APPENDIX A

SBH MARINE HOLDINGS BERHAD
Registration No. 202101034350 (1434650-U)
(Incorporated in Malaysia)

QUESTIONS RECEIVED FROM SHAREHOLDERS OF SBH MARINE HOLDINGS BERHAD DURING THE 3RD ANNUAL GENERAL MEETING HELD ON 30 MAY 2025

No.	Questions	The Company's Response/Answer
1.	The shareholder noted that the Group's revenue has remained stagnant at approximately RM180 million for the past four financial years. Given this trend, what kind of growth can shareholders expect in the financial year 2025 and beyond?	Mr. Saw clarified that, although revenue had remained stable, sales in tonnage had increased. This stability was primarily attributed to fluctuations in the US dollar exchange rate, which significantly impacted revenue figures. In year 2024, the exchange rate ranged from 4.3 to 4.4, but in 2023, it was between 4.8 and 4.9. Due to the weakening of the currency exchange rate, maintaining similar revenue levels indicated a substantial improvement in sales, effectively translating to approximately 15% business growth.
(a).	Given the significant impact of foreign currency on the Group, what measures has the management taken to counter these foreign exchange fluctuations?	Mr. Saw explained that management has implemented measures to mitigate these risks by working with the bank on Forex strategies to maintain a stable costing ratio. However, determining the optimal hedge amount remains a challenge—over-hedging carries risks, as currency movements can fluctuate in either direction. Therefore, the Group applies Forex hedging specifically to exported transactions, ensuring alignment with its financial strategy.
(b).	The shareholder highlighted that the production figures for Financial Year End ("FYE') 2022–2024 show a decline from 613 tonnes in 2022 to 572 tonnes in 2023 and further down to 454 tonnes in 2024 (Page 20 of the Annual Report), which seems to contradict Mr. Saw's statement regarding increased volume. He then sought clarification from the management.	Mr. Saw clarified that the figures on page 20 represented production from the farm, which accounted for less than 15% of the total revenue. Therefore, while fluctuations in farm output have occurred, they did not directly correlate with overall revenue. Since the farm operates within an interrelated company structure, any sales from the farm to the company are eliminated in consolidated financial reporting.
2.	The shareholder noted a significant increase in merchant trading of frozen seafood products for FYE 2024. This segment operates under a long-term supply and marketing agreement, where processed food is sourced from third-	Mr. Saw reported that the merchant trading increased by approximately 478 tonnes, contributing additional RM13.5 million in revenue. The Group has a five-year supply and marketing agreement in place, expiring in 2028, which allows them to earn a margin on sales generated through merchant trading.

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	party producers and shipped directly to customers. He inquired about the Group's position under MFRS 15 regarding revenue recognition, specifically whether the Group considers itself a principal or an agent in these transactions.	This segment serves as a trading platform, leveraging the Group's extensive international customer base. Customers continue to seek supplies from the Group recognizing its commitment to quality. Despite sourcing supplies from merchant trading, the Group maintains strict quality control, with production personnel conducting verification processes at suppliers' premises to ensure compliance with our standards before shipment. The trust placed in the Group by its customers has been instrumental in the continuity and growth of this business segment, which has successfully operated for over 10 years.
3.	How much of the revenue is denominated in USD, and how much of the costs are in USD?	Mr. Saw indicated that more than 85% of the sales are contracted in US dollars, making the impact of currency fluctuations significant. The Group is also selling in other currencies, such as Singapore dollars and Renminbi (RMB). Mr. Saw further added that all merchant trades are transacted in USD, and they account for approximately 40% of the business.
4.	The shareholder noted that the financial statements of SBH indicate MYR as the functional currency. However, given that a significant portion of revenue and costs are transacted in USD, how does management determine that MYR remains appropriate as the functional currency for the Group?	Mr. Hng explained that although a significant portion of billings is in USD, the Group's core operations and cost structures are primarily denominated in MYR, which supports the continued use of MYR as the functional currency.
5.	What is the status of the expansion of the Selinsing Farm?	Mr. Saw reported that the expansion of Selinsing Farm has been progressing steadily. By the end of 2023, 30 ponds had been completed and were fully operational, increasing to 43 by the end of 2024. As of March 2025, the number of operational ponds had risen to 49. He further informed that pond development is highly dependent on weather conditions, as the facility is outdoors. Selinsing Farm spans a total

