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

PROPOSED INVESTMENT BASED ON AN INDICATIVE ENTERPRISE VALUE OF RM350.00 MILLION (SUBJECT TO ADJUSTMENTS) IN SOLARPACK ASIA SDN BHD AND INDIRECTLY IN SOLARPACK SURIA SUNGAI PETANI SDN BHD, THE DEVELOPER, OWNER AND OPERATOR OF A 116 MW OPERATIONAL SOLAR PHOTOVOLTAIC PLANT LOCATED IN SUNGAI PETANI, KEDAH, AWARDED UNDER THE THIRD LARGE-SCALE SOLAR PROGRAMME (LSS3) ("SOLAR PROJECT")

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1. INTRODUCTION

On behalf of the Board of Directors of OCK ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company had on 10 December 2024 entered into a conditional investment agreement with Zelestra Corporacion, S.A.U ("**Zelestra**") and Solarpack Asia Sdn Bhd ("**SPK Asia**") in relation to an investment in SPK Asia ("**Proposed Investment**") and the novation in favour of OCK (or its nominated entity within the OCK Group) of a loan granted by Zelestra to JKH Renewables Sdn Bhd (the "**Investment Agreement**" and "**JKH**", respectively), based on an indicative enterprise value of RM350.00 million (subject to adjustments as set out in **Section 2.1** of this announcement). SPK Asia and JKH owns 49% and 51%, respectively, of the ordinary shares in Solarpack Suria Sungai Petani Sdn Bhd ("**3SP**"), the developer, owner and operator of the Solar Project.

Further details on the Proposed Investment are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED INVESTMENT

Currently, OCK and its subsidiaries ("**OCK Group**" or the "**Group**") is principally involved in the provision of turnkey telecommunications network services, provision of renewable energy and power solutions, provision of tower facilities, utilities and communication network for mobile and broadband operators. Based on its latest audited financial statement for the financial year ended ("**FYE**") 31 December 2023, the segmental revenue of the Group are as follows:-

Segment	**RM'000**
Telecommunication Network Services	630,499
Green Energy and Power Solutions	54,322
Trading	21,607
M&E Engineering Services	16,355
Investment holding	-
Total	**722,783**

In line with the business expansion strategy of OCK Group, it intends to focus on growing its solar energy related business by taking proactive approaches to capitalise on the growing demand for renewable energy solutions. As part of its business development initiatives, OCK Group plans to invest into a solar photovoltaic ("**PV**") power plant in Malaysia, namely 3SP. 3SP is an independent power producer that owns and operates a large-scale solar ("**LSS**") PV power plant located in Kedah with the solar plant having achieved commercial operation date on 8 March 2022. 3SP also secured a 21-year power purchase agreement ("**PPA**") with Tenaga Nasional Berhad ("**TNB**"), awarded under Malaysia's Large-Scale Solar 3 ("**LSS3**") Scheme in 2022. Further details of 3SP are set out in **Section 2.7** of this announcement.

2.1 Structure of the Investment Agreement

i. Investment Agreement

Pursuant to the Proposed Investment, OCK ("**Investor**") will subscribe for 1,000 redeemable preference shares ("**RPS**") in SPK Asia to be issued by SPK Asia to OCK ("**OCK's RPS**"), based on a final subscription amount to be satisfied entirely in cash in favour of SPK Asia. The final subscription amount will be determined at the closing of the Proposed Investment based on the following calculations:-

Investor Investment Amount	=	Enterprise value of RM350.00 million	-	Loan Consideration (as defined herein)	+	Est. working capital adjustment	-	Est. debt	+	Est. cash and cash equivalent

As part of the closing conditions of the Proposed Investment, Zelestra shall novate a loan to OCK (or its nominated entity within the OCK Group) ("**Loan Novation**") and in consideration for the Loan Novation, OCK Group (or its nominated entity within the OCK Group) will pay an equivalent sum of the principal amount then outstanding under the loan in cash to Zelestra ("**Loan Consideration**"). As at 25 November 2024, being the latest practicable date prior to the date of this announcement ("**LPD**"), an amount of RM14,225,265.09 remains outstanding under the loan.

The estimated working capital adjustments, debt and cash and cash equivalents will be determined at closing based on steps as agreed in the Investment Agreement. The salient terms of the Investment Agreement are set out in **Appendix I** of this announcement.

The salient terms of OCK's RPS, which will be issued on the closing of the transaction, are as follows:-

Issue size/ amount	1,000 RPS in consideration of the Investor Investment Amount.
Conversion	No conversion rights.
Dividend	1. Each OCK's RPS shall confer on OCK the right to be paid, out of profits of SPK Asia, a dividend amount to be determined and approved by the board of directors of SPK Asia ("**Preferential Dividend**"). 2. OCK shall not be entitled to participate in the surplus profits or assets of SPK Asia beyond such rights as are expressly set out herein. 3. The Preferential Dividend shall be paid in preference to any dividend to be declared over any other shares. 4. The dividend payable in respect of the OCK's RPS shall be payable only upon resolution of SPK Asia or the directors to authorise its payment. 5. No dividend shall be declared or paid to the holders of the ordinary shares in respect of any financial year of SPK Asia if there are any OCK's RPS in issue unless and until the dividend (if any) in respect of OCK's RPS has been paid in full in respect of that financial year and in respect of all previous financial years of SPK Asia; and all OCK's RPS falling due for redemption in that financial year and all previous financial years of SPK Asia have been duly redeemed and the redemption moneys have been paid in full to the persons entitled thereto.

