

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

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF OCK ("PROPOSED PRIVATE PLACEMENT")

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 10% of the issued and paid-up share capital of OCK to third party investors to be identified later.

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

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Company had obtained the approval from its shareholders at the last annual general meeting ("AGM") convened on 27 May 2013, whereby pursuant to Section 132D of the Companies Act, 1965, the Board has been authorised to issue new ordinary shares of RM0.10 each in OCK ("OCK Share(s)" or "Share(s)") provided that the number of new OCK Shares does not exceed 10% of the issued and paid-up share capital of the Company. Such authority shall continue to be in force until the conclusion of the next AGM of the Company.

2.1 Placement size

The Proposed Private Placement involves an issuance of up to 10% of the issued and paid-up share capital of OCK.

Based on the total issued and paid-up share capital of OCK of RM25,900,000 comprising 259,000,000 OCK Shares as at 17 June 2013, a total of up to 25,900,000 new OCK Shares ("Placement Share(s)") will be issued pursuant to the Proposed Private Placement.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total issued and paid-up share capital of the Company on a date to be determined later upon obtaining all relevant approvals as set out in Section 5 of this Announcement, where applicable.

2.2 Basis of determining the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement.

Based on Rule 6.05(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Placement Shares may be issued based on a discount of not more than 10% to the five (5)-day weighted average market price ("WAMP") of OCK Shares immediately preceding the price-fixing date. In any event, the issue price of the Placement Shares 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 is assumed at RM0.51 per Placement Share, which represents a discount of approximately 8.93% to the five (5)-day WAMP of OCK Shares up to and including 17 June 2013 of RM0.56 per OCK Share.

2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing OCK Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any 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 Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

2.5 Allocation to placees

The Placement Shares will be placed out to third party investors to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007. RHBIB will be appointed as the placement agent for the Proposed Private Placement, after the receipt of all relevant approvals for the Proposed Private Placement.

In accordance with Rule 6.05(c) of the Listing Requirements, the Placement Shares will not be placed out to the following parties:-

- i. The director, major shareholder, chief executive of OCK, a holding company of OCK or interested person connected with a director, major shareholder or chief executive; and
- ii. Nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In any 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.

2.6 Utilisation of proceeds

Based on the indicative issue price of RM0.51 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to RM13,209,000. The proceeds are intended to be utilised by OCK and its subsidiary companies ("OCK Group" or the "Group") in the manner set out below:-

Details of utilisation	Timeframe for utilisation	Amount of proceeds RM'000
Working capital requirements ^{*1}	Within 12 months	13,009
Defray estimated expenses ^{*2}	Within one (1) month	200
Total		13,209

Notes:-

^{*1} The gross proceeds earmarked for the working capital requirements of OCK Group, are intended to be utilised for the financing of its daily operations, including expenses for regional expansion, repayment to trade creditors and other creditors (i.e. payment for inventories) as well as defrayment of general expenses (i.e. salaries, travelling expenses, utilities, staff training and staff welfare such as allowances and payments to employees provident fund)

^{*2} The estimated expenses in relation to the Proposed Private Placement consist of professional fees, fees payable to authorities and other miscellaneous expenses. Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for working capital

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

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

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of the 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 Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings;
- ii. Provides the Company an expeditious way of raising funds from the capital market as opposed to other forms of fund raising; and
- iii. Increases the size and strength of the Company's shareholders' funds.

4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

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 17 June 2013	259,000,000	25,900,000
Placement Shares to be issued pursuant to the Proposed Private Placement	25,900,000	2,590,000
Enlarged issued and paid-up share capital	284,900,000	28,490,000

4.2 Net Asset ("NA") per Share and gearing

Based on the latest audited consolidated statements of financial position of OCK Group as at 31 December 2012, the proforma effects of the Proposed Private Placement on the NA per Share and gearing of the Group are set out below:-

	Audited as at 31 December 2012 RM'000	After the Proposed Private Placement RM'000
Share capital	25,900	28,490
Share premium	17,692	28,111 ^{*1}
Revaluation reserve	3,350	3,350
Foreign currency translation reserve	(15)	(15)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Retained earnings	25,898	25,898
Shareholders' funds/ NA	55,818	68,827
No. of Shares outstanding ('000)	259,000	284,900
NA per Share (RM)	0.22	0.24
Total borrowings ('000)	43,249	43,249
Gearing ratio (times)	0.77	0.63

Note:-

^{*1} Including the increase in share premium of approximately RM10.62 million based on the indicative issue price of RM0.51 per Placement Share and after deducting estimated expenses of approximately RM200,000 incurred in relation to the Proposed Private Placement

4.3 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 17 June 2013				After the Proposed Private Placement ^{*3}			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Aliran Armada Sdn Bhd	165,600,000	63.94	-	-	165,600,000	58.13	-	-
Ooi Chin Khoon	-	-	166,230,000 ^{*1}	64.18	-	-	166,230,000 ^{*1}	58.35
Abdul Halim Bin Abdul Hamid	-	-	165,600,000 ^{*2}	63.94	-	-	165,600,000 ^{*2}	58.13

Notes:-

^{*1} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd and of his brother, Ooi Cheng Wah's direct interest in OCK

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

^{*3} Assuming the Proposed Private Placement does not rise to the emergence of any substantial shareholder(s)

4.4 Earnings and earnings per share ("EPS")

The Proposed Private Placement is not expected to have any material effect on the earnings of OCK Group for the financial year ending 31 December 2013. However, there will be a dilution in the EPS of OCK Group due to the increase in the number of OCK Shares in issue arising from the Proposed Private Placement.

4.5 Convertible securities

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

5. APPROVALS REQUIRED

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

- i. Bursa Securities, for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities; and
- ii. 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, whether 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. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed by the third quarter of 2013.

9. APPLICATION TO THE AUTHORITIES

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

10. ADVISER

RHBIB has been appointed as the Adviser for the Proposed Private Placement.

This announcement is dated 24 June 2013.