuses on the following:

- **The frozen and dried seafood market**, which covers the frozen seafood market size in Asia Pacific to depict the demand for OFB Group’s frozen seafood products in a major market the Group presently serves. This chapter also covers the frozen seafood market size in China (to depict the demand for frozen seafood products in a market that the Group intends to grow its exports to) and the dried seafood market size globally and in Asia Pacific (to depict the demand for dried seafood products in a market the Group intends to expand into); and
- **The frozen seafood processing industry in Malaysia**, as this is the industry that OFB Group operates in.

1 THE FROZEN AND DRIED SEAFOOD MARKET IN ASIA PACIFIC

INTRODUCTION

Seafood refers to marine or freshwater organisms which are consumed as food such as fishes, crustaceans and molluscs. As seafood is highly perishable, it begins to deteriorate upon being harvested from the wild or from aquaculture farms and this will affect its quality and freshness. Thus, seafood may be processed in a variety of ways to preserve its quality, taste and shelf life. Examples of processed seafood include frozen, dried, canned, ready-to-cook and ready-to-eat seafood products.

The value chain of the seafood processing industry begins with the harvesting of seafood from either commercial fishing activities or aquaculture farms. These harvested seafood can either be chilled or frozen in blocks while on-board the fishing vessel or before it is transported from aquaculture farms.

Fishing vessels will bring their catch to a fish landing jetty or port, where they are inspected and purchased by traders and/or wholesalers for onward sale to seafood processing companies, amongst others. Seafood processing companies may also purchase directly from fishing vessels at fish landing jetties or ports. As for farm-raised seafood, traders and seafood processing companies typically place their orders directly with the aquaculture farms.

Upon purchasing, seafood processing companies will then carry out seafood processing, which refers to the activities carried out to prepare the seafood for commercial sale. Seafood processing encompasses the following activities:

- (i) Primary seafood processing activities refer to basic processing activities such as defrosting, cleaning and cutting, and filleting of seafood as well as frozen and dried seafood processing activities.

Frozen seafood processing activities refer to the freezing of cleaned, cut and/or filleted seafood into frozen seafood products. Frozen seafood products can be processed using semi-contact blast freezers or individual quick frozen (IQF) freezers to produce frozen seafood products in the form of frozen blocks or individual frozen product units. Such processing activities allow for the preservation of quality and freshness of seafood products.

Meanwhile, dried seafood processing refers to the drying or dehydration of cleaned, cut and/or filleted seafood into dried seafood products. There are various methods for drying seafood supplies, including hot air drying (by using a dehydrator which has a temperature-controlled system to ensure even and controlled drying), sun drying (by exposing seafood supplies under the sun) and vacuum drying (by using pressure in an air-tight vessel to increase the rate of evaporation). Dried seafood processing lengthens shelf life and may enhance the flavour of seafood products; and

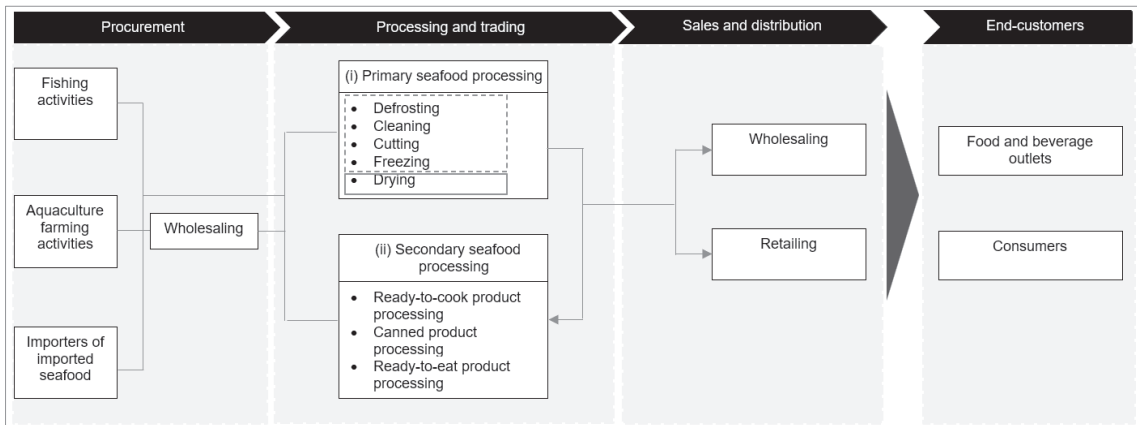
8. IMR REPORT (CONT'D)



- (ii) Secondary seafood processing activities refer to the further processing of chilled or frozen seafood products and by-products to produce ready-to-cook products such as pre-marinated seafood, seafood with pre-mixed sauces and pastes, and seafood dumplings or balls; canned seafood products; or ready-to-eat seafood products such as smoked seafood or seafood-based meals. Some of these products may be frozen.

Traditionally, these products are sold to wholesalers and/or retailers. Wholesalers will sell these seafood products in bulk to foreign wholesalers and/or retailers or to local retailers. Retailers, who have physical retail outlets, will sell these products to end-customers such as consumers and food and beverage outlets.

Value chain of the seafood processing industry



Notes:

- (i) denotes the segment/ activities in which OFB Group is involved
 (ii) denotes the segment/activities which OFB Group intends to expand into

Source: PROVIDENCE

OFB Group is principally involved in the processing and trading of frozen seafood products as well as provision of frozen seafood processing services. The Group is thus involved in primary seafood processing activities. Its frozen seafood products are sold to local and international markets, particularly countries in Asia Pacific. As part of its future plans, the Group intends to expand into the processing and trading of dried seafood products.

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8. IMR REPORT (CONT'D)

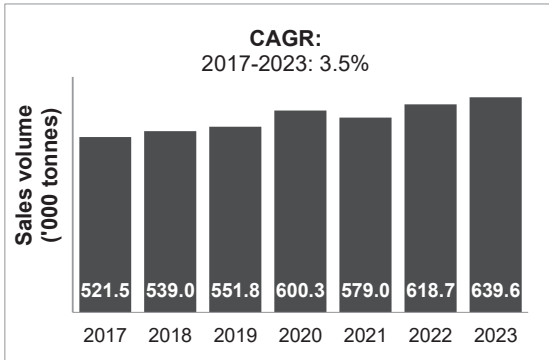


MARKET SIZE, PERFORMANCE AND GROWTH

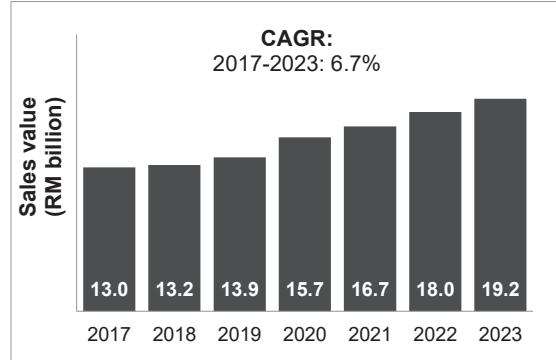
The frozen seafood market can be depicted by retail sales volume and value of frozen seafood. Globally, the retail sales volume of frozen seafood grew at a compound annual growth rate (“CAGR”) of 2.1% between 2017 and 2023, from 1.5 million tonnes to 1.7 million tonnes.¹ Meanwhile, global retail sales value of frozen seafood increased from RM53.5 billion in 2017 to RM74.1 billion in 2023, registering a CAGR of 5.6%.²

Retail sales volume of frozen seafood in Asia Pacific grew at a CAGR of 3.5% between 2017 and 2023, from 521,500 tonnes to 639,600 tonnes. The frozen seafood retail sales value in Asia Pacific grew at a CAGR of 6.7% between 2017 and 2023, from RM13.0 billion to RM19.2 billion.

Frozen seafood sales volume in Asia Pacific



Frozen seafood sales value in Asia Pacific



Source: Euromonitor International

A large proportion of the retail sales volume and retail sales value of frozen seafood products in Asia Pacific was contributed by China, which constituted 74.7% and 55.8% of retail sales volume and retail sales value of frozen seafood products in Asia Pacific in 2023.³ In China, the retail sales volume of frozen seafood grew at a CAGR of 3.6% between 2017 and 2023, from 386,800 tonnes to 477,600 tonnes.⁴ Frozen seafood retail sales value in China grew at a CAGR of 7.8% between 2017 and 2023, from RM6.8 billion to RM10.7 billion.⁵

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¹ Source: Euromonitor International

² Source: Euromonitor International

³ Source: Euromonitor International

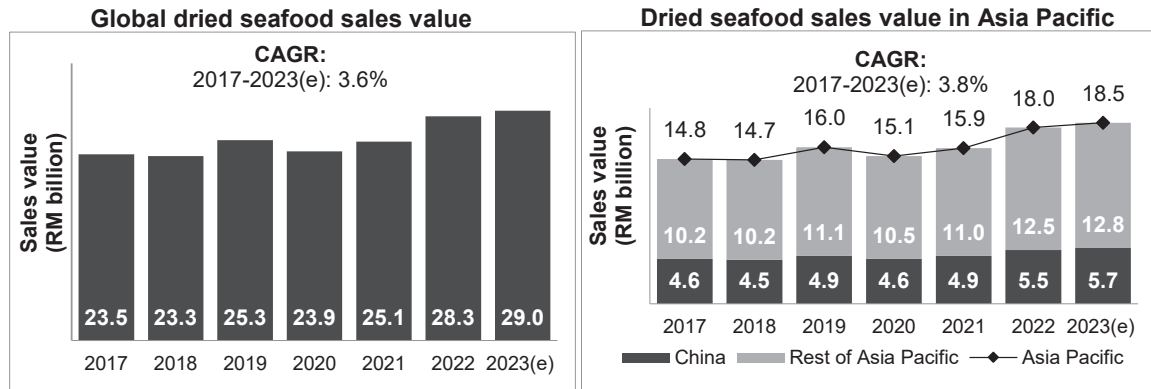
⁴ Source: Euromonitor International

⁵ Source: Euromonitor International

8. IMR REPORT (CONT'D)



The dried seafood market size can be measured in terms of retail sales value. Globally, the dried seafood market size grew from RM23.5 billion in 2017 to an estimated RM29.0 billion in 2023, registering a CAGR of 3.6%. In particular, the dried seafood market size in Asia Pacific registered a CAGR of 3.8% during this period, growing from RM14.8 billion in 2017 to an estimated RM18.5 billion in 2023.



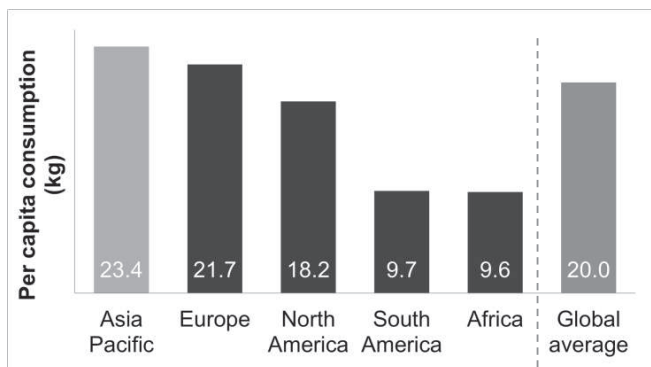
Note: (e) – Estimate

Source: Regional Research Reports, PROVIDENCE analysis

The dried seafood market in China constituted a large proportion to the dried seafood market in Asia Pacific, i.e. an estimated 30.8% of the dried seafood market in Asia Pacific in 2023. Between 2017 and 2023, the dried seafood market size in China grew from RM4.6 billion in 2017 to an estimated RM5.7 billion 2023, registering a CAGR of 3.6%.⁶

The Asia Pacific region has the highest per capita consumption of seafood globally, with an average consumption of 23.4 kilograms (“kg”) per capita. In comparison, the global average consumption was 20.0 kg per capita. Malaysia is one of the top consumers of seafood in Asia Pacific, consuming 52.7 kg per capita in 2021. Japan, China, Vietnam, Thailand and Turkey consumed 45.1 kg, 39.9 kg, 39.5 kg, 28.7 kg and 5.5 kg per capita respectively in the same year. The large population and growing middle-class society in these countries indicate that they contribute substantially to seafood demand, and have the potential for further growth.

Per capita consumption of seafood in selected regions in 2021



Note:

- (i) Per capita consumption of seafood by region is as at 2021 as the latest publicly available information for all regions and countries are as at 2021

Source: Our World in Data

Per capita seafood consumption in selected countries in 2021

Country	Per capita consumption (kg)
Malaysia	52.7
Japan	45.1
China	39.9
Vietnam	39.5
Thailand	28.7
Turkey	5.5
Average	35.2

Note:

- (i) Per capita consumption of seafood by country is as at 2021 as the latest publicly available information for all regions and countries are as at 2021

Source: Our World in Data

⁶ Source: Regional Research Reports



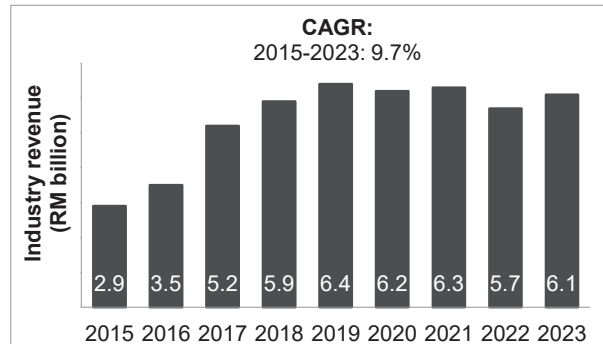
2 THE FROZEN SEAFOOD PROCESSING INDUSTRY IN MALAYSIA

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The frozen seafood processing industry size in Malaysia can be indicated by the overall industry revenue of seafood processing companies in Malaysia. The seafood processing industry in Malaysia grew at a CAGR of 9.7% between 2015 and 2023, from RM2.9 billion in 2015 to RM6.1 billion in 2023. The industry size declined in 2022 as a result of lower demand for seafood as there was a significant rise in prices of seafood, particularly for fishes, in the year. The significant seafood price increase was due to a lack of availability of wild-caught seafood due to unfavourable weather conditions, and lack of labour supply which was caused by the travel restrictions that were implemented to curb the Coronavirus disease (COVID-19).

Moving forward, PROVIDENCE estimates that the seafood processing industry in Malaysia will grow from an estimated RM6.6 billion in 2024 to reach RM7.9 billion by 2026, at a CAGR 9.4% between 2024 and 2026.

Seafood processing industry size in Malaysia



Note:

- (i) Seafood processing industry size includes industry revenue generated from both primary and secondary seafood processing activities

Source: Department of Statistics Malaysia, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Rising global demand for seafood will lead to higher exports for frozen seafood products from Malaysia

Global consumption of seafood was estimated to be 20.0 kg per capita in 2021.⁷ This is relatively higher than other types of animal products such as poultry (14.9 kg per capita), beef (6.4 kg per capita) and mutton (1.8 kg per capita).⁸

This has been largely driven by the increase in population and disposable income. Between 2017 and 2023, the population in Asia Pacific has grown at a CAGR of 0.6% to reach 4.4 billion.⁹ Meanwhile, economic growth as measured by gross domestic product (“GDP”) also grew at a CAGR of 4.1% during the same period, from USD28.9 trillion (RM124.3 trillion¹⁰) to USD36.8 trillion (RM168.0 trillion¹¹).⁹ The growth of the population and continued economic development in Asia Pacific is expected to increase demand for food, including frozen seafood products. Economic development is indicative of more disposable income, and thus the ability to spend on higher quality and nutritious food such as seafood.

The population of Asia Pacific accounts for approximately 60.0% of the global population, with China and India among the most populous countries in the world.¹² In particular, the population of China has grown at a CAGR of 0.1% between 2017 and 2023 to reach 1.4 billion.⁹ The growth of the population will lead to an increase in demand for food, including seafood.

Meanwhile, economic growth in Asia Pacific is driven by China, India and other emerging economies in the region. This economic growth has led to an increase in disposable income for the population, contributing to growing demand for seafood in Asia Pacific. In particular, China’s GDP grew at a CAGR of 6.3% between 2017 and 2023 to reach USD17.7 trillion (RM80.8 trillion¹¹).⁹

⁷ Source: Our World in Data. Latest publicly available information is as at 2021

⁸ Source: Organisation for Economic Co-Operation and Development (OECD)

⁹ Source: International Monetary Fund

¹⁰ Exchange rates from USD to RM for 2017 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for 2017 at USD1= RM4.3008

¹¹ Exchange rates from USD to RM for 2023 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for 2023 at USD1= RM4.5653

¹² Source: United Nations, Economic and Social Commission for Asia and the Pacific

8. IMR REPORT (CONT'D)

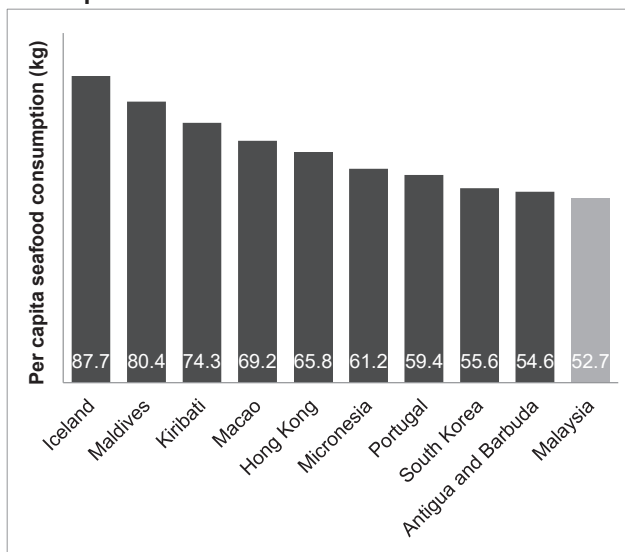


Regional demand will continue to contribute to growth of frozen seafood trade globally. Malaysia’s exports of frozen seafood grew from 110,200 tonnes in 2015 to 124,700 tonnes in 2023 to meet global consumer demand.¹³ The frozen seafood processing industry in Malaysia is expected to benefit from increasing exports of frozen seafood to meet global seafood demand.

Strong local demand for seafood will drive demand for frozen seafood processing in Malaysia

With a per capita seafood consumption of 52.7 kg in 2021, Malaysia is among the world’s top 10 seafood consumers. Seafood is also the most widely consumed animal product in Malaysia, followed by poultry meat at 49.5 kg per capita, and chicken/duck eggs at 22.4 kg per capita.

Top 10 seafood consumers worldwide in 2021



Per capita consumption by animal product in Malaysia in 2022

Type of animal product	Per capita consumption
Seafood (kg)	52.7
Poultry meat (kg)	49.5
Chicken/duck eggs (kg) ^a	22.4
Beef (kg)	6.9
Milk (litres) ^b	2.1
Mutton (kg)	1.4

Notes:

- (i) ^a Based on estimated average weight of 60 grams per egg
- (ii) ^b Per capita consumption of fresh and imported liquid milk
- (iii) Latest publicly available information for seafood is as at 2021

Source: Department of Veterinary Services, Our World in Data

Note:

- (i) Latest publicly available information is as at 2021

Source: Our World in Data

Demand for seafood in Malaysia continues to be driven by improving living standards and disposable income of the population, especially for urban households. Malaysia’s GDP grew from RM1.2 trillion in 2015 to RM1.8 trillion in 2023, at a CAGR of 5.2%.¹⁴ The long-term growth of disposable income will support the population’s growing demand for seafood, including frozen seafood products. As the population becomes more affluent, they have greater spending power to purchase more costly food products, including those that they perceive are superior in terms of nutritional benefits such as seafood. In addition, demand for food, including frozen seafood, will increase alongside the growth of Malaysia’s population, which grew from 31.2 million in 2015 to 33.7 million in 2023.¹⁵

The strong local demand for seafood in Malaysia is expected to drive demand for frozen seafood processing in Malaysia.

Government initiatives to develop the seafood processing industry in Malaysia

In July 2023, the Selangor government announced 2 key projects in the Sabak Bernam region under the Sabak Bernam Development Area initiative, which will involve the development of large-scale fishing ports and processing facilities to increase fishing capacity and seafood production:

¹³ Source: United Nations Comtrade database

¹⁴ Source: Department of Statistics Malaysia

¹⁵ Source: Department of Statistics Malaysia

8. IMR REPORT (CONT'D)



- An integrated fish landing port in Sekinchan, which will be equipped with a comprehensive traceability system to track the origin, processing and distribution of fish. This is a collaboration between the Selangor government, Sekinchan Fishing Industry Association and Sekinchan Fishermen's Association and is estimated to attract an investment of RM484.0 million and create over 4,000 jobs. This project is expected to increase fishing capacity by 344.0% and seafood processing capacity by 20.0%, which will result in additional 300,000 tonnes of fish and 20,000 tonnes of seafood products produced annually. The first phase of this project is expected to be completed in 2027; and
- A downstream tuna processing and deep-sea fish processing and packaging plant in Sungai Lang which includes a new landing port for large vessels from the Indian Ocean and a land-based fish and crab farm. This project is expected to create between 2,5000 and 5,000 job opportunities. The initial investment of the landing port is over RM100.0 million and is expected to start operating in 2024.

The abovementioned government initiatives to develop the the seafood processing industry aim to ensure long-term food security by encouraging higher volume of landings and imports of seafood supplies in Malaysia. As such, these initiatives are expected to improve the prospects of the frozen seafood processing industry in Malaysia.

PRODUCT/SERVICE SUBSTITUTION

Frozen seafood products can be substituted with live or chilled seafood. However, due to the perishable nature of seafood, frozen seafood products have additional advantages as they can be stored for longer periods while retaining their quality and freshness. Frozen seafood products can also be substituted by other types of frozen animal products such as poultry and beef. Nevertheless, it is important to note that seafood remains the most widely consumed animal product in Malaysia (as mentioned in **Chapter 2 – Demand Conditions: Key Growth Drivers**).

SUPPLY CONDITIONS AND DEPENDENCIES

Availability of seafood supplies

Seafood supplies, which are the raw materials used in frozen seafood processing, can be sourced from traders, aquaculture farms or fishing enterprises. Fishing activities are highly seasonal and may be subject to many factors such as weather conditions and volume of stock available. As such, certain wild-caught seafood supplies may not be available throughout the year and the volume of wild-caught seafood may not be sufficient to fulfil market demand. Most of these wild-caught seafood supplies are typically procured from traders and fishing enterprises at fish landing jetties or ports. There are 48 Fisheries Development Authority of Malaysia jetties/ports and 372 fish landing jetties in Malaysia, and among these jetties/ports in 2021, the largest volume of fish landings were from Kuantan port, while the highest value of fish landings was from Lumut port.¹⁶

During periods where certain wild-caught seafood types are not available or in cases where volume of wild-caught seafood supplies cannot fulfil market demand, aquaculture farming, which is not as dependent on environmental factors, fulfils this demand-supply gap with the supply of farm-raised seafood supplies. In 2022, aquaculture farming fulfilled approximately 30.5% of local fishes, based on volume of seafood harvested. The remaining 69.5% of local seafood was fulfilled through fishing activities.¹⁷ Malaysia is generally not dependent on imports of most fish types that can be found in local waters. According to the Department of Statistics Malaysia, the import dependency ratio¹⁸ for tilapia and catfish, which are fishes that can be found in local waters, were 4.3% and 2.1%, respectively, in 2022. However, the import dependency ratio for imported seafood that are not found in local waters is relatively higher as consumers in Malaysia may have preference for some of these imported seafood product types. In 2022, the import dependency ratio for sardine, crabs and cuttlefishes were 28.8%, 23.5% and 70.6%, respectively.¹⁹

¹⁶ Source: Fisheries Development Authority of Malaysia. Latest publicly available information is as at 2021

¹⁷ Source: Selected Agricultural Indicators, Department of Statistics Malaysia

¹⁸ Source: Import dependency ratio is a percentage of imports over apparent consumption

¹⁹ Source: Department of Statistics Malaysia

8. IMR REPORT (CONT'D)**Availability of machinery and equipment and labour for the processing of frozen seafood**

Frozen seafood processing requires the use of machinery, equipment and labour. Key machinery and equipment utilised in frozen seafood processing include, amongst others, blast freezers, vacuum forming packaging and tray sealing packaging machines as well as defrosting and cutting machines. Human labour is required to operate these equipment as well as to perform manual tasks such as cleaning and visual inspections. Both equipment and labour are readily available, as equipment is typically purchased from foreign suppliers, while both local and foreign workers are hired as labour.

RELIANCE AND VULNERABILITY TO IMPORTS

Malaysia has a certain degree of dependency on imported frozen seafood products, due to factors such as variety and availability of certain types of seafood in the country. Some consumers have a preference for imported seafood product types that are not available locally.

Malaysia's imports of frozen seafood products increased from 159,500 tonnes to 299,000 tonnes between 2015 and 2023 at a CAGR of 8.2%.²⁰ Meanwhile, exports of frozen seafood products were 124,700 tonnes in 2023, growing from 110,200 tonnes in 2015.²¹ The higher volume of imports relative to exports of frozen seafood indicates a reliance on imports of frozen seafood in the country.

INDUSTRY RISKS AND CHALLENGES

Among the risks and challenges faced in the frozen seafood processing industry in Malaysia include:

- (i) Disruptions in supply of raw materials, as fishing activities are highly seasonal and may be subject to many factors such as weather conditions and volume of stock available. Thus, frozen seafood processing companies that solely rely on wild-caught seafood will be subject to these disruptions;
- (ii) Fulfilling market demands for various seafood types and variety. For example, there are seafood types and varieties that are not available locally and can only be imported. In such cases, frozen seafood processing companies must be able to source a wide range of seafood types in order to fulfil this demand;
- (iii) Product safety and quality-related risks, as frozen seafood processing companies must ensure proper measures are taken during the handling, processing and transportation of frozen seafood products, such as maintaining hygiene and temperature control. Any failure to do so may lead to contamination of seafood supplies and/or frozen seafood products;
- (iv) Proper storage of frozen seafood supplies in cold rooms, as frozen seafood processing companies need to ensure that the quality of frozen seafood products is maintained while awaiting delivery. These companies may also need to properly store seasonal seafood supplies to fulfil demand throughout the year;
- (v) Competition from other frozen seafood processing companies, who may differentiate themselves based on their product offerings, freezing and other processing technologies used as well as certifications; and
- (vi) Changing consumer demand, which is affected by factors such as pricing or events that could impact consumer perceptions towards seafood. For instance, the release of treated nuclear waste water from the Fukushima power plant in Japan into the Pacific Ocean could result in a negative perception of the world towards seafood, particularly wild-caught seafood from Japan or the Pacific Ocean. Although this release of treated nuclear waste water has been approved by the United Nations and is said to not have a large impact on marine life, any adverse perception may reduce demand for wild-caught seafood from Japan or the Pacific Ocean. There may also be countries that ban seafood imports from Japan such as China. Despite this, it is expected that the demand will shift to consume farm-raised seafood or seafood from other regions and thus, it is expected that the frozen seafood

²⁰ Source: United Nations Comtrade database

²¹ Source: United Nations Comtrade database

8. IMR REPORT (CONT'D)

processing industry would be minimally impacted as frozen seafood processing companies can process seafood from other regions or even farm-raised seafood.

COMPETITIVE OVERVIEW

The frozen seafood processing industry comprises seafood processing companies that are involved in the processing of seafood to produce frozen seafood products. PROVIDENCE has identified 13 industry players, including OFB Group, on the basis that:

- they are involved in primary seafood processing activities in Malaysia to produce frozen seafood products;
- they have revenues of RM1.0 million and above; and
- they are not involved in farming or fishing activities.

These identified industry players are as detailed below ^(a) ^(b):

Company name	Latest financial year end ("FYE")	Revenue (RM '000)	Gross profit ("GP") (RM'000)	GP margin (%) ^(c)	Profit/Loss after tax ("PAT/LAT") (RM '000)	PAT margin (%) ^(d)
PT Resources Holdings Berhad	30 April 2023	502,605	63,074	12.5	36,833	7.3
Platinum Marine Products Sdn Bhd	31 March 2023	216,541	22,045	10.2	4,665	2.2
OFB Group	31 December 2023	159,454	21,087	13.2	6,949	4.4
BEST Marine Products Supply Sdn Bhd	31 May 2023	72,544	14,159	19.5	1,285	1.8
Piau Kee Live & Frozen Seafoods Sdn Bhd	31 December 2022	64,165	15,630	24.4	1,500	2.3
Hai Zheng Frozen Foods Sdn Bhd	31 December 2022	56,646	5,925	10.5	256	0.5
FisherGold Sdn Bhd	31 December 2022	37,424	3,298	8.8	2	0.005
Haiky Borneo Sdn Bhd	31 December 2022	35,538	3,926	11.0	696	2.0
C-Food Portions Sdn Bhd	31 December 2022	27,825	563	2.0	(92)	-
Hai Seng Yek Frozen Food Sdn Bhd	31 March 2023	27,819	5,283	19.0	729	2.6
Mayfresh Frozen Sea Products Sdn Bhd	31 March 2022	25,142	6,001	23.9	1,001	4.0
Kuching Frozen Food Co Sdn Bhd	31 December 2022	18,590 ^(e)	4,243 ^(f)	22.8	568 ^(f)	3.1
Aiki Century Sdn Bhd	31 December 2022	4,483	1,239	27.6	(36)	-

Notes:

- (i) ^(a) Information based on publicly disclosed information as at 13 May 2024
- (ii) ^(b) This list is not exhaustive. Exempt private companies and companies with revenues below RM1.0 million have been excluded from this list. The list has been arranged based on the companies' revenues in descending order
- (iii) ^(c) GP margin is computed based on GP divided by revenue
- (iv) ^(d) PAT margin is computed based on PAT divided by revenue
- (v) ^(e) Based on segmental revenue
- (vi) ^(f) Based on total consolidated financial information as segmental financial information is not publicly available

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

Based on the revenue generated from OFB Group of RM158.5 million for the FYE 31 December 2021 and a total seafood processing industry size of RM6.3 billion in the year, OFB Group garnered an industry revenue share of 2.5% in 2021. OFB Group's industry revenue share further increased to 2.7% in 2022, with a revenue of RM156.3 million for the FYE 31 December 2022 and a total seafood processing industry

8. IMR REPORT (CONT'D)

size of RM5.7 billion in the year. In the following year, OFB Group's revenue for the FYE 31 December 2023 was RM159.5 million, which was a 2.6% share of the total seafood processing industry size of RM6.1 billion.

