



## 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:-

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

**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:-

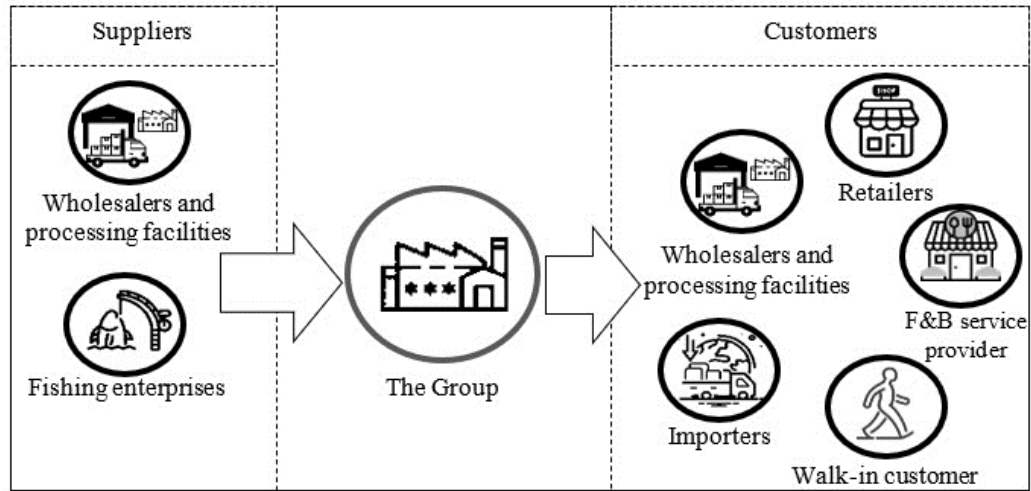
**(i) Processing and trading of frozen seafood products**

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**

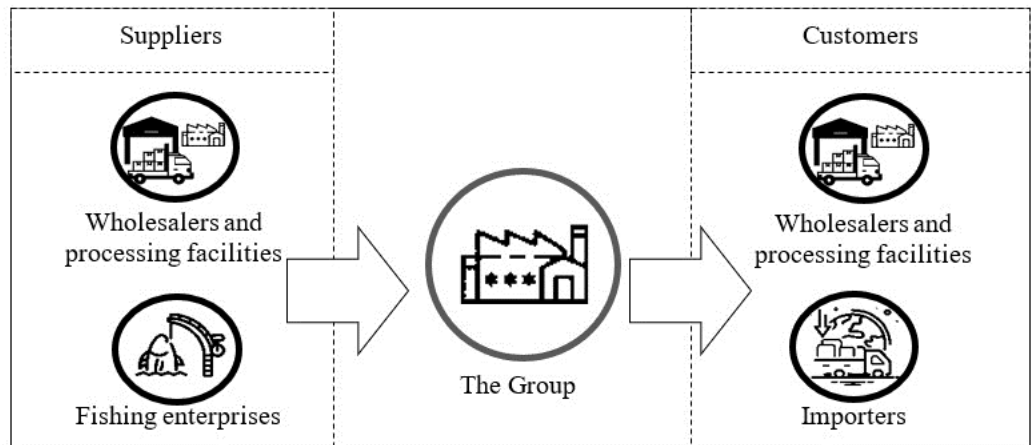
The diagram below depicts the suppliers and customers segments of our Group for our frozen seafood processing and trading segment:-



**(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.

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

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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**

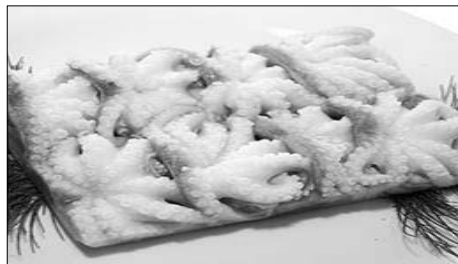
Molluscs have a soft body and no spine. Some of the types of molluscs our Group processes and trades include the following:-



