

July 2025/ Issue 01

MONTHLY UPDATE



Good News

Strategic Capital Deployed: RM11 Million Expansion Fund Released

We are proud to share a major milestone in our growth trajectory - the **successful release of RM11 million from our trustee account**, earmarked for our **2025 expansion program**. This capital represents not just the unlocking of funds, but the beginning of a bold new chapter in our company's scale-up strategy.

With this injection, FDIGS Makmur Sdn. Bhd. are proceeding with **full-scale activation across all ponds within our integrated aquaculture system**, including the latest addition: **Merit Farm**, comprising **58 newly developed ponds**. This brings the **total number of active ponds under the FDI Group to 306 by 15th August 2025** - a historic achievement in our operational history.

What makes this expansion particularly strategic is the timing and alignment with increasing global demand for premium black tiger shrimp. By doubling our production capacity, we are now firmly positioned to meet larger volume contracts, expand into new export markets, and strengthen our reputation as a **reliable and vertically integrated seafood producer**.

This move is expected to have a **long-term positive impact on revenue**, operational efficiency, and brand positioning in both domestic and international markets.



Strategically designed for growth - Merit Farm adds 58 new ponds to our network

A Word from the CEO



“Anything worth having takes time.”
– Mr. Steven Tan,
CEO FDI Group

“The release of the RM11 million expansion fund is more than a financial milestone - it’s a vote of confidence in our long-term vision. This funding enables us to activate all 306 ponds, including the newly developed Merit Farm, and represents a pivotal step toward scaling our integrated operations. It’s a clear signal that we are not only ready to grow - we are structurally and strategically equipped to lead.

With this momentum, we are accelerating our production capabilities to meet rising global demand while strengthening our foundation for sustainable value creation. As we enter this next chapter, our commitment remains steadfast: to execute with discipline, to lead with purpose, and to deliver strong, measurable returns for our investors and stakeholders.”

Infrastructure Milestone Achieved: Pond Excavation Completed Ahead of Schedule

The **pond excavation phase is on track to be completed ahead of schedule by 15th July 2025**, marking a significant milestone in our expansion journey. The works are being carried out by **Seng Yong Builder**, a **CIDB-certified Grade G7 contractor**, qualified to undertake high-value infrastructure projects. Their professionalism, speed, and commitment to quality have kept the project progressing smoothly, with zero reported delays or disruptions.



Excavation in progress at the farm site, Pahang.

Once excavation is finalized, we will immediately proceed with the next stage – **pond cleaning and water preparation** – setting the foundation for full operations across all sites, including the newly developed Merit Farm. This progress reflects our strong execution capabilities and ensures we remain aligned with our target of activating **306 ponds by mid-August 2025**.

Message from the CEO

“We are approaching another critical milestone in our expansion phase, with pond excavation works expected to be completed ahead of schedule by mid-July. The progress so far has been highly encouraging, thanks to the professionalism and efficiency of Seng Yong Builder, our trusted Grade G7 contractor. Their performance is setting the stage for a smooth transition into pond preparation - keeping us firmly on track to deliver our 306-pond operational target by August.”

— Mr Steven, CEO FDI Group

Challenge

Retail (Big Frozen) Sales Down 15% in Quarter 1

During the **first quarter of 2025**, our **Big Frozen retail division** recorded a sales decline of approximately **15%**, dropping from **RM844,230 in May** to **RM737,916 in June**. This performance reflects broader challenges in the consumer market, where **demand remains subdued** and **price sensitivity among shoppers continue to rise**. While foot traffic across retail outlets has remained relatively stable, the average basket size has decreased, particularly for non-essential and premium frozen seafood products.

At the same time, we are facing **increased operational costs**, including higher raw material prices, utility expenses, and labor costs. These factors are placing **downward pressure on margins** and **forcing tighter inventory control** at the outlet level. The combined effect of soft consumer demand and escalating cost structures has created a short-term revenue squeeze that we are actively working to counter.

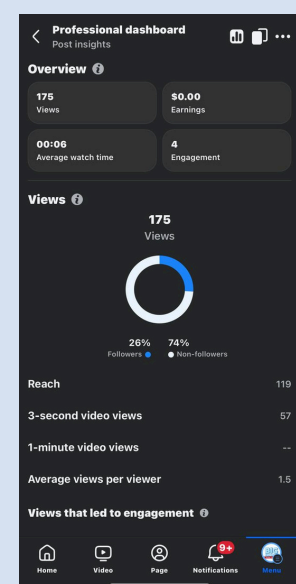
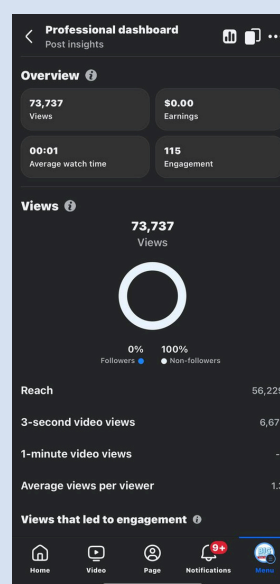
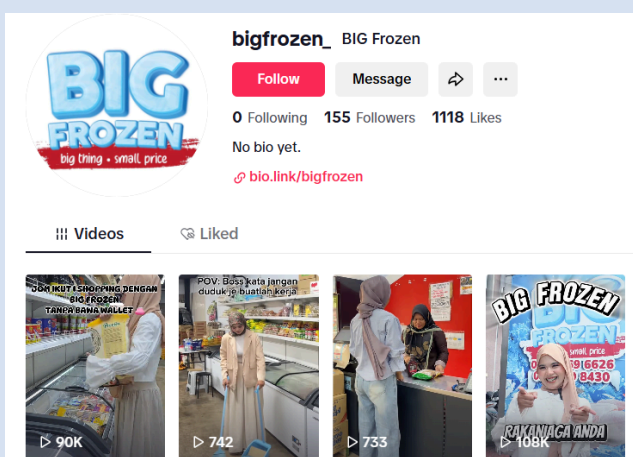


