

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

I. PROPOSED RIGHTS ISSUE WITH WARRANTS;

II. PROPOSED EXEMPTION; AND

III. PROPOSED ESOS

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

(The terms used herein, unless the context otherwise stated, bear the same meaning as those defined in the earlier announcement in relation to the Proposals.)

1. INTRODUCTION

Reference is made to the earlier announcement by UOBKH on behalf of the Board on 3 July 2020 in relation to the Proposals ("**Announcement**").

On behalf of the Board, UOBKH wishes to announce the following in relation to the Proposed Rights Issue with Warrants and the Proposed Exemption:-

- i. Subsequent to the Announcement, the Board has decided not to proceed with the Proposed Exemption and pursuant thereto, the Board has determined to revise the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants from RM6,527,343 to RM5,626,330 ("**Minimum Subscription Level**"). In view of the aforementioned, the Undertaking Shareholders had, vide their letters dated 24 July 2020, provided their irrevocable and unconditional undertakings to subscribe for a minimum of 28,131,650 Rights Shares ("**Undertakings**"), the details of which are set out as follows:-

Undertaking shareholder	Direct shareholdings as at the LPD		Undertakings		Direct shareholdings after the Proposed Rights Issue with Warrants		Funding required RM
	No. of OCK Shares	% ^{*1}	No. of OCK Shares	% ^{*2}	No. of OCK Shares	% ^{*3}	
AASB	325,995,150	34.01	28,094,450	99.87	354,089,600	35.89	5,618,890
Mr Ooi	372,000	0.04	37,200	0.13	409,200	0.04	7,440
Total	326,367,150	34.05	28,131,650	100.00	354,498,800	35.93	5,626,330

Notes:-

^{*1} Based on the Company's total issued shares as at 6 July 2020, being the latest practicable date prior to this announcement ("**LPD**"), of 958,572,962 OCK Shares

^{*2} Based on 28,131,650 Rights Shares to be issued pursuant to the Undertakings

^{*3} Computed based on the Company's enlarged issued shares of 986,704,612 OCK Shares after the Proposed Rights Issue with Warrants under the Minimum Subscription Level

As illustrated above, the shareholdings of AASB in OCK will increase by 1.88% from 34.01% to 35.89% and the shareholdings of Mr Ooi in OCK will remain unchanged pursuant to the completion of the Proposed Rights Issue with Warrants. For shareholders' information, the collective shareholdings of the Undertaking Shareholders and PACs in OCK will increase by 1.80% from 36.78% to 38.58% pursuant to the completion of the Proposed Rights Issue with Warrants; and

- ii. In view that based on the revised Minimum Subscription Level, the Undertaking Shareholders' shareholdings in OCK will increase by 1.88% and do not trigger the creeping threshold pursuant to Paragraph 4.01(b) of the Rules, the Company will not proceed with the Proposed Exemption.

Further information in relation to the abovementioned is set out in the ensuing sections.

2. PROPOSED RIGHTS ISSUE WITH WARRANTS

The Company proposes to undertake the Proposed Rights Issue with Warrants on the revised Minimum Subscription Level, which is based on the Undertakings of the Undertaking Shareholders. Accordingly, the minimum level of funds to be raised from the Proposed Rights Issue with Warrants has been revised from RM6,527,343 to RM5,626,330, the intended utilisation of which is set out in Section 2.2 of this announcement.

2.1 Minimum Subscription Level and undertaking arrangement for the Proposed Rights Issue with Warrants

For information purpose only, the details of the previous undertaking arrangement as set out in the Announcement, are as follows:-

Undertaking Shareholders	Direct shareholdings as at the LPD		Entitlement Undertakings		Direct shareholdings after the Proposed Rights Issue with Warrants		Funding required RM
	No. of OCK Shares	% ^{*1}	No. of OCK Shares	% ^{*2}	No. of OCK Shares	% ^{*3}	
AASB	325,995,150	34.01	32,599,515	99.89	358,594,665	36.18	6,519,903
Mr Ooi	372,000	0.04	37,200	0.11	409,200	0.04	7,440
Total	326,367,150	34.05	32,636,715	100.00	359,003,865	36.22	6,527,343

Notes:-

^{*1} Based on the Company's total issued shares as at 6 July 2020, being the latest practicable date prior to this announcement ("LPD"), of 958,572,962 OCK Shares

