



UCHI TECHNOLOGIES BERHAD
(199801001764) (457890-A)
(Incorporated in Malaysia)

ROOTED IN **TECHNOLOGY**
NURTURING **INNOVATION**



ANNUAL REPORT 2023



ISO 14001 ENVIRONMENTAL POLICY

Uchi is committed to protect the environment for future generations through:

Umost effort in implementing and continuously improving our corporate Environmental Management System

Commitment towards preventing pollution, minimizing waste and consumption of natural resources through effective management of our activities, products and services

Highly honour compliance of Malaysian Environmental Laws and other applicable regulations to meet interested parties expectations

Incessantly educating employee on environmental awareness and responsibility

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宇琦光电（东莞）有限公司
ISO14001环境方针

遵守法规
防污降耗
持续改进
宣导环保

致力于下一代更加美好的环境，宇琦光电（东莞）有限公司努力在商业活动、产品和服务中承诺：

1. 严格遵守中国环境法规和其他适用的要求。
2. 承诺努力污染预防，通过我们的商业活动，产品和服务的有效管理，尽量减少资源的浪费和消耗。
3. 竭尽所能，实施并持续改进公司的环境保护管理体系。
4. 不断培训及培训职员员工的环境意识和责任。

ISO 45001 OH&S POLICY



Uchi is committed to prevent work-related injury and ill health and enhance safety and health environment in the Uchi relevant organizational context with the nature of OH&S risks and opportunities through...

- ▶ Implementing OH&S Management System to minimize accidents, eliminate hazards and reduce OH&S risk;
- ▶ Promote safety and health programme for continual improvement;
- ▶ Complying with applicable OH&S legislation and other requirements;
- ▶ Educating employees on safety and health awareness and responsibility;
- ▶ Promote consultation and participation activities on OH&S matters with employees and relevant outsourcing or contracting representative.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Company will be conducted on a virtual basis through live streaming and remote voting via online meeting platform provided by **PROPOLL** Solutions Sdn Bhd (“**PROPOLL**”) at www.propollsolutions.com.my (Domain Registration No. with MYNIC-D1A403203) on Friday, May 24, 2024 at 2.00 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2023 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 2**

As Ordinary Business

2. To Declare a Final Single Tier Dividend of 7.5 sen per share for the year ended December 31, 2023. **Ordinary Resolution 1**
3. To approve the payment of Directors’ Fees of RM505,200 for the year ending December 31, 2024. **Ordinary Resolution 2**
4. To re-elect Mr. Kao, De-Tsan, also known as Ted Kao retiring under Clause 76(3) of the Constitution of the Company. **Ordinary Resolution 3**
5. To re-elect Mr. Charlie Ong Chye Lee retiring under Clause 76(3) of the Constitution of the Company. **Ordinary Resolution 4**
6. To re-appoint Messrs. Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. Proposed Renewal of Share Buy-Back Authority

“THAT subject to the provisions under the Companies Act 2016 (“the Act”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (“Uchi Shares”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase (“Proposed Renewal of Share Buy-Back Authority”).

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company’s retained profits.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Uchi Shares so purchased by the Company in the following manner:

- (i) the Uchi Shares so purchased could be cancelled; or
- (ii) the Uchi Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above; or
- (iv) in any other manner as prescribed by the Act and MMLR from time to time.

7. Proposed Renewal of Share Buy-Back Authority (cont'd)

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- (ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by resolution of the shareholders of the Company in a general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

Ordinary Resolution 6

- 8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
Secretaries

April 22, 2024

Penang

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

IMPORTANT NOTICE

You are requested to read and adhere to the Administrative Guide which can be downloaded from the Company's website or announcement via Bursa Securities' website. The Company has the right to impose any other precautionary measures as guided by the guidelines issued by the Government from time to time.

