

18 July 2022

Industrials Products & Services | Precision Machining

Dufu Technology Corp (DUFU MK)

Not Rated

Beneficiary Of Growth In Digitalisation

- **MYR3.60 FV based on 20x FY23F P/E.** Dufu Technology Corp ought to ride on structural demand growth for big data and cloud storage in the age of digitalisation. Earnings should strengthen in the quarters ahead, sustained by demand for high capacity hard disk drive (HDD), better ASP of titanium spacer, higher loadings, and favourable USD/MYR that should more than offset escalating input costs. Current P/E valuation of 14.6x is attractive for a niche and efficient component supplier to the world's major HDD players.
- **HDD remains relevant in high-capacity storage solutions.** HDD capacity shipments grew by 31% YoY to 1.34 zettabytes (ZB) in 2021 thanks to the structural demand growth for data centres, cloud storage, enterprise-hardened infrastructure, and Internet of Things (IoT) devices. The exponential growth in data consumption is expected to spike up demand for high-capacity and nearline storage, such as the newly launched 20TB drives given the lower cost per GB. This, along with the requirement of higher quality material spacer such as titanium (at a higher margin) to ensure the reliability given the proliferation of new HDD technology such as heat-assisted magnetic recording and microwave-assisted magnetic recording are expected to continue drive the demand for the precision components.
- **Demand fuelled expansion.** In view of the surging demand, we understand that DUFU has almost fully utilised its current capacity, following the expansion of computer numerical control machines and a new factory in Bukit Minyak Industrial Park for sheet metal and structure fabrication back in 2019-2020. Construction of its 37k sqm (double the space of current facilities) new factory is now underway, and operations should commence in 2H23. The expansion of this second manufacturing facility in China is to support its key customer's business continuity plan and cope with surging demand, and new product development from potential prospects.
- **Growing metal sheet business.** DUFU's sheet metal division continues to strengthen, in tandem with the upcycle for the semiconductor market and EMS sector and the robustness of the entire electrical & electronics (E&E) ecosystem in Penang. The new plant, which commenced operations since 2H19, has been yielding positive results and is well-positioned to tap into more business opportunities in the automotive, medical, and semiconductor segments. The onboarding of two new key multi-national customers and strong industry demand should propel the segment to greater heights.
- **Fair value.** We derive a fair value of MYR3.60, based on a target P/E of 20x on FY23F earnings, supported by a 3-year CAGR of 17.4%, buoyed by the mid-term structural growth trend and superior ROE of c.25%. The target valuation is on par with its 5-year average trailing P/E for Dufu and is at a discount to the technology sector. Besides, earnings growth will sustain into FY22F-23F attributed to the overall industry landscape, client stickiness, engineering know-how and operating efficiency.
- **Key risks:** Unfavourable FX rates, order fluctuation, labour shortage and escalation of input costs.

Forecasts and Valuation	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Total turnover (MYRm)	298	353	393	434	508
Recurring net profit (MYRm)	52	74	87	98	119
Recurring net profit growth (%)	16.2	42.9	18.5	12.0	22.0
Recurring P/E (x)	27.68	19.38	16.35	14.61	11.97
P/B (x)	5.6	4.6	4.0	3.5	3.1
P/CF (x)	22.69	24.39	14.05	14.45	12.82
Dividend Yield (%)	1.9	2.7	3.1	3.4	4.2
EV/EBITDA (x)	18.80	14.64	11.77	10.62	8.65
Return on average equity (%)	21.9	25.9	26.1	25.7	27.5
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

Fair Value (Return):	MYR3.60 (+37%)
Price:	MYR2.63
Market Cap:	USD313m
Avg Daily Turnover (MYR/USD)	3.75m/0.85m

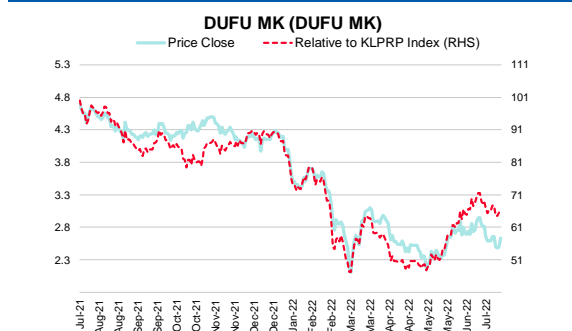
Analyst

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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(38.7)	(3.0)	1.9	(27.2)	(43.9)
Relative	(25.5)	2.1	17.9	(14.0)	(31.7)
52-wk Price low/high (MYR)				2.10 – 4.65	



Source: Bloomberg

Note:

