

Yew Lee Pacific makes market debut at 28.5 sen

PETALING JAYA: Brush manufacturer Yew Lee Pacific Group Bhd (YLPG) made its debut on the ACE Market of Bursa Malaysia yesterday, opening at 28.5 sen per share, above its initial public offering (IPO) price of 28 sen per share.

YLPG chairman Mahdzir Othman remarked that he was grateful to investors, customers and suppliers who had supported the company since its inception in 2004 as an industrial brush manufacturer and the positive response to its listing.

The group raised RM37.27mil through its IPO, which will mainly be utilised for the purchase of machinery and equipment at RM10.9mil, the repayment of bank borrowings at RM8.9mil, and the construction of new warehouse facilities and office buildings in Pusing, Perak amounting to RM7.3mil.

For the renovation of a new office in Klang,

Selangor, RM1.8mil has been allocated, followed by working capital requirements of RM4.57mil. The remaining RM3.8mil has been allocated for listing expenses.

"We see this listing as an opportunity to realise our plans and strategies, including expansion and upgrading of our production facilities as well as developing a range of customisable industrial brushes catering to a diverse customer base," Mahdzir told a virtual press conference following its listing.

Mahdzir noted that the company was allocating RM3.6mil for the advanced purchase of materials to support an increase in manufacturing activities.

"This will improve our inventory and availability levels and shorten the overall lead time for delivery. The purchase of additional machinery and equipment is also to automate production processes and reduce labour

costs," he added.

At the IPO price of 28 sen per share, YLPG's market capitalisation stood at RM254.5mil.

It has ventured into overseas markets like Indonesia and Thailand.

The stock closed at 29 sen on its debut.

Revenue for the financial year ended Dec 31, 2021 (FY21) stood at RM31.6mil.

In addition, the group plans to automate more of its operations to reduce dependency on labour and intends to expand market share in the trading of machinery parts in the central region of Peninsular Malaysia.

YLPG has announced a first interim dividend of 0.3 sen per ordinary share in respect of FY22 to be paid on July 12, 2022.

M&A Securities was the principal adviser, sponsor, underwriter and placement agent for YLPG's IPO, while Eco Asia Capital Advisory Sdn Bhd was the financial adviser.