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		land area of 300 acres, with a gradual plan in place to open more ponds over time.
6.	The shareholder refer to the following statement appeared in page 21 and inquired what kind of investments is the Group planning to make in automation, biosecurity, and sustainable farming techniques? "*Investments in <u>automation, biosecurity, and sustainable farming techniques</u> will not only support operational performance but also strengthen the Group's appeal to environmentally, conscious customers and regulators.*"	Mr. Saw explained that the Company has significantly increased its investment in human biosecurity measures. All supplies and inputs to the farm are now thoroughly screened before being introduced, which helps mitigate the risk of disease outbreaks. Regarding automation, the Company is currently working on automating its cold storage rooms. In these facilities, semi-automatic or smart palletizing systems will be used to manage product extraction more efficiently. The team is actively evaluating the best approach for this area. Additionally, the Company has invested in automated shrimp peeling machines to enhance processing efficiency. The introduction of three such machines will gradually replace manual labor in this process, streamlining operations.
7.	Given that MFRS 136 recommends using cash flow projections for up to five years, what is the rationale behind the Group's decision to extend the forecast period to 22–25.5 years for goodwill impairment assessment? What specific controls and measures are in place to ensure the reliability and accuracy of such long-term projections?	Mr. Hng and Mr. Saw explained that the Group's decision to extend the cash flow projection period to between 22 and 25.5 years for goodwill impairment assessments is primarily driven by its long-term lease agreement with the State Government, which spans 30 years. This lease provides long-term operational certainty, allowing management to align cash flow projections accurately with the duration of its operations. Additionally, the nature of agricultural operations—which include substantial investments in infrastructure, such as land development, ponds construction, electrical supply and other essential facilities. By extending the forecast duration, the Group can better capture the financial impact and recovery of these significant expenditures. Although MFRS 136 typically recommends a maximum projection period of five years, the Group's approach is justified by its specific contractual commitments and long-term operational plans. This strategy ensures that the projections are not only aligned with the Group's

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		enduring business strategy but also provide a more accurate representation of future cash flows over the entire lease period.
8.	Referring to the subsequent event as reported in the financial statement, the shareholder inquired the status of acquisition of a land via online auction, what is the plan for the land, and how will it be funded?	Mr. Saw informed that the Company acquired a piece of land valued at RM18.9 million through a public auction in early 2025. This purchase was funded by a combination of internal funds and bank loans. The land is located within the Penang Science Park and is intended to support the Company's future expansion plans, specifically in processing operations. With its strategic location, the investment is expected to enhance operational efficiency and provide a solid foundation for long-term growth.
9.	The shareholder inquired about the Group's application of MCCG Practice 4.4 in evaluating the board and senior management with regard to sustainability risks and opportunities.	Mr. Saw replied that, in terms of sustainability, the company has established a succession plan to ensure business continuity. The founder, Mr. Tan Boo Nam, has led the company for over 40 to 50 years, and his two sons—currently serving as deputy managing directors—are positioned to take over leadership responsibilities. This succession planning is a key component under MCCG, ensuring long-term stability. The company is also focused on the sustainable development of its eco farm, paying close attention to its environmental impact. One of the reasons for the gradual pace of farm expansion is to ensure that development does not compromise the surrounding ecosystem. For example, although the Selinsing Farm project could be completed within two years, accelerating its timeline could risk environmental harm, particularly due to uncontrolled water discharge during development. To mitigate this risk, the company is taking a measured approach to its expansion. Sustainability is also integral to the company's farming practices. It avoids the use of chemicals, medicines, and antibiotics, ensuring that its products are both safe and environmentally friendly. This environmentally responsible approach is fundamental to the company's commitment to sustainable agricultural development. Beyond agriculture, the company extends its sustainability efforts to manufacturing. Each processing plant is equipped with resource

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		treatment facilities designed to prevent effluent discharge into the environment. Additionally, waste generated during processing—such as shrimp heads and shells—is recycled and sold to third parties for use in agricultural fish feed, thus creating a circular economy. Mr. Saw further emphasized sustainable packaging strategies to minimize the environmental impact of waste materials. Collectively, these initiatives align with MCCG's sustainability principles, underscoring the company's commitment to responsible business practices.
10.	The shareholder noted that the current sustainability statement lacks detailed information. He inquired whether the data collection process has been established and if there is a plan to include the required data in the next sustainability report.	In response, Mr. Saw explained that management is actively working on sustainability initiatives. As an ACE Market company, SBH has until FYE 2027 to comply with the new Sustainability Reporting Requirements when preparing and issuing its Sustainability Statement in the annual report. However, sustainability programs and data collection efforts were initiated as early as last year. Moving forward, several initiatives are in the pipeline, including reducing the company's carbon footprint and installing solar panels at its processing plants.
11.	The shareholder requested details regarding the cause of the impairment loss of approximately RM3 million recorded under Expected Credit Loss (ECL) for trade receivables (Page 91 of Annual Report). He further asked for details on the customer responsible for the trade receivable delay, whether the customer is a major client, and the collection from this customer following the financial year-end.	In response, Mr. Saw and Mr. Hng explained that the impairment loss was associated with a major customer. However, more than 60% of the overdue amount had already been collected, which in fact exceeded the RM3 million ECL figure. Additionally, they mentioned that the outstanding balance from this customer has been significantly reduced subsequent to year end and expressed confidence in recovering the remaining amount. Consequently, they expect that the ECL figures will be improved in the next financial year.
12.	How does the Group estimate the volume of its biological assets at any given time?	Mr. Saw indicated that shrimp farming falls under livestock agriculture, where determining output can be challenging. However, with approximately

