



## IPO STATISTICS

IPO Price (RM)	0.25
Fund Raised (RM Million)	22.54 from new issue
	10.80 from offer for sale
	<b>TOTAL: 33.34</b>
Enlarged issued share capital upon listing (million shares)	480.00
IPO Market Capitalisation (RM million)	120.00
Price Earnings Ratio (PER)	14.62x (based on FYE 2024 PAT)

## Use of Proceed (RM22.54 million from new issue)

Proceed Utilisation	RM million
Purchase and renovation of New Factory	9.42
Purchase of new machinery and equipment	3.00
Sales and marketing expenses	1.00
Working capital	5.12
Estimated listing expenses	4.00
<b>Total</b>	<b>22.54</b>

FYE – Financial year ended/ending 31 December, LPD – Latest practicable date as of 11 March 2025

## BUSINESS OVERVIEW

## Business Activities

WTEC Group Berhad is involved in the manufacturing and trading of foam and non-foam products that serves a wide variety of user industries in Malaysia and internationally.

## Business Model

Business activities and revenue streams	User industries	Geographical markets	Distribution channels and customer base
<b>Principal activities</b>	<b>Main user industries</b>	<b>Principal markets</b>	<b>Direct channel</b>
Manufacturing: • Foam products • Non-foam products  Trading	• Automotive • Electrical and electronics • Construction • Medical and personal protective equipment  <b>Other user industries</b> • Trading, wholesaling and retailing • Others <sup>(1)</sup>	 Malaysia and Vietnam  <b>Other markets</b> • Australia • Thailand • Others <sup>(2)</sup>	Manufacturers: • Automotive parts • Electrical and electronics products and parts • Medical and personal protective equipment Other manufacturers and service providers <sup>(3)</sup>
			<b>Indirect channel</b>
			• Construction material suppliers • Trading, wholesaling and retailing <sup>(4)</sup>

## Competitive Strengths

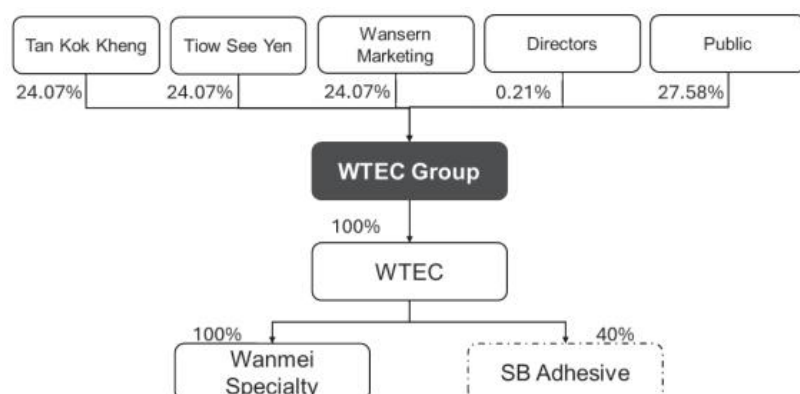
- **Established track record** – WTEC has 23 years of experience within the foam industry. The Group has been manufacturing foam and non-foam products since 2006 and 2008 respectively.
- **Large and diverse range of customers.** WTEC caters to customers from various user industries in Malaysia and internationally. In FYE2024, the Group have 216 active customers, with 170 of them being recurring. In addition, foreign customers contributed 24.02% to its total revenue during FYE2024.
- **Gaining customer loyalty.** Four out of WTEC's top 5 customers in FYE2024 have been with the Group for 16 to 18 years.
- Owns a wide range of machinery and equipment for in-house manufacturing of both foam and non-foam products to cater to the varying needs of different types of customers and applications.

## GROWTH STRATEGIES AND FUTURE PLANS

- **Establish new manufacturing facility (RM29.6 mil from IPO).** WTEC intends to establish a new manufacturing facility in Kajang, Selangor or Semenyih, Selangor with a land size of approximately 3.00 acres near its existing factory. By consolidating some of its existing manufacturing operations to its new factory, WTEC would reap the following benefits:
  - incur lower rental expenses by RM0.8 mil per year.
  - a yearly reduction in transportation costs by RM0.09 mil alongside overall processing time and improvement in material flow and efficiency
  - efficient management of its manufacturing operations, quality control and costs
  - additional space to install its new machinery and equipment.
- **Purchase new machinery and equipment (RM3.0 mil from IPO).** With its IPO proceeds, WTEC would purchase additional machinery and equipment for its manufacturing of foam and non-foam products.

