



EGH International Berhad

Room to Grow, Fit to Deliver

Valuation / Recommendation

We derive a **fair value of RM0.19 per share for EGH International Berhad (EGHI)**, based on an **11.5x P/E applied to our FY28E EPS of 1.62 sen**, implying a ~19% upside to its IPO price of RM0.16. Our multiple is benchmarked against the 10-year historical average P/E of local interior fit-out and home furnishing peers. We are positive on EGHI for its (i) robust RM313.5m order book as at 31 August 2026 with a healthy tender pipeline for replenishment, (ii) emerging B2C growth engine through IPO World, and (iii) strong hospitality track record, positioning it to benefit from Malaysia's tourism upcycle.

Investment Highlights

Order Book Replenishment Well Supported by Tender Pipeline. EGHI enters its listing with a secured order book of RM313.5m (as at 31 Aug 2026) across 18 ongoing projects, equivalent to 1.7x its FY26 revenue, of which RM155.9m is expected to be recognised in FY27E. Management guided that its tender book is about 2–3x its current order book, with a historical win rate of c.30%. This implies potential new awards of RM188m–RM282m, enough to fully replace FY27E billings and continuously grow its order book.

IPO World Poised as the Next Growth Engine. EGHI's B2C retail arm, IPO World, grew sales from RM1.1m in FY23 to RM5.7m in FY26, a 3-year CAGR of c.71%. Growth will be driven by an AI-enabled interior design platform, a partner-based distribution model with 50–60 partners already onboard, and additional showrooms, including a new Puchong head office part-funded by RM5.0m of IPO proceeds. This offers a retail income stream to complement its project-based earnings.

Riding on Malaysia's Hospitality Upcycle. Malaysia recorded 42.2m visitors in 2025, ahead of the Visit Malaysia 2026 campaign, while hotel rooms grew at a 3.3% CAGR between 2021 and 2025. With hotels and mixed developments contributing 73–77% of Group revenue between FY23 and FY25, anchored by the RM210.7m Park Hyatt Hotel @ Merdeka 118, and only a 2.8% share of a RM4.7bn market, EGHI is well positioned to capture rising hospitality fit-out demand.

Led by a Seasoned Management Team. EGHI is helmed by Group Managing Director Dato' Weslie and Group CEO Lim Seow Ni, who have over 25 and 22 years of industry experience respectively. They are backed by a senior management team with about 155 years of combined experience. This depth underpins the Group's ability to win tenders and deliver complex, high-specification projects on time and within budget.

Financial Highlights. Revenue grew at a 3-year CAGR of 5.0% to RM187.1m in FY26, driven by large hospitality projects such as Park Hyatt and Antara Genting. GP margin more than doubled from 9.2% to 20.0%, on value engineering and procurement savings. We forecast core net profit to rise from RM10.9m in FY26 to RM21.1m in FY29E, driven by order book conversion and new contract wins.

Risk Factors for EGH International Berhad include: (i) ability to replenish its order book through competitive tenders, (ii) material price volatility on fixed-price contracts, (iii) collection delays and working capital strain, and (iv) exposure to property and construction cycles.

IPO Note – Non-Rated

Research Team Coverage / research@mersec.com.my

Monday, October 5, 2026

ACE Market

Construction Sector

SUBSCRIBE

IPO Price: RM0.160

Fair Value: RM0.190

Business Overview

EGH International Berhad ("EGHI") is a Malaysia-based interior fit-out specialist providing end-to-end turnkey and design-and-build interior fit-out services, alongside the sale of furniture, fixtures and equipment (FF&E) and building materials. Over the last 15 years, the Group has completed interior fit-out works for more than 57 hotels and resorts, 20 healthcare facilities, 3 educational institutions and 5 airport lounges in Malaysia and overseas, supported by CIDB Grade 7 registrations across three subsidiaries. EGHI is seeking a listing on the ACE Market of Bursa Malaysia.

Listing Details

Listing date	16 October 2026
New Shares (m)	240.0
Offer for sale (m)	120.0
Fund to be raised (RM m)	38.40

Post Listing

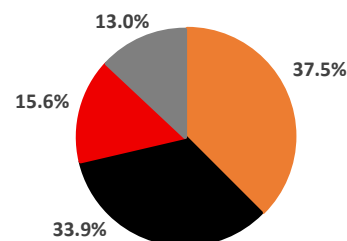
Ordinary shares (m)	1,000.0
Market cap (RM m)	160.0
Estimated free float (%)	36.0
P/E(x) (Based on prospectus)	14.68x

Top Shareholder

	%
Dato' Weslie	31.31
Dato' Doh Jee Ming	25.24
Lim Seow Ni	7.45

Utilization of Proceeds

	RM'm
Repayment of Borrowings	14.4
General Working Capital	13.0
Defraying the Listing Expenses	6.0
Construction of New Head Office, Warehouse and Showroom	5.0



FYE Mar (RM'm)	FY26A	FY27E	FY28E	FY29E
Revenue	187.1	236.8	252.3	299.5
EBITDA	23.2	22.3	30.4	36.3
EBIT	21.9	20.7	28.7	34.5
PBT	15.2	13.2	21.3	27.6
Core Net Profit	10.9	14.6	16.2	21.1
Core EPS (sen)*	1.09	1.46	1.62	2.11
Core EPS Growth (%)	51.1%	34.1%	11.2%	29.9%
Net DPS (sen)*	-	-	-	-
Net Div. Yield (%)*	0.0%	0.0%	0.0%	0.0%
BVPS (sen)*	3.2	8.0	9.7	11.8
PER (Using IPO price)	14.7	10.9	9.8	7.6
PBV (x) (Using IPO price)	5.0	2.0	1.7	1.4
Net Gearing	1.8	0.6	0.2	0.0

*Based on enlarged issued share capital.

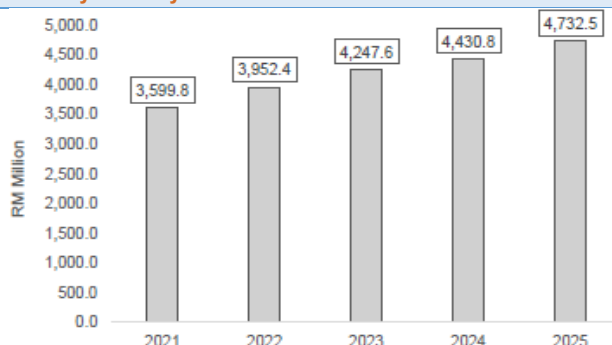
Company Overview

EGH International Berhad ("EGHI") is an interior fit-out specialist focusing on hospitality, healthcare, residential and commercial projects. It also supplies furniture, fixtures and equipment (FF&E) and building materials. Over the last 15 years, the Group has completed interior fit-out works for more than 57 hotels and resorts, 20 healthcare facilities, 3 educational institutions and 5 airport lounges, in Malaysia as well as overseas markets including Cambodia, India and Hong Kong. The Group operates through two business segments: **(i) Provision of Interior Fit-Out Services** and **(ii) Sale of FF&E and Building Materials**, which contributed 92.1% and 7.9% of revenue respectively in FY26. The Interior Fit-Out Services segment offers end-to-end solutions on a turnkey execution or design-and-build basis, led by its principal tendering subsidiary, ECO Interiors. It is supported by ECO Industries for woodworks and ECO Electrical for electrical installation and subcontractor coordination. Meanwhile, the Sale of FF&E and Building Materials segment is driven by M World, the Group's sourcing and procurement arm, which manages relationships with local and overseas suppliers, including manufacturers in the People's Republic of China (PRC), and tenders for its own supply contracts. It also includes IPO World, the Group's B2C retail arm, which markets these products to interior designers, contractors and retail customers through its showroom in Puchong. ECO Interiors, ECO Electrical and M World are registered as CIDB Grade 7 contractors, allowing them to tender for projects of unlimited value in Malaysia.

Industry Overview

Interior Fit-Out Industry Poised for Sustained Growth. According to *Infobusiness Research*, revenue in Malaysia's interior fit-out industry expanded from RM3.6bn in 2021 to RM4.7bn in 2025, a CAGR of 7.1% (refer to Figure 1 below). This growth came despite the impact of the Movement Control Order in 2021, which was partly offset by a surge in demand from e-commerce, logistics and warehousing facilities. Looking ahead, demand for interior fit-out services is expected to increase further to RM6.1bn by 2030, a CAGR of 5.2%, driven by the expansion of the property market and growing awareness of the benefits of interior fit-out among property owners, building managers and developers. With EGHI holding a 2.8% market share in 2025, we believe the Group has ample room to expand its footprint in a growing market.

