

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of OCK GROUP BERHAD, I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 December 2012.



**Dato' Syed Norulzaman Bin
Syed Kamarulzaman**

*Senior Independent
Non-Executive Chairman*

CHAIRMAN'S STATEMENT (CONT'D)

Dear Shareholders,

On behalf of the Board of Directors of OCK Group Berhad ("OCK" or the "Group"), it is my pleasure to present the 2012 Annual Report and the audited accounts of the Group for the financial year ended 31 December 2012 ("FY2012").

As the newly appointed Chairman of OCK Group, I am delighted that OCK has delivered commendable result for FY2012 with a registered revenue of RM138.60 million and a net profit in excess of RM13.95 million. I believe that the Group's continuing strong financial growth is the result of hard work and dedication by a group of experienced personnel, coupled with a strong partnership with various technology companies that the Group has fostered over the years.

This year marks a significant milestone for the Group, as OCK was listed successfully on the ACE Market of Bursa Securities on the 17 July 2012, despite a series of tough economic conditions and market sentiments. With this year's outstanding performance, I am confident that the Group will soon be eligible to transfer to the Main Market of Bursa Malaysia. Our listing exercise has brought us to the next level in the Group's long-term strategic plan and has provided the opportunity for our business to expand into regional markets such as Thailand, Myanmar and Indonesia.

Back in 2011, OCK was awarded the Network Facilities Provider ("NFP") Individual License by the Malaysia Communications and Multimedia Commission ("MCMC"). With this license, OCK is able to provide infrastructure facilities such as telecommunication towers, pole, duct and pit in conjunction with other network facilities. In terms of providing telecoms infrastructure, the Group is licensed to buy, own and lease to operators under this NFP Individual License.

Within a short period of time, from September to December 2012, the Group managed to build and own significant number of sites in Peninsular Malaysia, both rooftop and on-ground towers, and leased sites to a Telco company. The Group aims to construct or via asset acquisitions to own more sites in 2013.

In addition to the abovementioned telecommunication network services, partnered with further key ingredients such as the Group's M&E Engineering, Trading and Green Energy Power Solutions is what formulates our comprehensive total solutions as a Group. Thus, the Group are proud to be able to provide a one-stop destination for our clients.

In planning for the Group's business growth, the Group announced the acquisition of an industrial property in Glenmarie, Selangor for a consideration of RM14.30 million. This is where the Group will be consolidating the physical premises of its headquarters and warehouses for better management.



CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

The Group achieved a record-breaking revenue of RM138.60 million for the FY2012, representing an increase of 56.92% from the previous year. The profit attributable to equity holders of the Company reached RM13.95 million in 2012, a tremendous increase of 51.67% compared to 2011. Basic earnings per share of the Group was 5.10 sen while capital expenditure was RM21.71 million, accounting for 15.67% of the total revenue.

In terms of our segmental performance, all four segments of the Group delivered a strong revenue increase within this year as compared to 2011; our core business telecommunications led the way with a total revenue of RM98.59 million. Our trading and M&E segments registered a staggering growth in revenue of approximately 166% and 150% respectively, as compared to the previous year.

The Company had declared an interim dividend of RM0.005 in September 2012.

Following our interim dividend, a final dividend of RM0.005 is being proposed, which will translate to a total dividend yield of 2%. Therefore, the Group will have issued a total dividend of RM2.58million for the year, which I believe is a satisfactory equity return.

Industry

As our main focus is in telecommunication engineering services, the Government granted licenses to seven (7) Telecoms operators, which six of them are our current direct and indirect customers. We believe that with this LTE (Long Term Evolution) launched in December 2012, our Group will have plenty of opportunities in the full turnkey engineering services – for instance, in network planning and design, site acquisition and permitting, site deployment, telecom implementation, network integration and operation, and maintenance.

The Group are confident that the population growth, rising income, continuing advancement in wireless devices and increasing consumption, will definitely lead to stronger growth of demand in the Telco segment. In 2013, the Malaysian telecommunications market is expected to invest sizable capital expenditure of approximately RM4.5 billion. The Group aims to seize this opportunity and take steps in strategic transformation and scale development to enhance corporate long-term competitiveness.

We believe that the opportunity in this segment of the business is huge and there is plenty of potential to grow. The industry is currently experiencing rapid evolution and the convergence of information and communication technology – for instance, the popularity in data services over voice data services, frequent internet surfing, etc. With these transformation, more network transmission locations will be required, and an increase in the number of network equipment is expected to be deployed at each site, resulting in more opportunities for OCK. We expect these incremental changes in data communication and software development to vastly contribute to the growth in revenue for the Group in the coming years.



CHAIRMAN'S STATEMENT (CONT'D)

Corporate Governance and Social Responsibilities (CGSR)

The Group continues to strive to maintain a high level of corporate governance and transparency in order to ensure the continued, healthy growth of the Group. This was evident in 2012, when our Subsidiary, OCK Setia Engineering Sdn. Bhd. won the First Prize of the "Outstanding SMEs Award" as well as one of the "100 Outstanding SME Award" in the Nanyang Golden Bull Awards 2012, organised by Nanyang Siang Pau Sdn. Bhd. It is an honour and a privilege for OCK to have won these awards.

In today's competitive environment, it is a challenge for us all to strive for a balance at work, at home and in our contribution to society, as companies strive for economic excellence and employees are pressured to perform. However, the Group believes in giving back to the society as we are all a part of it. During the year, the Group organised a visit to the Ti-Ratana Welfare Home, a home for old folks and orphanage in Desa Petaling. Despite their busy schedules, more than 50 employees participated in the event, making it a major success. Together with the precious time spent with the children and old folks, OCK also assisted Ti-Ratana to check off some items of their wish list for the Christmas season.

Outlook and Summary

In Malaysia, we previously migrated from GSM to 2G, and subsequently from 2G to 3G. Presently, the migration of 3G to 4G services has emerged. Based on IEMR Malaysia Mobile Operators Forecast it is expected that Malaysia will achieve approximate 41.9 million mobile users hence increases market competition among the mobile operators. Thus great prospects and opportunities ahead for the Group.

We are currently the market leader in Malaysia. We will continue to take on new opportunities and face challenges a head on to maintain our position. In addition, with the support from MCMC and the transformation in technology and Telco segments, we will continue to enhance our services and product offerings in network optimisation services, test equipment and Telco towers and equipment.

In the past, our focus was in Network Service Deployment, and Mechanical and Electrical ("M&E") Engineering works, but going forward, we intend to build, own and lease Telco towers to operators with an average return of equity of more than 10%. Furthermore, we will continue to look for opportunities to maximise our assets and expand further into regional countries such as Vietnam, Myanmar, Indonesia, Thailand and Philippines. We will continue to put in effort to strengthen our management capabilities and improve the competitive edge of our products and services.

Our appreciation

Our employees have worked in a demanding environment and they have contributed much effort towards achieving the success of our Group, which is evident in our recent financial performance. Our future success will also very much depend on their continued efforts. On behalf of the board of directors, I would like to thank them for their continued hard work and dedication to the OCK Group.

Lastly, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all our shareholders for their continued support and trust in OCK Group Berhad.

**Dato' Syed Norulzaman Bin
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