

Kaga Electronics: Completion of New Factory in Hubei Province to Strengthen EMS Business in Inland China

Increasing Productivity of In-car Products in China and Accelerating Our Growth Strategy

Kaga Electronics Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President & COO: Ryoichi Kado; hereinafter the “Company”) hereby announces that it has completed construction of a new factory in Xiaogan, Hubei Province, in order to strengthen the EMS business in inland China.

1. Purpose of New Factory Construction

Since the Company’s foundation in 1968, we have expanded our business fields by catering to the diverse needs of our customers with the corporate philosophy of “Everything we do is for our customers.” In particular, in recent years, the EMS (electronics manufacturing services) business, which is considered to be a driver of the Company’s growth, has increased production sites according to the needs of a growing number of domestic and overseas customers. Up to this point, we have developed a network of sites based in China and the ASEAN region, and in the past few years, we have aggressively engaged in construction of factories and purchase of companies in these areas. As a result, we currently directly manage 22 EMS factories in 10 countries.

Since 2014, the Company has manufactured in-car products in Xiangyang, Hubei Province, and we have now constructed a new factory in Xiaogan owing to active demand from customers. Xiaogan is located near Wuhan, which is an automotive manufacturing hub, and is thus an ideal location to build closer relationships with existing customers and cultivate new ones. In addition to manufacturing for existing customers, we also aim to secure new orders from local Chinese companies and achieve net sales of 10 billion yen within 5 years of operation. We also plan to incorporate the functions of the Xiangyang factory into the new Xiaogan factory.

The Company will work to expand the scale and improve the quality of the Group’s operations, with the aim of forming “Japan’s No. 1 corporate group in the industry” with sales in the region of 500 billion yen and becoming a competitive “World Class Company” that will survive even in global competition when competing against foreign rivals with sales in the region of 1 trillion yen, as envisioned by our medium-term management plan, by leveraging the increased competitiveness of the EMS business.

2. Outline of New Factory

1) Site name	Hubei Kaga Electronics Limited Xiaogan Factory
2) Address	168 Huairen Road, Xiaohan Avenue, Xiaogan, Hubei, People’s Republic of China
3) Floor area	Approx. 8,000 m ²
4) Start of operation	Full-scale operation commenced in December 2020 (partial operation commenced in August)
5) Items produced	Board mounting and unit production of automotive components and manufacturing equipment, etc.
6) Number of employees	300 (maximum of 500)
7) Investment	Approx. 0.3 billion yen

■Inquiries concerning this matter

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