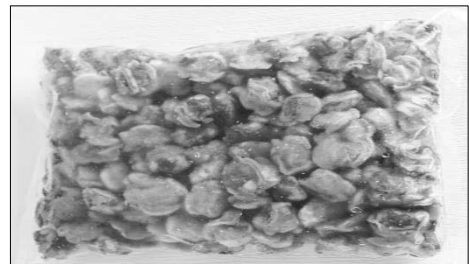
Cuttlefish



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**

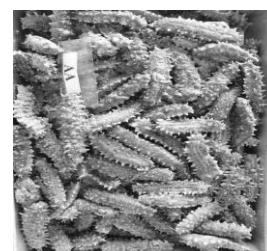
We also process and trade other types of frozen seafood products such as the following:-



Prawn



Abalone



Sea cucumber

**7.1.3 Principal markets**

During the Financial Years/Period 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 and Australia. 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/Period Under Review is as follows:-

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Malaysia</b>	10,023	10.66	21,155	13.35	28,512	18.24	16,340	25.49	12,657	15.74
<b>Overseas</b>										
Turkey	2,512	2.67	35,192	22.21	64,468	41.24	18,373	28.66	27,142	33.75
China	32,366	34.41	35,691	22.52	29,952	19.16	14,249	22.23	23,877	29.69
Thailand	27,310	29.04	50,439	31.83	12,134	7.76	5,901	9.20	2,932	3.65
Vietnam	5,546	5.90	2,018	1.27	5,378	3.44	754	1.18	6,544	8.14
Japan	5,150	5.48	4,915	3.10	5,566	3.56	3,206	5.00	2,313	2.88
Others <sup>(1)</sup>	11,148	11.84	9,059	5.72	10,320	6.60	5,284	8.24	4,953	6.15
	84,032	89.34	137,314	86.65	127,818	81.76	47,767	74.51	67,761	84.26
<b>Total</b>	<b>94,055</b>	<b>100.00</b>	<b>158,469</b>	<b>100.00</b>	<b>156,330</b>	<b>100.00</b>	<b>64,107</b>	<b>100.00</b>	<b>80,418</b>	<b>100.00</b>

**Note:-**

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

**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:-

<u>Operational facility</u>	<u>Main functions</u>	<u>Address</u>
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  $-40^{\circ}\text{C}$  and  $-42^{\circ}\text{C}$ , 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.



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

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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 and Australia.

**(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 and Australia. For the Financial Years/Period Under Review, our wide network of customers comprises over 160 local customers and over 170 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 21 years and 14 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.

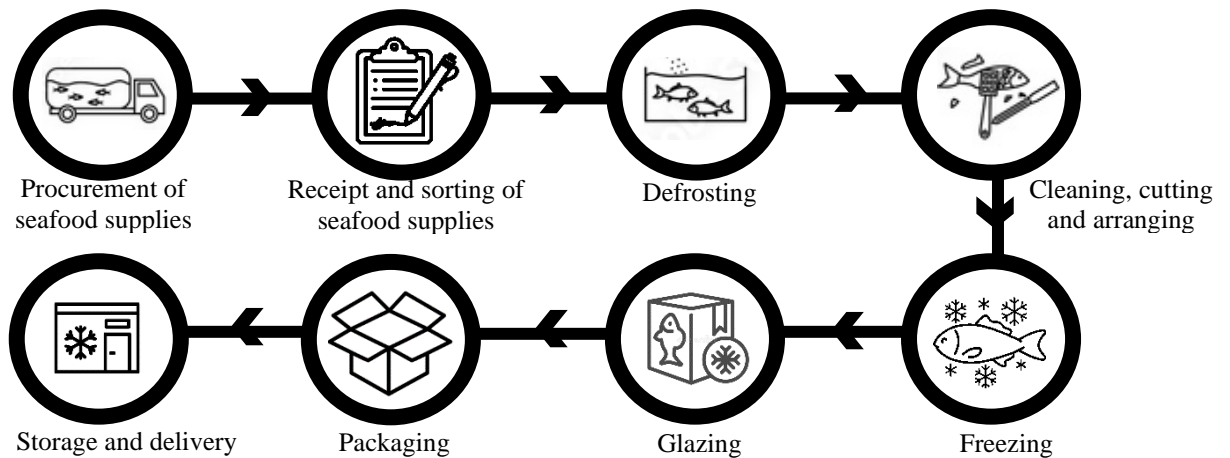
Our Executive Directors are supported by our competent key senior management team who have accumulated experience in their respective fields, namely, our General Manager for Administration and Human Resource, Kan Swee Koh; our General Manager, Production, Lain Wui Hiung; and our Group's Accountant, Chong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

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


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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.