3 PROSPECTS AND OUTLOOK FOR OFB GROUP

The frozen seafood processing industry in Malaysia, as indicated by the overall industry revenue of seafood processing companies in Malaysia, has been growing at a CAGR of 9.7% between 2015 and 2023. Moving forward, PROVIDENCE estimates that the seafood processing industry in Malaysia will grow at a CAGR of 9.4% between 2024 and 2026.

The industry is expected to be driven by growing exports to international markets in light of rising global demand, particularly in Asia Pacific, which has the highest per capita consumption of seafood globally. Between 2017 and 2023, retail sales volume and retail sales value of frozen seafood in Asia Pacific grew at CAGRs of 3.5% and 6.7%, respectively. The frozen seafood processing industry in Malaysia is also expected to be driven by local demand for seafood as Malaysia is among the world's top 10 seafood consumers.

As an industry player in the frozen seafood processing industry in Malaysia, OFB Group stands to benefit from the positive outlook of the frozen seafood processing industry and frozen seafood market. The Group's plan to grow its exports into China will be driven by the growing market for frozen seafood products in China. China is a major market in Asia Pacific for frozen seafood products, constituting 74.7% and 55.8% of retail sales volume and retail sales value of frozen seafood products in Asia Pacific in 2023.

Further, OFB Group is expected to benefit from the growing dried seafood market in light of its future plan to expand into the processing and trading of dried seafood products. Globally, the dried seafood market size has been growing at a CAGR of 3.6% between 2017 and 2023.

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9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Any material issue with our product safety and quality may harm our business and reputation, or subject us to product liability claims and regulatory actions

The processing, storage, handling and delivery of our frozen seafood products are subject to inherent risk of product deterioration or contamination or damage. Product safety and quality is thus important to our business and we rely on our QA/QC procedures to ensure our product safety and quality. These QA/QC procedures are detailed in Section 7.5 of this Prospectus. Despite this, there can be no assurance that any failures in our QA/QC procedures such as negligence or misconduct by our employees during our processing operations; unsuitable water or ice quality; as well as technical malfunctions, such as breakdown of machineries and temperature control at our Processing Facility and refrigerated vehicles, may not occur.

Should the frozen seafood products that we process and sell deteriorate, contaminate, damage or contain other unintended materials that could be harmful or otherwise non-compliant with applicable regulatory standards, we may be subject to product liability claims, regulatory enforcement actions, penalties imposed by relevant government agencies and/or loss in customers' and consumers' confidence. This could result in negative publicity and harm our reputation and/or our "Sea Planet" brand, which would consequently cause our customers to avoid purchasing frozen seafood products from us and seek alternative sources of supply for their needs, even if the basis for the concern is not valid or is outside our control. Adverse publicity about these types of concerns, whether or not valid, could discourage customers from purchasing our frozen seafood products and any loss of customer confidence would be difficult and costly to re-establish. Further, any product contamination and quality-related issues involving our competitors could also impact the regulation of the seafood industry as a whole and may result in a negative effect on our frozen seafood business.

Nevertheless, since the commencement of our operations, we have not received any material product liability claims resulting from any failures in our QA/QC procedures.

9.1.2 Our operations are subject to interruptions and delays caused by unforeseen event such as equipment/facility failures, accidents, fires or floods

Our business operations require the use of equipment and facility such as semi-contact blast freezers and cold rooms. Although we undertake periodic maintenance services on our semi-contact blast freezers and cold rooms, these equipment and facility may, on occasion, be out of service due to unanticipated failures or damages sustained during operations.

Our business is also subject to loss due to natural disasters such as fires and floods, that are beyond our control, which may cause damage or destruction to all or part of our Processing Facility, equipment and cold room. This would result in interruptions to, or prolonged suspension of, our operations.

In 2010, there was a fire outbreak at Factory B which caused detrimental damage to Factory B and its equipment. Nevertheless, at the time, the activities carried out at Factory B were for otoshimi and surimi products processing and trading where we are no longer involved in the processing of these products. As our business activities were carried out at Factory A and Factory A was not affected by the fire outbreak, and thus, our business did not face any operational disruptions. We have since reconstructed Factory B and implemented fire preventive systems such as water sprinklers and fire alarm system as well as engaged professionals to provide monthly fire inspections for both Factory A and Factory B.

9. RISK FACTORS (CONT'D)

In addition, our Processing Facility requires sufficient and consistent supply of electricity and water to operate, any failures in supply of electricity and water would temporarily halt our operations. As at the LPD, we have a back-up generator on standby to power the two (2) cold rooms located in Factory B in our Processing Facility in the event of unforeseen power failure to ensure that our frozen seafood products' quality is not affected.

Although we do not have a back-up generator for the cold room located in Factory A, our cold room is capable to maintain its temperature for up to 48 hours during power failure. Thus far, we have not experienced any power failure situations in excess of 24 hours. Nevertheless, in the event if we were to encounter any power failure in excess of 24 hours, we can rent a mobile generator from third-party providers to power our cold room located in Factory A.

Any prolonged interruptions due to any of the above events may also have an adverse material effect on our sales and financial performance. Since the commencement of our operations, we have not experienced any other incidents of unanticipated machinery failures, natural unforeseen damages or power failures, which led to major interruptions in our operations, save and except as highlighted above.

9.1.3 Our business is subject to risks of revocation or non-renewal of certifications

Our business is subject to risks of revocation or non-renewal of certifications.

Some of our customers, be it local or international customers, require our Processing Facility to have certain certifications or registrations, such as HACCP, GMP, MeSTI Secure Food Certification Scheme and/or HALAL certifications. In addition, we are also required to obtain the necessary international approvals such as EU Number 75 Certificate, DAH, GACC and FDA's approval to export our frozen seafood products for certain countries, as required by their local authorities.

In the event that we fail to comply with any such requirements or conditions, our certifications may be revoked or not renewed upon expiry. The loss of any of these certifications may have an adverse impact on our business operations and financial performance as we may not be able to sell our frozen seafood products to those customers that require such certifications.

Further details of our certifications are set out in Section 7.5 of this Prospectus.

Since incorporation till the LPD, we have not experienced any revocation or non-renewal of the abovementioned certifications.

9.1.4 We are dependent on our Executive Directors and key senior management for the continuing success of our Group

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Executive Directors and key senior management who play significant roles in our daily business operations as well as the development and implementation of our business strategies. Our Executive Directors and key senior management possess the relevant experience, from our processing operations, procurement of raw materials to storage and delivery of our frozen seafood products, as well as sales and marketing, and financial activities.

Siang Hai Yong and Kee Wan Chum have vast experience in the fishery and frozen seafood processing industry, and have been working with our Group for 22 years and 15 years, respectively. Their knowledge and experience of the industry and understanding of our business operations have been vital in building our business, and maintaining our relationships with our network of customers and suppliers. As such, they have been vital to the growth and success of our Group.

9. RISK FACTORS (CONT'D)

Together with Teo Chee Han, our Group's Executive Director, they are assisted by our key senior management, who have knowledge and experience in their respective fields and industries which are relevant to the management of our business operations, namely our General Manager for Administration and Human Resource, Kan Swee Koh; our General Manager, Production, Lain Wui Hiung; and our Group's Accountant, Chong Der Woei. Please refer to Sections 5.1.3, 5.2.2 and 5.5.2 of this Prospectus for further details of our Executive Directors and key senior management.

As such, the loss of services of any of our Executive Directors and/or key senior management within a short period of time without any suitable and timely replacement may adversely affect our business and financial performance. Please refer to Sections 7.22 of this Prospectus for further details of our management succession plan.

9.1.5 We are dependent on the availability of foreign workers in our processing operations

A variety of our processing activities, such as the defrosting, cleaning, cutting and arranging, glazing and packaging processes, are still being handled manually. We are thus dependent on labour to perform these processes. As such, we employ foreign workers, comprising 59.04% of our total production workers at our Processing Facility as at the LPD. We have obtained valid work permits for all of our foreign workers.

Should there be any changes to foreign worker visa policies in Malaysia or in the countries which our foreign workers are from, our Group may face difficulties in maintaining a sufficient labour workforce. In addition, any increase in the costs and levy rate of the foreign workers will increase our direct labour costs. These may adversely impact our business operations and financial performance.

For example, the Government implemented a hiring freeze on foreign workers on 22 June 2020 with the aim to create more job opportunities for the local workforce, in view of the adverse impact from the COVID-19 which has caused a higher unemployment rate in Malaysia. The Government later announced easing of the hiring freeze on foreign workers on 13 August 2020, by allowing employers to hire foreign workers who are still in Malaysia but are unemployed, provided that they have a valid working permit and were employed in the same sector previously.

Effective from 1 January 2021, employers who intend to hire foreign workers are obligated to advertise the job openings on MYFutureJobs. This is a national online job portal that allows the Ministry of Human Resource to facilitate job matching to locals to ensure that employment opportunities for Malaysians are given priority. The job applications will be opened to foreigners only when Malaysians are not interested to apply.

Our Group's operations have not been materially impacted by the availability of foreign workers as we also engage local part-time workers to supplement our existing workforce to assist in our processing activities.

However, should there be future implementations of hiring freeze on foreign workers, this may temporarily affect our Group's anticipated business growth as the said hiring freeze and process could increase the cost and time required to hire new workers as well as impede or delay any expansion plans that we have.

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9. RISK FACTORS (CONT'D)**9.1.6 We are exposed to foreign exchange rate fluctuations**

Some of our overseas revenue and/or purchases are denominated in USD and RMB. In this regard, we are exposed to the foreign currency exchange risk arising from the fluctuations in the exchange rate of USD and RMB against RM. Such impact on our Group's revenue and purchases during the Financial Years Under Review are summarised as follows:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Total revenue in USD	60,114	89,502	112,720	124,230
% of total revenue	63.91	56.48	72.10	77.91
Total revenue in RMB	4,774	5,915	5,461	7,777
% of total revenue	5.08	3.73	3.49	4.88
Total purchases in USD	16,741	42,294	75,232	74,684
% of total purchases	21.14	31.00	61.08	50.94

The impacts of foreign currency exchange on our earnings during the Financial Years Under Review are summarised as follows:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net unrealised (loss)/gain on foreign exchange	-	10	(5)	-
Net realised gain on foreign exchange	596	616	812	954
Net gain on foreign exchange	596	626	807	954

We maintain foreign currency accounts, namely USD and RMB for payments of our foreign sales and purchases. We also entered into foreign currency forward contracts to hedge our exposure to the USD exchange fluctuations. In this regard, our Group's exposure to foreign currency risk is mainly on the revenue denominated in RMB.

While we practice hedging using foreign exchange forward contracts and maintaining foreign currency bank accounts, there can be no assurance that we will be able to completely eliminate our exposure to adverse foreign currency fluctuations in the future.

As we are unable to estimate the movement of foreign exchange rate and its impact on the revenue, cost of sales and earnings of our Group, any significant fluctuation in the exchange rate of USD and RMB into RM or vice versa may have a significant impact, whether positively or negatively, on our financial condition and results of operations. Hence, there is no assurance that any significant fluctuation in foreign currency exchange rate will not have a material adverse impact on the revenue and earnings of our Group.

We have not incurred any material losses arising from foreign currency translation for the Financial Years Under Review.

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9. RISK FACTORS (CONT'D)

9.1.7 We may not have adequate insurance to cover all losses or liabilities

We are subject to risks such as fire and accidents that may adversely affect our business operations such as damages to our inventories, building and machineries. As such, our Group has secured insurance for a number of risks for our business operations such as, fire and fire consequential loss, public liability and goods in transit.

Notwithstanding the insurance taken up by our Group for our inventories, building and machineries, our insurance may not cover certain types of losses that are not insurable or not economically insurable such as wars, acts of terrorism and outbreak of diseases. Further, any losses or damages in excess of our insured limits could have an adverse effect on our business operations and financial results. In addition, any insurance claims may affect subsequent insurance premiums charged to us by the respective insurance companies.

Since incorporation till the LPD, we have not experienced any material losses or damages in excess of our insured limits or not insurable or economically insurable. We were able to make an insurance claim following the fire outbreak at Factory B that occurred in 2010 (as elaborated in Section 6.1.2 of this Prospectus).

9.1.8 We are vulnerable to the limited duration of a use permit for the land in which a small part of our Processing Facility is located

OFS Products secured a 20-year extension for the use permit, effective from 1 January 2024 to 31 December 2044 granted by PSFD via its letter dated 21 November 2023 for the purposes of carrying out seafood processing activity at PSFD Land 2. Approximately 1,477.23m² or 43.42% of Factory B was constructed on part of the PSFD Land 2 (including roof awning which covers an area of 446.62m²) where the use permit has been granted.

Please refer to Section 7.15 of this Prospectus for further details of the use permit. While we have been able to occupy the land for approximately 20 years since 5 September 2003, without any interference from PSFD and have successfully renewed our use permit each time we applied, it is important to note that there is no assurance of perpetual renewal for the use permit. Nonetheless, for the avoidance of doubt, PSFD can suspend or revoke the use permit in accordance with Sections 25, 26 and 27 of the National Forestry Act 1984 as if the use permit were a licence.

The limited duration of the use permit for the relevant part of our Processing Facility could potentially impact our long-term operational stability and future expansion plans. Upon expiry of the use permit, there is a possibility of renegotiating terms with the landowners, relocation, or securing a renewal of the use permit. The outcome of such negotiations is potentially volatile and may result in an increase in costs, restricted access to prime locations or disruptions to our business operations, thus affecting our financial performance and growth prospects.

In addition, any changes in local regulations or government policies regarding land usage and use permit renewal processes could potentially lead to further uncertainties. Changes to land usage and use permit renewal processes may impact the feasibility of renewing existing use permit with favourable terms. This may lead to increased costs or operational delays which may lead to potential adverse effects on our business operations and/or financial performance.

Furthermore, in the event that we are unable to secure renewals to our use permit or find suitable alternative locations in a timely manner, our business operations may face significant disruptions. Therefore, affecting our ability to meet our customers' demands and thus, negatively impacting our business.

Notwithstanding the aforesaid, this risk can be mitigated as the part of our Processing Facility which was erected on the PSFD Land 2 does not serve as the critical operational site of our Factory B. In the event the use permit is not renewed by PSFD, we are able to shift that particular part of the operation to other side of the Factory B, which is within our own land. We are committed to actively managing these risks relating to use permit by seeking strategic solutions to secure renewals and/or alternative land options.

9. RISK FACTORS (CONT'D)

However, there can be no guarantee that such efforts will be successful. As such, failure to address these risks adequately may lead to adverse effects on our financial performance and overall business operations.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to competition from other industry players involved in the processing and trading of frozen seafood products

We operate in a competitive industry and we face competition from other industry players involved in the processing and trading of frozen seafood products in Malaysia. Key factors that affect our competitiveness are product quality and variety, price, customer service, ability to meet local and international standards for food quality and safety as well as timely delivery.

In order to compete in our industry, we have implemented measures such as retaining a network of reliable local and international suppliers, maintaining a consistent supply of seafood supplies throughout the year and being compliant with relevant local and international regulations and certifications. However, we cannot guarantee that the measures implemented will continue to allow us to remain competitive or appeal to our existing or prospective customers, who may be attracted by our competitors who are able to offer similar products at more competitive pricing.

If we fail to respond effectively to competitive pressures and market changes for our frozen seafood products, our business and financial performance could be adversely affected. We must establish and maintain a good relationship with our customers in order to compete more effectively and we must regularly assess and keep up with the requirements of our customers in an effort to keep abreast with the latest trends. If we are unable to maintain our competitiveness, we could experience lower demand for our frozen seafood products and downward pressure on pricing, which will have a material adverse impact on our business, financial performance and prospects.

9.2.2 We are subject to disruptions in the supply of raw materials

Our daily business activities are dependent on sufficient seafood supplies that meet our specifications in terms of quality and freshness. Our seafood supplies could be materially disrupted due to the occurrence of prolonged adverse weather conditions, natural disasters, diseases or overfishing which may reduce the quantity of supplies available in the market.

Such disruptions in our supply chain may reduce our production output and thereby affect our revenue. In addition, shortage of supplies available in the market may result in higher prices of seafood supplies and the increase in cost of seafood supplies may not be able to be passed on to our customers. Thus, this may have an adverse impact on our business operations and financial performance.

9.2.3 We are subject to risks related to political, social, economic and regulatory conditions in Malaysia and international markets we serve

Any changes in the political, social, economic and regulatory conditions in Malaysia and in international markets, particularly Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark, could adversely affect our business operations and financial performance. Changes in the political, social, economic and regulatory conditions could arise from, amongst others, changes in political leadership, occurrence of civil war or disorder, changes in import tariffs and related duties, regulatory structures and outbreak of diseases such as the COVID-19. Please refer to Section 7.14 of this Prospectus for further details on the implications and impact of the COVID-19 on our Group's business.

9. RISK FACTORS (CONT'D)

Similarly, any global or regional economic downturn would also affect overall business and consumer confidence, sentiments as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, regulatory or economic developments which are beyond our control, will not materially affect our business and financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES
9.3.1 No prior market for our Shares and it is uncertain whether a sustainable market will ever develop

Prior to our IPO, there has been no public market for our Shares. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop or if developed, that such a market will be sustainable. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

We and our Promoters have no obligation to cause our Shares to be marketable. The IPO Price was determined after taking into consideration various factors and these factors could cause our Share price to fluctuate which may adversely affect the market price of our Shares.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the IPO Price.

9.3.2 Capital market risks and share price volatility

The performance of capital market is very much dependent on external factors such as the performance of the regional and global stock market and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes in capital market, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of the capital market as the business activities of our Group have no direct correlation with the performance of securities listed in the capital market.

Our Shares could trade at prices lower than the IPO Price depending on various factors, including current economic, financial and fiscal condition in Malaysia, our operations and financial results and the price volatility in the markets for securities in similar or related industry in Malaysia or emerging markets. There is no assurance that any market for our Shares will not be disrupted by price volatility or other factors, which may have a material adverse effect on the market price of our Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (i) variation in our results and operations;
- (ii) success or failure in our key senior management team in implementing business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events and factors;
- (v) fluctuations in stock market prices and volumes; or
- (vi) involvement in litigation.

9. RISK FACTORS (CONT'D)

In addition, many of the risks described herein could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. Accordingly, there can be no assurance that our Shares will not trade lower than the IPO Price.

9.3.3 Our Specified Shareholders will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after our IPO

Our Specified Shareholders will collectively hold in aggregate 64.68% of our enlarged issued share capital after our IPO. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Specified Shareholders will be aligned with those of our other shareholders.

9.3.4 The sale or the possible sale of a substantial number of Shares in the public market following our IPO and Listing could adversely affect the price of our Shares

Following the completion of our IPO and Listing, 64.68% of our enlarged issued share capital, will be collectively held by our Specified Shareholders. It is possible that they may dispose of some or all of their Shares after the Moratorium Period, pursuant to their own investment objectives. If they sell or are perceived as intending to sell, a substantial amount of our Shares, the market price of our Shares could be adversely affected.

9.3.5 Delay in or cancellation of our Listing

The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:-

- (i) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations under such agreement;
- (ii) our inability to meet the minimum public spread requirement under the Listing Requirements of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of our Listing; or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:-

- (a) the SC issues a stop order pursuant to section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to section 245(7)(a) of the CMSA; or
- (b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest within 14 days.

Where subsequent to the issuance and allotment of our IPO Shares:-

- (aa) the SC issues a stop order pursuant to section 245(1) of the CMSA, any issue of our IPO Shares shall be redeemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to section 245(7)(b) of the CMSA; or

9. RISK FACTORS (CONT'D)

- (bb) our Listing is aborted other than pursuant to a stop order by the SC under section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules to the extent that our IPO Shares form part of our share capital. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances or (b) a solvency statement from the directors.

9.3.6 Payment of dividends

Our ability to declare dividends to our shareholders will depend on, amongst others, our distributable reserves, future financial performance and cash flows requirements for operation and capital expenditures. This, in turn, is dependent on our operating results, capital requirements and on our ability to implement our future plans, demand for and selling prices of our products, general economic conditions and other factors specific to our industry, many of which are beyond our control. As such, there is no assurance that we will be able to pay dividends to our shareholders.

We are an investment holding company and conduct substantially all of our operations through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our principal source of income. The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations and other events outside our control as well as our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect the ability of our subsidiaries and consequently, our ability to pay dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Further details of our dividend policy are set out in Section 11.7 of this Prospectus.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS

10.1.1 Related Party Transactions

Save for the Acquisitions and as disclosed below, there were no other material related party transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them which are material to our Group during the Financial Years Under Review and up to the LPD:-

Transacting parties	Interested Directors	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	(1)%
Seller: Chia Jok Lian Purchaser: OFS Products	Dato' Sri Chia Hooi Huak	Dato' Sri Chia Hooi Huak is our substantial shareholder and Non-Independent Non-Executive Director. Chia Jok Lian is the father of Dato' Sri Chia Hooi Huak.	Purchase of fresh seafood supplies from Chia Jok Lian. This transaction will subsist after our Listing and is recurrent in nature.	87	0.10% of total cost of sales	547	0.38% of total cost of sales	367	0.27% of total cost of sales	586	0.42% of total cost of sales	173	-
Seller: Perikanan LYH Sdn Bhd Purchaser: OFS Products	Siang Hai Yong and Dato' Sri Chia Hooi Huak	Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. He was the director and major shareholder of Perikanan LYH Sdn Bhd up to 13 June 2023. Foo Ai Nee, being the director and major shareholder of Perikanan LYH Sdn Bhd, is also the daughter-in-law of Siang Hai Yong.	Purchase of fresh seafood supplies from Perikanan LYH Sdn Bhd. This transaction will subsist after our Listing and is recurrent in nature.	177	0.21% of total cost of sales	888	0.62% of total cost of sales	701	0.51% of total cost of sales	882	0.64% of total cost of sales	379	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting parties	Interested Directors	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	(1)%
		<p>Chia Jok Lian, being the director and major shareholder of Perikanan LYH Sdn Bhd, is also the father of Dato' Sri Chia Hooi Huak.</p> <p>Dato' Sri Chia Hooi Huak is our substantial shareholder and Non-Independent Non-Executive Director.</p>											
<p>Seller: Medi Pelangi Sdn Bhd</p> <p>Purchaser: OFS Products</p>	Siang Hai Yong	<p>Siang Hai Yong is our Promoter, substantial shareholder and Executive Director.</p> <p>Siang Chun Shui and Foo Ai Nee, being the directors and major shareholders of Medi Pelangi Sdn Bhd, are also the son and daughter-in-law of Siang Hai Yong.</p>	<p>Purchase of fresh seafood supplies from Medi Pelangi Sdn Bhd.</p> <p>This transaction will subsist after our Listing and is recurrent in nature.</p>	252	0.30% of total cost of sales	860	0.61% of total cost of sales	663	0.48% of total cost of sales	640	0.46% of total cost of sales	258	-
<p>Seller: Ying Lee Fishery</p> <p>Purchaser: OFS Products</p>	Siang Hai Yong	<p>Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. He was the partner of Ying Lee Fishery up to 11 April 2023.</p>	<p>Purchase of fresh seafood supplies from Ying Lee Fishery.</p> <p>This transaction will subsist after our Listing and is recurrent in nature.</p>	1,623	1.91% of total cost of sales	958	0.67% of total cost of sales	1,165	0.84% of total cost of sales	1,159	0.84% of total cost of sales	571	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting parties	Interested Directors	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	(1)%
		Siang Chun Shui, Siang Chun Sai, Foo Ai Nee and Lim Sook Kei are the partners of Ying Lee Fishery. Siang Chun Shui and Siang Chun Sai are also the sons of Siang Hai Yong, whilst Foo Ai Nee and Lim Sook Kei are the daughters-in-law of Siang Hai Yong.											
Seller: Yin Lee Fishery Purchaser: OFS Products	Siang Hai Yong	Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. He was the partner of Yin Lee Fishery up to 11 April 2023. Siang Chun Shui, being the partner of Yin Lee Fishery, is also the son of Siang Hai Yong.	Purchase of fresh seafood supplies from Yin Lee Fishery. This transaction will subsist after our Listing and is recurrent in nature.	-	-	43	0.03% of total cost of sales	119	0.09% of total cost of sales	716	0.52% of total cost of sales	333	-
Seller: YLSK Fishery Purchaser: OFS Products	Siang Hai Yong	Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. He was the partner of YLSK Fishery up to 11 April 2023. Foo Ai Nee, being the partner of YLSK Fishery, is also the daughter-in-law of Siang Hai Yong.	Purchase of fresh seafood supplies from YLSK Fishery. This transaction will subsist after our Listing and is recurrent in nature.	5	0.01% of total cost of sales	160	0.11% of total cost of sales	171	0.12% of total cost of sales	418	0.30% of total cost of sales	172	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting parties	Interested Directors	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	(1)%
Seller: Majestic Fishery Sdn Bhd Purchaser: OFS Products	Siang Hai Yong	Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. Siang Chun Shui and Lim Sook Kei, being the directors and shareholders of Majestic Fishery Sdn Bhd, are also the son and daughter-in-law of Siang Hai Yong.	Purchase of fresh seafood supplies from Majestic Fishery Sdn Bhd. This transaction will subsist after our Listing and is recurrent in nature.	-	-	206	0.14% of total cost of sales	200	0.14% of total cost of sales	880	0.64% of total cost of sales	443	-
Seller: OFS Products Purchaser: Blue Ocean Fresh Seafood	Siang Hai Yong	Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. Siang Se Se and Lim Sook Kei, being the partners of Blue Ocean Fresh Seafood, are also the daughter and daughter-in-law of Siang Hai Yong.	Sales of frozen seafood supplies to Blue Ocean Fresh Seafood. This transaction will subsist after our Listing and is recurrent in nature.	-	-	1,177	0.74% of total revenue	2,325	1.49% of total revenue	1,946	1.22% of total revenue	771	-
Seller: OFS Products Purchaser: Ying Lee Fishery	Siang Hai Yong	Siang Hai Yong is our Promoter, substantial shareholder and Executive Director. He was the partner of Ying Lee Fishery up to 11 April 2023. Siang Chun Shui, Siang Chun Sai, Foo Ai Nee and Lim Sook Kei are the partners of Ying Lee Fishery. Siang Chun Shui and	Sales of frozen seafood supplies to Ying Lee Fishery. This transaction will subsist after our Listing and is recurrent in nature.	1,015	1.08% of total revenue	4,063	2.56% of total revenue	3,816	2.44% of total revenue	3,608	2.26% of total revenue	934	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting parties	Interested Directors	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	(1)%
		Siang Chun Sai are also the sons of Siang Hai Yong, whilst Foo Ai Nee and Lim Sook Kei are the daughters-in-law of Siang Hai Yong.	Provision of frozen seafood processing services to Ying Lee Fishery. This transaction will subsist after our Listing and is recurrent in nature.	121	0.13% of total revenue	91	0.06% of total revenue	147	0.09% of total revenue	81	0.05% of total revenue	33	-

Note:-

(1) The percentage is not able to be ascertained as at the LPD as our Group's audited financial statements for 1 January 2024 up to the LPD is not available.

Our Directors are of the view that all the above related party transactions were carried out at arm's length basis and on normal commercial terms which are not unfavourable to our Group and comparable to those generally available to third parties.

After our Listing and in accordance with the Listing Requirements, our Company will be required to seek our shareholders' approval each time our Company enters into material related party transactions. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our minority shareholders as well as to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transactions and the terms thereof and report to our Board for further action, as set out in Section 10.3 of this Prospectus. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by our Group.

In accordance with the Listing Requirements, related party transactions may be aggregated to determine the materiality of these transactions if the related party transactions occur within a 12-month period, and are entered with the same party or with parties connected with one another or for the transactions that involve the acquisition or disposal of securities or interests in one particular corporation/asset or of various parcels of land contiguous to each other.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any interest, whether direct or indirect in the proposed related party transactions will abstain from deliberation and voting on resolution(s) pertaining to the respective transaction(s). Such interested director and/or major shareholder will also undertake to ensure that persons connected with them, if any, will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.1.2 Transactions That Are Unusual in Nature or Conditions

There are no other transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries were a party in respect of the Financial Years Under Review and the subsequent period up to the LPD.