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

18 July 2022

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Financial Exhibits

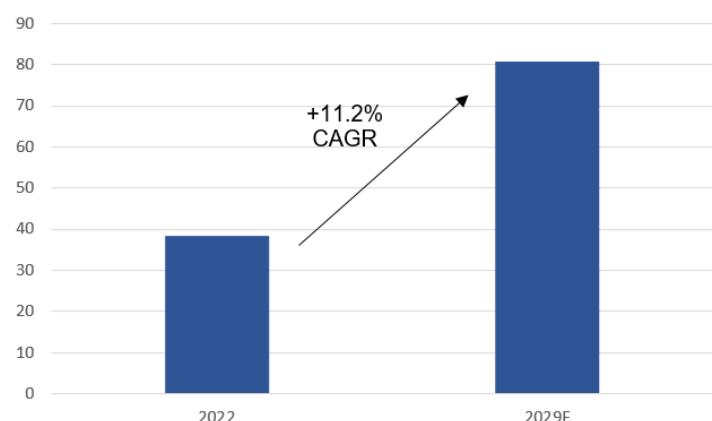
Asia	Financial summary (MYR)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Malaysia	Recurring EPS	0.10	0.14	0.16	0.18	0.22
Industrials Products & Services	DPS	0.05	0.07	0.08	0.09	0.11
Dufu Technology Corp	BVPS	0.47	0.57	0.66	0.75	0.86
DUFU MK	Return on average equity (%)	21.9	25.9	26.1	25.7	27.5
Not Rated						
	Valuation metrics	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Valuation basis	Recurring P/E (x)	27.68	19.38	16.35	14.61	11.97
20x P/E on FY23F EPS	P/B (x)	5.6	4.6	4.0	3.5	3.1
	FCF Yield (%)	3.7	1.9	4.3	1.3	6.4
Key drivers	Dividend Yield (%)	1.9	2.7	3.1	3.4	4.2
i. New project wins;	EV/EBITDA (x)	18.80	14.64	11.77	10.62	8.65
ii. Higher loadings;	EV/EBIT (x)	21.56	16.54	13.22	11.96	9.69
iii. MYR weakening against USD.						
	Income statement (MYRm)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Key risks	Total turnover	298	353	393	434	508
i. Slowdown in orders;	Gross profit	156	189	212	237	277
ii. Higher input costs;	EBITDA	73	93	114	129	155
iii. Stronger MYR against USD.	Depreciation and amortisation	(9)	(11)	(12)	(14)	(17)
	Operating profit	63	82	102	115	138
	Net interest	5	10	9	9	9
	Pre-tax profit	69	94	111	124	147
Company Profile	Taxation	(18)	(20)	(23)	(26)	(28)
Dufu Technology Corp is engaged in the design, development, and manufacturing of precision machining components, hard disk drive (HDD)-related components, steel moulds, stamping components and sheet metal fabrication. It also provides marketing and engineering and turnkey support services.	Reported net profit	52	74	87	98	119
	Recurring net profit	52	74	87	98	119
	Cash flow (MYRm)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
	Change in working capital	(6.4)	(27.9)	1.8	(13.5)	(24.5)
	Cash flow from operations	62.9	58.5	101.6	98.8	111.4
	Capex	(10.3)	(31.9)	(40.0)	(80.0)	(20.0)
	Cash flow from investing activities	(10.1)	(32.4)	(40.0)	(80.0)	(20.0)
	Dividends paid	(21.9)	(30.1)	(43.6)	(48.9)	(59.6)
	Cash flow from financing activities	(16.9)	(25.3)	(43.6)	(48.9)	(59.6)
	Cash at beginning of period	43.5	80.1	85.0	103.0	72.9
	Net change in cash	36.0	0.8	18.0	(30.1)	31.8
	Ending balance cash	79.6	85.2	103.0	72.9	104.7
	Balance sheet (MYRm)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
	Total cash and equivalents	80	85	103	73	105
	Tangible fixed assets	55	78	106	171	175
	Total assets	311	386	434	488	556
	Short-term debt	7	9	9	9	9
	Total long-term debt	9	8	8	8	8
	Total liabilities	55	74	78	83	92
	Total equity	256	312	356	405	464
	Total liabilities & equity	311	386	434	488	556
	Key metrics	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
	Revenue growth (%)	19.6	18.4	11.5	10.3	17.1
	Recurrent EPS growth (%)	16.2	42.9	18.5	12.0	22.0
	Gross margin (%)	52.3	53.6	54.0	54.7	54.5
	Operating EBITDA margin (%)	24.4	26.3	29.0	29.8	30.5
	Net profit margin (%)	17.3	20.9	22.2	22.5	23.5
	Dividend payout ratio (%)	52.6	51.6	50.0	50.0	50.0
	Capex/sales (%)	3.5	9.1	10.2	18.4	3.9
	Interest cover (x)	292	(238)	298	337	406