Redemption	The OCK's RPS may be redeemed upon and subject to the following terms and conditions: 1. SPK Asia may redeem the OCK's RPS at any time after their issuance, upon giving to the holders of the OCK's RPS not less than three (3) days' notice (or such shorter period as the holder may agree) in writing of its intention to redeem stating the number of the OCK's RPS to be redeemed on such date as determined and approved by the board of directors. The notice shall specify *inter alia* the numbers of the OCK's RPS to be redeemed on the date in question and SPK Asia's estimate of the amount payable on redemption; 2. SPK Asia has the option (not the obligation) to redeem either all or a portion of the OCK's RPS; 3. a OCK's RPS may only be redeemed if the OCK's RPS has been fully paid up; 4. the redemption of the OCK's RPS shall only be out of the profits of SPK Asia or a fresh issue of shares and shall not be redeemed out of capital; 5. if SPK Asia wishes to redeem the OCK's RPS, SPK Asia shall redeem the OCK's RPS by paying cash in the amount as determined by the board of directors; 6. no OCK's RPS redeemed by SPK Asia shall be capable of reissue; and 7. all the provisions of the Companies Act 2016 relating to the redemption of preference shares, and regulatory restrictions shall be duly observed.
Maturity	No maturity date.
Transferability	OCK as the holder of the OCK's RPS has the absolute right to transfer of the OCK's RPS to any of its associated companies without the express consent of SPK Asia.
Rights of holders	Subject to the provisions of the Companies Act 2016, OCK as the holders of the OCK's RPS shall be entitled to receive notice of and attend but shall not be entitled to vote at any general meeting of SPK Asia. In addition, for as long as any OCK's RPS remain in issue and have not been redeemed except with the consent of the holders of at least 80% of the issued OCK's RPS:- 1. no further shares which rank in priority to or *pari passu* with the OCK's RPS as regards participation in either profits or assets of SPK Asia may be created or issued; 2. the rights attached to the ordinary shares shall not be modified, varied or aggregated, nor shall there be any reduction in SPK Asia's share capital or any uncalled liability thereon; and 3. SPK Asia shall not create or issue any equity share capital, other than the preference shares, which is not in all respects uniform with the ordinary shares on the date of creation of the OCK's RPS.

ii. **Loan Novation**

On closing, an agreement to effect the Loan Novation shall take place and OCK will pay to Zelestra, the Loan Consideration amount. For information, the Loan Consideration comprise the principal outstanding amount of the loan on closing of the transaction owed to Zelestra by JKH.

Pursuant to the Loan Novation, the loan arrangement between Zelestra and JKH (including all of Zelestra's legal and beneficial rights, title, and interest, in the loan arrangement) shall be novated, assigned, and transferred by Zelestra to OCK (or its nominated entity within the OCK Group).

In consideration of the Loan Novation, OCK shall pay to Zelestra the Loan Consideration in cash on closing.

2.2 Basis and justification of arriving at the Consideration

The Consideration (as defined herein) under the Investment Agreement for the subscription of OCK's RPS and the Loan Novation is determined based on an enterprise value of RM350,000,000 that is subject to working capital, debt and cash and cash equivalents adjustments to be determined at closing based on steps as agreed in the Investment Agreement, and on terms agreed on a willing-buyer willing seller basis (the "**Consideration**").

The Board deems the Consideration justifiable after taking into consideration the following:-

i. the preliminary opinion by Asia Equity Research Sdn Bhd ("**AER**"), being the independent business valuer appointed by the Board, in arriving at the estimated fair enterprise value of 3SP ranging between RM344.7 million to RM350.7 million. The detailed evaluation by AER will be set out in the circular to shareholders in due course; and

ii. the rationale and benefits to be accrued to OCK Group through the Proposed Investment including as set out in **Section 3** of this announcement.

2.3 Mode of settlement

Pursuant to the terms of the Investment Agreement, the Consideration shall be paid in cash on closing (subject to customary post-closing adjustments) based on working capital, debt and cash and cash equivalent adjustments as at closing.

2.4 Source of funding

The Consideration will be satisfied via internally generated funds and/ or bank borrowings, of which the breakdown can only be ascertained at a later stage.

2.5 Liabilities to be assumed by OCK

Save for the obligation and liabilities (including but not limited to Investor Investment Amount and Loan Novation) stated in and arising from, pursuant to or in connection with the Investment Agreement there are no other liabilities including contingent liabilities and/ or guarantees to be assumed by OCK arising from the Proposed Investment.

2.6 Additional financial commitment required

Save for the Consideration payable, there is no additional financial commitment required by OCK to put the Solar Project of 3SP on-stream as the solar PV power plant has commenced commercial operations since March 2022.