10.1.3 Outstanding Loans and Guarantees

Save as disclosed below, our Board has confirmed that there are no outstanding loans (including guarantees of any kind) that have been granted by our Group to/for the benefits of the related parties or granted by the related parties for the benefit of our Group during the Financial Years Under Review and the subsequent period up to the LPD. The following table sets out the facilities (including guarantees of any kind) as at the LPD:-

No.	Financiers	Customer / Borrower	Guarantors	Type of Facility	Purpose of Facility	Facility limit (RM'000)	Amount guaranteed (RM'000)	Outstanding amount as at the LPD (RM'000)
1.	Bank Pertanian Malaysia Berhad (Agrobank)	OFS Products	- Siang Hai Yong - Dato' Sri Chia Hooi Huak - Untung Besar	- 1 overdraft facility - 1 trade financing facility	(i) For working capital requirement; and (ii) To finance the local purchase of goods	7,000	7,000	3,566
2.	Public Bank Berhad	OFS Products	- Kee Yow Lee - Siang Hai Yong - Dato' Sri Chia Hooi Huak	1 trade financing facility	To finance the export sales drawn under letter of credit	3,000	3,000	(1)-
3.	Public Bank Berhad	OFS Products	- Kee Yow Lee - Siang Hai Yong - Dato' Sri Chia Hooi Huak	1 trade financing facility	To hedge the foreign exchange currency	5,000	5,000	(1)-
4.	Public Bank Berhad	Lianli Huat	- Kee Yow Lee - Siang Hai Yong - Dato' Sri Chia Hooi Huak	1 trade financing facility	To hedge the foreign exchange currency	1,000	1,000	-
5.	ORIX Credit Malaysia Sdn Bhd ("ORIX")	OFS Products	- Siang Hai Yong - Dato' Sri Chia Hooi Huak	1 hire purchase facility	To part finance the purchase of four (4) units of new stainless steel body semi-contact freezers	436	436	249

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

No.	Financiers	Customer / Borrower	Guarantors	Type of Facility	Purpose of Facility	Facility limit (RM'000)	Amount guaranteed (RM'000)	Outstanding amount as at the LPD (RM'000)
6.	ORIX	OFS Products	- Siang Hai Yong - Dato' Sri Chia Hooi Huak - Untung Besar	1 hire purchase facility	To part finance the purchase of a new solar assets	1,142	1,142	394

Note:-

(1) As at the LPD, our Group has not utilised the facilities extended by the financier to us.

We have written to the aforesaid financiers to request for their conditional consent to release and/or discharge of the above stated personal and corporate guarantees by substituting the same with a corporate guarantee from our Company.

As at the date of this Prospectus, we have received all conditional approvals from the aforesaid financiers to release the above stated personal and corporate guarantees by substituting the same with a corporate guarantee from our Company. The conditions imposed (which do not have specific timeframes) by the financiers include, amongst others, the following:-

- (a) the successful listing of our Company on the ACE Market; and
- (b) the perfection of a corporate guarantee by our Company after the completion of our Listing.

10.1.4 Financial Assistance Provided for the Benefit of a Related Party

There is no financial assistance provided by us for the benefit of any related party for the Financial Years Under Review and the subsequent period up to the LPD.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

10.2 CONFLICT OF INTEREST

As at the LPD, none of our Directors and/or substantial shareholders has any interest, directly or indirectly, in any businesses or corporations which are (i) carrying on a similar trade as our Group or (ii) which are the customers or suppliers of our Group, save for the related party transactions as disclosed in Section 10.1.1 of this Prospectus. Nonetheless, our Board is of the view that such interests do not give rise to a conflict of interest situation on the premise that our Group is principally involved in the processing and trading of frozen seafood products, whilst:-

- (i) such suppliers do not involve in the processing of frozen seafood products and only supply fresh seafood supplies to OFS Products, namely:
 - (a) Chia Jok Lian, Perikanan LYH Sdn Bhd, Medi Pelangi Sdn Bhd, YLSK Fishery and Majestic Fishery Sdn Bhd, are the owners of fish vessels, which involved in deep sea fishing; and
 - (b) Ying Lee Fishery and Yin Lee Fishery are the wholesalers of seafood; and
- (ii) such customers, namely Blue Ocean Fresh Seafood and Ying Lee Fishery, are the wholesaler of seafood, do not involve in the processing of frozen seafood products.

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.3.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. The Audit and Risk Management Committee reviews the procedures set by our Company to monitor related party transactions and conflict of interest situations to ensure that the transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length and are not to the detriment to the interest of our minority shareholders. The related parties and parties who are in a position of conflict with the interest of our Group will be abstained from deliberations on the transactions.

All reviews by the Audit and Risk Management Committee are reported to our Board for its further action.

10.3.2 Our Group's policy on related party transactions and conflicts of interest

It is the policy of our Group that all related party transactions and conflict of interest situations must be immediately and fully disclose by our interested or conflicted Directors or major shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions shall be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Group, at arm's length basis and are based on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment to the interest of our minority shareholders.

In addition, in line with the Listing Requirements, MCCG and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflict of interest with our Group as well as our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

10.4 DECLARATION BY THE ADVISERS

- (i) KAF IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our Listing.
- (ii) Crowe has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our Listing.
- (iii) Foong & Partners has confirmed that there is no existing or potential conflict of interest in its capacity as the due diligence solicitors in respect of our Listing.
- (iv) Providence has confirmed that there is no existing or potential conflict of interest in its capacity as the IMR in respect of our Listing.

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11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout the Financial Years Under Review has been prepared in accordance with MFRS and without any audit clarification. Our historical financial information presented in this section should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 11.3 of this Prospectus and the Accountants' Report included in Section 12 of this Prospectus.

11.1.1 Combined Statements of Profit or Loss and Other Comprehensive Income

The summary of our combined statements of profit or loss and other comprehensive income for the Financial Years Under Review is as follows:-

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Continuing Operations				
Revenue	94,055	158,469	156,330	159,454
Cost of sales	(84,838)	(142,124)	(138,057)	(138,367)
GP	9,217	16,345	18,273	21,087
Other income	605	742	1,147	1,250
	9,822	17,087	19,420	22,337
Administrative expenses	(1,854)	(2,088)	(2,140)	(4,618)
Selling and distribution expenses	(5,081)	(9,628)	(8,636)	(6,866)
Other expenses	(238)	(683)	(1,597)	(2,377)
Finance costs	(88)	(162)	(89)	(199)
Net (impairment loss) / reversal of impairment loss on financial asset	(122)	(164)	8	(1,283)
PBT from continuing operations	2,439	4,362	6,966	6,994
Income tax expense	(30)	(337)	(1,377)	(36)
PAT from continuing operations	2,409	4,025	5,589	6,958
Discontinued Operations				
Loss after taxation from discontinued operations ⁽¹⁾	(6)	(5)	(8)	(9)
PAT	2,403	4,020	5,581	6,949
PAT attributable to:-				
<u>Owners of the Company</u>				
- continuing operations	2,486	4,052	5,601	6,950
- discontinued operations	(6)	(5)	(8)	(9)
<u>Non-controlling interest</u>				
- continuing operations	(77)	(27)	(12)	8
- discontinued operations	-	-	-	-
	2,403	4,020	5,581	6,949
EBITDA ⁽²⁾	2,978	5,041	7,681	7,935
GP margin (%) ⁽³⁾	9.80	10.31	11.69	13.22
PBT margin (%) ⁽⁴⁾	2.59	2.75	4.46	4.39
PAT margin (%) ⁽⁵⁾	2.64	2.56	3.58	4.36
Basic EPS (sen) ⁽⁶⁾	1.55	2.53	3.50	4.34
Diluted EPS (sen) ⁽⁷⁾	1.18	1.93	2.67	3.31
Effective tax rate (%) ⁽⁸⁾	1.23	7.73	19.77	0.51

11. FINANCIAL INFORMATION (CONT'D)**Notes:-**

- (1) The loss after taxation from discontinued operations recorded for the Financial Years Under Review was primarily attributed to the administrative expenses incurred by OFS Processing (which was previously a wholly-owned subsidiary of OFS Products and had been disposed of by OFS Product to a non-related party on 16 October 2023), such as licence and permit fees, professional fees, tax-related costs and office expenses.
- (2) The table below sets forth a reconciliation of our PBT from continuing operations to EBITDA:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
PBT from continuing operations	2,439	4,362	6,966	6,994
Adjusted for:-				
- Finance cost	88	162	89	199
- Depreciation and amortisation	457	521	631	747
- Interest income	(6)	(4)	(5)	(5)
EBITDA	2,978	5,041	7,681	7,935

- (3) Computed based on GP from continuing operations of our Group divided by revenue from continuing operations of our Group.
- (4) Computed based on PBT from continuing operations of our Group divided by revenue from continuing operations of our Group.
- (5) Computed based on PAT attributable to the owners of the Company from continuing operations of our Group divided by revenue from continuing operations of our Group.
- (6) Computed based on PAT attributable to the owners of the Company from continuing operations of our Group divided by the issued share capital of 160,096,000 Shares after the Acquisitions but before our IPO.
- (7) Computed based on PAT attributable to the owners of the Company from continuing operations of our Group divided by the enlarged issued share capital of 210,146,000 Shares after our IPO.
- (8) Effective tax rate is calculated based on income tax expense divided by PBT from continuing operations of our Group.

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11. FINANCIAL INFORMATION (CONT'D)**11.1.2 Combined Statements of Financial Position**

Our combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are as follows:-

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	7,163	8,930	9,683	9,928
Right-of-use asset	-	25	14	82
Goodwill	-	-	50	50
	7,163	8,955	9,747	10,060
Current Assets				
Inventories	13,877	16,723	10,269	28,063
Trade receivables	17,475	17,342	18,431	11,194
Other receivables, deposits and prepayments	5,086	2,930	8,718	6,777
Current tax assets	24	16	18	289
Fixed deposits with licensed bank	280	284	288	-
Cash and bank balances	4,539	7,396	6,280	6,673
	41,281	44,691	44,004	52,996
TOTAL ASSETS	48,444	53,646	53,751	63,056
EQUITY AND LIABILITIES				
Share capital	-	-	-	(1)-
Invested share capital	4,534	5,784	8,137	8,137
Reorganisation reserve	3,816	3,816	3,816	3,816
Retained profits	17,057	20,877	26,470	33,411
Net assets	25,407	30,477	38,423	45,364
Non-controlling interests	56	29	18	-
TOTAL EQUITY	25,463	30,506	38,441	45,364
LIABILITIES				
Non-Current Liabilities				
Hire purchase liabilities	46	650	816	419
Lease liabilities	-	15	3	-
Term loan	-	411	302	-
	46	1,076	1,121	419
Current Liabilities				
Trade payables	13,960	16,940	8,488	6,392
Other payables and accruals	4,724	1,355	4,193	5,855
Amount owing to related companies	578	394	-	-
Amount owing to a related party	32	-	6	-
Amount owing to directors	40	76	84	-
Hire purchase liabilities	95	221	225	333
Lease liabilities	-	11	12	83
Term loan	-	106	109	-
Bankers' acceptances	3,506	2,930	507	3,121
Bank overdraft	-	-	-	1,485
Current tax liabilities	-	31	565	4
	22,935	22,064	14,189	17,273
TOTAL LIABILITIES	22,981	23,140	15,310	17,692
TOTAL EQUITY AND LIABILITIES	48,444	53,646	53,751	63,056

Note:-

(1) Negligible.

11. FINANCIAL INFORMATION (CONT'D)**11.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness as at 30 April 2024 after taking into consideration the effects of the Acquisitions, our IPO and utilisation of proceeds from our Public Issue:-

	Unaudited as at 30 April 2024 RM'000	(I)	(II)	(III)
		After the Acquisitions RM'000	After (I) and the Public Issue RM'000	After (II) and utilisation of proceeds RM'000
Indebtedness:				
CURRENT				
<i>Secured and guaranteed</i>				
Borrowings:-				
Hire purchase liabilities	341	341	341	341
Banker's acceptances	1,316	1,316	1,316	1,316
Bank overdraft	333	333	333	333
<i>Unsecured and unguaranteed</i>				
Lease liabilities	40	40	40	40
	2,030	2,030	2,030	2,030
NON-CURRENT				
<i>Secured and guaranteed</i>				
Borrowings:-				
Hire purchase liabilities	302	302	302	302
	302	302	302	302
Total indebtedness	2,332	2,332	2,332	2,332
Capitalisation:-				
Share capital	#	38,423	52,437	51,337
Invested share capital	8,137	-	-	-
Reorganisation reserves	3,816	(26,470)	(26,470)	(26,470)
Retained profits	37,218	37,218	37,218	35,278
Equity attributable to the owners of the Company	49,171	49,171	63,185	60,145
Total capitalisation and indebtedness	51,503	51,503	65,517	62,477
Gearing ratio (times) ⁽¹⁾	0.05	0.05	0.04	0.04

Note:-

(1) Computed based on total indebtedness over our equity attributable to the owners of the Company.

Negligible.

11. FINANCIAL INFORMATION (CONT'D)**11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis on our Group's financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the accompanying notes, assumptions and bases set out in the Accountants' Report as set out in Section 12 of this Prospectus. There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. Please refer to Note 3 of the Accountants' Report set out in Section 12 of this Prospectus for further details on the accounting policies of our Group.

The discussion and analysis contain data derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

11.3.1 Review of Our Operations

Our Group is principally involved in the processing and trading of frozen seafood products. In addition, we are also involved in the provision of frozen seafood processing services.

Please refer to Section 7 of this Prospectus for further information about our business activities and products.

11.3.1.1 Revenue

The revenue recognition for our business activities/services are as follows:-

- (i) Processing and trading of frozen seafood products

Revenue from processing and trading of frozen seafood products is recognised when the goods have been delivered to the customer and upon its acceptance.

- (ii) Provision of frozen seafood processing services

Revenue from provision of frozen seafood processing services is recognised at a point in time when the services have been rendered to the customers, which coincides with the delivery of the seafood processed to and acceptance by customers.

The revenue segmentation of our Group for the Financial Years Under Review are set out below:-

(a) Revenue by business activities

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Processing and trading of frozen seafood products								
- Molluscs ⁽¹⁾	38,120	40.53	78,507	49.54	111,262	71.18	102,591	64.33
- Fishes ⁽²⁾	49,162	52.27	72,505	45.75	32,317	20.67	33,096	20.76
- Others ⁽³⁾	5,172	5.50	3,891	2.46	8,697	5.56	19,962	12.52
	92,454	98.30	154,903	97.75	152,276	97.41	155,649	97.61
Provision of frozen seafood processing services	1,601	1.70	3,566	2.25	4,054	2.59	3,805	2.39
Total	94,055	100.00	158,469	100.00	156,330	100.00	159,454	100.00

11. FINANCIAL INFORMATION (CONT'D)**Notes:-**

- (1) Mainly comprised cuttlefish, squid, octopus and ark shell meat.
- (2) Mainly comprised tuna, bonito, leatherjacket, mackerel, ribbonfish, pomfret and other types of fishes.
- (3) Mainly comprised sea cucumber, prawn and abalone.

Our revenue during the Financial Years Under Review was mainly derived from the processing and trading of frozen seafood products segment, which accounted for more than 97.0% of our total revenue. Leveraging on our core business segment, we are able to generate additional revenue stream by providing frozen seafood processing services on an ad-hoc basis, from time to time upon the request of our customers.

(b) Revenue by geographical locations

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	10,023	10.66	21,155	13.35	28,512	18.24	27,447	17.21
Overseas								
Turkey	2,512	2.67	35,192	22.21	64,468	41.24	39,586	24.83
China	32,366	34.41	35,691	22.52	29,952	19.16	53,400	33.49
Thailand	27,310	29.04	50,439	31.83	12,134	7.76	5,675	3.56
Vietnam	5,546	5.90	2,018	1.27	5,378	3.44	10,347	6.49
Japan	5,150	5.48	4,915	3.10	5,566	3.56	5,563	3.49
Others ⁽¹⁾	11,148	11.84	9,059	5.72	10,320	6.60	17,436	10.93
	84,032	89.34	137,314	86.65	127,818	81.76	132,007	82.79
Total	94,055	100.00	158,469	100.00	156,330	100.00	159,454	100.00

Note:-

- (1) Including Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark. For clarity, none of these countries has individually contributed more than 5.0% to our Group's revenue during the Financial Years Under Review.

Commentaries:-Comparison between FYE 2020 and FYE 2021

Our revenue increased by 68.48% or RM64.41 million to RM158.47 million (FYE 2020: RM94.06 million), due mainly to the following:-

- (aa) higher export sales by 63.41% or RM53.28 million to RM137.31 million (FYE 2020: RM84.03 million), as a result of:-
 - higher export sales to Turkey by over 13 times or RM32.68 million to RM35.19 million (FYE 2020: RM2.51 million) due to higher demand for frozen molluscs from an existing major customer in Turkey coupled with orders secured from three (3) new customers in Turkey, one (1) of which had emerged as our major customer in FYE 2021;
 - higher export sales to Thailand by 84.69% or RM23.13 million to RM50.44 million (FYE 2020: RM27.31 million) due to the higher demand for frozen fishes from an existing major customer in Thailand; and

11. FINANCIAL INFORMATION (CONT'D)

- (bb) the local sales surged by 111.18% or RM11.14 million to RM21.16 million (FYE 2020: RM10.02 million) attributed to higher demand for frozen fishes and molluscs in the domestic market.

Comparison between FYE 2021 and FYE 2022

Our revenue decreased by 1.35% or RM2.14 million to RM156.33 million (FYE 2021: RM158.47 million), due mainly to the net effect of the following:-

- (aa) lower export sales by 6.91% or RM9.49 million to RM127.82 million (FYE 2021: RM137.31 million), where:-
- our export sales to Thailand had decreased by 75.95% or RM38.31 million to RM12.13 million (FYE 2021: RM50.44 million) as a result of lower supply of fresh fishes in the market and thus affecting our sales to the major customer in Thailand;

but had been partly supplemented by:-

- the higher export sales to Turkey by 83.21% or RM29.28 million to RM64.47 million (FYE 2021: RM35.19 million) mainly due to the higher orders placed by our two (2) major customers in Turkey as well as orders secured from four (4) new customers in Turkey; and
 - the higher export sales to Vietnam by 166.34% or RM3.36 million to RM5.38 million (FYE 2021: RM2.02 million). In light of the prolonged closure of the China's borders and increasingly stringent regulations on food imports due to the ongoing impact of COVID-19, our Group had been proactively seeking new market opportunities and secured four (4) new customers in Vietnam. Coupled with the above, the improvement of our export sales to Vietnam also driven by the higher orders placed by our existing customer in Vietnam.
- (bb) higher local sales by 34.74% or RM7.35 million to RM28.51 million (FYE 2021: RM21.16 million). The increase was particularly notable in the frozen fishes and molluscs. The lower supply of fresh wild-caught due to weather and seasonal factors contributed to the surge in local demand for frozen fishes. Our local sales also further strengthened by our consistent supply of high quality of frozen molluscs which has allowed us to establish a local customer base.

Comparison between FYE 2022 and FYE 2023

Our revenue increased marginally by 2.00% or RM3.12 million to RM159.45 million (FYE 2022: RM156.33 million), due mainly to the net effect of the following:-

- (aa) higher export sales by 3.28% or RM4.19 million to RM132.01 million (FYE 2022: RM127.82 million), as a result of:-
- higher export sales to China by 78.30% or RM23.45 million to RM53.40 million (FYE 2022: RM29.95 million) due mainly to the higher orders placed by our major customer in China as well as orders secured from nineteen (19) new customers in China, one (1) of which had emerged as our major customer in FYE 2023;
 - higher export sales to Vietnam by 92.38% or RM4.97 million to RM10.35 million (FYE 2022: RM5.38 million) due mainly to the higher selling prices for higher quality frozen molluscs that we supplied as well as higher orders of frozen fishes (other than mackerel) by our customers in Vietnam for their domestic market demand; and

11. FINANCIAL INFORMATION (CONT'D)

- higher export sales to the other regions by 68.99% or RM7.12 million to RM17.44 million (FYE 2022: RM10.32 million) due mainly to:-
 - our export sales to US rose by 86.13% to RM5.77 million (FYE 2022: RM3.10 million) due to higher orders of frozen molluscs by our customers for their domestic market demand; and
 - our export sales to the Philippines tripled to RM6.69 million (FYE 2022: RM1.59 million) due to higher orders of frozen fishes (other than mackerel) from our customers for their domestic market demand,

but had been partly set-off by:-

- the lower export sales to Turkey by 38.59% or RM24.88 million to RM39.59 million (FYE 2022: RM64.47 million) mainly due to the lower orders of frozen molluscs placed by one of our major customers as it has lower demand for frozen molluscs during the year; and
 - the lower export sales to Thailand by 53.17% or RM6.45 million to RM5.68 million (FYE 2022: RM12.13 million) mainly due to lower supply of fresh fishes, particularly mackerel, in the market and thus resulting in a customer in Thailand ceased to be our major customer for FYE 2023.
- (bb) lower local sales by 3.72% or RM1.06 million to RM27.45 million (FYE 2022: RM28.51 million) attributed to the relatively lower demand for our frozen fishes in the domestic market.

11.3.1.2 Cost of Sales

The breakdown of our Group's cost of sales by cost components is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials ⁽¹⁾	78,427	92.44	133,204	93.72	128,871	93.35	128,190	92.65
Direct labour ⁽²⁾	2,439	2.88	2,806	1.98	3,132	2.26	3,517	2.54
Overhead ⁽³⁾	3,972	4.68	6,114	4.30	6,054	4.39	6,660	4.81
Total	84,838	100.00	142,124	100.00	138,057	100.00	138,367	100.00

Notes:-

- (1) Comprised mainly fresh and frozen seafood supplies procured from local and overseas suppliers. Raw materials were the largest component of our cost of sales, representing between 92.44% and 93.72% of our total cost of sales for the Financial Years Under Review.
- (2) Comprised salaries, wages and other emoluments for our production workers. Our direct labour costs represent between 1.98% and 2.88% of our total cost of sales for the Financial Years Under Review. The change in our direct labour costs was in tandem with the change in our production team headcount.
- (3) Comprised amongst others, utilities, packaging cost, inward transportation cost, processing cost, rental of cold room, sourcing agent fees and other overhead costs. Our overhead costs represent between 4.30% and 4.81% of our total cost of sales for the Financial Years Under Review.

We do not breakdown our cost of sales by business activities as our business operations are predominantly centred on the processing and trading of frozen seafood products, with less than 5.00% from the provision of frozen seafood processing services.

11. FINANCIAL INFORMATION (CONT'D)**Commentaries:-**Comparison between FYE 2020 and FYE 2021

Our cost of sales increased by 67.52% or RM57.28 million to RM142.12 million (FYE 2020: RM84.84 million), mainly attributable to the following:-

- (a) increase in raw materials costs by 69.83% or RM54.77 million to RM133.20 million (FYE 2020: RM78.43 million) in tandem with the 68.48% higher revenue recorded during the financial year; and
- (b) increase in overhead costs by 53.90% or RM2.14 million to RM6.11 million (FYE 2020: RM3.97 million) as a result of higher processing costs and sourcing agent fees in tandem with the 68.48% higher revenue recorded during the financial year.

Comparison between FYE 2021 and FYE 2022

Our cost of sales decreased marginally by 2.86% or RM4.06 million to RM138.06 million (FYE 2021: RM142.12 million) mainly attributable to the net effect of the following:-

- (a) decrease in the raw materials costs by 3.25% or RM4.33 million to RM128.87 million (FYE 2021: RM133.20 million) in tandem with the marginal decrease in revenue recorded during the financial year; and
- (b) increase in the direct labour costs by 11.39% or RM0.32 million to RM3.13 million (FYE 2021: RM2.81 million) due mainly to the recruitment of additional 16 production foreign workers.

Comparison between FYE 2022 and FYE 2023

Our cost of sales increased by 0.22% or RM0.31 million to RM138.37 million (FYE 2022: RM138.06 million) mainly attributable to the net effect of the following:-

- (a) decrease in the raw materials costs by 0.53% or RM0.68 million to RM128.19 million (FYE 2022: RM128.87 million) due mainly to the lower sales of molluscs by 7.79%, which carries a relatively higher cost as compared to our other products, and thus leading to a lower cost of molluscs accounted for in the total cost of sales;
- (b) increase in the direct labour costs by 12.46% or RM0.39 million to RM3.52 million (FYE 2022: RM3.13 million) due mainly to the recruitment of additional 18 production foreign workers; and
- (c) increase in the overhead costs by 10.08% or RM0.61 million to RM6.66 million (FYE 2022: RM6.05 million) mainly driven by higher utility costs which resulted from electricity tariff adjustment during the year.

11.3.1.3 GP and GP Margin

Our Group's overall GP and GP margin is as follows:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
GP (RM'000)	9,217	16,345	18,273	21,087
GP margin (%)	9.80	10.31	11.69	13.22

11. FINANCIAL INFORMATION (CONT'D)**Commentaries:-**Comparison between FYE 2020 and FYE 2021

For FYE 2021, our GP increased by 77.33% or RM7.13 million to RM16.35 million (FYE 2020: RM9.22 million) due to the following:-

- (a) in tandem with our higher revenue recorded during the financial year mainly contributed to our processing and trading of frozen seafood products business; and
- (b) higher GP margin of 10.31% (FYE 2020: 9.80%) due to the increase in our overall selling prices of our frozen seafood products in a greater proportion to the rise in raw material costs and overhead costs, particularly higher processing costs and sourcing agent fees.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our GP increased by 11.74% or RM1.92 million to RM18.27 million (FYE 2021: RM16.35 million) despite a marginally lower revenue. This improvement is primarily attributed to the:-

- (a) higher overall selling prices of our frozen seafood products; and
- (b) our effort in stabilising the raw material costs as evident in the lower raw material costs vis-à-vis revenue of 82.44% (FYE 2021: 84.06%). As a consequence, this has also led to an improvement in our GP margin from 10.31% for the FYE 2021 to 11.69% for the FYE 2022.

Comparison between FYE 2022 and FYE 2023

For FYE 2023, our GP increased by 15.44% or RM2.82 million to RM21.09 million (FYE 2022: RM18.27 million) due to the following:-

- (a) in tandem with our higher revenue by RM3.12 million recorded during the financial year mainly contributed to our processing and trading of frozen seafood products business; and
- (b) higher GP margin of 13.22% (FYE 2022: 11.69%) due to the increase in the overall selling prices of our frozen seafood products vis-a-vis the associated cost of sales. Our revenue grew by 2.00%, outpacing the 0.22% increase in the expenses incurred to produce our frozen seafood products, leading to an improved GP margin.

11.3.1.4 Other Income

The detailed breakdown of our other income for the Financial Years Under Review is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on foreign exchange								
- realised	596	98.51	616	83.02	859	74.89	960	76.80
- unrealised	-	-	10	1.35	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	5	0.67	56	4.88	21	1.68
Interest income	6	0.99	4	0.54	5	0.44	5	0.40
Miscellaneous ⁽¹⁾	3	0.50	107	14.42	227	19.79	264	21.12
Total	605	100.00	742	100.00	1,147	100.00	1,250	100.00

11. FINANCIAL INFORMATION (CONT'D)**Note:-**

- (1) Mainly comprised rental income, reversal of inventories previously written down, reversal of sales commission payable, bad debts recovered, gain on bargain purchase and reversal of impairment losses on advances to suppliers.

For clarity, we will make advances to our suppliers upon the suppliers' request in order for us to secure a consistent supply of raw materials for our frozen seafood products due to the seasonal availability of seafood supplies.

Commentaries:-Comparison between FYE 2020 and FYE 2021

For FYE 2021, our other income increased by 21.31% or RM0.13 million to RM0.74 million (FYE 2020: RM0.61 million), due mainly to higher overall gain on foreign exchange by 5.00% or RM0.03 million to RM0.63 million (FYE 2020: RM0.60 million) due to the preservation of USD for future purchases in the corresponding financial year and the rental income for cold room facilities of RM0.05 million.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our other income increased by 55.41% or RM0.41 million to RM1.15 million (FYE 2021: RM0.74 million), due mainly to higher overall gain on foreign exchange by 36.51% or RM0.23 million to RM0.86 million (FYE 2021: RM0.63 million) due to the overall strengthening of USD against RM during the year and the reversal of inventory previously written down of RM0.20 million through subsequent sales.

Comparison between FYE 2022 and FYE 2023

For FYE 2023, our other income increased by 8.70% or RM0.10 million to RM1.25 million (FYE 2022: RM1.15 million), due mainly to the increase in realised gain on foreign exchange by 11.63% or RM0.10 million to RM0.96 million (FYE 2022: RM0.86 million) as a result of the continued strengthening of USD against RM during FYE 2023.

11.3.1.5 Administrative Expenses

The detailed breakdown of our administrative expenses for the Financial Years Under Review is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs and remuneration	1,367	73.73	1,194	57.18	1,393	65.09	1,721	37.27
Travelling and accommodation expenses	91	4.91	134	6.42	158	7.38	274	5.93
Office expenses	76	4.10	105	5.03	122	5.70	267	5.78
Professional fees	32	1.73	64	3.07	85	3.97	1,705	36.92
Gift and entertainment	52	2.80	73	3.50	86	4.02	277	6.00
Bank charges	37	2.00	76	3.64	75	3.50	60	1.30
Insurance	66	3.56	66	3.16	69	3.22	76	1.65
Tax-related costs	16	0.86	85	4.07	66	3.09	121	2.62
Licence and permit fees	44	2.37	41	1.96	42	1.96	55	1.19
Telecommunication expenses	29	1.57	21	1.01	20	0.94	24	0.52
Security fees	30	1.62	180	8.62	-	-	-	-
Miscellaneous ⁽¹⁾	14	0.75	49	2.34	24	1.13	38	0.82
Total	1,854	100.00	2,088	100.00	2,140	100.00	4,618	100.00

11. FINANCIAL INFORMATION (CONT'D)**Note:-**

- (1) Comprised advertisement, penalties, subscription/membership fees, stamping fees, exhibition expenses and custom duty charges.

