

OCK GROUP BERHAD ("OCK" OR THE "COMPANY")

- I. PROPOSED TRANSFER OF THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF OCK FROM THE ACE MARKET TO THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("PROPOSED TRANSFER");**
- II. PROPOSED BONUS ISSUE OF UP TO 177,076,363 NEW ORDINARY SHARES OF RM0.10 EACH IN OCK ("OCK SHARE(S)") ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING OCK SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE"); AND**
- III. PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF OCK ("PROPOSED AMENDMENTS")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of OCK ("Board"), RHB Investment Bank Berhad ("RHBIB") wishes to announce that the Company proposes to undertake the following:-

- i. A transfer of the listing of and quotation for the entire issued and paid-up share capital of OCK from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities");
- ii. A bonus issue of up to 177,076,363 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held on the Entitlement Date; and
- iii. Amendments to the Memorandum and Articles of Association of OCK.

Further details on the Proposals are set out in the ensuing sections.

In addition, the Board wishes to highlight that the Company has earlier announced the following corporate proposals prior to this announcement:-

- i. On 15 April 2014, RHBIB had, on behalf of the Board, announced that the Company proposed to undertake a private placement of up to 20% of the issued and paid-up share capital of the Company ("Proposed Private Placement"). The circular pertaining to the Proposed Private Placement has been despatched to the Company's shareholders on 12 May 2014;
- ii. On 29 April 2014, RHBIB had, on behalf of the Board, announced the following:-
 - a. Proposed acquisition by OCK International Sdn Bhd ("OCK International"), a wholly-owned subsidiary of OCK, of 85% equity interest in PT Putra Mulia Telecommunication ("PMT") for a purchase consideration of RM21,250,000, to be fully satisfied via a combination of RM10,000,000 in cash and issuance of 10,227,272 new OCK Shares at an issue price of RM1.10 per OCK Share ("Proposed Acquisition");
 - b. Proposed establishment of an employees' share option scheme of up to 10% of the issued and paid-up share capital of OCK ("Proposed ESOS");

- c. Proposed increase in authorised share capital of OCK from RM50,000,000 comprising 500,000,000 OCK Shares to RM100,000,000 comprising 1,000,000,000 OCK Shares ("Proposed Increased in Authorised Share Capital"); and
- d. Proposed amendments to the Memorandum and Articles of Association of OCK to facilitate, amongst others, the implementation of the Proposed Increase in Authorised Share Capital ("Proposed Amendments B").

An application to the relevant authorities for the above proposals shall be made in due course.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Transfer

The Proposed Transfer entails the transfer of the listing of and quotation for the entire issued and paid-up share capital of OCK from the ACE Market to the Main Market of Bursa Securities.

OCK has met the requirements for a transfer to the Main Market of Bursa Securities as set out in the Equity Guidelines issued by the Securities Commission Malaysia ("SC") and the Main Market Listing Requirements of Bursa Securities, which include, amongst others, the following:-

Requirements	Compliance Status										
i. An aggregate after-tax profit of at least RM20 million of three (3) to five (5) full financial years based on the audited financial statements prior to the submission to the SC and an after-tax profit for the most recent financial year of at least RM6 million; and	<p>The profit track record of OCK and its subsidiary companies ("OCK Group" or the "Group") for the past three (3) financial years up to the financial year ended ("FYE") 31 December 2013 is set out below:-</p> <table> <tr> <th>FYE 31 December</th><th>Consolidated profit after taxation and minority interest RM'000</th></tr> <tr> <td>2011^{*1}</td><td>8,523</td></tr> <tr> <td>2012</td><td>13,148</td></tr> <tr> <td>2013</td><td>13,582</td></tr> <tr> <td></td><td>35,253</td></tr> </table> <p>Note:-</p> <p>^{*1} Based on the proforma consolidated financial information of OCK Group for the FYE 31 December 2011, as disclosed in OCK's prospectus dated 29 June 2012</p>	FYE 31 December	Consolidated profit after taxation and minority interest RM'000	2011 ^{*1}	8,523	2012	13,148	2013	13,582		35,253
FYE 31 December	Consolidated profit after taxation and minority interest RM'000										
2011 ^{*1}	8,523										
2012	13,148										
2013	13,582										
	35,253										
ii. Public shareholding spread of at least 25% of the total number of shares to be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 shares each upon admission to the Main Market of Bursa Securities.	As at 28 April 2014, being the latest practicable date prior to the date of this announcement, the Record of Depositors of OCK showed 124,649,000 OCK Shares, representing 43.75% of its issued and paid-up share capital, were held in the hands of 1,836 public shareholders.										

