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5E Resources banks on home advantage for Bursa debut after SGX exit

The Edge, Malaysia

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BY **LUQMAN AMIN**

Scheduled waste management specialist 5E Resources Holdings Bhd is seeking a fresh start through its upcoming ACE Market listing on Bursa Malaysia. Slated for April 15, the listing marks a strategic repositioning for the group following a short-lived stint on the Singapore Exchange.

The initial public offering — priced at 26 sen per share, to give 5E Resources a market capitalisation of about RM400 million upon listing — comes barely a year after the company's voluntary delisting from the SGX Catalist board in March 2025. This time, the Johor-based group is betting that closer alignment with its operational base and investor familiarity can drive better market sentiment.

"Our industry [business] is all in Johor; our customers are in Malaysia ... they don't really understand our business," CEO Lim Te Hua tells *The Edge* in an interview, as he reflects on the company's Singapore experience. "Liquidity was low and that made it difficult for us to expand."

5E Resources operates in the niche scheduled waste segment, handling hazardous by-products generated by industrial processes. These include chemical residues, electronic waste and contaminated materials. The company collects waste directly from factories, processes it and, in many cases, converts it into reusable materials or fuel.

"We are not in domestic waste. Our business is compliance-driven and highly technical," Lim says.

This distinction sets it apart from traditional waste management players. While municipal waste management focuses on volume and logistics, scheduled waste demands specialised treatment and strict regulatory compliance, says chief operating officer Shankar Narasingam. Consequently, its industry is far less commoditised, though it is highly dependent on industrial activities.

In 2024, Malaysia's manufacturing sector accounted for nearly 80% of the company's revenue. That same year, the company made a net profit of RM21.78 million on total revenue of RM80.15 million.

Lim says the group has built a strong foothold in Pasir Gudang, where it is based. The city is home to major petrochemical players such as Lotte Chemical Titan Holdings Bhd (KL:LCTITAN).

5E Resources started as an industrial chemical supplier in 1997 before pivoting to scheduled wastes in 2006, in response to customer demand. An important milestone for the group was its involvement in the remediation efforts for the 2019 Sungai Kim Kim toxic pollution incident in Johor. The chemical dumping crisis affected thousands and forced widespread school closures.

High barriers to entry underpin margins

Operational credibility is paramount in an industry as tightly regulated as scheduled waste. Under the Environment Quality Act 1974, operators must obtain licences for specific waste categories, known as SW codes.

5E Resources currently holds licences for 34 out of 77 available SW codes. The group has no intention of covering all categories. "Not all codes are practical. Some, like mercury, the volume is small but the investment (required to handle it) is big," Shankar says. "We target waste that has volume, demand and recovery value."

Each licence carries quotas and strict technical requirements imposed by the Department of Environment. "The quota is written very clearly in the licence. We cannot exceed it. If you exceed, there is a penalty," Lim says.

"They [the DOE] worry you won't process it properly and just throw the waste somewhere. That's why it is strictly controlled."

This quota system effectively caps supply. Coupled with the need for customised machinery and engineering expertise, the industry is difficult for new entrants to penetrate.

Tradeview Research, in an April 3 note, described the business as one that is "hard to replicate and hard to displace", as it projected a 42% upside from 5E Resources' offer price of 26 sen.

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SUHAIMI YUSUF/THE EDGE

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5E Resources Holdings Bhd IPO details

Issue price	26 sen
Enlarged share base	1.54 billion
IPO valuation (Price-earnings ratio)	18.44 times
Controlling shareholders (%)	Loo Sok Ching, Lim Te Hua, Shankar Narasingam, Wong Kim Fatt, Ban Kim Wah, GreenEdge (70.23%)
Subscription rate (public portion)	8.04 times
Fair values	39 sen (RHB Research); 37 sen (Tradeview Research); 31.4 sen (Mercury Securities)
Market	ACE Market
Listing date	April 15

Financial highlights

	FY2022*	FY2023*	FY2024*
Revenue (RM mil)	65.00	80.00	80.15
Profit after tax (RM mil)	15.41	23.79	21.78
EPS (sen)	1.00	1.54	1.41
Dividends paid (RM mil)	–	10.00	8.44
Dividends payout ratio (%)	–	42.04	38.75