2.7 Information on 3SP

3SP was incorporated in Malaysia on 13 January 2020 under the Companies Act 2016 as a private limited company. 3SP is principally involved in designing, constructing, ownership, operation and maintenance of a 90.88 MWac solar PV power plant in Sungai Petani, Kuala Muda, Kedah. The solar PV power plant commenced commercial operations on 8 March 2022. 3SP secured a 21-year PPA with TNB, awarded under Malaysia's LSS3 Scheme in 2022, of which is due for expiry in March 2043. The PPA governs the obligations of the parties to sell and purchase the energy generated by the solar PV facility for a period of 21 years in accordance with the terms of the PPA, the details of which cannot be disclosed due to confidentiality clause binding on the parties. 3SP is holder of a generation license dated 21 January 2022 (Reference/License Number: LA 12/1/11/52 (LSS)) issued by the Energy Commission. The generation license has a duration period of 21 years from the license commencement date of 21 January 2022.

As at the LPD, the issued share capital of 3SP is RM51,282,831 comprising 51,282,831 ordinary shares.

As at the LPD, the directors of 3SP are Luis Alvargonzalez Diaz Negrete, Chan Kok Hoe and Parantaman A/L Ramasamy.

As at the LPD, the shareholders of 3SP are as follows:-

	Nationality/ Place of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
SPK Asia	Malaysia	25,128,588	49.0	-	-
JKH	Malaysia	26,154,243	51.0	-	-

As at the LPD, 3SP does not have any subsidiary, associate or joint venture companies.

2.8 Information on the parties to the Investment Agreement

i. SPK Asia

SPK Asia was incorporated in Malaysia on 24 February 2016 under the Companies Act 1965 as a private limited company. The principal activity of SPK Asia is to serve as a holding company of SPK Asia's stake in 3SP. As at the LPD, the issued share capital of SPK Asia is RM28,344,431 comprising 28,344,431 ordinary shares. As at the LPD, SPK Asia does not have any convertible securities and it is fully owned by Zelestra.

As at the LPD, the directors of SPK Asia are Joseba Andoni Olamendi Lopez, Parantaman A/L Ramasamy and Luis Alvargonzalez Diaz Negrete.

	Nationality/ Place of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Zelestra	Spain	28,344,431	100.0	-	-

As at the LPD, save for 3SP being a 49%-owned subsidiary of SPK Asia, 3SP does not have any other subsidiary, associate or joint venture companies. Please refer to **Section 2.7** of this announcement for further details of 3SP.

A summary of the consolidated financial information of SPK Asia for the past 3 financial years up to the audited FYE 31 December 2023 is as follows:-

	Audited FYE 31 December		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Revenue	-	33,244	40,586
Gross profit	-	31,358	38,008
Profit before taxation ("**PBT**")	(1,815)	3,622	3,317
Profit after taxation ("**PAT**") attributable to:-			
- owner of the company	(3,257)	(1,445)	15,212
- non-controlling interest	(200)	660	15,288
	(3,458)	**(785)**	**30,500**
Equity/Net assets ("**NA**") attributable to:-			
- owner of the company	23,450	22,005	33,966
- non-controlling interest	25,954	26,614	41,902
	49,404	**48,619**	**75,868**
Total borrowings (excl. lease liabilities)	227,978	257,527	280,865
Issued share capital	28,344	28,344	28,344
Total issued shares (units)	28,344	28,344	28,344
PATAMI margin (%)	-	(4.35)	37.48
Earnings per Share ("**EPS**") (RM)	(0.11)	(0.05)	0.54
NA per share (RM)	0.83	0.78	1.20
Current ratio (times)	1.09	2.54	2.90
Gearing (times)	4.61	5.30	3.70
Cash flow from operating activities	(664)	55,601	32,301

For the FYE 31 December 2022, the Solar Project generated revenue following the commencement of the solar PV power plant's commercial operations on 8 March 2022, through the sale of energy to TNB under the PPA.

For the FYE 31 December 2023, the Solar Project generated revenue of RM40.59 million, which represents an increase of RM7.34 million or 22.1% as compared to the revenue of RM33.24 million in the preceding financial year, mainly due to higher sale of energy recognised in the full financial year in 2023 as compared to preceding financial year which only recognised sale contribution since March 2022 onwards. At PAT level, the Solar Project registered a PAT of RM30.50 million mainly due to a one-off recognition of tax credit allowance amounting to RM27.18 million.

ii. Zelestra

Zelestra Corporacion, S.A.U., formerly known as Solarpack Corporación Tecnológica, S.A.U, is an experienced Spanish renewable energy developer and owner. Established in 2005, it has developed more than 27 GW of renewable energy plants and owns or is building 24 plants with over 1.9 GW in Spain, Chile, Colombia, Peru, Malaysia, United States and India. Zelestra is majority owned by the Swedish infrastructure fund manager EQT.