Commentaries:-Comparison between FYE 2020 and FYE 2021

For FYE 2021, our administrative expenses increased by 12.97% or RM0.24 million to RM2.09 million (FYE 2020: RM1.85 million), due mainly to the net effect of the following:-

- (a) increase in travelling and accommodation expenses by RM0.04 million to RM0.13 million (FYE 2020: RM0.09 million) due to the expenses incurred by our marketing personnel in exploring potential business opportunities in China while being stranded in China during the lockdown;
- (b) increase in payment for professional fees by RM0.03 million to RM0.06 million (FYE 2020: RM0.03 million) due to higher audit fees and the professional fees incidental to the capital repayment;
- (c) increase in payment for bank charges by RM0.04 million to RM0.08 million (FYE 2020: RM0.04 million) due to higher banking transactions in tandem with higher business activities during the financial year;
- (d) increase in tax-related costs by RM0.07 million to RM0.09 million (FYE 2020: RM0.02 million) due to the higher service tax resulting from the increase in purchasing of raw materials during the financial year; and
- (e) increase in security fees by RM0.15 million due to the additional charges by the security service provider for additional two (2) security guards,

which had been partially set-off by,

- (f) the decrease in the staff costs and remuneration by RM0.18 million to RM1.19 million (FYE 2020: RM1.37 million) following the retirement and passing of two (2) directors.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our administrative expenses increased by 2.39% or RM0.05 million to RM2.14 million (FYE 2021: RM2.09 million), due mainly to the net effect of following:-

- (a) increase in staff costs and remuneration by RM0.20 million to RM1.39 million (FYE 2021: RM1.19 million) due to salary increment during the financial year and the increase in national minimum wage of employees from RM1,200 to RM1,500 effective from 1 May 2022; and
- (b) increase in travelling and accommodation expenses by RM0.03 million to RM0.16 million (FYE 2021: RM0.13 million) pursuant to our participation in the Vietnam Fisheries International Exhibition 2022 in Ho-Chi-Minh, Vietnam,

which had been partially set-off by,

- (c) the decrease in security fees by RM0.18 million due to the discontinued engagement with the security service provider. For clarity, we have subsequently hired our own team of security guards.

11. FINANCIAL INFORMATION (CONT'D)Comparison between FYE 2022 and FYE 2023

For FYE 2023, our administrative expenses doubled by RM2.48 million to RM4.62 million (FYE 2022: RM2.14 million), due mainly to the following:-

- (a) increase in staff costs and remuneration by RM0.33 million to RM1.72 million (FYE 2022: RM1.39 million) due to the recruitment of our Accountant, Chong Der Woei and the salary to Teo Chee Han as director of OFS Products which only commenced in FYE 2023; and
- (b) increase in professional fees by RM1.62 million to RM1.71 million (FYE 2022: RM0.09 million) in relation to the professional fees incurred for the Listing undertaken by our Company.

11.3.1.6 Selling and distribution expenses

The detailed breakdown of our selling and distribution expenses for the Financial Years Under Review is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Forwarding and handling charges	4,776	94.00	8,993	93.41	8,224	95.23	6,496	94.61
Outward transportation charges	107	2.11	187	1.94	377	4.37	190	2.77
Certificate fees	31	0.60	50	0.52	34	0.39	44	0.64
Sales commission	167	3.29	398	4.13	1	0.01	136	1.98
Total	5,081	100.00	9,628	100.00	8,636	100.00	6,866	100.00

Commentaries:-Comparison between FYE 2020 and FYE 2021

For FYE 2021, our selling and distribution expenses increased by 89.57% or RM4.55 million to RM9.63 million (FYE 2020: RM5.08 million), due mainly to increase in forwarding and handling charges in tandem with the higher export sales during the financial year.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our selling and distribution expenses decreased by 10.28% or RM0.99 million to RM8.64 million (FYE 2021: RM9.63 million), which was mainly due to decrease in forwarding and handling charges as a result of lower export sales for FYE 2022 and lower sales commission paid to external sales agent due to reduced export sales to our major customer in Thailand.

Comparison between FYE 2022 and FYE 2023

For FYE 2023, our selling and distribution expenses decreased by 20.49% or RM1.77 million to RM6.87 million (FYE 2022: RM8.64 million) due to lower forwarding and handling charges despite of the increased in our export sales recorded in FYE 2023 due to the lower global logistic costs in the post-pandemic period. The global recovery from the pandemic facilitated more efficient and cost-effective logistics solutions, thereby contributing to the overall reduction in forwarding and handling charges.

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11. FINANCIAL INFORMATION (CONT'D)**11.3.1.7 Other expenses**

The detailed breakdown of our other expenses for the Financial Years Under Review is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Depreciation	34	14.28	53	7.76	60	3.76	116	4.88
Bad debts written off	-	-	348	50.95	851	53.29	1,808	76.06
Inventories written off	159	66.81	307	44.95	635	39.76	177	7.45
Inventories written down	-	-	-	-	-	-	244	10.27
Miscellaneous ⁽¹⁾	45	18.91	(25)	(3.66)	51	3.19	32	1.34
Total	238	100.00	683	100.00	1,597	100.00	2,377	100.00

Note:-

- (1) Comprised net (reversal)/impairment loss on advances to suppliers, loss on disposal of property, plant and equipment, realised and unrealised loss on foreign exchange, property, plant and equipment written off as well as deposit written off.

Commentaries:-Comparison between FYE 2020 and FYE 2021

For FYE 2021, our other expenses increased by 183.33% or RM0.44 million to RM0.68 million (FYE 2020: RM0.24 million) mainly due to the following:-

- (a) bad debts written off of RM0.35 million; and
 (b) increase in written off of obsolete inventories by RM0.15 million.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our other expenses increased by 135.29% or RM0.92 million to RM1.60 million (FYE 2021: RM0.68 million) mainly due to the following:-

- (a) increase in bad debts written off by RM0.50 million; and
 (b) increase in written off of obsolete inventories by RM0.33 million.

Comparison between FYE 2022 and FYE 2023

For FYE 2023, our other expenses increased by 48.75% or RM0.78 million to RM2.38 million (FYE 2022: RM1.60 million) mainly due to the net effect of the following:-

- (a) increase in bad debts written off by RM0.96 million during the financial year due to the long outstanding debts owing by three (3) customers that had no reasonable expectation of recovery;
 (b) increase in written down of slow-moving inventories by RM0.24 million; and
 (c) decrease in written off of obsolete inventories by RM0.46 million.

11. FINANCIAL INFORMATION (CONT'D)**11.3.1.8 Finance Cost**

The detailed breakdown of our finance cost for the Financial Years Under Review is as follows:-

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bankers' acceptances	46	52.27	71	43.83	11	12.36	78	39.20
Hire purchase liabilities	13	14.78	61	37.65	54	60.67	60	30.15
Term loan	-	-	18	11.11	16	17.98	9	4.52
Overdraft	-	-	-	-	-	-	42	21.11
Letter of credit	29	32.95	11	6.79	7	7.87	9	4.52
Lease liabilities	-	-	1	0.62	1	1.12	1	0.50
Total	88	100.00	162	100.00	89	100.00	199	100.00

Note:- * Negligible

Commentaries:-Comparison between FYE 2020 and FYE 2021

For FYE 2021, our finance cost increased by 77.78% or RM0.07 million to RM0.16 million (FYE 2020: RM0.09 million), which was mainly due to the increase in interest expenses on hire purchase liabilities as a result of the purchase of solar asset, forklift and semi-contact blast freezer during FYE 2021.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our finance cost decreased by 43.75% or RM0.07 million to RM0.09 million (FYE 2021: RM0.16 million), which was mainly due to the decrease in charges on bankers' acceptances as a result of lower utilisation of the facility following lower purchase of raw materials in FYE 2022.

Comparison between FYE 2022 and FYE 2023

For FYE 2023, our finance cost doubled to RM0.20 million (FYE 2022: RM0.09 million), which was mainly due to the increase in interest expense on bankers' acceptances and overdraft as a result of higher utilisation of the facilities resulted from the higher cash-term purchases in FYE 2023.

11.3.1.9 Net (impairment loss) / reversal of impairment loss on financial assets

The breakdown of our net (impairment loss) / reversal of impairment loss on financial assets for the Financial Years Under Review is as follows:-

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Allowance for impairment loss on trade receivables	(122)	(139)	(118)	(1,311)
Impairment loss on other receivables	-	(25)	-	-
Reversal of impairment loss on trade receivables	*	-	126	28
Total	(122)	(164)	8	(1,283)

Note:- * Negligible

11. FINANCIAL INFORMATION (CONT'D)**Commentaries:-**Comparison between FYE 2020 and FYE 2021

For FYE 2021, we recorded net impairment loss on financial assets of RM0.16 million (FYE 2020: RM0.12 million) mainly due to higher general allowance made for expected credit loss in accordance with MFRS 9 after taking into consideration the expected loss rates.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, we recorded net reversal of impairment loss on financial assets of RM0.01 million (FYE 2021: net impairment loss on financial assets of RM0.16 million) mainly due to the recovery of trade receivables previously impaired in accordance with MFRS 9.

Comparison between FYE 2022 and FYE 2023

For FYE 2023, we recorded net impairment loss on financial assets of RM1.28 million (FYE 2022: net reversal of impairment loss on financial assets of RM0.01 million) mainly due to higher allowance made for expected credit loss in accordance with MFRS 9 during FYE 2023 after taking into consideration the increase in risk of collection associated with the trade receivables with more than 120 days past due. For avoidance of doubt, as at the LPD, we have collected 80.19% of our total net trade receivables outstanding as at 31 December 2023.

11.3.1.10 Income tax expenses

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Income tax expenses	30	337	1,377	36
Effective tax rate (%)	1.23	7.73	19.77	0.51
Statutory tax rate (%)	24.00	24.00	24.00	24.00

For the Financial Years Under Review, we do not have any outstanding or provision for withholding tax.

Subject to the requirements sets out in the Income Tax (Exemption) (No.5) Order, PU(A) 161/2019 (“**Order**”), we will be eligible for income tax exemption of up to 70% of the statutory income for that year of assessment if we recorded at least 50% increase in our export sales, in the basis period for a year of assessment (“**Export Sales Tax Exemption**”). For clarity, the unutilised Export Sales Tax Exemption in the year of assessment can be brought forward to the next year of assessment subject to the requirements sets out in the Order.

Commentaries:-FYE 2020

For FYE 2020, our income tax expenses stood at RM0.03 million. Our effective tax rate of 1.23% was lower than the statutory tax rate of 24% due mainly to the overprovision of income tax expenses in the previous financial year and the Export Sales Tax Exemption during the financial year.

FYE 2021

For FYE 2021, our income tax expenses stood at RM0.34 million. Our effective tax rate of 7.73% was lower than the statutory tax rate of 24% due mainly to the Export Sales Tax Exemption during the financial year.

FYE 2022

For FYE 2022, our income tax expenses stood at RM1.38 million. Our effective tax rate of 19.77% was lower than the statutory tax rate of 24% due mainly to the tax allowance for the purchase of solar asset.

11. FINANCIAL INFORMATION (CONT'D)

Our effective tax rate in FYE 2022 increased by 12.04% due to the absence of the Export Sales Tax Exemption.

FYE 2023

For FYE 2023, our income tax expenses stood at RM0.04 million. Our effective tax rate of 0.51% was lower than the statutory tax rate of 24% due mainly to the Export Sales Tax Exemption and the overprovision of tax expenses in the previous financial year. The overprovision occurred because the actual tax paid for FYE 2022 was lower than the tax provision made in FYE 2022. This reduction in the actual tax paid was due to the inclusion of the balance of Export Sales Tax Exemption claimed which was brought forward from prior financial years.

11.3.1.11 PBT and PAT from continuing operations

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
From continuing operations				
PBT	2,439	4,362	6,966	6,994
PBT Margin (%)	2.59	2.75	4.46	4.39
PAT attributable to owners of the Company	2,486	4,052	5,601	6,950
PAT Margin (%)	2.64	2.56	3.58	4.36

Commentaries:-Comparison between FYE 2020 and FYE 2021

Our PBT from continuing operations increased by 78.69% or RM1.92 million to RM4.36 million (FYE 2020: RM2.44 million) due mainly to the higher GP by RM7.13 million as disclosed in Section 11.3.1.3 above, which had been partially set-off by the corresponding higher expenses as follows:-

- (a) higher administrative expenses by RM0.24 million as disclosed in Section 11.3.1.5 above;
- (b) higher selling and distribution expenses by RM4.55 million as disclosed in Section 11.3.1.6 above;
- (c) higher other expenses by RM0.44 million as disclosed in Section 11.3.1.7 above; and
- (d) higher finance costs by RM0.07 million as disclosed in Section 11.3.1.8 above.

In line with the increase in our revenue, our PBT margin increased slightly to 2.75% (FYE 2020: 2.59%).

In tandem, our Group recorded a higher PAT attributable to owners of the Company from continuing operations by 62.65% or RM1.56 million to RM4.05 million (FYE 2021: RM2.49 million). Nonetheless, our PAT margin had decreased to 2.56% (FYE 2020: 2.64%) due to the higher income tax expenses for FYE 2021 as compared with FYE 2020.

Comparison between FYE 2021 and FYE 2022

Despite a lower revenue recorded during the year, our PBT from continuing operations increased by 59.86% or RM2.61 million to RM6.97 million (FYE 2021: RM4.36 million) due mainly to the following:-

- (a) higher GP by RM1.92 million as disclosed in Section 11.3.1.3 above;
- (b) higher other income by RM0.41 million as disclosed in Section 11.3.1.4 above;

11. FINANCIAL INFORMATION (CONT'D)

- (c) lower selling and distribution expenses by RM0.99 million as disclosed in Section 11.3.1.6 above; and
- (d) net reversal of impairment loss on financial assets of RM0.01 million as disclosed in Section 11.3.1.9 above,

which had been partially set-off by the higher other expenses by RM0.92 million as disclosed in Section 11.3.1.7 above. As a result of our lower revenue during the financial year vis-à-vis an improved PBT, our PBT margin increased to 4.46% (FYE 2021: 2.75%).

In tandem, our Group recorded a higher PAT attributable to owners of the Company from continuing operations by 38.27% or RM1.55 million to RM5.60 million (FYE 2021: RM4.05 million). Similarly, our PAT margin had also improved to 3.58% for the FYE 2022 (FYE 2021: 2.56%).

Comparison between FYE 2022 and FYE 2023

Our PBT from continuing operations increased slightly by 0.29% or RM0.02 million to RM6.99 million (FYE 2022: RM6.97 million) due mainly to the higher GP by RM2.82 million as disclosed in Section 11.3.1.3 above and lower selling and distribution expenses by RM1.77 million as disclosed in Section 11.3.1.6 above, which had been partially set-off by the corresponding higher expenses as follows:-

- (a) higher administrative expenses by RM2.48 million as disclosed in Section 11.3.1.5 above;
- (b) higher other expenses by RM0.78 million as disclosed in Section 11.3.1.7 above; and
- (c) the net impairment loss on financial assets of RM1.28 million as disclosed in Section 11.3.1.9 above.

As a result of higher total expenses during the financial year vis-à-vis an improved PBT, our PBT margin decreased slightly to 4.39% (FYE 2022: 4.46%).

Notwithstanding the above, our Group recorded a higher PAT attributable to owners of the Company from continuing operations by 24.11% or RM1.35 million to RM6.95 million (FYE 2022: RM5.60 million) due mainly the lower income tax expenses for FYE 2023 as compared with FYE 2022. Similarly, our PAT margin had also improved to 4.36% for the FYE 2023 (FYE 2022: 3.58%).

11.3.2 Significant Factors Affecting Our Financial Condition and Results of Operations

Our financial condition and results of operations have been, and are expected to be affected by, amongst others, the following factors:-

(i) Impact of foreign exchange

Some of our overseas revenue and/or purchases are denominated in USD and RMB. In this regard, we are exposed to the risk of foreign currency exchange risk arising from the fluctuations in the exchange rate of USD and RMB against RM. Such impact on our Group's revenue and purchases during the Financial Years Under Review are summarised as follows:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Total revenue in USD	60,114	89,502	112,720	124,230
% of total revenue	63.91	56.48	72.10	77.91
Total revenue in RMB	4,774	5,915	5,461	7,777
% of total revenue	5.08	3.73	3.49	4.88
Total purchases in USD	16,741	42,294	75,232	74,684
% of total purchases	21.14	31.00	61.08	50.94

11. FINANCIAL INFORMATION (CONT'D)

The impacts of foreign currency exchange on our earnings during the Financial Years Under Review are summarised as follows:-

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net unrealised (loss)/gain on foreign exchange	-	10	(5)	-
Net realised gain on foreign exchange	596	616	812	954
Total	596	626	807	954

We maintain foreign currency accounts, namely USD and RMB for payments of our foreign sales and purchases. We also entered foreign currency forward contracts to hedge our exposure to the USD exchange fluctuations. In this regard, our Group's exposure to foreign currency risk is mainly on the revenue denominated in RMB.

While we practice hedging using foreign exchange forward contracts and maintaining foreign currency bank accounts, there can be no assurance that we will be able to completely eliminate our exposure to adverse foreign currency fluctuations in the future. Any material adverse movement in foreign currency exchange rates may have a material adverse impact on our Group's revenue and financial performance.

We will monitor closely the movement of the foreign exchange to manage our foreign exchange risks.

(ii) Disruptions in business operations due to COVID-19 pandemic

Despite the MCOs, our processing and trading activities were allowed to continue as our business was recognised as an essential service. We received MITI's approval on 21 March 2020 indicating that we were allowed to operate our processing activities during the MCO. In accordance with the SOPs set out by the Malaysian Government at the time, we were also allowed to operate our Processing Facility at lower capacity and/or shorter operating hours throughout different phases of the MCOs. Thus, this has reduced the impact of the COVID-19 on our Group's financial performance during FYE 2020 and FYE 2021.

However, we experienced longer delivery time for imported seafood supplies as well as for our frozen seafood products exported to our international customers mainly as a result of shortage of shipping containers and implementation of additional SOPs at the ports. This has resulted in an increase in shipping costs which we were generally able to pass on to our customers.

Subsequently, a national lockdown policy was implemented from 1 June 2021 to 14 June 2021 throughout Malaysia and Phase 1 of the National Recovery Plan was implemented on 15 June 2021. Throughout this period, most economic sectors were not allowed to operate with the exception of essential economic and service sectors. However, our Group is able to operate as usual subject to SOPs imposed by the Malaysian Government as we are operating in one of the essential service sectors. All the states in Malaysia entered into Phase 4 of the National Recovery Plan by 3 January 2022, where public and private sector workplaces were allowed to operate at full capacity and physical meetings and gatherings were allowed with physical distancing.

Malaysia has entered into the "Transition to Endemic" phase since 1 April 2022, and "Endemic" phase since 1 May 2022. Since then, all restrictions limiting business operating hours and number of employees in a workplace have been uplifted.

COVID-19 will continue to have an impact on our everyday lives and businesses in general, and may create challenges to our Group's operations.

11. FINANCIAL INFORMATION (CONT'D)

Whilst our Board is unable to accurately quantify the magnitude and duration of such impact as the pandemic continues to progress and the conditions are unpredictable, all reasonable steps will be taken to mitigate potential challenges that may arise, in order to minimise any disruption to our business operations.

In the event that any of our employees are infected with COVID-19 or any contagious or virulent diseases, they will be required to quarantine themselves.

Impact on our financial performance

Seafood is an essential product and thus, there was continuous demand for seafood despite the implementation of the MCOs and any resulting impact on the economy.

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. In addition, the COVID-19 pandemic did not have a significant adverse impact on our overall financial performance for the Financial Years Under Review as evident by the growth of our revenue from RM94.06 million for the FYE 2020 to RM159.45 million for FYE 2023.

(iii) Impact of interest rate fluctuations

There was no material impact arising from the fluctuations of interest rates on our Group's operational and financial results for the Financial Years Under Review given our low gearing ratio as at 31 December 2023. Nevertheless, any hike in the interest rates would raise the cost of borrowings and our finance costs which may have an adverse effect on our financial performance.

(iv) Impact of inflation

Our financial performance during the Financial Years Under Review were not materially affected by the inflation. However, there can be no assurance that future inflation would not have an impact on our business and financial performance.

(v) Changes in political, economic, fiscal or monetary policies and regulatory risk as well as occurrence of force majeure events

Our business is subject to risks relating to political, economic, fiscal or monetary policies and regulatory risks, geopolitical events as well as occurrence of force majeure events in Malaysia. Any unfavourable changes in such political, economic, fiscal or monetary policies may materially affect our operations in Malaysia.

Please refer to Section 9.2.3 of this Prospectus for further details on this risk.

11.3.3 Significant Changes on the Financial Position and Results

Save as disclosed in this Prospectus, there is no significant change that has occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2023 and up to the LPD.

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11. FINANCIAL INFORMATION (CONT'D)

11.4 LIQUIDITY AND CAPITAL RESOURCES

11.4.1 Working Capital

Our business has been financed by both internal and external sources of funds. Our internal sources of funds comprise our cash deposited with licensed banks and cash generated from our business operations, while our external sources of funds were mainly through banking facilities from financial institutions and lease liabilities.

As at 31 December 2023, we have cash and bank balances of RM6.67 million, RM2.39 million unutilised banking facilities and working capital of RM29.05 million, being the difference between the current assets of RM46.32 million (excluding cash and bank balances as well as fixed deposits with licensed banks) and current liabilities of RM17.27 million.

As at the LPD, we have cash and bank balances of RM7.69 million, RM3.43 million unutilised banking facilities and working capital of RM31.82 million, being the difference between the current assets of RM49.98 million (excluding cash and bank balances) and current liabilities of RM18.16 million.

Based on the above sources of funds, the expected cash flow to be generated from our operations as well as proceeds to be raised from the Public Issue, our Board believes that we have adequate working capital to meet our present and foreseeable future working capital requirements for a period of 12 months from the date of this Prospectus.

11.4.2 Cash Flow

The table below sets out the summary of our cash flow for the Financial Years Under Review and should be read in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus:-

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Net cash from/(for) operating activities	174	3,596	2,455	(2,125)
Net cash for investing activities	(113)	(1,315)	(728)	(660)
Net cash from/(for) financing activities	3,105	576	(2,843)	1,693
Net increase/(decrease) in cash and cash equivalents	3,166	2,857	(1,116)	(1,092)
Cash and cash equivalents at beginning of the financial year	1,373	4,539	7,396	6,280
Cash and cash equivalents at end of the financial year	4,539	7,396	6,280	5,188
Details of the cash and cash equivalents:-				
Continuing operations				
Fixed deposits with a licensed bank	280	284	288	-
Cash and bank balances	4,539	7,396	6,280	6,673
	4,819	7,680	6,568	6,673
Less: Fixed deposits with a licensed bank	(280)	(284)	(288)	-
Less: Bank overdrafts	-	-	-	(1,485)
	4,539	7,396	6,280	5,188
Discontinued operations				
Cash and bank balances	-	-	-	-
	4,539	7,396	6,280	5,188

11. FINANCIAL INFORMATION (CONT'D)**Commentaries:-****(i) Net cash from/(for) operating activities****FYE 2020**

Net cash from operating activities for the FYE 2020 was RM0.17 million, which comprised:-

- (a) PBT from continuing operations of RM2.44 million;
- (b) adjusted upward for non-cash and other non-operating items totalling RM0.84 million, which mainly consists of:-
 - (aa) depreciation of property, plant and equipment of RM0.46 million;
 - (bb) inventories written off of RM0.16 million;
 - (cc) impairment of loss on trade and receivables of RM0.12 million; and
 - (dd) interest expense of RM0.09 million,
- (c) adjusted downward for working capital changes totalling RM3.08 million. The working capital changes were mainly due to:-
 - (aa) increase in inventories by RM0.84 million mainly attributable to a slightly higher retention of inventories as a consequence of higher purchases during the year, in light of the 47.95% higher revenue recorded for the FYE 2020;
 - (bb) increase in trade and other receivables by RM11.53 million in tandem with the higher revenue recorded for the FYE 2020; and
 - (cc) decrease in amount owing to related companies by RM0.99 million which was non-trade in nature as a result of the repayment made during the financial year,

which was partly set-off by an increase in trade and other payables by RM10.24 million mainly attributable to the higher purchases made during the financial year in tandem with the higher revenue recorded for the FYE 2020 and the advance payments received from overseas customers for the purchase of frozen seafood products.

FYE 2021

Net cash from operating activities for the FYE 2021 was RM3.60 million, which comprised:-

- (a) PBT from continuing operations of RM4.36 million;
- (b) adjusted upward for non-cash and other non-operating items totalling RM1.25 million, which mainly consists of:-
 - (aa) bad debts written off of RM0.35 million;
 - (bb) depreciation of property, plant and equipment of RM0.51 million;
 - (cc) inventories written off of RM0.31 million;
 - (dd) impairment of loss on trade and receivables of RM0.14 million; and
 - (ee) interest expense of RM0.16 million,

11. FINANCIAL INFORMATION (CONT'D)

which was partly set-off by the reversal of loss on advances to suppliers of RM0.19 million,

- (c) adjusted downward for working capital changes totalling RM1.71 million and net of tax payment of RM0.30 million. The working capital changes were mainly due to:-
- (aa) increase in inventories by RM3.15 million mainly attributable to a higher retention of inventories as a consequence of higher purchases during the year, in light of the higher 68.48% revenue recorded for the FYE 2021;
 - (bb) decrease in trade and other payables by RM0.42 million mainly attributable to higher utilisation of bankers' acceptance to finance purchases of raw materials from suppliers; and
 - (cc) decrease in amount owing to related companies by RM0.18 million which was non-trade in nature as a result of the repayment made during the financial year,

which was partly set-off by a decrease in trade and other receivables by RM2.04 million mainly attributable to higher collections in line with the recovery of business activities from the impact of COVID-19 as well as our Group's efforts in managing collections from customers as evident by the reduction in the trade receivables turnover period from 51 days for FYE 2020 to 40 days for FYE 2021.

FYE 2022

Net cash from operating activities for the FYE 2022 was RM2.46 million, which comprised:-

- (a) the PBT from continuing operations of RM6.97 million;
- (b) adjusted upward for non-cash and other non-operating items totalling RM1.93 million, which mainly consists of:-
 - (aa) bad debts written off of RM0.85 million;
 - (bb) depreciation of property, plant and equipment of RM0.62 million;
 - (cc) inventories written off of RM0.63 million; and
 - (dd) interest expense of RM0.09 million,

which was partly set-off by the reversal of inventories previously written down of RM0.20 million and net gain on disposal of property, plant and equipment of RM0.05 million,

- (c) adjusted downward for working capital changes totalling RM5.60 million and net of tax payment of RM0.84 million. The working capital changes were mainly due to:-
- (aa) increase in trade and other receivables by RM5.01 million mainly attributable to the increase in advance payments made to suppliers for the purchase of raw materials during the financial year;
 - (bb) decrease in trade and other payables by RM6.22 million mainly attributable to lower purchases during FYE 2022; and
 - (cc) decrease in amount owing to related companies by RM0.39 million as it had been fully settled during the previous financial year,

which was partly set-off by a decrease in inventories by RM6.02 million mainly attributable to lower purchases during FYE 2022 upon our Group's enhanced inventory planning and management practices.

11. FINANCIAL INFORMATION (CONT'D)**FYE 2023**

For the FYE 2023, our Group recorded a net cash for operating activities of RM2.13 million, which comprised:-

- (a) PBT from continuing operations of RM6.99 million ;
- (b) adjusted upward for non-cash and other non-operating items totalling RM4.20 million, which mainly consists of:-
 - (aa) bad debts written off of RM1.81 million due mainly to the long outstanding debts owing by three (3) customers that had no reasonable expectation of recovery;
 - (bb) impairment loss on trade receivables of RM1.28 million due mainly to the higher general allowance made during FYE 2023 as further elaborated in Section 11.3.1.9 above; and
 - (cc) depreciation of property, plant and equipment as well as right-of-use asset of RM0.70 million and RM0.05 million respectively,
- (c) adjusted downward for working capital changes totalling RM12.39 million. The working capital changes were mainly due to:-
 - (aa) increase in inventories by RM18.22 million, including total inventories written off and written down of RM0.42 million. The increase was mainly attributable to higher inventories level for finished goods, particularly for molluscs, attributable to the slower sales of molluscs by 7.79% as compared with FYE 2022. The slower sales of molluscs in FYE 2023 were mainly due to lower demand from our customers in Turkey; and
 - (bb) decrease in trade and other receivables by RM6.34 million as a result of better collections from customers as evident by the reduction in trade receivables turnover period from 42 days for FYE 2022 to 34 days for FYE 2023 as well as lower advance payments made to suppliers for the purchase of raw materials during the financial year.

(ii) Net cash for investing activities**FYE 2020**

Net cash for investing activities was RM0.11 million which was mainly attributed to the purchase of property, plant and equipment of RM0.12 million, comprising forklifts (RM0.06 million) and office equipment (RM0.06 million) such as accounting software, laptops and mobile devices.

FYE 2021

Net cash for investing activities was RM1.32 million which was in relation to the purchase of solar asset for the Factory A and Factory B.

FYE 2022

Net cash for investing activities was RM0.73 million which was mainly attributed to the purchase of property, plant and equipment of RM0.99 million, mainly comprising of semi-contact blast freezers and the relevant spare parts for production, which was partly set-off by the acquisition of a subsidiary of RM0.20 million.

11. FINANCIAL INFORMATION (CONT'D)

FYE 2023

Net cash for investing activities was RM0.66 million which was mainly attributed to the following:-

- (a) capitalisation of renovation cost for the headquarters and Processing Facilities of RM0.32 million, and
- (b) purchase of factory equipment, cold room spare parts and motor vehicles of RM0.41 million,

which was partly set-off by the withdrawal of pledged fixed deposits with licensed bank of RM0.29 million.

(iii) Net cash from/(for) financing activities

FYE 2020

Net cash from financing activities was RM3.11 million which was mainly attributed to the following:-

- (a) the drawdown of banker's acceptance of RM3.51 million,

which was partly set-off by the following:-

- (b) the dividend paid of RM0.23 million; and
- (c) the repayment of hire purchase liabilities of RM0.12 million.

