



IPO STATISTICS

IPO Price (RM)	0.28
Fund Raised (RM Million)	14.01 from new issue
Enlarged issued share capital upon listing (million shares)	210.15
IPO Market Capitalisation (RM million)	58.84
Price Earnings Ratio (PER)	8.47x

Use of Proceed (RM14.01 million from new issue)

Proceed Utilisation	RM million
Capital expenditure for a new cold storage facility	8.00
Working capital	2.51
Estimated listing expenses	3.50
Total	14.01

BUSINESS OVERVIEW

Business Activities

Ocean Fresh Berhad is an investment holdings company and through its subsidiaries, the Group is principally involved in the processing and trading of frozen seafood products as well as provision of frozen seafood processing services.

Headquartered in Kuantan, Pahang, the Group’s **Processing Facilities** comprises two factories, i.e. Factory A and Factory B, which are located within the same premises.

Its core business activities are segmented as below:



- Processing and trading of frozen seafood products**
 - Process and trade in bulk and sell to local and international wholesalers, processing facilities, retailers, importers, F&B service providers and walk-in customers.
 - Process and trade based on the orders placed by the customers for the required volume, type and specifications of frozen seafood products.
 - The Group earns a margin from the sale of frozen seafood products.
 - Sold under its own brand ‘Sea Planet’** unless requested by its customers to be packed under their own brand or without brand.
- Provision of frozen seafood processing services**
 - Process frozen seafood products based on customers’ requirements in terms of volume, type and specifications of the products. Seafood is supplied by its customers.
 - Customers for this segment include local and international wholesalers and processing facilities as well as importers.
 - The Group earns a service fee from providing frozen seafood processing services.
 - Products will be packed based on the customers’ requirements.
 - A service fee is earned as an additional stream of income from providing frozen seafood processing services.

Its frozen seafood products are typically stored in its cold rooms on average for 36 days prior to delivery to its customers. Its frozen seafood products have a shelf life of up to two years while still maintaining the products’ quality and freshness. In the event there is insufficient space at its cold rooms in its Processing Facility, it stores its frozen seafood products in third-party room facilities.

The Group processes local and imported wild-caught and farm-raised seafood supplies sourced from local and international wholesalers, processing facilities as well as local fishing enterprises.

As an assurance of its frozen seafood product quality and safety, the Group has obtained several local certifications for the Processing Facility, such as the HACCP, GMP and MeSTI Secure Food Certification Scheme. Additionally, the Group has obtained HALAL certification from JAKIM to provide assurance that its frozen seafood products are processed in a HALAL manner. These certifications are beneficial to the Group’s expansion into international markets such as Asia Pacific and the Middle East.

Business Model

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

Key Types of Frozen Seafood Products

Product	Type of products
Molluscs (soft body and no spine)	Cuttlefish Squid Octopus Ark shell meat
Fishes (aquatic animals that have gills and fins)	Tuna Bonito Leatherjacket Mackerel Ribbonfish Pomfret
Others	Prawn Abalone Sea cucumber

Principal Market

Ocean Fresh Group primarily exports frozen seafood products to international markets, including Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark. It has obtained the necessary international approvals to export these products to the respective countries, as required by the respective local authorities, such as GACC, EU Number 75 Certificate, DAH and FDA.

The Group also sell products domestically in Malaysia. It owns one refrigerated vehicle which is used to deliver its products to customers in the East Coast and Central region of Peninsular Malaysia. Deliveries to customers located in other regions of Malaysia are undertaken by third-party delivery companies. If necessary, third-party delivery companies are also utilised when the Group’s own vehicles lack the capacity to meet demand.

Operational Facilities

Facilities	Location	Function
Headquarters	Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	Management office
Factory A	Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	Processing and storage of frozen seafood supplies and products
Factory B	Lot 19869, Kampung Baru Peramu, 26060 Kuantan, Pahang Darul Makmur	Processing and storage of frozen seafood supplies and products

Utilisation Rate (Processing Facilities)

	Maximum production capacity (tonnes) ⁽¹⁾	Actual production (tonnes)	Utilisation rate (%)
FYE 2020	18,000	6,331	35.2
FYE 2021	18,000	9,349	51.9
FYE 2022	18,000	6,308	35.0
FYE 2023	18,000	8,571	47.6

⁽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 its semi-contact blast freezers; and

(ii) maximum production capacity is based on two (2) 8-hour shifts per day. For information purposes, Processing Facility generally operates on one (1) 8-hour shift per day.