^{*2} Based on 32,636,715 Rights Shares available to be issued pursuant to the Entitlement Undertakings

^{*3} Computed based on the Company's enlarged issued shares of 991,209,677 OCK Shares after the Proposed Rights Issue with Warrants under the previous minimum subscription level

The details of the current undertaking arrangement, namely the Undertakings, are as follows:-

Undertaking Shareholders	Direct shareholdings as at the LPD		Undertakings		Direct shareholdings after the Proposed Rights Issue with Warrants		Funding required RM
	No. of OCK Shares	% ^{*1}	No. of OCK Shares	% ^{*2}	No. of OCK Shares	% ^{*3}	
AASB	325,995,150	34.01	28,094,450	99.87	354,089,600	35.89	5,618,890
Mr Ooi	372,000	0.04	37,200	0.13	409,200	0.04	7,440
Total	326,367,150	34.05	28,131,650	100.00	354,498,800	35.93	5,626,330

Notes:-

^{*1} Based on the Company's total issued shares as at the LPD of 958,572,962 OCK Shares

^{*2} Based on 28,131,650 Rights Shares to be issued pursuant to the Undertakings

^{*3} Computed based on the Company's enlarged issued shares of 986,704,612 OCK Shares after the Proposed Rights Issue with Warrants under the Minimum Subscription Level

The Undertaking Shareholders had confirmed vide their letters dated 24 July 2020 that they have sufficient financial resources to take up the Undertakings and such confirmation has been verified by UOBKH, being the Adviser for the Proposals.

Upon completion of the Proposed Rights Issue with Warrants under the Minimum Subscription Level and assuming full exercise of the Warrants B, the shareholdings of AASB in OCK may further increase by 1.77% from 35.89% to 37.66%. Nevertheless, the Undertaking Shareholders and PACs will be mindful when exercising the Warrants B to avoid triggering the obligation to undertake a Mandatory Offer. Further details of the pro forma shareholdings of AASB in OCK is set out in Section 3.3 of this announcement.

Notwithstanding the Undertakings, AASB's full entitlement of the Rights Shares under the Proposed Rights Issue with Warrants amounts to 32,599,515 Rights Shares, based on its shareholdings of 325,995,150 OCK Shares as at 24 July 2020 (being the date of its undertaking letter). The Undertakings do not preclude AASB from subscribing for up to its full entitlement of 32,599,515 Rights Shares provided that the eventual aggregate shareholdings of the Undertaking Shareholders and PACs in OCK, do not collectively trigger the creeping threshold pursuant to Paragraph 4.01(b) of the Rules. Premised on the above, AASB shall be mindful of its subscription of Rights Shares in excess of the Undertakings and up to its full entitlement of the Rights Shares.

In any event, should the need arise, the Undertaking Shareholders and PACs may make an application to SC to seek an exemption under Paragraph 4.08(1) of the Rules from the obligation to undertake a Mandatory Offer prior to any exercise of the Warrants B.

2.2 Utilisation of proceeds from the Proposed Rights Issue with Warrants

Based on the indicative issue price of RM0.20 per Rights Share, the indicative gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised in the following manner:-

	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings	Within 12 months	3,000	10,000
Working capital	Within 12 months	1,826	13,653
Estimated expenses in relation to the Proposals	Within 1 month	800	800
Total		5,626	24,453

For avoidance of doubt, the gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised in the same manner as set out in the Announcement, save for the change in quantum allocated for working capital from RM2.73 million to RM1.83 million under the Minimum Scenario pursuant to the revised Minimum Subscription Level.

3. EFFECTS OF THE PROPOSALS

For illustrative purposes only, the indicative issue price of RM0.20 per Rights Share represents a discount of approximately 61.54% to the theoretical ex-rights price of OCK Shares of RM0.520, calculated based on the 5-day VWAP of OCK Shares up to and including the LPD of RM0.555 ("TERP").

The indicative exercise price of Warrants B is assumed at RM0.520, which represents the TERP.

