

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

### **PROPOSED PRIVATE PLACEMENT OF UP TO 20% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF OCK AT ANY POINT OF TIME, AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")**

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#### **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 a private placement of up to 20% of the issued and paid-up share capital of OCK at any point of time ("Placement Share(s)", at an issue price to be determined later.

Further details of the Proposed Private Placement are set out in the ensuing sections.

#### **2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT**

##### **2.1 Placement size**

The Proposed Private Placement entails the issuance of up to 20% of the issued and paid-up share capital of OCK at any point of time, to third party investor(s) to be identified at an issue price to be determined later.

For illustrative purposes, based on the issued and paid-up share capital of OCK as at 9 April 2014 (being the latest practicable date prior to the date of this announcement) of RM28,490,000 comprising 284,900,000 ordinary shares of RM0.10 each in OCK ("OCK Share(s)" or "Share(s)"), a total of up to 56,980,000 new OCK Shares, representing 20% of the issued and paid-up share capital of OCK, may be issued pursuant to the Proposed Private Placement.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement shall be determined at a later date, based on the issued and paid-up share capital of OCK as at the date of implementation.

##### **2.2 Basis of determining the issue price of the Placement Shares**

The issue price of the Placement Shares shall be determined and announced by the Board at a later date after the receipt of all requisite approvals for the Proposed Private Placement, at a price that is deemed appropriate after taking into consideration the prevailing market conditions and the five (5)-day weighted average market price ("WAMP") of OCK Shares immediately preceding the price-fixing date.

The discount for the issue price of the Placement Shares, if any, shall not be more than 10.0% to the five (5)-day WAMP of OCK Shares immediately preceding the price-fixing date and such issue price shall not be lower than the par value of OCK Shares of RM0.10 each.

For illustrative purposes only, the indicative issue price of the Placement Shares are assumed at RM1.22 per Placement Share, representing a discount of approximately 9.6% to the five (5)-day WAMP of OCK Shares up to and including 9 April 2014 of RM1.35.

## 2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing OCK Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares.

## 2.4 Listing of and quotation for the Placement Shares

An application will be made to Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

## 2.5 Allocation of the Placement Shares

The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, and such investor(s) shall be person(s) qualified under Schedule 6 and 7 of the Capital Markets and Services Act 2007. In any event, the Placement Shares will not be placed out to the following parties:-

- i. a director, major shareholder, chief executive of OCK or the holding company of OCK ("Interested Person(s)");
- ii. a person connected to the Interested Person; and
- iii. nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In the event that the Board is unable to identify sufficient placees to subscribe for the entire portion of the Placement Shares at one time, the Proposed Private Placement may be implemented in tranches within six (6) months from the date of approval of Bursa Securities for the Proposed Private Placement, or any extended period as may be approved by Bursa Securities.

RHBIB will be appointed as the placement agent for the Proposed Private Placement after the receipt of all requisite approvals for the Proposed Private Placement.

## 2.6 Utilisation of proceeds

Based on the indicative issue price of RM1.22 per Placement Share and the issued and paid-up share capital of OCK as at 9 April 2014, the Proposed Private Placement is expected to raise gross proceeds of up to RM69.52 million. The proceeds are proposed to be utilised by OCK and its subsidiaries ("OCK Group" or "Group") in the manner as set out below:-

Details of utilisation	Timeframe for utilisation from completion	RM'000
Business expansion <sup>*1</sup>	Within 24 months	50,000
Repayment of borrowings <sup>*2</sup>	Within 12 months	8,000
Renovation costs <sup>*3</sup>	Within 12 months	3,000
General working capital <sup>*4</sup>	Within 12 months	7,016
Estimated expenses in relation to the Proposed Private Placement <sup>*5</sup>	Upon completion	1,500
<b>Total</b>		<b>69,516</b>

**Notes:-**

<sup>\*1</sup> The Group intends to expand its existing business in the provision of various telecommunication network services and the green energy and power solutions business. As at the date of this announcement, the management of OCK is still exploring its options for various business expansion opportunities such as acquisition of assets or companies which has synergistic benefits, and had not entered into any arrangement with any parties.

The Company shall make the necessary announcements (in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")) as and when business expansion opportunities have been identified by the Board and are likely to materialise.

In the event OCK is unable to identify any suitable and viable business expansion opportunities within the timeframe stipulated (or any extended timeframe, if applicable), the proceeds allocated for business expansion shall be utilised to repay its bank borrowings and/ or for working capital purposes of OCK Group.

<sup>\*2</sup> As at 31 March 2014, OCK Group's short-term bank borrowings (i.e. short term loans and revolving project loans) amounted to approximately RM27.00 million. For illustrative purposes, the partial repayment of the Group's bank borrowings is expected to result in an interest cost savings of approximately RM0.64 million per annum based on the effective interest rate at 8.00% per annum.

<sup>\*3</sup> The Group intends to use part of the proceeds from the Proposed Private Placement to part finance the cost for renovation to be undertaken at its new office cum warehouse at Hicom Glenmarie Industrial Park, Section U1, Shah Alam Selangor, with a gross floor area measuring approximately 4,353 square meters.

<sup>\*4</sup> The Group intends to use part of the proceeds from the Proposed Private Placement for general working capital purposes of its existing business, earmarked for the following:-

	<b>Note</b>	<b>RM'000</b>
Payment to Trade Creditors and Suppliers	(a)	5,000
Defrayment of general expenses	(b)	2,016
<b>Total</b>		<b>7,016</b>

a) This amount is to be utilised to fund the Company's existing business operations expenses amongst others, subcontractors, suppliers and other day-to-day direct expenses.

b) The breakdown of gross proceeds to be utilised for the defrayment of general expenses, amongst others, the payment of general expenses, payment of staff related expenses and other operating expenses which has not been determined at this juncture.

The actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation.

<sup>\*5</sup> The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement shall be utilised as set out below:-

	<b>RM'000</b>
Professional fees	40
Regulatory fees	15
Placement fee	1,400
Other incidental expenses in relation to the Proposals	45
<b>Total</b>	<b>1,500</b>

Any variation in the actual amount of expenses will be adjusted to/ from the amount allocated for working capital portion.

The actual gross proceeds to be raised from the Proposed Private Placement are dependent on the issue price and actual number of Placement Shares to be issued. Any variation to the actual gross proceeds raised from the Proposed Private Placement will be adjusted to the amount allocated for working capital of the Group.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds would be placed in deposits with financial institutions or short-term money market instruments.

### 3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of various methods of fund raising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement:-

- i. enables the Group to raise additional funds without having to incur interest expenses or service principal repayment as compared to conventional bank borrowings. This would allow the Company to preserve cash flow for reinvestment and/ or operational purpose;
- ii. enables the Group to have greater opportunity to grow its business at lower cost of fund, thereby generating greater returns from the investments;
- iii. is an expeditious way of raising funds from the capital market as opposed to other forms of fund raising such as a rights issue exercise; and
- iv. enables the Company to strengthen its equity base which in turn may potentially increase the liquidity and marketability of OCK Shares.

### 4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

For illustrative purposes, based on the assumption that the number of Placement Shares issued amounts to 20% of the issued and paid-up share capital of OCK as at 9 April 2014, the effects of the Proposed Private Placement are set out below:-

#### 4.1 Issued and paid-up share capital

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

	No. of Shares	RM
Issued and paid-up share capital as at 9 April 2014	284,900,000	28,490,000
Shares to be issued pursuant to the Proposed Private Placement	56,980,000	5,698,000
<b>Enlarged issued and paid-up share capital</b>	<b><u>341,880,000</u></b>	<b><u>34,188,000</u></b>

#### 4.2 Net assets ("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 Private Placement on the consolidated NA per Share and gearing of the Group are set out as follows:-

	Audited as at 31 December 2013 RM'000	After the Proposed Private Placement RM'000
Share capital	28,490	34,188
Share premium	26,739	89,057 <sup>*1</sup>
Foreign currency translation reserve	(26)	(26)
Revaluation reserve	3,350	3,350
Reserve arising from reverse acquisition	(17,007)	(17,007)
Retained earnings	38,185	38,185
<b>Shareholders' equity/ NA</b>	<b>79,731</b>	<b>147,747</b>
No. of Shares outstanding ('000)	284,900	341,880
NA per Share (RM)	0.28	0.43
Borrowings (RM'000)	60,436	52,436 <sup>*2</sup>
Gearing ratio (times)	0.76	0.35

**Notes:-**

<sup>\*1</sup> Based on 56,890,000 Placement Shares to be issued at an indicative issue price of RM1.22 per Placement Share, after deducting estimated expenses of RM1.50 million incurred in relation to the Proposed Private Placement.

<sup>\*2</sup> For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM8.00 million is utilised at this juncture.

#### 4.3 Earnings and earnings per Share ("EPS")

The Proposed Private Placement is not expected to have a material effect on the earnings of OCK Group for the financial year ending 31 December 2014. However, assuming the net earnings of the Group remain unchanged, the EPS of the Group will be diluted as a result of the increase in the number of OCK Shares in issue upon completion of the Proposed Private Placement.

#### 4.4 Substantial shareholding structure

The proforma effects of the Proposed Private Placement on the substantial shareholders' shareholdings of the Company are set out below:-

Substantial shareholders	Shareholdings as at 9 April 2014				After the Proposed Private Placement			
	<-----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	41.01	-	-
Ooi Chin Khoon	3,500,000	1.23	141,817,700 <sup>*1</sup>	49.78	3,500,000	1.02	141,817,700 <sup>*1</sup>	41.48
Abdul Halim Bin Abdul Hamid	-	-	140,215,000 <sup>*2</sup>	49.22	-	-	140,215,000 <sup>*2</sup>	41.01
Lembaga Tabung Angkatan Tentera	35,979,400	12.63	-	-	35,979,400	10.52	-	-

**Notes:-**

<sup>\*1</sup> Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd and of his brothers, Ooi Cheng Wah's and Ooi Chin Lee's direct interest in OCK.

<sup>\*2</sup> Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd.

#### **4.5 Convertible securities**

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

#### **5. APPROVALS REQUIRED**

The Proposed Private Placement is subject to the following approvals being obtained:-

- i. Bursa Securities, for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities;
- ii. The shareholders of OCK at the forthcoming extraordinary general meeting of the Company; and
- iii. Any other relevant authority, if required.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

#### **6. INTERESTS OF DIRECTORS, 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 Private Placement.

#### **7. DIRECTORS' STATEMENT**

The Board, after having considered all aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

#### **8. APPLICATION TO THE AUTHORITIES**

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

#### **9. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Private Placement is expected to be completed by the third quarter of 2014.

#### **10. ADVISER**

RHBIB has been appointed as the Adviser for the Proposed Private Placement. RHBIB is also the Sponsor of OCK.

**This announcement is dated 15 April 2014.**