

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

The Circular has been reviewed and approved by HwangDBS Investment Bank Berhad as the Principal Adviser of OCK Group Berhad for the Proposed Acquisition (as defined herein).

Bursa Malaysia Securities Berhad has not perused this Circular before its issuance and takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



OCK GROUP BERHAD

*(Company No.: 955915-M)
(Incorporated in Malaysia under the Companies Act 1965)*

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED ACQUISITION BY OCK SETIA ENGINEERING SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF OCK GROUP BERHAD, OF A FREEHOLD LAND TOGETHER WITH A THREE (3)-STOREY FACTORY BUILDING BEARING THE ADDRESS NO. 18, JALAN JURUNILAI U1/20, HICOM GLENMARIE INDUSTRIAL PARK, SECTION U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN FROM GAINVEST CORPORATION (M) SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM14.3 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRINCIPAL ADVISER



INVESTMENT BANK

HWANGDBS INVESTMENT BANK BERHAD (14389-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

An Extraordinary General Meeting ("EGM") will be held at Langkawi 1, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil 57000, Kuala Lumpur on Friday, 7 December 2012 at 10.00 a.m. or at any adjournment thereof. The notice of EGM, together with the Form of Proxy, are enclosed in this Circular.

The Form of Proxy should be completed and must be lodged at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time and date fixed for the EGM or any adjournment thereof, if you are unable to attend the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the EGM	:	Monday, 3 December 2012
Last date and time for lodging the Form of Proxy	:	Wednesday, 5 December 2012 at 10.00 a.m.
Date and Time of EGM	:	Friday, 7 December 2012 at 10.00 a.m. or at any adjournment thereof

This Circular is dated 21 November 2012

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

ACE Market	:	ACE Market of Bursa Securities
Act	:	Companies Act 1965 as amended from time to time and any re-enactment thereof
Balance Deposit	:	A sum of RM858,000 paid by the Purchaser to the Seller pursuant to the Proposed Acquisition
Balance Purchase Consideration	:	The sum of RM12,870,000 being the balance of the Purchase Consideration (i.e. Purchase Consideration less the Deposit) to be paid to the Seller on or before the Completion Date or the Extended Completion Date, as the case may be
Completion Date	:	Three (3) months from 24 September 2012 i.e. 23 December 2012
Board	:	Board of Directors of OCK
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No.: 635998-W)
CDS	:	Central Depository System
Circular	:	Circular to shareholders of OCK dated 21 November 2012 in relation to the Proposed Acquisition
City-Link or Tenant	:	City-Link Logistics Sdn Bhd (Company No 93373-A)
Deposit	:	The Earnest Deposit, Retention Sum and the Balance Deposit, collectively
Earnest Deposit	:	A deposit of RM286,000 paid to the Seller pursuant to the Proposed Acquisition
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
Extended Completion Date	:	31 March 2013
Financing Facility	:	Financing facility to be obtained by OCK from a local financial institution to fund up to RM 11,440,000 (or 80%) of the Purchase Consideration
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
Gainvest or Seller	:	Gainvest Corporation (M) Sdn Bhd (Company No.:156005-P)
GDP	:	Gross domestic product
HwangDBS or Principal Adviser	:	HwangDBS Investment Bank Berhad (Company No.: 14389-U)
Landserve or Valuer	:	Landserve Sdn Bhd (Company No.:815794-D)
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for OCK's entire enlarged issued and paid-up share capital of RM25,900,000 comprising 259,000,000 OCK Shares on the ACE Market