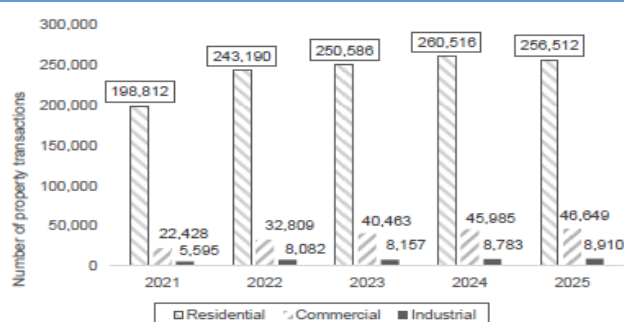
Figure 1: Revenue in the Interior Fit-out Industry in Malaysia



Source: Infobusiness Research, IMR Report

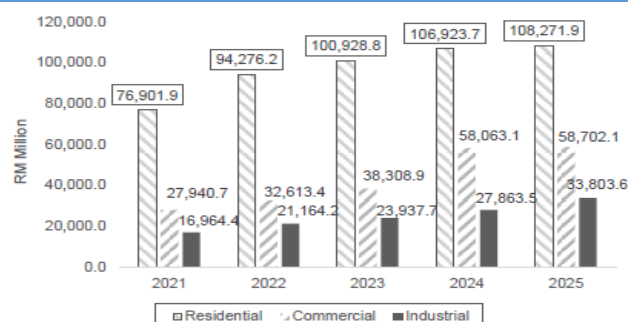
Property Market as the Key Demand Driver. Demand for interior fit-out services is closely correlated with the performance of the property market. Between 2021 and 2025, commercial property transactions in Malaysia grew at the fastest pace, a CAGR of 20.1% by volume and 20.4% by value, followed by industrial properties at 12.3% and 18.8%, and residential properties at 6.6% and 8.9% respectively (refer to Figure 2 and 3 below). Beyond transaction growth, property developers are increasingly working with interior fitters to differentiate their projects, using well-designed interiors and show units to attract buyers and enhance property values. This bodes well for EGHI, given its exposure to mixed development and serviced apartment projects undertaken for developers, including the RM118.9m Armani Hallson KLCC and the RM87.1m Xin Tian Di Serviced Apartment projects.

Figure 2: A Growing Property Market in Terms of Number of Transactions



Source: National Property Information Centre, Infobusiness Research

Figure 3: An Expanding Property Market in terms of Value of Transactions



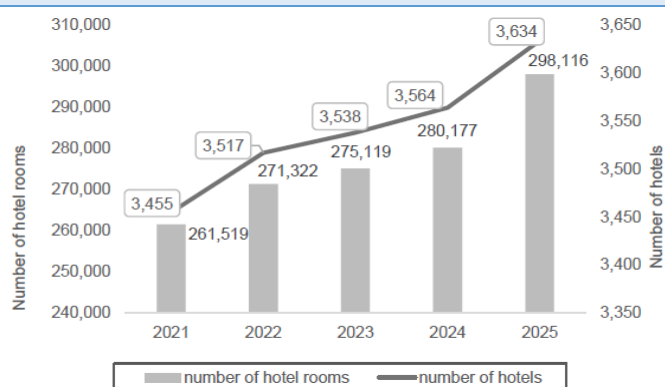
Source: National Property Information Centre, Infobusiness Research



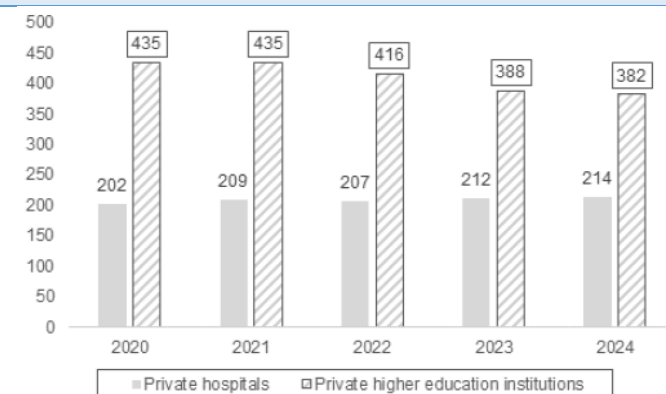
Supportive Demand from Hospitality, Healthcare and Urbanisation. Demand is further supported by EGHl's key end-user segments. The number of hotel rooms in Malaysia expanded at a CAGR of 3.3% between 2021 and 2025, driven by the rising inflow of foreign and domestic tourists, while the number of private hospitals grew at a CAGR of 1.5% between 2020 and 2024 (refer to Figure 4 and 5 below). Both segments require a high degree of interior fit-out to deliver guest comfort and a conducive environment for patients. These are EGHl's core markets, with the Group having completed more than 57 hotels and resorts and 20 healthcare facilities. In addition, Malaysia's urbanisation rate rose from 74.3% in 2015 to about 77.0% in 2025, fuelling demand for modern, space-efficient fit-out solutions. Alongside this, the industry is increasingly adopting digital technologies such as virtual and augmented reality to help clients visualise spaces. This trend aligns well with IPO World's AI-enabled interior design platform.

Figure 4: Increasing Demand for Hotel Rooms

Figure 5: Demand from Private Hospitals and Private Higher Education Institutions



Source: National Property Information Centre, Infobusiness Research



Source: Ministry of Health and Ministry of Higher Educations, Infobusiness Research

Industry Headwinds. The industry remains highly dependent on the property market, whose performance is influenced by factors such as interest rates, consumer sentiment and broader economic conditions. The industry is also reliant on imported building materials, particularly from the PRC due to more competitive pricing, leaving players vulnerable to supply chain disruptions that may affect project delivery schedules. This is relevant to EGHl, which sources part of its FF&E from PRC-based suppliers, although its exposure is moderated by its reliance on local suppliers, with 97.9% of FY26 purchases denominated in ringgit. In addition, the industry depends on semi-skilled tradesmen such as carpenters, electricians and plumbers, who may not be readily available during peak periods such as before the Chinese New Year holiday season. Demand for skilled personnel, including interior design graduates and project coordinators, may also exceed supply as the market expands.

Investment Merits

Order Book Replenishment Well Supported by Tender Pipeline. EGHl enters its listing with a secured order book of RM313.5m as at 31 August 2026, across 18 ongoing projects (refer to Figure 6 below), which account for 1.7x of its FY26 revenue of RM187.1m. Of this, RM155.9m is expected to be recognised in FY27E. Behind this, management guided that its tender book is about 2–3x its current order book, supported by a historical win rate of c.30%. On our estimates, this implies potential new awards of RM188m–RM282m. That is enough to fully replace the revenue to be billed in FY27E, with a further RM32m–RM126m of surplus that would expand the order book. This positions EGHl to **continuously replenish and grow its order book**, rather than merely running down its existing backlog, underpinning a sustainable revenue base over the medium term and reducing reliance on any single landmark contract to drive earnings growth.

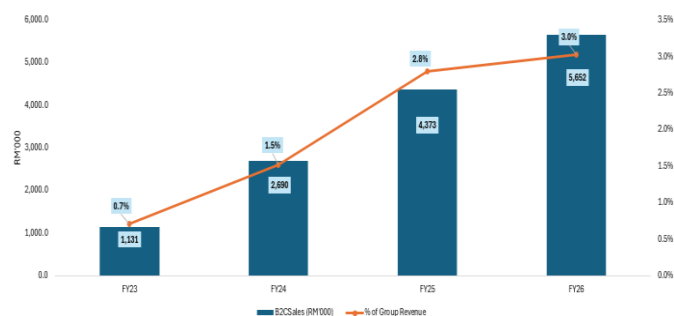
Figure 6: EGHl's Unbilled Order Book by State and Expected Revenue Recognition (as at LPD)

State	Remaining Unbilled Revenue (RM'm)	% of Total	No. of Projects	Revenue to be Recognised in FY27E	Revenue to be Recognised in FY28E
Kuala Lumpur	156.3	49.9%	6	49.3	47.6
Selangor	72.34	23.1%	5	34.6	17.9
Pahang	65.41	20.9%	2	52.6	12.8
Johor	9.68	3.1%	1	9.7	0.0
Kedah	5.93	1.9%	1	5.9	0.0
Perak	3.66	1.2%	1	3.7	0.0
Kelantan	0.09	0.0%	1	0.1	0.0
Sabah	0.08	0.0%	1	0.1	0.0
Total	313.5	100.0%	18	155.9	78.2

Source: EGHl's IPO Prospectus, Mercury Securities Estimates

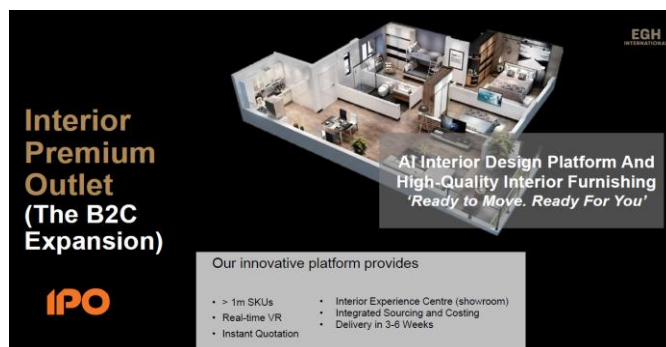
IPO World Poised as the Next Growth Engine. EGHl is building a second growth avenue through IPO World, its B2C retail arm, which trades under the "Interior Premium Outlet" brand. B2C sales grew from RM1.1m in FY23 to RM5.7m in FY26, a **3-year CAGR of c.71%**, lifting its share of Group revenue from 0.7% to 3.0% (refer to Figure 7 below). Growth will be driven by three key levers: (i) an AI-enabled interior design platform offering over 1m SKUs, real-time VR and instant quotations (refer to Figure 8 below); (ii) a partner-based distribution model with independent designers, contractors and property agents; and (iii) additional showrooms, including a new head office, warehouse and showroom in Puchong part-funded by RM5.0m of IPO proceeds. Management shared that the segment is already profitable (although in the early stage), with 50–60 partners onboard ahead of its official launch. According to IMARC Group, Malaysia's home decor market is projected to grow from USD3.3bn in 2024 to USD4.6bn by 2033. IPO World therefore offers EGHl a retail income stream to complement its project-based earnings, while positioning the Group to capture a larger share of this growing market.