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

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**(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:-

<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	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"> <li>1. This certificate and its logo shall not be transferred nor shall its contents be altered.</li> <li>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.</li> <li>3. OFS Products shall be subjected to inspection, monitoring and enforcement activities conducted by MOH.</li> <li>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.</li> <li>5. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate.</li> </ol>	<p>Noted and complied</p> <p>Noted</p> <p>Complied</p> <p>Noted and complied</p> <p>Complied</p>

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

<b>Company</b>	<b>Standard/Certificate</b>	<b>Certification body</b>	<b>Issuance date / Expiry date</b>	<b>Scope / Description of certification</b>	<b>Major conditions imposed</b>	<b>Status of compliance</b>
OFS Products	EU Number 75 <sup>(1)</sup>	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	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"> <li>1. This certificate and the Malaysian HALAL logo shall not be traded, transferred nor shall its content be altered.</li> <li>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.</li> <li>3. OFS Products shall at all times be subject to inspection, monitoring and enforcement conducted either by JAKIM, MAIN or MDTCA.</li> <li>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.</li> </ol>	<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>
					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
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	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.	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 <sup>(2)</sup> FDA Registration No. 10966387702	Registrar Corp	24 October 2023 / 31 December 2024	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) 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.

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:-

<u>Process flow stage</u>	<u>QC procedure</u>
Receipt and sorting of seafood supplies	<ul style="list-style-type: none"> <li>➤ Upon receipt of our seafood supplies, the physical properties of the supplies are inspected to ensure the following specifications are met:-                             <p style="margin-left: 20px;"><b>Appearance and texture</b></p> <ul style="list-style-type: none"> <li>▪ Skin should have a bright pigmentation and sticks to the flesh;</li> <li>▪ Gills (for fish) should be bright in colour;</li> <li>▪ Flesh should be firm, elastic and pearly white;</li> <li>▪ Tentacles (for molluscs) should be resistant to removal; and</li> <li>▪ No discolouration.</li> </ul> <p style="margin-left: 20px;"><b>Smell</b></p> <ul style="list-style-type: none"> <li>▪ No offensive odours or abnormal smell.</li> </ul> <p style="margin-left: 20px;"><b>Cleanliness</b></p> <ul style="list-style-type: none"> <li>▪ Free from foreign materials such as mud, sand, plastic, sieves, leaves and twigs, metal pieces or barnacle shells; and</li> <li>▪ Free of contaminants such as sewage, smoke and/or fuel oil or grease.</li> </ul> </li> <li>➤ 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.</li> <li>➤ 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.</li> <li>➤ Prior to processing, the pH level of the water is tested on a daily basis to ensure it is safe for use.</li> </ul>

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

<u>Process flow stage</u>	<u>QC procedure</u>
	<ul style="list-style-type: none"> <li>➤ Seafood supplies which do not meet our standards will be rejected and discarded.</li> </ul>
Cleaning, cutting and arranging	<ul style="list-style-type: none"> <li>➤ Seafood supplies are cleaned to ensure that there are no physical damages to the flesh or skin, offensive odours, and/or slimy texture.</li> <li>➤ 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.</li> <li>➤ The weight and/or thickness of the cut seafood supplies are inspected to ensure they are uniform and meet the specifications of our customer.</li> </ul>
Freezing	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> </ul>
Packaging	<ul style="list-style-type: none"> <li>➤ Packaging for our frozen seafood products is examined to ensure the following:- <ul style="list-style-type: none"> <li>▪ Frozen seafood products are neatly packed in LDPE plastic and arranged into carton boxes accordingly;</li> <li>▪ Frozen seafood products are sealed securely with the correct colour strapping tape; and</li> <li>▪ Each carton is tagged with the corresponding batch number, date of production and marked based on size and type of seafood product.</li> </ul> </li> </ul>
Storage and delivery	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> </ul>

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 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.

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

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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.