DEFINITIONS

Listing Exercise	: Comprising:- i) The acquisition by OCK of the entire equity interest in OCK Setia; ii) The Public Issue; and iii) The Listing. The Listing Exercise was completed on 17 July 2012.
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities including any amendment thereto that may be made from time to time
LPD	: 31 October 2012, being the latest practicable date prior to the printing of this Circular
MIER	: Malaysian Institute of Economic Research
NA	: Net assets
OCK or Company	: OCK Group Berhad (Company No.: 955915-M)
OCK Group or Group	: OCK and its subsidiaries, collectively
OCK Share(s)	: Ordinary shares of RM0.10 each in OCK
OCK Setia or Purchaser	: OCK Setia Engineering Sdn Bhd, a wholly-owned subsidiary of OCK (Company No. 528998-K)
Property	: A freehold land together with a three (3)-storey factory building bearing the address No. 18, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan
Proposed Acquisition	: Proposed acquisition by OCK Setia of the Property from the Seller at the Purchase Consideration
Public Issue	: The public issue of 75,000,000 new OCK Shares at the issue price of RM0.36 per share pursuant to the Listing Exercise
Purchase Consideration	: Purchase consideration of RM14.3 million for the acquisition of the Property
Retention Sum	: A sum of RM286,000 paid by the Purchaser to the Purchaser's solicitors as stakeholder for the purposes of compliance with the Real Property Gains Tax Act 1976 pursuant to the Proposed Acquisition
RM and sen	: Ringgit Malaysia and sen respectively
sf	: Square feet
sm	: Square metres
SPA	: Sale and purchase agreement dated 24 September 2012 between OCK Setia and the Seller in respect of the Proposed Acquisition and the supplemental sale and purchase agreement dated 9 November 2012 between OCK Setia and the Seller to amend and supplement certain terms of the earlier sale and purchase agreement.
Valuation Report	: The valuation report prepared by the Valuer dated 10 October 2012 on the Property

DEFINITIONS

In this Circular, unless there is something in the subject or context inconsistent herewith, the singular includes the plural and references to gender include both feminine and the neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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OCK GROUP BERHAD

*(Company No.: 955915-M)
(Incorporated in Malaysia under the Companies Act 1965)*

Registered Office:

Level 2, Tower 1,
Avenue 5, Bangsar South City
59200 Kuala Lumpur

21 November 2012

The Board of Directors:

Abdul Halim Bin Abdul Hamid (*Deputy Chairman*)
Ooi Chin Khoon (*Managing Director*)
Low Hock Keong (*Executive Director*)
Chang Tan Chin (*Executive Director*)
Chong Wai Yew (*Executive Director*)
Lee Yow Fui (*Independent Non-Executive Director*)
Fu Lit Fung (*Independent Non-Executive Director*)

To: The Shareholders of OCK Group Berhad

Dear Sir/Madam,

PROPOSED ACQUISITION BY OCK SETIA, A WHOLLY-OWNED SUBSIDIARY OF OCK, OF THE PROPERTY FROM THE SELLER FOR THE PURCHASE CONSIDERATION

1. INTRODUCTION

On 25 September 2012 and 1 October 2012 the Company announced that OCK Setia had entered into the SPA with Gainvest to purchase the Property for a total cash consideration of RM14.3 million.

On 1 October 2012, HwangDBS, on behalf of the Board, announced that inter-alia, HwangDBS has been appointed as the Principal Adviser to the Company for the Proposed Acquisition.

On 10 October 2012, HwangDBS, on behalf of the Board, announced that inter-alia the Valuation Report has been submitted to Bursa Securities pursuant to Rule 10.04(3) of the Listing Requirements.

Subsequently on 9 November 2012, HwangDBS, on behalf of the Board announced that OCK Setia had on 9 November 2012 entered into a supplemental agreement with the Seller to vary/modify/ amend the terms of the sale and purchase agreement dated 24 September 2012.

Upon completion of the Proposed Acquisition, the value of the net assets represented by the Property is more than 25% over the net assets of the OCK Group. However, as the OCK Group intends to fully occupy the Property for its own use, it is not the intention of the Company to diversify into property investment. The current principal activities of the Company as provider of telecommunication network services which includes providing turnkey solutions, trading of telecommunication network equipment, materials, enterprise network security solutions and provision of green energy and power solutions shall remain unchanged after the Proposed Acquisition. Further information on the rationale of the Proposed Acquisition is disclosed in Section 6 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

WE ADVISE YOU TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Details of the Property

The Property to be acquired is a freehold land held under Geran No. 215172, Lot No. 61777 (formerly known as HS (D) No. 225932, PT No. 84), Bandar Glenmarie, District of Petaling, State of Selangor together with a three (3)-storey factory building erected thereon.