*FY ended Dec 31

IPO performance on Bursa Malaysia in the past nine months

BURSA MALAYSIA, BLOOMBERG

COMPANY	LISTING DATE	IPO PRICE (RM)	FIRST-DAY CLOSING PRICE (RM)	FIRST-DAY SHARE PRICE PERFORMANCE (%)	CLOSING PRICE AS AT APRIL 9 (RM)	PRICE CHANGE SINCE IPO (%)	PER AT IPO (TIMES)	MARKET CAPITALISATION (RM MIL)
MAIN MARKET								
UMS Integration Ltd *	Aug 1	5.00	5.500	10.00	5.180	3.60	26.40	4,600.71
Geohan Co	Dec 5	0.55	0.540	-1.82	0.410	-25.45	15.11	180.40
Orkim	Dec 9	0.92	0.930	1.09	0.955	3.80	9.90	955.00
Lac Med	Dec 10	0.75	0.765	2.00	0.900	20.00	14.70	360.00
Wasco Greenergy	Dec 11	1.00	0.880	-12.00	0.645	-35.50	12.80	322.50
Hock Soon Capital	Feb 13	0.60	0.560	-6.67	0.350	-41.67	7.10	175.00
Sunway Healthcare Holdings	March 18	1.45	1.850	27.59	1.920	32.41	64.80	22,080.32
ACE MARKET								
ASM Automation Group	July 2	0.17	0.165	-2.94	0.145	-14.71	12.80	77.54
PMCK	July 9	0.22	0.230	4.55	0.205	-6.82	15.94	223.57
A1 A.K. Koh Group	July 11	0.25	0.245	-2.00	0.170	-32.00	17.67	142.80
Icents Group Holdings	July 17	0.24	0.340	41.67	0.390	62.50	13.26	195.00
Enproserve Group	July 18	0.24	0.265	10.42	0.225	-6.25	12.46	236.25
Oxford Innotech	July 29	0.29	0.385	32.76	0.265	-8.62	13.20	188.15
JS Solar Holding	Sept 23	0.31	0.400	29.03	0.190	-38.71	12.60	61.75
Express Powerr Solutions	Sept 24	0.20	0.225	12.50	0.140	-30.00	11.64	130.82
Camaroe	Oct 2	0.14	0.150	7.14	0.080	-42.86	8.59	39.60
Cheeding Holdings	Oct 7	0.36	0.735	104.17	0.665	84.72	10.91	530.18
Verdant Solar Holdings	Oct 22	0.31	0.370	19.35	0.195	-37.10	14.76	159.44
THMY Holdings	Oct 23	0.31	0.910	193.55	0.970	212.90	27.43	861.36
Insights Analytics	Oct 27	0.36	0.655	81.94	1.310	263.89	10.40	720.50
Powertechnic Group	Oct 28	0.35	0.330	-5.71	0.155	-55.71	17.00	48.10
Farmiera	Nov 12	0.25	0.255	2.00	0.185	-26.00	16.07	83.25
PMW International	Nov 18	0.34	0.345	1.47	0.290	-14.71	19.00	258.70
Aquawalk Group	Nov 19	0.31	0.380	22.58	0.240	-22.58	15.70	442.32
Polymer Link Holdings	Nov 25	0.25	0.250	0.00	0.150	-40.00	10.20	84.00
Foodie Media	Nov 28	0.30	0.400	33.33	0.325	8.33	35.70	288.60
PSP Energy	Dec 4	0.16	0.145	-9.38	0.120	-25.00	12.00	128.26
BMS Holdings	Dec 8	0.22	0.175	-20.45	0.150	-31.82	15.83	231.00
Semico Capital	Jan 13	0.25	0.375	50.00	0.535	114.00	14.88	192.60
SBS Nexus	Jan 20	0.25	0.240	-4.00	0.125	-50.00	16.10	61.25
Guan Huat Seng Holdings	Jan 22	0.25	0.245	-2.00	0.205	-18.00	13.02	97.07
One Gasmaster Holdings	Jan 27	0.25	0.200	-20.00	0.130	-48.00	13.93	40.30
ISF Group	Jan 28	0.33	0.480	45.45	0.435	31.82	12.69	435.00
Ambest Group	Feb 6	0.25	0.345	38.00	0.425	70.00	18.38	216.75
Kee Ming Group	Feb 12	0.38	0.870	128.95	0.810	113.16	15.20	263.25
TeamStar	Feb 25	0.26	0.235	-9.62	0.240	-7.69	13.00	192.00
OGX Group	March 12	0.35	0.345	-1.43	0.255	-27.14	17.16	191.25
Adnex Group	March 17	0.20	0.320	60.00	0.260	30.00	11.56	130.00

