

**OCK GROUP BERHAD (955915-M) (“OCK” OR “THE COMPANY”)**

**PROPOSED ACQUISITION BY OCK SETIA ENGINEERING SDN BHD (528998-K) (“OCK SETIA”), A WHOLLY-OWNED SUBSIDIARY OF OCK, OF A FREEHOLD LAND TOGETHER WITH A THREE (3)-STOREY FACTORY BEARING THE ADDRESS NO. 18, JALAN JURUNILAI U1/20, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN (“PROPERTY”) FROM GAINVEST CORPORATION (M) SDN BHD (156005-P) (“GAINVEST” OR “VENDOR”) FOR A TOTAL CASH CONSIDERATION OF RM14,300,000.00 (“PURCHASE CONSIDERATION”) (“PROPOSED ACQUISITION”)**

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**1. INTRODUCTION**

The Board of Directors of OCK (“Board”) wishes to announce that its wholly owned subsidiary, OCK Setia had entered into a conditional sale and purchase agreement with Gainvest on 24 September 2012, for OCK Setia to purchase the Property from the Vendor for a total cash consideration of RM14,300,000.00 (“SPA”).

Further details of the Proposed Acquisition and the SPA are set out in the ensuing sections.

**2. DETAILS OF THE PROPOSED ACQUISITION**

**2.1 Details of the Property**

The summary details of the Property are set out as follows:-

Description of Property	:	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 Darul Ehsan together with a three (3)-storey factory erected thereon
Address	:	No. 18, Jalan Jurunilai U1/20, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
Registered Proprietor	:	Gainvest
Land area/(Built-up Area of Factory)	:	4,275 square meters
Category of Land Use	:	Industrial
Tenure	:	Freehold land
Restriction of Interest	:	None

Existing Encumbrance		The Property is charged pursuant to one (1) legal charge to Public Bank Berhad (“Public Bank”).
		Apart from the aforesaid encumbrance, there are no other encumbrances on the Property.
Existing Use	:	Currently rented to third-party
Proposed Use	:	Office and warehouse
Market Value	:	The valuation report to be furnished in due course

Save for the costs in relation to the renovation and refurbishment works on the Property, which is estimated at RM2,000,000-00, there are no other additional financial commitments required by OCK to put the Property on-stream.

## **2.2 Basis at arriving at the Purchase Consideration**

The purchase consideration of RM14,300,000.00 has been arrived at on a willing buyer, willing seller basis after taking into consideration the suitability and strategic location of the Property and the management’s best estimates and enquiries on the prevailing market value of industrial properties/factory land located in the vicinity of the Property.

## **2.3 Liabilities to be Assumed**

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

## **2.4 Source of Funding**

The Proposed Acquisition is expected to be funded by internally generated funds and/or bank borrowings of OCK Setia, the proportion of which will be determined at a later date.

## **2.5 Salient Terms and Conditions of the SPA**

The Purchase Consideration shall be paid subject to the following:

- (a) the sum of RM286,000.00 being 2% of the Purchase Consideration on or prior to the date of the SPA (“Earnest Deposit”);
- (b) the sum of RM286,000.00 being 2% of the Purchase Consideration upon the execution of the SPA (“Retention Sum”) to:
  - (i) OCK Setia’s solicitors as stakeholders for the purpose of compliance with the Real Property Gains Tax Act 1976; or
  - (ii) Gainvest in the event Gainvest has acquired the Property for a period of more than five (5) years or if Gainvest is entitled and elected to apply for the exemption of the real property gain tax.

- (c) a further sum of RM858,000.00 being 6% of the Purchase Consideration (the “Balance Deposit”) upon the execution of the SPA paid by OCK Setia to Gainvest by way of deposit and towards account of the Purchase Consideration.

The Earnest Deposit, Retention Sum and the Balance Deposit shall collectively referred to as the “Deposit”).

- (d) the balance of the Purchase Price amounting to RM12,870,000.00 (the “Balance Purchase Price”) to OCK Setia’s solicitors (being the authorized stakeholders under the SPA) within three (3) months from the date of the SPA (the “Completion Date”), failing which Gainvest shall grant to OCK Setia an extension of one (1) month (the “Extended Completion Date”) in which event OCK Setia shall pay to Gainvest 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 payment.
- (e) Gainvest undertakes and agree that should the Balance Purchase Price be insufficient to redeem the Property from Public Bank, Gainvest shall pay the shortfall to OCK Setia’s solicitors as stakeholders within seven (7) days from the date of notification by Public Bank so as to secure a full discharge of the Property.
- (f) if OCK Setia fail to settle the Balance Purchase Price upon the terms of the SPA, Gainvest shall be entitled to forfeit the Deposit as agreed liquidated damages and Gainvest shall within fourteen (14) days upon such failure refund to OCK Setia free of interest any other sum (excluding the Deposit) paid by or on behalf of OCK Setia towards the account of the Purchase Price.
- (g) If Gainvest fails to comply with any of the Gainvest’s obligations under the SPA to complete the Proposed Acquisition, OCK Setia shall be entitled at its option, to specific performance or by notice in writing (the “Election Notice”) served on Gainvest to terminate the SPA, whereupon Gainvest shall, on or before the expiry of fourteen (14) days from the date of the Election Notice, pay to OCK Setia the sum of equivalent to 10% of the Purchase Price as liquidated damages and cause all monies paid by or on behalf of OCK Setia towards account of the Purchase Price pursuant to the SPA (including the Deposit) to be refunded to OCK Setia.