Notes:

1. Proxy

- 1.1 The 26th AGM will be conducted virtually through live streaming and remote voting via online meeting platform provided by **PROPOLL** at www.propollsolutions.com.my (Domain Registration No. With MYNIC-D1A403203). Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely at the virtual AGM.
- 1.2 According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on April 7, 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a virtual general meeting are required to participate in the meeting online.
- 1.3 For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at May 15, 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- 1.4 A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- 1.5 A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- 1.6 Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 1.7 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- 1.8 Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 1.9 The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment ("E-proxy"), the proxy form must be deposited via **PROPOLL** Portal. Please refer to the Annexure of the Proxy Form for further information on electronic submission. E-proxy only applicable to Individual Shareholder. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
- 1.10 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 1.11 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- 1.12 Last date and time for lodging this proxy form is 2.00 p.m., May 22, 2024 (Wednesday).

2. Audited Financial Statements for the financial year ended December 31, 2023

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

3. Ordinary Resolution 2 – To approve the payment of Directors' Fees of RM505,200 for the year ending December 31, 2024

The proposed Ordinary Resolution 2, if passed, will authorise the payment of Directors' Fees for the year ending December 31, 2024 amounting to RM505,200.

There is no other benefit payable to Directors except the options to subscribe for new shares granted to the Directors under the ESOS 2016 which has previously been approved by the shareholders at the Extraordinary General Meeting held on May 18, 2016.

4. Ordinary Resolutions 3 and 4 – Re-election of retiring Directors

The details and profile of the retiring Directors, Mr. Kao, De-Tsan also known as Ted Kao and Mr. Charlie Ong Chye Lee who are standing for re-election at the AGM is set out in the Directors' profile on page 15 and 16 of the Annual Report 2023.

The Board through the Nomination Committee ("NC") had conducted an annual assessment on the performance and contribution of the individual Directors including the retiring Directors for the financial year ended December 31, 2023 based on a set of prescribed criteria. Based on the results of the annual assessment, the performance of each individual Director was found to be satisfactory and the NC had assessed that each individual Director was fit and proper to continue to hold the position as a Director of the Company.

Premised on the satisfactory outcome of the assessments, the Board endorsed the recommendation of the NC to seek members' approval for the re-election of Mr. Kao, De-Tsan also known as Ted Kao and Mr. Charlie Ong Chye Lee as Directors of the Company.

Explanatory Note on Special Business:**5. Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 6 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Twenty-Sixth Annual General Meeting, a Final Single Tier Dividend of 7.5 sen per share for the financial year ended December 31, 2023, will be paid on June 26, 2024 to Depositors registered in the Record of Depositors at the close of business on June 10, 2024.

A Depositor shall qualify for entitlement to the Dividend in respect of: -

- a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on June 10, 2024 in respect of transfers;
- b) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board

LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
Secretaries

April 22, 2024

Penang

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

There are no individuals who are standing for election as Directors (excluding Directors standing for re-election) at this forthcoming Annual General Meeting.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY

For Uchi Technologies Berhad to Purchase Its Own Shares (“Proposed Renewal of Share Buy-Back Authority”)

1. Introduction

1.1 Renewal of Authority for Uchi Technologies Berhad (“the Company” or “UCHITEC”) to Purchase Its Own Shares

At the Company’s Annual General Meeting (“AGM”) held on May 24, 2023, the Company obtained approval from the shareholders, for the Company to renew the authority to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to the resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase and an amount not exceeding the total retained earnings of RM89,167,058 of the Company based on the audited financial statements for the financial year ended December 31, 2022.

The authority obtained by the Board of Directors for purchasing the Company’s own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing share buy-back by listed companies will lapse at the conclusion of the coming Twenty-Sixth (26th) Annual General Meeting (“AGM”).

It is the intention of the Company to renew the authority to purchase its own shares by way of an ordinary resolution.

1.2. Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Renewal of Share Buy-Back Authority and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the coming Twenty-Sixth (26th) AGM. The notice of the AGM together with the Proxy Form is set out in this Annual Report.

2. Details of The Proposed Renewal of Share Buy-Back Authority

On April 8, 2024, the Company announced that UCHITEC is proposing to seek its shareholders’ approval at the AGM of UCHITEC to be convened in 2024 for the renewal of the authority for the purchase by UCHITEC of its own shares (the “Shares”) of up to ten per centum (10%) of the total number of issued shares of UCHITEC as at the point of purchase subject to compliance with Section 127 of the Companies Act 2016 (the “Act”), Bursa Securities Main Market Listing Requirements (the “Listing Requirements”) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities. The purchase of the Company’s own Shares will be carried out on the Bursa Securities through an appointed stockbroker.