**(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.

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

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 30 June 2023 are set out below:-

<b>Machinery and equipment</b>	<b>Functions</b>	<b>No. of units</b>	<b>Average age Years</b>	<b>NBV as at 30.6.2023 RM'000</b>
Semi-contact blast freezer	Freezing of seafood supplies	18	7	1,159
Ice flake machine	Produce ice flakes	3	5	121
Cold room	Storage of frozen seafood products	3	14	143
Packaging machine	Vacuum sealing and strapping tape machine for packing of frozen seafood products	12	5	32
Metal detector machine	Detecting the presence of metal inside seafood	1	Less than 1	58
Agitator	To perform curling process	1	10	6
Cooling tower	To maintain temperatures in the cold rooms, semi-contact blast freezers and ice flake machine	2	11	*
<b>Total</b>				<b>1,519</b>

Note:-

\* The value is negligible after accumulated depreciation.

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**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/Period Under Review, we have attended and/or participated in the following international seafood exhibitions:-

<b>Exhibition</b>	<b>Location</b>
Vietnam Fisheries International Exhibition 2022	Vietnam
Seafood Expo Global 2023	Spain
Vietnam Fisheries International Exhibition 2023	Vietnam

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 2023 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/Period Under Review, we have secured orders from new customers in Turkey, Vietnam and China via our corporate website, social media platforms or e-commerce marketplaces, despite not actively attending and/or participating in exhibitions.

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

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**(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 and Instagram 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 2022 and FPE 2023:-

**(i) FYE 2020**

<u>Major customers</u>	<u>Revenue contribution</u>		<u>Length of relationship as at the LPD</u>	<u>Country</u>	<u>Type of products sold / service provided</u>
	<u>RM'000</u>	<u>%</u>			
Customer A	22,067	23.46	3 years	Thailand	Frozen seafood products
Customer B	11,348	12.07	3 years	China	Frozen seafood products
Customer C	4,774	5.08	6 years	China	Frozen seafood products
Progress International Corporation	2,994	3.18	10 years	Japan	Frozen seafood products
Customer D	2,512	2.67	3 years	Turkey	Frozen seafood products
<b>Total</b>	<b>43,695</b>	<b>46.46</b>			

**(ii) FYE 2021**

<u>Major customers</u>	<u>Revenue contribution</u>		<u>Length of relationship as at the LPD</u>	<u>Country</u>	<u>Type of products sold / service provided</u>
	<u>RM'000</u>	<u>%</u>			
Customer A	43,463	27.43	3 years	Thailand	Frozen seafood products
Customer D	28,091	17.73	3 years	Turkey	Frozen seafood products
Customer E	4,711	2.97	5 years	China	Frozen seafood products
Customer F	4,238	2.67	2 years	Turkey	Frozen seafood products
Ying Lee Fishery	4,154	2.62	6 years	Malaysia	Frozen seafood products and frozen seafood processing services
<b>Total</b>	<b>84,657</b>	<b>53.42</b>			

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**7. BUSINESS OVERVIEW (CONT'D)****(iii) FYE 2022**

<b>Major customers</b>	<b>Revenue contribution</b>		<b>Length of relationship as at the LPD</b>	<b>Country</b>	<b>Type of products sold / service provided</b>
	<b>RM'000</b>	<b>%</b>			
Customer D	34,411	22.01	3 years	Turkey	Frozen seafood products
Customer F	21,104	13.50	2 years	Turkey	Frozen seafood products
Customer A	7,244	4.63	3 years	Thailand	Frozen seafood products
Customer G	5,915	3.78	3 years	China	Frozen seafood products and frozen seafood processing services
Customer H	5,208	3.33	6 years	China	Frozen seafood products
<b>Total</b>	<b>73,882</b>	<b>47.25</b>			

**(iv) FPE 2023**

<b>Major customers</b>	<b>Revenue contribution</b>		<b>Length of relationship as at the LPD</b>	<b>Country</b>	<b>Type of products sold / service provided</b>
	<b>RM'000</b>	<b>%</b>			
Customer F	12,956	16.11	2 years	Turkey	Frozen seafood products
Customer D	9,838	12.23	3 years	Turkey	Frozen seafood products
Customer I	4,839	6.02	Less than 1 year	China	Frozen seafood products
Customer J	2,602	3.24	Less than 1 year	China	Frozen seafood products
Customer H	2,567	3.19	6 years	China	Frozen seafood products
<b>Total</b>	<b>32,802</b>	<b>40.79</b>			