3.1 Issued share capital

The pro forma effects of the Proposed Rights Issue with Warrants and Proposed ESOS on the Company's issued share capital are as follows:-

	<-----Minimum Scenario----->		<-----Maximum Scenario----->	
	No. of OCK Shares	RM	No. of OCK Shares	RM
Issued share capital as at the LPD	958,572,962	295,524,862	958,572,962	295,524,862
Assume full exercise of Warrants A	-	-	264,072,954	187,491,797 ^{*1}
Reversal of warrant reserve pursuant to the full exercise of Warrants A	-	-	-	84,133,643
	958,572,962	295,524,862	1,222,645,916	567,150,302
Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants	28,131,650	1,675,585 ^{*2}	122,264,591	9,959,284 ^{*2}
	986,704,612	297,200,447	1,344,910,507	577,109,586
Shares to be issued arising from the full exercise of Warrants B	28,131,650	14,628,458 ^{*3}	122,264,591	63,577,587 ^{*3}
Reversal of warrant reserve pursuant to the full exercise of Warrants B	-	3,150,745 ^{*4}	-	13,693,634 ^{*4}
	1,014,836,262	314,979,650	1,467,175,098	654,380,807
Assuming full exercise of the ESOS Options	152,225,439 ^{*5}	71,545,956 ^{*6}	220,076,264 ^{*5}	103,435,844 ^{*6}
Enlarged issued share capital	1,167,061,701	386,525,606	1,687,251,362	757,816,651

Notes:-

^{*1} Computed based on the exercise price of RM0.71 per Warrant A

^{*2} Computed based on the indicative issue price of RM0.20 per Rights Share and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and thereafter deducting the estimated expenses of RM0.80 million in relation to the Proposals

^{*3} Computed based on the indicative exercise price of RM0.520 per Warrant B

^{*4} Computed based on the number of Warrants B multiplied by the theoretical fair value of RM0.112 per Warrant B based on the trinomial option pricing model as extracted from Bloomberg

^{*5} Assuming the maximum grant and full exercise of the ESOS Options of up to 15% of the number of issued OCK Shares pursuant to the Proposed ESOS

^{*6} Assuming the ESOS Options are exercised into new OCK Shares at the indicative exercise price of RM0.47 per new OCK Share, which represents a discount of approximately 9.62% to the TERP of RM0.52

3.2 NA and gearing

For illustration purposes only, the pro forma effects of the Proposed Rights Issue with Warrants on the audited consolidated NA and gearing of the Group as at 31 December 2019 are as follows:-

Minimum Scenario

	Audited as at 31 December 2019 RM'000	I After the Proposed Rights Issue with Warrants RM'000	II After I and assuming full exercise of Warrants B RM'000
Share capital	295,525	297,200 ^{*1}	314,980 ^{*4}
Warrant reserve	84,134	87,285 ^{*1}	84,134 ^{*4}
Other reserves	141,840	141,840	141,840
Shareholders' equity/ NA	521,499	526,325	540,954
Non-controlling interests	62,998	62,998	62,998
Total equity	584,497	589,323	603,952
No. of shares in issue ('000)	958,573	986,705	1,014,836
NA per share (RM)	0.54	0.53	0.53
Total borrowings	656,500	653,500 ^{*3}	653,500
Gearing ratio (times)	1.12	1.11	1.08

Notes:-

^{*1} Computed based on the Undertaking Shareholders' subscription of 28,131,650 Rights Shares at the indicative issue price of RM0.20 per Rights Share under the Minimum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 28,131,650 Warrants B at the theoretical fair value of RM0.112 per Warrant B based on the trinomial option pricing model as extracted from Bloomberg. Thereafter deducting the estimated expenses of RM0.80 million in relation to the Proposals

^{*2} After deducting the estimated expenses of RM0.80 million in relation to the Proposals

^{*3} Assuming RM3.00 million raised from the Proposed Rights Issue with Warrants will be utilised for repayment of the Group's existing bank borrowings under the Minimum Scenario

^{*4} Assuming all 28,131,650 Warrants B are exercised at the indicative exercise price of RM0.520 per Warrant B under the Minimum Scenario and the corresponding partial reversal of the warrant reserve to share capital amounting to approximately RM3.15 million

Maximum Scenario

	Audited as at 31 December 2019 RM'000	I Assuming full exercise of Warrants A RM'000	II After I and the Proposed Rights Issue with Warrants RM'000	III After II and assuming full exercise of Warrants B RM'000
Share capital	295,525	567,150 ^{*1}	577,110 ^{*2}	654,381 ^{*5}
Warrant reserve	84,134	- ^{*1}	13,694 ^{*2}	- ^{*5}
Other reserves	141,840	141,840	141,840	141,840
Shareholders' equity/ NA	521,499	708,990	732,644	796,221
Non-controlling interests	62,998	62,998	62,998	62,998
Total equity	584,497	771,988	795,642	859,219
No. of shares in issue ('000)	958,573	1,222,646	1,344,911	1,467,175
NA per share (RM)	0.54	0.58	0.54	0.54
Total borrowings	656,500	656,500	646,500 ^{*4}	646,500
Gearing ratio (times)	1.12	0.85	0.81	0.75