The maximum funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained earnings of the Company. The audited retained earnings of the Company as of December 31, 2023 is RM 88,294,480.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 127 of the Act, in the following manner:

- (a) To cancel the Shares so purchased; or
- (b) To retain the Shares so purchased as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell on the Bursa Securities in accordance with the relevant rules of the Bursa Securities and/or cancellation subsequently; or
- (c) To retain part of the Shares so purchased as treasury shares and cancel the remainder.

While the purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including substantial shareholding, takeover, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

If the Company decides to cancel the Shares purchased, the Company shall make an immediate announcement on the day the cancellation is made providing the number of Shares cancelled, the date of cancellation and the outstanding number of issued shares of the Company after the cancellation. In the event the Company retains the Shares purchased as treasury shares, the said Shares may be distributed as share dividends, resold on the Bursa Securities in accordance with the Listing Requirements or subsequently cancelled.

2. Details of The Proposed Renewal of Share Buy-Back Authority (cont'd)

The approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM until:

- (a) The conclusion of the next AGM of the Company at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) The expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) Revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

Pursuant to the Listing Requirements, the Company may only purchase its own Shares on the Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of the purchase(s). The Company may only resell its treasury shares on the Bursa Securities at:

- (a) a price which is not less than the weighted average market price of the Shares for the five (5) Market Days immediately before the resale; or
- (b) a discounted price of not more than five percent (5%) to the weighted average market price of the Shares for the five (5) Market Days immediately before the resale provided that:
 - (i) The resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) The resale price is not less than the cost of purchase of the Shares being resold.

The Proposed Renewal of Share Buy-Back Authority will allow the Directors to purchase Shares at any time within the abovementioned time period using the funds of the Group. The aforesaid funds will be financed from both internally generated funds of the Group and/or external borrowings, the portion of which to be utilised will depend on the actual number of Shares to be purchased, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed Renewal of Share Buy-Back Authority, the Group will experience a decline in its net cash flow to the extent of the interest costs associated with such borrowings but the Board does not foresee any difficulty in repayment of borrowings, if any, which is used for the Proposed Renewal of Share Buy-Back Authority. Based on the audited consolidated financial statements as of December 31, 2023, the Group has a cash and cash equivalent balance of RM 154,975,184.

The actual number of Shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on the market conditions and sentiments of the stock market, the available financial resources of the Group and the amount of retained earnings of the Company.

As of March 13, 2024, the Record of Depositors of the Company showed that 330,854,712 Shares representing approximately 71.94% of the total number of issued shares were held by public shareholders. The Board undertakes that the Proposed Renewal of Share Buy-Back Authority will be conducted in accordance with laws prevailing at the time of the purchase including compliance with the twenty-five percent (25%) public spread as required by the Listing Requirements and ensuring that the total number of issued shares of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements.

The public shareholding spread of the Company before and after the Proposed Renewal of Share Buy-Back Authority is as follows:

	Before the Proposed Renewal of Share Buy-Back Authority	After the Proposed Renewal of Share Buy-Back Authority
Public shareholding spread	^(a) 71.94%	^(b) 68.96%

Notes:

- ^(a) As of March 13, 2024.
- ^(b) As of March 13, 2024, the total number of issued shares of UCHITEC is 461,988,159 Shares including 2,072,500 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority involves the aggregate purchase of 46,198,816 Shares (being approximately ten per centum (10%) of the total number of issued shares of the Company as of March 13, 2024, assuming no additional exercise of ESOS options prior to the implementation of the Proposed Renewal of Share Buy-Back Authority) and the number of Shares held by the Directors of the Group, the major shareholders of the Company and persons connected with them remain unchanged.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)

For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

3. Rationale for the Proposed Renewal of Share Buy-Back Authority

The Proposed Renewal of Share Buy-Back Authority will enable the Company to utilise its financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-Back Authority may enhance the Earnings Per Share ("EPS") and reduce the liquidity level of the Shares of the Company in the Bursa Securities, which generally will have a positive impact on the market price of the Shares of the Company. Other potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:

- (a) To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- (b) To allow the Company flexibility in achieving the desired capital structure, in terms of the debts and equity composition, and the size of equity;
- (c) When the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net EPS of the Company and the Group will increase; and
- (d) The purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital appreciation on the Shares.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of the Group and may result in the Group forgoing better investment opportunities that may emerge in the future; and
- (b) As the Proposed Renewal of Share Buy-Back Authority can only be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Share Buy-Back Authority, if implemented, will reduce the financial resources of the Group, but since the amount is not substantial, it will not affect the furtherance of the Group's business or payment of dividends by the Company. Nevertheless, the Board will be mindful of the interest of the Company and its shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority and in the subsequent cancellation of the Shares purchased.

4. Effects of Proposed Renewal of Share Buy-Back Authority

As of March 13, 2024, the total number of issued shares of UCHITEC stands at 461,988,159 Shares including 2,072,500 Shares held as treasury shares. Assuming that the Company purchases up to 46,198,816 UCHITEC Shares representing approximately ten per centum (10%) of its total number of issued shares as of March 13, 2024 and such Shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, earnings, directors and major shareholders' interests and net assets as well as the implication relating to the Code are as set out below:

4.1. Share Capital

The Proposed Renewal of Share Buy-Back Authority will not have any immediate material effect on the issued share capital of the Company until such time when the Shares purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority are cancelled resulting in the issued share capital of the Company being decreased accordingly. On the other hand, if the Shares purchased are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not affect the issued share capital of the Company.

4.2. Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the Group will depend on the purchase prices of the Shares and the effective funding cost to the Group to finance the purchase of the Shares or any loss in interest income to the Group. Should the Company choose to hold the Shares purchased as treasury shares and resell the Shares subsequently, depending on the price at which the said Shares are resold, the Proposed Renewal of Share Buy-Back Authority may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice versa.

If the Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the EPS of the Group. However, the increase in EPS will be affected to the extent of the quantum of the reduction in the interest income and/or increase in the interest expense incurred in relation to the Proposed Renewal of Share Buy-Back Authority.

4. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

4.3. Directors’ and Substantial Shareholders’ Interests

The effects of the Proposed Renewal of Share Buy-Back Authority on the substantial shareholders’ and Directors’ shareholdings based on the Register of Substantial Shareholders and the Register of Directors’ shareholdings respectively as of March 13, 2024 are as follows:

Name	Before the Proposed Renewal of Share Buy-Back Authority				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Issued Shares	% ^(d)	No. of Issued Shares	% ^(d)	No. of Issued Shares	% ^(e)	No. of Issued Shares	% ^(e)
Directors								
Kao, De-Tsan also known as Ted Kao	3,095,000	0.67	^(a) 86,778,696	18.87	3,095,000	0.74	^(a) 86,778,696	20.87
Chin Yau Meng	798,400	0.17	^(c) 130,000	0.03	798,400	0.19	^(c) 130,000	0.03
Huang, Yen-Chang also known as Stanley Huang	679,670	0.15	-	-	679,670	0.16	-	-
Charlie Ong Chye Lee	1,095,900	0.24	-	-	1,095,900	0.26	-	-
Tan Boon Hoe	580,000	0.13	-	-	580,000	0.14	-	-
Lim Tian How	294,300	0.06	-	-	294,300	0.07	-	-
Han Chin Ling	100,000	0.02	-	-	100,000	0.02	-	-
Substantial Shareholders								
Eastbow International Limited (“Eastbow”)	83,292,026	18.11	-	-	83,292,026	20.03	-	-
Kao, De-Tsan also known as Ted Kao	3,095,000	0.67	^(b) 83,292,026	18.11	3,095,000	0.74	^(b) 83,292,026	20.03
Ironbridge Worldwide Limited	35,327,981	7.68	-	-	35,327,981	8.50	-	-

Notes:

- ^(a) By virtue of his substantial interest in Eastbow and interest of spouse by virtue of Section 59(1)(c) of the Companies Act 2016.
- ^(b) Deemed interested by virtue of his substantial interest in Eastbow.
- ^(c) Deemed interested of spouse by virtue of his spouse’s interest under Section 59(1)(c) of the Companies Act 2016.
- ^(d) Percentage shareholding computed based on 459,915,659 UCHITEC Shares excluding 2,072,500 Shares held as treasury shares from the total number of issued shares of 461,988,159 Shares.
- ^(e) Percentage shareholding computed based on 415,789,343 UCHITEC Shares assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full and all Shares so purchased are held as treasury shares.