3. RATIONALE AND JUSTIFICATIONS

At present, OCK is principally involved in telecommunication network services, green energy and power solutions, trading of telecommunications network products and mechanical and electrical engineering services. OCK Group intends to focus on expanding across all its business segments, taking proactive approaches to capitalise on opportunities in various growing industries and expanding its portfolio to include renewable energy, data centres and digital solutions. By aligning its diverse business portfolio with market demands and prioritising innovation and efficiency, OCK Group is positioning itself as a leading player in these industries, which in turn may drive sustainable earnings and long-term value for shareholders. Currently, OCK Group owns and manages approximately 29 solar generation assets in Malaysia. In order to grow effectively in the rapid evolving and competitive renewable energy industry, OCK aims to strengthen synergies, and scale up its solar businesses in order to generate higher sustainable earnings for OCK Group.

The Proposed Investment will increase the total solar generation assets managed by OCK Group. This expansion is expected to yield substantial benefits, including enhanced revenue and profitability generation. By expanding the capacity of its solar generation assets, the Group will be well-positioned to potentially capitalise on future opportunities, such as participating in the future Large-Scale Solar (LSS) programmes initiated by the government. These initiatives present a significant growth avenue, allowing the Group to secure new projects, enhance its market presence, and contribute to the Government's renewable energy goals. Furthermore, the revenue from 3SP's Solar Project is fully secured under a 21-year PPA with TNB until March 2043.

Barring any unforeseen circumstances, the Board, after taking into consideration the outlook of the general economy as well as renewable energy sector in Malaysia as set out in **Section 4** of this announcement, is of the view that the Proposed Investment may be able to contribute to the growth and prospect of enlarged OCK Group moving forward.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE ENLARGED OCK GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5.3% in the third quarter of 2024 (2Q 2024: 5.9%), driven by strong investment activity and continued improvement in exports. Investment activity was underpinned by strong spending on structures and machinery and equipment (M&E), while household spending sustained its expansion amid positive labour market conditions and policy support. In the external sector, exports continued to strengthen on the back of recovering external demand and positive spillovers from the global tech upcycle. Meanwhile, imports also grew at a faster pace, following strong demand for capital and intermediate goods to support rising investments and trade. On the supply side, most sectors remained supportive of growth. In particular, the improvement in the manufacturing sector was driven by export-oriented clusters. However, growth was partly offset by maintenance activities in the mining sector. On a quarter-on-quarter, seasonally-adjusted basis, growth momentum moderated to 1.8% (2Q 2024: 2.9%). Overall, the Malaysian economy expanded by 5.2% in the first three quarters of 2024.

Going forward, growth of the Malaysian economy will be driven by robust expansion in investment activity, continued improvement in exports, and resilient household spending. On the domestic front, investment activities will be supported by progress in multi-year projects across private and public sectors. Catalytic initiatives announced in national master plans and higher realisation of approved investments are also key drivers for investment activities.

These investments, which are supported by higher capital imports, will raise exports and expand productive capacity in the economy. Household spending will be underpinned by continued employment and wage growth as well as policy measures. Externally, the ongoing global tech upcycle, continued strong demand for manufactured goods and commodities, and higher tourist spending are expected to lift exports. The growth outlook remains subject to downside risks stemming from slower external demand, further escalation of geopolitical tensions and protectionist measures, as well as weaker-than-expected commodity production. Nevertheless, upside risks to growth include greater spillovers from the tech upcycle, faster implementation of investment projects and more robust tourism activity.

The growth outlook faces downside risks from slower-than-expected external demand, further escalations in geopolitical tensions and protectionist measures as well as weaker-than-expected commodity production. Nevertheless, greater spillovers from the tech upcycle, faster implementation of investment projects and more robust tourism activities, provide upsides to Malaysia's economic outlook.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2024, Bank Negara Malaysia)

4.2 Overview and outlook of the renewable energy sector in Malaysia

Malaysia has implemented several major energy policies. The Electricity Supply Act was introduced in 1990 and then amended in 2015. The Energy Commission Act was introduced in 2001 and later amended in 2010. The National Renewable Energy Policy and Action Plan was introduced in 2010, the same year as the Malaysia New Energy Policy. The SEDA and Renewable Energy Acts followed in 2011. In 2015, the National Energy Efficiency Action Plan was introduced. The Green Technology Master Plan, introduced in 2017, covers the period to 2030. In this plan, Malaysia aims to increase the renewable energy capacity in the total generation mix to 20% by 2020 (2,080 MW, excluding large hydropower), 23% by 2025 and 30% by 2030 (4,000 MW).

The Malaysia Renewable Energy Roadmap launched at the end of 2021, outlines strategies and provides an action plan to reach the target of 40% renewable energy installed capacity or 18 GW by 2035; under its "New Capacity Target" Scenario, 7.3 GW is projected to be solar PV.

Renewable energy generation in Peninsular Malaysia covers solid waste, small hydropower, biomass, biogas, geothermal and solar. Large hydropower plants (more than 100 MW capacity) are not considered to be renewable energy. TNB's target of 20% renewable energy capacity by 2025 focuses on increasing solar generation capacity while also creating new business opportunities for big companies, small and medium enterprises, microbusinesses and households.