## **2.6 Information on Gainvest**

Gainvest was incorporated in Malaysia under the Companies Act, 1965 (“Act”) on 15 September 1986 as a private limited company. Gainvest is principally involved in trading in building and construction materials.

As at the date of this announcement, Gainvest has an authorized share capital of RM2,000,000-00 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 date of this announcement, the Directors and shareholders of Gainvest are New Ching Liong and New Chee Pheng.

## **2.7 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 date of this announcement, OCK Setia has an authorized share capital of RM5,000,000-00 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 date of this announcement, the Directors of OCK Setia are Ooi Chin Khoon, Abdul Halim Bin Abdul Hamid, Lee Jack Son and Tan Ah Bee @ Tan Ah Hai. OCK Setia is a wholly-owned subsidiary of OCK.

## **3. RATIONALE FOR THE PROPOSED ACQUISITION**

The acquisition of the Property is a long term investment for OCK and its subsidiary companies (“OCK Group” or “Group”) and will also cater for the Group’s expansion. The purpose for the Proposed Acquisition is to consolidate all of OCK Groups’ subsidiaries and related companies in one location and conduct its business in its own premises instead of renting office spaces from various landlords. The Property shall also act as the Group’s Corporate Headquarters.

## **4. EFFECTS OF THE PROPOSED ACQUISITION**

### **4.1 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’ shareholdings in OCK as the Purchase Consideration will be fully satisfied in cash.

### **4.2 Earnings**

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.

### 4.3 Net Assets (“NA”) and Gearing

The proforma effects of the Proposed Acquisition on the Group’s consolidated NA, NA per share and gearing are set out below:

	<b>Audited as at 31 December 2011</b>	<b>(I) After the Public Issue</b>	<b>After (I) and Proposed Acquisition</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Share capital	18,400	25,900	25,900
Share premium	-	19,500	19,500
Revaluation reserve	3,419	3,419	3,419
Foreign currency translation reserves	(4)	(4)	(4)
Reserve arising from reverse acquisition	(17,007)	(17,007)	(17,007)
Retained earnings	13,971	13,971	13,971
NA	18,779	45,779	45,779
Number of shares in issue (’000)	184,000	259,000	259,000
Interest bearing borrowings (RM’000)	27,481	27,481	38,921
NA per share (sen)	0.10	0.18	0.18
Gearing (times)	1.46	0.60	0.85

## 5. RISK FACTORS

### 5.1 Non-Completion of the Proposed Acquisition

The Proposed Acquisition is subject to the full payment of the total Purchase Consideration by OCK Setia to Gainvest within the stipulated time frame as specified in the SPA and the fulfillment of the respective obligations of the contracting parties pursuant to the terms and conditions as stipulated in the SPA. Upon any non-fulfillment of any condition or necessary procedure by Gainvest or by OCK Setia, the Proposed Acquisition may not be completed which will result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.

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

## **5.2 Financial Risks**

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

## **6. APPROVAL FROM SHAREHOLDERS AND AUTHORITIES**

The Proposed Acquisition is conditional upon the obtaining of:

- (i) the consent of the Board, which was obtained on 28 August 2012;
- (ii) the consent of the shareholders of OCK in an extraordinary general meeting to be convened; and
- (iii) the approval of the state authority for the transfer of the Property from Gainvest to OCK Setia.

## **7. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTEREST**

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

## **8. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the last quarter of 2012.

## **9. ADVISER**

The Board will appoint an adviser for the Proposed Acquisition in due course.

## **10. PERCENTAGE RATIOS**

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

## **11. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the salient terms and conditions of the SPA, the basis of the Purchase Consideration, the rationale for the Proposed Acquisition and the financial effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company and is not detrimental to the interests of the shareholders of OCK.

## **12. DOCUMENT AVAILABLE FOR INSPECTION**

The SPA will be made available for inspection at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 25 September 2012.