

# MANAGEMENT REVIEW

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OCK has firmly established itself as the leading Telecommunication Network Services and Green Energy Solutions Provider. We dedicate ourselves to providing the highest quality and excellence to our customers.

**Sam Ooi Chin Khoon**  
Group Managing Director

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OCK's sturdy business model has earned the Group's leading position in the telecommunications network industry, serving some of the largest telecommunication operators in the country.

## LEVERAGING ON A GROWING PHENOMENON

2015 presented an extremely challenging economic environment in Malaysia, which was tainted by various global market issues such as the collapse of crude oil prices, softening of the China economy and the weakening of the Malaysian Ringgit. The uncertainty of global macroeconomics swept the nation with adversity posing a caution front to be adopted by the majority of businesses. Despite the adversity of the global economy, the telecommunication network services industry was mitigated by the market's demand for LTE infrastructure and upgrade services, growing culture in outsourcing managed services as an effort to reduce operating cost and the growing consumer demand for better network coverage.

The global growth trend in mobile communications is not showing any signs of slowing down and the wireless evolution continues to scale the growth of consumer demands. Our dependency on mobile communication, network connectivity and data exchange has reached an extremely high level and has become a means and necessity of modern life. Everything from basic voice communication, text messages, banking and even office tasks are being carried out on Smartphones.

It is inevitable that advancing smart technology is causing a paradigm shift in our society both on the social and business level. Acknowledging the market transitions, the rapid evolution in wireless technologies and the increasing market demands has led OCK to anchor itself in a strategic position to leverage on opportunities arising from the expanding mobile ecosystem. OCK focus on building and sustaining a long-term business growth has been key to establishing its successful business model.

## MAINTAINING OUR DOUBLE-DIGIT GROWTH TREND

For FY2015, OCK registered a 69.9% growth in its revenue of RM315.9 million as compared to FY2014 of RM185.9 million. The Group's profit after tax ("PAT") of RM27.2 million delivered represent a double-digit growth of 59.2% against its RM17.1 million reported in the last financial year.

Our regional business expansion has start to show its impact to the Group by delivering a revenue of RM52.6million translating to a sharp increase of 333.4%

compared to FY2014 of RM12.1million. To date, OCK has expanded its regional business presence to Myanmar, Indonesia, Cambodia, and China. OCK's telecommunication network services segment remains to be our core contributor, which makes up 81.8% of the Group's FY2015 revenue with RM258.3 million. The Group's telecommunication network services was mainly driven by our the on-going deployment of 3G and LTE networks and backhaul network fiberisation for the telecom operators, and the first full year profit contribution from PT Putra Mulia Telecommunications (PMT) in Indonesia.

## ENGINEERING SUSTAINABLE GROWTH

OCK stringent principles of embracing a strategic and forward-looking business model guides and drives our business direction in towards building long-term values and profitability for the Group.

As a continuing effort to solidify a sustainable recurring income stream, OCK has been expanding our portfolio of Managed Services, which has proven to be an effective avenue. As at 31 December 2015, OCK managed a total of 25,000 telecommunication sites, comprising 20,000 sites in Indonesia and about 4700 sites in Malaysia This business offers significant scalability for the Group on the back of the growing trend among the telecom operators to outsource their network operations to reduce cost, and focus on sales and marketing.

OCK's green energy and sustainable power solutions business also supported the growth of our recurring income model, and the Group anticipates that contribution from this business will grow in the next few years. OCK has successfully acquired 3 solar farms contributing to an output of 1.15 megawatt ("MW") under the Feed in Tariff ("FIT") program promoted by the Sustainable Energy Development Authority Malaysia ("SEDA"). To-date, OCK operates 4 solar farms with a total energy output of 2.15MW.

## EXPANDING OUR REGIONAL FOOTPRINT

OCK's acquisition of its Indonesian subsidiary, PT Putra Mulia Telecommunications (PMT), has provided the Group with rapid expansion into Indonesia. Upon completion of the acquisition of PMT in 2014, PMT was managing 6,000 sites, and as of 31 December 2015, PMT has enlarged its portfolio by managing 20,000 sites. The large number of sites in Indonesian telecommunication market provides PMT opportunity to expand In addition, the strengths and knowledge we gained from PMT, can be duplicated to other parts of the region.

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In December 2015, the Group partnering with King Royal Technologies ("KRT"), a local Myanmar company, signed a Master Service Agreement ("MSA") with Telenor Myanmar for the construction of up to 920 sites under a build and lease model. This arrangement will provide a long term recurring revenue stream for OCK, and represents a major milestone towards OCK's regional aspiration. The Myanmar tower market is expected to be one of Southeast Asia's fastest growing market with more growth opportunities in the next few years.

## CORPORATE HIGHLIGHTS

In April 2015, OCK moved into its new corporate headquarter in Glenmarie, Shah Alam. The new headquarter is able to cater for our expanding workforce in tandem with our business growth.

In July 2015, OCK announced a rights issue on a basis of 1 right share for every 2 existing shares, held with free warrants on a bonus of 1 warrant for every 1 right share subscribed. The Group's 264,080,454 Rights Share and 264,080,454 Warrants were successfully listed and quoted on the Main Market of Bursa Malaysia Securities Berhad in December 2015. The Rights Issue was

oversubscribed by 28.16%, and raised RM132.0 million cash for the Group, where the proceeds will be used to expand OCK's telecom infrastructure business within the ASEAN region.

## MOVING FORWARD FROM A POSITION OF STRENGTH

In 2016, we will be focusing on the deployment of the 920 towers in Myanmar for Telenor Myanmar, and we will continue to explore further opportunities in Myanmar.

As a Group, we will continue command a significant share of telecommunication network service market share through providing value and quality services to our customers. This business will continue to grow as there are continuous demand for the deployment of LTE and fibre networks, and increasing activities in network upgrade of the telecom operators' existing network.

As part of our long-term goals, we will emphasize on business opportunities across the ASEAN region. We will continue to focus on Telecommunication Network Services and Green Energy businesses that will put us in an excellent position to extend our track record of expedient and sustained growth in our area of expertise.

**Sam Ooi Chin Khoon**  
*Group Managing Director*