

**IPO FACT SHEET**

**OCC Cables Limited (1791 HK)**

**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$162m – HK\$216m
<b>Placement Tranche:</b>	270m
<b>Price:</b>	HK\$0.60 – HK\$0.80
<b>Board lot:</b>	4000
<b>Entry fee:</b>	HK\$3,232.25
<b>Historical PE</b>	15.18x – 20.24x
<b>Net tangible asset per share:</b>	HK\$0.39 – HK\$0.44
<b>Market Cap (post-IPO):</b>	HK\$600m – HK\$800m
<b>Open:</b>	5 Oct 2018
<b>Close:</b>	12.00 noon on 11 Oct 2018
<b>Trading:</b>	19 Oct 2018
<b>Sponsor:</b>	Fortune Financial Capital Limited

<b>Year ended 31 Dec</b>	<b>(RM'000)</b>	<b>yoy % chg</b>
<b>Revenue</b>		
2016	260,407	32.3%
2017	262,147	0.7%
<b>Profit for the year/period</b>		
2016	19,954	186.7%
2017	19,767	-0.9%

**BACKGROUND**

- They manufacture power cable products for power transmission and distribution systems in Malaysia and Vietnam. Their products have been used in power and other general industries, such as oil and gas, infrastructure, construction etc.
- According to the F&S Report, they ranked fourth based on revenue in the wire and cable manufacturing industry in Malaysia in 2017 with market share of 7.0%. Their products are categorised into
  - (i) low voltage power cables.
  - (ii) medium voltage power cables.
  - (iii) fire-resistant power cables. Power cables are principally used for power transmission and distribution.
- They are generally available in a variety of sizes, materials and features.
- Their power cable products come in various standard sizes and dimensions and they can also customise their power cable products to the specifications of their customers. As they are a registered supplier of certain power cable products for TNB, the largest electric utility company in Peninsular Malaysia, their products can be used and applied to TNB's power and electrical infrastructure expansion works and construction projects.

**BUSINESS STRATEGY AND FUTURE PLANS**

- They intend to continue to expand their product offering to meet customers' needs.
- They intend to expand their production capacity at their Existing Malacca Plant by:
  - Upgrading and maintaining their existing plant facilities
  - Acquisition of new machineries and equipment
  - Establishment of the New Wing
- They intend to expand their Group's sales and marketing team.
- They intend to pursue strategic acquisition.

### COMPETITIVE STRENGTHS

- They have an established operating history and proven track record.
- They are a registered or approved supplier of power cable products to certain utility companies in Malaysia.
- They offer high quality and wide range of power cable products to meet their customers' needs and maintain customer loyalty.
- They have an experienced and professional management team.
- They have in-house capabilities to design and develop customised power cable products.
- They have strong operational efficiency and economies of scale in the production of their power cable products.

### KEY RISKS

- Risks relating to their business.
- Risks relating to their industry.
- Risks relating to conducting business in Malaysia and in Vietnam, including currency conversion and exchange rate risks, and any applicable foreign investment restrictions.
- Risks relating to the Global Offering and their Shares.

### DIVIDEND POLICY

- Intends to recommend dividends of no less than 40% pay out by way of interim and/or final dividend from their profit after tax for a particular year to be paid in the following year.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used for the expansion and enhancement of their Existing Malacca Plant.	80.10	53.8%
Will be used for replacing the existing enterprise resource planning system.	16.50	11.1%
Will be used for strategic acquisition or investment to enhance their services capabilities and expand their product coverage.	37.40	25.1%
Will be used for working capital and general corporate purposes.	15.00	10.0%
<b>Total:</b>	<b>149.00</b>	<b>100.00%</b>

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