Further details of the Property are summarised as follows:-

Address	:	No. 18, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan
Title Particulars	:	GRN 215172, Lot 61777, Bandar Glenmarie, Daerah Petaling
Registered Proprietor	:	Gainvest
Land area	:	Approximately 4,275 sm (46,016 sf)
Gross floor area	:	Approximately 4,353 sm (46,857 sf)
Category of land use	:	Industrial
Tenure	:	Freehold land
Approximate age of the factory building	:	Approximately 14 years
Net lettable area	:	Approximately 4,295 sm (46,235 sf)
Restriction of Interest	:	None
Encumbrance	:	The Property is currently charged to Public Bank Berhad pursuant to one (1) legal charge under the National Land Code, 1965.
Existing Use	:	Apart from the aforesaid encumbrance, there are no other encumbrances on the Property. Currently fully rented out to City-Link, a forwarding agent
Gross rental income	:	RM55,000 per month
Tenancy expiry	:	28 February 2013
Proposed Use	:	Office cum Warehouse (fully self occupied)
Net Book Value of the Property as at 31 December 2011	:	RM8,000,000 ⁽¹⁾
Market Value	:	RM14,300,000 ⁽²⁾

Notes:

(1) Audited figure as provided by Gainvest.

(2) As appraised by the Valuer in the Valuation Report.

Save for the costs in relation to the renovation and refurbishment works on the Property, which is estimated at RM2.0 million, there are no other additional financial commitments required by OCK to put the Property on-stream. The renovation and refurbishment works on the Property are expected to commence within one (1) month after the completion of the Proposed Acquisition and will take approximately four (4) months thereafter to complete.

2.2 Basis at arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing buyer-willing seller basis, after taking into consideration the valuation of the Property at RM14.3 million as appraised by Landserve in the Valuation Report. The valuation was arrived at using the comparison method and depreciated replacement cost method. The valuation certificate for the Property is attached as Appendix I to this Circular.

2.3 Liabilities to be assumed

There are no other liabilities, including contingent liabilities and guarantees to be assumed by OCK pursuant to the Proposed Acquisition.

2.4 Source of funding

The Proposed Acquisition is expected to be entirely funded by internally generated funds and/or bank borrowings of OCK Setia. The Purchase Consideration is to be fully-satisfied in cash and shall be funded in the following manner:

- (a) The Deposit was funded by OCK Setia's internally-generated funds;
- (b) In respect of the Balance Purchase Consideration, OCK intends to finance RM1.43 million from internally generated funds and the remaining balance of RM11.44 million through the Financing Facility representing 80% of the Purchase Consideration; and
- (c) The cost of renovation and refurbishment works which is estimated at RM2.0 million will be funded from internally generated funds of OCK Setia and/or bank borrowings; the proportion of which has yet to be finalised.

3. SALIENT TERMS AND CONDITIONS OF THE SPA

3.1 Sales and Purchase of the Property

The Proposed Acquisition involves the acquisition of the Property by OCK Setia at the Purchase Consideration. Pursuant to the SPA, Gainvest has agreed to sell and OCK Setia has agreed to purchase the Property together with all the fixtures and fittings attached thereto, subject to the existing tenancy and free from encumbrances but otherwise subject to the conditions, express or implied, attached to the Property upon the terms and conditions of the SPA.

3.2 Purchase Consideration

The Purchase Consideration shall be paid by the Purchaser in the following manner:-

- (a) the Earnest Deposit to be paid to the Seller on or prior to the date of the SPA;
- (b) the Retention Sum to be paid upon the execution of the SPA to the Purchaser's solicitors as stakeholder for the purpose of compliance with the Real Property Gains Tax Act 1976 which Retention Sum shall be released to the Seller in the event that the Seller has acquired the Property for a period of more than five (5) years and the necessary documentation for exemption has been submitted to the Income Tax office;
- (c) the Balance Deposit to be paid upon the execution of the SPA to the Seller; and

- (d) the balance of the Purchase Consideration to be paid to the Purchaser's solicitors (being the authorised stakeholder under the SPA) by the Completion Date failing which the Seller shall grant to the Purchaser an extension of time until the Extended Completion Date in which event the Purchaser shall pay to the Seller an agreed interest on the unpaid balance at the rate of 8% per annum to be calculated on a daily basis from the expiry of the Completion Date to the date of actual payment.

3.3 Condition Precedent

The Proposed Acquisition is conditional upon the approval of the shareholders of the Company being obtained in an extraordinary general meeting to be held. If the approval is not obtained, then the Deposit shall be forfeited to the Seller.

3.4 Completion

The Purchaser shall complete the Proposed Acquisition and pay the Balance Purchase Consideration by the Extended Completion Date.

If the Purchaser fails to settle the Balance Purchase Consideration by the Extended Completion Date, the Deposit shall be forfeited to the Seller as agreed liquidated damages and the Seller shall within fourteen (14) days upon such failure, refund to the Purchaser free of interest any other sum (excluding the Deposit) paid by or on behalf of the Purchaser towards the account of the Purchase Consideration.