FYE 2021

Net cash from financing activities was RM0.58 million which was mainly attributed to the following:-

- (a) the drawdown of term loans of RM0.52 million; and
- (b) the proceeds from the issuance of 240,800 ordinary shares for RM1.25 million,

which was partly off-set with the following:-

- (c) the dividend paid of RM0.23 million;
- (d) the interest paid of RM0.15 million;
- (e) the repayment of banker's acceptance of RM0.58 million; and
- (f) the repayment of hire purchase liabilities of RM0.23 million.

FYE 2022

Net cash for financing activities was RM2.84 million which was mainly attributed to the following:-

- (a) the repayment of bankers' acceptances of RM2.42 million;
- (b) the repayment of term loans of RM0.11 million; and
- (c) the repayment of hire purchase liabilities of RM0.22 million.

11. FINANCIAL INFORMATION (CONT'D)**FYE 2023**

Net cash from financing activities was RM1.69 million which was mainly attributed to the following:-

- (a) the drawdown of bankers' acceptances of RM2.61 million, which was partly set-off by:-
- (b) the repayment of term loans of RM0.41 million; and
- (c) the repayment of hire purchase liabilities of RM0.29 million.

11.4.3 Borrowings

Our Group's total outstanding bank borrowings as at 31 December 2023 stood at RM5.36 million as set out below:-

Type	Purpose	Tenure	Interest rate per annum (%)	As at 31 December 2023		
				Payable within 12 months	Payable after 12 months	Total
				RM'000	RM'000	RM'000
Hire purchase liabilities	To part finance solar asset as well as plant and machineries	1 - 5 years	7.07 – 7.15	333	419	752
Bankers' acceptances	For working capital purposes	120 days	4.80	3,121	-	3,121
Overdraft	For working capital purposes	-	3.00	1,485	-	1,485
Total				4,939	419	5,358

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

There has been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group including lease liabilities of our Group throughout the Financial Years Under Review up to the LPD.

As at the LPD, neither our Company nor our subsidiaries are in breach of any terms and conditions or covenants associated with the credit arrangement of our bank borrowings and lease liabilities which can materially affect our financial position and results or business operations or the investments by holders of our Shares.

11.4.4 Financial Instruments, Treasury Policies and Objectives

For the Financial Years Under Review and up to the LPD, save for our borrowings as disclosed in Section 11.4.3 of this Prospectus as well as the foreign exchange forward contracts as disclosed in Section 11.3.2 of this Prospectus, we do not utilise any other financial instruments. We maintain foreign currency bank accounts to receive proceeds of our sales and payments for our purchases denominated in USD and RMB.

Our main treasury policy is to maintain sufficient working capital to finance our business and operations, coupled with adequate banking facilities to meet our commitments for operating and capital expenditure. Our combination of internal and external sources of funds include cash in hand, cash generated from operations, bank borrowings and lease liabilities. The primary objective is to have sustainable shareholders' equity and working capital to ensure we have the ability to continue as a going concern and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

11.4.5 Material Capital Commitment

As at the LPD, we do not have any material capital commitments for capital expenditure contracted or known to be contracted, which may have a material effect on the financial position of our Group.

11. FINANCIAL INFORMATION (CONT'D)**11.4.6 Material Litigation, Claims or Arbitration**

As at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business and our Directors do not know of any proceeding pending and threatened, and of any fact likely to give rise to any proceeding which might materially and adversely affect our business and financial position.

11.4.7 Contingent Liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position of our Group.

11.4.8 Key Financial Ratios

Our key financial ratios are as follows:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Trade receivables turnover period (days) ⁽¹⁾	51	40	42	34
Trade payables turnover period (days) ⁽²⁾	43	40	34	20
Inventories turnover period (days) ⁽³⁾	58	39	36	51
Current ratio (times) ⁽⁴⁾	1.80	2.03	3.10	3.07
Gearing ratio (times) ⁽⁵⁾	0.14	0.14	0.05	0.12

Notes:-

- (1) Computed based on the average trade receivables divided by the revenue from continuing operations of our Group of the respective financial years, then multiplied by 365 days for each financial year.
- (2) Computed based on the average trade payables divided by the cost of sales of the respective financial years, then multiplied by 365 days for each financial year.
- (3) Computed based on the average inventories divided by the cost of sales of the respective financial years, then multiplied by 365 days for each financial year.
- (4) Computed based on the current assets over current liabilities of the respective financial years.
- (5) Computed based on total interest-bearing borrowings divided by the total equity attributable to the owner of the Group as at the end of the respective financial years.

Commentaries:-**(i) Trade receivables turnover period**

A summary of our trade receivables for the Financial Years Under Review are set out as below:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Opening trade receivables (RM'000)	8,927	17,475	17,342	18,431
Closing trade receivables (RM'000)	17,475	17,342	18,431	11,194
Average trade receivables (RM'000) ⁽¹⁾	13,201	17,409	17,887	14,813
Revenue continuing operations of our Group (RM'000)	94,055	158,469	156,330	159,454
Trade receivables turnover period (days) ⁽²⁾	51	40	42	34

11. FINANCIAL INFORMATION (CONT'D)**Notes:-**

- (1) Computed based on the average sum of the opening trade receivables and closing trade receivables of the respective financial years.
- (2) Computed based on the average trade receivables divided by the revenue from continuing operations of our Group of the respective financial years, then multiplied by 365 days for each financial year.

The credit terms granted to our customers ranging from 30 to 60 days from the date of invoice which are assessed and approved on a case-to-case basis after taking into consideration various factors such as their creditworthiness, payment history, quantum of amount owing to us, market reputation and length of relationship with us.

Our trade receivables turnover period for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 were 51 days, 40 days, 42 days and 33 days respectively, which fell within our normal credit term granted to our customers.

For the FYE 2021, our trade receivables turnover period decreased to 40 days (FYE 2020: 51 days). This was mainly due to better collections from our customers in line with the recovery of business activities from the impact of COVID-19 as well as our efforts in managing collections from our customers.

For the FYE 2022, our trade receivables turnover period slightly increased to 42 days (FYE 2021: 40 days) mainly due to the request by China customers for a longer settlement period as they have a tight cashflow pursuant to longer timeframe required to sell different grades of frozen seafood products.

For the FYE 2023, our trade receivables turnover period improved to 34 days (FYE 2022: 42 days) due mainly to better collections from our customers.

The ageing analysis of our trade receivables as at 31 December 2023 is as follows:-

	Within Credit Period	Exceeded Credit Period				Total
		1-30 days	31-60 days	61-90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	1,408	3,300	1,602	1,634	4,925	12,869
Less: Impairment loss	(14)	(36)	(32)	(57)	(1,536)	(1,675)
Net trade receivables	1,394	3,264	1,570	1,577	3,389	11,194
% of total net trade receivables (%)	12.45	29.16	14.03	14.09	30.28	100.00
Subsequent collection up to the LPD	1,174	2,704	759	1,586	2,753	8,976
% of total net trade receivables (%)	10.49	24.16	6.78	14.17	24.59	80.19
Trade receivables outstanding as at the LPD	220	560	811	⁽¹⁾ (9)	636	2,218
% of total net trade receivables (%)	1.97	5.00	7.24	⁽¹⁾ (0.08)	5.68	19.81

Note:-

- (1) The negative outstanding net trade receivables balance is arising from the allowance for impairment loss in FYE 2023.

As at 31 December 2023, our Group's trade receivables stood at RM11.19 million, of which approximately RM9.80 million or 87.55% had exceed our normal credit periods granted to our customers.

As at the LPD, RM8.98 million or 80.19% of our total net trade receivables outstanding as at 31 December 2023 have been collected.

11. FINANCIAL INFORMATION (CONT'D)

Our Group's management is of the opinion that the total outstanding amount of RM2.22 million is collectable and no further impairment of trade receivables is required after taking into consideration the relationship with these customers and that they have been making progressive payments for such amount owing to our Group.

Our Group assesses the collectability of trade receivables on an individual customer basis as well as provide impairment loss using simplified approach based on provision matrix in accordance with MFRS 9. Our allowances for impairment loss on trade receivables as at the end of each respective Financial Years Under Review are as follows:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At the beginning of the financial year/period	139	261	400	392
Acquisition of subsidiary	-	-	*	-
Additions for the financial year/period	122	139	118	1,311
Reversal for the financial year/period	*	-	(126)	(28)
Written off during the financial year	-	-	-	*
At the end of the financial year/period	261	400	392	1,675

Note:- *Negligible

(ii) Trade payables turnover period

A summary of our trade payables for the Financial Years Under Review are set out as below:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Opening trade payables (RM'000)	6,203	13,960	16,940	8,488
Closing trade payables (RM'000)	13,960	16,940	8,488	6,392
Average trade payables (RM'000) ⁽¹⁾	10,082	15,450	12,714	7,440
Cost of sales (RM'000)	84,838	142,124	138,057	138,367
Trade payables turnover period (days) ⁽²⁾	43	40	34	20

Notes:-

- (1) Computed based on the average sum of the opening trade payables and closing trade payables of the respective financial years.
- (2) Computed based on the average trade payable divided by the cost of sales of the respective financial years, then multiplied by 365 days for each financial year.

The credit terms granted to our Group by our suppliers ranging from 30 to 60 days from the date of invoice. Our trade payables turnover period for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 were 43 days, 40 days, 34 days and 20 days respectively, which fell within the normal credit term granted by our suppliers.

For FYE 2021, our trade payables turnover period improved slightly to 40 days (FYE 2020: 43 days), which reflects our commitment to pay our suppliers on a timely basis.

For the FYE 2022, our trade payables turnover period further improved to 34 days (FYE 2021: 40 days) pursuant to early payments to some suppliers in order to secure priority supply.

In FYE 2023, our trade payables turnover period improved to 20 days (FYE 2022: 34 days) due to lower trade payables in FYE 2023 which resulted from higher cash-term purchases in FYE 2023.

11. FINANCIAL INFORMATION (CONT'D)

As at 31 December 2023, our Group's trade payables stood at RM6.39 million, the ageing of which is analysed as follows:-

	Within Credit Period	Exceeded Credit Period				Total
		1-30 days	31-60 days	61-90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	2,646	2,573	966	207	-	6,392
% of total trade payables	41.40	40.25	15.11	3.24	-	100.00
Subsequent payment up to the LPD	2,646	2,300	966	207	-	6,119
% of total trade payables	41.40	35.98	15.11	3.24	-	95.73
Trade payables outstanding as at the LPD	-	273	-	-	-	273
% of total trade payables	-	4.27	-	-	-	4.27

As at the LPD, we have settled 95.73% of the outstanding trade payables as at 31 December 2023. The past due outstanding of RM0.27 million of the total trade payables as at the LPD was insignificant. There have been no major disputes in respect of the trade payables and no legal action has been initiated by the suppliers to demand for payment during the Financial Years Under Review.

(iii) Inventories turnover period

A summary of our inventories for the Financial Years Under Review are set out as below:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Opening inventories (RM'000)	13,198	13,877	16,723	10,269
Closing inventories (RM'000)	13,877	16,723	10,269	28,063
Average inventories (RM'000) ⁽¹⁾	13,538	15,300	13,496	19,166
Cost of sales (RM'000)	84,838	142,124	138,057	138,367
Inventories turnover period (days)⁽²⁾	58	39	36	51

Notes:-

- (1) Computed based on the average sum of the opening inventories and closing inventories of the respective financial years.
- (2) Computed based on the average inventories divided by the cost of sales of the respective financial years, then multiplied by 365 days for each financial year.

Our inventory mainly comprises the following:-

- (a) goods-in-transit where the processed frozen seafood products are in the delivery process to customer;
- (b) finished goods where the processed frozen seafood products are stored in cold rooms pending delivery to the customer; and
- (c) others which include ingredients, such as chemical and food additives as well as packing materials.

For the FYE 2021, our inventory turnover period decreased to 39 days (FYE 2020: 58 days) to cater for higher sales of our frozen seafood products.

11. FINANCIAL INFORMATION (CONT'D)

For the FYE 2022, our inventory turnover period further decreased to 36 days (FYE 2021: 39 days) due to the improvement of the shipments availability throughout FYE 2022 which resulted in our Group managed to deliver higher volume of our frozen seafood products to our overseas customers.

In FYE 2023, our inventory turnover period increased to 51 days (FYE 2022: 36 days) resulting from higher inventory level for finished goods, especially for frozen molluscs, which was mainly attributed to lower market demand for frozen molluscs as evident in the slower sales in molluscs by 7.79% as compared with FYE 2022. The slower sales of molluscs in FYE 2023 were mainly due to lower demand from our customers in Turkey.

(iv) Current ratio

A summary of our current ratio for the Financial Years Under Review are set out as below:-

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Current assets (RM'000)	41,281	44,691	44,004	52,996
Current liabilities (RM'000)	22,935	22,064	14,189	17,273
Current ratio (times) ⁽¹⁾	1.80	2.03	3.10	3.07

Note:-

- (1) Computed based on the current assets over current liabilities of the respective financial years.

As at 31 December 2021, our current ratio increased to 2.03 times (31 December 2020: 1.80 times), which was mainly due to the increase in the inventories by RM2.84 million and the increase in the cash and bank balances by RM2.86 million.

As at 31 December 2022, our current ratio increased to 3.10 times (31 December 2021: 2.03 times). This was mainly due to the decrease in the trade payables by RM8.45 million, which primarily attributable to lower purchases during FYE 2022 upon our Group's enhanced inventory planning and management practices.

As at 31 December 2023, our current ratio decreased slightly to 3.07 times (31 December 2022: 3.10 times), which was mainly due to the increase in current liabilities by 21.74% in a greater proportion to the rise in current assets by 20.43%.

(v) Gearing ratio

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Total borrowings (RM'000)	3,647	4,318	1,959	5,358
Total equity (RM'000)	25,463	30,506	38,441	45,364
Gearing ratio (times) ⁽¹⁾	0.14	0.14	0.05	0.12

A summary of our gearing ratio for the Financial Years Under Review are set out as below:-

Note:-

- (1) Computed based on total interest-bearing borrowings divided by the total equity as at the end of the respective financial years.

Our gearing ratio remained relatively low throughout the Financial Years Under Review, ranging from 0.05 times to 0.14 times. Our Group is not heavily reliance on borrowings as we maintained a net cash position throughout the Financial Years Under Review.

11. FINANCIAL INFORMATION (*CONT'D*)

11.5 TREND INFORMATION

As at the LPD, our Board confirms that there are no:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, other than those discussed in Sections 6, 9 and 11 of this Prospectus;
- (ii) material commitments for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, other than those discussed in Sections 6, 9 and 11 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue and/or profits, other than those disclosed in this Section 11, the information on our Group as set out in Sections 6 and 7 of this Prospectus and our future plans and strategies as set out in Section 7.20 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position; and
- (vi) known trends, demand, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

11.6 ORDER BOOK

As at the LPD, we do not have an order book as we generate our revenue as and when our products are delivered based on purchase orders received from customers.

11.7 DIVIDEND POLICY

Our Group currently does not have a fixed dividend policy. Nonetheless, it is our intention to pay dividends to our shareholders in the future to allow them to participate in our profits. The declaration of dividends is subject to the discretion of our Board. Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group.

As we are an investment holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiaries, present and future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. The payment of dividends by our subsidiaries is dependent upon various factors, including but not limited to, their distributable reserves, future financial performance and cash flow requirements for operations and capital expenditures as well as other factors that their respective boards of Directors deem relevant.

The dividends declared and paid during the Financial Years Under Review are as follows:-

	FYE 2020 (RM)	FYE 2021 (RM)	FYE 2022 (RM)	FYE 2023 (RM)
Dividend paid/declared	(1) 226,700	(1) 226,700	-	-

11. FINANCIAL INFORMATION (CONT'D)

Note:-

- (1) Dividends declared by OFS Products in respect of FYE 2020 and FYE 2021, of which RM0.23 million were paid out in 2020 and 2021 respectively.

The dividends paid were funded entirely via our Company's internally generated funds. Save as disclosed above, our Group has no intention to declare or pay any dividend prior to the completion of our Listing. No influence should or can be made from any of the above statements as to our actual future profitability or our ability to pay dividends in the future.

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12. ACCOUNTANTS' REPORT



13 May 2024

The Board of Directors
Ocean Fresh Berhad
Lot 19869, Kampung Baru Peramu,
26060 Kuantan, Pahang

Crowe Malaysia PLT
201906000005 (LLPD018817-LCA) & AF 1018
Chartered Accountants
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12, Jalan Yap Kwan Seng
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Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANT'S REPORT OF OCEAN FRESH BERHAD ("THE COMPANY")

OPINION

We have audited the combined financial statements of Ocean Fresh Berhad and its subsidiaries (collectively referred to as the "Group") which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and notes to the financial information, including material accounting policy as set out on pages 4 to 83.

The historical financial information has been prepared for inclusion in the prospectus of the Group in connection with the listing of and quotation for the entire issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10 Part II, Division 1: Equity of the Prospectus Guidelines and for no other purpose.

In our opinion, the combined financial information gives a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and of their financial performance and their cash flows for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("*IESBA Code*"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

12. ACCOUNTANTS' REPORT (CONT'D)**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The Directors of the Company ("Directors") are responsible for the preparation of financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

12. ACCOUNTANTS' REPORT (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business activities within the Group to express an opinion on the combined financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the prospectus of the Group in relation to the listing of and quotation for the entire issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to be "Cue".

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

A handwritten signature in black ink, appearing to be "Choong Kok Keong".

Choong Kok Keong
03461/11/2025 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION

		2020	Audited FYE 31 December		2023
	Note	RM	2021	2022	RM
			RM	RM	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	7,162,822	8,929,981	9,682,361	9,927,588
Right-of-use asset	5	-	25,582	14,206	81,914
Goodwill	6	-	-	50,055	50,055
		7,162,822	8,955,563	9,746,622	10,059,557

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited			
		FYE 31 December			
	Note	2020 RM	2021 RM	2022 RM	2023 RM
CURRENT ASSETS					
Inventories	7	13,877,197	16,722,706	10,268,732	28,063,495
Trade receivables	8	17,475,216	17,341,698	18,431,270	11,193,528
Other receivables, deposits and prepayments	9	5,085,655	2,930,045	8,717,902	6,777,069
Current tax assets		24,660	16,950	17,887	289,153
Fixed deposit with a licensed bank	10	279,683	283,637	288,276	-
Cash and bank balances		4,538,814	7,395,859	6,279,915	6,673,295
		41,281,225	44,690,895	44,003,982	52,996,540
TOTAL ASSETS		48,444,047	53,646,458	53,750,604	63,056,097

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Audited FYE 31 December			2023 RM
		2020 RM	2021 RM	2022 RM	
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11(a)	-	-	-	1
Invested share capital	11(b)	4,534,000	5,783,993	8,137,139	8,137,139
Reorganisation reserve	11(c)	3,815,970	3,815,970	3,815,970	3,815,970
Retained profits		17,056,551	20,876,672	26,469,729	33,410,714
		25,406,521	30,476,635	38,422,838	45,363,824
NON-CONTROLLING INTERESTS		56,163	29,185	17,623	-
		25,462,684	30,505,820	38,440,461	45,363,824
NON-CURRENT LIABILITIES					
Hire purchase liabilities	12	45,669	649,663	816,370	418,585
Lease liabilities	13	-	14,653	2,982	-
Term loan	14	-	411,216	301,705	-
		45,669	1,075,532	1,121,057	418,585

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited			
		FYE 31 December			
	Note	2020 RM	2021 RM	2022 RM	2023 RM
CURRENT LIABILITIES					
Trade payables	15	13,959,695	16,940,241	8,488,424	6,392,265
Other payables and accruals	16	4,724,594	1,354,958	4,193,068	5,855,447
Amount owing to related companies	17	578,267	394,495	-	-
Amount owing to a related party	18	31,547	-	6,068	-
Amount owing to directors	19	40,000	76,000	84,001	-
Hire purchase liabilities	12	95,196	220,827	224,593	332,786
Lease liabilities	13	-	11,268	11,671	82,497
Term loan	14	-	105,805	109,556	-
Bankers' acceptances	20	3,506,395	2,930,365	507,105	3,121,329
Bank overdrafts	21	-	-	-	1,484,880
Current tax liabilities		-	31,147	564,600	4,484
		22,935,694	22,065,106	14,189,086	17,273,688
TOTAL LIABILITIES		22,981,363	23,140,638	15,310,143	17,692,273
TOTAL EQUITY AND LIABILITIES		48,444,047	53,646,458	53,750,604	63,056,097

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Audited FYE 31 December			
		2020 RM	2021 RM	2022 RM	2023 RM
CONTINUING OPERATIONS					
REVENUE	22	94,054,943	158,468,802	156,329,720	159,454,291
COST OF SALES		(84,837,624)	(142,124,322)	(138,057,071)	(138,366,935)
GROSS PROFIT		9,217,319	16,344,480	18,272,649	21,087,356
OTHER INCOME		604,984	741,838	1,147,255	1,249,864
		9,822,303	17,086,318	19,419,904	22,337,220
ADMINISTRATIVE EXPENSES		(1,853,535)	(2,087,850)	(2,140,229)	(4,617,837)
SELLING AND DISTRIBUTION EXPENSES		(5,081,149)	(9,628,006)	(8,635,887)	(6,866,187)
OTHER EXPENSES		(237,809)	(682,799)	(1,596,747)	(2,377,093)
FINANCE COSTS		(88,273)	(161,557)	(88,520)	(199,797)
NET (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS	23	(122,233)	(163,638)	7,790	(1,282,599)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS	24	2,439,304	4,362,468	6,966,311	6,993,707
INCOME TAX EXPENSE	25	(30,000)	(337,148)	(1,377,240)	(36,179)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		2,409,304	4,025,320	5,589,071	6,957,528

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		Audited			
		FYE 31 December			
	Note	2020 RM	2021 RM	2022 RM	2023 RM
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	26	(6,697)	(5,477)	(7,576)	(8,609)
PROFIT AFTER TAXATION		2,402,607	4,019,843	5,581,495	6,948,919
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,402,607	4,019,843	5,581,495	6,948,919
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company					
- continuing operations		2,486,059	4,052,298	5,600,633	6,949,594
- discontinued operations		(6,697)	(5,477)	(7,576)	(8,609)
Non-controlling interests					
- continuing operations		(76,755)	(26,978)	(11,562)	7,934
- discontinued operations		-	-	-	-
		2,402,607	4,019,843	5,581,495	6,948,919

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		Audited FYE 31 December			
	Note	2020 RM	2021 RM	2022 RM	2023 RM
TOTAL COMPREHENSIVE INCOME/(EXPENSES)					
ATTRIBUTABLE TO:-					
Owners of the Company					
- continuing operations		2,486,059	4,052,298	5,600,633	6,949,594
- discontinued operations		(6,697)	(5,477)	(7,576)	(8,609)
Non-controlling interests					
- continuing operations		(76,755)	(26,978)	(11,562)	7,934
- discontinued operations		-	-	-	-
		<u>2,402,607</u>	<u>4,019,843</u>	<u>5,581,495</u>	<u>6,948,919</u>
EARNINGS/(LOSS) PER SHARE (RM)					
Basic					
- continuing operations	27	0.55	0.89	1.17	1.33
- discontinued operations		(0.0015)	(0.0012)	(0.0016)	(0.0016)
Diluted					
- continuing operations		0.55	0.89	1.17	1.33
- discontinued operations		(0.0015)	(0.0012)	(0.0016)	(0.0016)

12. ACCOUNTANTS' REPORT (CONT'D)
OCEAN FRESH BERHAD
COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Invested Capital RM	Reorganisation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interest RM	Total Equity RM
Audited							
Balance at 1 January 2020		4,534,000	3,815,970	14,803,889	23,153,859	132,918	23,286,777
Profit after taxation/Total comprehensive income for the financial year		-	-	2,479,362	2,479,362	(76,755)	2,402,607
Dividend paid	28	-	-	(226,700)	(226,700)	-	(226,700)
Balance at 31 December 2020		4,534,000	3,815,970	17,056,551	25,406,521	56,163	25,462,684
Audited							
Balance at 1 January 2021		4,534,000	3,815,970	17,056,551	25,406,521	56,163	25,462,684
Profit after taxation/Total comprehensive income for the financial year		-	-	4,046,821	4,046,821	(26,978)	4,019,843
Issuance of shares		1,249,993	-	-	1,249,993	-	1,249,993
Dividend paid	28	-	-	(226,700)	(226,700)	-	(226,700)
Total contributions by and distributions to owners		1,249,993	-	(226,700)	1,023,293	-	1,023,293
Balance at 31 December 2021		5,783,993	3,815,970	20,876,672	30,476,635	29,185	30,505,820

12. ACCOUNTANTS' REPORT (CONT'D)
OCEAN FRESH BERHAD
COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Invested Capital RM	Reorganisation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interest RM	Total Equity RM
Audited							
Balance at 1 January 2022		5,783,993	3,815,970	20,876,672	30,476,635	29,185	30,505,820
Profit after taxation/Total comprehensive income for the financial year		-	-	5,593,057	5,593,057	(11,562)	5,581,495
Issuance of shares		2,353,146	-	-	2,353,146	-	2,353,146
Balance at 31 December 2022		8,137,139	3,815,970	26,469,729	38,422,838	17,623	38,440,461

		Share Capital RM	Invested Capital RM	Reorganisation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interest RM	Total Equity RM
Audited								
Balance at 1 January 2023		-	8,137,139	3,815,970	26,469,729	38,422,838	17,623	38,440,461
Profit after taxation/Total comprehensive income for the financial year		-	-	-	6,940,985	6,940,985	7,934	6,948,919
Acquisition of non-controlling interests	29.2	-	-	-	-	-	(25,557)	(25,557)
Issuance of shares		1	-	-	-	1	-	1
Balance at 31 December 2023		1	8,137,139	3,815,970	33,410,714	45,363,824	-	45,363,824

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF CASH FLOWS

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation:				
- continuing operations	2,439,304	4,362,468	6,966,311	6,993,707
- discontinued operations	(6,697)	(5,477)	(7,576)	(8,609)
Adjustments for:-				
Bad debts recovered	-	-	-	(258,297)
Bad debts written off	24,162	347,755	851,208	1,808,259
Depreciation:				
- property, plant and equipment	457,163	512,393	620,077	699,705
- right-of-use asset	-	8,532	11,376	47,677
Gain on bargain purchase	-	-	-	(1,941)
Inventories written down	-	-	-	243,604
Inventories written off	158,977	307,344	634,695	176,799
Net loss/(gain) on disposal of property, plant and equipment	4,250	(4,999)	(52,690)	(20,998)
Impairment/(Reversal) of loss on trade receivables	122,233	138,857	(7,790)	1,282,599
Gain on disposal of a subsidiary	-	-	-	(1,310)
Property, plant and equipment written off	-	-	-	21,719
(Reversal)/Impairment of loss on advances to suppliers	(136)	(186,580)	(6,895)	5,081
Reversal of inventories previously written down	-	-	(200,698)	-
Reversal of commission payable	-	(14,299)	-	-
Interest expense	88,273	161,557	88,520	199,797
Interest income	(5,508)	(3,954)	(4,639)	(4,608)
Unrealised (gain)/loss on foreign exchange	-	(10,107)	5,188	-
Operating profit before working capital changes carrying forward	3,282,021	5,613,490	8,897,087	11,183,184

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited FYE 31 December			2023 RM
		2020 RM	2021 RM	2022 RM	
Operating profit before working capital changes bought forward		3,282,021	5,613,490	8,897,087	11,183,184
(Increase)/Decrease in inventories		(838,461)	(3,152,853)	6,019,977	(18,215,166)
(Increase)/Decrease in trade and other receivables		(11,528,484)	2,043,876	(5,008,290)	6,340,783
Increase/(Decrease) in trade and other payables		10,241,072	(416,535)	(6,222,085)	(425,545)
Decrease/(Increase) in amount owing by/to related party		31,547	(34,476)	6,068	(6,068)
Decrease in amount owing to related companies		(987,343)	(183,772)	(394,495)	-
Increase/(Decrease) in amount owing to directors		4,000	36,000	8,001	(84,001)
CASH FROM/(FOR) OPERATIONS		204,352	3,905,730	3,306,263	(1,206,813)
Interest paid		(29,277)	(11,075)	(6,734)	(50,763)
Income tax paid		(1,083)	(298,291)	(844,724)	(867,561)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		173,992	3,596,364	2,454,805	(2,125,137)
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of a subsidiary	29.1	-	-	200,619	-
Disposal of a subsidiary, net of cash and cash equivalents disposed of	30(b)	-	-	-	(6,775)
Interest income received		5,508	3,954	4,639	4,608
(Increase)/Withdrawal in pledged fixed deposits with licensed banks		(5,508)	(3,954)	(4,639)	288,276
Proceeds from disposal of property, plant and equipment		10,000	5,000	61,500	21,000
Purchase of property, plant and equipment	31(a)	(122,975)	(1,319,553)	(989,967)	(966,653)
Issuance of share capital		-	-	-	1
NET CASH FOR INVESTING ACTIVITIES		(112,975)	(1,314,553)	(727,848)	(659,543)

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited FYE 31 December			
		2020 RM	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Acquisition of non-controlling interests	29.2	-	-	-	(23,616)
Dividend paid		(226,700)	(226,700)	-	-
Interest paid	31(b)	(58,996)	(150,482)	(81,786)	(149,034)
Drawdown/(Repayment) of bankers' acceptances	31(b)	3,506,395	(576,030)	(2,423,260)	2,614,224
Drawdown/(Repayment) of term loans	31(b)	-	517,021	(105,760)	(411,261)
Repayment of hire purchase liabilities	31(b)	(115,541)	(230,375)	(220,827)	(289,592)
Proceeds from issuance of ordinary shares		-	1,249,993	-	-
Repayment of lease liability	31(b)	-	(8,193)	(11,268)	(47,541)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		3,105,158	575,234	(2,842,901)	1,693,180
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,166,175	2,857,045	(1,115,944)	(1,091,500)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,372,639	4,538,814	7,395,859	6,279,915
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31(d)	4,538,814	7,395,859	6,279,915	5,188,415

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

The Company was incorporated on 22 May 2023 as a private limited company and domiciled in Malaysia. The Company is principally engaged in the business of investment holding.