Source: Company data, RHB

Investment Thesis

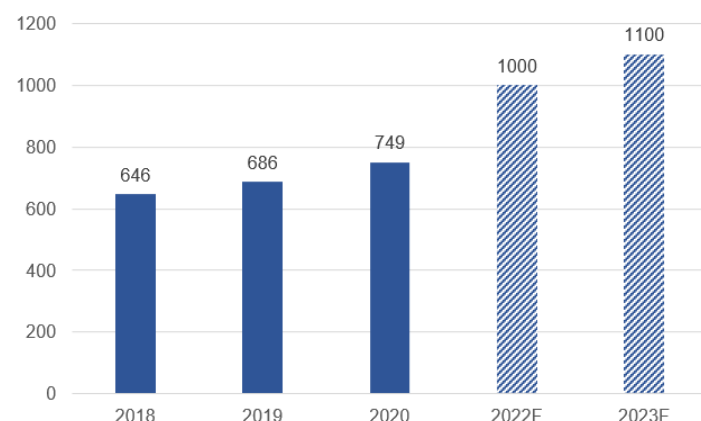
HDD remains relevant in high-capacity storage solutions. HDD capacity shipments grew by 31% YoY to 1.34 ZB in 2021 after surpassing one ZB in 2020, thanks to the structural demand growth for data centres, cloud storage, enterprise-hardened infrastructure, and IoT devices. According to Future Market Insights, global sales of the HDD market stood at around USD35.2bn in 2021, and is slated to increase at a CAGR of 11.2% to reach a valuation of USD8.9bn by 2029. While the demand for consumer devices may normalise this year, we see a persistent trend of multi-year growth in the global datasphere, as the increase in demand for big data analytics, artificial intelligence, remote working and cyber security is inevitable. The exponential growth in data consumption is expected to spike up the demand for high-capacity and nearline storage, especially on the 20TB drives and beyond – given the lower cost per GB and improving areal density, enabled by the proliferation of new HDD technology such as heat-assisted magnetic recording and microwave-assisted magnetic recording.

Figure 1: Global sales of HDD market forecast (USDbn)



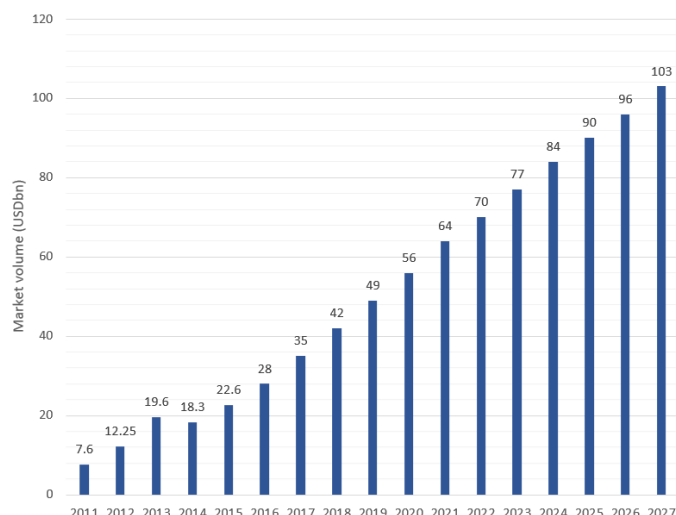
Source: Future Market Insights, RHB

Figure 2: Worldwide spending on IoT (USDbn)