Figure 7: IPO World's B2C Sales and Contribution to Group Revenue (FY23–FY26)



Source: EGHl's IPO Prospectus, Mercury Securities

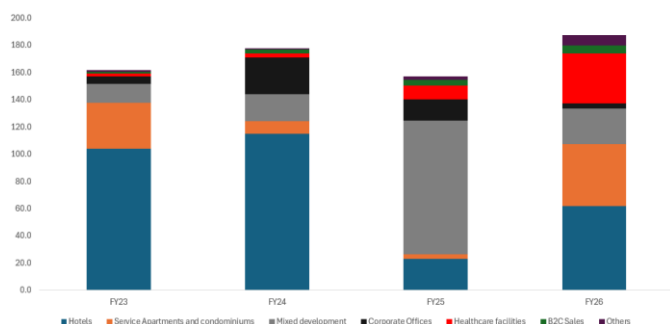
Figure 8: Interior Premium Outlet – AI-Enabled Interior Design and Retail Platform



Source: Company

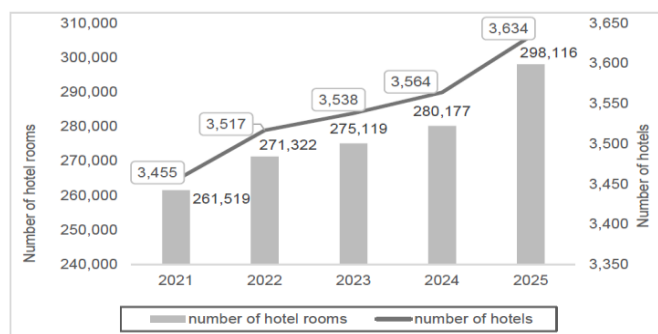
Riding on Malaysia's Hospitality Upcycle. EGHl stands to benefit from the growth in Malaysia's tourism sector. According to Tourism Malaysia, the country recorded 42.2m visitors in 2025, up 11.2% YoY and 20.4% above 2019 levels, ahead of the Visit Malaysia 2026 campaign. Higher arrivals are driving new hotel supply, with hotel rooms in Malaysia rising from 261,519 in 2021 to 298,116 in 2025, a CAGR of 3.3% (refer to Figure 10 below). Every new hotel room requires fit-out and furnishing, supporting demand for interior fit-out services in Malaysia, which Infobusiness Research projects will grow from RM4.7bn in 2025 to RM6.1bn by 2030, a CAGR of 5.2%. EGHl is well positioned to capture this demand, as hotels and mixed developments have been its core market, contributing 73–77% of Group revenue between FY23 and FY25 (refer to Figure 9 below), anchored by the RM210.7m Park Hyatt Hotel @ Merdeka 118. With only a 2.8% market share in 2025, EGHl has ample room to grow its share of hospitality fit-out.

Figure 9: EGHl's Revenue Breakdown by Project Type (FY23–FY26, RM'm)



Source: EGHl's IPO Prospectus, Mercury Securities

Figure 10: Increasing Demand for Hotel Rooms in Malaysia (CY2021–CY2025)



Source: Infobusiness Research's IMR Report

Led by a Seasoned Management Team. EGHl is helmed by an experienced leadership team with deep roots in the interior fit-out industry. Group Managing Director Dato' Weslie has over 25 years of experience in interior design and fit-out. Since taking over ECO Interiors in 2010, he has led the Group's growth from mid-sized commercial works to landmark projects such as the RM210.7m Park Hyatt Hotel @ Merdeka 118. He is supported by Group CEO Lim Seow Ni, who has over 22 years of industry experience across project execution, operations and business development, including large-scale international interior projects. The pair are backed by a senior management team with over 150 years of combined industry experience spanning project delivery, contracts, design, procurement and finance (refer to Figure 11 and 12 below). This depth of experience matters in a project-based business, as it underpins EGHl's ability to win tenders, manage complex high-specification projects and deliver them on time and within budget, sustaining the client relationships and repeat business that drive its order book.

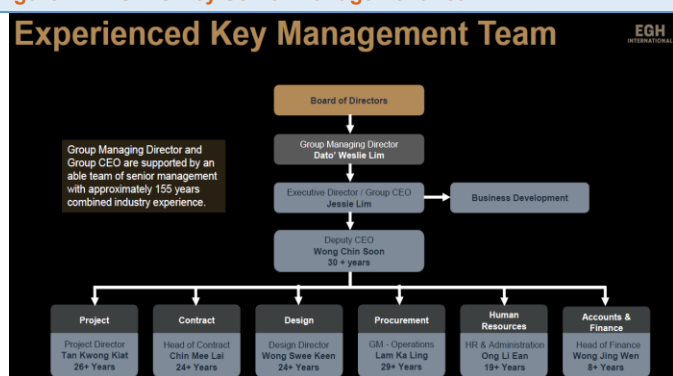


Figure 11: EGH's Experienced Leadership



Source: Company

Figure 12: EGH's Key Senior Management Team



Source: Company

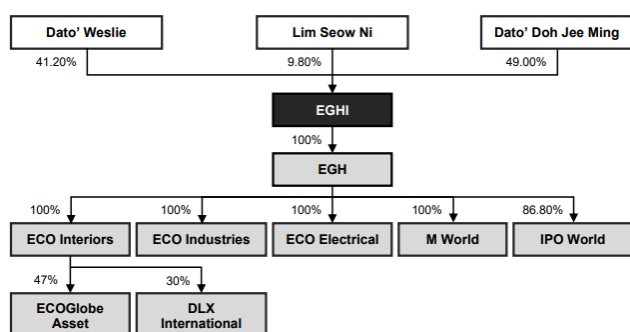
IPO Details

	Offer for Sale (m)	Public Issue (m)	Total (m)	(%)
Retail Offering				
Bumiputera Public Investors	-	25.00	25.00	2.50
Non-Bumiputera Public Investors	-	25.00	25.00	2.50
Eligible Persons	-	30.00	30.00	3.00
Private Placement				
Institutional and Selected Investors	120.00	160.00	280.00	28.00
Total	120.00	240.00	360.00	36.00

Source: EGH's IPO Prospectus

Figure 13: Pre-IPO Corporate Structure

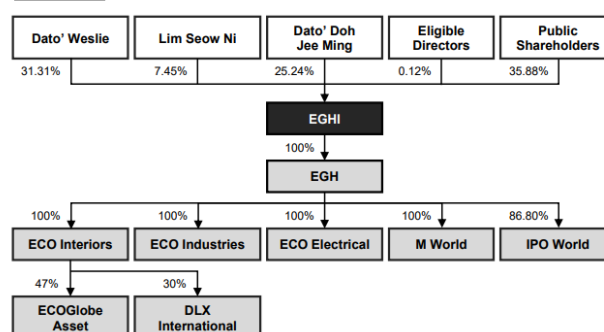
Before our IPO



Source: EGH's IPO Prospectus

Figure 14: Post-IPO Corporate Structure

After our IPO



Source: EGH's IPO Prospectus

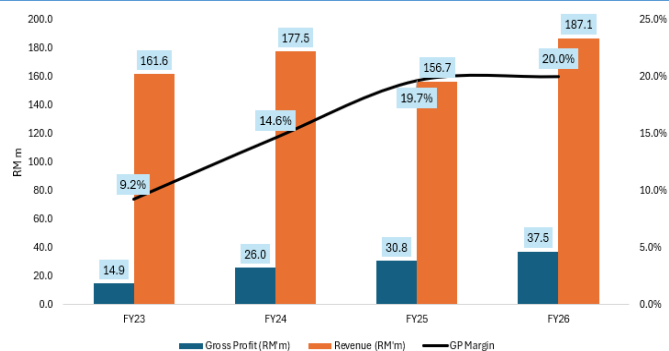
Financial Highlights

EGH's revenue has grown steadily over the period under review, driven primarily by its interior fit-out services segment, with YoY movements largely reflecting the timing of progress billings on major projects. Topline rose from RM161.6m in FY23 to RM187.1m in FY26, a 3-year CAGR of 5.0% (refer to Figure 15 below). In FY24, revenue grew 9.8% YoY to RM177.5m on higher work progress for the MNC Corporate Office, Park Hyatt Hotel @ Merdeka 118 and Antara Genting projects. Revenue then declined 11.7% YoY to RM156.7m in FY25 as the Park Hyatt and MNC Corporate Office projects neared completion, partially offset by higher contributions from Antara Genting. Growth resumed in FY26, with revenue up 19.4% YoY to RM187.1m. This was driven by stronger progress on the Sabah Resort, Ren Wellness Retreat and Ren Hotel, Cameron Highlands Serviced Apartment and Nautilus Hotel by Hilton @ Langkawi projects, as well as a RM21.4m contribution from the newly secured Xin Tian Di Serviced Apartment project. As a result, interior fit-out services' share of revenue rose from 82% in FY23 to 92.1% in FY26, while FF&E and building materials sales fell to 7.9% as the Antara Genting and Park Hyatt supply contracts wound down.



