

FDI NEWSLETTER

May 2025 / Issues 44


FDI Group
Commercialising Aquaculture

SSO
Sin | Soon | Onn
Frozen Food
since 1990

**BIG
FROZEN**
big thing • small price



**GROWTH
HIGHLIGHT**



CHALLENGE



SOLUTION



**UPCOMING
PROJECT**



A Word from the Sales Director

“We’re excited to share that we’ve successfully opened a new export channel to Taiwan. This is a major step for us, and one we’ve been working on for quite some time. The contract is confirmed, and we’re expecting the first shipment to go out by mid of May 2025.

What makes this deal even more meaningful is that the customer is willing to take small-sized prawns - something that helps us a lot operationally. It allows us to maximize our harvest and improve turnover the plant.

Mr. Ooi Foo Kim
Sales Director

“

This is just the beginning. We see strong potential in Taiwan and hope to grow our presence there steadily. It’s always rewarding to break into new markets, especially when it aligns with our long term energy.

CHALLENGE

While we continue to grow strategically across our core divisions, we believe in keeping our investors informed of **short-term challenges** that shape our operating environment. In **April 2025**, our retail division, **BIG Frozen Group**, experienced a temporary performance contraction driven by this factor:

1. Seasonal Sales Decline

April saw a **predictable slowdown in retail momentum**, with average sales across **BIG Frozen outlets declining by approximately 20%**. This drop closely followed the festive Hari Raya period, where **consumer spending typically tapers off**. Such post-holiday adjustments are not uncommon but do have a visible short-term effect on retail activity.



big thing • small price



SOLUTION

Strategic & Financial Safeguards: Strengthening Our Retail Position

To protect the financial health of the company amid evolving market risks, **FDI Group** has taken decisive steps to ensure long-term stability takes precedence over short-term sales gain. As emphasized by the Management:

“Sales that compromise cash flow are not healthy sales.”

As such, the management made a deliberate decision to scale back supply to high-risk customers - particularly those with deteriorating payment records. While this prudent move contributed to part of the observed sales decline in **April 2025**, it was necessary trade-off to preserve cash flow integrity and business resilience.

► STRATEGIC PIVOT: NEW RETAIL MODEL ROLLOUT

To reduce over-reliance on walk-in retail and smaller resellers, the company launched a new outlet at **No.9, Jalan Hillpark Aspirasi 10/2 42300, Bandar Hillpark Puncak Alam Selangor Darul Ehsan** with a fundamentally different operating model.



This outlet now serves as a pilot model for future retail expansion and is under close performance evaluation.

Key Characteristics of this Outlet:

Unlike traditional outlets, this outlet is structured around a delivery-first approach, with more than **80%** of sales generated from **scheduled deliveries to cafes, restaurants, and foodservice operators**. This format offers **significant strategic advantages**:

- **Predictable demand patterns** from long-term food & beverage (F&B) clients
- **Higher order value per transaction**, improving cost efficiency
- **Lower credit exposure**, due to more rigorous client screening and pre-qualified terms
- **Broader market penetration**, avoiding oversaturation in competitive zones

CHALLENGE

2. Escalation in Credit Risk Exposure

Of greater concern was a notable **60% increase in debtor aging**, primarily affecting our B2B customer base. The data suggests **growing payment delays, reflecting broader liquidity pressures in the market - particularly among smaller distributors, resellers, and Small Medium Enterprise (SMEs)**. This trend is consistent with a cautious post-festive business climate and signals the need for heightened credit risk monitoring and adaptive financial strategies in the months ahead.

These indicators point to a more cautious retail climate and underline the broader macroeconomic sensitivities influencing consumer behavior and business resilience in the current quarter.



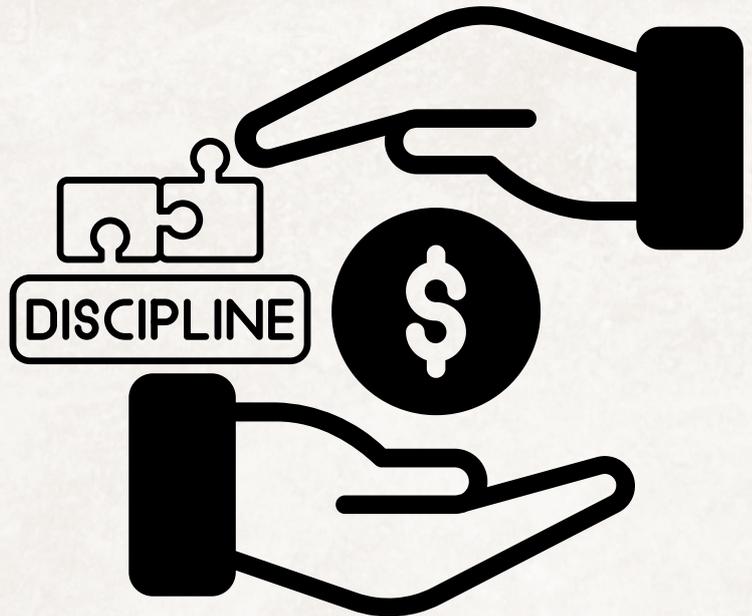
SOLUTION

► FINANCIAL DISCIPLINE: REINFORCING CREDIT CONTROLS

As part of **April 2025's** financial risk management efforts, the company instituted stronger debtor oversight protocols to ensure growth and protect working capital. These include:

- Mandatory **debtor aging monitoring** for all B2B clients
- **Automatic supply suspension** for accounts exceeding agreed credit terms
- **Performance-based incentives** for account managers, now tied to collection quality rather than sales volume alone
- Implementation of a “**Healthy Debtor Threshold**”, tailored to the company’s credit risk tolerance across different customer segments.

These proactive measures mark a critical shift towards more **responsible revenue management, ensuring profitability is supported by healthy cash flow and disciplined credit governance.**



UPCOMING PROJECT

INTRODUCTION OF COOKED PRAWN PRODUCTION LINE



As part of our strategic growth plan, **FDIGS Makmur Sdn Bhd** is pleased to announce the upcoming launch of a new product variation - **cooked prawns**. This initiative marks a significant step in product diversification and value-added processing, reinforcing our commitment to delivering premium, ready-to-eat seafood to meet evolving market demands.

The specialized cooking machinery is scheduled to **arrive by mid May 2025**, with production trials and operational integration to follow shortly thereafter. By introducing this new product category, we anticipate a **notable improvement in both profitability and margins**, as cooked prawns typically **command a higher selling price and offer greater value per unit compared to raw shrimp**.

This development is expected to strengthen our export competitiveness, open doors to new customer segments, and further enhance our position in the global aquaculture market.

We'll Be Back with **More Updates in Next Month's e-Newsletter!**