The latest generation development plan of Peninsular Malaysia, covering the 2021-2039 period, aims for a 31% share of renewable energy capacity by 2025, raising the initial target of 20% (excluding large hydropower plants). The renewable share in the capacity mix is projected to increase to 40% by 2035. This will require an additional 1,178 MW of new capacity to be installed in Peninsular Malaysia by 2025 – of which the majority will be solar PV – followed by 2,414 MW between 2026 and 2035. The total installed renewable energy capacity would reach 8,531 MW by 2025 and 10,944 MW by 2035.

(Source: Malaysia Energy Transition Outlook 2023, International Renewable Energy Agency)

4.3 Overview and outlook of the solar PV sector in Malaysia

Malaysia was the leading solar PV module manufacturer in Southeast Asia until 2019, when rapid solar PV expansion and production in Vietnam overtook the top spot. By 2021, Malaysia accounted for around 4% of global solar PV module production, only 1% less than Vietnam and just above Thailand (the third leading Southeast Asian producer representing 2% of the total global solar PV production). Nevertheless, Malaysia's solar PV industry is on the rise, as a result of continuous government support, expanding renewable energy policies and investments, as well as falling costs. Malaysia and Vietnam have been the ASEAN region's biggest solar PV employers in recent years. Malaysia has strong renewable energy potential because it is located close to the equator, it has high solar irradiation throughout the year. The highest irradiation is found in Kota Kinabalu, at 1,900 kWh per square metre (m2), followed by Bayan Lepas (1,809 kWh/m2/year) and Georgetown (1,785 kWh/m2/year).

With Malaysia's current national renewable energy targets, as well as various schemes that favour installation of solar PV plants across the utility, residential, and commercial sectors, a requirement for more robust local solar PV manufacturing can present additional socio economic benefits. In the 1.5°C Scenario ("**1.5-S**") with 90% renewable generation, 1.4 GW of solar capacity expansion is needed annually until 2030, rising to 4.3 GW annually until 2050. Installations would be spread across Peninsular Malaysia, Sabah, and Sarawak, with a mix of rooftop and utility-scale systems - taking into careful consideration the availability of resources, land and demand centres.

Closer co-ordination among the relevant stakeholders from government, industry and the private sector is needed to encourage further investments in the PV module manufacturing industry. Greater attention is also needed to its synergies with battery storage and grid flexibility, especially considering the region's anticipated boom in solar PV in the coming decades. In total, IRENA's 1.5-S anticipates up to 2,400 GW of solar PV installed capacity in the ASEAN region by 2050.

(Source: Malaysia Energy Transition Outlook 2023, International Renewable Energy Agency)

As Malaysia embarks on an ambitious journey towards sustainability, the recent allocation of over RM300mil under the National Energy Transition Roadmap (NETR) signals a significant commitment to renewable energy and environmental stewardship. Collaborating with industry giants PETRONAS and TNB, the Malaysian government is setting the stage for transformative changes that position the nation as a potential leader in the sustainability space for a greener future.

Investment and financing

The energy transition in Malaysia is gaining momentum, marked by significant investments and initiatives. UEM Lestra and TNB are set to invest RM16bil to upgrade the grid and decarbonise industrial areas, while the National Energy Transition Facilitation Fund has seen its allocation increase from RM100mil to RM300mil for 2024.

To further promote sustainable energy, the Net Energy Metering (NEM) programme has been extended until June 30, 2025. Additionally, innovative projects such as the installation of solar panels on walkways and parking lots in Putrajaya, are being introduced. Moreover, new skill training initiatives led by government-linked companies like TNB are being rolled out to prepare the workforce for the evolving energy landscape.

Climate mitigation strategies

The nation is actively pursuing climate mitigation strategies, including the introduction of a carbon tax targeting the iron and steel, as well as energy industries, set to take effect by 2026. The revenue generated from this tax will be allocated to support green research and technology programmes, fostering innovation in sustainable practices. Additionally, the Green Technology Financing Scheme has been extended through 2026, with a substantial funding commitment of RM1bil. These initiatives reflect Malaysia's dedication to reducing carbon emissions and promoting green technology as part of its broader environmental goals.

The government is also incentivising carbon capture, utilisation, and storage (CCUS) activities through investment tax allowances and income tax exemptions under the New Investment Incentive Framework (NIIF).

With a clear focus on renewable energy, climate mitigation, EV development, and biodiversity preservation, Malaysia is not only addressing immediate environmental concerns but also laying the groundwork for long-term economic resilience and leadership in the green energy landscape.

(Source: The Star press article entitled "A green leap forward for Malaysia with Budget 2025", 25 October 2024)

4.4 Future prospects of enlarged OCK Group

OCK Group is principally involved in the provision of turnkey telecommunications network services, provision of renewable energy and power solutions, provision of tower facilities, utilities and communication network for mobile and broadband operators.

The Proposed Investment is expected to be complementary and synergistic to the existing business of OCK Group in the solar energy segment, taking into consideration that 3SP has access to immediate stable long-term stream of cash flows which are backed by the PPA.