For the FYE 2020 to FYE 2022 and FPE 2023, our Group's top five (5) major customers collectively contributed 46.46%, 53.42%, 47.25% and 40.79% 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 2022 and FPE 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 FPE 2023. Whilst for Customer F, our revenue increased from 2.67% for FYE 2021 to 16.11% for FPE 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 12.23% for FPE 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 2022 and FPE 2023:-

**(i) FYE 2020**

<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>				
Hup Let Sdn Bhd	Wholesale and processing of seafood products	19,840	25.05	12 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
<b>Total</b>		<b>32,269</b>	<b>40.74</b>				

**(ii) FYE 2021**

<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>				
Hup Let Sdn Bhd	Wholesale and processing of seafood products	36,271	26.59	12 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	10 years	India	Seafood supplies	Wild-caught
Hai Jia Fu Seafood Trading	Wholesale and processing of seafood products	3,735	2.74	8 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
<b>Total</b>		<b>58,636</b>	<b>42.99</b>				

**7. BUSINESS OVERVIEW (CONT'D)****(iii) FYE 2022**

<b>Major suppliers</b>	<b>Type of supplier</b>	<b>Purchases</b>		<b>Length of relationship as at the LPD</b>	<b>Country</b>	<b>Type of products supplied</b>	<b>Source of supply</b>
		<b>RM'000</b>	<b>%</b>				
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	3 years	China	Seafood supplies	Wild-caught
Hup Let Sdn Bhd	Wholesale and processing of seafood products	6,838	5.55	12 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
<b>Total</b>		<b>38,239</b>	<b>31.06</b>				

**(iv) FPE 2023**

<b>Major suppliers</b>	<b>Type of supplier</b>	<b>Purchases</b>		<b>Length of relationship as at the LPD</b>	<b>Country</b>	<b>Type of products supplied</b>	<b>Source of supply</b>
		<b>RM'000</b>	<b>%</b>				
Supplier D	Wholesale of seafood products	7,420	9.75	3 years	China	Seafood supplies	Wild-caught
Supplier B	Wholesale and processing of seafood products	5,707	7.50	3 years	Thailand	Seafood supplies	Wild-caught
Supplier F	Wholesale and processing of seafood products	3,957	5.20	2 years	China	Seafood supplies	Farm-raised
Supplier G	Wholesale of seafood products	3,261	4.29	Less than 1 year	Malaysia	Seafood supplies	Wild-caught
Madie 4400 Enterprise	Wholesale of seafood products	3,061	4.02	1 year	Malaysia	Seafood supplies	Wild-caught
<b>Total</b>		<b>23,406</b>	<b>30.76</b>				

For the FYE 2020 to FYE 2022 and FPE 2023, our Group purchased 40.74%, 42.99%, 31.06% and 30.76% 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 to a low of 5.55% for FYE 2022 and it ceased to be a major supplier of our Group for FPE 2023.

**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		FPE 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	19,326	25.40
- International <sup>(1)</sup>	16,741	21.14	42,294	31.00	75,232	61.09	45,586	59.91
	70,591	89.14	118,003	86.49	108,562	88.15	64,912	85.31
Fishing enterprises	8,602	10.86	18,427	13.51	14,600	11.85	11,178	14.69
<b>Total</b>	<b>79,193</b>	<b>100.00</b>	<b>136,430</b>	<b>100.00</b>	<b>123,162</b>	<b>100.00</b>	<b>76,090</b>	<b>100.00</b>

Note:-

(1) Including, amongst others, China, Thailand, India, Indonesia, Vietnam, Afrika, Yemen, Oman, Sri Lanka and Dubai.

**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 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 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 pandemic 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.