Consequently, the Company proposes to transfer the listing of and quotation for its entire issued and paid-up share capital from the ACE Market to the Main Market of Bursa Securities.

2.2 Proposed Bonus Issue

2.2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail an issuance of up to 177,076,363 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held by the entitled shareholders of OCK as at the close of business on the Entitlement Date ("Entitled Shareholders").

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with by the Board in such manner in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

The Proposed Bonus Issue will not be implemented in stages over a period of time.

2.2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from the share premium account of the Company.

For illustration purposes, the proposed capitalisation for the Proposed Bonus Issue shall be based on OCK's audited financial statements for the FYE 31 December 2013 at the company level, and on the assumption that the Proposed Bonus Issue will be implemented before the Proposed ESOS, and also taking into account the following scenario:-

Minimum : Assuming none of the 10,227,272 OCK Shares pursuant to the
Scenario Proposed Acquisition are issued and none of the 59,025,454 OCK Shares pursuant to the Proposed Private Placement are placed out before the implementation of the Proposed Bonus Issue

Maximum : Assuming all of the 10,227,272 OCK Shares pursuant to the
Scenario Proposed Acquisition are issued and all of the 59,025,454 OCK Shares pursuant to the Proposed Private Placement are placed out before the implementation of the Proposed Bonus Issue

OCK (Company level)	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited share premium as at 31 December 2013	26,739	26,739
Adjusted for the Proposed Acquisition	-	10,227 ^{*1}
	26,739	36,966
Adjusted for the Proposed Private Placement	-	66,379 ^{*2}
	26,739	103,345
▪ Amount to be capitalised pursuant to the Proposed Bonus Issue	(14,245)	(17,708)
After the Proposed Bonus Issue	12,494	85,637

Notes:-

^{*1} Based on 10,227,272 OCK Shares to be issued at an issue price of RM1.10 per Share for the partial settlement of purchase consideration pursuant to the Proposed Acquisition

Pursuant to Rule 6.31(1) of the ACE Market Listing Requirements of Bursa Securities ("ACE Market Listing Requirements"), a listed issuer intending to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue is unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest quarterly report.

Based on OCK's audited consolidated financial statements for the FYE 31 December 2013, the reserves available to be capitalised for the Proposed Bonus Issue are unimpaired by losses on a consolidated basis and that the share premium of the Company is adequate for the capitalisation of the Proposed Bonus Issue. Hence, the Company has complied with Rule 6.31(1) of the ACE Market Listing Requirements.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up Shares, except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distributions ("Distribution") that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of the allotment and issuance of the Bonus Shares.

2.2.4 Listing of the Bonus Shares

An application will be made to Bursa Securities for the listing of the Bonus Shares on the ACE Market/ Main Market of Bursa Securities depending on the timing of listing of the Bonus Shares.

2.3 Proposed Amendments

The Proposed Amendments entail the consequential amendments to the Memorandum and Articles of Association of OCK to facilitate the implementation of the Proposed Transfer.