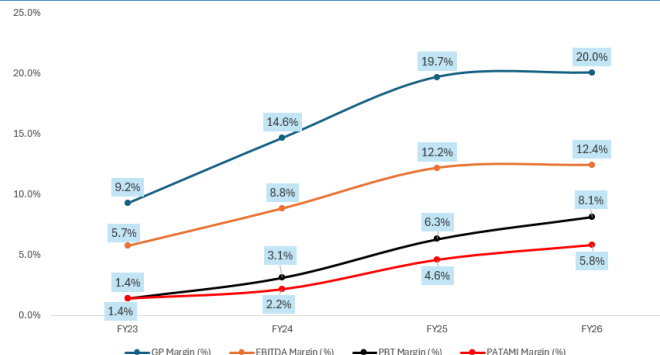
Profitability improved markedly over the period under review, with margins expanding at every level on the back of better project execution and cost management. Gross profit grew from RM14.9m in FY23 to RM37.5m in FY26, a 3-year CAGR of 35.8%, while GP margin more than doubled from 9.2% to 20.0% (refer to Figure 16 below). The FY24 improvement came from value engineering cost savings on the MNC Corporate Office project, a full-year contribution from Antara Genting, and procurement savings on Park Hyatt Hotel @ Merdeka 118, where materials were sourced below budget. GP margin widened further to 19.7% in FY25, mainly as FF&E and building materials margin rose to 33.6% on continued procurement savings at Park Hyatt. In FY26, GP margin edged up to 20.0% as interior fit-out margin improved to 19.0%, driven by higher work progress on Park Hyatt. Below the gross profit line, finance costs eased from RM8.1m in FY24 to RM6.8m in FY26 following the RM17.0m term loan repayment for Antara Genting. As a result, PBT rose from RM2.3m in FY23 to RM15.2m in FY26, with PBT margin expanding from 1.4% to 8.1%, while PATAMI margin improved from 1.4% to 5.8% (refer to Figure 16 below).

Figure 15: Revenue Trend (RM m) and YoY Growth (%)



Source: EGH's IPO Prospectus, Mercury Securities

Figure 16: Profitability Margins (%)

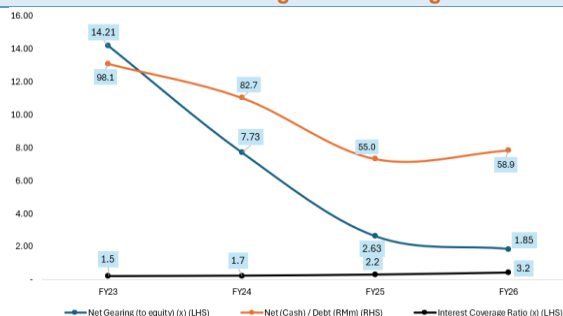


Source: EGH's IPO Prospectus, Mercury Securities

Leverage Elevated but Steadily Improving, with IPO Proceeds to Further Deleverage. EGH carries a relatively geared balance sheet, typical of a contractor funding project working capital through bank facilities. Encouragingly, leverage has improved significantly over the period under review. Total borrowings fell from RM110.7m in FY23 to RM84.6m in FY26, mainly due to the full settlement of a RM61.5m post-shipment buyer loan in FY24 and the subsequent repayment of term loans tied to the Park Hyatt and Antara Genting projects. At the same time, accumulated losses narrowed from RM32.3m to RM12.3m on improving profitability. Together, these brought net gearing down from 14.2x in FY23 to 1.9x in FY26, comfortably within its 4.5x bank covenant, while interest coverage strengthened from 1.5x to 3.2x as earnings grew and finance costs eased (refer to Figure 17 below). That said, about 80% of borrowings (RM67.8m) is short-term, comprising mainly trust receipts, bank overdrafts, revolving credits and working capital term loans used to fund ongoing projects. Post-listing, RM14.4m (37.5%) of the RM38.4m IPO proceeds is earmarked for borrowing repayment, which, together with the enlarged equity base from the Public Issue, should materially strengthen EGH's balance sheet.

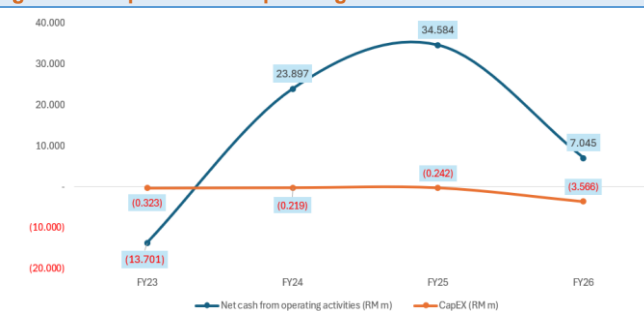
Cash Generation Lumpy, Reflecting Project Billing Cycles. EGH's operating cash flow has been uneven, swinging from an outflow of RM13.7m in FY23 to inflows of RM23.9m in FY24 and RM34.6m in FY25, before moderating to RM7.0m in FY26 (refer to Figure 18 below). This mainly reflects the timing of billings and collections on large projects rather than underlying profitability. The FY23 outflow was driven by RM24.7m of unbilled work on the Park Hyatt and Bukit Bintang Hotel projects pending client certification. Cash flow rebounded strongly in FY24 and FY25 as this work was billed and the Group collected upfront customer advances, including RM7.8m for the Hyatt Place and Park Hyatt projects. In FY26, despite operating profit before working capital changes of RM22.9m, operating cash flow moderated. This was because contract assets rose by RM27.8m on unbilled work for the Xin Tian Di and Ren Wellness Retreat and Ren Hotel projects, while contract liabilities fell by RM14.6m as earlier deposits were recognised. Meanwhile, capex has been minimal at RM0.2–0.3m a year between FY23 and FY25, rising to RM3.6m in FY26 for showroom renovation and development order fees for the new head office and warehouse. This asset-light model means operating cash flow has comfortably covered capex since FY24, while the RM13.0m of IPO proceeds earmarked for working capital should help smooth future billing-cycle swings.

Figure 17: Balance Sheet Strength and Leverage Profile



Source: EGH's IPO Prospectus, Mercury Securities

Figure 18: Capex vs. Net Operating Cash Flow

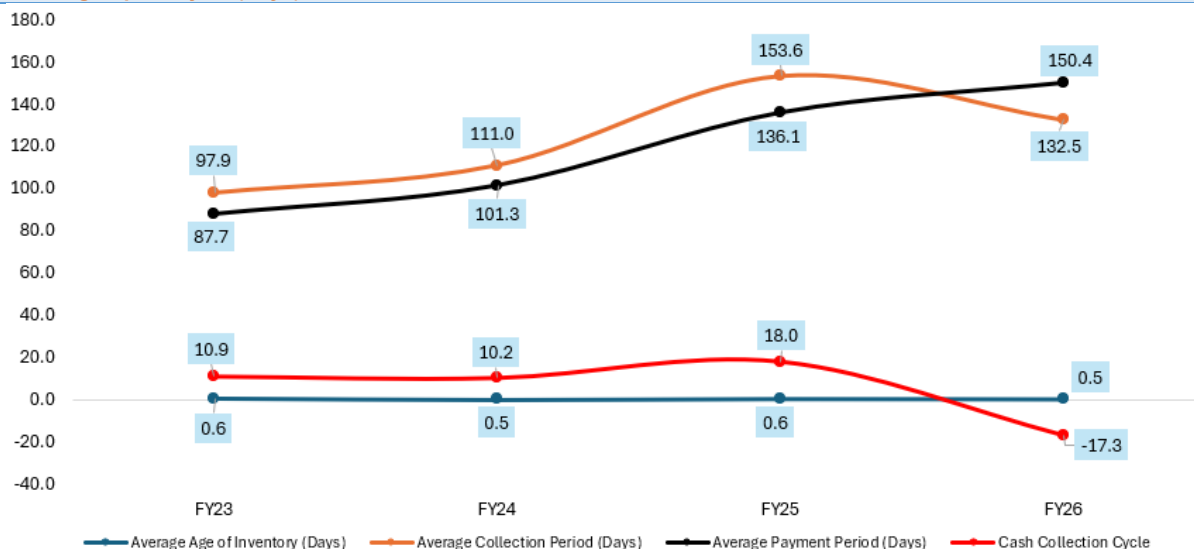


Source: EGH's IPO Prospectus, Mercury Securities



Working Capital Trend. EGHl's average collection period lengthened from 97.9 days in FY23 to 153.6 days in FY25, before improving to 132.5 days in FY26. The elevated level mainly reflects retention sums, which are typically recoverable only upon expiry of the defect liability period and accounted for 52.4% of trade receivables as at FY26. Excluding these, the Group's underlying collection period was a shorter 25–33 days, within its 30–60 day credit terms, supported by more timely progress billings and closer monitoring of receivables. The average payment period similarly rose from 87.7 days in FY23 to 150.4 days in FY26. This was due to higher accruals for project purchases not yet invoiced by suppliers in FY25, and higher amounts payable to subcontractors near the financial year-end in FY26. Inventory remained immaterial at about 0.5 days, comprising mainly leftover FF&E retained for rectification works. Consequently, the cash conversion cycle stayed within a narrow 10–18 day range between FY23 and FY25, before turning negative at –17.3 days in FY26 (refer to Figure 19 below). This signals suppliers' and subcontractors' confidence in the Group's projects and payment track record, as reflected in their willingness to extend longer credit.