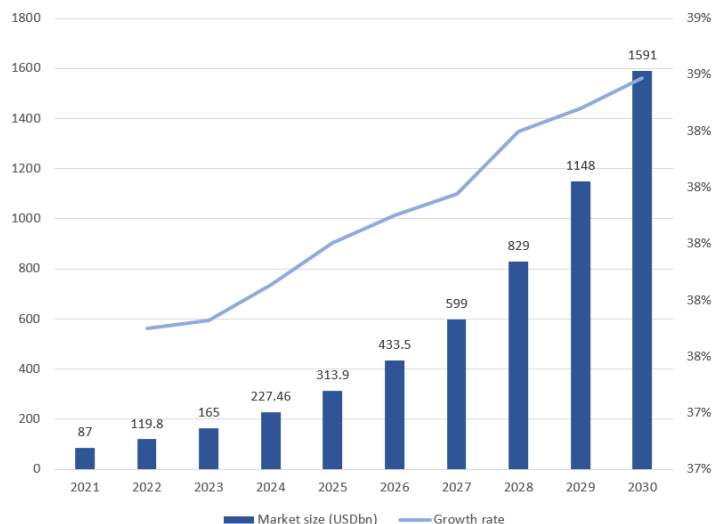
Source: Statista, RHB

Figure 3: Big data market size revenue forecast worldwide



Source: Statista, RHB

Figure 4: Artificial Intelligence market size worldwide



Source: Globe newswire, RHB

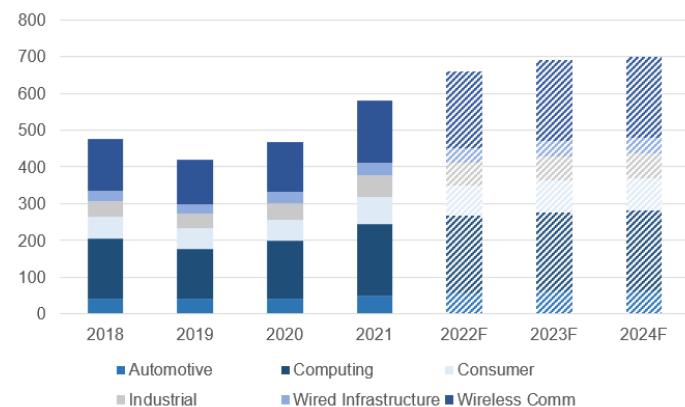
Demand fueled expansion. In view of the surging demand, we understand that DUFU has almost fully utilised its capacity, following the addition of a computer numerical control machine and expansion of a new factory in Bukit Minyak Industrial Park for sheet metal and structure fabrication back in 2019-2020. Hence, the construction of its 37k sqm (double the space of current facilities) new factory is now underway, and operations should commence in 2H23. The expansion of this second manufacturing facility in China is to support its key customer's business continuity plan and cope with surging demand, as well as new product development from potential prospects.

18 July 2022

Industrials Products & Services | Precision Machining

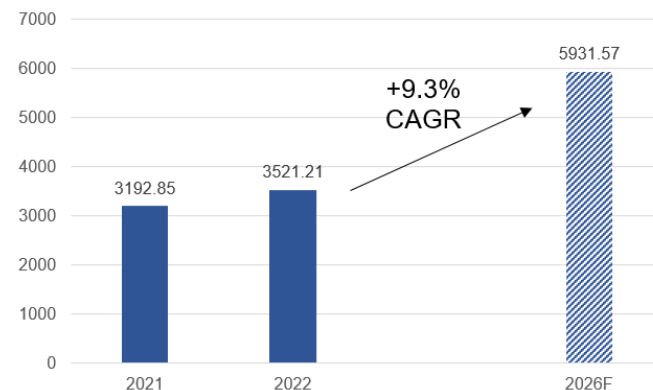
Growing metal sheet business. The sheet metal and stamping division recorded robust growth in the past few years and is now contributing 20% of group revenue, thanks to the uptick in demand for enclosures and frames related to consumer electronics, semiconductors and life sciences. The new plant, which commenced operations in 2H19, is yielding positive results with commendable growth. It is well-positioned to tap into more business opportunities in the automotive, medical, and semiconductor segments. Also, the onboarding of two new key multi-national customers in FY21 and favourable industry demand should propel the segment to greater heights.

Figure 5: Global semiconductor market revenue by vertical (USDbn)



Source: IDC, RHB

Figure 6: Global E&E market size forecast (USDbn)



Source: ReportLinker, RHB

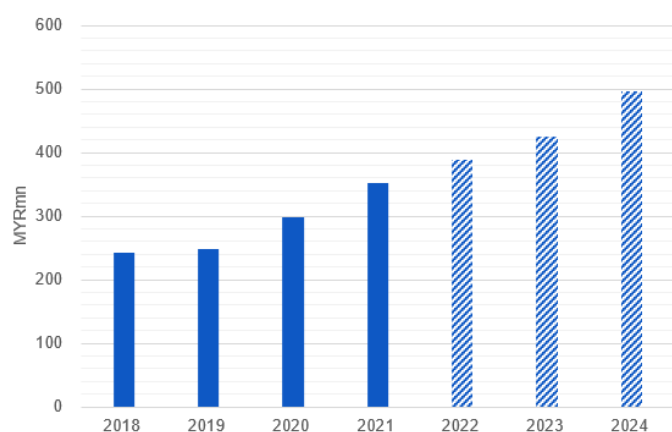
Higher quality materials improve ASP. Despite a global slowdown in PC shipments after two years of explosive growth, demand for HDD is not much affected as the majority of PCs use solid state drives as their primary storage. Besides, enterprise solutions and data centres are largely still utilising HDDs – or hybrid HDDs and solid state drives – given their stability and longevity with lower costs per GB. According to Avast, a 1 terabyte (TB) internal HDD costs roughly USD60, whereas a 1 TB internal SSD averages around USD150. Note that the latest helium-filled HDD platform in the market can house up to 10 platters (higher storage), which essentially increases demand for spacers despite lower HDD unit shipments. Besides, with newer technologies aiming to increase areal density (up to 5tbpsi) to produce larger-capacity hard drives, higher-quality titanium spacers are preferred due to their reliability. We understand the ASPs for such materials are 3-4x higher than the usual stainless steel or aluminium spacers.

