

Eng Teknologi to set up R&D centres in Malaysia, China

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ENG Teknologi Holdings Bhd (ETHB), which aims to be among the world's top three suppliers of hard disk drives, is setting up two research and development (R&D) centres in Malaysia and China.

The Penang-based group, which is engaged in precision engineering, manufacturing and assemblies, has identified sites in Johor and Dongguan to house the centres, its chief executive officer Teh Yong Khoon said.

"Our key emphasis is to improve efficiency and cost-savings by strengthening our engineering team and getting them engaged in early product involvement," he told reporters after the company's annual general meeting in Penang yesterday.

Teh said the company's Altum Precision Sdn Bhd, in Senai, will house a R&D centre for base-plate technology development which will begin operating by the end of this year.

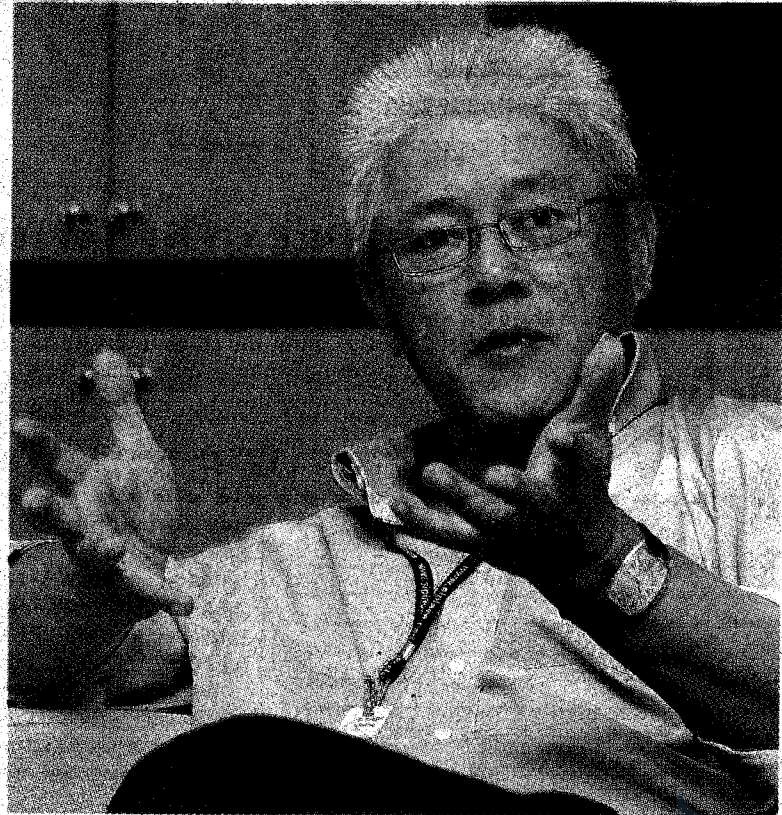
"The Dongguan facility in China, meanwhile, will host product development activities for actuator production and will be operational by the first quarter of 2007," he added.

It has set aside RM81 million for capital expenditure. A large portion of which will be used to finance the Senai operations, which is engaged in the production of base plates.

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mergers and acquisitions, Teh said ETHB has not identified any potential target yet.

Commenting on American disk drive maker Seagate Technology's proposed acquisition of Maxtor Corp for US\$1.9 billion (US\$1 = RM3.58) to become the largest hard disk drive player, ETHB's chairman Datuk Alfred E.L. Teh

said: "The possible (effect) on us includes a more than 50 per cent upside for base plate supply to Seagate by December this year.

"We also anticipate an accelerated supply volume to Western Digital," Alfred added, saying they expected a reduction on actuator supply to Maxtor although capacity would be re-allocated to

alternate customers.

For its fiscal year ended December 31 2005, ETHB recorded group revenue of RM335 million and pre-tax profit of RM47 million.

This compares with its fiscal 2004 group revenue of RM284 million and pre-tax profit of RM37.5 million.