4.4. Net Assets

The effect of the Proposed Renewal of Share Buy-Back Authority on the net assets and net assets per Share of the Group will depend on the purchase prices of the Shares and the effective funding cost to the Group to finance the purchase of the Shares or any loss in interest income to the Group.

In the event that all the Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back Authority would reduce the net assets per Share of the Group when the purchase price per Share exceeds the net assets per Share at the relevant point in time, and vice versa.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)

For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

4. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

4.4. Net Assets (cont'd)

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of Shares purchased.

The net assets per Share will decrease if the Shares purchased are retained as treasury shares due to the requirement for treasury shares to be carried at cost and offset against equity, resulting in a decrease in the net assets by the cost of the treasury shares. If the treasury shares are resold on the Bursa Securities, the net assets per Share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the net assets per Share will decrease by the cost of the treasury shares.

5. Share Prices

The monthly highest and lowest prices of UCHITEC Shares traded on Bursa Securities for the last twelve (12) months from April 2023 to March 2024 are as follows:

	Highest (RM)	Lowest (RM)
Year 2023:		
April	3.48	3.22
May	3.51	3.24
June	3.53	3.30
July	3.64	3.43
August	3.64	3.37
September	3.62	3.37
October	3.48	3.39
November	3.70	3.42
December	3.78	3.54
Year 2024:		
January	3.94	3.61
February	4.17	3.83
March	4.06	3.79

6. Purchase, resale or cancellation of UCHITEC Shares in the preceding 12 months

In the preceding 12 months, there were no repurchased, resold and cancellation of treasury shares.

As at March 13, 2024, total number of Shares held as treasury share was 2,072,500 Shares.

7. Interested Directors, Substantial Shareholders and Persons Connected to Them

None of the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Renewal of Share Buy-Back Authority and, if any, the resale of treasury shares. None of the persons connected to the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Renewal of Share Buy-Back Authority and if any, the resale of treasury shares.

8. Directors’ Recommendation

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM.

9. Malaysian Code of Take-Overs and Mergers, 2016 (“Code”)

The Proposed Renewal of Share Buy-Back Authority if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under the Code.

10. Disclaimer Statement By Bursa Securities

Bursa Securities has not perused this Statement prior to its issuance, and hence, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

CORPORATE INFORMATION

Board of Directors

Chairman cum Non- Independent Non-Executive Director

- ▶ Charlie Ong Chye Lee

Managing Director

- ▶ Chin Yau Meng

Executive Directors

- ▶ Kao, De-Tsan also known as Ted Kao
- ▶ Huang, Yen-Chang also known as Stanley Huang

Independent Non-Executive Directors

- ▶ Tan Boon Hoe
- ▶ Lim Tian How
- ▶ Han Chin Ling

Audit Committee

Chairman

- ▶ Tan Boon Hoe

Members

- ▶ Lim Tian How
- ▶ Han Chin Ling

Nomination & Remuneration Committee

Chairman

- ▶ Lim Tian How

Members

- ▶ Tan Boon Hoe
- ▶ Han Chin Ling

Company Secretaries

- ▶ Chew Siew Cheng
(MAICSA 7019191) (SSM PC NO. 202008001179)
- ▶ Lim Choo Tan
(LS 0008888) (SSM PC NO. 202008000713)

Registered Office

Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang, Malaysia
Tel : 04-2296318
Fax : 04-2282118
Email : tricor.penang@my.tricorglobal.com

Principal Bankers

HSBC Bank Malaysia Berhad
Public Bank Berhad
AmBank (M) Berhad

Auditors

Deloitte PLT
Chartered Accountants
Level 12A, Hunza Tower
163E, Jalan Kelawei
10250 Penang
Tel : 04-2945500
Fax : 04-2189278

Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-27839299
Fax : 03-27839222
Email : is.enquiry@my.tricorglobal.com

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad
Website : www.bursamalaysia.com
Stock Name : uchitec
Stock Code : 7100

CHIN YAU MENG

*Managing Director
Malaysian, aged 63, Male*

Mr. Chin Yau Meng was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on March 1, 2018 as Executive Director and became the Managing Director of UCHITEC on June 1, 2018. He is also a member of the Employee Share Option Scheme Committee of UCHITEC.