Figure 19: Working Capital Cycle (Days)



Source: EGHl's IPO Prospectus, Mercury Securities

*Average Age of Inventory, Collection Period and Payment Period is calculated on total basis

Revenue Forecasted to Accelerate on Order Book Conversion and New Wins. We forecast EGHl's revenue to grow from RM187.1m in FY26 to RM299.5m in FY29E, a 3-year CAGR of 12.5%, well above the 5.0% recorded between FY23 and FY26 (refer to Figure 22 below). FY27E revenue is expected to rise 26.6% YoY to RM236.8m, driven by its RM313.5m order book as at 31 August 2026, of which RM155.9m is to be recognised in FY27E, supported by the commencement of the RM118.9m Armani Hallson KLCC project in January 2027. Growth moderates to 6.5% in FY28E as revenue recognition from the existing order book tapers from RM155.9m to RM78.2m, before re-accelerating 18.7% in FY29E as new contract wins convert. Our forecasts assume a 30% tender win rate, in line with management's historical guidance, and an order book replenishment rate of 83.8% (refer to Figure 21 below). These are supported by demand for interior fit-out services growing at a 5.2% CAGR to RM6.1bn by 2030 and enhanced capacity from its new Puchong head office by 2Q2028. Further upside may come from a faster-than-expected ramp-up of IPO World's B2C segment, as we conservatively estimate average annual revenue of RM0.5m per trained dealer, supported by a conservative estimation of 59/200/400 total dealers for FY27E/FY28E/FY29E.

Profitability Expected to Improve Gradually. We estimate GP margin to hold at 20.0% across FY27E–FY29E, in line with FY26A. The Group's greater focus on its FF&E & building materials, including the B2C business under IPO World, should support margins as this segment consistently earns GP margins about 13–19ppts above interior fit-out services. However, moving forward we expect inflationary pressure to mitigate future GP enhancement. Labour charges accounted for c.32% of FY26 cost of sales. The Group's exposure comes directly through its 102 foreign site workers and, more significantly, indirectly via subcontractor pricing. EBITDA margin is expected to dip to 9.4% in FY27E from 12.4% in FY26, mainly due to one-off listing expenses estimated at RM6.0m in total, before recovering to 12.0% in FY28E and 12.1% in FY29E. We also impute a rising funding cost for FY27E–FY28E, before assuming it to normalise in FY29E. Accordingly, PBT margin eases to 5.6% in FY27E before improving to 8.4% in FY28E and 9.2% in FY29E, still supported by lower finance costs following the RM14.4m repayment of borrowings using IPO proceeds. Consequently, **core net profit is forecast to grow from RM10.9m in FY26 to RM14.6m in FY27E, RM16.2m in FY28E and RM21.1m in FY29E, with core net margin improving from 5.8% to 7.0%, assuming a statutory tax rate of 24%.**



Figure 20: EGHI's Historical and Forecasted Financials

	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue	161.6	177.5	156.7	187.1	236.8	252.3	299.5
Gross Profit	14.9	26.0	30.8	37.5	47.4	50.5	59.9
EBITDA	9.3	15.7	19.1	23.2	22.3	30.4	36.3
EBIT	7.2	13.6	17.8	21.9	20.7	28.7	34.5
PBT	2.3	5.5	9.8	15.2	13.2	21.3	27.6
Core Net Profit	2.3	3.9	7.2	10.9	14.6	16.2	21.1
Core EPS (sen)*	0.23	0.39	0.72	1.09	1.46	1.62	2.11
Core EPS Growth (%)	-	70.3%	87.1%	51.1%	34.1%	11.2%	29.9%
Net DPS (sen)*	-	-	0.20	-	-	-	-
Net Div. Yield (%) *	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%
BVPS (sen)*	0.7	1.1	2.1	3.2	8.0	9.7	11.8
PER (Using IPO price)	70.6	41.5	22.2	14.7	10.9	9.8	7.6
PBV (x) (Using IPO price)	23.2	14.9	7.7	5.0	2.0	1.7	1.4
Net Gearing	14.2	7.7	2.6	1.8	0.6	0.2	0.0

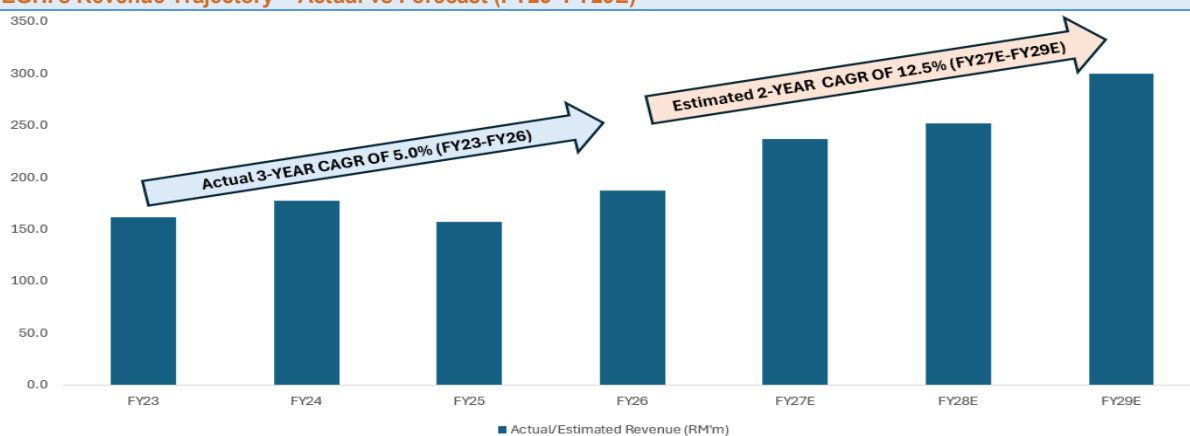
*Based on enlarged issued share capital.

Figure 21: Mercury Securities' Key Assumptions for EGHI

Mercury Assumptions	FY27E	FY28E	FY29E
Order Books Replenishment Rate	83.8%	83.8%	83.8%
Revenue Recognition Rate	48.0%	48.0%	48.0%
Order Book Coverage Ratio	1.1x	1.1x	1.1x
Estimated Tender Book Win Rate %	30%	30%	30%

Source: Based on Mercury Securities Estimate

Figure 22: EGHI's Revenue Trajectory – Actual vs Forecast (FY23–FY29E)



Source: EGHI's IPO Prospectus, Mercury Securities Estimate

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**Valuation**

At the IPO price of RM0.16 per share, EGHI is valued at a market capitalisation of RM160.0m, implying a 14.7x P/E based on FY26 core EPS of 1. sen. **We derive a fair value of RM0.19 per share, based on an 11.5x P/E applied to our FY28E EPS of 1.62 sen, implying a ~19% upside to its IPO price.** Our target multiple is benchmarked against the 10-year historical average P/E of selected local interior fit-out and home furnishing peers, namely (i) Yoong Onn Corp, (ii) Poh Huat Resources, (iii) Homeritz Corp, (iv) Sorento Capital and (v) Signature International. We believe these peers provide a reasonable valuation reference given EGHI's dual exposure to interior fit-out works and FF&E supply, as well as its expanding B2C retail arm.

10-Year Historical P/E Average of Local Peers (x)

Company	Bloomberg Ticker	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average P/E
Yoong Onn Corp Bhd	YOCB MK	9.6	7.4	7.7	7.1	6.5	5.3	5.5	11.2	11.9	7.0	7.9
Poh Huat Resources Holdings Bhd	PHR MK	7.7	6.8	6.6	8.0	12.0	4.3	13.8	12.5	18.4	N/A	10.0
Homeritz Corp Bhd	HMCB MK	9.1	10.0	8.6	8.3	10.4	5.2	8.6	7.9	8.3	N/A	8.5
Sorento Capital Bhd	SORENTO MK	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.6	18.0	14.3
Signature International Bhd	SIGN MK	10.3	19.0	44.0	N/A	34.1	24.1	10.6	11.2	10.8	N/A	20.5
Simple Avg.		9.2	10.8	16.7	7.8	15.8	9.7	9.6	10.7	12.0	12.5	11.5

Source: Bloomberg, Mercury Securities

Profitability Margin and Return Ratios Comparison

Company	Bloomberg Ticker	Share price	Mkt Cap	Margin (%)				%		
		(RM)	(RMm)	GP	EBITDA	PBT	PAT	ROE	ROA	ROC
Yoong Onn Corp	YOCB MK	1.400	209.4	50.5	22.8	15.3	11.4	10.0	8.3	10.0
Poh Huat Resources Holdings	PHR MK	0.640	172.2	14.4	5.4	4.1	3.2	(2.1)	(1.8)	(2.0)
Homeritz Corp	HMCB MK	0.405	174.4	N/A	12.6	16.2	12.2	7.3	6.7	8.9
Sorento Capital	SORENTO MK	0.675	563.3	45.2	26.1	22.5	16.7	20.1	15.1	16.4
Signature International	SIGN MK	1.340	865.0	32.3	17.9	15.5	8.7	16.4	5.6	11.9
Simple Avg.				35.6	17.0	14.7	10.4	10.3	6.8	9.1
EGH International		0.160	160.0	20.0	12.4	8.1	5.8	41.4	6.0	9.8