The Articles of Association of OCK is proposed to be amended as set out below:-

Existing		Proposed	
<u>Article No.2</u>		<u>Article No.2</u>	
"Listing Requirements"	Bursa Malaysia Securities Berhad's Listing Requirements for the ACE Market including any relevant practice and/ or practice notes, directives, guidelines issued pursuant thereto and any amendments that may be made from time to time.	"Listing Requirements"	The Main Market Listing Requirements of the Stock Exchange including any amendment thereto that may be made from time to time.
"Markey Day"	A day on which the ACE Market is open for trading in securities	"Market Day"	A day on which the stock market of the Stock Exchange is open for trading in securities

Existing

Article No.154(7)

For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market including any amendments to the Listing Requirements that may be made from time to time.

Proposed

Article No.154(7)

For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market including any amendments to the Listing Requirements that may be made from time to time.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Transfer

The Proposed Transfer signifies the growth of the Group in the form of its scale of operations as well as its profitability in meeting the profit track record requirements for a transfer to the Main Market of Bursa Securities. The Proposed Transfer is expected to offer the Company greater recognition and acceptance by investors, including institutional investors, to reflect the Group's current level of operations.

Further, the Proposed Transfer is expected to enhance OCK Group's prestige and reputation as well as the confidence of its customers, suppliers, bankers, business partners, employees and shareholders, through its profile as a company listed on the Main Market of Bursa Securities.

3.2 Proposed Bonus Issue

After due consideration, the Board is of the view that the Proposed Bonus Issue is the most appropriate avenue of rewarding the existing shareholders of the Company while at the same time enhance the Company's capital base as the Proposed Bonus Issue will:-

- i. Increase the Company's issued and paid-up share capital to a level which would be more reflective of its current scale of operations and assets employed;
- ii. Reward the existing shareholders of the Company for their continuous support;
- iii. Enlarge the number of ordinary shares in the Company held by the Company's existing shareholders, albeit without increasing the percentage equity interest; and
- iv. Be able to encourage trading liquidity of the ordinary shares of the Company on Bursa Securities and greater participation by investors as well as potentially broadening the shareholder base of the Company.

3.3 Proposed Amendments

The Proposed Amendments are undertaken to facilitate the implementation of the Proposed Transfer.

4. EFFECTS OF THE PROPOSALS

The Proposed Transfer and the Proposed Amendments will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company, the net assets ("NA") and gearing of OCK Group, and the earnings and earnings per share ("EPS") of the Group.

For illustration purposes, the effects of the Proposed Bonus Issue shall be based on the assumption that the Proposed Bonus Issue will be implemented before the Proposed ESOS, and also taking into account the following scenario:-

- Minimum Scenario : Assuming none of the 10,227,272 OCK Shares pursuant to the Proposed Acquisition are issued and none of the 59,025,454 OCK Shares pursuant to the Proposed Private Placement are placed out before the implementation of the Proposed Bonus Issue
- Maximum Scenario : Assuming all of the 10,227,272 OCK Shares pursuant to the Proposed Acquisition are issued and all of the 59,025,454 OCK Shares pursuant to the Proposed Private Placement are placed out before the implementation of the Proposed Bonus Issue

4.1 Issued and paid-up share capital

The proforma effects of the Proposed Bonus Issue on the issued and paid-up share capital of OCK are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at 28 April 2014	284,900,000	28,490,000	284,900,000	28,490,000
Shares to be issued pursuant to the Proposed Acquisition	-	-	10,227,272	1,022,727
	284,900,000	28,490,000	295,127,272	29,512,727
Shares to be issued pursuant to the Proposed Private Placement	-	-	59,025,454	5,902,545
	284,900,000	28,490,000	354,152,726	35,415,272
Shares to be issued pursuant to the Proposed Bonus Issue	142,450,000	14,245,000	177,076,363	17,707,636
Enlarged issued and paid-up share capital	427,350,000	42,735,000	531,229,089	53,122,908

4.2 NA per Share and gearing

Based on the latest audited consolidated statement of financial position of OCK Group as at 31 December 2013, the proforma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are set out below:-