He holds a Master Degree in Electronic from Queen University of Belfast(UK).

He has vast working experience in manufacturing and supply chain management. He is one of the pioneer staff members, joining Uchi Electronic (M) Sdn. Bhd. (UEM) as a Production Officer in 1990. He later resigned to join Precima Sdn. Bhd. as Production Manager in 1993 and came back to re-join Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1994 as M.I.S. Manager. He was further advanced to Deputy Operation Manager in the same year. With his proven ability and reliability, he was then assigned to head the entire Uchi Technologies (Dongguan) Co., Ltd. (Uchi Dongguan) plant in 2007. Mr. Chin was appointed as an Executive Director of UOM and UEM on January 1, 2007, and Uchi Dongguan on April 8, 2007 respectively.

He is responsible for the development of business strategies and overall performance of the Group to achieve its strategic goals and objectives.

He sits on the Board of Uchi Optoelectronic (M) Sdn. Bhd., Uchi Electronic (M) Sdn. Bhd., Uchi Technologies (Dongguan) Co., Ltd. and does not hold directorship in any other company.

KAO, DE-TSAN
also known as **TED KAO**

*Executive Director
Taiwanese, Aged 66, Male*

Mr. Ted Kao was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on March 10, 2000 as Managing Director. He became the Chairman of the Company on November 26, 2001 before reassuming the position of Managing Director on September 1, 2012. He is also a member of the Employee Share Option Scheme Committee of UCHITEC. Mr. Ted Kao was re-designated as Executive Director on June 1, 2018 when Mr. Chin Yau Meng assumed the role of Managing Director.

Mr. Ted Kao graduated from the Department of Electrical Engineering, Ming Chi Institute of Technology, Taiwan, which was sponsored by the well known Formosa Plastic Co. Ltd. He started his career with Chain Let Co. Ltd., Taiwan, a bathroom scale manufacturer as a project engineer in 1979. Mr. Ted Kao later resigned and began intensive research on global electronic market. He was engaged by Krups Stiftung Co. (currently known as Robert Krups GmbH & Co. KG), Germany, to design electronic bathroom scales in 1980.

Mr. Ted Kao founded Uchi Electronic Co. Ltd. in Taiwan in 1981.

In 1989, Mr. Ted Kao selected Penang, Malaysia as the manufacturing base and founded Uchi Electronic (M) Sdn. Bhd., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (M) Sdn. Bhd. With his many years of experience in technology development, Mr. Ted Kao has been the mainstay of Uchi Group's technical and marketing strength.

He sits on the Board of Uchi Optoelectronic (M) Sdn. Bhd., Uchi Electronic (M) Sdn. Bhd. and also holds directorships in certain private limited companies.

DIRECTORS' PROFILE (cont'd)

HUANG, YEN-CHANG
also known as **STANLEY HUANG**

Executive Director
Taiwanese, Aged 53, Male

Mr. Stanley Huang was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC), as an alternate director to Mr. Kao, De-Tsan also known as Ted Kao on February 1, 2011 and became as Executive Director of UCHITEC on June 1, 2019. He is also a member of the Employee Share Option Scheme Committee of UCHITEC.

He graduated in 1994 from Chung Yuan Christian University, Chung-Li, Taiwan with a B.S Degree in Physics. Upon graduation, he served two years in the army. Later, he joined Uchi Optoelectronic (M) Sdn. Bhd. as a Network and System Administrator before he pursued his Master Degree in Computer Science at St Cloud State University, Minnesota, USA. After graduation, he returned to Taiwan and joined Taishin International Bank, Taipei, Taiwan as IT Department Section Head in 2002 and was promoted as Assistant Manager in 2005. In 2007, he joined UCHITEC as a Task Force Manager. In 2014, he has successfully completed the Outstanding Professional Executive Network (OPEN) Leader course organized by Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan.