## GROUP STRUCTURE, PROMOTERS &amp; SUBSTANTIAL HOLDERS

## Group Structure upon Listing



Subsidiaries/Associate	Principal Activities
WTEC	Manufacturing and trading of foam and non-foam products
Wanmei Specialty	Trading of foam and non-foam products
SB Adhesive <sup>(1)</sup>	Inactive

<sup>(1)</sup> SB Adhesive was mainly involved in the manufacturing and trading of adhesive tape. The shareholders of SB Adhesive are WTEC (40.00%) and SB Global Resources (60.00%). WTEC is in discussions with SB Global Resources for the disposal and/or winding up of SB Adhesive.

Promoter/ Substantial Shareholder	Designation	Shareholdings after IPO	
		Direct	Indirect
Tan Kok Kheng <sup>(1)</sup>	Promoter, Group Managing Director	24.07	-
Tiow See Yen <sup>(1)</sup>	Promoter, Group Executive Director	24.07	-
Wansern Marketing <sup>(2)</sup>	Substantial Shareholder	24.07	-
Eu Tian Chiek <sup>(2)(3)</sup>	Substantial Shareholder	-	24.07
Eu Tiong Nam <sup>(2)(3)</sup>	Non-Independent Non-Executive Director	-	24.07
Eu Tiong Lai <sup>(2)(3)</sup>	Substantial Shareholder	-	24.07
Kan Tang Lim <sup>(2)(4)</sup>	Substantial Shareholder	-	24.07

<sup>(1)</sup> 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.

<sup>(2)</sup> Eu Tian Chiek, Tu Tiong Nam, Eu Tiong Lai and Kam Tang Lim each holds a 25% stake in Wansern Marketing

<sup>(3)</sup> Brothers

<sup>(4)</sup> Brother-in-law of Eu Tian Chiek, Eu Tiong Nam and Eu Tiong Lai

## Offer For Sale

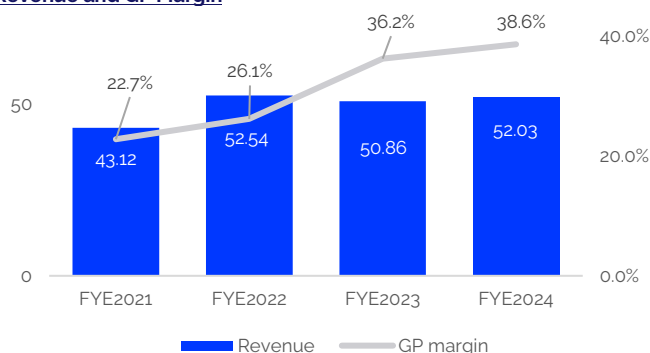
Tan Kok Kheng, Tiow See Yen and Wansern Marketing will jointly offer 43.2 mil shares or 9.0% of the enlarged share capital through private placement, which would gross about RM10.8 mil.

## RELATED PARTY TRANSACTIONS

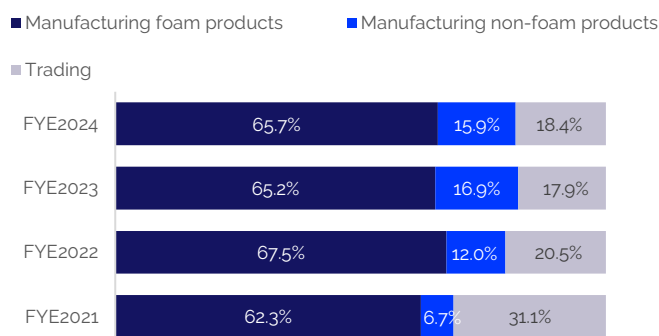
- Wansern Marketing shares the same shareholders as Wansern Foam, who is the main supplier of Polyurethane (PU) foam and the largest major supplier of WTEC during the respective Financial Years under Review. Wansern Foam also engages in a tenancy agreement with WTEC, whereby WTEC pays a monthly rental of RM2,000 for usage of its office space to facilitate its trading activities.