Minimum Scenario

	Audited as at 31 December 2013 RM'000	I After the Proposed Bonus Issue RM'000
Share capital	28,490	42,735
Share premium	26,739	12,494 ^{*1}
Foreign currency translation reserve	(26)	(26)
Revaluation reserve	3,280	3,280
Reverse acquisition reserve	(17,007)	(17,007)
Retained earnings	38,258	37,658 ^{*2}
Shareholders' fund/ NA	79,734	79,134
No. of shares in issue ('000)	284,900	427,350
NA per Share (RM)	0.28	0.19
Total borrowings (RM'000)	60,436	60,436
Gearing ratio (times)	0.76	0.76

Notes:-

^{*1} After the capitalisation of approximately RM14.25 million pursuant to the Proposed Bonus Issue

^{*2} After deducting estimated expenses of RM0.60 million incurred in relation to the Proposed Transfer and the Proposed Bonus Issue

Maximum Scenario

	Audited as at 31 December 2013 RM'000	I After the Proposed Acquisition RM'000	II After I and the Proposed Private Placement RM'000	III After II and the Proposed Bonus Issue RM'000
Share capital	28,490	29,513	35,415	53,123
Share premium	26,739	36,966 ^{*1}	103,345 ^{*4}	85,637 ^{*6}
Foreign currency translation reserve	(26)	(26)	(26)	(26)
Revaluation reserve	3,280	3,280	3,280	3,280
Reverse acquisition reserve	(17,007)	(17,007)	(17,007)	(17,007)
Retained earnings	38,258	37,628 ^{*2}	37,628	37,028 ^{*7}
Shareholders' fund/ NA	79,734	90,354	162,635	162,035
No. of shares in issue ('000)	284,900	295,127	354,153	531,229
NA per Share (RM)	0.28	0.31	0.46	0.31
Total borrowings (RM'000)	60,436	70,906 ^{*3}	62,906 ^{*5}	62,906
Gearing ratio (times)	0.76	0.78	0.39	0.39

Notes:-

^{*1} Based on 10,227,272 OCK Shares to be issued at an issue price of RM1.10 per Share for the partial settlement of purchase consideration pursuant to the Proposed Acquisition

- ² *After deducting estimated expenses of RM0.63 million incurred in relation to the Proposed Acquisition and the Proposed ESOS*
- ³ *Including the total interest-bearing borrowings of PMT amounting to approximately RM0.47 million and bank borrowings of OCK to finance the RM10.00 million cash payment for the purchase consideration pursuant to the Proposed Acquisition*
- ⁴ *Based on 59,025,454 OCK Shares to be issued at an indicative issue price of RM1.25 per Share and after deducting estimated expenses of RM1.50 million incurred in relation to the Proposed Private Placement*
- ⁵ *For illustrative purposes, assuming the proceeds arising from the Proposed Private Placement is utilised for the partial repayment of borrowings amounting to RM8.00 million at this juncture*
- ⁶ *After the capitalisation of approximately RM17.71 million pursuant to the Proposed Bonus Issue*
- ⁷ *After deducting estimated expenses of RM0.60 million incurred in relation to the Proposed Transfer and the Proposed Bonus Issue*

4.3 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of OCK Group for the financial year ending 31 December 2014. However, the Proposed Bonus Issue will result in a corresponding dilution in the EPS of the Group due to the increase in the number of OCK Shares in issue.

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4.4 Substantial shareholding structure

The effects of the Proposed Bonus Issue on the substantial shareholders' shareholdings of the Company are set out below:-

Minimum Scenario

Substantial shareholders	Shareholding as at 28 April 2014				After the Proposed Bonus Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Aliran Armada Sdn Bhd	140,215,000	49.22	-	-	210,322,500	49.22	-	-
Ooi Chin Khoon	3,500,000	1.23	141,817,700 ^{*1}	49.78	5,250,000	1.23	212,726,550 ^{*1}	49.78
Abdul Halim Bin Abdul Hamid	-	-	140,215,000 ^{*2}	49.22	-	-	210,322,500 ^{*2}	49.22
Lembaga Tabung Angkatan Tentera	36,634,000	12.86	-	-	54,951,000	12.86	-	-