Financial Overview And Valuation

Results highlights. DUFU reported a fifth consecutive quarter of revenue growth, at MYR352.7m in FY21 (+18.4% YoY) – fueled by: i) Robust demand for disk spacers from HDD makers; and ii) growth in the sheet metal and stamping division that is related to consumer electronics, semiconductors and life sciences. Net profit grew by 42% YoY to MYR73.7m – also a record high – aided by margin and capacity growth.

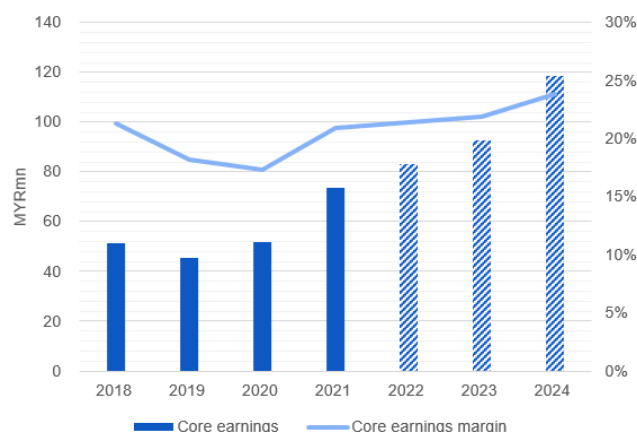
1Q22 core earnings stood at MYR18.3m (-6.2%YoY) mainly due to an increase in raw material prices. Nevertheless, 1Q22 revenue increased from MYR79.5m to MYR86.3m (+8.6% YoY) due to the rise in volume loading by customers related to HDD components. On top of this, the group also registered strong growth in the sheet metal fabrication business.

Figure 7: Revenue trend



Source: Company data, RHB

Figure 8: Core profit trend



Source: Company data, RHB

Balance sheet/cash flow. DUFU's net cash position was MYR68m as at FY21, with a healthy FCF yield of 7-9%. ROE is expected to remain high at c.25%, with better profitability and margin.

Dividend. Management declared a 7 sen DPS for FY21, reflecting a c.2.7% dividend yield at its current share price level. It will maintain its payout ratio at 50% (at the minimum), which may point to a c.3-4% yield this year.

A niche precision component supplier. DUFU is set to benefit from the structural growth in big data, cloud storage and digitalisation. Earnings should pick up going into FY22F-23F – albeit at moderated levels – attributed to the engineering know-how that makes it among the most efficient component suppliers to major HDD makers. While challenges (higher material costs and shortage of workers) could weigh on its FY22F performance, the situation could improve in 2H22, with the reopening of borders and cushioned by the favourable USD/MYR rate. The sheet metal division continues to strengthen, and should do better ahead. This will come in tandem with the expansion of both the semiconductor market and EMS sector. This, in turn, could be fueled by the growing demand in aerospace, telecommunication, industrial machinery and medical industries.

Valuation. We derive a fair value of MYR3.60, based on a target P/E of 20x on FY23F earnings, which is on par with its 5-year average trailing P/E for DUFU and at a discount to the technology sector. We like the group for its mid-term structural growth trend, client stickiness, engineering know-how and operating efficiency, supported by a 3-year CAGR of 17.4% and superior ROE of c.25%. In the near term, we believe earnings will continue to show strength in the coming quarters, sustained by the demand for high capacity HDD, higher ASP of titanium spacer, better order allocation, and favourable USD/MYR rate.

18 July 2022

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Figure 9: Peer comparison

Company	FYE	Mkt Cap (USDm)	Price		P/E (x)		Div. Yld (%)	ROE (%)	EV/ EBITDA	NP Growth (%)		PEG
			15-Jul-22									
			(Local Currency)	Actual	1 Yr Fwd	2 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	
Dufu Technology Corp	Dec	312.8	2.63	17.6	16.4	14.6	4.2	24.5	10.9	18.5	12.0	1.2
<u>Peers</u>												
Unisem (M)	Dec	841.2	2.32	17.6	15.5	13.8	2.8	2.5	7.1	13.4	13.1	1.1
Inari Amertron	Jun	2100.2	2.52	26.2	23.6	20.8	3.7	6.4	14.3	10.9	13.5	1.5
Malaysian Pacific Industries	Jun	1252.7	28.02	19.0	17.2	15.1	1.1	3.7	7.4	10.4	13.7	1.1
D&O Green Technologies	Dec	1026.1	3.69	40.6	30.5	25.2	0.7	4.1	17.8	33.0	21.2	1.2
Frontken Corp	Dec	816.4	2.31	32.4	28.9	23.9	1.6	5.3	16.6	12.2	20.7	1.2
Genetec Technology	Mar	294.0	1.92	21.8	16.5	14.5	1.1	11.1	14.5	31.6	14.1	1.0
Greatech Technology	Dec	999.1	3.55	29.2	25.6	20.5	0.1	9.1	21.3	14.3	24.8	0.8
Mi Technovation	Dec	286.0	1.42	19.2	18.7	15.5	3.2	1.5	9.0	2.4	21.1	0.7
Pentamaster Corp	Dec	559.6	3.50	31.8	26.9	22.5	0.5	2.6	14.6	18.1	19.7	1.1
Vitrox Corp	Dec	1416.2	6.67	34.6	31.3	27.3	0.8	6.4	28.7	10.5	14.6	1.9
Coraza Integrated Technology	Dec	50.1	0.52	16.2	13.8	11.5	1.7	8.6	8.2	17.0	19.6	0.6
SFP Tech Holdings	Dec	102.5	0.57	21.9	17.9	14.8	NA	7.7	14.7	22.4	20.4	0.7
UWC	Jul	804.5	3.25	36.2	33.9	26.0	0.6	7.8	23.6	6.9	30.2	0.9
Wong Engineering Corp	Oct	23.7	0.42	9.6	NA	NA	NA	NA	NA	NA	NA	NA
YBS International	Mar	27.2	0.48	18.4	NA	NA	NA	NA	NA	NA	NA	NA
Mkt. Cap Weighted Avg.		1184.4		28.5	24.9	21.2	1.6	5.6	16.6	14.1	17.9	1.2
Simple Avg.		706.6		25.0	23.1	19.3	1.5	5.9	15.2	15.6	19.0	1.1