Utilisation Rate (Cold Rooms Facilities)

	Maximum storage capacity at any point in time (tonnes) ⁽¹⁾	Highest storage utilisation (tonnes) ⁽²⁾	Utilisation rate (%)
FYE 2020	1,700	1,562	91.88
FYE 2021	1,700	1,694	99.65
FYE 2022	1,700	1,699	99.94
FYE 2023	1,700	1,695	99.71

⁽¹⁾ 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.

⁽²⁾ Highest storage utilisation was calculated based on highest use of storage space during the financial year or period.

Lists of machinery and equipment

Machine and equipment	No of units	Average age (years)	Functions
Semi-contact blast freezer	18	7	Freezing of seafood supplies
Ice flake machine	3	5	Produce ice flakes
Cold room	3	14	Storage of frozen seafood products
Packaging machine	12	5	Vacuum sealing and strapping tape machine for packing of frozen seafood products
Metal detector machine	1	Less than 1	Detecting the presence of metal inside seafood
Agitator	1	10	To perform curling process
Cooling tower	2	11	To maintain temperatures in the cold rooms, semi-contact blast freezers and ice flake machine

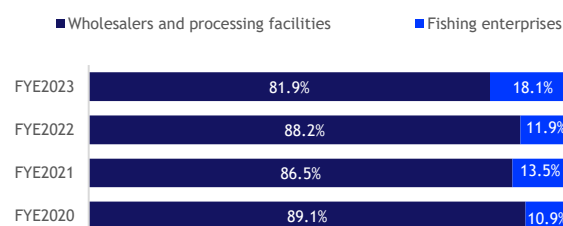
Competitive Strengths

- Its Processing Facility is equipped to produce quality frozen seafood products. Its 18 semi-contact blast freezers operate between -40°C and -42°C to preserve quality and freshness of its frozen seafood products in terms of shape, colour and taste.
- The Group is able to maintain a consistent supply of frozen seafood products throughout the year, supported by an extensive network of suppliers comprising local and international wholesalers, local and international processing facilities as well as local fishing enterprises. As certain types of seafood supplies are seasonal and the availability is subject to factors such as weather conditions and fish population, having a wide supply network allows the Group to be less affected by seasonal factors. When a particular country or region does not have supply for certain seafood supplies due to seasonal, weather and climate factors, the Group is able to approach suppliers in other countries or regions for supply. Additionally, the Group owns cold rooms to store frozen seafood supplies and products to ensure their freshness and quality.
- Compliant with locally and internationally recognized quality and food safety management certification. The Group has obtained HACCP and GMP as well as the MeSTI. On top of that, the Group has obtained HALAL certification from JAKIM which provides assurance that its frozen seafood products are processed in a HALAL manner.
- Wide network of customers comprising over 160 local customers and over 190 overseas customers. Its international customers are from various countries including Turkey, China, Thailand, Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark.
- Experienced management team - The Group's Executive Director, Siang Hai Yong and its Executive Director and Head of Operations, Kee Wan Chum, have vast experience in the fishery and frozen seafood processing industry and have been working with the Group for 22 years and 15 years, respectively. They are supported by a team of experienced management team.

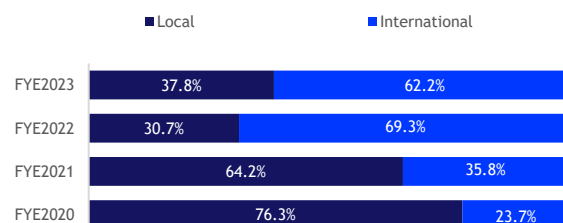
Seasonality

Higher demand for its products prior to the commencement and during festive seasons such as Chinese New Year, Hari Raya, Deepavali and Christmas.