Notes:-

^{*1} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd and by virtue of his interest held through his brothers

^{*2} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd

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Maximum Scenario

Substantial shareholders	Shareholding as at 28 April 2014				I After the Proposed Acquisition			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Aliran Armada Sdn Bhd	140,215,000	49.22	-	-	140,215,000	47.51	-	-
Ooi Chin Khoon	3,500,000	1.23	141,817,700 ^{*1}	49.78	3,500,000	1.19	141,817,700 ^{*1}	48.05
Abdul Halim Bin Abdul Hamid	-	-	140,215,000 ^{*2}	49.22	-	-	140,215,000 ^{*2}	47.51
Lembaga Tabung Angkatan Tentera	36,634,000	12.86	-	-	36,634,000	12.41	-	-
Substantial shareholders	II After I and the Proposed Private Placement ^{*3}				III After II and the Proposed Bonus Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Aliran Armada Sdn Bhd	140,215,000	39.59	-	-	210,322,500	39.59	-	-
Ooi Chin Khoon	3,500,000	0.99	141,817,700 ^{*1}	40.04	5,250,000	0.99	212,726,550 ^{*1}	40.04
Abdul Halim Bin Abdul Hamid	-	-	140,215,000 ^{*2}	39.59	-	-	210,322,500 ^{*2}	39.59
Lembaga Tabung Angkatan Tentera	66,146,727 ^{*4}	18.68	-	-	99,220,090	18.68	-	-

Notes:-

^{*1} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd and by virtue of his interest held through his brothers

^{*2} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd

^{*3} Assuming the Proposed Private Placement will not result in any of the placee(s) emerging as a substantial shareholder of the Company

^{*4} Assuming Lembaga Tabung Angkatan Tentera, whom shall be offered up to 10% of the placement shares to them under the Proposed Private Placement (as disclosed in the circular to shareholders pertaining to the Proposed Private Placement dated 12 May 2014), accepts and subscribes for up to 29,512,727 placement shares, representing 10% of the placement shares

4.5 Convertible securities

As at the date of this announcement, the Company does not have any existing convertible securities.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- i. Bursa Securities, for the following:-
 - a. Transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the ACE Market to the Main Market of Bursa Securities; and
 - b. Listing of the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the ACE Market/ Main Market of Bursa Securities, depending on the timing of such securities;
- ii. SC, for the Proposed Transfer;
- iii. Equity Compliance Unit of the SC, for the resultant equity structure after the Proposed Transfer;
- iv. The shareholders of OCK, for the Proposed Bonus Issue and the Proposed Amendments at an extraordinary general meeting of the Company to be convened; and
- v. Any other relevant authority, if required.

The Proposed Bonus Issue is not conditional upon the Proposed Transfer and the Proposed Amendments. However, the Proposed Bonus Issue is conditional upon the Proposed Increase in Authorised Share Capital and the Proposed Amendments B, as set out in Section 1 of this announcement (further details of the Proposed Increase In Authorised Share Capital and the Proposed Amendments B can be referred to in the Company's announcement dated 29 April 2014). The Proposed Transfer and the Proposed Amendments are inter-conditional upon each other.

Save as disclosed above, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

6. INTERESTS OF DIRECTORS AND/ OR MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

None of the Directors and/ or major shareholders of OCK and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Transfer and the Proposed Amendments.

None of the Directors and/ or major shareholders of OCK and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, the rights of which are also available to all other existing shareholders of the Company as at the Entitlement Date.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed by the fourth quarter of 2014.

9. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities for the Proposals shall be made within two (2) months from the date of this announcement.

10. ADVISER

RHBIB has been appointed as the Adviser for the Proposals.

This announcement is dated 14 May 2014.