Based on the outlook of the renewable energy and solar PV sectors as set out in **Sections 4.2 and 4.3** of this announcement, the Group believes that the growth prospects for the solar PV industry in Malaysia is optimistic as the Malaysian Government is committed to support the growth of solar PV industry by setting a target for electricity generated from renewable energy at 20% of all power generated by 2025. The Board also takes cognisance of the Budget 2025 that entailed major initiatives to accelerate Malaysia's clean energy transition including amongst others, allocation of over RM300 million under the National Energy Transition Roadmap and continuation of the Green Technology Financing Scheme with a funding commitment of RM1 billion until 2026, which further underscores the Government's commitment in fostering a robust renewable energy sector going forward. Premised on the above, the Board is of the view that the Proposed Investment may potentially augur well for the growth prospects of the enlarged OCK Group in the future.

5. RISK FACTORS

Save as disclosed below, the Board does not foresee any material risk pursuant to the Proposed Investment except for the inherent risk factors associated with the provision of the renewable energy business, of which OCK Group is already involved, and would already be addressed as part of OCK's ordinary course of business. Notwithstanding that, additional potential risks that may have an impact on the Group in relation to the Proposed Investment, which may not be exhaustive, are as follows:-

5.1 Investment risks

There is no assurance that the anticipated benefits of the Proposed Investment will be realised after the completion of the Proposed Investment. Accordingly, there can be no assurance that the anticipated benefits from the Proposed Investment will be realised, and the enlarged OCK Group will be able to generate sufficient returns vis-à-vis its investment in SPK Asia to offset the associated costs arising from the Proposed Investment.

5.2 Completion risk

The completion of the Proposed Investment is conditional upon the conditions precedent of the Investment Agreement being satisfied or waived, which are described in **Appendix I** of this announcement. There can be no assurance that such conditions will be satisfied or waived within the timeframe stipulated in the Investment Agreement. In the event that the condition precedents are not met/ waived, the Investment Agreement will be terminated and the Proposed Investment will not be completed.

Nevertheless, the Board will take reasonable steps to ensure that the conditions precedents are met in a timely manner and that every effort is made to obtain all necessary approvals for the Proposed Investment within the stipulated timeframe.

5.3 Business and operational risk

The Proposed Investment is subject to inherent risks in the renewable energy industry of which OCK Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, amongst others, changes in government policies, licensing regime, underperformance of solar projects, and extreme weather events. Any adverse changes in these conditions may have an adverse material effect on the renewable energy industry in Malaysia and the Group. The revenue and profitability of Solar Project are also dependent on a 21-year PPA, exposing it to risks such as contractual performance, regulatory changes and force majeure events. Any failure by 3SP to meet its obligations under the PPA, or any inability of the single buyer to fulfil its payment commitments, could materially affect the financial performance of SPK Asia, JKH and 3SP.

The financial performance of SPK Asia and 3SP are dependent on the 21-year PPA and the continuous operation of its solar power plant. Any sudden or prolonged plant shutdown, whether due to equipment failure, technical malfunctions, grid connection issues, regulatory non-compliance, or force majeure events, could disrupt electricity generation and impair the ability of 3SP to meet its obligations under the PPA. Any failure by 3SP to meet its obligations under the PPA, or any inability of the single buyer to fulfil its payment commitments, could materially affect the financial performance of SPK Asia, JKH and 3SP.

No assurance can be given that any changes in these factors will not have any material adverse effect on OCK Group's business and financial performance.

5.4 Political, economic and regulatory risk

The future growth and financial performance of SPK Asia, JKH and 3SP could be affected by changes in, amongst others, economic growth, taxation, accounting policies and standards, regulations, government policies and political stability. Any adverse changes in these conditions could have a negative effect on the renewable energy industry and affect the financial performance and growth of SPK Asia, JKH and 3SP, which will in turn affect SPK Asia's share of profits contribution to OCK Group.

There can be no assurance that adverse economic, political and regulatory changes, any of which are beyond the control of OCK Group, will not materially affect the Solar Project of 3SP.

6. FINANCIAL EFFECTS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Investment will not have any effect on the issued share capital and substantial shareholding structure of the Company as the Proposed Investment will be fully satisfied in cash and does not involve any issuance of OCK Shares.

6.2 NA per Share and gearing level

Purely for illustrative purposes, based on the latest audited consolidated statements of financial position for the FYE 31 December 2023, the pro forma effects of the Proposed Investment on the NA per Share and gearing of OCK Group are as follows:-