If the Seller fails to comply with any of the Seller's obligations under the SPA to complete the Proposed Acquisition, the Purchaser shall be entitled at the Purchaser's option, to specific performance or by notice in writing (the "Election Notice") served on the Seller to terminate the SPA, whereupon the Seller shall, on or before the expiry of fourteen (14) days from the date of the Election Notice, pay to the Purchaser a sum equivalent to 10% of the Purchase Consideration as liquidated damages and cause all other monies paid by or on behalf of the Purchaser towards account of the Purchase Consideration pursuant to the SPA (including the Deposit) to be refunded to the Purchaser free of interest.

The Seller undertakes and agrees that should the Balance Purchase Consideration be insufficient to redeem the Property from the Seller's financier, the Seller shall pay the shortfall to the Purchaser's solicitors as stakeholder within seven (7) days from the date of notification by the Seller's financier so as to secure a full discharge of the Property.

3.5 Other terms – tenancy

The Property is currently rented to City-Link and the tenancy shall expire on 28 February 2013. The Purchaser agrees that the Property shall be sold subject to the tenancy and all deposits paid by the Tenant shall be transferred to the Purchaser on the date the Balance Purchase Consideration (together with any late payment interest) (the "Delivery Date") is deposited with the Purchaser's solicitors as stakeholder and the rental shall be apportioned as at the Delivery Date. If for any reason whatsoever that the tenancy is terminated, then vacant possession of the Property shall be delivered to the Purchaser within three (3) working days from the Delivery Date.

4. INFORMATION ON GAINVEST

Gainvest was incorporated in Malaysia under the Act on 15 September 1986 as a private limited company. Gainvest is principally involved in trading in building and construction materials.

As at the LPD, Gainvest has an authorised share capital of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each, of which 2,000,000 ordinary shares of RM1.00 each has been fully issued and paid-up.

As at the LPD, the Directors and substantial shareholders of Gainvest are as follows:

Directors and substantial shareholders	As at LPD	
	No. of ordinary shares of RM1.00 each in Gainvest	%
New Ching Liong	1,000,000	50.00
New Chee Pheng	1,000,000	50.00

5. INFORMATION ON OCK SETIA

OCK Setia was incorporated in Malaysia under the Act on 14 October 2000 as a private limited company. The principal activity of OCK Setia is the provision of turnkey telecommunication network services.

As at the LPD, OCK Setia has an authorised share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,000,002 ordinary shares of RM1.00 each has been fully issued and paid-up.

As at the LPD, the Directors of OCK Setia are Ooi Chin Khoon, Abdul Halim Bin Abdul Hamid, Low Hock Keong, Chang Tan Chin and Chong Wai Yew. OCK Setia is a wholly-owned subsidiary of OCK.

6. RATIONALE FOR THE PROPOSED ACQUISITION

The acquisition of the Property is a long term investment for the OCK Group.

The Company intends to fully occupy the Property for its own use. The Proposed Acquisition is expected to accrue the following benefits to OCK:

- (i) Provide savings on OCK's current office and warehouse rental expenses;
- (ii) Provide hedge against future increase in office and warehouse rental expenses to be incurred by OCK;
- (iii) Provide potential capital gain for OCK arising from the possible appreciation in value of the Property as the Property is located in a strategic area;
- (iv) Secure sufficient office and warehouse space to consolidate its operations under one roof; and
- (v) Enhance managerial control as well as to provide a more effective and better control over the usage of its resources.

7. INDUSTRY REVIEW AND PROSPECTS

7.1 Overview and outlook of the Malaysian economy

The global economic environment remained challenging in the second quarter of 2012 amidst heightened vulnerabilities in several key economies. Growth in the major advanced economies was weighed down by policy and domestic structural concerns. In Asia, economic activity was affected by weaker external demand. In spite of this challenging environment, the Malaysian economy recorded a higher growth of 5.4% (first quarter of 2012: 4.9%), driven by stronger domestic demand, which rose by 13.8% (first quarter of 2012: 9.7%). This was supported by robust growth in the expenditure of both the private and public sectors, while net exports moderated further due to weaker exports and higher imports. On the supply side, most major economic sectors continued to expand, led by the services, manufacturing and construction sectors.

