

CHAIRMAN'S STATEMENT

**Dato' Syed Norulzaman Bin
Syed Kamarulzaman**

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*Senior Independent
Non-Executive Chairman*



Dear Shareholders,

On behalf of the Board of Directors, it is with great pleasure that I hereby present OCK Group Bhd's Annual Report and the audited accounts for the financial year ended 31 December 2013 ("FY2013").

CHAIRMAN'S STATEMENT

(CONTINUED)

“ The Group achieved a strong revenue of **RM152.04** million for FY2013, with a profit before tax (“PBT”) of **RM21.16** million ”

Over the last one year, the telecommunications industry in Malaysia was impacted with a performance slowdown due to a number of factors in particular due to reduction in the roll out of capital expenditure from major telecommunications providers.

Nonetheless, OCK Group has remained resilient and was fully committed towards achieving management's targets and objectives. I am pleased to report that the Group achieved a strong revenue of RM152.04 million for FY2013, with a profit before tax (“PBT”) of RM21.16 million. This was achieved against a revenue of RM138.60 million and a PBT of RM19.04 million for Financial year ended 31 December 2012 (“FY2012”).

For FY2013, our telecommunications network services remained our leading income contributor with a revenue of RM88.59 million, making up approximately 58% of the Group's total revenue, followed by our Green Energy and Power Solutions segment with a revenue of RM43.07 million.

In fact, based on the Group's roadmap to strengthen our presence within the industry and to strategically position ourselves for sustained growth, we successfully focussed our attention on two of our main objectives for 2013, which are:

1. To increase investment in telecommunications infrastructure

We began the financial year with a mission to leverage on the Government's initiatives on sharing infrastructure facilities, as well as increase our telecommunication sites portfolio for the Group so as to enhance our revenue stream. By capitalising on market demand during the year, the Group has been able to possess a healthy sum of telecommunication sites and assets. These assets should provide a healthy long-term recurring income for the Group going forward.

2. To expand our activities in Green Energy and Power Solutions

The contract awarded to OCK to build an 10MW solar farm car porch at Kuala Lumpur International Airport

Airport, Sepang, has in a sense announced the Group's arrival in the Malaysian solar energy scene. The project has been completed successfully. We intend to continue to pursue opportunities in this area and expand our capacity.

CORPORATE DEVELOPMENTS

On 23 September 2013, the Group successfully established a RM150 million Sukuk Murabahah Programme with BNP Paribas Malaysia Berhad (BNP Paribas) as the Principal Adviser and Lead Arranger, while for the issuance of the Sukuk, BNP Paribas and Bank Muamalat Malaysia Berhad acted as Joint Lead Managers. The tenure of the Sukuk Programme shall be twenty (20) years from the date of the first issue of the Sukuk Murabahah which shall be made within two (2) years from the approval date by the Securities Commission. The funds established from this Sukuk will be invested towards capital requirement for the expansion of the Group.



CHAIRMAN'S STATEMENT

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Reflecting on our expansion plans, we have been actively planning and positioning ourselves through strategic acquisitions, such as when the Group acquired Milab. With this acquisition, OCK now owns and manages a 1MW solar farm in Kelantan. This solar farm is fully energised under the Feed-in Tariff ("FiT") programme which is one of the government's initiatives in promoting green energy in Malaysia.

To further strengthen our operations in the engineering and maintenance services segment, the Group has expanded our resources by also acquiring Dynasynergy Services Sdn. Bhd.

Regionally, OCK has already set up companies in emerging telecommunication and technology markets such as in China, Vietnam, Cambodia and Myanmar. The Group is taking all the necessary steps to ensure that OCK is well positioned to seize business opportunities as it arises be it in Malaysia, or within the region.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITIES ("CGSR")

The OCK Board of Directors fully understands the importance and value of corporate governance and social responsibilities which is why OCK works towards integrating CGSR within our daily operations. We are committed at maintaining our best standards of corporate governance in our daily business operations and activities. The Group notes that this is a fundamental responsibility in protecting our shareholders' interests and to further enhance our business.

We believe that sustainable growth is through a high level of corporate governance. Transparency, accountability, integrity and the highest standards of professionalism, with expertise and technical know-how are important components in that regard.

INDUSTRY PROSPECTS AND OUTLOOK

Major telecommunication providers in Malaysia are actively investing and upgrading of telecommunication infrastructures to accommodate the rising market demand consistent with the implementation of the 4G services. Consumers are seeking for wider and faster coverage within this aggressively developing technological environment. Under such an environment and being a leading market player in Malaysia, the outlook for the year ahead continues to be positive for the Group.

The Government's intention to improve telecommunication network in Malaysia is viewed positively by the Group. Its intention to allocate RM1.5billion to build 1,000 telecommunication towers in Malaysia will certainly provide business opportunities for companies like the OCK Group. As we are equipped with Network Facilities Provider ("NFP") and Network Services Provider ("NSP") Licence, coupled with our seasoned team of expertise, technical know-how and strong track record, I believe that OCK will emerge as one of the primary beneficiaries of this program.

Under the 10th Malaysia Plan, a renewable energy target of 5.5% solar generating capacity by 2015 and further rising to 11% by 2020 has been set. Solar developers such as OCK will be able to capitalise on this initiative and benefit from one of Asia's most prominent solar PV Feed-in-Tariff ("FiT") schemes in the future.

As part of the Group's expansion efforts, OCK will continue to scout for strategic business acquisitions within South East Asia to create synergistic business collaboration while maintaining a competitive edge and sustainable growth in the rapidly evolving market.

APPRECIATION

On Behalf of the Board I would like to welcome Rear Admiral(Rtd) Dato' Mohd Som Bin Ibrahim as Non-Executive Non Independent Director who was appointed to the Board on 9 December 2013. With his wealth of experience, I am confident he will contribute effectively to the deliberations of the Board.

The Board and I would certainly like to also express our appreciation to the management and employees of OCK for their continued dedication to the Group. The Group's success would not have been possible if not for their hard work and commitment, and to our shareholders, partners, bankers and regulatory authorities, we also thank them for their invaluable support and assistance. We look forward to their continued support as we journey ahead together to another positive and successful year.

Dato' Syed Norulzaman Bin Syed Kamarulzaman

Senior Independent Non-Executive Chairman