		I	II
	Audited as at 31 December 2023	**Subsequent events up to the LPD[*1]**	**After I and the Proposed Investment**
	RM'000	**RM'000**	**RM'000**
Share capital	300,925	309,161	309,161
Treasury shares	(1,573)	(1,573)	(1,573)
Foreign currency translation reserve	32,522	32,522	32,522
Revaluation reserve	7,118	7,118	7,118
Reverse acquisition reserve	(17,007)	(17,007)	(17,007)
Warrant reserve	12,959	12,203	12,203
Share option reserve	1,289	693	693
Other reserve	208	208	208
Retained earnings	370,460	370,460	370,310[*2]
NA	**706,901**	**713,785**	**713,635**
Non-controlling interests	88,738	88,738	88,738
Total equity	**795,639**	**802,523**	**802,373**
No. of Shares (excl. treasury shares) ('000)	1,054,694	1,072,276	1,072,276
NA per Share (RM)	0.67	0.67	0.67
Total borrowings (excl. lease liabilities)	829,958	829,958	920,958[*3]
Gearing ratio (times)	1.04	1.03	1.15

Notes:-

[*1] *After adjusting for the following from 1 January 2024 up to the LPD:-*

*a. the issuance of 5,588,632 new Shares pursuant to the exercise of warrants 2021/2026 ("**Warrant(s) B**") at the exercise price of RM0.42 Warrant B; and*

*b. the issuance of 11,993,311 new Shares at the issue price of RM0.37 per Share pursuant to the conversion of employee share issuance scheme ("**ESOS**").*

[*2] *After deducting the estimated expenses of RM150,000 in relation to the Proposed Investment.*

*3 *Assuming the Consideration amounting to RM91.00 million (indicative) is financed entirely via bank borrowings to illustrate the potential impact of the Group's gearing position. Please take note that the Consideration amount is merely tentative at this juncture, and is subject to working capital, debt and cash and cash equivalent adjustments to be determined at closing.*

6.3 Earnings and EPS

Save for the potential returns in the form of dividend or distribution to be derived from the investment in OCK's RPS as may be made or declared by SPK Asia, the Proposed Investment is not expected to have any other immediate material effect on the earnings and EPS of OCK Group for the financial year ending 31 December 2025.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Investment pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 83.60%, calculated based on the audited net profit of SPK Asia as at 31 December 2023 against the audited net profit attributable to the owner of the Company as at 31 December 2023.

8. CONDITIONS AND APPROVALS REQUIRED

The Proposed Investment is subject to the following conditions:-

i. 3SP, as applicable, shall have obtained the approval or a letter of no objection in respect of the Proposed Investment from the relevant authorities;

ii. Zelestra shall have approved by special resolution the amended constitution of SPK Asia establishing, among others, the basic terms of the RPS to be subscribed by OCK;

iii. the approval of the shareholders of OCK at an extraordinary general meeting to be convened;

iv. no authority prohibiting the transaction.

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

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of the Company and/ or persons connected with them has any interest, direct or indirect, in the Proposed Investment.

10. DIRECTORS' STATEMENT

The Board, having considered and deliberated on all aspects of the Proposed Investment, including but not limited to the terms and conditions of the Investment Agreement, basis and justification in arriving at the Consideration, the rationale and prospects, as well as the financial effects, is of the opinion that the Proposed Investment is in the best interests of the Company.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Investment is expected to be completed in the second quarter of 2025.

12. ADVISERS

UOBKH has been appointed by the Company to act as the Adviser for the Proposed Investment.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The Investment Agreement will be made available for inspection at the registered office of OCK at No. 18, Jalan Jurunilai U1/20, Sekysen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 10 December 2024.

1.0 Agreement

The Investment Agreement outlines the subscription by OCK of the OCK's RPS in SPK Asia, on closing. Additionally, on closing, the Loan Novation will take place, through the signing of the corresponding loan novation agreement in favour of OCK (or its nominated entity within the OCK Group), as well as, if approved by SPK Asia's shareholder, the redemption of the RPS held by Zelestra in SPK Asia ("**Zelestra's RPS**").

2.0 Consideration

2.1 Investor Investment Amount

The consideration for the OCK's RPS in SPK Asia to be paid by OCK in cash will be determined on closing based on the following calculations

Investor Investment Amount	=	Enterprise value of RM350.00 million	-	Loan Consideration	+	Est. working capital adjustment	-	Est. debt	+	Est. cash and cash equivalent

The estimates forming the Investor Investment Amount are subject to customary closing accounts adjustments which shall be settled between OCK and Zelestra. If there are disagreements, they are resolved through a review and resolution process involving both parties and potentially an expert.

2.2 Loan Consideration

The Loan Consideration shall be paid on closing to Zelestra. As at the LPD, RM14,225,265.09 in principal amount under the loan remains outstanding; the rest of the consideration would be allocated to the Investor Investment Amount.

3.0 Conditions Precedent & Interim Period

3.1 Conditions Precedent

The conditions precedent under the Investment Agreement are as follows:-

i. 3SP, as applicable, shall have obtained the approval or a letter of no objection in respect of the Proposed Investment from the relevant authorities;

ii. Zelestra shall have approved by special resolution the amended constitution of SPK Asia establishing, among others, the basic terms of the OCK's RPS to be subscribed by OCK;

iii. the approval of the shareholders of OCK at an extraordinary general meeting to be convened;

iv. no authority prohibiting the transaction.