On 29 August 2023, the Company converted from a private limited company to a public company limited by shares.

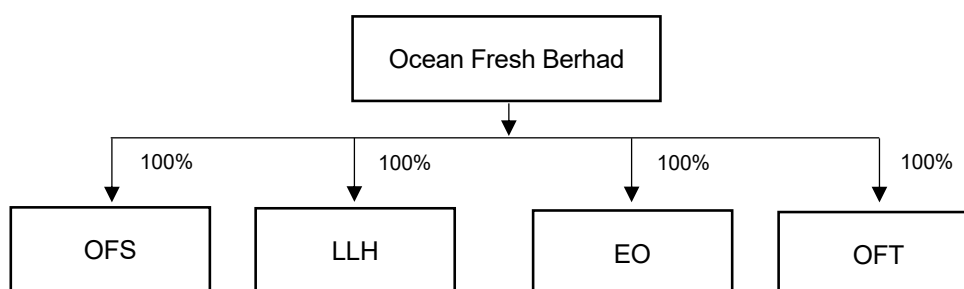
For the purpose of listing the Group on the ACE Market of Bursa Malaysia Securities Berhad, the Company has entered into a share sales agreement ("SSA") to undertake the acquisition of Ocean Fresh Seafood Products Sdn. Bhd. ("OFS") and its subsidiaries ("Ocean Fresh Group") as disclosed in Note 35 to the Accountants' Report.

The information of entities within the Ocean Fresh Group is as follows:-

- (a) Lianli Huat Seafood Products Sdn. Bhd. ("LLH") was incorporated on 28 January 2003 as a private limited company and domiciled in Malaysia and is principally engaged in the provision of trading of surimi and seafood products.
- (b) Ocean Fresh Seafood Processing Sdn. Bhd. ("OFP") was incorporated on 6 May 2013 as a private limited company and domiciled in Malaysia and is principally engaged in business operations as a wholesaler, retailer, processor and exporter of frozen seafood products. However is a dormant company during the financial years/periods under review. On 16 October 2023, the Group has disposed of its subsidiary as disclosed in Note 30 to the combined financial statement.
- (c) East Ocean Frozen Seafood Products (Sabah) Sdn. Bhd. ("EO") was incorporated on 27 March 2017 as a private limited company and domiciled in Malaysia and is principally engaged in the provision of wholesaler, retailer of and sourcing services for fish and other seafood products.
- (d) Ocean Fresh Trading Sdn. Bhd. ("OFT") was incorporated on 13 May 2009 as a private limited company and domiciled in Malaysia and principally engaged in the provision of trading seafood products and sourcing services for fish and all type of other seafood.

Subsequent to the acquisition, the Group has undertaken an internal restructuring by acquiring the entire issued share capital of OFS, LLH, EO and OFT, to be held directly by Ocean Fresh Berhad., for a total consideration of RM7,614,603.

Following the completion of the acquisition, disposal and restructuring, the group structure of the Group will be as follows:-



The combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. BASIS OF PREPARATION**

The combined financial statements for the FYE 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are prepared based on the combined financial statements of the Group.

The combined financial statements of the Group are the combination or aggregation of all the financial statements of the combining entities in the Group and have been prepared based on the financial statements for the relevant financial years as follows:-

Entities	FYE 2020	FYE 2021	FYE 2022	FYE 2023
The Company	*	*	*	√, #
OFS	√, @	√, #	√, #	√, #
OFP	√, @	√, #	√, #	√, &
LLH	√, @	√, #	√, #	√, #
OFT	α	α	^, #	√, #
EO	√, @	√, #	√, #	√, #

* No financial statements are available for Ocean Fresh Berhad as the Company was incorporated on 22 May 2023.

α The combined financial statements of the Group exclude the financial statements of OFT as OFT became a wholly-owned subsidiary of OFS on 11 August 2022..

√ The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years.

^ During the FYE 2022, OFS acquired 100% equity interests in OFT and became a wholly-owned subsidiary of OFS.

@ The combined financial statements of the Group for the respective financial years/periods have been prepared based on the audited financial statements which were re-audited by Crowe Malaysia PLT and in compliance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, for the purpose of inclusion into the combined financial statements of the Group.

The financial statements have been prepared based on the audited financial statements which were audited by Crowe Malaysia PLT and in compliance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

& During the FYE 2023, OFS disposed 100% equity interests in OFP and OFP is no longer the subsidiary of OFS.

Following the incorporation of the Company, the combined financial statements of the Group for the financial year ended 31 December 2023 is prepared based on the financial statements of the Company and entities within the Group as disclosed in Note 1 to the combined financial statements.

All the financial statements are audited and auditors' report expressed an unmodified opinion.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. BASIS OF PREPARATION (CONT'D)**

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

The combined financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under material accounting policy, and in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

2.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group except as follows:

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group. The amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group has made updates to the accounting policies presented in Note 3 to the financial statements in line with the amendments.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. BASIS OF PREPARATION (CONT'D)**

- 2.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the financial year ended 31 December 2023:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION**3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 4 to the combined financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (Cont'd)***(b) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 6 to the combined financial statements.

(c) Impairment of Property, Plant and Equipment and Right-of-use Asset

The Group determines whether its property, plant and equipment and right-of-use asset are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use asset as at the reporting date are disclosed in Note 4 and Note 5 to the combined financial statements respectively.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 7 to the combined financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(e) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 8 to the combined financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking information. The carrying amounts of other receivables as at the reporting date is disclosed in Note 9 to the combined financial statements.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets of as at FYE 31.12.2023 is RM289,153 (31.12.2022 - RM17,887, 31.12.2021 - RM16,950 and 31.12.2020 - RM24,660) and the carrying amount of current tax liabilities as at the reporting date is RM4,484 (31.12.2022 - RM564,600, 31.12.2021 - RM31,147 and 31.12.2020 - Nil).

(h) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.2 BASIS OF CONSOLIDATION

Acquisition of entity under a reorganisation scheme does not result in any change in economic substance. Accordingly, the combined financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- (i) the results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (ii) the Company will combine the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and
- (iii) no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reorganisation reserve or deficit.

3.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

3.4 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Group has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.5 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost including the estimated costs of dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land and buildings are stated at revalued amounts based on periodic valuations, at least once in every 3 to 5 years, less subsequent depreciation for building. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Factory building	2%
Solar asset	4%
Plant and machineries	10%
Factory equipment, laboratory equipment and cold room	10%
Office equipment, furniture and fitting, renovation and signboard	10 – 20%
Jetty	10%
Motor vehicles	20%

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****(a) Short-term Leases and Leases of Low-value Assets**

The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

3.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

3.8 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Audited	At 1.1.2020 RM	Additions (Note 31(a)) RM	Disposal RM	Depreciation Charges RM	At 31.12.2020 RM
<i>Carrying Amount</i>					
Freehold land	992,718	-	-	-	992,718
Factory building	4,824,455	-	-	(119,713)	4,704,742
Plant and machineries	641,245	12,800	-	(102,794)	551,251
Factory equipment, laboratory equipment and cold room	647,333	-	-	(116,715)	530,618
Office equipment, furniture and fitting, renovation and signboard	327,136	55,175	-	(78,625)	303,686
Jetty	33	-	-	-	33
Motor vehicles	78,340	55,000	(14,250)	(39,316)	79,774
	7,511,260	122,975	(14,250)	(457,163)	7,162,822

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited	At 1.1.2021 RM	Additions (Note 31(a)) RM	Disposal RM	Depreciation Charges RM	At 31.12.2021 RM
31.12.2021					
<i>Carrying Amount</i>					
Freehold land	992,718	-	-	-	992,718
Factory building	4,704,742	45,500	-	(120,245)	4,629,997
Solar asset	-	1,776,960	-	(49,846)	1,727,114
Plant and machineries	551,251	203,190	(1)	(107,844)	646,596
Factory equipment, laboratory equipment and cold room	530,618	52,600	-	(115,309)	467,909
Office equipment, furniture and fitting, renovation and signboard	303,686	61,303	-	(86,549)	278,440
Jetty	33	-	-	-	33
Motor vehicles	79,774	140,000	-	(32,600)	187,174
	7,162,822	2,279,553	(1)	(512,393)	8,929,981

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited	At 1.1.2022 RM	Additions (Note 31(a)) RM	Disposal RM	Depreciation Charges RM	At 31.12.2022 RM
<i>Carrying Amount</i>					
Freehold land	992,718	-	-	-	992,718
Factory building	4,629,997	-	-	(120,624)	4,509,373
Solar asset	1,727,114	-	-	(71,078)	1,656,036
Plant and machineries	646,596	887,150	(6,494)	(132,894)	1,394,358
Factory equipment, laboratory equipment and cold room	467,909	176,060	-	(116,037)	527,932
Office equipment, furniture and fitting, renovation and signboard	278,440	31,357	(2,314)	(91,337)	216,146
Jetty	33	-	-	-	33
Motor vehicles	187,174	286,700	(2)	(88,107)	385,765
	8,929,981	1,381,267	(8,810)	(620,077)	9,682,361

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited	At 1.1.2023 RM	Additions (Note 31(a)) RM	Disposal RM	Written off RM	Depreciation Charges RM	At 31.12.2023 RM
31.12.2023						
<i>Carrying Amount</i>						
Freehold land	992,718	-	-	-	-	992,718
Factory building	4,509,373	319,380	-	-	(122,698)	4,706,055
Solar asset	1,656,036	-	-	-	(71,078)	1,584,958
Plant and machineries	1,394,358	-	-	(119)	(181,291)	1,212,948
Factory equipment, laboratory equipment and cold room	527,932	407,931	-	(11,258)	(128,106)	796,499
Office equipment, furniture and fitting, renovation and signboard	216,146	80,342	-	(2,076)	(71,058)	223,354
Jetty	33	-	-	(33)	-	-
Motor vehicles	385,765	159,000	(2)	(8,233)	(125,474)	411,056
	9,682,361	966,653	(2)	(21,719)	(699,705)	9,927,588

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Audited	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
31.12.2020			
Freehold land	992,718	-	992,718
Factory building	5,985,672	(1,280,930)	4,704,742
Plant and machineries	1,934,058	(1,382,807)	551,251
Factory equipment, laboratory equipment and cold room	2,705,210	(2,174,592)	530,618
Office equipment, furniture and fitting, renovation and signboard	1,182,265	(878,579)	303,686
Jetty	33	-	33
Motor vehicles	897,584	(817,810)	79,774
	13,697,540	(6,534,718)	7,162,822
31.12.2021			
Freehold land	992,718	-	992,718
Factory building	6,031,172	(1,401,175)	4,629,997
Solar asset	1,776,960	(49,846)	1,727,114
Plant and machineries	2,104,248	(1,457,652)	646,596
Factory equipment, laboratory equipment and cold room	2,757,810	(2,289,901)	467,909
Office equipment, furniture and fitting, renovation and signboard	1,243,567	(965,127)	278,440
Jetty	33	-	33
Motor vehicles	1,037,585	(850,411)	187,174
	15,944,093	(7,014,112)	8,929,981
31.12.2022			
Freehold land	992,718	-	992,718
Factory building	6,031,172	(1,521,799)	4,509,373
Solar asset	1,776,960	(120,924)	1,656,036
Plant and machineries	2,803,148	(1,408,790)	1,394,358
Factory equipment, laboratory equipment and cold room	2,933,870	(2,405,938)	527,932
Office equipment, furniture and fitting, renovation and signboard	1,270,585	(1,054,439)	216,146
Jetty	33	-	33
Motor vehicles	1,171,285	(785,520)	385,765
	16,979,771	(7,297,410)	9,682,361

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited			
31.12.2023			
Freehold land	992,718	-	992,718
Factory building	6,350,552	(1,644,497)	4,706,055
Solar asset	1,776,960	(192,002)	1,584,958
Plant and machineries	1,907,968	(695,020)	1,212,948
Factory equipment, laboratory equipment and cold room	2,035,485	(1,238,986)	796,499
Office equipment, furniture and fitting, renovation and signboard	782,847	(559,493)	223,354
Motor vehicles	1,113,755	(702,699)	411,056
	<u>14,960,285</u>	<u>(5,032,697)</u>	<u>9,927,588</u>

- (a) The freehold land and building of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the combined financial statements.
- (b) Included in the property, plant and equipment of the Group were solar asset, plant and machineries and cold room with a total carrying amount of RM1,640,139 (31.12.2022 - RM1,759,249, 31.12.2021 - RM1,289,842 and 31.12.2020 - RM282,375) held under hire purchase arrangements. These assets have had been pledged as security for the hire purchase payables of the Group as disclosed in Note 12 to the combined financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****5. RIGHT-OF-USE ASSET**

	At 1.1.2021 RM	Additions (Note 31(a)) RM	Depreciation Charges RM	At 31.12.2021 RM
Audited				
31.12.2021				
<i>Carrying Amount</i>				
Hostel	-	34,114	(8,532)	25,582
		At 1.1.2022 RM	Depreciation Charges RM	At 31.12.2022 RM
Audited				
31.12.2022				
<i>Carrying Amount</i>				
Hostel		25,582	(11,376)	14,206
	At 1.1.2023 RM	Additions (Note 31(a)) RM	Depreciation Charges RM	At 31.12.2023 RM
Audited				
31.12.2023				
<i>Carrying Amount</i>				
Hostel	14,206	115,385	(47,677)	81,914

(a) The Group leases a hostel of which the leasing activity is summarised below:-

(i) **Hostel** The Group had leased a hostel which the Group has entered into a non-cancellable operating lease agreement for use of residential. The leases were for a period of 1-2 (31.12.2022 - 2, 31.12.2021 - 2 and 31.12.2020 - Nil) years.

(b) The Group also has a lease with lease term of 12 months or less. The Group has applied the 'short-term lease' recognition exemptions for this leases.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****6. GOODWILL**

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
At cost:-				
At 1 January	-	-	-	50,055
Acquisition of a subsidiary	-	-	50,055	-
	<u>-</u>	<u>-</u>	<u>50,055</u>	<u>50,055</u>

7. INVENTORIES

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
At cost:-				
Raw materials	195,965	206,694	388,493	363,994
Packaging material	220,983	150,029	260,363	49,766
Work-in-progress	32,493	19,641	29,727	52,968
Goods-in-transit	-	3,052,703	425,872	4,820,576
Finished goods	13,427,756	13,293,639	9,164,277	22,776,191
	<u>13,877,197</u>	<u>16,722,706</u>	<u>10,268,732</u>	<u>28,063,495</u>
At the end of the financial year				
Recognised in profit or loss:-				
Inventories recognised as cost of sales	72,751,314	134,038,565	129,915,647	131,249,465
Inventories written down to net realisable value	-	-	-	243,604
Inventories written off	158,977	307,344	634,695	176,799
Reversal of inventories previously written down	-	-	(200,698)	-
	<u>-</u>	<u>-</u>	<u>(200,698)</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****8. TRADE RECEIVABLES**

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
Trade receivables	17,736,483	17,741,822	18,823,636	12,868,461
Allowance for impairment losses	(261,267)	(400,124)	(392,366)	(1,674,933)
	<u>17,475,216</u>	<u>17,341,698</u>	<u>18,431,270</u>	<u>11,193,528</u>
Allowance for impairment losses:-				
At the beginning of the financial year	139,034	261,267	400,124	392,366
Acquisition of subsidiary	-	-	32	-
Additions for the financial year (Note 23)	122,399	138,857	118,391	1,310,943
Reversal during the financial year (Note 23)	(166)	-	(126,181)	(28,344)
Written off during the year	-	-	-	(32)
At the end of the financial year	<u>261,267</u>	<u>400,124</u>	<u>392,366</u>	<u>1,674,933</u>

The Group's normal trade credit terms range from 30 to 60 (31.12.2022, 31.12.2021 and 31.12.2020 - 30 to 60) days.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Audited FYE 31 December			2023 RM
	2020 RM	2021 RM	2022 RM	
Other receivables:-				
Third parties	380,331	526,583	1,203,086	582,382
Allowance for impairment losses	-	(24,781)	-	-
	380,331	501,802	1,203,086	582,382
Deposits	178,985	179,235	180,085	216,952
Prepayments	4,718,761	2,254,850	7,352,375	6,000,460
Allowance for impairment losses	(192,422)	(5,842)	(17,644)	(22,725)
	4,526,339	2,249,008	7,334,731	5,977,735
	5,085,655	2,930,045	8,717,902	6,777,069
<u>Other receivables</u>				
Allowance for impairment losses:				
At 1 January	-	-	24,781	-
Addition during the financial year (Note 23)	-	24,781	-	-
Written off during the financial year	-	-	(24,781)	-
At 31 December	-	24,781	-	-

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)**

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
<u>Prepayments</u>				
Allowance for impairment losses:				
At 1 January	192,558	192,422	5,842	17,644
Acquisition of a subsidiary	-	-	18,697	6,266
Addition during the financial year	-	34	1,185	-
Reversal during the financial year	(136)	(186,614)	(8,080)	(1,185)
At 31 December	<u>192,422</u>	<u>5,842</u>	<u>17,644</u>	<u>22,725</u>

Included in the Group's prepayments are advances to suppliers amounting to RM5,326,966 (31.12.2022 - RM7,065,513, 31.12.2021 - RM2,009,551 and 31.12.2020 - RM3,365,828). The advances to suppliers are unsecured and interest free. The amount owing will be offset against future purchases from the suppliers.

10. FIXED DEPOSIT WITH A LICENSED BANK

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates of Nil (31.12.2022 - 2.30%, 31.12.2021 - 1.40% and 31.12.2020 - 1.45%) per annum. The fixed deposits have maturity period of Nil (30.6.2022 - 1 month, 31.12.2022 - 1 month, 31.12.2021 - 1 month and 31.12.2020 - 1 month).
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of Nil (31.12.2022 - RM288,276, 31.12.2021 - RM283,637 and 31.12.2020 - RM279,683) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

11 SHARE CAPITAL

(a) Share Capital

	2020	Audited FYE 31 December		2023	2020 RM	Audited FYE 31 December		2023 RM
		2021	2022			2021	2022	
		Number of shares				RM	RM	
Issued and Fully Paid-Up								
Ordinary Shares								
At beginning of the year	-	-	-	-	-	-	-	-
Issuance of ordinary shares	-	-	-	1	-	-	-	1
At end of the year	-	-	-	1	-	-	-	1

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

11. SHARE CAPITAL (CONT'D)

(b) Invested Share Capital

	2020	Audited FYE 31 December 2021 2022 Number of shares		2023	2020 RM	Audited FYE 31 December 2021 2022 RM RM		2023 RM
Issued and Fully Paid-Up								
Ordinary Shares								
At beginning of the year	4,534,000	4,534,000	4,774,800	5,228,200	4,534,000	4,534,000	5,783,993	8,137,139
Issuance of ordinary shares	-	240,800	453,400	-	-	1,249,993	2,353,146	-
At end of the year	<u>4,534,000</u>	<u>4,774,800</u>	<u>5,228,200</u>	<u>5,228,200</u>	<u>4,534,000</u>	<u>5,783,993</u>	<u>8,137,139</u>	<u>8,137,139</u>

During FYE 31 December 2022, OFS increased its issued and paid-up capital from RM5,783,993 to RM8,137,139 by way of issuance of 453,400 ordinary shares at RM5.19 each by way of capitalising and set off the amount owing to shareholders of RM2,353,146.

During FYE 31 December 2021, the OFS increased its issued and paid-up capital from RM4,534,000 to RM5,783,993 by way of issuance of 240,800 ordinary shares at RM5.19 each for a cash consideration of RM1,249,993.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(c) Reorganisation Reserve

The reorganisation reserve arise from the difference between the carrying value of the investment and the nominal value of shares of a direct subsidiaries upon consolidated under the pooling-of-interest method of accounting.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****12. HIRE PURCHASE LIABILITIES (SECURED)**

	Audited FYE 31 December			2023 RM
	2020 RM	2021 RM	2022 RM	
Minimum hire purchase payments:				
- not later than 1 year	100,745	331,629	349,566	373,788
- later than 1 year and not later than 5 years	46,710	723,520	809,862	436,086
	147,455	1,055,149	1,159,428	809,874
Less: Future finance charges	(6,590)	(184,659)	(118,465)	(58,503)
Present value of hire purchase liabilities	140,865	870,490	1,040,963	751,371
Analysed by:-				
Current liabilities	95,196	220,827	224,593	332,786
Non-current liabilities	45,669	649,663	816,370	418,585
	140,865	870,490	1,040,963	751,371

- (a) The hire purchase liabilities of the Group are secured by the Group's solar asset, plant and machineries and cold room held under hire purchase arrangements as disclosed in Note 4 to the combined financial statements.
- (b) The hire purchase payables of the Group at the end of the financial year bore effective interest rates ranging from 7.07% to 7.15% (31.12.2022 - 7.07% to 7.15%, 31.12.2021 - 6.24% to 7.07% and 31.12.2020 - 6.24%) per annum. The interest rates are fixed at inception of the hire purchase arrangements.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****13. LEASE LIABILITIES**

	Audited			
	2020	FYE 31 December		2023
	RM	2021 RM	2022 RM	RM
At 1 January	-	-	25,921	14,653
Addition	-	34,114	-	115,385
Interest expense recognise in profit or loss	-	807	732	1,459
Repayment of principal	-	(8,193)	(11,268)	(47,541)
Repayment of interest expense	-	(807)	(732)	(1,459)
	-	25,921	14,653	82,497
Analysed by:-				
Current liabilities	-	11,268	11,671	82,497
Non-current liabilities	-	14,653	2,982	-
	-	25,921	14,653	82,497

14. TERM LOAN (SECURED)

	Audited			
	2020	FYE 31 December		2023
	RM	2021 RM	2022 RM	RM
Current liabilities	-	105,805	109,556	-
Non-current liabilities	-	411,216	301,705	-
	-	517,021	411,261	-

(a) The term loans are secured by:-

- (i) guarantee cover from The Government of Malaysia under Special Relief Facility Scheme administered by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (ii) joint and several guarantee by directors of the Company.

(b) The term loan bore fixed interest rate of 3.50% (31.12.2022 - 3.50%, 31.12.2021 - 3.50% and 31.12.2020 - 3.50%) per annum at the end of reporting period.

(c) The term loan was repayable in monthly instalments of RM10,181 (31.12.2022 - RM10,181, 31.12.2021 - RM10,181 and 31.12.2020 - RM10,181) and was fully settled during the financial year (31.12.2022 - 2026, 31.12.2021 - 2026 and 31.12.2020 - Nil).

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****15. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 60 (31.12.2022, 31.12.2021 and 31.12.2020 - 30 to 60) days.

16. OTHER PAYABLES AND ACCRUALS

	Audited			
	FYE 31 December			
	2020	2021	2022	2023
	RM	RM	RM	RM
Other payables	4,249,828	834,613	3,371,604	5,331,827
Accruals	472,656	518,235	819,354	521,510
Deposits received	2,110	2,110	2,110	2,110
	<u>4,724,594</u>	<u>1,354,958</u>	<u>4,193,068</u>	<u>5,855,447</u>

- (a) The other payables included an amount of RM3,532,353 (31.12.2022 - RM1,886,619, 31.12.2021 - RM623,479 and 31.12.2020 - RM2,071,113) representing unsecured and interest-free advances from customers. The amount owing will be offset against future sales from customers.
- (b) The other payables included an amount owing to a shareholder of the holding company amounting to Nil (31.12.2022 - Nil, 31.12.2021 - Nil, and 31.12.2020 - RM1,300,000). The amount owing is unsecured, interest-free, and repayable on demand. The amount owing was settled in cash.

17. AMOUNT OWING TO RELATED COMPANIES

	Audited			
	FYE 31 December			
	2020	2021	2022	2023
	RM	RM	RM	RM
Trade balances	664,546	275,246	-	-
Non-trade balances	(86,279)	119,249	-	-
	<u>578,267</u>	<u>394,495</u>	<u>-</u>	<u>-</u>

- (a) The trade balances were subject to the normal trade credit terms range from 30 to 45 (31.12.2022 - 30 to 45, 31.12.2021 - 30 to 45, and 31.12.2020 - 30 to 45) days.
- (b) The non-trade balances represent unsecured, interest-free, payment on behalf and was repayable on demand. The amount owing was settled in cash.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

18. AMOUNT OWING TO A RELATED PARTY

The amount owing to a related party represents unsecured interest-free advances which is repayable on demand. The amount owing is to be settled in cash.

19. AMOUNT OWING TO DIRECTORS

The amount owing to directors represents unsecured interest-free advances which is repayable on demand. The amount owing is to be settled in cash.

20. BANKERS' ACCEPTANCES (SECURED)

- (a) The bankers' acceptances bore effective interest rates of 4.80% (31.12.2022 - 4.55%, 31.12.2021 - 3.55% and 31.12.2020 - 3.55%) per annum at the end of the reporting period.
- (b) The bankers' acceptances are secured by:-
 - (i) freehold land and building of the Group as disclosed in Note 4 to the combined financial statements;
 - (ii) debenture over fixed and floating, present and future assets of the Group;
 - (iii) corporate guarantee by the shareholder; and
 - (iv) joint and several guarantee by certain directors of the Group.

21. BANK OVERDRAFTS (SECURED)

- (a) The bank overdrafts bore effective interest rates of 3% per annum at the end of the reporting period.
- (b) The bank overdrafts are secured by:-
 - (i) freehold land and building of the Group as disclosed in Note 4 to the financial statements;
 - (ii) debenture over fixed and floating, present and future assets of the Group;
 - (iii) corporate guarantee by the shareholder; and
 - (iv) joint and several guarantee by certain directors of the Group.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****22. REVENUE**

		Audited			
		2020	FYE 31 December		
		RM	RM	RM	RM
Revenue from Contracts with Customers					
<u>Recognised at a point in time</u>					
Sales of frozen seafood products	(a)	92,453,843	154,902,654	152,276,216	155,649,178
Processing services	(b)	1,601,100	3,566,148	4,053,504	3,805,113
		<u>94,054,943</u>	<u>158,468,802</u>	<u>156,329,720</u>	<u>159,454,291</u>
<u>Represented by geographical market:-</u>					
Malaysia		10,023,031	21,155,168	28,512,232	27,447,168
Outside Malaysia		84,031,912	137,313,634	127,817,488	132,007,123
		<u>94,054,943</u>	<u>158,468,802</u>	<u>156,329,720</u>	<u>159,454,291</u>

(a) Sales of Frozen Seafood Products

Revenue from sales of frozen seafood products is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Processing Services

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****23. NET (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS**

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
Allowance for impairment losses on trade receivables (Note 8)	(122,399)	(138,857)	(118,391)	(1,310,943)
Impairment losses on other receivables (Note 9)	-	(24,781)	-	-
Reversal of impairment losses on trade receivables (Note 8)	166	-	126,181	28,344
	<u>(122,233)</u>	<u>(163,638)</u>	<u>7,790</u>	<u>(1,282,599)</u>

24. PROFIT BEFORE TAXATION

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- current financial year	21,000	44,000	50,000	55,000
- under/(over) provision in the prior financial year	-	-	1,700	(3,772)
Directors' remuneration (Note 32)	594,169	337,083	273,578	657,593
Material Expenses/ (Income)				
Bad debts written off	24,162	347,755	851,208	1,808,259
Depreciation:				
- property, plant and equipment	457,163	512,393	620,077	699,705
- right-of-use asset	-	8,532	11,376	47,677
Inventories written off	158,977	307,344	634,695	176,799
Inventories written down	-	-	-	243,604

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****24. PROFIT BEFORE TAXATION (CONT'D)**

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
Interest expense:				
- bankers' acceptances	46,317	70,982	10,703	78,002
- hire purchase liabilities	12,679	60,770	54,363	59,978
- term loan	-	17,923	15,988	9,595
- overdraft	-	-	-	41,509
- others	29,277	11,075	6,734	9,254
Interest expense on lease liabilities	-	807	732	1,459
Lease expense:				
- short-term lease	25,200	12,200	12,500	14,200
Property, plant and equipment written off	-	-	-	21,719
Staff costs:				
- short-term employee benefits	2,956,942	3,324,920	3,729,938	4,314,173
- defined contribution benefits	180,078	211,038	251,450	263,100
Bad debts recovered	-	-	-	(258,297)
Gain on bargain purchase	-	-	-	(1,941)
Net loss/(gain) on disposal of property, plant and equipment	4,250	(4,999)	(52,690)	(20,998)
Gain on disposal of a subsidiary	-	-	-	(1,310)
Interest income	(5,508)	(3,954)	(4,639)	(4,608)
Net (gain)/loss on foreign exchange:				
- realised	(596,018)	(616,063)	(811,910)	(954,441)
- unrealised	-	(10,107)	5,188	-
Net reversal of impairment losses on advances to suppliers	(136)	(186,580)	(6,895)	(1,185)
Reversal of commissior payables	-	(14,299)	-	-
Reversal of inventories previously written down	-	-	(200,698)	-

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. INCOME TAX EXPENSE**

	Audited			
	2020	FYE 31 December		2023
	RM	2021	2022	RM
		RM	RM	RM
Current tax expense:-				
Malaysia:				
- for the financial year	30,000	335,776	1,422,932	892,780
- under/(over)provision in the previous financial year	-	1,372	(45,692)	(856,601)
	30,000	337,148	1,377,240	36,179

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group is as follows:-

	Audited			
	2020	FYE 31 December		2023
	RM	2021	2022	RM
		RM	RM	RM
Profit after taxation	2,402,607	4,019,843	5,581,495	6,948,919
Total income tax expenses	30,000	337,148	1,377,240	36,179
Results from continuing and discontinued operations before income tax expenses	2,432,607	4,356,991	6,958,735	6,985,098
Tax at the statutory tax rate of 24%	583,826	1,045,678	1,670,096	1,676,423
Tax effects of:-				
Non-deductible expenses	59,902	49,194	1,040,045	612,736
Non-taxable income	(40)	-	-	-
Tax incentives	(298,907)	(747,576)	(1,016,729)	(1,336,306)
Deferred tax assets not recognised during the financial year	40,644	11,127	6,154	41,302
Utilisation of deferred tax assets previously not recognised	(355,425)	(22,647)	(276,634)	(101,375)
Under/(Over)provision of current tax in the previous financial year	-	1,372	(45,692)	(856,601)
Income tax expense for the financial year	30,000	337,148	1,377,240	36,179

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2022, 31.12.2021 and 31.12.2020 - 24%) of the estimated assessable profit for the financial year.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. INCOME TAX EXPENSE (CONT'D)**

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	2020 RM	2021 RM	2022 RM	2023 RM
		Audited		
		FYE 31 December		
Unused tax losses	1,717,000	1,548,000	547,000	295,000
Other deductible temporary differences	5,000	126,000	-	-
	<u>1,722,000</u>	<u>1,674,000</u>	<u>547,000</u>	<u>295,000</u>

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment.