Source: Bloomberg, RHB

Figure 10: Operating metrics

Company	Revenue 3-year CAGR	Net Profit 3-year CAGR	Gross Profit Margin	EBITDA Margin	Net Profit Margin	Net Gearing (Latest)
Dufu Technology Corp	13.5%	12.4%	NA	29.0%	20.9%	Net Cash
Local Peers						
Unisem (M)	5.1%	27.3%	17.3%	26.3%	12.6%	Net Cash
Inari Amertron	1.3%	9.9%	NA	31.4%	23.1%	Net Cash
Malaysian Pacific Industries	8.9%	24.0%	19.2%	26.9%	13.7%	Net Cash
D&O Green Technologies	19.9%	48.6%	29.7%	22.3%	12.4%	Net Cash
Frontken Corp	11.2%	26.0%	47.5%	37.3%	23.2%	Net Cash
Genetec Technology	30.3%	148.8%	36.3%	30.1%	25.2%	41.35
Greotech Technology	NA	NA	42.3%	33.9%	35.2%	Net Cash
Mi Technovation	32.8%	11.7%	NA	21.1%	16.5%	Net Cash
Pentamaster Corp	6.4%	8.5%	30.0%	22.8%	14.3%	Net Cash
Vitrox Corp	19.9%	17.2%	NA	26.4%	24.9%	Net Cash
Coraza Integrated Technology	23.7%	55.0%	28.6%	19.1%	12.1%	Net Cash
SFP Tech Holdings	22.2%	27.9%	53.8%	54.5%	38.5%	18.60
UWC	27.8%	43.1%	NA	44.5%	32.1%	Net Cash
Wong Engineering Corp	11.5%	5.6%	25.7%	22.3%	12.2%	Net Cash
YBS International	1.2%	170.1%	20.7%	19.4%	7.8%	49.16
Mkt. Cap Weighted Avg.	12.9%	27.7%	30.9%	29.9%	21.7%	
Simple avg.	15.9%	44.5%	31.9%	29.2%	20.3%	

Source: Bloomberg, RHB

Company Overview

Dufu Technology Corp has established itself as a leading precision machining manufacturer headquartered in Penang, Malaysia. It all began in 1990 where the group managed to acquire a leading HDD maker for the manufacture of 5.25-inch HDD disk spacers. Having accumulated over 30 years' wealth of experience specialising in the design, development and manufacturing of high precision machining part and components for HDD, industry safety and sensor, telecommunication, consumer electronics, medical, automotive and office equipment, it prides itself as a strategic partner to many of its customers today. Most of the major customers consist of multinational corporations that are well-regarded leaders in their respective fields.

Apart from precision machining, fabrication, assembly, prototyping etc, DUFU also provides engineering & turnkey solutions ranging from tool making to finished part supplies to meet customers' specific needs. The group exports its products to more than 10 countries across the world covering Asia-Pacific, Europe, Oceania and North America.

DUFU currently owns and operates three manufacturing sites. The Bayan Lepas plant in Penang and Guangzhou plant in China are catered for precision machining whereas the Bukit Minyak plant in Penang supplies customised sheet metal and stampings components according to customer specifications.