Type of Suppliers



Breakdown of Wholesaler and Processing Facilities



GROWTH STRATEGIS AND FUTURE PLANS

- **Expand its storage capacity by setting up a new cold storage facility.** From FYE2020 to 2023, the utilisation rates of the cold room space reached up to 99.94%. In order to cater to the growth of its business, the Group intends to set up a new cold storage facility which will include six units of new cold rooms and a loading bay at PSFD Land 1. The expansion aims to meet the growing demand for frozen seafood products and to store seasonal or surplus seafood supplies. It will be designed to comply with the ISO 22000:2005 certification for food safety management system. It intends to invest a sum of approximately RM11.62 million which will be used to defray the construction of its 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 its Public Issue whilst the remaining RM3.62 million construction costs through bank borrowings to be procured by the Group.
- **Expand its geographical footprint in the international markets, particularly China.** Average seafood consumption in the Asia Pacific region was the highest in the world at 23.4 kg per capita according to IMR report. The Group has obtained the GACC certificate which allows the Group to export frozen seafood products into China. It presently exports to China through importers and intends to continue growing its sales through importers. It also intends to collaborate with local wholesalers who have their own network of customers. The Group is currently in the midst of identifying suitable wholesalers to collaborate with and intends to finalise the appointment of a wholesalers to distribute its products in China by third quarter of 2024. Apart from China, the Group will also continue to grow its exports to the existing international markets it presently serves such as Turkey. The cost of purchase of seafood supplies, including those to cater for the expected growth in its exports, will be funded via its internally generated funds, bank borrowings and/or proceeds raised from its Public Issue.
- **New venture into the processing and trading of dried seafood products.** Dried seafood products have relatively lower storage and transportation cost as compared to frozen seafood products which require cold rooms to store and refrigerated vehicles to transport. The Group has received enquiries to provide dried seafood products from potential customers as well as existing customers based in China since 2021. The Group has thus begun to produce samples of dried seafood products through the sun-drying method to ascertain the demand from its 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. The Group estimates 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. It has allocated an area measuring approximately 3,300 sq ft in Factory B for the processing and storage of dried seafood products.

PROMOTERS & SUBSTANTIAL SHAREHOLDERS

Promoter/ Substantial Shareholder	Designation	Shareholding after IPO (%)	
		Direct	Indirect
Siang Hai Yong ⁽²⁾	Promoters and substantial shareholder. Executive Director	5.85	7.88
Kee Wan Chum ⁽²⁾	Promoters and substantial shareholder. Executive Director / Head of Operations	0.10	6.61
Kan Swee Koh	Promoters. General Manager for Administration & Human Resource	0.10	-
Treasure Gain Sdn Bhd	Substantial shareholder. Investment holding company	24.67	-
Untung Besar Sdn Bhd	Substantial shareholder. Investment holding company	16.49	-
Sierra Mode Sdn Bhd	Substantial shareholder. Investment holding company involved in the provision of business management consultancy services, other business support services activities and activities of head offices.	6.61	-
Dato' Sri Chia Hooi Huak	Substantial shareholder. Non-Independent Non-Executive Director	6.51	-
Law Chee Kheong ⁽¹⁾⁽²⁾	Substantial shareholder. Non-Independent Non-Executive Chairman	4.55	6.61
Heah Theare Haw	Substantial shareholder	4.06	-
Darmanto ⁽²⁾	Substantial shareholder	-	24.67
Lee Siok Ming ⁽²⁾	Substantial shareholder	-	16.49
Tan Eng Aun ⁽²⁾	Substantial shareholder	-	16.49

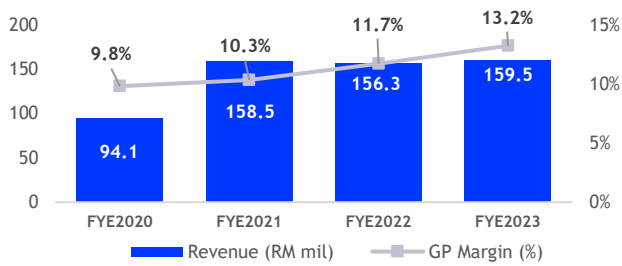
⁽¹⁾ As at the date of incorporation, the sole shareholder of the Group is Law Chee Kheong. Subsequently on 23 May 2023, the subscriber share was transferred to Lim Laang Feng.

⁽²⁾ In accordance with Rule 3.19(1) of the ACE Market Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of shares to the entire shareholdings for a period of 6 months from the date of admission to the ACE Market, and hold an aggregated shareholding amounting to at least 45% for another 6 months, and may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) upon expiry of the second 6-month moratorium.

