



EG Industries Berhad (222897-W)

Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sg. Petani, Kedah D.A., Malaysia.

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PRESS RELEASE

EG Industries to invest RM30 million to expand Sungai Petani plant

- *Expansion to increase Group's production floor space by 21% to accommodate future market demand*
- *Shareholders approve proposed renewal of share buy-back*

Sungai Petani, Kedah, Malaysia, 27 November 2017 - Electronic Manufacturing Services (EMS) player **EG Industries Berhad** (EG Industries; EG 工业; Bloomberg: EG:MK; Reuters: EGCM.KL) has allocated RM30 million for capital expenditure in the financial year ending 30 June 2018 (FY2018) to increase the enlarged Sungai Petani plant's from 215,307 square feet to approximately 260,000 square feet.

The capital expenditure of approximately RM30 million for the expansion, will be funded through bank borrowings and internally generated funds.

The expansion is in view with the Group's strong growth in box build over the years. In FY2017, revenue from the box-build segment had grown from RM63.6 million in the financial year ended 30 June 2015 (FY2015) to RM161.3 million in FY2017, indicating a compounded annual growth rate of 59.3%.

"Currently, our utilization rate of the Sungai Petani plant is at 65%. The expanded space is to cater to strong enquiries from customers for box-build contracts, reiterating our stronger proposition in this segment.

Not only has our box-build segment improved, but also our printed circuit board assembly (PCBA) segment as it remains as the main revenue generator for EG Industries. We see great potential to move up the value chain for our PCBA clients by undertaking the complete process of box-build for them in future.

We are definitely on the right path to being a one-stop Electronic Manufacturing Services and Vertical Integration provider."

Mr. Alex Kang ("江邦健")
Group Chief Executive Officer and Executive Director
EG Industries Berhad

The Group's outstanding order book of box-build orders as at 30 June 2017 stands at approximately RM50 million to be delivered in the next three to six months.

Kang added that the strengthening Ringgit will not have much of an impact on EG's financial performance.



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“We have a natural hedge to the fluctuations of the US Dollar as the majority of our services are primarily for the export market and are denominated in foreign currencies. This allows us to focus on improving our operations and sharpen our competitive edge.”

Meanwhile, at the Annual General Meeting today, shareholders approved the renewal of share buy-back. Under the share buy-back, the Group is authorised to repurchase up to 10% of the issued and paid-up share capital.

About EG Industries Berhad (“EG 工业”, www.eg.com.my)

EG Industries is a leading Electronic Manufacturing Services (EMS) and Vertical Integration provider for world-renowned brand names of electrical and electronic products for several industries including consumer electronics, ICT, medical, automotive and telecommunications.

Listed as one of the top 50 EMS players in the world, EG Industries provides services in original equipment manufacturing and original design manufacturing with full turnkey solutions for completed final products assembly (box-build), printed circuit board assembly and modular components assembly.

The Group has a workforce of more than 2,000 employees in its manufacturing plants in Kedah, Malaysia and Prachinburi, Thailand.

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