

## MEDIA ADVISORY

### CUBIC INTERGRATED GROUP EXPANDS TO CHINA With US BILLION DEAL

*Cubic sets up its 1<sup>st</sup> overseas Global Integrated Manufacturing Hub*

Kuala Lumpur, August 17<sup>th</sup>, 2009 - Cubic Integrated Group (CIG), a Malaysia-based business group, today announced that it has entered into an investment agreement with Wanzhou Industrial Park Administration Commission, Chongqing, China, to build its first overseas global Integrated Manufacturing Hub offering integrated manufacturing solutions to the global manufacturing industry.

The Investment Agreement signed today by Datuk Goh Seng Chong, Executive Chairman of Cubic Integrated Group and Mr. Li Shiming, Director of Wanzhou Industrial Park Administration Commission of Chongqing, was witnessed by Dato' Noharuddin Nordin, the Chief Executive of MATRADE and Mr. Wu Zhenglong, the First Secretary, CPC Wanzhou Committee Chongqing.

"Malaysia views China as an important partner for trade and investment. It is a growing market for Malaysia's exports of goods and services and a strategic investment destination. As China's marketplace today is tremendously competitive, effective management of a supply chain is crucial for Malaysian companies to succeed in the market." Dato' Noharuddin Nordin commented.

Located in the Wanzhou, Chongqing, China, the investment commits to a 5-year progressive plan which outlines the scale and size of investment which is estimated around USD400million and with targeted revenue of US\$1.42billion for the first 5 years.

#### **CUBIC INTEGRATED MANUFACTURING HUB, WANZHOU, CHINA**

Located strategically on the Yangtze River (upstream of the Three Gorges Dam- the World's Largest Hydro-electric project), this project will be the first manufacturer in Wanzhou, CHINA.



Based on the Indicative Investment Agreement signed by the abovementioned two parties, on 13<sup>th</sup> May 2009 in Chongqing, China, this Investment Agreement expedites the development of Cubic's Global Integrated Manufacturing Hub in Wanzhou, China.

"We are pleased to establish a direct presence in China and feel confident to have a partner who shares the same vision as us and able to commit and contribute to the technology know-how and manufacturing capability necessary to successfully build an Integrated Manufacturing Hub not only to support the global Manufacturing industry but also to build a community that integrates work, education, and lifestyle in one metropolis," said Datuk Goh Seng Chong, at the signing ceremony in MATRADE's headquarters today.

According to Dato' Noharuddin, MATRADE is supportive of collaboration between the Malaysian private sectors and strategic partners abroad in efforts to improve market entry and increasing competition through cost cutting initiatives. MATRADE hopes that with the realisation of the Cubic Integrated Manufacturing Hub in Wanzhou, Chongqing, China, Cubic Integrated Group will look into possibility of setting up the similar facility in other countries. In an effort to facilitate Cubic Integrated Group to expand globally, MATRADE has introduced International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IDB) Group, to the former for them to explore financing opportunities provided by the latter.

This strategic move is also in support of the Malaysian Government's Third Industrial Master Plan (IMP3) to promote Cross Border Investments to position Malaysia's long-term competitiveness especially in the region to meet the challenges of a fast changing global economic environment and to be a part of the global production network. This is further emphasized by the recent visit of Malaysian Prime Minister, Datuk Seri Najib Tun Razak to China to strengthen economic relationship between the two countries where Datuk Seri stated 'Malaysia views China as a strategic partner not only in trade but also in investment.'

Outlining the reasons as to why the company is investing in Wanzhou, Datuk Goh remarked, "We are fortunate to be here at this time, as I strongly believe that although there are full of challenges during times of uncertainties, there are also opportunities. We see China as both a growth market and a market for lower-cost labor and resources, and we plan to integrate these operationally to enjoy higher profits. Additionally, the Chinese Government at both the National and Municipal (Chongqing) level has given us very attractive investment schemes such as corporate tax rebates, incentives from the Three Gorges Dam Area Industrialization programs and also, from the Wanzhou Industrial Park Administration."

The Chinese Government has also set directives to emphasize on the importance of ecological improvements and is taking proactive steps to build ecologically-friendly cities and parks. The Wanzhou Government has a plan to develop a 5 square kilometers of land into an eco industrial park. "We are excited to participate in this project and committed to contribute in the eco park development which is in line with the company's goal of being socially responsible. This development will also help to create employment to people who are being resettled due to the construction of the Three Gorges Dam." added Datuk Goh.

The Integrated Manufacturing Hub will mainly focus on electrical and electronics home appliance products like coffee maker, blender, iron, LCD TV, water heater, pet waste disposal units, motor and auto spare parts, mini-circuit breaker, water filter, vacuum cleaner, hair dryer, etc. "With China's ever growing population, we want to be close to the domestic market and we see household appliances as a niche market for this region." Datuk Goh further added.

The synergistic value of this investment will significantly add CIG's capability for further business diversification into the household appliances industry and expansion through a broader global customer base.



The investment in Wanzhou by Cubic Integrated Group is through a Chinese joint-venture company, Chongqing Innoteam Industry Co., Ltd, currently operating in Wanzhou. CIG has also committed to assist the JV to achieve the target revenue of US150 million end 2009.

CIG will also set up its own holding company in Wanzhou as a platform to explore other opportunities. According to Datuk Goh, apart from setting up the manufacturing hub and also in assisting to develop its related integrated supporting industries in Wanzhou Industrial Park, they are also seeking greater capacity and long-term, sustainable growth in this region.

“We also intent to raise the funds for this project through both Malaysian and Singaporean investment companies and financial institutions. In addition, there will also be other supporting companies to join us to invest in Wanzhou Opto-Electronics Technology Park” remarked Datuk Goh.

With the Integrated Manufacturing Hub set up, the investment is expected to occupy a land area of 0.86 square kilometer, of which a total building area of 0.47 square kilometer with a planned built up floor area of over 350,000 square meters, and will employ 25,000 people by the end of the 3 years.

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#### **ABOUT CUBIC INTEGRATED GROUP (CIG)**

The Cubic Integrated Group (CIG) is a bold and dynamic business group that is committed towards success at the forefront of the global manufacturing industry. CIG pledges to promote and realise the concept of “Work-Live-Learn” for the integrated manufacturing industry. It is fast establishing itself as a player to be reckoned with, through a mega and comprehensive master plan that comprises its

3 main thrusts - Manufacturing, Property and Education.

Please visit us at [www.cubicgrp.com](http://www.cubicgrp.com)

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