## FINANCIAL PERFORMANCE

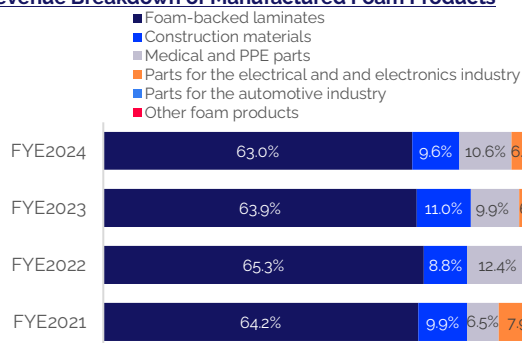
### Revenue and GP Margin



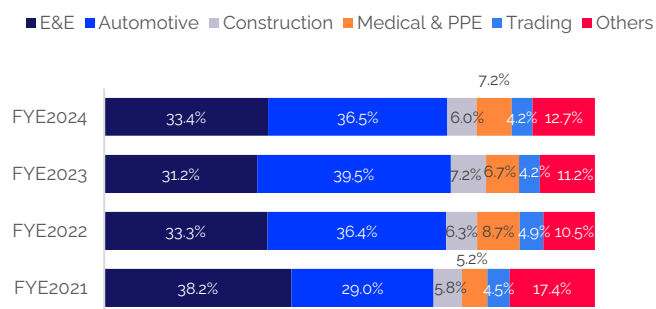
### Revenue Breakdown by Business Activities



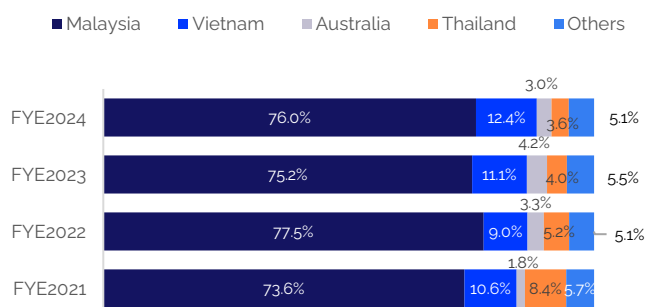
### Revenue Breakdown of Manufactured Foam Products



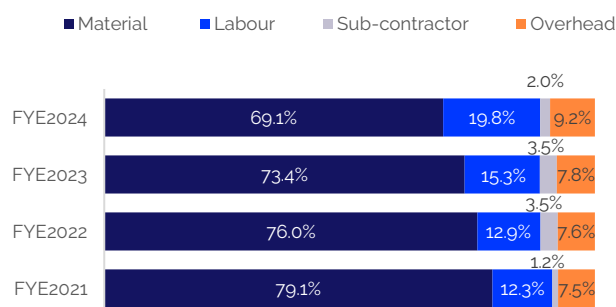
### Revenue Breakdown by User Industries in Malaysia



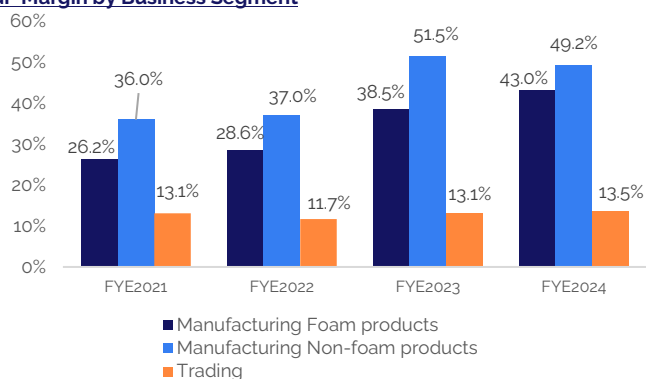
### Revenue Breakdown by Geographical Region



### Cost Breakdown



### GP Margin by Business Segment

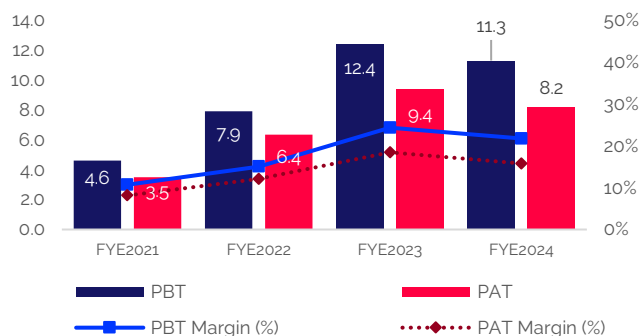


### Dividend Policy

WTEC intends to distribute dividends of 30% of its profit attributed to the owners of its company. Its ability to distribute dividends or make other distribution to its shareholders depend on factors such as profits recorded and excess of funds not required to be retained for working capital of its business.