Notes:-

^{*1} Assuming all 264,072,954 Warrants A are exercised at the exercise price of RM0.71 per Warrant A and the reversal of the warrant reserve to the share capital

- ² *Computed based on the Entitled Shareholders' subscription of 122,264,591 Rights Shares at the indicative issue price of RM0.20 per Rights Share under the Maximum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 122,264,591 Warrants B at the theoretical fair value of RM0.112 per Warrant B based on the trinomial option pricing model as extracted from Bloomberg. Thereafter deducting the estimated expenses of RM0.80 million in relation to the Proposals*
- ³ *After deducting the estimated expenses of RM0.80 million in relation to the Proposals*
- ⁴ *Assuming RM10.00 million raised from the Proposed Rights Issue with Warrants will be utilised for repayment of the Group's existing bank borrowings under the Maximum Scenario*
- ⁵ *Assuming all 122,264,591 Warrants B are exercised at the indicative exercise price of RM0.520 per Warrant B under the Maximum Scenario and the reversal of the warrant reserve to share capital*

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3.3 Substantial shareholdings structure

The pro forma effects of the Proposed Rights Issue with Warrants on the substantial shareholders' shareholdings are as follows:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD				I After the Proposed Rights Issue with Warrants				II After I and the full exercise of Warrants B			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
AASB	325,995,150	34.01	-	-	354,089,600	35.89	-	-	382,184,050	37.66	-	-
Lembaga Tabung Angkatan Tentera	107,893,425	11.26	-	-	107,893,425	10.93	-	-	107,893,425	10.63	-	-
Employees Provident Fund Board	65,999,400	6.89	-	-	65,999,400	6.69	-	-	65,999,400	6.50	-	-
Mr Ooi	372,000	0.04	327,051,225 ^{*1}	34.12	409,200	0.04	355,145,675 ^{*1}	35.99	446,400	0.04	383,240,125 ^{*1}	37.76

Note:-

^{*1} Deemed interested by virtue of his shareholding in AASB and Ooi Cheng Wah's, being Mr Ooi's brother, direct shareholdings in OCK

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I After the full exercise of Warrants A ²				II After I and the Proposed Rights Issue with Warrants			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
AASB	325,995,150	34.01	-	-	336,074,050	27.49	-	-	369,681,455	27.49	-	-
Lembaga Tabung Angkatan Tentera	107,893,425	11.26	-	-	107,893,425	8.82	-	-	118,682,767	8.82	-	-
Employees Provident Fund Board	65,999,400	6.89	-	-	65,999,400	5.40	-	-	72,599,340	5.40	-	-
Mr Ooi	372,000	0.04	327,051,225 ^{*1}	34.12	930,000	0.08	337,130,150 ^{*1}	27.57	1,023,000	0.08	370,843,165 ^{*1}	27.57

Substantial shareholders	III After II and the full exercise of Warrants B			
	<-----Direct----->		<-----Indirect----->	
No. of Shares	%	No. of Shares	%	
AASB	403,288,860	27.49	-	-
Lembaga Tabung Angkatan Tentera	129,472,109	8.82	-	-
Employees Provident Fund Board	79,199,280	5.40	-	-
Mr Ooi	1,116,000	0.08	404,556,180 ^{*1}	27.57

Note:-

^{*1} Deemed interested by virtue of his shareholding in AASB and Ooi Cheng Wah's, being Mr Ooi's brother, direct shareholdings in OCK

² The warrant holdings of the substantial shareholders as at the LPD is set out below:-

	No. of Warrants A	
	Direct	Indirect
AASB	10,078,900	-
Lembaga Tabung Angkatan Tentera	-	-
Employees Provident Fund Board	-	-
Mr Ooi	558,000	10,078,925 [@]

Note:-

[@] Deemed interested by virtue of his shareholding in AASB and Ooi Cheng Wah's, being Mr Ooi's brother, direct warrant holdings in OCK