Source: Bloomberg, Mercury Securities

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SWOT Analysis

S STRENGTHS	W WEAKNESS
Proven Hospitality Track Record. Over 15 years, EGHl has completed fit-out works for more than 57 hotels and resorts, 20 healthcare facilities and 5 airport lounges. These include landmark projects such as the RM210.7m Park Hyatt Hotel @ Merdeka 118 and the RM143.2m Antara Genting projects. This portfolio is a strong credential when tendering for large-scale, high-specification hospitality projects. Unlimited Tendering Capacity. ECO Interiors, ECO Electrical and M World are all registered as CIDB G7 contractors, allowing the Group to bid for projects of unlimited value. ECO Interiors also holds SPKK registration, which allows it to tender for government projects of unlimited value. These registrations create a meaningful barrier against smaller competitors. Integrated Fit-Out and Procurement Model. Unlike pure fit-out contractors, EGHl owns an in-house sourcing and procurement arm through M World, which manages relationships with local and PRC suppliers and consolidates orders for cost efficiency. This vertical integration supports project margins and enables the higher-margin FF&E segment, which recorded a 31.8% GP margin in FY26 against 19.0% for fit-out services.	Thinner Margins than Peers. EGHl's GP and PAT margins of 20.0% and 5.8% in FY26 trail most listed fit-out peers, such as Inspace (30.7% and 10.7%) and Adnex (23.8% and 9.8%). This reflects the competitive tender environment for large-scale hospitality projects and leaves the Group with less buffer against cost overruns. Leveraged Balance Sheet. Despite steady deleveraging, the Group still carried RM84.6m of borrowings in FY26, about 80% of which is short-term, alongside accumulated losses of RM12.3m. This leaves EGHl more sensitive to interest rate movements and reliant on continued access to bank facilities to fund project working capital. Lumpy Earnings and Cash Flow. As a project-based business, revenue and cash flow depend heavily on the timing of contract awards, client certification and progress billings. This was evident in the 11.7% revenue decline in FY25 as major projects neared completion, and in operating cash flow swinging from an outflow of RM13.7m in FY23 to an inflow of RM34.6m in FY25, before moderating to RM7.0m in FY26.
T THREATS	O OPPORTUNITIES
Property Market Cyclicity. Demand for interior fit-out services is closely tied to the property market, which is sensitive to interest rates, consumer sentiment and broader economic conditions. A slowdown in construction or property launches could delay new projects and weigh on EGHl's ability to replenish its order book. Material Price and Supply Chain Risk. The industry relies heavily on imported building materials and FF&E, particularly from the People's Republic of China (PRC), and EGHl sources part of its FF&E from PRC-based suppliers. With most of the Group's projects on fixed-price contracts, rising material costs, ringgit weakness or logistics disruptions after contract award may not be recoverable from clients, compressing margins. Labour Shortages and Intense Competition. The industry is highly fragmented, with 938 CIDB G7 contractors registered for interior decoration works, which keeps pricing competitive for large tenders. At the same time, shortages of skilled personnel and semi-skilled tradesmen, particularly during peak periods such as before Chinese New Year, could raise subcontractor costs or delay project delivery.	Tourism-Driven Hospitality Upcycle. Malaysia recorded a record 42.2m visitors in 2025, setting a strong base for the Visit Malaysia 2026 campaign, while hotel rooms expanded at a CAGR of 3.3% between 2021 and 2025. Continued growth in new hotel openings and refurbishments plays directly into EGHl's core hospitality expertise. Expanding Fit-Out Market. Demand for interior fit-out services in Malaysia is projected to grow from RM4.7bn in 2025 to RM6.1bn by 2030, a CAGR of 5.2%. This is supported by strong property market activity, particularly commercial transactions, which grew at a CAGR of 20.1% between 2021 and 2025. With only a 2.8% market share, EGHl has ample room to capture a larger share of this growing market. Scaling the B2C Retail Segment. Rising urbanisation, which reached 77.0% in 2025, and growing adoption of digital tools such as virtual reality in interior design open a sizeable consumer market for IPO World. Its AI-enabled design platform and partner-based distribution model, with 50–60 business partners already onboard, position the Group to expand beyond the Klang Valley into higher-margin retail sales.

Company Background

EGH International Berhad ("EGHI" or "the Group") was incorporated in Malaysia on 28 October 2025 as an investment holding company. Its operating history traces back to ECO Interiors, which was incorporated in August 2009 and acquired by Dato' Weslie in February 2010. Through its subsidiaries, the Group is principally involved in (i) the provision of interior fit-out services and (ii) the sale of furniture, fixtures and equipment (FF&E) and building materials, which contributed 92.1% and 7.9% of revenue respectively in FY26. Interior fit-out refers to transforming the interior of a building, such as a hotel, office, healthcare facility or residential development, from a bare shell into a functional, finished space. EGHI undertakes projects on either a turnkey execution basis, where it executes works based on designs provided by the client, or a design-and-build basis, where its in-house designers and project managers also develop the design concept. The Group's operations are anchored by ECO Interiors, its principal tendering entity for fit-out projects, supported by ECO Industries (woodworks), ECO Electrical (electrical installation and subcontractor coordination), M World (FF&E and building materials sourcing, procurement and supply tenders) and IPO World (B2C retail). Over more than 15 years, the Group has completed over 200 projects, including more than 57 hotels and resorts, 20 healthcare facilities, 3 educational institutions and 5 airport lounges, in Malaysia and overseas markets including Cambodia, India and Hong Kong. During FY23–FY26 and up to the LPD, EGHI was involved in 57 interior fit-out projects with a combined value of about RM829.9m. ECO Interiors, ECO Electrical and M World are registered as CIDB Grade 7 contractors with unlimited tendering capacity, while ECO Interiors also holds SPKK registration for government projects and ISO 9001:2015 certification.

Figure 23: Key Milestones (Part 1)

Year	Key Milestones
2010	Dato' Weslie and Lim Hoe Guan acquired 100% equity interest in ECO Interiors on 1 February 2010; Lim Seow Ni co-founded and joined as Operations Director in March 2010. Operations commenced from a rented shop office in Bandar Puchong Jaya, Puchong, Selangor.
2011	ECO Industries incorporated in January 2011 as the Group's in-house carpentry manufacturer. ECO Electrical incorporated in March 2011 as an electrical installation subcontractor. Lim Hoe Guan disposed of his 25.00% equity interest in ECO Interiors to Dato' Weslie.
2013	IPO World incorporated in November 2013 to expand into commercial and residential interior markets. M World incorporated in December 2013 as the Group's dedicated FF&E and building materials sourcing and procurement arm.
2014	Lim Seow Ni became a registered shareholder of ECO Interiors on 17 March 2014, following the transfer of a 5.00% equity interest from Dato' Weslie.
2018	IPO World transitioned from design-and-build services into the trading and retailing of FF&E and building materials. The Group relocated to its current 6-storey head office with integrated showroom and warehouse in Bandar Bukit Puchong, Puchong, Selangor in September 2018.
2019	ECO Interiors, ECO Industries, ECO Electrical, IPO World and M World were acquired by EGHI in December 2019, becoming wholly-owned subsidiaries; EGHI itself became a wholly-owned subsidiary of Aladdin World Sdn Bhd as part of a Group restructuring exercise.

Figure 24: Key Milestones (Part 2)

2020	Champ Smart Development Ltd, an indirect subsidiary of Hong Kong-listed Asia Allied Infrastructure Holdings Limited, became a 50.99% shareholder of EGHI in January 2020, while Dato' Weslie and Lim Seow Ni continued to lead Group management.
2022	ECO Interiors obtained ISO 9001:2015 certification for its quality management system covering interior fit-out services, construction, manufacturing and international supply chain.
2023	Shares in EGHI were restructured, resulting in Champ Smart divesting its investment and Dato' Doh Jee Ming emerging as a shareholder of EGHI.
2025	EGHI International Berhad ("EGHI") was incorporated in Malaysia as a public limited company on 28 October 2025, together with the Acquisition of EGHI and Share Split. In preparation for listing, Dato' Weslie and Clement Valentine Toh Shu Yen were appointed to the Board on 28 October 2025, followed by Lim Seow Ni on 3 November 2025, and Yee Chong Keat, Dato' Wee Cheng Kwan and Chin Man Yee on 18 December 2025.
2026	Datuk Dr. Dionysia @ Audrey Binti Aloysius Kibat was appointed Independent Non-Executive Chairperson on 27 February 2026. As at the LPD, the Group has completed 43 interior fit-out projects during the Period under Review (combined value –RM550 million) and holds a secured order book of approximately RM230 million ahead of its proposed listing on the ACE Market of Bursa Securities.