RM'000	FYE2021	FYE2023	FYE2023	FYE2024
PAT	3,505	6,352	9,373	8,201
Dividends declared and paid	600	1,500	8,400	4,500
Dividend payout ratio (%)	17.12	23.61	89.62	54.87

### Profit and Margin



### Key Financial Ratios

	FYE2021	FYE2022	FYE2023	FYE2024
Trade receivables turnover (days)	80	67	69	70
Trade payables turnover (days)	52	45	45	39
Inventory turnover (days)	16	19	29	43
Current ratio (times)	2.26	2.59	2.48	2.54
Gearing ratio (times)	0.16	0.11	0.07	0.05

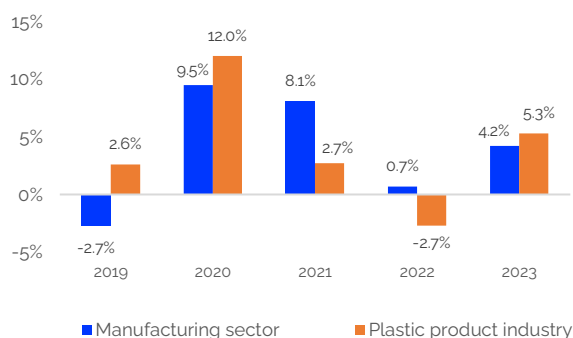
### Cash Flows

RM mil	FYE2021	FYE2022	FYE2023	FYE2024
Net operating cash flow	4.52	7.71	10.03	7.58
Net investing cash flow	-2.16	-2.22	-5.00	-0.01
Net financing cash flow	-2.12	-2.94	-10.26	-5.73
Net change in cash	0.24	2.55	-5.23	1.85
Beginning cash balance	7.00	7.22	9.74	4.49
Effect of exchange rate changes	-0.02	-0.03	-0.02	0.01
Ending cash balance	7.22	9.74	4.49	6.35

## INDUSTRY DYNAMICS & MARKET SHARE

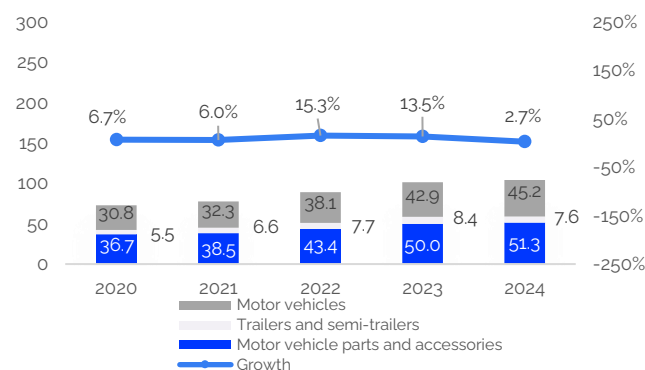
- According to the IMR report, the manufacturing sector in Malaysia posted a real GDP growth of 4.2% in 2024. This was fuelled by the strong performance in domestic-oriented sectors in the first half of 2024, particularly the non-metallic mineral product, basic metal and fabricated product segments, while growth in the second half of 2024 was driven by higher production in export-oriented industries such as E&E and petrochemicals.
- The real GDP of the plastic product industry including foam products gained 5.3% in 2024, supported by growth in the plastic packaging product segment.

### Real GDP growth of the manufacturing sector and plastic product industry in Malaysia



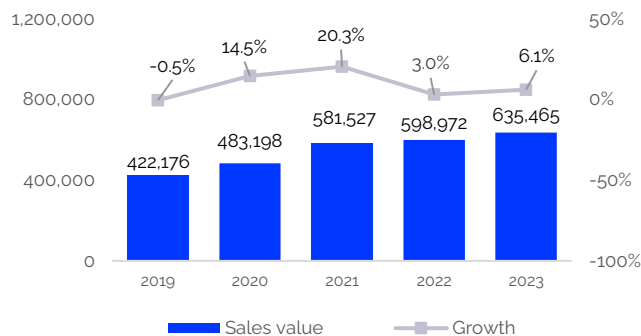
Source: IMR report

### Sales value of motor vehicles, trailers and semi-trailers in Malaysia (RM bil)



Source: IMR report

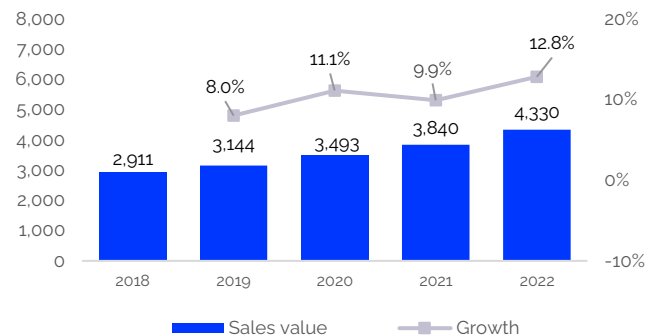
#### Sales value of the E&E industry in Malaysia (RM mil)