3.2 Subject to any stricter or more onerous obligation imposed on any party as expressly provided in the Investment Agreement, each party shall use all commercially reasonable efforts to do, or cause to be done, all things necessary, proper or advisable to the extent permissible under applicable Law and insofar as such matters are within its respective control, to ensure that the Conditions are satisfied as soon as possible after the date hereof and in any event not later than the Long Stop Date, i.e. 12 months after the date of the Investment Agreement.

3.3 The conditions are for the benefit of both parties and can be waived jointly.

3.4 Interim period

3.5 The business of SPK Asia and 3SP must be conducted in the ordinary course and certain actions can only take place with OCK's prior consent. Exceptions to these restrictions are outlined, allowing for certain actions in the ordinary course of business or as required by law.

4.0 Closing

4.1 Closing shall take place during a certain period of time after the satisfaction of the conditions precedent where all necessary closing actions to effect the redemption of Zelestra's RPS (when approved by Zelestra as its shareholder), and the subscription and payment of the OCK's RPS in consideration for the Investor Investment Amount, will be carried out. During the closing period, the Loan Novation will take place through the signing of a loan novation agreement, the form of which is appended to the Investment Agreement.

5.0 Warranties found to be untrue after Closing

5.1 Zelestra shall only be liable vis-à-vis OCK under the Investment Agreement for losses arising as a consequence of:

a) inaccuracies of Zelestra's Warranties;

b) the situations where Zelestra shall indemnify OCK in accordance with the Investment Agreement; and

c) any non-fulfilment or breach of any covenant, obligation or undertaking made by Zelestra, or before Closing, SPK Asia, in the Investment Agreement.

5.2 Zelestra's liability in connection with the Zelestra Warranties is limited by customary *de minimis*, basket as a true deductible and maximum monetary limits. Zelestra Warranties are qualified by matters fairly disclosed or otherwise that are within OCK's knowledge.

6.0 Right to terminate

6.1 Mutual termination

The Investment Agreement may be terminated upon the mutual written agreement of the parties.

6.2 Non-satisfaction or Waiver of Conditions

6.2.1 The Investment Agreement may be terminated by Zelestra or by OCK, in the event that any of the Conditions have not been satisfied or waived prior to the Long Stop Date; provided, however, that if:

(A) any of the Conditions have not been satisfied wholly or partly as a result of a failure by OCK to perform its obligations under the Investment Agreement, OCK may not terminate the Investment Agreement pursuant to 6.2.1; or

(B) any of the Conditions have not been satisfied wholly or partly as a result of a failure by the Company or Zelestra to perform its obligations under the Investment Agreement, Zelestra may not terminate the Investment Agreement pursuant to 6.2.1.

6.2.2 If the Investment Agreement is terminated under this 6.2.1, no party shall have any liability or further obligation to any other party, except as otherwise provided in 6.5 and 6.6.

6.2.3 Notwithstanding the foregoing, nothing in 6.2.1 shall be deemed to limit or otherwise affect Zelestra's right to enforce the remedies set forth in 6.3, if applicable.

6.3 Breach of Certain Investor's Undertakings

6.3.1 The Investment Agreement may be terminated by Zelestra if OCK fails to comply with any of its obligations under the Investment Agreement.

6.3.2 Zelestra's right to terminate the Investment Agreement pursuant to 6.3 shall not exclude, limit or restrict its right to seek specific performance or to make a claim against OCK for all losses incurred in the terms set out in the Investment Agreement.

6.4 Breach of Closing Actions

The Investment Agreement may be terminated by Zelestra or by OCK (as applicable) in accordance with the Investment Agreement, if any closing action (or part thereof) within the control of a party is not performed by such party as soon as reasonably practicable during the closing period, and in any case before the end of such closing period or by both Zelestra and OCK jointly in accordance of the Investment Agreement if any closing action (or part thereof) which is not within the control of a party is not completed by the closing.

6.5 Upon a termination of the Investment Agreement, each party's further rights and obligations hereunder, other than the surviving provisions, which shall survive indefinitely, shall terminate; provided, however, that such termination shall not affect any rights or obligations of a party which may have accrued prior to such termination, including indemnification rights.

6.6 Upon termination of the Investment Agreement because of breach of closing actions, each party shall:

(A) promptly repay on demand in readily available funds any payments that have been made in accordance with the Investment Agreement prior to the date of such termination, and any such payments (which shall be made gross of any deductions for tax) shall be received by the party that originally made the payment in exactly the same amounts and in the same currency as the payments which were originally made by it to the paying party;

(B) any documents that have been executed in accordance with the other closing actions shall be deemed not be, and to never have been, effective;

(C) any shares in SPK Asia that have been formally issued to OCK in accordance with the closing actions shall be cancelled and the register of members of SPK Asia duly updated; and

(D) execute, or procure the execution of, such documents and instruments as may be required to give effect to the above and to ensure that, as far as reasonably practicable and each party is put back in the situation it would have been in prior to the closing period.

7.0 Governing Law and Dispute Resolution

7.1 The Investment Agreement shall be governed by and construed in accordance with the laws of Malaysia.

7.2 Disputes are to be resolved through arbitration under the International Chamber of Commerce rules, with the arbitration site being Singapore.