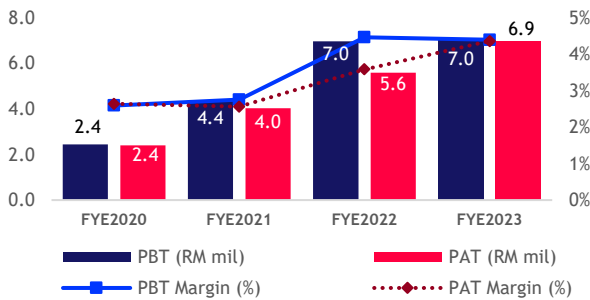
FINANCIAL PERFORMANCE

FYE - Financial year ended/ending 31 December

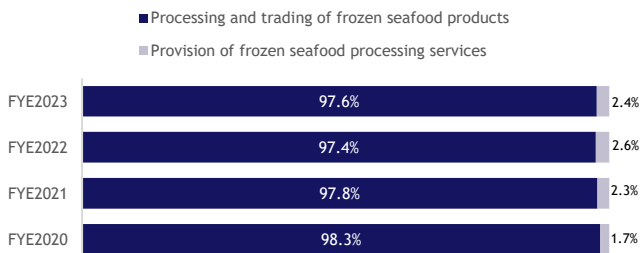
Revenue and GP Margin



Profit and Margin

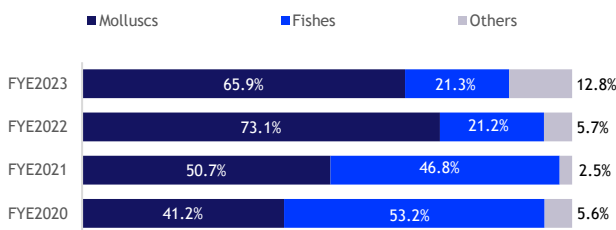


Revenue Breakdown by Business Segment



Revenue mainly derived from the processing and trading of frozen seafood products segment, which accounted for more than 97.0% of the total revenue.

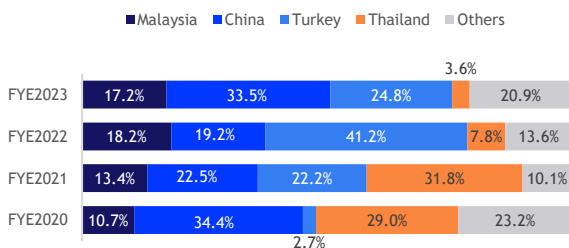
Revenue Breakdown by Type of Frozen Seafood Products



Notes:

- Molluscs mainly comprised cuttlefish, squid, octopus and ark shell meat;
- Fishes mainly comprised tuna, bonito, leatherjacket, mackerel, ribbonfish, pomfret and other types of fishes and
- Others mainly comprised sea cucumber, prawn and abalone.

Revenue Breakdown by Geographical Market



Note: Others market include Vietnam, Japan, Indonesia, Philippines, Singapore, Korea, Italy, Portugal, the US, Australia and Denmark.

Key Financial Ratios

	FYE2020	FYE2021	FYE2022	FYE2023
Trade receivables turnover period (days)	51	40	42	34
Trade payables turnover period (days)	43	40	34	20
Inventories turnover period (days)	58	39	36	51
Current ratio (times)	1.80	2.03	3.10	3.07
Gearing ratio (times)	0.14	0.14	0.05	0.12

Dividend Policy

The Group does not have a fixed dividend policy. Dividends declared and paid during FYE2020 and FYE2021 are as follows.

RM'000	FYE2020	FYE2021	FYE2022	FYE2023
Dividend declared and paid	226.7	226.7	-	-

Impact of Foreign Exchange Rates

- The Group maintains foreign currency accounts, namely USD and RMB for payments of its foreign sales and purchases.
- It also entered into foreign currency forward contracts to hedge its exposure to the USD exchange fluctuations. Its exposure to foreign currency risk is mainly on the revenue denominated in RMB.