Figure 11: DUFU's product category

CNC Machining

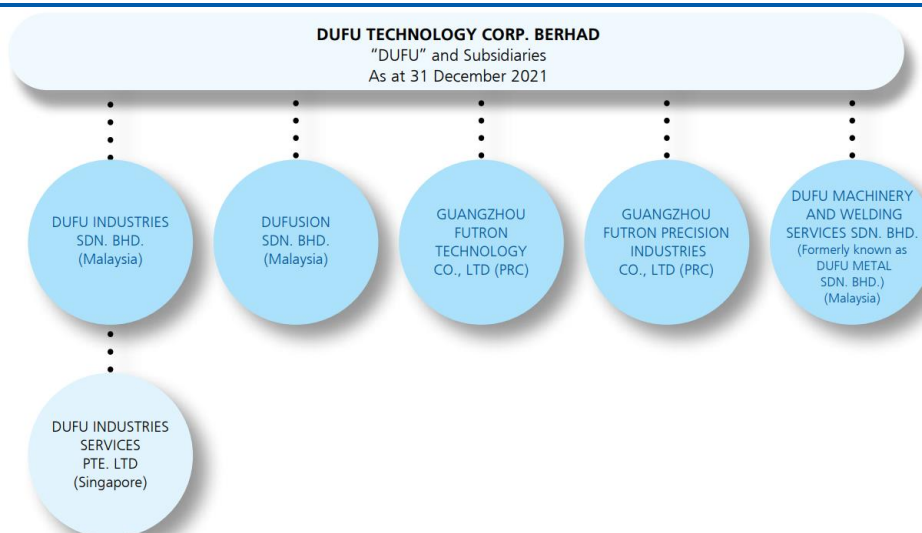


Metal Fabrication



Source: Company, RHB

Figure 12: Group structure



Source: Company, RHB

Figure 13: Subsidiaries of DUFU as at 31 Dec 2021

Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
Dufu Industries SB	Malaysia	100%	Design, development, manufacture, assembly and trading of die components and precision machining of vice, computer peripherals and parts for hard disk drive.
Guangzhou Futron Technology Co Ltd	China	100%	Manufacturing and trading of optics and magnetism driver and parts.
Guangzhou Futron Precision Industries Co Ltd	China	100%	Engaging in metal precision manufacturing and processing parts such as metal components for special equipment for electronics industry, air conditioning compressor accessories, auto parts, etc.
Dufusion SB	Malaysia	100%	Design, develop, manufacture, fabricate, assembly and trading of precision steel mould, metal products and steel parts, medical industry's chairs and instrument tables, etc.
Dufu Machinery and Welding Services SB	Malaysia	100%	Dormant. (Currently in the midst of member's voluntarily winding-up)
*Dufu Industries Services Pte Ltd	Singapore	100%	Processing and trading of high quality computer disk drive related components.

Note: *A wholly-owned subsidiary of Dufu Industries SB

Source: Company, RHB

Key Risks

Unfavourable FX rates. DUFU derives 94% of its revenue from abroad, 91% of which is denominated in the USD, while the bulk of its expenses except for certain raw materials are paid in the respective local currencies. The weakening of the USD vs MYR would generally reduce the group's profitability due to lower profit margin. It intends to leverage its USD reliance by hedging cash flow naturally.

Escalation of input costs. Escalation of costs in staff and raw materials will continue to weight in. Failure to pass through the additional raw material costs and effective cost control mechanism may result in margin compression.

High business concentration risk. The group currently faces business concentration risk where more than 80% of its revenue is generated from the HDD segment. This does not augur well should it lose its main customers. In addition, if there's a significant drop in sales of the HDD components which DUFU is currently supplying, business income will take a huge hit. HDD customers have been with the group for more than 25 years, which indicates a long-term and stable customer relationship. Nevertheless, HDD hardware design could change over time by evolving recording technology that enables higher performance and capacity in order for it to stay relevant in the digital data storage market. As part of the group's risk mitigation strategy, it is diversifying its product range to outweigh the negative impact of being too HDD market centric, thereby lessening the risk of customer concentration at the same time. The set-up and relocation of a one-stop solutions center specialising in sheet metal and structure fabrication for equipment manufacturers in Bukit Minyak Industrial Park was completed on 1 Jul 2019. The investment in the Bukit Minyak plant was part of its business diversification strategy to balance the product portfolio, and has contributed positively to topline growth in FY21 – a testament to the business acumen made in 2019 to expand the sheet metal and structure fabrication division.

Labour shortage. Revenue and profitability depend on production output and may be impacted by the labour shortage situation. As a contingency measure, the group continues to exert effort in the workers' retention programme as well as develop new hiring strategies by offering competitive remuneration and benefits packages, as well as providing skill training to enhance career development opportunities for employees. At the same time, the group's engineering team is also exploring the feasibility of reducing labour dependency by developing and using automated equipment and machinery, wherever possible, in the manufacturing process.

COVID-19. The spread of the COVID-19 virus interrupted global supply chains as production output was constrained by a higher rate of worker absenteeism due to quarantine and illness. Future disruptions in either DUFU's operations and its supply-chain would affect shipment deliveries of products.

