

# Asset firms, insurer keen on OCK’s private placement

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KUALA LUMPUR: OCK Group Bhd, a telecommunications network services provider, has seen interest from several asset management firms as well as an international insurer in its proposed private placement of up to 20% of its issued share capital, which is expected to raise gross proceeds of RM71 million.

“Some institutions have verbally expressed their interest, but we have yet to make a decision on the party or issue price. However, half of the placement (10%) will be allocated to our major shareholders,” OCK managing director Sam Ooi Chin Khoon told *The Edge Financial Daily* after the group’s annual general meeting and extraordinary general meeting (EGM) yesterday.

Lembaga Tabung Angkatan Tentera (LTAT) is a major shareholder

of OCK, with a 12.66% stake.

According to Ooi, the matter will be discussed during LTAT’s next board meeting which will be held early next month.

Earlier, at the EGM, OCK obtained shareholders’ approval for the proposed private placement.

The exercise entails up to 20% of OCK’s issued share capital of 284.9 million shares, in which the majority of the proceeds will be used for business expansion.

“We have six months to execute the placement, which will be used primarily for capital expenditure [capex]/investment in the renewable energy segment,” said Ooi.

“We are aggressively looking to own more solar farms. It’s a very heavy capex investment — 1MW solar farm will cost RM7 million to RM8 million, while a 5MW farm will cost about RM35 million,” he said, adding that it plans to own an additional 5MW of solar farms

in the coming years.

“At the moment, we only have a 1MW solar farm contributing about one to two million ringgit to our top and bottom line. Assuming we have 5MW running, it will contribute some RM6 million to our top line per year,” Ooi said, adding that the overhead cost of solar farm projects is low at only 5% of revenue.

He said although OCK plans to own more solar farms, much depends on the quota allocated by the Sustainable Energy Development Authority (Seda) for renewable energy projects.

“While we aim to own 20MW to 30MW of solar farms within the next five years, it also depends on the quota that the government has, which is limited,” said Ooi.

He said there must be a Feed-in-Tariff (FiT) licence from Seda for the solar projects to be feasible.

“If we do the solar farm without FiT then we won’t have [that kind of]

return. We need the FiT ... without it, it’s not feasible and we won’t proceed,” Ooi said, adding that funds will be channelled to OCK’s working capital and repayment of loans.

“Currently, our gearing is about 0.6 times to 0.7 times, and total borrowings are about RM60 million.”

On whether OCK is confident of clinching the solar farm licences from Seda, Ooi said: “We have a [good track] record. Last year, the 10MW solar farm at the KL International Airport in Sepang was built by OCK [as an engineering, procurement and construction contractor] within the [required] four-month completion period.

“That demonstrates to the government that we can deliver the work on time should the solar farm [licences] be given to us.”

OCK closed two sen or 1.44% higher at RM1.41 yesterday, giving it a market capitalisation of RM401.7 million.