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

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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 pandemic did not have a significant adverse impact on our financial performance for the Financial Years/Period Under Review as evident by the growth in our revenue from RM94.06 million in the FYE 2020 to RM156.33 million in the FYE 2022 and RM80.42 million in the FPE 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 <sup>(1)</sup> <ul style="list-style-type: none"> <li>• Entry Point: Any entry point that may be gazetted</li> <li>• Categories of fish: Wet, frozen and process</li> </ul>	LKIM	Serial No. B04851A	Validity period: Until 31 July 2024 Date of 1 <sup>st</sup> licence: 29 July 2002	(a) OFS Products must comply with the quality, quantity and type of fish to be imported and exported; (b) OFS Products must adhere to good fish handling practices as per the Schedule, Rule 8 and 9 of the Fish Marketing Rules 2010; (c) OFS Products must comply with any method of sale and processing of fish as stipulated by LKIM; (d) OFS Products must use scales approved by LKIM or MDTCA; (e) OFS Products must pack its fish in containers designated by LKIM; (f) OFS Products must comply with the fish grading system as required by LKIM; (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;	Complied Complied Complied Complied 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
						(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 A016456	No. 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 <sup>(1)</sup>	LKIM	Serial B04802A	No. Validity period: Until 30 June 2024 Date of 1 <sup>st</sup> 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"> <li>Entry Point: Any entry point that may be gazetted</li> <li>Categories of fish: Wet and frozen</li> </ul>				(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. C10-2401-27200002	19 January 2024 / 18 January 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 <sup>(2)</sup>	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 <sup>(3)</sup>	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 had procured a use permit up to 31 December 2023 from PSFD for the purpose of carrying out seafood processing activity at PSFD Land 2. For clarity, OFS Products has been occupying PSFD Land 2 for approximately 20 years since 5 September 2003, with yearly renewal. The total area of land granted under the use permit is approximately 0.43 hectares. The use permit is subject to yearly renewal, along with the payment of a requisite renewal fee of RM100 per annum. Approximately 1,477.23 m<sup>2</sup> or 43.42% of Factory B was constructed on part of the PSFD Land 2 (including roof awning which covers an area of 446.62 m<sup>2</sup>) where the use permit has been granted. On 8 August 2023, PSFD conditionally approved the extension of the payment period for the use permit for a further 20-year (“**Extension**”) subject, amongst others, to the following conditions:-
  - (a) the extension of the payment period of the use permit period shall be reviewed after a period of 10 years;
  - (b) the payment period for the use permit is for 20 years and can be further extended and renewed every year provided that the permit holder does not violate any of the conditions and regulations;
  - (c) permit holders approved for a lease period of 6 years and above shall enter into a formal agreement with PSFD to signify its long-term commitment to the state government. No agreement is required if payments are made on an annual basis;
  - (d) payment is required if the use permit is being used for other purposes, including cold room and such use permit must be renewed annually based on the prevailing rates; and

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

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(e) approval is for the approved area.

Notwithstanding the above, PSFD has on 21 November 2023 issued a letter to OFS Products confirming the following:-

(aa) that no lease agreement is required to be entered between PSFD and OFS Products, despite being listed as one of the conditions in their letter dated 8 August 2023; and

(bb) that the use permit has been approved for a period of 20-years, effective from 1 January 2024 to 31 December 2044.

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 as if the use permit were a licence. In the event of termination, the Company 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.

- (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.

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).


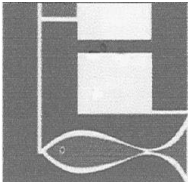
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**7. BUSINESS OVERVIEW (CONT'D)**


**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**

<b>No.</b>	<b>Trademark</b>	<b>Issuing authority</b>	<b>Registered owner</b>	<b>Class no.</b>	<b>Trademark no.</b>	<b>Registration validity</b>
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**

<b>No.</b>	<b>Trademark</b>	<b>Issuing authority</b>	<b>Applicant</b>	<b>Class no.</b>	<b>Application no.</b>	<b>Application date</b>	<b>Status</b>
1.		Intellectual Property Corporation of Malaysia (“MyIPO”)	OFS Products	Class 29 – Frozen seafood	TM2023025020	21 August 2023	Provisional Refusal (Objection) - Appeal <sup>(1)</sup>