Key Senior Management Team

Yeoh Beng Hooi, Chief Executive Officer. Yeoh assumed the position of Chief Executive Officer of the group on 26 Aug 2016 after he was appointed as the acting CEO on 27 Aug 2015. He holds a Diploma in Electronic Engineering from Institute Technology. In 1989, he started his career in Advance Micro Devices Inc, a US-based semiconductor company as an Assistant Engineer and became Senior Reliability Laboratory Test Engineer in 1990. Yeoh joined Read-Rite Malaysia as a QA Engineer in 1992 and later he joined XOLOX Malaysia as an Engineer Manager in 1995. He left the company as Director of Engineering in 2000 and joined Wong Engineering Corporation as Deputy General Manager. In 2001, he was appointed as Executive Director of WE Advance Devices SB. He was the Chief Operating Officer in Dufu Industries SB (DISB) since 24 May 2004 before he assumed his current position.

Teoh Chiew Hong, Chief Operating Officer. Teoh holds a Degree in Science (Mathematics) from Universiti Sains Malaysia. He started his career with DISB in 2000 as a Production Control Officer and was promoted to Material Planning Manager in 2006 to spearhead the implementation of the group's integrated application on its logistics and manufacturing systems. He is also responsible for the group's capacity planning, material and inventory management. On top of this, Teoh expanded his role in 2007 to oversee the Computer Numerical Control Auto Lathe Manufacturing Division. Subsequently in 2011, he was promoted as the Senior Manager in Planning & Logistics Department before assuming the role of General Manager effective 1 Sep 2016 where his primary task was to drive and optimise the entire CNC manufacturing division and other supporting business operations to improve operational excellence. On 1 Mar 2019, he was appointed Chief Operating Officer of DISB.

David Khoo Chong Beng, Chief Financial Officer. Khoo joined DISB on 1 Mar 2017 as a Senior Financial Controller. He holds a professional accountancy qualification from the Association of Chartered Certified Accountants and is a Chartered Accountant registered with the Malaysian Institute of Accountants since Sep 2002. In Jun 2012, he obtained a Commonwealth Executive Masters of Business Administration from Wawasan Open University. Khoo started his career in BDO Binder Penang, an audit firm in Jun 1995 before moving to KPMG Penang in Jul 1997. He joined NTPM Holdings as an accountant in Apr 2000 and worked his way to be the Financial Controller of NTPM in Jan 2009. He left NTPM in Feb 2017. On 1 Mar 2019, he was appointed as Chief Financial Officer of DUFU where he is entrusted to lead the finance, corporate and management information functions of the group.

Wong Ser Yian, Director of Dufu Industries Services Pte Ltd (DISPL). Wong graduated with a Bachelor of Engineering from Nanyang Technology University of Singapore in 1985. He started his career with Seagate Technology International, Singapore in 1986 as a Supplier Quality Engineer and was promoted to Senior Engineer in 1988. Subsequently in 1990, he joined Microplis Ltd, Singapore as Senior Quality Engineer where he was responsible for developing and improving the aspects of suppliers' quality. In the same year, he moved to X Factor Pte Ltd as the Chief Executive Officer. On 2 Sep 2002, he joined DISPL and took up the position of General Manager and his primary responsibilities are sales, marketing and customers service support and subsequently, on 27 Aug 2015, Wong was appointed as a Director of DISPL.

Tay Lon @ Tay Tong Loon, Director (Business Development). Tay graduated with a Diploma in Mechanical Engineering from Ngee Ann Technical College, Singapore. He started his career as Design Technician with Hitachi Zosen Robin Dockyard Pte Ltd in 1974. In 1978, he joined Prime Electrical Products Pte Ltd as Factory Engineer where his primary responsibilities were product development and providing technical support on thermoplastic and thermosetting moulding. Subsequently in 1979, Tay joined Northern Telecom Industries SB as a Quality Engineer. He left in 2002 and joined IPG Metal (M) SB (a former subsidiary of DUFU) in 2003 as General Manager. Tay was promoted to Director of Business Development in DISB on 1 Feb 2011 where he is entrusted to lead the sales division.

Nah Ren Howe, Managing Director of Dufusion SB. Nah Ren Howe joined DUFU on 1 Sep 2019 as Managing Director of Dufusion where he is managing the metal stamping and sheet metal division of DUFU. After completing his studies at Confucian Secondary School, he continued his tertiary education at Meiji University in Tokyo, Japan. He graduated with a degree in management studies in 1989. Upon completion of his studies, he found employment with a company supplying precision tools and stamped metal parts to Sony, NEC and others Japan multi-national corporations. Nah returned to Malaysia in 1994 after spending 10 years in Japan. He took over the management of Rehon Industries, and he steered the company towards precision stamped parts with his acquired experience in the field.

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