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12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 30 to the combined financial statements, the Group has announced the disposal of its subsidiary, OFP is completed on 16 October 2023.

An analysis of the results of the discontinued operations is as follows:-

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
Profit or Loss				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Administrative expenses	(6,697)	(5,477)	(7,576)	(8,609)
Loss before taxation from discontinued operations	(6,697)	(5,477)	(7,576)	(8,609)
Income tax expenses	-	-	-	-
Loss after taxation from discontinued operations	(6,697)	(5,477)	(7,576)	(8,609)

The cash flows attributable to the discontinued operations are the following:-

	2020 RM	Audited FYE 31 December		2023 RM
		2021 RM	2022 RM	
Net cash for operation activities	(6,697)	(7,177)	(2,423)	(8,609)
Net cash for discontinued operations	(6,697)	(7,177)	(2,423)	(8,609)

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. EARNINGS PER SHARE**

	2020	Audited		2023
	RM	FYE 31 December		RM
	2021	2022		
	RM	RM	RM	RM
Continuing operations				
Profit attributable to owners of the Company	2,486,059	4,052,298	5,600,633	6,949,594
Weighted average number of ordinary shares in issue	4,534,000	4,535,979	4,785,980	5,228,201
Basic earnings per shares (RM)	0.55	0.89	1.17	1.33
Discontinuing operations				
Loss attributable to owners of the Company (RM)	(6,697)	(5,477)	(7,576)	(8,609)
Weighted average number of ordinary shares in issue	4,534,000	4,535,979	4,785,980	5,228,201
Basic earnings per shares (RM)	(0.0015)	(0.0012)	(0.0016)	(0.0016)

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

*- For the purpose of this report, the total number of shares represents the aggregate number of issued and fully paid-up shares of the Group.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****28. DIVIDENDS**

	2020 RM	Audited FYE 31 December 2021 RM	2022 RM	2023 RM
In respect of the FYE 31 December 2020:				
- Interim dividend of RM0.05 per ordinary share, paid on 19 September 2020	226,700	-	-	-
In respect of the FYE 31 December 2021:				
- Interim dividend of RM0.05 per ordinary share, paid on 23 November 2021	-	226,700	-	-
	<u>226,700</u>	<u>226,700</u>	<u>-</u>	<u>-</u>

The dividend was declared and paid by OFS.

29. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS**29.1 ACQUISITION OF A SUBSIDIARY**

On 11 August 2022, the Company acquired 100% equity interests in OFT representing 3,400,000 ordinary shares in OFT for a total purchase consideration of RM2,353,146, which was settled by issuance of the OFS's share capital.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 31.12.2022 RM
Trade and other receivables	2,708,937
Cash and cash equivalent	200,619
Other creditors and accruals	(606,465)
Net identifiable assets acquired	<u>2,303,091</u>
Add: Goodwill	50,055
	<u>2,353,146</u>
Less: Total purchase consideration, settled by issuance of share capital	(2,353,146)
Less: Cash and bank balances of subsidiary acquired	(200,619)
Net cash inflow from the acquisition of a subsidiary	<u>(200,619)</u>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS (CONT'D)****29.1 ACQUISITION OF A SUBSIDIARY (CONT'D)**

The subsidiary has contributed revenue of RM172,632 and profit after taxation of RM35,414 to the Group since the date of acquisition.

If the acquisition of OFT was effective at the beginning of the FYE 31 December 2022, the Group's revenue and profit after taxation for the FYE 31 December 2022 would have been RM156,934,954 and RM5,616,753 respectively.

29.2 ACQUISITION OF NON-CONTROLLING INTERESTS

On 9 March 2023, the Company acquired the remaining 40% equity interest representing 200,000 ordinary shares in a subsidiary, EO for a total cash consideration of RM23,616 from a director of the subsidiary. The carrying amount of EO's net assets in the Group's financial statements on 9 March 2023 was RM63,893. The Group recognised a decrease in non-controlling interests of RM25,557.

The following summarises the effect of bargain purchase in EO that is attributable to the owners of the Company:-

	The Group 31.12.2023 RM
Net identifiable assets acquired	25,557
Total purchase consideration	(23,616)
	<hr/>
Gain on bargain purchase	1,941
	<hr/>

30. DISPOSAL OF A SUBSIDIARY

On 16 October 2023, the Group disposed of its entire equity interest OFP for a total cash consideration of RM2,771.

The following summarises the amounts of assets disposed of and liabilities transferred at the date of disposal:-

(a) Financial Effect Arising from Disposal

	The Group 31.12.2023 RM
Trade and other receivables	150
Cash and cash equivalents	9,546
Other payables	(8,235)
	<hr/>
Carrying amount of net assets/(liabilities) disposed of	1,461
Less: Cash consideration received	2,771
	<hr/>
Gain on disposal of a subsidiary (Note 24)	(1,310)
	<hr/>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****30. DISPOSAL OF A SUBSIDIARY (CONT'D)****(b) Cash Flows Arising from Disposal**

	The Group 31.12.2023 RM
Cash consideration received	2,771
Cash and cash equivalents of subsidiary disposed of	(9,546)
	<hr/>
Net cash outflow from the disposal of a subsidiary	(6,775)

31. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use asset is as follows:-

	Audited			
	FYE 31 December			
	2020	2021	2022	2023
	RM	RM	RM	RM
Continuing operations				
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 4)	122,975	2,279,553	1,381,267	966,653
Less: Acquired through hire purchase arrangement	-	(960,000)	(391,300)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	122,975	1,319,553	989,967	966,653
	<hr/>	<hr/>	<hr/>	<hr/>
Continuing operations				
Right-of-use asset				
Cost of right-of-use asset acquired (Note 5)	-	34,114	-	115,385
Less: Addition of new lease liability (Note 13)	-	(34,114)	-	(115,385)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

Audited	Bankers' Acceptances RM	Hire Purchase Liabilities RM	Total RM
Continuing operations			
The Group			
31.12.2020			
At 1 January	-	256,406	256,406
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	6,191,970	-	6,191,970
Repayment of principal	(2,685,575)	(115,541)	(2,801,116)
Repayment of interests	(46,317)	(12,679)	(58,996)
	3,460,078	(128,220)	3,331,858
<u>Non-cash Changes</u>			
Interest expense recognised in profit or loss	46,317	12,679	58,996
	46,317	12,679	58,996
At 31 December	3,506,395	140,865	3,647,260

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Bankers' Acceptances RM	Hire Purchase Liabilities RM	Lease Liability RM	Term Loan RM	Total RM
Continuing operations					
The Group					
31.12.2021					
At 1 January	3,506,395	140,865	-	-	3,647,260
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	18,869,268	-	-	567,924	19,437,192
Repayment of principal	(19,445,298)	(230,375)	(8,193)	(50,903)	(19,734,769)
Repayment of interests	(70,982)	(60,770)	(807)	(17,923)	(150,482)
	(647,012)	(291,145)	(9,000)	499,098	(448,059)
<u>Non-cash Changes</u>					
Acquisition of new lease	-	-	34,114	-	34,114
Addition of hire purchase	-	960,000	-	-	960,000
Interest expense recognised in profit or loss	70,982	60,770	807	17,923	150,482
	70,982	1,020,770	34,921	17,923	1,144,596
At 31 December	2,930,365	870,490	25,921	517,021	4,343,797

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Bankers' Acceptances RM	Hire Purchase Liabilities RM	Lease Liability RM	Term Loan RM	Total RM
Continuing operations					
The Group					
31.12.2022					
At 1 January	2,930,365	870,490	25,921	517,021	4,343,797
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	6,156,082	-	-	-	6,156,082
Repayment of principal	(8,579,342)	(220,827)	(11,268)	(105,760)	(8,917,197)
Repayment of interests	(10,703)	(54,363)	(732)	(15,988)	(81,786)
	(2,433,963)	(275,190)	(12,000)	(121,748)	(2,842,901)
<u>Non-cash Changes</u>					
Addition of hire purchase	-	391,300	-	-	391,300
Interest expense recognised in profit or loss	10,703	54,363	732	15,988	81,786
	10,703	445,663	732	15,988	473,086
At 31 December	507,105	1,040,963	14,653	411,261	1,973,982

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Bankers' Acceptances RM	Hire Purchase Liabilities RM	Lease Liability RM	Term Loan RM	Total RM
Continuing operations					
The Group					
31.12.2023					
At 1 January	507,105	1,040,963	14,653	411,261	1,973,982
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	6,055,456	-	-	-	6,055,456
Repayment of principal	(3,441,232)	(289,592)	(47,541)	(411,261)	(4,189,626)
Repayment of interests	(78,002)	(59,978)	(1,459)	(9,595)	(149,034)
	2,536,222	(349,570)	(49,000)	(420,856)	1,716,796
<u>Non-cash Changes</u>					
Acquisition of new lease	-	-	115,385	-	115,385
Interest expense recognised in profit or loss	78,002	59,978	1,459	9,595	149,034
	78,002	59,978	116,844	9,595	264,419
At 31 December	3,121,329	751,371	82,497	-	3,955,197

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****31. CASH FLOW INFORMATION (CONT'D)**

(c) The total cash outflows for leases as a lessee are as follows:-

	Audited			
	2020	FYE 31 December		2023
	RM	2021	2022	RM
		RM	RM	RM
Continuing operations				
Payment of short-term leases	25,200	12,200	12,500	14,200
Interest paid on lease liability	-	807	732	1,459
Payment of lease liability	-	8,193	11,268	47,541
	<u>25,200</u>	<u>21,200</u>	<u>24,500</u>	<u>63,200</u>

(d) The cash and cash equivalents comprise the following:-

	Audited			
	2020	FYE 31 December		2023
	RM	2021	2022	RM
		RM	RM	RM
Continuing operations				
Fixed deposit with licensed banks	279,683	283,637	288,276	-
Cash and bank balances	4,538,814	7,395,859	6,279,915	6,673,295
	<u>4,818,497</u>	<u>7,679,496</u>	<u>6,568,191</u>	<u>6,673,295</u>
Less: Fixed deposit pledged to licensed banks	(279,683)	(283,637)	(288,276)	-
Less: Bank overdrafts	-	-	-	(1,484,880)
	<u>4,538,814</u>	<u>7,395,859</u>	<u>6,279,915</u>	<u>5,188,415</u>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****32. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include directors of the Company.

The key management personnel compensation during the financial year are as follows:-

	Audited			
	FYE 31 December			
	2020	2021	2022	2023
	RM	RM	RM	RM
Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	95,000	45,000	30,000	40,000
- salaries, bonuses and other benefits	453,209	264,225	232,698	581,925
	<u>548,209</u>	<u>309,225</u>	<u>262,698</u>	<u>621,925</u>
Defined contribution benefits	45,960	27,858	10,880	35,668
	<u>594,169</u>	<u>337,083</u>	<u>273,578</u>	<u>657,593</u>
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	-	12,000	12,000	-
Total directors' remuneration	<u>594,169</u>	<u>349,083</u>	<u>285,578</u>	<u>657,593</u>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****33. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors and key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group carried out the following significant transactions with the related parties during the financial year:-

	Audited			
	FYE 31 December			
	2020	2021	2022	2023
	RM	RM	RM	RM
Fees paid to:				
- a related company	-	597,633	266,061	-
Purchase from a related company	2,300,344	-	-	-
Processing fee from a related party	41,734	144,464	152,674	81,219
Rental income from a related party	-	45,263	32,897	3,381
Sales to a related party	1,089,151	5,290,185	6,229,005	5,530,393
Purchases from related a party	2,200,079	3,299,918	3,021,551	4,292,333
	_____	_____	_____	_____

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currency other than the respective functional currency of entities within the Group. The currencies giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign Currency Exposure

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments of the end of the reporting period is summarised as below:-

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2020				
<u>Financial Assets</u>				
Trade receivables	8,356,110	709,361	8,409,745	17,475,216
Other receivables	-	-	380,331	380,331
Fixed deposit with a licensed bank	-	-	279,683	279,683
Cash and bank balances	994,782	49,321	3,494,711	4,538,814
	9,350,892	758,682	12,564,470	22,674,044

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of major areas of treasury activity are as follows (cont'd):

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2020				
<u>Financial Liabilities</u>				
Trade payables	829,836	-	13,129,859	13,959,695
Other payables and accruals	-	-	2,651,371	2,651,371
Amount owing to related companies	-	-	578,267	578,267
Amount owing to a related party	-	-	31,547	31,547
Amount owing to directors	-	-	40,000	40,000
Hire purchases liabilities	-	-	140,865	140,865
Bankers' acceptances	-	-	3,506,395	3,506,395
	829,836	-	20,078,304	20,908,140
Net financial assets/(liabilities)	8,521,056	758,682	(7,513,834)	1,765,904
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	7,513,834	7,513,834
Currency exposure	8,521,056	758,682	-	9,279,738

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2021				
<u>Financial Assets</u>				
Trade receivables	12,203,215	-	5,138,483	17,341,698
Other receivables	-	-	501,802	501,802
Fixed deposit with a licensed bank	-	-	283,637	283,637
Cash and bank balances	614,842	27,468	6,753,549	7,395,859
	12,818,057	27,468	12,677,471	25,522,996

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2021				
<u>Financial Liabilities</u>				
Trade payables	4,632,450	-	12,307,791	16,940,241
Other payables and accruals	-	-	729,369	729,369
Amount owing to related companies	-	-	394,495	394,495
Amount owing to directors	-	-	76,000	76,000
Hire purchases liabilities	-	-	870,490	870,490
Bankers' acceptances	-	-	2,930,365	2,930,365
Term loan	-	-	517,021	517,021
	4,632,450	-	17,825,531	22,457,981
Net financial assets/(liabilities)	8,185,607	27,468	(5,148,060)	3,065,015
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	5,148,060	5,148,060
Currency exposure	8,185,607	27,468	-	8,213,075

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2022				
<u>Financial Assets</u>				
Trade receivables	12,344,578	-	6,086,692	18,431,270
Other receivables	-	-	1,203,086	1,203,086
Fixed deposit with a licensed bank	-	-	288,276	288,276
Cash and bank balances	3,726,763	44,045	2,509,107	6,279,915
	16,071,341	44,045	10,087,161	26,202,547

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2022				
<u>Financial Liabilities</u>				
Trade payables	3,908,429	-	4,579,995	8,488,424
Other payables and accruals	-	-	2,304,339	2,304,339
Amount owing to a related party	-	-	6,068	6,068
Amount owing to directors	-	-	84,001	84,001
Hire purchases liabilities	-	-	1,040,963	1,040,963
Bankers' acceptances	-	-	507,105	507,105
Term loans	-	-	411,261	411,261
	3,908,429	-	8,933,732	12,842,161
Net financial assets	12,162,912	44,045	1,153,429	13,360,386
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(1,153,429)	(1,153,429)
Currency exposure	12,162,912	44,045	-	12,206,957

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2023				
<u>Financial Assets</u>				
Trade receivables	9,483,223	855,520	854,785	11,193,528
Other receivables	-	-	582,382	582,382
Cash and bank balances	1,206,944	42,345	5,424,006	6,673,295
	10,690,167	897,865	6,861,173	18,449,205

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM	Other RM	Ringgit Malaysia RM	Total RM
31.12.2023				
<u>Financial Liabilities</u>				
Trade payables	3,577,255	-	2,815,010	6,392,265
Other payables and accruals	-	-	2,320,984	2,320,984
Hire purchases payables	-	-	751,371	751,371
Bankers' acceptances	-	-	3,121,329	3,121,329
Bank overdrafts	-	-	1,484,880	1,484,880
	3,577,255	-	10,493,574	14,070,829
Net financial assets/(liabilities)	7,112,912	897,865	(3,632,401)	4,378,376
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	3,632,401	3,632,401
Currency exposure	7,112,912	897,865	-	8,010,777

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	2020	Audited FYE 31 December		2023
	RM	2021	2022	RM
		RM	RM	RM
Effect on profit after taxation				
USD/RM				
- strengthened by 5%	323,800	311,053	462,191	270,291
- weakened by 5%	(323,800)	(311,053)	(462,191)	(270,291)
OTHER/RM				
- strengthened by 5%	28,830	1,044	1,674	34,119
- weakened by 5%	(28,830)	(1,044)	(1,674)	(34,119)
	_____	_____	_____	_____

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amount of the financial instrument at the end of the reporting period is disclosed in Note 20 and Note 21 to the combined financial statements respectively.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence it is not exposed to equity price risk.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to ultimate holding company and subsidiaries for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 365 days past due.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including amount owing by related parties) has been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over 12 months (31.12.2023, 31.12.2022, 31.12.2021 and 31.12.2020 - 12 months) from the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial years.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Sales made are generally accompanied by letters of credit or advance payments and therefore, there is minimal exposure to credit risk. Furthermore, outstanding trade receivables are largely collected within the credit term.

Allowance for Impairment Losses

Audited	Gross Amount RM	Collective Impairment RM	Carrying Amount RM
31.12.2020			
Current (not past due)	8,379,128	-	8,379,128
1 to 30 days past due	5,328,372	-	5,328,372
31 to 60 days past due	1,206,141	-	1,206,141
61 to 90 days past due	69,844	-	69,844
More than 90 days past due	2,752,998	(261,267)	2,491,731
	17,736,483	(261,267)	17,475,216
31.12.2021			
Current (not past due)	3,690,216	-	3,690,216
1 to 30 days past due	5,901,235	-	5,901,235
31 to 60 days past due	1,911,044	-	1,911,044
61 to 90 days past due	2,953,957	-	2,953,957
More than 90 days past due	3,285,370	(400,124)	2,885,246
	17,741,822	(400,124)	17,341,698
31.12.2022			
Current (not past due)	7,155,578	(35,635)	7,119,943
1 to 30 days past due	2,923,852	(29,238)	2,894,614
31 to 60 days past due	2,170,459	(43,409)	2,127,050
61 to 90 days past due	3,097,513	(108,528)	2,988,985
More than 90 days past due	3,476,234	(175,556)	3,300,678
	18,823,636	(392,366)	18,431,270

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)*Allowance for Impairment Losses (Cont'd)*

Audited 31.12.2023	Gross Amount RM	Collective Impairment RM'	Carrying Amount RM
Current (not past due)	1,407,504	(13,807)	1,393,697
1 to 30 days past due	3,299,976	(35,602)	3,264,374
31 to 60 days past due	1,601,622	(32,032)	1,569,590
61 to 90 days past due	1,634,233	(57,198)	1,577,035
More than 90 days past due	4,925,126	(1,536,294)	3,388,832
	12,868,461	(1,674,933)	11,193,528

The movements in the loss allowances in respect of trade receivables is disclosed in Note 8 to the combined financial statements.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible other than those which had already impaired.

Fixed Deposit with a Licensed Bank, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Audited	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2020					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	13,959,695	13,959,695	13,959,695	-
Other payables and accruals	-	2,651,371	2,651,371	2,651,371	-
Amount owing to related companies	-	578,267	578,267	578,267	-
Amount owing to a related party	-	31,547	31,547	31,547	-
Amount owing to directors	-	40,000	40,000	40,000	-
Hire purchase liabilities	6.24	140,865	147,455	100,745	46,710
Bankers' acceptance	3.55	3,506,395	3,506,395	3,506,395	-
		20,908,140	20,914,730	20,868,020	46,710

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Audited	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2021					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	16,940,241	16,940,241	16,940,241	-
Other payables and accruals	-	729,369	729,369	729,369	-
Amount owing to related companies	-	394,495	394,495	394,495	-
Amount owing to directors	-	76,000	76,000	76,000	-
Hire purchase liabilities	6.24 - 7.07	870,490	1,055,149	331,629	723,520
Term loan	3.50	517,021	560,270	122,167	438,103
Bankers' acceptance	3.55	2,930,365	2,930,365	2,930,365	-
		22,457,981	22,685,889	21,524,266	1,161,623
<u>Other Liability</u>					
Lease liabilities	3.53	25,921	27,000	12,000	15,000
		22,483,902	22,712,889	21,536,266	1,176,623

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Audited	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2022					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	8,488,424	8,488,424	8,488,424	-
Other payables and accruals	-	2,304,339	2,304,339	2,304,339	-
Amount owing to a related party	-	6,068	6,068	6,068	-
Amount owing to directors	-	84,001	84,001	84,001	-
Hire purchase liabilities	7.07 - 7.15	1,040,963	1,159,428	349,566	809,862
Term loan	3.50	411,261	438,155	122,167	315,988
Bankers' acceptance	4.55	507,105	507,105	507,105	-
		12,842,161	12,987,520	11,861,670	1,125,850
<u>Other Liability</u>					
Lease liabilities	3.53	14,653	15,000	12,000	3,000
		12,856,814	13,002,520	11,873,670	1,128,850

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Audited	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2023					
Trade payables	-	6,392,265	6,392,265	6,392,265	-
Other payables and accruals	-	2,320,984	2,320,984	2,320,984	-
Hire purchase liabilities	7.07 - 7.15	751,371	809,874	373,788	436,086
Bankers' acceptance	4.80	3,121,329	3,121,329	3,121,329	-
Bank overdrafts	3.00	1,484,880	1,484,880	1,484,880	-
		14,070,829	14,129,332	13,693,246	436,086
<u>Other Liability</u>					
Lease liabilities	3.53	82,497	83,600	83,600	-
		14,153,326	14,212,932	13,776,846	436,086

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	Audited			
	FYE 31 December			
	2020	2021	2022	2023
	RM	RM	RM	RM
Hire purchase liabilities	140,865	870,490	1,040,963	751,371
Term loan	-	517,021	411,261	-
Bankers' acceptance	3,506,395	2,930,365	507,105	3,121,329
	<u>3,647,260</u>	<u>4,317,876</u>	<u>1,959,329</u>	<u>3,872,700</u>
Less: Cash and cash equivalents (Note 31(d))	(4,583,814)	(7,395,859)	(6,279,915)	(5,188,415)
Net debt	<u>(936,554)</u>	<u>(3,077,983)</u>	<u>(4,320,586)</u>	<u>(1,315,715)</u>
Total equity	<u>25,462,684</u>	<u>30,505,820</u>	<u>38,440,461</u>	<u>45,363,824</u>
Debt-to-equity ratio	<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

There was no changes in the approach to capital management during the financial year.

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020	Audited		2023
	RM	FYE 31 December		RM
	2021	2022		
	RM	RM	RM	RM
Financial Assets				
<u>Amortised Cost</u>				
Trade receivables (Note 8)	17,475,216	17,341,698	18,431,270	11,193,528
Other receivables	380,331	501,802	1,203,086	582,382
Fixed deposit with a licensed bank	279,683	283,637	288,276	-
Cash and bank balances	4,538,814	7,395,859	6,279,915	6,673,295
	<u>22,647,044</u>	<u>25,522,996</u>	<u>26,202,547</u>	<u>18,449,205</u>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2020	Audited		
	RM	FYE 31 December	2022	2023
	RM	2021	RM	RM
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables	13,959,695	16,940,241	8,488,424	6,392,265
Other payables and accruals	2,651,371	729,369	2,304,339	2,320,984
Amount owing to related companies (Note 17)	578,267	394,495	-	-
Amount owing to a related party	31,547	-	6,068	-
Amount owing to directors	40,000	76,000	84,001	-
Hire purchase liabilities (Note 12)	140,865	870,490	1,040,963	751,371
Term loan (Note 14)	-	517,021	411,261	-
Bankers' acceptances	3,506,395	2,930,365	507,105	3,121,329
Bank overdrafts	-	-	-	1,484,880
	<u>20,908,140</u>	<u>22,457,981</u>	<u>12,842,161</u>	<u>14,070,829</u>

12. ACCOUNTANTS' REPORT (CONT'D)**OCEAN FRESH BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****34. FINANCIAL INSTRUMENTS (CONT'D)**

34.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020 RM	Audited FYE 31 December 2021 RM	2022 RM	2023 RM
Financial Assets				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(116,725)	(482,658)	(838,779)	(2,827,953)
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(58,996)	(149,675)	(81,054)	(189,084)

34.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loans that carry fixed interest rates approximated their carrying amounts as the impact of discounting is not material. The fair value is determined by discounting the relevant cash flows using current market interest rates for similar instruments is 3.50% and the fair value is within level 2 of the fair value hierarchy.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

35. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

In conjunction with, and as an integral part of the listing of and quotation for the entire issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad, the Company has undertaken the acquisition of Ocean Fresh Seafood Products Sdn. Bhd. and its subsidiaries ("Proposed Acquisition"). On 9 October 2023, the Company had entered into a share sale agreement in relations to the Proposed Acquisition for a total consideration of RM38,423,040.

Subsequent to the acquisition, the Group has undertaken an internal restructuring by acquiring the entire issued share capital of OFS, LLH, EO and OFT, to be held directly by Ocean Fresh Berhad., for a total consideration of RM7,614,603.

12. ACCOUNTANTS' REPORT (CONT'D)

OCEAN FRESH BERHAD

STATEMENT BY DIRECTORS

We, Siang Hai Yong and Kee Wan Chum, being two of the directors of Ocean Fresh Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as of 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and of their financial performance and cash flows for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023.

Signed in accordance with a resolution of the directors dated 13 May 2024.



Siang Hai Yong



Kee Wan Chum

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
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Fax +6 03 2788 9998
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13 May 2024

The Board of Directors
Ocean Fresh Berhad
Lot 19869, Kampung Baru Peramu,
26060 Kuantan, Pahang
Malaysia

Dear Sirs/Madams,

**OCEAN FRESH BERHAD (“OFB” OR “THE COMPANY”)
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF
FINANCIAL POSITION AS AT 31 DECEMBER 2023**

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of OFB and its subsidiaries (hereinafter referred to as the “the Group”) as at 31 December 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the proposed listing of and quotation for the entire issued share capital of OFB on the ACE Market of Bursa Malaysia Securities Berhad (“the Listing”).

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (“the Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions set out in the notes thereon to the Pro Forma Combined Statements of Financial Position as if the transactions have been implemented and completed on 31 December 2023 on the Group’s financial position as at that date.

As part of this process, information about the Group’s financial position as at 31 December 2023 has been extracted by the Board of Directors of the Company from the Accountant’s Report of the Group for the financial year ended 31 December 2023, which are audited by us.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board of Directors of the Company is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)



REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of Pro Forma Combined Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Combined Statements of Financial Position of the Group as at 31 December 2023 have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

Our report on the Pro Forma Combined Statements of Financial Position have been prepared for inclusion in the Prospectus of OFB in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

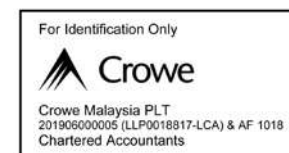
Kuala Lumpur

Choong Kok Keong
03461/11/2025 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

OCEAN FRESH BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023



Appendix A

		As at 31 December 2023 *	Proposed Acquisition	Pro Forma I After Proposed Acquisition	Public Issue	Pro Forma II After Pro Forma I and Public Issue	Utilisation of Proceeds	Pro Forma III After Pro Forma II and Utilisation of Proceeds
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment		9,928		9,928		9,928		9,928
Right-of-use asset		82		82		82		82
Goodwill		50		50		50		50
		<u>10,060</u>		<u>10,060</u>		<u>10,060</u>		<u>10,060</u>
CURRENT ASSETS								
Inventories		28,063		28,063		28,063		28,063
Trade receivables		11,194		11,194		11,194		11,194
Other receivables, deposits and prepayments		6,777		6,777		6,777		6,777
Current tax assets		289		289		289		289
Cash and bank balances	6.1	6,673		6,673	14,014	20,687	(3,040)	17,647
		<u>52,996</u>		<u>52,996</u>		<u>67,010</u>		<u>63,970</u>
TOTAL ASSETS		<u>63,056</u>		<u>63,056</u>		<u>77,070</u>		<u>74,030</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

OCEAN FRESH BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)



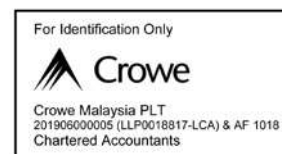
Appendix A

	Note	As at 31 December 2023 * RM'000	Proposed Acquisition RM'000	Pro Forma I After Proposed Acquisition RM'000	Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6.2	#	38,423	38,423	14,014	52,437	(1,100)	51,337
Invested share capital	6.3	8,137	(8,137)	-	-	-	-	-
Reorganisation reserve	6.4	3,816	(30,286)	(26,470)	-	(26,470)	-	(26,470)
Retained profits	6.5	33,411	-	33,411	-	33,411	(1,940)	31,471
		45,364		45,364		59,378		56,338
NON-CONTROLLING INTERESTS		-		-		-		-
TOTAL EQUITY		45,364		45,364		59,378		56,338
NON-CURRENT LIABILITIES								
Borrowings		419		419		419		419
		419		419		419		419

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

OCEAN FRESH BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)



Appendix A

	Note	As at 31 December 2023 * RM'000	Proposed Acquisition RM'000	Pro Forma I After Proposed Acquisition RM'000	Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
CURRENT LIABILITIES								
Trade payable		6,392		6,392		6,392		6,392
Other payables and accruals		5,855		5,855		5,855		5,855
Amount owing to directors		-		-		-		-
Lease liabilities		83		83		83		83
Borrowings		4,939		4,939		4,939		4,939
Current tax liabilities		4		4		4		4
		<u>17,273</u>		<u>17,273</u>		<u>17,273</u>		<u>17,273</u>
TOTAL LIABILITIES		<u>17,962</u>		<u>17,692</u>		<u>17,692</u>		<u>17,692</u>
TOTAL EQUITY AND LIABILITIES		<u>63,056</u>		<u>63,056</u>		<u>77,070</u>		<u>74,030</u>
Number of ordinary shares		5,288,201		160,096,000		210,146,000		210,146,000
Net assets ("NA") @ (RM'000)		45,364		45,364		59,378		56,338
NA per ordinary share (RM)		8.68		0.28		0.28		0.27

Notes:-

* - Extracted from the Accountant's Report as at 31 December 2023.