(Source: Quarterly Bulletin, Second Quarter 2012, BNM)

Malaysia made further progress towards a high income and developed nation in 2012 despite heightened uncertainties in the external sector. Prospects for global growth remain challenging, weighed down by the ongoing sovereign debt crisis in the euro area as well as the slower-than expected recovery in the United States (US). The spillover from these episodes has affected growth in the advanced and emerging economies to varying degrees, through trade and financial channels. Against this backdrop, the Government introduced the National Transformation Policy (NTP) in the 2012 Budget which consolidates several innovative transformation programmes to strengthen domestic demand and steer the nation in achieving its mission of inclusive and sustainable growth. The timely implementation of programmes under the NTP, including the Tenth Malaysia Plan (10MP) projects, partly cushioned the domestic economy from the effects of a weaker external sector and enabled the nation to record a credible growth of 5.1% in the first half of 2012. With the implementation of programmes under the NTP intensifying and the related multiplier effects gaining traction, the economy is expected to expand further in the second half of 2012 and beyond.

The 1 Malaysia, People First, Performance Now principle which permeates all programmes under the NTP is aimed at uniting all Malaysians to face the challenges ahead as a nation. The Government Transformation Programme (GTP), an initiative under the NTP, was launched to strengthen public service delivery to facilitate the outcomes under the seven National Key Result Areas (NKRAs) and 12 National Key Economic Areas (NKEAs). The Economic Transformation Programme (ETP) another effort under the NTP, sets the targets for the development of the NKEAs towards a high-income and developed economy. Likewise, the Political Transformation Programme (PTP) is aimed at creating a functional democracy by balancing the nation's security needs and individual freedom, taking into account the complex national plurality and threats of global terrorism. To leverage digital technology, an important enabler for the country's transformation, the Digital Transformation Programme or Digital Malaysia was launched in 2011 with strong emphasis on productivity, innovation and creativity. A new initiative under the 2012 Budget is the Rural Transformation Programme (RTP) which complements the national transformation agenda for rural areas.

In addition to the transformation initiatives and active involvement of the private sector in these programmes, Malaysia's strong economic fundamentals provide sufficient buffers against further shocks from the external sector. Despite uncertainties in global growth, the Malaysian economy is expected to expand between 4.5% and 5% in 2012, mainly supported by domestic demand. On the demand side, strong private consumption and investment activities will support growth, while economic expansion on the supply side will be driven by improvements in technology and labour productivity as well as the efficient use of capital. With the external sector gradually improving in 2013, the forecast for the nation's Gross Domestic Product (GDP) growth is between 4.5% and 5.5% mainly driven by domestic demand.

(Source: Economic Report 2012/2013, Ministry of Finance)

7.2 Overview and outlook of the Malaysian property market

The global atmosphere was expected to be more challenging due to the sovereign debt crisis in Europe that caused weaker external demand. The Malaysian economy expended moderately by 5.1% in 2011 compared with 7.2% in 2010. The growth was mainly due to domestic demand, driven by private consumption and public sector spending. The New Economic Model and the Economic Transformation Programme (ETP) served as catalysts of economic growth.

Despite the challenging global economy, the Malaysian property market performed well with 430,403 transactions worth RM137.83 billion in 2011 against 376,583 transactions worth RM107.44 billion in 2010, which translate to a growth of 14.3% in volume and 28.3% in value. All property sub-sectors recorded positive growths in terms of transaction volume. Residential and development land sub-sectors recorded double digit growths of 18.9% and 14.7% respectively and followed by commercial sub-sector 9.7%, industrial sub-sector 6.5% and agricultural sub-sector 4.6%.

The industrial sub-sector softened with moderate growth of 6.5% after achieving 22.1% expansion in 2010. Net Foreign Direct Investment (FDI) inflows in 2011 increased to RM32.90 billion from RM29.30 billion in 2010, indicating continued improvements of FDI inflows despite a more challenging global economic conditions.

(Source: Valuation Report prepared by Landserve)

7.3 Prospect of the Property

The Property is located in Glenmarie, Selangor Darul Ehsan. The location is well served by comprehensive networks of highway such as the New Klang Valley Expressway, Federal Highway, New Pantai Expressway and Lebuhraya Damansara Puchong. Its strategic location provides easy access to any major town areas. Besides, there are a few rail terminals located within a five (5) km radius which includes KTM Batu Tiga and KTM Subang. This would not only ensure minimal operational disruption, but also promise better efficiencies and provide the opportunity for OCK to benefit from any capital appreciation that may arise therefrom in the future.