Solution

Trade Insurance & New Marketing Offensive

To address the slowdown in Big Frozen sales, we have taken a **two-pronged approach**: strengthening our financial risk control while aggressively reactivating the market. First, we have expanded and optimized our **trade insurance coverage**, giving us the flexibility to **extend safer credit terms** to key distributors and resellers. This creates room for sales growth without increasing exposure to bad debts - a crucial step in this cautious retail environment.

At the same time, we've launched a **targeted marketing offensive** focused on digital engagement and conversion. The campaign includes **short-form video content across TikTok and Facebook**, designed to promote value packs and cooking ideas with our frozen seafood products. We have also rolled out a **customer referral program** to reward repeat buyers and stimulate organic reach. Together, these initiatives are expected to drive a **20-30% revenue rebound within the next 90 days**, supported by improved cash flow, smarter credit structures, and highly focused promotional efforts.



These are our top-reaching videos on Facebook and TikTok - a strong indicator that our content is resonating with viewers.

Challenge

SST Impact on Cost Structure

Malaysia to introduce revised sales tax, expand services tax from July 1

By Reuters

June 9, 2025 6:27 PM GMT+8 - Updated June 9, 2025



A view of the city skyline in Kuala Lumpur, Malaysia September 27, 2021. REUTERS/Lim Huey Teng/File Photo [Purchase Licensing Rights](#)

KUALA LUMPUR, June 9 (Reuters) - Malaysia will revise its sales tax rate and also widen the scope of its services tax from July 1, the finance ministry said on Monday, as the government looks to boost its revenue and strengthen its fiscal position.

Source: Reuters, 9th June 2025. New SST measures introduced on 1st July 2025 are increasing operational costs, particularly in logistics and processed goods.

The recent **implementation of the Sales and Service Tax (SST)** in Malaysia has introduced another layer of financial pressure across the processed food sector. While necessary from a national fiscal standpoint, the expanded SST scope has led to **cost increases in logistics, packaging, and finished goods**, directly affecting our production and distribution lines.

For consumer-facing segments like **Big Frozen**, this tax impact is particularly visible, as we strive to maintain competitive retail pricing while absorbing additional back-end expenses. The SST burden is also **affecting business-to-business (B2B) transactions**, where price transparency and tax pass-through have become increasingly important for buyer retention. Unless addressed strategically, this shift could **affect margins** and **limit pricing flexibility** in the quarters ahead.

Solution

SST Counter Strategy (Proposed)

To proactively manage the impact of the revised SST implementation, we have outlined a **multi-pronged approach focused on value creation, transparency, and operational efficiency**.

First, we are proposing a **bundle pricing strategy**, where SST-affected items—such as frozen seafood—are paired with higher-margin or SST-exempt products like cooked prawns or meal-ready items. This allows us to **maintain competitive pricing while preserving overall margins** and **perceived customer value** at the point of sale.

Second, we aim to reinforce **invoice transparency**, especially for our B2B clients. By clearly itemizing SST charges on each invoice, we ensure that **buyers understand the net product value separate from the tax component**. This transparency not only builds trust but also allows clients to better forecast their own cash flows and maintain long-term business confidence.

Lastly, we are enhancing our accounting processes through **automation and SST input credit optimization**. By leveraging digitized systems, we can more effectively track, claim, and reconcile SST-related expenses—ultimately reducing the group's effective tax burden. This back-end streamlining will help preserve profitability while staying compliant with the evolving tax framework.



What's Next?

Game Changer: Cooked Prawn Machine Arrives this July

A key milestone is on the horizon: the **arrival of our first cooked prawn production machine at the Pekan, Pahang factory on 8th July 2025**. This marks our strategic entry into a **high-potential new product segment** - one that is currently undersupplied nationwide. By diversifying into cooked prawns, we are not only meeting emerging market demand but also unlocking a significant value opportunity, with projected margins expected to **increase by an additional 15%** across our product portfolio.

Beyond profitability, this innovation introduces a new layer of commercial flexibility. The cooked prawn line enables our sales teams to **bundle value-added products with frozen items**, strengthening upselling capabilities and facilitating entry into new distribution channels. As we integrate this new production capacity, we expect it to play a pivotal role in boosting revenue growth and reinforcing our competitive edge in both domestic and export markets.



Our Latest Gem: The Cooked Prawn Line has
Officially Landed