Source: EGHI's IPO Prospectus

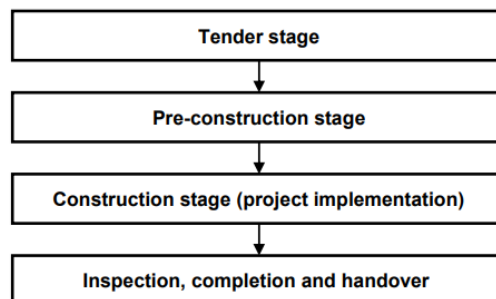
Source: EGHI's IPO Prospectus

Figure 25: Business Model

Business segments	Provision of interior fit-out services	Sale of FF&E and building materials
Products and services segments	End-to-end interior fit-out services (project basis) - Turnkey execution - Design and build	Wide range of FF&E and building materials
Customers	Project owners, main-contractors and subcontractors	Project owners, main-contractors, subcontractors, interior designers, and retail customers
Principal market	Malaysia ⁽¹⁾	

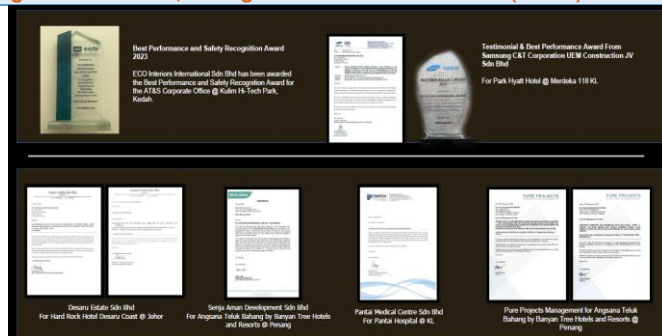
Source: EGHI's IPO Prospectus

Figure 26: Process Flow of the Business



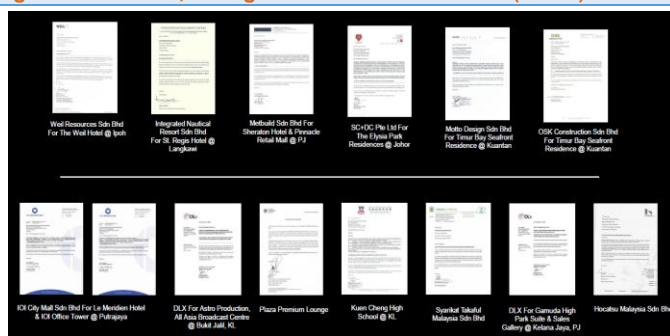
Source: EGHI's IPO Prospectus

Figure 27: Awards, Recognitions and Testimonials (Part 1)

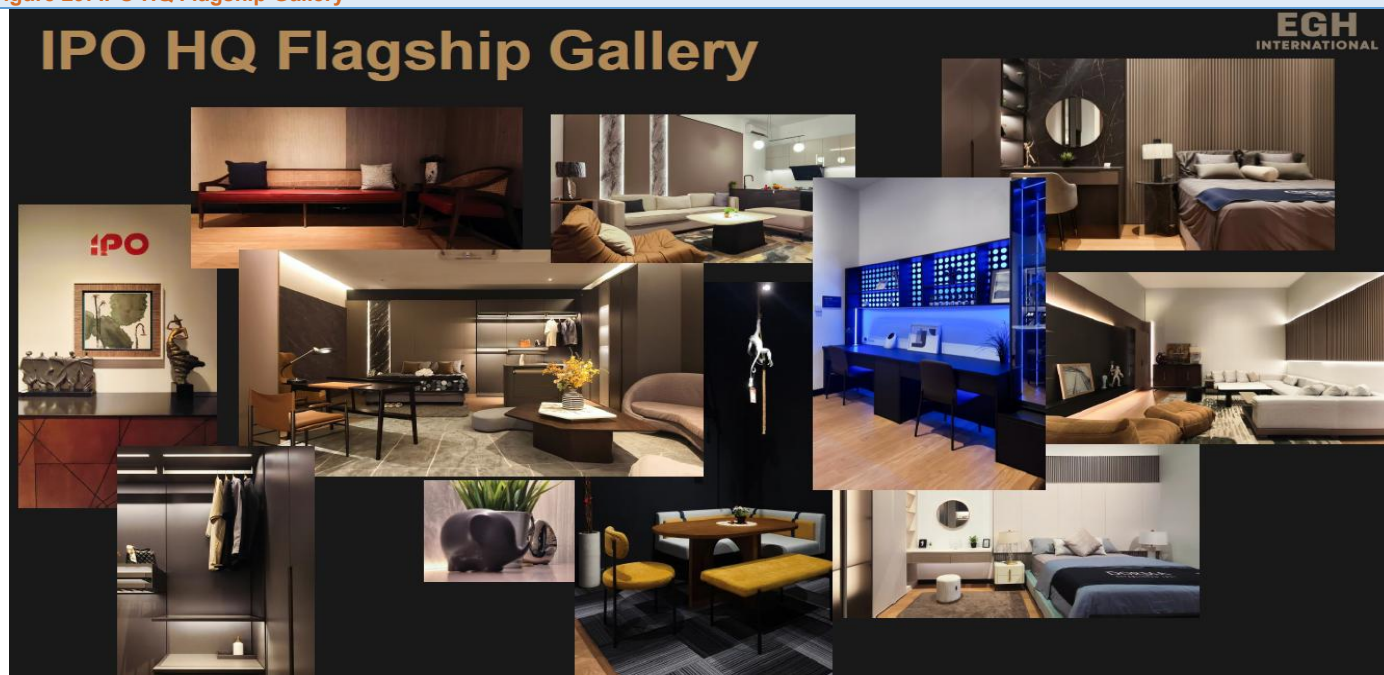


Source: Company

Figure 28: Awards, Recognitions and Testimonials (Part 2)



Source: Company

Figure 29: IPO HQ Flagship Gallery


Source: Company

Figure 30: Key Management Team

Name and Designation	Age	Profile
Datuk Dr. Dionysia @ Audrey Binti Aloysius Kibat Independent Non-Executive Chairperson	54	- Appointed Independent Non-Executive Chairperson on 27 February 2026. - Chartered Accountant with over 30 years of audit, finance and corporate governance experience, including as Group Internal Auditor at Suria Capital Holdings Berhad and CFO of Qhazanah Sabah Berhad. - Currently CEO of SMJ Energy Sdn Bhd since February 2022, a role she continues to hold as at the LPD
Dato' Weslie Non-Independent Group Managing Director	53	- Appointed to the Board on 28 October 2025; our Promoter and Substantial Shareholder. - Over 25 years of interior design and fit-out experience, including as Group General Manager and Executive Director of LCL Corporation Berhad prior to and after its listing. - Co-founded ECO Interiors in 2010 with his sister, Lim Seow Ni, growing it into the Group's core operating subsidiary.
Lim Seow Ni Non-Independent Executive Director / Group CEO	46	- Appointed to the Board on 3 November 2025; our Promoter and Substantial Shareholder. - Over 22 years of industry experience; co-founded ECO Interiors in March 2010 as Operations Director, later redesignated Head of Business Development, Group Deputy CEO and, since October 2023, Group CEO. - Responsible for daily business operations, contract tendering, supply chain and overall business development of the Group.
Clement Valentine Toh Shu Yen Non-Independent Non-Executive Director	49	- Appointed to the Board on 28 October 2025. - Over 25 years of corporate finance and capital markets experience, including at PricewaterhouseCoopers Consulting and Southern Investment Bank Berhad. - Currently Group CEO of Epicon Berhad (listed on Bursa Main Market) since July 2022.
Yeoh Chong Keat Independent Non-Executive Director	67	- Appointed to the Board on 18 December 2025. - Civil engineering background; held senior roles including Managing Director (Property & Construction) of PRG Holdings Berhad from 2017 to March 2025. - Currently Managing Director of W Capital Private Equity Sdn Bhd and Independent Non-Executive Director of Eden Inc Berhad since February 2025.



Chin Man Yee Independent Non-Executive Director	38	• Appointed to the Board on 18 December 2025. • Advocate of the State of Sabah since 2011; Senior Partner at Chin, Mirdin & Co since January 2019, leading its corporate and litigation departments. • Active in community leadership roles including Sabah State Vice Chairlady of the Malaysia Entrepreneurs' Development Association.
Wong Chin Soon Deputy CEO	50	• Approximately 29 years of experience in project management, construction and interior fit-out works across Malaysia, Singapore and the Middle East. • Held international project roles in Dubai, Singapore and Abu Dhabi (2008-2016) with LCL Interiors Contracting, Taeyoung Engineering & Construction and Kinnarps Project Management Interiors. • Delivered notable projects including W Kuala Lumpur, Mandarin Oriental Kuala Lumpur and JW Marriott Hotel Marina, Dubai.
Tan Kwong Kiat Project Director	48	• Approximately 24 years of experience in quantity surveying, contract administration and project cost management. • Career spans Malaysia and Japan, including roles at CityAxis (M) Sdn Bhd and Cathay Interior Design (M) Sdn Bhd.
Wong Swee Keen Design Director	48	• Approximately 24 years of experience in interior design; Bachelor of Interior Architecture (Honours) from Monash University, Australia. • Joined LCL Furniture Sdn Bhd in 2005, overseeing design development from concept through to construction drawings.
Lam Ka Ling General Manager - Operations	51	• Approximately 12 years of experience in interior design and 17 years in contract management and project procurement. • Career began in 1996 as an Interior Designer at Classic Design, later moving into contract management roles
Ong Li Ean Group Human Resources & Administration Director	48	• Approximately 19 years of experience in human resources management across construction, logistics and property development. • Appointed as the Group's dedicated compliance personnel to monitor CIDB, tax and regulatory adherence following past compliance lapses.
Wong Jing Wen Head of Finance, Senior Group Finance Manager	30	• Approximately 8 years of experience in accounting, taxation, finance and operational management; ACCA member and Chartered Accountant (MIA) since 2023. • Joined the Group in February 2025 as Head of Finance, leading the FYE2025 audit and the reaudit of FYE2023 and FYE2024.