(Source: Management of OCK)

8. EFFECT OF THE PROPOSED ACQUISITION

8.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Acquisition will not have any effect on the issued and paid-up share capital as well as the substantial shareholders' shareholding in OCK as the Purchase Consideration will be fully satisfied in cash.

8.2 Earnings and EPS

The Proposed Acquisition is not expected to have any material effect on the earnings and earnings per share of the OCK Group for the financial year ending 31 December 2012.

In view that part of the Purchase Consideration is to be funded through Financing Facility, OCK Group anticipates additional finance costs to be incurred in the future. However, the savings from rental of premises is expected to mitigate the effect from the additional finance costs.

The proforma results set out below is provided for illustrative purposes only to show the effects on EPS of OCK Group based on the audited consolidated statements of comprehensive income for FYE 31 December 2011, assuming the Proposed Acquisition had been completed on 1 January 2011:-

	Notes	*Proforma Effects based on adjusted Consolidated Earnings for FYE 31 December 2011 (RM'000)
Savings from rental expenses FYE 2011	(1)	686
Less:		
Estimated incidental expenses	(2)	(200)
Building outgoing	(3)	(50)
Depreciation on building	(4)	(104)
Depreciation on renovation and refurbishment works	(5)	(200)
Finance cost	(6)	(504)
Relocation costs	(7)	(100)
Estimated decrease in earnings		(472)
Less: taxation		118
Estimated net decrease in earnings		(354)
No. of OCK Shares for FYE 31 December 2011 after Public Issue ('000)		259,000
Effect on EPS (sen)		(0.14)
Audited EPS for the FYE 31 December 2011 after Public Issue (sen)		3.29
Proforma EPS after the Proposed Acquisition (sen)		3.15

Notes:

- (1) Annual savings from rental of premises is based on the current annual rental paid.

- (2) Estimated incidental expenses in relation to the Proposed Acquisition which includes valuer fees, advisor fees and necessary expenses required in conveying the EGM.
- (3) Anticipated building outgoings include quit rent, assessment and building insurance cost.
- (4) The land and the building are expected to be recorded at the following value: -

		RM'000
Land Cost	(a)	9,340
Estimated incidental expenses capitalised which include SPA documentation expenses, stamp duty expenses and other miscellaneous expenses pertaining to the acquisition of the Property	(a)	650
Building Cost	(b)	4,960
Total land and building cost		14,950

- (a) Freehold land has an unlimited useful life and is therefore not depreciated. Estimated incidental expenses capitalised will be added to the land cost and therefore is also not depreciated.
- (b) Building cost is depreciated on straight-line basis over the estimated remaining useful life of 50 years.
- (5) Renovation and refurbishment works capitalised is depreciated on a straight-line basis over the estimated remaining useful life of ten (10) years.
- (6) The loan interest is computed based on interest rate of 4.40% per annum using the effective interest rate method (based on the prevailing base lending rate of 6.60% less a spreads of 2.20% per annum) over the loan tenure of 15 years.
- (7) Estimated relocation costs are expensed off immediately.

* Based on the audited statement of financial position as at 31 December 2011 and after:-

- (a) adjustments necessary for the elimination of all inter-company transactions and balances on the assumption that the Group's current structure has been in existence since 1 January 2011; and
- (b) after taking into account the Public Issue and deducting estimated expenses of RM2.0 million in relation to the Listing Exercise

as extracted from OCK's listing prospectus dated 29 June 2012. The Listing Exercise was completed on 17 July 2012.

8.3 NA and Gearing

The proforma effect of the Proposed Acquisition on the Group's consolidated NA, NA per share and gearing as at 31 December 2011, after adjusting for its Listing Exercise, are set out below:

	(I) ⁽¹⁾ Consolidated Statement of Financial Position as at 31 December 2011 RM'000	After (I) and Proposed Acquisition RM'000
Share capital	25,900	25,900
Share premium	18,885	18,885
Revaluation reserve	3,419	3,419
Foreign currency translation reserves	(4)	(4)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Retained earnings	12,586	⁽²⁾ 12,232
NA	43,779	43,425
Number of shares in issue ('000)	259,000	259,000
Interest bearing borrowings (RM'000)	27,481	⁽³⁾ 38,921
NA per share (sen)	0.17	0.17
Gearing (times)	0.63	0.90