CAGR	2020-2024	2022-2024
Sales value	10.8%	4.5%

Source: IMR report

#### Sales value of the E&E industry in Vietnam (trillion dong)



CAGR	2018-2022	2020-2022
Sales value	10.4%	11.3%

Source: IMR report

#### Market Share

2024	Malaysia 2024 Market size (RM mil)	WTEC Group	
		FYE2024 revenue (RM mil)	2024 Market share (%)
Motor vehicle parts and accessories	45,153	19.0	Less than 1%

## PEER COMPARISON

No direct comparable listed peers on Bursa Malaysia.

## KEY RISK FACTORS

- Risk of disruption of supply of PU foam.** PU foam is the main input material for the manufacturing and trading of foam products. This type of foam contributed 55.87%, 41.43%, 40.11% and 43.07% to WTEC's total purchases of input materials and services for FYE2021, FYE2022, FYE2023 and FYE2024 respectively.
- Fluctuations in the price of input materials.** Prices of PU foam, other types of foam and other plastic products are dependent on the prices of petrochemical products which is the main input material and whose prices are subjected to market fluctuations.
- Credit risks.** WTEC recorded impairment losses on trade receivables amounting to RM0.10 mil and RM0.12 mil in FYE2021 and FYE2022 respectively and bad debts written off totalling RM0.05 mil in FYE2024.
- Foreign exchange risks.** WTEC's revenue denominated in foreign currencies accounted for 26.73%, 22.41%, 24.78% and 23.99% of its total revenue in FYE2021, FYE2022, FYE2023 and FYE2024 respectively, while its total purchase denominated in foreign currencies amounts to 8.8%, 16.46%, 13.97% and 22.66% of its total purchases for the financial years under review.
- Risk of product rejection.** WTEC incurred expenses arising from reworking or replacing products due to customer rejections of approximately RM0.01 mil, RM0.02 mil, RM0.07 mil and RM0.11 mil in FYE2021, FYE2022, FYE2023 and FYE2024 respectively.

## ESG PRACTISES

WTEC has been a member of the ESG Association of Malaysia (ESGAM) since 10 August 2023.

### Environmental Practices

- Installed several air pollution control systems at its Operational Facility.
- Engaged with a licensed waste collector who is also a reconditioned drum contractor to manage the used drums.
- Sales of variety of by-products such as mixed scrap foam, trimmed edge non-woven fabric and other foam scrap.
- Minimising landfill waste and fostering sustainable agricultural practices
- Adopting the practice of reusing wooden pallets.

### Social Practices

- Establishing a safe, healthy and nurturing work environment for its employees.
- Diverse and inclusive culture
- Established an Environment, Safety and Health Committee
- Offered monetary donation and daily essentials to a non-governmental organisation, an orphanage and foster home.

### Governance Practices

- Adopting principles and practices of the Malaysia Code on Corporate Governance (MCCG)
- Anti-bribery policy
- Risk management framework
- Whistleblowing policy

APPENDIX

Manufacturing capacity of foam-backed laminates			
	Capacity (metres)	Actual Output (metres)	Utilisation rate (%)
Flame Lamination			
FYE2021	2,106,000	1,756,794	83
FYE2022	4,212,000	2,140,809	51
FYE2023	4,212,000	1,920,279	46
FYE2024	4,212,000	1,827,421	43
Solvent-based adhesive lamination			
FYE2023	729,000	632,129	87
FYE2024	1,749,600	1,296,106	74
Water-based adhesive lamination			
FYE2021	486,000	250,119	51
FYE2022	486,000	304,135	63
FYE2023	486,000	216,918	45
FYE2024	486,000	223,291	46
Double sided tape lamination			
FYE2021	680,400	369,967	54
FYE2022	680,400	511,387	75
FYE2023	680,400	436,763	64
FYE2024	680,400	589,092	87