Sales denominated in (%)	FYE2020	FYE2021	FYE2022	FYE2023
USD	63.9	56.5	72.1	77.9
RMB	5.1	3.7	3.5	4.9

Purchase denominated in (%)	FYE2020	FYE2021	FYE2022	FYE2023
USD	21.1	31.0	61.1	50.9

RM'000	FYE2020	FYE2021	FYE2022	FYE2023
Net unrealised (loss)/gain on foreign exchange	-	10	(5)	-
Net realised gain on foreign exchange	596	616	812	954
Total	596	626	807	954

Peer Analysis

Company	PAT Margin (%)	PER (x)
Ocean Fresh Berhad	4.40	8.47
PT Resources Holdings Berhad	7.30	12.08

Notes:

- Selected peers as identified in the Independent Market Research Report. PAT margin based on prospectus and company announcements. Ocean Fresh Berhad PER at IPO.
- PT Resources Holdings Berhad's PER is calculated based on RM36.8 million of PAT for FYE2023, 535.02 million of outstanding shares and closing price of RM0.57 on 12 June 2024.
- 12M forward PE of KLCSU: 15.54x

Market Share

2.6% share of the total seafood processing industry size of RM6.1 billion in 2023, based on Ocean Fresh Group's revenue of RM159.5 million for the FYE 31 December 2023. Estimation based on the Independent Market Research report.

KEY RISK FACTORS

- **Risk pertaining to its business and reputation and exposure to product liability claims and regulatory actions arising from its product safety and quality.** The processing, storage, handling and delivery of its frozen seafood products are subject to inherent risk of product deterioration or contamination or damage. Product safety and quality is thus important to its business and it relies on its QA/QC procedures to ensure its product safety and quality. Should the frozen seafood products that the Group processes and sells deteriorate, contaminate, damage or contain other unintended materials that could be harmful or otherwise non-compliant with applicable regulatory standards, it may be subject to product liability claims, regulatory enforcement actions, penalties imposed by relevant government agencies and/or loss in customers' and consumers' confidence. Nevertheless, since the commencement of its operations, the Group has not received any material product liability claims resulting from any failures in its QA/QC procedures.
- **Risk of unexpected interruptions or delays** caused by fire, natural disasters, equipment failures, force majeure events and outbreak of infectious diseases, which may be beyond its control and may lead to interruptions to its operations.
 - i. In 2010, there was a fire outbreak at Factory B which caused detrimental damage to Factory B and its equipment. Nevertheless, at the time, the activities carried out at Factory B were for otoshimi and surimi products processing and trading where the Group is no longer involved in the processing of these products. Thus, its business did not face any operational disruptions. The Group has since reconstructed Factory B and implemented fire preventive systems.
 - ii. Its processing facility requires sufficient and consistent supply of electricity and water to operate. There is a back-up generator on standby to power the two cold rooms located in Factory B. Although it does not have a back-up generator for the cold room located in Factory A, its cold room is capable to maintain its temperature for up to 48 hours during power failure. Thus far, it has not experienced any power failure situations in excess of 24 hours.
- **Subject to risks of revocation or non-renewal of regulatory certificates for its business operations.** Its customers require its Processing Facility to have certain certifications or registrations, including the HACCP, GMP, MeSTI and or HALAL certifications. For international operations, the Group is also required to obtain the necessary approvals such as EU Number 75 Certificate, DAH, GACC and FDA to export its frozen seafood products for certain countries, as required by their local authorities.
- **Dependency on its Executive Director and key senior management** for continued success and growth of its business. The Group is dependent on the leadership of its Executive Director, Siang Hai Yong and Kee Wan Chum who have vast experience in the fishery and frozen seafood processing industry, and have been working with the Group for 22 years and 15 years, respectively. Together with Teo Chee Han, the Group's Executive Director, they are assisted by its key senior management, who have knowledge and experience in their respective fields and industries which are relevant to the management of its business operations, namely its General Manager for Administration and Human Resource, Kan Swee Koh; its General Manager, Production, Lain Wui Hiung; and its Group's Accountant, Chong Der Woei.
- **Dependent on the availability of foreign workers** for its business operations and any significant shortage in the supply of foreign workers or restrictions imposed thereon may disrupt its business operations. Foreign workers representing 59.04% of its total production employees at its Processing Facility. Any significant shortage in the supply of foreign workers or restrictions imposed on their employment could disrupt business operations. The Group's operations have not been materially impacted by the availability of foreign workers as it also engages local part-time workers to supplement its existing workforce to assist in its processing activities. However, should there be future implementations of hiring freeze on foreign workers, this may temporarily affect the Group's anticipated business growth as the said hiring freeze and process could increase the cost and time required to hire new workers as well as impede or delay any expansion plans that it has.
- **Its exposure to foreign exchange fluctuation risks** may impact the profitability of the Group. For FYE2020 to 2023, its purchases denominated in USD accounted for 21.1%, 31.0%, 61.1% and 50.9% to the Group's total purchases. On the other hand, most of its revenue generated from sales to customers are transacted in USD and RMB which accounted for 69.0%, 60.2%, 75.6% and 82.8% to the Group's total revenue. As such, any adverse movements in foreign exchange rates against the RM could have positive or negative impact on its business operations and financial performance. Nonetheless, the Group maintains foreign currency accounts, namely USD and RMB for payments of its foreign sales and purchases. It also entered into foreign currency forward contracts to hedge its exposure to the USD exchange fluctuations. In this regard, the Group's exposure to foreign currency risk is mainly on the revenue denominated in RMB.
- **Risk of inadequate insurance coverage.** Nonetheless, the Group has not experienced any material losses or damages in excess of its insured limits or not insurable or economically insurable. The Group was able to make an insurance claim following the fire outbreak at Factory B that occurred in 2010
- **Vulnerable to the limited duration of a use permit for the land in which a small part of its Processing Facility is located.** The Group has secured a 20-year extension for the use permit, effective from 1 January 2024 to 31 December 2044, granted by Pahang State Forestry Department for the purpose of carrying out seafood processing activity at PSFD Land 2 (a piece of vacant land measuring approximately 0.43 hectares where part of its Factory B has been erected). Any changes in the land permit would potentially impact long-term operational stability and future expansion plans of the company. While the Group has been able to occupy the land for approximately 20 years since 5 September 2003, without any interference from PSFD and have successfully renewed its use permit each time it applied, it is important to note that there is no assurance of perpetual renewal for the use permit. Notwithstanding the aforesaid, this risk can be mitigated as the part of its Processing Facility which was erected on the PSFD Land 2 does not serve as the critical operational site of its Factory B. In the event the use permit is not renewed by PSFD, the Group is able to shift that particular part of the operation to other side of the Factory B, which is within its own land.