Mr. Stanley Huang is responsible to administer the operations of the Group's pursuant to corporate policies, goals and objectives.

He sits on the Board of all companies under the Group and does not hold directorship in any other company.

TAN BOON HOE

Independent Non-Executive Director
Malaysian, Aged 68, Male

Mr. Tan Boon Hoe was appointed to the Board of Directors of Uchi Technologies Berhad on August 1, 2016 as Independent Non-Executive Director. He was also appointed as a member of the Audit Committee on August 1, 2016. On September 1, 2016, he was elected Chairman of the Audit Committee and appointed as a member of Nomination Committee and Remuneration Committee.

He holds a professional degree from the Malaysian Institute of Certified Public Accountants. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He was a former partner of Deloitte Malaysia (formerly known as Deloitte KassimChan) and has more than 40 years of experience in assurance and advisory engagements.

He also holds directorships in two public listed companies and in a private limited company.

CHARLIE ONG CHYE LEE

Non-Independent Non-Executive Director
Malaysian, Aged 80, Male

Mr. Charlie Ong Chye Lee was appointed to the Board of Directors of Uchi Technologies Berhad on July 1, 2008 as Independent Non-Executive Director. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee. On September 1, 2012, he was appointed as Senior Independent Non-Executive Director of the Company and was elected Chairman of the Board of Directors, Audit Committee, Nomination Committee and Remuneration Committee. He was redesignated as a member of the Audit Committee on August 23, 2013. He resigned as Chairman of Nomination Committee and Remuneration Committee and a member of the Audit Committee on December 1, 2021. He was re-designated from Senior Independent Non-Executive Director to Non-Independent Non-Executive Director on March 1, 2023.

He practised law in Penang after being called to the Bar in 1970 in Messrs. Mustapha bin Hussain, later Messrs. Mustapha, Jayaraman & Co., then Messrs. Mustapha, Jayaraman, Ong & Co. and Messrs. Jayaraman, Ong & Co. in which he became a partner in 1971 and retired in June 1988 when he set up his own legal practice in partnership with R J Manecksha under the name and style of Messrs. Ong & Manecksha. He was mainly involved in banking and corporate work and occasionally involved in litigation on maritime and other miscellaneous matters. In May 2004, he retired as a partner and was appointed as consultant in Messrs. Ong & Manecksha.

He holds no directorship in other public listed companies.

LIM TIAN HOW

*Independent Non-Executive Director
Malaysian, Aged 62, Male*

Mr. Lim Tian How was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on April 2, 2018 as Independent Non-Executive Director. He was appointed a member of the Audit Committee and Nomination & Remuneration Committee. He was redesignated as Chairman of Nomination & Remuneration Committee on December 1, 2021.

He holds a First Class Honors Bachelor degree in Mechanical Engineering from University of Malaya, Kuala Lumpur.

Mr. Lim has vast working experience in the field of research & development (R&D) and manufacturing operation with more than 30 years attached in both consumer and automotive industries. From 1991 to 2003, he worked as a R&D Senior Manager in one of the multinational German companies in Penang i.e. Bosch that has a leading presence in European automotive makers. He then moved to a manufacturing company (an ex-Philips company) in 2004 as General Manager managing both factories in China and Malaysia with a total workforce of approximately 900 employees. In 2010, he joined Bosch Car Multimedia and took up the position of Operations Director of its value stream organization in Penang. In 2016, besides his role as Operations Director, he took up an additional role as Product Engineering Director, of which he assumed the position till December 2019 when he retired. He was then responsible for the entire automotive industry work-cell operations and leading a team of product engineers and specialist in product line development.

He holds no directorship in other public listed companies.

HAN CHIN LING

*Independent Non-Executive Director
Malaysian, Aged 41, Female*

Ms. Han Chin Ling was appointed to the Board of Directors of Uchi Technologies Berhad on November 6, 2020 as an alternate director to Mr. Charlie Ong Chye Lee and appointed as Independent Non-Executive Director on December 1, 2021. She was appointed a member of the Audit Committee and Nomination & Remuneration Committee.