- Amount less than RM1,000

@ - represents net assets attributable to owners of the Company, which is also known as shareholders' equity.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

Appendix A



OCEAN FRESH BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

1. ABBREVIATIONS

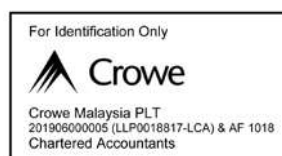
Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Abbreviations

EO	:	East Ocean Frozen Seafood Products (Sabah) Sdn. Bhd.
IPO	:	Initial public offering.
Listing	:	Proposed listing of and quotation for the entire issued share capital of OFB on the ACE Market of Bursa Malaysia Securities Berhad.
LLH	:	Lianli Huat Seafood Products Sdn. Bhd.
Ocean Fresh Acquisition	:	The acquisition by the Company of the entire issued share capital of OFS from Vendors for a total purchase consideration of RM38,423,040 which will be satisfied entirely by issuance of 160,095,999 new Shares.
OFB or the Company	:	Ocean Fresh Berhad Registration No.: 202301019041 (1512963A).
OFB Shares or Shares	:	Ordinary shares in OFB.
OFS	:	Ocean Fresh Seafood Products Sdn. Bhd.
OFT	:	Ocean Fresh Trading Sdn. Bhd.
RM and sen	:	Ringgit Malaysia and sen, respectively.
The Group	:	Ocean Fresh Berhad, Ocean Fresh Seafood Products Sdn. Bhd. Registration No.: 200201001773 (569436W); Lianli Huat Seafood Products Sdn. Bhd. Registration No.: 200301002588 (605008T); East Ocean Frozen Seafood Products (Sabah) Sdn. Bhd. Registration No.: 201701010036 (1224201A); and Ocean Fresh Trading Sdn. Bhd. Registration No.: 200901013688 (856748D).

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

Appendix A



OCEAN FRESH BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

1. ABBREVIATIONS (CONT'D)

Vendors : Untung Besar Sdn. Bhd.
 Registration No.: 200701036541(794570-W);
 Treasure Gain Sdn. Bhd.
 Registration No.: 200701032836 (790864-D);
 Sierra Mode Sdn. Bhd.
 Registration No.: 202101044051 (1444351-W);
 Chia Hooi Huak;
 Heah Theare Haw;
 Law Chee Kheong;
 Yau Ming Teck;
 Kee Yow Lee;
 Eng Chai Hee; and
 Siang Hai Yong;

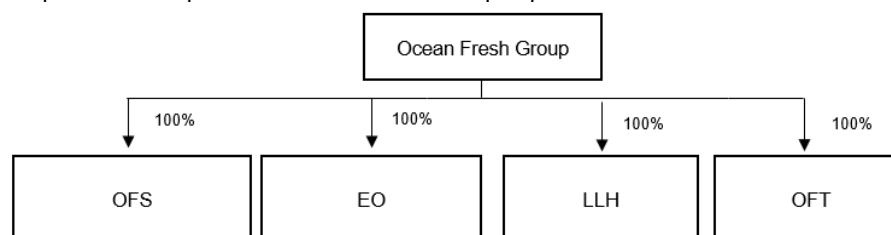
2. INTRODUCTION

The Pro Forma Combined Statements of Financial Position of the Group as at 31 December 2023 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purpose only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

3.1 Group Structure

The pro forma corporate structure of the Group is presented as follows:-



OFB was incorporated on 22 May 2023 as a private limited company under the name of Ocean Fresh Sdn. Bhd. Subsequently, the Company was converted into a public limited company and assumed its present name on 29 August 2023.

3.2 Accountant's Report

The Pro Forma Combined Statements of Financial Position of the Group as at 31 December 2023 are prepared based on the Accountant's Report of the Group for the financial year ended 31 December 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

Appendix A



OCEAN FRESH BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 Accountant's Report (Cont'd)

The Accountant's Report used in the preparation of these Pro Forma Combined Statements of Financial Position were not subject to any audit qualification, modification or disclaimer of opinion.

3.3 Business Combinations

The business combinations of the Group involving the formation of a new holding company, namely OFB, to undertake a restructuring exercise through the Ocean Fresh Acquisition as follows:-

- (a) To formalise the listing group in preparation for the Listing, OFB has entered into a share sale agreement on 9 October 2023 with the Vendors to acquire the entire equity interest of OFS for a total consideration of RM38,423,040, which will be fully satisfied by the issuance of 160,095,999 new Shares at an issue price of RM0.24 each. The total purchase consideration was arrived at after taking into consideration the audited consolidated net assets of OFS as at 31 December 2022.

The Ocean Fresh Acquisition represents an internal restructuring whereby it is a continuation of the acquired entity and the assets and liabilities of the acquired entity are stated at their existing carrying amounts. The difference between the consideration paid and share capital of the acquired entity is accounted for as reorganisation reserve or deficit as applicable.

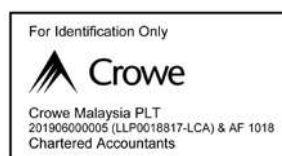
- (b) Internal reorganisation upon completion of the acquisition of the entire issued share capital of OFS whereby the Company had acquired the entire issued share capital of LLH, EO and OFT for a total cash consideration of RM7,614,603 from OFS. The said consideration was arrived at after taking into account the aggregate audited net assets of LLH, EO and OFT as at 31 December 2022.
- (c) The acquisition of OFB was completed on 3 May 2024.

3.4 Applicable Criteria

- (a) The Pro Forma Combined Statements of Financial Position of OFB together with the accompanying notes thereon, have been prepared solely to illustrate the effect on the financial position of OFB as at 31 December 2023 as if events and transactions as set out in Note 4 herein been implemented on 31 December 2023.
- (b) The Pro Forma Combined Statements of Financial Position of OFB have been prepared for illustration purposes using the Accountant's Report as set out in Note 3.2 above which are prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and are not subject to any qualification, modification or disclaimer.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

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OCEAN FRESH BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.4 Applicable Criteria (Cont'd)

- (c) The Pro Forma Combined Statements of Financial Position of OFB have also been compiled in a manner consistent with the format of the audited financial statements and accounting policies of the Group.
- (d) Material and appropriate adjustments have been made in the preparation of Pro Forma Combined Statements of Financial Position of OFB.

The Pro Forma Combined Statements of Financial Position as at 31 December 2023 are not necessarily indicative of the financial position that would have been attained as if events and transactions actually occurred on 31 December 2023. The Pro Forma Combined Statements of Financial Position have been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual effects of the transactions on the Group's future financial position.

4. LISTING SCHEME

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:-

4.1 Proposed Acquisition

Ocean Fresh Acquisition

OFB has entered into a share sale agreement on 9 October 2023 to acquire the entire issued share capital of OFS and its subsidiaries. The details are as follows:-

Company name	Equity Interest (%)	Purchase consideration RM	No. of shares issued by OFB
OFS	100	38,423,040	160,095,999
			RM
Purchase consideration			38,423,040
Less:-			
Share capital of OFS			(8,137,139)
Reorganisation reserve			30,285,901

The purchase consideration of OFS was arrived on a willing-buyer willing-seller basis, after taking into consideration the adjusted audited combined net assets of OFS as at 31 December 2022. The acquisition was completed on 3 May 2024.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

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OCEAN FRESH BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

4. LISTING SCHEME (CONT'D)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing (Cont'd):-

4.2 Proposed Public Issue

The Proposed Public Issue of 50,050,000 new Shares, representing approximately 23.81% of the enlarged issued share capital of the Group at an issue price of RM0.28 per Share allocated in the following manner:-

- 10,510,000 Public Issue Shares will be made available for application by the Malaysian Public by way of balloting;
- 1,710,000 Shares will be made available for application by the eligible directors and employees; and
- 37,830,000 Shares will be made available for application by way of private placement to selected investors.

4.3 Proposed Listing

Upon completion of the IPO and before deducting the estimated listing expenses directly attributable to the issuance of new Shares of RM1,100,000, the Shares will increase from RM38,423,041 comprising 160,096,000 Shares to RM52,437,041 comprising 210,146,000 Shares.

Upon completion of the IPO, the Company shall be admitted to the official list and the entire issued share capital of RM51,337,041 (after deducting the estimated listing expenses directly attributable to the issuance of new Shares of RM1,100,000) comprising 210,146,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I

Pro Forma I incorporates the effects of Proposed Acquisition as set out in Note 4.1 to the Pro Forma Combined Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue as set out in Note 4.2 to the Pro Forma Combined Statements of Financial Position.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)



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NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from the Proposed Public Issue. The proceeds from the Proposed Public Issue will be utilised as follows:-

Purposes	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM	%	
Capital expenditure for a new cold storage facility ⁽¹⁾	8,000,000	57.09	Within 24 months
Working capital requirements ⁽²⁾	2,514,000	17.94	Within 24 months
Estimated listing expenses ^{(3),(4)}	3,500,000	24.97	Immediate
	14,014,000	100.00	

Notes to the utilisation of proceeds:-

- (1) As at the latest practicable date of the prospectus, the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the capital expenditure for a new cold storage facility. Accordingly, the utilisation of proceeds for aforesaid capital expenditure is not reflected in the Pro Forma Combined Statements of Financial Position.
- (2) As at the latest practicable date of the prospectus, the Group has yet to issue any purchase orders for the working capital requirements. Accordingly, the utilisation of proceeds is not reflected in the Pro Forma Combined Statements of Financial Position.
- (3) If the actual listing expenses are higher than budgeted, the shortfall will be funded from the portion allocated for working capital purposes. Conversely, if the actual listing expenses are lower than amount budgeted, the excess will be utilised for the working capital purposes requirements.
- (4) The estimated listing expenses of RM1,100,000 directly attributable to the listing expenses will be set off against share capital and the remaining estimated listing expenses of RM2,400,000 that is attributable to the Proposed Listing will be charged to the statement of profit or loss and other comprehensive income. In the financial year ended 31 December 2023, the Company had recognised the listing expenses of RM460,000 in profit or loss.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)



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NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

6.1 Cash and bank balances

	Note	RM'000
As at 31 December/As per Pro Forma I		6,673
Pursuant to Proposed Public Issue	4.2	14,014
As per Pro Forma II		20,687
Pursuant to Utilisation of Proceeds		
- Estimated listing expenses	5.3	(3,040)
As per Pro Forma III		17,647

6.2 Share capital

	Note	Number of Shares '000	Share Capital RM'000
As at 31 December 2023		#	#
Add: Ordinary shares issued pursuant to the Ocean Fresh Acquisition	4.1	160,096	38,423
As per Pro Forma I		160,096	38,423
Pursuant to Proposed Public Issue	4.2	50,050	14,014
As per Pro Forma II		210,146	52,437
Pursuant to utilisation of proceeds:			
- Estimated listing expenses	5.3	-	(1,100)
As per Pro Forma III		210,146	51,337

6.3 Invested share capital

	Note	Number of Shares '000	Share Capital RM'000
As at 31 December 2023		5,228	8,137
Less: Ocean Fresh Acquisition	4.1	(5,228)	(8,137)
As per Pro Forma I, II and III		-	-

Notes:-

- Amount less than RM1,000

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

Appendix A



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NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.4 Reorganisation reserve

	Note	RM'000
As at 31 December 2023		3,816
Pursuant to Ocean Fresh Acquisition	4.1	(30,286)
As per Pro Forma I, II and III		<u>(26,470)</u>

6.5 Retained profits

	Note	RM'000
As at 31 December 2023/As per Pro Forma I and II		33,411
Pursuant to utilisation of proceeds:		
- Estimated listing expenses	5.3	(1,940)
As per Pro Forma III		<u>31,471</u>

**13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA
COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)**

OCEAN FRESH BERHAD



Appendix A

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 13 May 2024.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to be "Siang Hai Yong".

Siang Hai Yong

A handwritten signature in black ink, appearing to be "Kee Wan Chum".

Kee Wan Chum

14. ADDITIONAL INFORMATION

14.1 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in their entirety by the remainder of the provisions of our Constitution and the applicable law. The terms defined in our Constitution shall have the same meanings when used here unless otherwise stated or the context otherwise requires.

WORDS	MEANINGS
Act	The Companies Act 2016 and any statutory modification, amendment or re-enactment thereof and any written law for the time being in force concerning companies and affecting the Company.
Alternate Director	A substitute Director nominated in writing to the Company and duly registered with the Registrar.
Annual General Meeting	A meeting of the Company required to be held pursuant to Section 340 of the Act.
Applicable Laws	All laws, by-laws, regulations, rules, orders and/or official directions for the time being in force affecting the Company and its subsidiary(ies), including but not limited to the Act, the Securities Laws, the Listing Requirements, the guidelines, practice notes and guidance notes (including in the form of frequently asked questions (FAQs)) issued by the Securities Commission, the Exchange and/or the Registrar of Companies/ Companies Commission of Malaysia and every other law for the time being in force concerning companies and affecting the Company and any other directives or requirements imposed on the Company by the Securities Commission Malaysia and/or other relevant regulatory bodies and/or authorities.
Auditors	The auditors for the time being of the Company.
Authorised Nominee	Have the same meaning ascribed thereto in the Central Depositories Act.
Beneficial Owner	Have the same meaning ascribed thereto in the Act.
Board	The board of Directors of the Company for the time being of the Company.
Bursa Depository	Bursa Malaysia Depository Sdn. Bhd. [Registration No. 198701006854 (165570-W)] or such other depository as may be approved by the relevant authorities to be a central depository under the Central Depositories Act including any further change of name and its successors-in-title and permitted assigns.
Business Day	A day (not being a Saturday, Sunday or public holiday or Surprise Holiday) on which licensed financial institutions are open for general banking business in Kuala Lumpur
Central Depositories Act	Securities Industry (Central Depositories) Act 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force.
Clause or Clauses	Clause(s) of the Constitution as originally framed or as altered from time to time by way of passing a Special Resolution.

14. ADDITIONAL INFORMATION (CONT'D)

WORDS	MEANINGS
Clear Days	Exclusive of the day on which the notice is served or deemed to be served or the date an announcement/ notification is made by the Company or the Board and the day which the meeting or event is to take place.
CMSA	Capital Markets and Services Act 2007, and any statutory modification, amendment or re-enactment thereof for the time being in force
Constitution	The Constitution as originally framed or as altered from time to time by way of passing a Special Resolution.
Company	Ocean Fresh Berhad [Registration No. 202301019041 (1512963-A)] including any change of name from time to time.
Deposited Security	A security in the Company standing to the credit of a Securities Account of a Depositor and includes securities in the Securities Account that is in suspense subject to the provisions of the Central Depositories Act and the Rules.
Depositor	A holder of a Securities Account as established by the Bursa Depository.
Directors	The Directors for the time being of the Company as defined in Section 2(1) of the CMSA.
Document(s)	Any document required to be sent under the Listing Requirements to Securities holder.
Electronic Address	Any address or number used for the purpose of sending or receiving documents or information by electronic means.
Electronic Communication	A document or information is sent or supplied by electronic communication if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means as permitted by the Applicable Laws.
Electronic Form	Document or information sent or supplied in electronic form are those sent by Electronic Communication or by any other means while in an electronic form whereby a recipient of such document or information would be able to retain a copy.
Exchange	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)] or such other name as it may assume from time to time and its successors-in-title and permitted assigns.
Exempt Authorised Nominee	An Authorised Nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A (1) of the Central Depositories Act.
Foreign Ownership Regulations	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and any statutory modification or amendment thereto or re-enactment thereof.
Ipsa facto	Has the meaning by the fact itself.

14. ADDITIONAL INFORMATION (CONT'D)

WORDS	MEANINGS
Listing Requirements	The ACE Market Listing Requirements issued by the Exchange, including any modifications or amendments thereto that may be made from time to time.
Market Day	Any day between Mondays and Fridays (which may include a Surprise Holiday) which is not a market holiday of the Exchange or public holiday in Malaysia.
Member or Members	Any person/persons for the time being holding Share(s) in the Company and whose name appears in the Register including Depositors whose names appear on the Record of Depositors (except Bursa Malaysia Depository Nominees Sdn. Bhd. in its capacity as bare trustee).
Minister	Minister of Finance or the minister for the time being charged with the responsibility for finance.
Month or Months	Calendar month.
Office	The registered office for the time being of the Company.
Ordinary Resolution	Has the meaning assigned thereto by Section 291 of the Act.
Record of Depositors	A record provided by the Bursa Depository to the Company or its Registrar or its issuing house pursuant to the Rules.
Register or Register of Members	The Register of Members to be kept pursuant to the Act and unless otherwise expressed to the contrary, includes the Record of Depositors.
Registrars	Such person, firm or company which for the time being maintains in Malaysia, the register of Securities holders.
Ringgit or "RM"	Ringgit Malaysia, the Malaysian currency.
Rules	Rules of the Bursa Depository as defined under the Central Depositories Act and any appendices thereto, as amended, modified and supplemented from time to time.
Seal	The Common Seal of the Company.
Secretary	Any person or persons appointed to perform the duties of secretary of the Company and shall include a joint, temporary, assistant or deputy secretary.
Securities	Any securities as defined in Section 2(1) of the CMSA.
Securities Account	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted under the Central Depositories Act and/or the Rules.
Securities Laws	Means the Securities Commission Malaysia Act 1993, the CMSA, the Central Depositories Act, any other legislation which the Securities Commission Malaysia is empowered to administer or enforce, and any other regulations, rules, orders, notifications or other subsidiary legislation made thereunder.

14. ADDITIONAL INFORMATION (CONT'D)

WORDS	MEANINGS
Share or Shares	Issued share capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.
Share Issuance Scheme	Means a scheme involving a new issuance of Shares to the Directors and/or employees of the Company or any of its subsidiaries/associates.
Special Resolution	Has the meaning assigned thereto by Section 292 of the Act.
Surprise Holiday	Means a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazette as a public holiday at the beginning of the calendar year.

14.1.1 Remuneration of our DirectorsClause 122 – Remuneration of Directors

The fees and any benefits payable to the Directors of the Company and its subsidiary(ies) including any compensation for loss of employment of Director or former Director shall be approved by an Ordinary Resolution of the Company in general meeting annually and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine provided always that:-

- (a) fee payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such remuneration and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;
- (c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting;
- (d) any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and/ or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities.

Clause 123 – Reimbursement of expenses to Directors

The Company may repay to any Directors all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or any committee of the Directors or general meeting of the Company or in connection with the business of the Company in the course of the performance of their duties as Directors.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 124 – Special Remuneration

The Directors may grant special remuneration to Director who (on request by the Director) is willing to:-

- (a) render any special or extra services to the Company; or
- (b) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits (other than non-executive Directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

14.1.2 Voting and borrowing powers of our Directors

Clause 125 – Business of Company to be managed by the Board

The business and affairs of the Company shall be managed by Directors or under the direction of the Board who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit.

The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company and exercise all such powers of the Company as are not by the Constitution or by the Act required to be exercised by the Company in general meeting, subject nevertheless, to any of the Constitution, to the provisions of the Act, and to such regulations, not being inconsistent with the Constitution or the provisions of the Act as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Clause 127 – Transaction, action or proposal

Any transaction, action or proposal which is specified by the Act and/or by the Constitution and/or by the Listing Requirements and/or such other applicable rules and regulations as one which requires Members' approval, such Members' approval must be obtained.

Clause 134 – General borrowing powers of Directors

Subject to the Act, the Directors may exercise all the powers to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:-

- (a) borrow money from any person, bank, firm or company;
- (b) to mortgage or charge its undertaking, property and uncalled capital, or any part thereof;
- (c) to issue debentures and other Securities, whether outright or as security for any debt, liability or obligation of the Company, its subsidiaries or any other party;
- (d) the Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise; and
- (e) the Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its subsidiaries.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 135 – Restrictions on Directors' powers to obtain financing

The Directors shall not obtain financing or mortgage or charge any of the Company or the subsidiaries' undertaking, property or any uncalled capital, or issue any debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Clause 146 – Quorum of meeting of Directors

The quorum necessary for the transaction of the business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall be two (2) Directors and a meeting of the Director for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under the Constitution vested in or exercisable by the Directors generally. For the purpose of determining whether the quorum for the transaction of the business of the Directors exists:-

- (a) in the case of a resolution agreed by Directors in telephonic communications, all such Directors shall be counted in the quorum; or
- (b) in the case of a meeting of Directors, in addition to the Directors present at the meeting, any Director in telephonic communication with such meeting shall be counted in the quorum.

14.1.3 Changes to share capital

Clause 14 (a) – Variation of Class Rights

Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a Special Resolution is not obtained at the meeting, consent in writing from the holders representing not less than seventy-five per centum (75%) of the total voting rights of the shareholders of that class obtained within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

To every such separate general meeting, the provisions of the Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued Shares of the class, excluding any Shares of that class held as treasury Shares and that any holder of Shares of the class present in person or by proxy may demand a poll.

If that class of Shares only has one (1) holder, a quorum is constituted by one (1) person present holding Shares of such class. For an adjourned meeting, quorum is one (1) person present holding Shares of such class. To every such Special Resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 14 (b) – Rights of other classes of shares

The rights attaching to Shares other than ordinary Shares shall be expressed.

Clause 15 (c) – General mandate for issue of securities

Subject to the Listing Requirements and without limiting the generality of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any Shares or convertible Securities except where the Shares or convertible Securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

14. ADDITIONAL INFORMATION (CONT'D)**14.1.4 Transfer of securities**Clause 36 – Transfer of Securities and instrument of transfer

Subject to the Constitution, the Listing Requirements and the provisions of any written law and all rules and regulations made thereunder including the Central Depositories Act and the Rules (with respect to the transfer of the Deposited Security), Securities shall be transferable, but every transfer must be in writing and in such form prescribed and approved by the Exchange, or such form as may from time to time be prescribed under the Applicable Laws or such authorities of the stock exchange on which the Company's Securities are listed.

14.1.5 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rightsClause 11 – Issue of Securities

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject to the provisions of the Constitution, Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot, grant rights to subscribe for or otherwise dispose of such Shares to such persons on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine, provided always that:-

- (a) in the case of Shares other than ordinary Shares, no special rights shall be attached until the same have been expressed in the Constitution and in the resolution creating the same;
- (b) no issue of Shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, corporation or syndicate without the prior approval of the Members in general meeting;
- (c) except in the case of an issue of Securities on a pro rata basis to shareholders or pursuant to a back-to-back placement or dividend reinvestment scheme undertaken in compliance with the Listing Requirements, no Director, major shareholder or chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) shall participate in a scheme that involves a new issuance of Shares or other convertible Securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the Listing Requirements.

Clause 13 – Rights of Preference Shareholders

Preference shareholders shall have the same rights as ordinary shareholders with regards to receiving notices, reports and audited financial statements and attending general meetings of the Company and shall also have the right to vote at any meeting in each of the following circumstances:-

- (aa) when the dividend or part of the dividend on the preference Shares are in arrears for more than six (6) Months;
- (bb) on a proposal to reduce the Company's issued share capital;
- (cc) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (dd) on a proposal that affects the rights attached to the preference Shares;

14. ADDITIONAL INFORMATION (CONT'D)

- (ee) on a proposal to wind up the Company; and
- (ff) during the winding-up of the Company.

Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary Shares in the event that the Company is wound up.

Clause 63 – Offer of unissued original Securities and new Securities

Subject to any direction to the contrary that may be given by the Company in general meeting, all new Shares or other convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to the Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under the Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.

14.2 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares, all of which rank equally with one another.
- (ii) Other than our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (iii) No shares or convertible debt securities of our Group have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within three (3) years preceding the LPD.
- (iv) Save for the Pink Form Allocation as disclosed in Section 4.3.1 of this Prospectus:-
 - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or any of our subsidiaries; and
 - (b) there is no scheme involving our employees in the shares of our Company or any of our subsidiaries.
- (v) Save as disclosed in this Prospectus, there has been no acquisitions or subscription of any of our Shares by our substantial shareholders, Directors, key senior management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past three (3) years up to LPD.
- (vi) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14. ADDITIONAL INFORMATION (CONT'D)**14.3 CHANGES IN SHARE CAPITAL**

- (i) The changes in the share capital of our Company since our incorporation on 22 May 2023 are disclosed in Section 6.3 of this Prospectus.
- (ii) As at the LPD, the issued share capital of OFS Products is RM8,137,138.80 comprising 5,228,200 ordinary shares. The change in the issued share capital of OFS Products during the Financial Years Under Review and up to the LPD is as follows:-

Date of Allotment	No. of Shares Allotted	Type of Issue / Consideration	Cumulative share capital (RM)
29 December 2021	240,800	Cash	5,783,992.80
22 December 2022	453,400	Otherwise than cash	8,137,138.80

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Save as disclosed in Section 14.5 below, there is no limitation on the right to own our Shares including any limitation on the right of a non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by Malaysian law or by our Constitution.

14.5 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository (“**Depositor**”) by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.6 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group’s business within the Financial Years Under Review and up to the LPD:-

- (i) the share sale agreement dated 9 October 2023 entered into between our Company and the Vendors for the Acquisitions, which was completed on 3 May 2024; and
- (ii) the Underwriting Agreement.

14. ADDITIONAL INFORMATION (CONT'D)

14.7 CONSENTS

- (i) Our Principal Adviser, Sponsor, Underwriter and Placement Agent has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they are included in this Prospectus.
- (ii) Our Company Secretary, due diligence solicitors, Share Registrar and Issuing House have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in the form and context in which they are included in this Prospectus.
- (iii) Our Reporting Accountants has given and has not subsequently withdrawn its written consent to the inclusion of its name, Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position as at 31 December 2023, Accountants' Report and all references thereto in the form and context in which they are included in this Prospectus.
- (iv) Our IMR has given and has not subsequently withdrawn its written consent to the inclusion of its name, IMR Report and all references thereto in the form and context in which they are included in this Prospectus.

14.8 DOCUMENTS AVAILABLE FOR INSPECTION

A copy each of the following documents may be inspected at the registered office of our Company during normal business hours for a period of six (6) months from the date of this Prospectus:-

- (i) our Constitution;
- (ii) the service agreements referred to in Section 5.7 of this Prospectus;
- (iii) the material contracts referred to in Section 14.6 of this Prospectus;
- (iv) the IMR Report as included in Section 8 of this Prospectus;
- (v) the Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position as at 31 December 2023 as included in Section 13 of this Prospectus;
- (vi) the Accountants' Report as included in Section 12 of this Prospectus;
- (vii) the letters of consent referred to in Section 14.7 of this Prospectus; and
- (viii) the audited financial statements of our Company and our subsidiaries for the Financial Years Under Review.

14.9 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

KAF IB, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD : 12 JUNE 2024

CLOSING OF THE APPLICATION PERIOD : 20 JUNE 2024

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make an announcement of such changes on Bursa Securities’ website accordingly.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

Applications must be made in relation to and subject to the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors	Application Method
Applications by the Eligible Parties	Pink Application Form only
Applications by the Malaysian Public:-	
(a) Individuals	<ul style="list-style-type: none"> • White Application Form; • Electronic Share Application; or • Internet Share Application
(b) Non-Individuals	White Application Form only

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

Only **ONE (1)** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT THE ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:-

- (i) You must be one of the following:-
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:-
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3.3 Application by Eligible Parties

The Eligible Parties will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. The Eligible Parties must follow the notes and instructions in the said document and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.28 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO 645**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:-

- (i) despatched by **ORDINARY POST** in the respective official envelopes provided for each category, to the following address:-

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 20 June 2024 or such other time and date as our Directors and the Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the Application Form to our Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact our Issuing House for further enquiries.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*CONT'D*)

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn. Bhd. (*formerly known as CGS-CIMB Securities Sdn Bhd*), Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:-

- (i) reject Applications which:-
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at our Issuing House's website at www.mih.com.my within one (1) Market Day after the balloting date.

Under the Listing Requirements, at least 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Parties, subject to the clawback and reallocation provisions as set out in Section 4.3.2 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the fifth (5th) Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from our Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:-

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:-

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +603-7890 4700
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at our Issuing House's website at www.mih.com.my within one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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