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Major Customers

Customer	Location of Customer	Main Services Provided	Length of Relationship as at FY26 (Years)	Revenue (RM '000)	% of Group's Total Revenue
TME Builders Sdn Bhd	Malaysia	Interior fit-out services and sales of FF&E and building materials	7	52,744	28.19
Customer E	Malaysia	Interior fit-out services	4	30,210	16.15
Customer F	Malaysia	Interior fit-out services	2	17,518	9.36
Customer G	Malaysia	Interior fit-out services	2	16,217	8.67
Siab (M) Sdn Bhd	Malaysia	Interior fit-out services	5	14,392	7.69
Subtotal				131,081	70.06
Group's Total Revenue				187,089	100.00

Source: EGHl's IPO Prospectus

Major Suppliers

Supplier	Location of Supplier	Products/Services Procured	Length of Relationship as at FY26 (Years)	Purchases (RM '000)	% of Group's Total Purchases
Renogreen Interior Sdn Bhd	Malaysia	Subcontractor Services	7	32,049	21.42
YS Business Equipment (K.L.) Sdn Bhd	Malaysia	Subcontractor Services	2	17,023	11.38
T.A. Furniture & Projects Sdn Bhd	China	Supply of FF&E	2	11,586	7.74
Supplier A	Malaysia	Supply of FF&E	10	9,376	6.27
Eurostone (M) Sdn Bhd	Malaysia	Subcontractor Services	5	3,631	2.43
Subtotal				73,665	49.24
Total Purchases				149,625	100.00

Source: EGHl's IPO Prospectus

Future Plans and Business Strategies

Enhancing its Position in Malaysia's Interior Fit-Out Industry. EGHl's core strategy is to strengthen its position in the Malaysian interior fit-out market, with a focus on securing and executing large-scale, high-specification projects. The Group will build on its 15 years of operating experience, a portfolio of more than 200 completed projects, its CIDB Grade 7 registration and ISO 9001:2015 certification. To support this, EGHl has allocated RM14.4m of its IPO proceeds to repay borrowings, which is expected to improve its gearing and strengthen its financial standing for tenders that require performance bonds or financial eligibility assessments. A further RM13.0m is earmarked for working capital to fund material procurement, subcontractor mobilisation, project overheads and progress claim cycles. Together, these are expected to enable the Group to increase tender participation and undertake more projects concurrently without being constrained by funding cycles.

Establishing a New Head Office, Warehouse and Showroom. EGHl plans to construct a new 5-storey industrial building on a 2.67-acre parcel of land owned by IPO World in Kawasan Perindustrian Meranti Utama, Puchong, Selangor, with an estimated gross built-up area of about 130,000 sq ft. This compares with its existing 42,780 sq ft head office, where about 80% of the office space and almost all of the warehouse space have already been utilised. The new building will house the Group's head office, an expanded warehouse for FF&E and building materials, and its showroom. This is expected to improve material handling, reduce logistical friction during project execution and support higher project and retail volumes. The project will be partly funded by RM5.0m of IPO proceeds, with relocation expected by 2Q2028, after which the Group plans to monetise its existing head office through rental or an outright sale.

Expanding the B2C Retail Segment through IPO World. EGHl intends to scale IPO World's B2C retail business by widening the distribution of its FF&E and building materials through additional showrooms and a partner-based model. Under this model, independent interior designers, small contractors and property agents procure directly from the Group to serve their own clients. In April 2025, the Group also signed a collaboration agreement with Foshan Wision Furniture, granting it the rights to use an AI-enabled integrated interior design software in the Malaysian market. Together with the expansion of its showroom, the deployment of this software and the partner-based model are expected to strengthen IPO World's retail footprint, improve product visibility and support the long-term scaling of its B2C business.

Key Risks

Ability to Replenish Order Book. EGHl's future revenue depends on its ability to keep securing new contracts as its RM313.5m order book is progressively billed. Most projects are awarded through competitive tenders, where success depends on pricing, in-house capabilities, competition and clients' evaluation criteria. There is no assurance that the Group will win tenders consistently, or that new contracts will match the value, scope or margins of existing ones. Project cancellations, scope reductions or delays could also reduce the order book and weigh on future earnings.

Dependence on Subcontractors and Suppliers. EGHl relies on a network of subcontractors for key works, including carpentry, joinery, MEP, painting, ceiling, flooring, glass and metal works, as well as rectification works during the defect liability period. It also relies on local and overseas suppliers, including those based in the People's Republic of China (PRC), for FF&E and building materials. Any failure by subcontractors or suppliers to deliver on time, in the required quantity or to the required quality could delay projects, trigger liquidated ascertained damages (LAD) and damage the Group's reputation.

Material Price Volatility on Fixed-Price Contracts. Most of EGHl's interior fit-out projects are undertaken on a fixed-price basis, so the Group generally bears the risk of material and procurement cost increases after contract award. Prices of timber, metals, glass, laminates, lighting and imported finishes are driven by global commodity trends, foreign exchange movements and logistics costs. As part of its FF&E is sourced from PRC-based suppliers, the Group is also exposed to trade restrictions and supply disruptions, although this is partly mitigated by its predominantly local supplier base. Sustained cost increases that cannot be passed on to clients could erode margins.

Collection Delays and Working Capital Strain. EGHl receives payment in stages through progress claims, with a portion retained as retention sums until the expiry of the defect liability period. This requires substantial upfront spending on materials, subcontractors and labour before full payment is received. Retention sums of RM24.2m made up 52.4% of trade receivables as at FY26. Delays in progress payments, final settlements or the release of retention sums, particularly during a property or construction downturn, could strain the Group's liquidity and require provisions for doubtful debts.

Exposure to Property and Construction Cycles. As part of the building construction value chain, EGHl's performance is closely tied to construction activity in leisure, commercial and residential properties. The industry is cyclical and sensitive to economic conditions, interest rates, inflation, government policies and bank lending practices. Adverse developments could delay new project launches and reduce demand for the Group's services.

Dependence on Key Personnel. EGHl's success depends heavily on its Executive Directors, notably Group Managing Director Dato' Weslie and Group CEO Lim Seow Ni, as well as its key senior management and skilled project teams. The loss of any of these individuals without suitable and timely replacement could disrupt operations, delay decision-making and hinder the execution of ongoing and future projects.

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Sustainability Review

Environmental (E)

1. Sustainable Sourcing

- The Group proposes sustainable material options to clients, including low volatile organic compound (VOC) paints and adhesives to improve indoor air quality, and energy-efficient fixtures such as LED lighting.
- It promotes recyclable and renewable materials such as engineered wood panels, modular systems and wood-plastic composites made from recycled plastics and wood fibres, in line with circular economy principles. The final choice of materials, however, rests with the client.

2. Waste Management

- The Group implements structured waste minimisation and recycling practices across all project sites, including waste segregation and proper disposal procedures.
- It partners with recycling and waste recovery service providers and adopts off-site fabrication to reduce on-site waste and material surplus.

3. Climate Reporting Roadmap

- In line with the National Sustainability Reporting Framework (NSRF), the Group will prepare a sustainability roadmap. This begins with climate-first sustainability reporting from FYE2027 and reasonable assurance on its Scope 1 and Scope 2 greenhouse gas emissions by FYE2030.
- The Group also targets full adoption of IFRS S1 and S2, along with mandatory Scope 3 emissions reporting, by FYE2031.

Social (S)

1. Workplace Health and Safety

- The Group upholds stringent health and safety standards at every stage of its projects. It has established site safety procedures for workers and subcontractors, supported by routine safety audits, targeted training and consistent use of personal protective equipment.
- It ensures strict compliance with local regulatory requirements, including CIDB and DOSH, and actively monitors, reports and addresses near misses, incidents and corrective actions.

2. Diversity and Inclusion

- The Group provides equal opportunities for all employees regardless of gender, age, ethnicity or background, and sets gender diversity targets for leadership and project teams.
- It maintains safe spaces and reporting channels for workplace concerns, and implements policies that support work-life balance and flexible working arrangements.

Governance (G)

1. Ethical Business Conduct

- The Group operates under a Code of Ethics that guides all employees, subcontractors and partners in maintaining high standards of integrity.
- This covers anti-corruption and bribery prevention, fair competition and anti-collusion practices, timely conflict of interest disclosures, and responsible conduct in procurement and subcontracting.

2. Transparency, Risk Management and Responsible Supply Chain

- The Group maintains internal controls, reporting systems and oversight mechanisms to ensure compliance with statutory and regulatory obligations, accurate and timely reporting, and Board-level oversight of ESG and risk management. This is supported by an Audit and Risk Management Committee that oversees internal audit, risk management and internal controls.
- Subcontractors, suppliers and service providers are evaluated on their compliance with labour laws and occupational safety standards, their commitment to environmental sustainability and ethical sourcing, and their alignment with the Group's quality, safety and integrity standards.

3. Board Independence and Diversity

- The Board is chaired by an Independent Non-Executive Chairperson, and half of its six members (3 out of 6) are Independent Non-Executive Directors.
- The Group is committed to Board diversity, with three female directors, representing 50% of the Board and exceeding the 30% recommendation under the Malaysian Code on Corporate Governance (MCCG).



Overall ESG Outlook. The Group's ESG approach focuses on sustainable sourcing, waste management, workplace health and safety, and diversity and inclusion. Its governance framework emphasises ethical business conduct, internal controls, risk management, responsible supply chain management and Board independence and diversity. The promotion of low-VOC, recyclable and modular materials, together with structured waste minimisation across project sites, strengthens the Group's environmental commitments. Its stringent site safety procedures and equal-opportunity policies support its social responsibilities. In addition, the Group's planned sustainability roadmap under the NSRF, starting with climate-first reporting from FYE2027, should progressively enhance its ESG disclosures. Collectively, these initiatives provide a framework for responsible operations and sustainable business growth.

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