

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

PRESS RELEASE

Southern Cable targets RM100 million sales to US in FY2023

- *Begins delivery to US-based customer in fourth quarter of 2022, and targeting larger volume in 2023 with upcoming distributorship agreement*
- *To fulfil current orders in hand of more than RM800 million for Malaysia and overseas customers until 2024*
- *Shareholders approve 1-for-2 bonus issue of warrants to raise RM112.2 million working capital to support business operations*

Kedah, Malaysia, 11 October 2022 - Cable and wire manufacturer **Southern Cable Group Berhad** (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD:MK) is targeting RM100 million sales of cables and wires to the United States (US) in the financial year ending 31 December 2023 (FY2023) and will begin deliveries to a US-based cable and wire distributor in the fourth quarter of 2022.

The positive demand outlook for FY2023 is supported by an upcoming distributorship agreement from its US-based customer, following recent successful performance of trial orders.

Additionally, Southern Cable recently secured UL certification for its heat- and water-resistant industrial cables certifying conformity to US industry requirements, enabling the Group to increase its customer base in the US.

According to market research company Global Market Insights, the North America cable and wire market size exceeded USD27.0 billion in 2020, and is projected to expand at a cumulative annual growth rate of 6% from 2021 and 2027 to reach USD44.5 billion.

In contrast, the Malaysian cable and wire market was valued at RM10.3 billion in 2019.

“Gaining entry into a much larger foreign market than our current domestic reach boosts our potential addressable market greatly, and bolsters our reputation for producing world-class cables and wires.

We are in the process of planning our production capacity for anticipated larger orders to the US next year, and are confident of expanding our US customer base, leveraging on our competitiveness and product quality. We also have the capability to produce cables and wires for wide-ranging sectors including power distribution, construction, telecommunication, and oil and gas.

In our efforts to target more export opportunities to the US, we will continue developing more products and obtaining certifications to cater to a broader range of industry requirements.”

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

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Southern Cable has current orders in hand of more than RM800 million to be fulfilled for Malaysia and overseas customers until 2024. The orders in hand include a RM294 million underground power cable supply contract secured from Tenaga Nasional Berhad, and RM12 million worth of purchase orders from its US-based customer.

Meanwhile, at the Group's Extraordinary General Meeting today, shareholders approved a bonus issue of warrants on the basis of one warrant for every two existing Southern Cable ordinary shares held. The issuance comprises 400 million five-year warrants with an option for warrant holders to exercise one warrant to subscribe for one new Southern Cable ordinary share.

At an indicative exercise price of RM0.28 per warrant and assuming full exercise of the warrants before maturity, the Group is aiming to raise RM112.2 million in gross proceeds for working capital purposes.

Of the RM112.2 million gross proceeds, 80% or RM89.7 million are to be utilised for raw material purchases, while the balance 20% or RM22.4 million are to be utilised for parts, maintenance cost and other related costs for plant, machinery and equipment, as well as operation overheads including labour costs, utilities and other factory overhead expenses.

Mr. Tung added, "The proceeds to be raised from warrants exercise will provide additional working capital to support our business growth, and empower us to deliver the orders in hand to our customers locally and internationally. Not only that, the exercise of our warrants can also allow our shareholders to increase their ownership in Southern Cable to participate in our long-term prospects."

The entitlement date and exercise price of the warrants will be determined and announced by the Board at a later date after all relevant approvals have been obtained.

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About Southern Cable Group Berhad (南方电缆集团)

Founded in 1993, Southern Cable is principally a manufacturer 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, as well as manufacturing of plastic compounds and wooden cable drums.

Through its factories in Kuala Ketil and Sungai Petani, Kedah, the Group has a total annual production capacity of 36,000 tonnes of aluminium and copper rods, 33,780 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. The Group has also obtained TÜV SÜD certification for power cables and wires used in solar photovoltaic systems.

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

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

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