SOUTHERN CABLE

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

PRESS RELEASE

Southern Cable's IPO oversubscribed by 10.5 times

- ***Cables and wires manufacturer attracts RM156.1 million for public tranche***
- ***Targeted to list on the ACE Market of Bursa Malaysia Securities Berhad on 16 October 2020***
- ***Order book of RM405.4 million to be recognised till FY2022***

Selangor, Malaysia, 8 October 2020 - Cable and wire manufacturer **Southern Cable Group Berhad** (Southern Cable, the Group, 南方电缆集团) received overwhelming response for the public tranche of its Initial Public Offering (IPO) on the ACE Market of Bursa Malaysia Securities Berhad, with its public portion oversubscribed by 10.5 times.

Southern Cable received a total of 10,308 applications for 459.0 million shares with a total value of RM156.1 million. The public tranche entails a total of 40.0 million shares for application by the Malaysian public under the Group's IPO scheme.

"The oversubscription from the Malaysian public indicates the strong interest in our Group and is a vote of confidence to our business model and prospects as a proxy to the essential utilities sector in the country. Going forward, we intend to use the proceeds from the IPO to better position our Group to grow alongside the recovery of the infrastructure segment.

Apart from this, our order book stood at RM405.4 million as at 1 September 2020, which includes contracts secured from the essential services sector such as Tenaga Nasional Berhad and Telekom Malaysia Berhad. This will sustain the Group's earnings till the financial year ending 31 December 2022.

It is our desire to reward shareholders for journeying with us. To this end, we will adopt a dividend policy to distribute at least 15% of our annual audited profit after tax attributable to shareholders as dividends, subject to business performance and recommendation of the Board."

Mr. Tung Eng Hai ("陈永海"),
Managing Director of Southern Cable Group Berhad

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The Group is set to be listed on the ACE Market of Bursa Malaysia on 16 October 2020, at an IPO price of RM0.34 per share with market capitalisation of RM272.0 million.

The Group currently manufactures cables and wires for use in various industry sectors including power distribution and transmission, telecommunications, building and construction, infrastructure, manufacturing and processing industries including oil and gas processing and petrochemical plants. Southern Cable is the registered supplier of cables and wires for Tenaga Nasional Berhad, Telekom Malaysia Berhad, Sabah Electricity Sdn Bhd and Petroliam Nasional Berhad.

According to the Industry Overview report prepared by Vital Factor Consulting Sdn Bhd, the market size for the manufacture of electric and electronic cables and wires in Malaysia was valued at RM10.3 billion in 2019. Of this, Southern Cable commanded an estimated market share of 6%.

Southern Cable targets to raise RM71.2 million in proceeds, of which RM30.0 million would be allocated for capital expenditure and expansion, while RM27.5 million will be used for working capital.

The balance proceeds comprise RM9.2 million for repayment bank borrowings and RM4.5 million for listing expenses.

MIDF Amanah Investment Bank Berhad is the principal adviser, sponsor, sole underwriter, and placement agent for this IPO exercise.

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About Southern Cable Group Berhad (南方电缆, https://www.southerncable.com.my)

Founded in 1993, Southern Cable is principally involved in the business of manufacturing of cables and wires that are used for power distribution and transmission, communications as well as control and instrumentation applications. The key supporting activities for the cable and wire manufacturing operations include furnace and casting operations and manufacturing of plastic compounds.

Through its factories in Kuala Ketil and Sungai Petani, Kedah, the Group has a total annual production capacity of 26,400 tonnes of aluminium and copper rods, 31,080 km of cables and wires and 7,800 tonnes of polyvinyl chloride (PVC) compounds.

The Group's cables and wires are used in various industry sectors including power distribution and transmission, telecommunications, building and construction, infrastructure, manufacturing and processing industries including oil and gas processing and petrochemical plants.

Southern Cable is the registered supplier of cables and wires with Tenaga Nasional Berhad, Telekom Malaysia Berhad, Sabah Electricity Sdn Bhd and Petroliam Nasional Berhad.

Issued for and on behalf of SOUTHERN CABLE GROUP BERHAD by Aquilas Advisory (M) Sdn. Bhd.
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