**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 IPO on 7 February 2024.

## 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:-

<u>Registered owner</u>	<u>Title / Postal address</u>	<u>Description / Existing use</u>	<u>Category of land use / Tenure</u>	<u>Express Conditions / Restrictions in interests / Encumbrances/ Lease</u>	<u>Land area / Built-up area</u>	<u>Date of issuance of CF / CCC</u>	<u>NBV as at 30 June 2023 RM'000</u>
<u>Registered Owner</u> OFS Products	<u>Title</u> GM 4240, Lot 19869, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang  <u>Postal address</u> Lot 19869 Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	<u>Description</u> Individually constructed factory comprising:-  • 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.  <u>Existing use</u> Processing Facility including cold rooms and management office	<u>Category of land use</u> Industrial  <u>Tenure</u> Freehold	<u>Express Conditions</u> This land shall be used for industrial purposes only  <u>Restrictions in interests</u> This land shall not be transferred, leased or charged unless written consent from the YAB Menteri Besar Pahang is obtained  <u>Encumbrances</u> Charged to Bank Pertanian Malaysia Berhad vide presentation number 2338/2020 dated 9 March 2020  <u>Lease</u> Lease granted to TNB vide presentation number 571/2010 dated 25 January 2010 for an area measuring approximately 104 m <sup>2</sup> for a period of 30 years commencing on 13 November 2006 and expiring on 12 November 2036	<u>Land area</u> 7,638 m <sup>2</sup>  <u>Built-up area</u> <u>Factory A</u> 2,038.29 m <sup>2</sup> <u>Factory B</u> 3,402.11 m <sup>2</sup>  <u>Canteen/Lab/Store/Toilets and Changing room</u> 139.35 m <sup>2</sup>  <u>Guardhouse</u> 5.95 m <sup>2</sup>	16 March 2007; 28 March 2013	5,442

Our Factory A and Factory B located at Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur. However, approximately 1,477.23m<sup>2</sup> or 43.42% of Factory B was constructed on part of PSFD Land 2 (including roof awning which covers an area of 446.62m<sup>2</sup>), where OFS Products had procured a use permit up to 31 December 2023 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 Pemetian/ 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 <sup>(i)</sup>	<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.	Umyy Kalsum binti Zahari	OFS Products	No. 2, Lorong 22, Taman Mentiga Jaya, 26600 Pekan, Pahang Darul Makmur <sup>(i)</sup>	<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 <sup>(i)</sup>	<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)**

<b>No.</b>	<b>Landlord</b>	<b>Tenant</b>	<b>Property address</b>	<b>Description / Existing use</b>	<b>Built-up area</b>	<b>Tenure</b>	<b>Rental per annum RM</b>
5.	Umyy Kalsum Binti Zahari	OFS Products	No. 14, Lorong Ketapang Mualim 1/9, Taman Ketapang Mualim 1, 26600 Pekan, Pahang Darul Makmur <sup>(i)</sup>	<b>Description</b> Single storey terrace house <b>Existing use</b> Workers' accommodation	1,166 sq ft	1 year commencing from 15 September 2023 until 14 September 2024	21,600
6.	Leng Bong Heng @ Lim Bong Heng	OFS Products	44, Tkt 1&2, Jalan Ahmad, 26600 Pekan, Pahang Darul Makmur <sup>(i)</sup>	<b>Description</b> Single storey terrace house <b>Existing use</b> Workers' accommodation	1,935 sq ft	1 year commencing from 1 October 2023 until 30 September 2024	26,400
7.	Faezah Binti Mohd Sa'oad	OFS Products	No. 3, Jalan Peramu Baru 2, Perkampungan Peramu Baru, 26060 Kuantan, Pahang Darul Makmur <sup>(ii)</sup>	<b>Description</b> Single storey semi-detached house <b>Existing use</b> Workers' accommodation	1,138 sq ft	3 years commencing from 1 April 2021 until 1 April 2024	12,000
8.	Ong Soo Lung Lee Soo Li	OFS Products	No. 30, Lorong Peramu Baru 1, Taman Peramu 5, 26060 Kuantan, Pahang Darul Makmur <sup>(iii)</sup>	<b>Description</b> Single storey terrace house <b>Existing use</b> Workers' accommodation	1,152 sq ft	1 year commencing from 1 January 2024 until 31 December 2024	9,600

**Notes:-**

- (i) Please refer to Section 6.7 (viii) of this Prospectus for the status of the CFA for these properties.
- (ii) OFS Products has no intention of renewing the tenancy agreement. The property will remain vacant until the expiry of the tenancy agreement.
- (iii) OFS Products intends to terminate the tenancy agreement by end of March 2024. The property will remain vacant until the termination of the tenancy agreement.