ESG PRACTISES

The Group has implemented, and are in the midst of implementing, the following practices:

Environmental Practices

- Installed a solar asset at the Processing Facility;
- Installed a wastewater treatment plant at the Pahang Processing Facility to treat the wastewater generated from seafood processing operation;
- Encourages its employees to reduce the use of papers and to recycle used paper and switch off lighting, air conditioning, water dispensers and other electrical appliances in the Processing Facility when they are not in use.

Social Practices

- Committed to maintain good labour practices and adhere to the provisions outlined in the relevant labour laws and best practices;
- Unequivocally reject human trafficking, human rights violations, child labour and forced labour;
- Five (5) properties in Pekan, Pahang Darul Makmur rented as foreign workers accommodation have been certified with a CFA issued by the DOL.
- Obtained the relevant certificate of fitness for the machineries in its Processing Facility, which has been registered with DOSH under the FMA 1967.

Governance Practices

- The Board has progressively adopted the principles and practices as promulgated in the Malaysian Code on Corporate Governance (MCCG), where appropriate.
- In seeking to maintain high standards of corporate governance, its Group intends to adopt all the applicable principles and practices as promulgated in the MCCG.
- It has established a framework comprising policies, procedures and practices designed to ensure adherence to MACC, Whistleblower Protection Act 2010, Employment Act 1995, FMA 1967 and Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

Responsible Operation

- Obtained the Licence to Trade, Import, Export, and Process Fish issued by Lembaga Kemajuan Ikan Malaysia (LKIM)

- Its Processing Facility is outfitted with semi-contact blast freezers and cold rooms.
- Its Processing Facility is operating in accordance with the food safety and quality practices under the HACCP, GMP and MeSTI Secure Food Certification Scheme.
- Its employees and workers have received training in HACCP and GMP food safety practices.
- It has acquired HALAL certification from JAKIM which provides assurance that its frozen seafood products are processed in accordance with HALAL principles.

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