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	What measurement techniques are used, and does the process involve estimation or specialized software?	30 years in the industry, the Group has developed historical records to support accurate forecasting. The availability of shrimp within a pond is assessed based on several key factors: • The number of shrimp post larvae introduced into the pond • The amount of feed provided • Daily monitoring of feed consumption to ensure it is fully utilized Additionally, weekly body weight checks are conducted to track growth, ensuring that shrimp gain size as expected. The total shrimp population in the pond is then multiplied by survival rates and growth metrics—specifically, average daily growth—to determine the overall biomass available. This calculation forms the basis for assessing biological assets within the farm.
13.	The shareholder posted Question to the Auditors What audit procedures in place to ensure that the estimation of livestock volume by management is accurate?	Mr. Chok, the Auditors responded that, at this point, biological assets are not considered highly material. However, they acknowledged that procedures are in place to ensure the accuracy of livestock volume estimations. These procedures have been reviewed by the auditors. Firstly, they reviewed the control measures outlined by Mr. Saw regarding the estimation process, including volume and survival rate analysis. Secondly, before determining cost allocation, they assessed how the cost was compiled, noting that cost verification was relatively straightforward. The recorded costs were validated against supporting documentation. Overall, the audit procedures consist of two parts: estimation and control testing, confirming that all necessary controls were in place, and validation of costs through supporting invoices.

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		Based on these assessments, the auditors concluded that the amount of biological assets was appropriately accounted for.
14.	The shareholder noted that there was a reclassification of over RM700,000 related to farm and cultivation ponds and over RM83,000 pertaining to plant and machinery (Page 71 of Annual Report). She inquired about the specific areas affected by this reclassification and the reason for this adjustment in the FYE 2024.	Mr. Hng explained that the reclassification involved transferring amount to farm and cultivation ponds, and plant and machinery from capital work-in-progress (WIP). When these assets were not yet ready for use, they were classified as WIP. Once completed, they would be reclassified to either plant and machinery or farm and cultivation ponds, and depreciation would commence accordingly.
(a).	Follow up question from the shareholder The shareholder asked whether an additional RM800,000 plus had been recorded in the FYE 2024?	Mr. Hng confirmed that these amount reflected the ongoing expansion of the Selinsing farm where excavation work is currently in progress and their cost were capitalized as WIP. Mr. Saw added and explained that the pond development involved 2 phases. Once excavation is complete, a second phase will commence, which include the installation of auto feeders, liners and etc. Each pond covers approximately 6,500 square meters and the development phase could take 2 months or more. Consequently, the WIP figure will continue to be reported in the financial statements until the complete development of all ponds.
15.	The shareholder inquired about extending the trade credit terms from 30–120 days to 30–150 days, asking specifically about the additional 30-day extension and whether it applies to all customers or only major ones.	Mr. Saw responded and informed that the extension is primarily related to shipping delays affecting major customers. Previously, shipments took 45–60 days to reach their destinations, however due to the ongoing Red Sea crisis, deliveries to regions such as Turkey, Italy, and Spain now take up to 90–100 days. Shipping routes have been diverted from the Suez Canal, so vessels now travel via South Africa, which adds approximately 30 days to transit times. To ensure fairness, the company bills customers upon the arrival of goods rather than when shipments are dispatched.
(a).	The shareholder inquired about how the company maintains product quality despite longer shipping times.	Mr. Saw responded that frozen products retain their quality as long as the cold chain remains unbroken. The product's core temperature must be maintained at -18°C or lower throughout storage and transportation. Proper temperature control ensures freshness and prevents damage.

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		Additionally, frozen storage acts as a natural preservative, preserving product quality. It is also noted that prawns are not stored for extended periods, with a maximum holding time of two years.
(b).	The shareholder asked whether the extended shipping time has increased the shipping costs.	Mr. Saw responded that the extended shipping time, caused by the Israeli-Palestinian conflict, initially increased the shipping cost. This was due to vessels having to reroute via South Africa, which led to higher expenses. However, as shipping companies adapted to these challenges by securing more cargo, the cost stabilised. In fact, there was decrease in shipping costs observed in the recent months.
16.	With reference to the audit and non-audit fees paid or payable to the external auditors and its affiliates for the audit and non-audit services rendered to the Company and the Group for the FYE 2024, the shareholder inquired about the measures in place to ensure the independence of the team performing the tax compliance work.	Mr. Chok responded that the auditors and/ or its affiliates are permitted to perform non-audit work, particularly the tax compliance services. These services, follow a set of tax rules, which minimizes any significant differences in approach. However, to safeguard independence, the Malaysian Institute of Accountants (MIA) requires a separate team to handle the taxation work. This ensures that audit independence is maintained while allowing the auditors' affiliates to provide the non-audit services.