*Secondary listing, primary listing on SGX

Capacity constraints drive expansion into Perak

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Despite robust demand, 5E Resources' growth has been hampered by capacity limits at its two facilities in Johor, both of which are nearing full utilisation.

"For major, common scheduled waste, our quota is not enough. We have had to reject many customers. Sometimes they just give us 30% of their volume," Lim says.

Expanding capacity in this sector is a complex undertaking. Modifying existing plants often requires halting operations and navigating a labyrinth of regulatory approvals. "It's not simply, you have money, you buy land and apply [for a] licence. It's not so easy," says Lim. "You need zoning approval, environmental impact assessment (EIA), water discharge plans, contingency plans ... all these must be approved by authorities."

Through its listing, 5E Resources is raising as much as RM119.21 million. The group will receive RM79.17 million from the issuance of new shares while a group of shareholders will pocket RM40.04 million from an offer-for-sale of existing shares. The selling shareholders include Lim, 5E chairperson Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, and Shankar.

Roughly 72% of the proceeds raised from the issuance of new shares have been earmarked for its new facility in Perak. "Now we collect from Penang and bring back to Johor — that's a one-day trip. [But] with a Perak plant, that becomes a few hours' trip," Shankar says. "We reduce fuel usage, logistics cost, as well as our carbon footprint."

The Perak plant will also bring 5E Resources closer to the semiconductor and automotive clusters in the northern part of Malaysia, and to Proton City and the upcoming Automotive High Tech Valley in Tanjung Malim. "There is 100% potential ... a lot of EV cars are coming and, in the future, there will be a lot of batteries to dispose of," Shankar says.

Ongoing expansion in Johor

At the same time, 5E Resources is developing a new facility in Pasir Gudang, which is expected to come on stream in the second half of 2026. This will boost the company's waste handling capacity from 280,000 tonnes to about 508,000 tonnes while expanding its SW code coverage to 38.

A defining feature of the group's business model is its integrated recovery capability, which allows it to extract value from waste rather than merely disposing of it. "We try to recycle everything," Shankar says, adding that recovered outputs — ranging from fuel products to industrial materials — are either sold or reused internally.

At its IPO price of 26 sen, 5E is valued at about 18 times earnings, a premium compared with peers such as Tex Cycle Technology (M) Bhd (KL:TEXCYCL) (13 times) and Hiap Huat Holdings Bhd (KL:HHHCORP) (10 times), according to AskEdge data. Lim argues that the premium is justified as "the valuation reflects the earnings that are coming, especially with the new plant".

The group had initially sought an international platform to attract global partners but found Bursa Malaysia a better fit. "We wanted an international platform and we did attract interest, but the key is synergy, so we didn't proceed," Lim adds.

Analysts largely concur with management, citing the group's higher margins, broader SW code coverage and clearer growth visibility. Research houses have projected upsides of between 21% and 50% from the IPO price.

The public tranche of its IPO has been oversubscribed by 7.04 times, with the company receiving 10,374 applications for 618.7 million shares, worth about RM160.9 million. All new shares allocated to eligible persons have also been fully subscribed, while private placements of both new and existing shares — including those for bumiputera investors approved by the Ministry of Investment, Trade and Industry — have also been fully taken up. E

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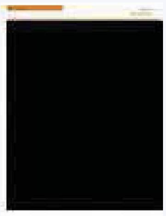

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SUMMARIES

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