

MANAGEMENT REVIEW

Throughout 2013, the management worked extensively in delivering strong operational performance and sustainable financial growth. We kept our focus on consistent execution, high quality professional services and network products - maintaining the Group's mission and vision pledged to our entrusted partners, customers and stakeholders.



Ooi Chin Khoon

Group Managing Director

GROWTH AND EXPANSION DYNAMICS

Market Positioning

As a growing organization, the management understands that it is vital to equip ourselves with the necessary resources to continuously strengthen our business offerings and corporate positioning in order maintain an innovative and competitive edge within a continuously evolving industry and fast changing environment.

In 2013, we successfully obtained our Fibre Optic License and in 2014 we were awarded the Network Services Provider ("NSP") license to further enhance our comprehensive end-to-end solutions and to meet the growing demand of technological requirements and advancements in the market.

The individual NSP License enables OCK to import and own telecommunication network equipment such as Radio base stations, microwave links and all other various supporting

equipment. The NSP individual license also allows OCK to provide connectivity and bandwidth services to support a variety of applications, which will allow OCK to further improve our service offerings.

Now, having obtained these two additional licenses, with enhanced service offerings, we anticipate that it will contribute positively to our future earnings.

Growing Capabilities

Since our Initial Public Offering in July 2012, OCK has increased its telecommunication asset count comprising of ground-based towers and rooftop structures, which are contributing to the Group's long-term recurring income. With our Network Facility Provider ("NFP") License allowing us to build, own and rent telecommunication structures, we trust that we are well and firmly positioned to be one of the primary beneficiaries amidst the current 4G network roll-out in Malaysia.

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Mounting on our expertise in green technology and power solutions, OCK had during the financial year, ventured into the green energy industry when we secured and completed a 10 mega watt (10MW) solar farm located in Kuala Lumpur International Airport in Sepang. OCK was the main sub-contractor for this solar farm project that was executed less than a year and is now the largest single-solar farm in Malaysia.

The Group itself also owns and manages a 1MW solar farm in Kelantan, which is now energised and selling energy back to the national grid via the Feed-in-Tariff (“FIT”) arrangement. This creates a new source of recurring income for the Group.

We are actively exploring strategic opportunities to expand our green energy segment leveraging on our expertise and dynamic technology solutions. Moving forth, we are largely focusing on solar power generation to capitalize on the increasing market demands, growing public awareness and concerns in environmental issues and the Government’s initiatives in driving renewable energy in Malaysia as one of the key objectives to reduce our carbon footprint.

Strategic Expansion

As part of our on-going strategic expansion plan, we have firmly developed our presence in Cambodia and Myanmar in FY2013 with our Cambodian unit being awarded two main-frame contracts from one major telecommunications operator for telecommunication site constructions. Through our subsidiary OCK Yangon Co. Pte. Ltd., OCK is working with a technology provider for equipment installation, testing and commission and network optimization. These regional business activities will start to contribute more towards our core profit in our financial year ending 31 December 2014 (“FY2014”).

We focus on dynamic growth and are continuously seeking for sustainable growth opportunities and prospects within our markets, which includes improving our in-house talent through effective human resource management and acquisition of relevant business assets. In July 2013, we acquired 51% equity in Dynasnergy Services Sdn. Bhd. to compliment our business activities – adding stronger operations, engineering and maintenance services to the Group.

Looking forward to support our continuous growth we are sourcing for strategic business mergers and acquisitions that would provide synergistic value to our current business model and which bring consistent profit contribution to the Group.

FOCUSING ON KEY OBJECTIVES AND DRIVING OUR PERFORMANCE

In 2012, we established a strategic vision to achieve three key milestones: (i) to increase the Group’s asset count, (ii) to expand our business footprint overseas and (iii) to diversify our green technology and power solutions. By the end of 2013, the management has successfully achieved each of these objectives by selectively deploying our capital and maintaining a disciplined approach to evaluating all aspects of our projects and expansion opportunities in our respective markets.

In light of a challenging macro environment in Malaysia that reflected a slower growth for the majority, OCK maintained a favourable financial performance for FY2013 with a revenue growth of 10.0% as compared to FY2012. In regards to the Group’s bottom line performance, we reported a profit after tax of RM15.29 million which translates to basic earnings per share of 5.0 sen.



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Telecommunication Network Services

Our core business activity and profit contributor recorded a revenue of RM88.59 million, representing 58.9% of the Group's total revenue for FY2013. This segment's performance was largely driven by telecommunication construction activities.

Telecommunication Network Services experienced a slight slowdown during the first half of the financial year with various pending market uncertainties hence leading to a delay in the rollout of the capital expenditure overall from telecommunication operators, network providers and government projects alike. With that said, business activities did pick up towards the later of the second half of the financial year.

Green Technology and Power Solutions

The Group's Green Technology and Power Solutions business revenue increased by RM24.12 million to RM42.92 million in FY2013 compared to RM18.8 million that was reported last year. The staggering 128.3% increase in revenue was due to the Engineering, Procurement and Construction Contract (EPC) for the construction of the 10MW solar farm project in KLIA.

We foresee that our innovative green technology and power solutions will continue to drive growth in both our top-line performance and bottom-line earnings.

Trading of Telecommunications and Network Security Products

The Group's trading activities reported a revenue of RM10.6 million for FY2013, coming in at a slight decrease as compared to FY2012 of RM11.68 million due to slower trading activities during the year and indirect effects of the slowdown in project roll-outs from telecommunication operators. The revenue of our trading activities is primarily derived from telecommunications hardware and installation of related equipment such as antenna, feeder cables, connectors, water proofing tapes, network security products and solutions and others.

Mechanical & Electrical (M&E) Engineering Services

For FY2013, our M&E segment reported revenue of RM12.74 million presenting an increase of RM3.20 million as compared to FY2012. The slight increase in the segments profit is due to more M&E work executed in 2013.

CONNECTING THE FUTURE AND MOVING FORWARD

The seven (7) major telecommunication companies which were awarded the LTE License (2600 Megahertz Spectrum) by the Malaysian Communications and Multimedia Commission (MCMC) are expected to continue investing in upgrading activities and additional telecommunication infrastructures to accommodate the rapidly rising data usage under the current 3G/4G environment. These upgrading activities will stimulate opportunity growth for the telecommunications network market as telecommunication companies continue to invest and develop 3G HSPA+ sites and further expand their LTE coverage across Malaysia.

In accordance to the Malaysia Budget 2014, the Government announced and implemented the High-Speed Broadband (HSBB) project under the National Broadband Initiative. In 2014, the government will further implement the second phase of HSBB in collaboration with the private sector involving RM1.8 billion in investments, which will benefit approximately 2.8 million households by providing more coverage to urban areas.

Additionally, the Government had also announced its budget allocation of RM1.5 billion to build 1,000 new telecommunication towers across Malaysia over the next three (3) years. Taking these planned initiatives into consideration, the outlook for the telecommunication network market in Malaysia remains to be positive with good opportunities that OCK can capitalize on as its future growth catalyst.

This year we remained focused on our objectives in growing our infrastructure business where we have expanded our asset count expanded our business expertise to regional emerging markets such as Cambodia and Myanmar and ventured into the field of green energy. Moving forth, we will continue our efforts in maximizing our business capacity and growth potential in Malaysia and regionally.

We remain optimistic that the demand for telecommunication infrastructure and services will continue to drive growth in the telecommunication network market with network providers seeking for increased infrastructure and upgrades to accommodate to the rapidly evolving and budding consumer demand for quality and broader network coverage in Malaysia.

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Group Managing Director