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4. APPROVALS REQUIRED

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

- i. Bursa Securities for the following:-
 - a. admission of the Warrants B to the official list of Bursa Securities;
 - b. listing of and quotation for the Rights Shares and Warrants B pursuant to the Proposed Rights Issue with Warrants and the new OCK Shares to be issued arising from the exercise of the Warrants B, on the Main Market of Bursa Securities;
 - c. listing of and quotation for any additional Warrants A to be issued arising from the adjustments pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities;
 - d. listing of and quotation for the new OCK Shares to be issued arising from the exercise of any additional Warrants A on the Main Market of Bursa Securities; and
 - e. listing of and quotation for such number of new OCK Shares, representing up to 15% of OCK's total number of issued shares, which may be issued pursuant to the Proposed ESOS on the Main Market of Bursa Securities;
- ii. Shareholders at an EGM to be convened; and
- iii. any other relevant authorities and/ or parties, if required.

The Proposed ESOS is not conditional upon the Proposed Rights Issue with Warrants, and vice versa.

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by the Company.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

5.1 Proposed Rights Issue with Warrants

None of the Directors, major shareholders of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements under the Proposed Rights Issue with Warrants, to which all shareholders are similarly entitled.

5.2 Proposed ESOS

All Directors are eligible to participate in the Proposed ESOS, and are therefore deemed interested to the extent of their respective proposed allocation under the Proposed ESOS. Notwithstanding that, all Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to shareholders for their consideration and approval.

All Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and the proposed allocations to persons connected to them under the Proposed ESOS, at the relevant Board meetings. The Directors who are deemed persons connected to Eligible Persons under the Proposed ESOS, have and will continue to abstain from all Board deliberations and voting in respect of the proposed allocations to persons connected to them under the Proposed ESOS, at the relevant Board meetings.

All Directors will abstain from voting in respect of their direct and/ or indirect shareholdings, at the EGM in respect of the resolutions to be tabled for their respective proposed allocation as well as the proposed allocations to the persons connected to them, under the Proposed ESOS to be tabled at the EGM.

All Directors will undertake to ensure that persons connected to them, will abstain from voting in respect of their direct and/ or indirect shareholdings, on the resolutions pertaining to their respective proposed allocations, and the proposed allocations to the persons connected to them, to be tabled at the EGM.

The direct and indirect shareholdings of the Directors in OCK as at the LPD are as follows:-

Directors	Shareholdings as at the LPD			
	←-----Direct----->		←-----Indirect----->	
	No. of OCK Shares	%	No. of OCK Shares	%
Mr Ooi	372,000	0.04	327,051,225 ^{*1}	34.12
Low Hock Keong	12,100,000	1.26	3,075,500 ^{*2}	0.32
Abdul Halim Bin Abdul Hamid	-	-	-	-
Chang Tan Chin	5,485,100	0.57	-	-
Chong Wai Yew	7,550,000	0.79	-	-
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Mahathir Bin Mahzan	-	-	-	-
YM Syed Hazrain Bin Syed Razlan Jamalullail	-	-	-	-
Dato' Mohd Som Bin Ibrahim	-	-	-	-

Notes:-

^{*1} Deemed interested by virtue of his shareholding in AASB and Ooi Cheng Wah's, being Mr Ooi's brother, direct shareholdings in OCK

^{*2} Deemed interested by virtue of Hoh Moh Ying's, being Low Hock Keong's mother, direct shareholdings in OCK

6. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Rights Issue with Warrants, including but not limited to the rationale for the Proposed Rights Issue with Warrants, the effects of the Proposed Rights Issue with Warrants as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interests of the Company.

The Board, having considered all aspects of the Proposed ESOS, including the rationale and justification as well as the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interests of the Company.

However, in view that all Directors are eligible to participate in the Proposed ESOS, the Directors have abstained and will continue to abstain from deliberating and making any recommendations at all relevant Board meetings on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. They will also abstain and ensure that persons connected to them, if any, abstain from voting in respect of their direct and/ or indirect interests in OCK, on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS at the EGM to be convened. Where the resolutions are not related to their respective allocations or to the persons connected to them, if any, the Directors, after having considered all aspects of the Proposed ESOS, are of the opinion that the Proposed ESOS is in the best interest of the Group.

7. ADVISERS

UOBKH is the Adviser to the Company for the Proposals.

As the Company will not proceed with the Proposed Exemption, the role of an Independent Adviser is no longer required.

This announcement is dated 24 July 2020.