Notes:

- (1) Based on the audited statement of financial position as at 31 December 2011 and after:-
 - (a) adjustments necessary for the elimination of all inter-company transactions and balances on the assumption that the Group's current structure has been in existence since 1 January 2011; and
 - (b) after taking into account the Public Issue and deducting estimated expenses of RM2.0 million in relation to the Listing Exerciseas extracted from OCK's listing prospectus dated 29 June 2012. The Listing Exercise was completed on 17 July 2012.
- (2) The estimated expenses incidental to the Proposed Acquisition of RM354,000 as shown in Section 8.2 of this Circular.
- (3) Assuming full drawdown of the Financing Facility.

9. RISK FACTORS

9.1 Non-Completion of the Proposed Acquisition

The Proposed Acquisition is subject to the full payment of the total Purchase Consideration by the Purchaser to the Seller within the stipulated time frame as specified in the SPA and the fulfilment of the respective obligations of the contracting parties pursuant to the terms and conditions as stipulated in the SPA. In the event that the Company's shareholders vote against the Proposed Acquisition or the Purchaser is otherwise unable to pay the Balance Purchase Consideration and complete the Proposed Acquisition, the Purchaser will not be able to complete the Proposed Acquisition and the Deposit shall be forfeited to the Seller. In the event that the Seller breaches the terms of the SPA and refuses to complete the Proposed Acquisition, then the Purchaser may claim for an amount equivalent to the Deposit as agreed liquidated ascertained damages or sue for specific performance. If the Proposed Acquisition is not completed, then this will result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.

Notwithstanding the above, OCK shall endeavour to ensure that the Proposed Acquisition is completed in accordance with the terms and conditions of the SPA.

9.2 Financial Risks

OCK intends to substantially fund the purchase of the Property through bank borrowings. As such any significant fluctuation in interest rates may increase the cost of borrowings. The Company will monitor closely the fluctuation in interest rate and will negotiate with the relevant financial institution for an attractive and cost effective financing package.

9.3 Compulsory Acquisition by the Government

The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act, 1960. In such event, the amount of compensation to be awarded is based on the fair market value of the property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. If the Property is compulsorily acquired by the Malaysian Government at a price which is lower than the Purchase Consideration, the OCK Group would register a loss on disposal. In such instances, the OCK Group would not be able to realise the advantages of having the Property as detailed in Section 6.

As at the LPD, the Company is not aware and the Seller has warranted that as at the date of the SPA, the Seller is not aware of any intended compulsory acquisition of the Property or any part thereof.

10. HIGHEST PERCENTAGE RATIO

Based on OCK's proforma audited financial statements for the financial year ended 31 December 2011 and pursuant to Rule 10.02 (g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is 71.80%.

11. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is conditional upon the following being obtained:-

- (i) The consent of the Board, which was obtained on 28 August 2012;
- (ii) the approval from the shareholders of OCK in the EGM; and
- (iii) any other relevant approvals, if any.

The Proposed Acquisition is not conditional upon any other corporate exercise.

12. OTHER CORPORATE EXERCISES OR SCHEMES

As at the LPD, save for the Proposed Acquisition, there are no other corporate exercises or schemes that have been announced but yet to be completed by the Company.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the receipt of all relevant approvals, the Proposed Acquisition is expected to be completed by the fourth quarter of FYE 31 December 2012.

The tentative timetable for the implementation for the Proposed Acquisition is set out below:

Date	Event
7 December 2012	EGM for the Proposed Acquisition
23 December 2012	Payment of Balance Purchase Consideration and completion of Proposed Acquisition

14. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders and/or persons connected to them, has any interest, direct or indirect, in the Proposed Acquisition.

15. STATEMENT BY THE DIRECTORS AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Acquisition including the rationale, fairness of the consideration, salient terms of the SPA and the financial effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution to give effect to the Proposed Acquisition which will be tabled at the forthcoming EGM.

16. EGM

The EGM, the notice of which is set out in this Circular, will be held at Langkawi 1, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil 57000, Kuala Lumpur on Friday, 7 December 2012 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the office of the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

17. FURTHER INFORMATION

Shareholders are advised to refer to the accompanying appendices for further information.

Yours faithfully,
for and on behalf of the Board
OOCK GROUP BERHAD

ABDUL HALIM BIN ABDUL HAMID
Deputy Chairman