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

A summary of the fleet of motor vehicles owned and used by our Group for our operations as at 30 June 2023 are as follows:-

<b>Type of motor vehicle</b>	<b>Functions</b>	<b>No. of units</b>	<b>Average age Years</b>	<b>NBV as at 30.6.2023 RM'000</b>
Forklift	Lifting and moving goods in our Processing Facility	6	3	233
Trucks <sup>(1)</sup>	Transportation of goods	4	6	162
Van	Transportation of employees	1	Less than 1	68
Car	Transportation of employees	2	5	12
Motorcycle	Transportation of employees	1	12	<sup>(2)</sup> -
<b>Total</b>				<b>475</b>

**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 2022 and FPE 2023 are set out below:-

	<sup>(1)(2)</sup> <b>Maximum production capacity</b>	<b>Actual production</b>	<b>Utilisation rate</b>
	<b>tonnes</b>	<b>tonnes</b>	<b>%</b>
FYE 2020	18,000	6,331	35.2
FYE 2021	18,000	9,349	51.9
FYE 2022	18,000	6,308	35.0
FPE 2023	9,000	4,190	46.6

**Notes:-**

- (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.
- (2) Proportionate based on annual maximum production capacity.

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 2022 and FPE 2023 are set out below:-

	<sup>(i)</sup> <b>Maximum storage capacity at any point in time</b>	<sup>(ii)</sup> <b>Highest storage utilisation</b>	<b>Utilisation rate</b>
	<b>tonnes</b>	<b>tonnes</b>	<b>%</b>
FYE 2020	1,700	1,562	91.88
FYE 2021	1,700	1,694	99.65
FYE 2022	1,700	1,699	99.94
FPE 2023	1,700	1,694	99.65

## 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/Period 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/Period 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/Period 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/Period 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 m<sup>2</sup>, 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

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

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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 RM[•] 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 RM[•] 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.

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


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**(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 RM127.8 million in the FYE 2022.

During the Financial Years/Period 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 23.5 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 73.9% and 57.8% of retail sales volume and retail sales value of frozen seafood products in Asia Pacific in 2022. Between 2017 and 2022, the retail sales volume of frozen seafood in China grew at a CAGR of 3.4%, while retail sales value of frozen seafood products in China grew at a CAGR of 9.0%.”*

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 mid-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/Period 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.

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

To this end, we expect that the cost of setting up a processing area for dried seafood products will be as follows:-

<b>Type of equipment</b>	<b>Description</b>	<b>Number of units</b>	<b>Estimated cost (RM'000)</b>
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
<b>Total</b>			<b>500</b>

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 second 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 fourth quarter of 2024 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 fourth quarter of 2024. 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.

**7.22 EMPLOYEES**

As at the LPD, our Group has a total of 111 employees, of which 62 are local employees while 49 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.

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

As at 30 June 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 FPE 2023	As at LPD
Executive Directors	3	3
Key senior management	3	3
Finance and accounting	4	4
Human resources and administration	4	4
Sales and marketing	6	6
Office	1	1
Production <sup>(1)</sup>	76	78
Procurement	8	8
Others <sup>(2)</sup>	4	4
<b>Total</b>	<b>109</b>	<b>111</b>

**Notes:-**

- (1) Comprises the following:-

	Number of Employees	
	As at FPE 2023	As at LPD
Local production workers and part-time workers	34	30
Foreign production workers	42	48
<b>Total</b>	<b>76</b>	<b>78</b>

- (2) Comprise our logistics department, cleaners and security guards.

As at the LPD, our Group have 48 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.



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

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**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. The two (2) rented properties in Kuantan, Pahang Darul Makmur which do not own CFA will remain vacant until the expiry/termination of the tenancy agreements. 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.

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

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**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:-

- (a) Malaysian Anti-Corruption Commission Act 2009;
- (b) Whistleblower Protection Act 2010;
- (c) Employment Act 1995;
- (d) FMA 1967; and
- (e) 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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