Manufacturing capacity of foam product and non-foam product machines			
	Capacity (metres)	Actual Output (metres)	Utilisation rate (%)
Die-cutting machines			
FYE2021	23,760	14,919	63
FYE2022	30,510	16,329	54
FYE2023	32,400	20,855	64
FYE2024	32,400	18,250	56
Grinding machines			
FYE2021	6,580	4,263	66
FYE2022	9,720	9,331	96
FYE2023	12,960	9,269	72
FYE2024	16,740	6,687	40
Vertical cutting machines			
FYE2021	9,720	6,115	63
FYE2022	9,720	6,275	65
FYE2023	9,720	6,020	62
FYE2024	9,720	7,313	75
CNC and contour cutting machines			
FYE2021	6,480	3,238	50
FYE2022	6,480	5,410	83
FYE2023	7,560	5,818	77
FYE2024	14,850	6,425	43
Sewing machines			
FYE2021	12,960	7,062	54
FYE2022	47,520	28,865	61
FYE2023	75,600	40,201	53
FYE2024	106,380	40,387	38

Major Machinery and Equipment

Machinery and equipment as at 31 December 2024	Usage	Number	NBV (RM'000)
Flame	Manufacture foam-backed laminates	2 lines	975
Solvent-based adhesive	Manufacture adhesive foam	1 line	20
Water-based adhesive	Manufacture foam-backed laminates	1 line	*
Double-sided tape	Manufacture adhesive foam	1 line	1
Thermal Lamination	Intermediate process to produce foam sheets of the desired thickness	1 unit	252
Manual vertical cutting	Cut foam products to the desired width	4 units	*
CNC horizontal contour cutting	Cut contours into the horizontal surface of foam products	2 units	195
CNC vertical contour cutting	Cut contours into the vertical surface of foam products	1 unit	290
CNC horizontal and vertical contour cutting	Cut foam products along both the vertical and horizontal surfaces in one operation	1 unit	197
3-dimensional cutting	Cut cavities and indents in foam blocks	1 unit	54
CNC cutting machine	Cut holes and produce cutouts from foam and non-foam material, and produce 3-dimensional shapes from foam materials	1 unit	127
Roller die-cutting	Pressure is applied onto the die by a roller to produce cutouts from large sheets	1 unit	12
Swing-arm die-cutting	Pressure is applied onto the die by a swing arm to produce cutouts from sheets	2 units	11
Hydraulic die-cutting	Manufacture cutouts from thicker foam and other types of sheets	7 units	298
Half-cut die-cutting	The die does not cut through the entire thickness of the foam or other materials. Used to manufacture rolls or sheets with attached cutouts	1 unit	*
Continuous punching	Used to continuously produce cutouts from rolls of foam and other materials. Can be configured from half-cutting to manufacture rolls with attached cutouts.	3 units	73
Band-knife splitting	Cut foam sheets into two thinner sheets	1 unit	*
Manual slitting	Slit foam roll into narrower width with manual roll re-winding	4 units	13
Semi-automated slitting	Slit foam roll into narrower width with automated roll re-winding	2 units	1
High-frequency welding	Weld thermoplastic pieces with high-frequency electromagnetic waves	3 units	11
Ultrasonic welding	Weld thermoplastic pieces by high-frequency vibrations	3 units	14

Grinding	Grind square PU foam cord into a round cross-section	6 units	232
Sewing	Sew products made from non-woven fabric and other materials	38 units	76
<b>Total</b>			<b>2,852</b>

**DISCLAIMER:** This report is provided for general information purposes only. Although care has been taken to ensure the accuracy of the information within this report, Bursa Malaysia Berhad and its subsidiaries ("Bursa Malaysia Group") do not warrant or represent, expressly or impliedly as to the completeness, accuracy or currency of the information in this report. Bursa Malaysia Group does not endorse and shall not be liable for any information in this report that have been obtained via third party sources (if any).

The information contained in this report is neither an offer or solicitation to enter into any transaction nor is it a recommendation or endorsement of any product(s) mentioned in this report. The information also does not constitute legal, financial, trading or investment advice. You are advised to seek independent advice and/or consult relevant laws, regulations and rules prior to trading/investing. Bursa Malaysia Group does not accept any liability howsoever arising, including any liability arising from any trading/investment decisions made on the basis of this information.

This report or any part of this report shall not be used or reproduced in any form without Bursa Malaysia Berhad's prior written permission.