She practised law in Penang after being called to the Bar in 2007. She did her attachment with Messrs. Ong and Manecksha in September 2006 and continued as Chambering Pupil until August 2007 when she became a legal associate. From 2008 to 2014, Ms. Han was a volunteer lawyer at the Bar Council Legal Aid Centre, Penang. In 2013, she was promoted to partner in Messrs. Ong and Manecksha, a position she holds until presently.

She holds no directorship in other public listed companies.

Note:

Mr. Stanley Huang is the nephew of Mr. Ted Kao.

Saved as disclosed, none of the other Directors have:

1. any family relationship with any Director and / or major shareholder of the Company; and
2. any conflict of interest with the Company; and
3. any conviction for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

KEY SENIOR MANAGEMENT PROFILE

ENG CHIEW MING

Malaysian, aged 59, Male

Mr. Eng graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College in 1989 and holds Engineering Council I (UK).

He started his career as Technical Specialist in National Semiconductor in 1989 and joined Interquartz (M) Sdn. Bhd. as R&D Engineer a year later. In 1991, he was attached to Uchi Electronic (M) Sdn. Bhd. (UEM) as the pioneer R&D Electronic Engineer and promoted to R&D Senior Electronic Engineer upon achieving excellent project management performance in 1994. He was one of the key staff in R&D to lead and developing new projects with customers. Two years later, he was transferred to Uchi Optoelectronic (M) Sdn. Bhd (UOM) and promoted as Engineering Manager to lead Engineering Department in 1999 based on the technical experience he gained. He was further promoted to Senior Manager of Operation Division in 2003 and transferred to revamp and enhance all R&D activities in 2007 as a Mechatronic Development Division Head. Mr. Eng was appointed as an Executive Director of UOM and UEM on April 2, 2018 and Uchi Technologies (Dongguan) Co., Ltd. On December 12, 2019. He is currently leading a strong technical project team in UCHI Group of Companies on project management for electronic development and mechanical construction design. He is also responsible for the overall functions of the mechatronic development system.

Mr. Eng does not hold any directorship in other public companies and listed issuers.

LUONG WEE KONG

Malaysian, aged 50, Male

Mr. Luong holds a Diploma in Electronic & Electrical Engineering from Midas College of Engineering Technology.

He began his career as a Production Repairer in Thomson Audio Electronics (M) Sdn. Bhd. in 1991 and joined Aiwa Electronics (M) Sdn. Bhd. in the position of Production Test Engineer two years later. In 2003, he joined Robert Bosch (M) Sdn. Bhd. as a Production Manager. He later resigned to join Uchi Optoelectronic (M) Sdn. Bhd. (UOM) as a Task Force Manager in 2020. He was further advanced to Mechatronic Manufacturing Division Head in the same year. He has diverse experience in management and operation within manufacturing environment with more than 20 years. He presently leads the whole Mechatronic Manufacturing Division in UOM.

Mr. Luong does not hold any directorship in other public companies and listed issuers.

NYEO TIAM JOO

Malaysian, aged 58, Male

Mr. Nyeo graduated from National Cheng Kung University in Taiwan with a Bachelor Degree in Mechanical Engineering in 1989.

He started his Research and Development career by joining the Tung Kuang Ent. Ltd. , Taiwan, in 1989 as R&D Engineer. In 1992, he headed back to his hometown in Johor, Malaysia to join Sharp Manufacturing Corp. (SHARP) as Assistant Engineer. In the next following year he resigned from SHARP and moved to Penang, Malaysia to join Uchi Electronic (M) Sdn. Bhd. (UEM) as an Engineer. He was soon promoted to Senior Engineer in 1994 and later transferred to Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1996. In year 1999, he was entrusted to lead the Mechanical Department. He was appointed as Deputy Division Head of Mechatronic Development Division in 2007 to oversee all mechanical development and construction design related matters, during which he earned the trust of his customers on the construction design of UCHI's product. Today, he is also the Management Representative related to Environmental Management System and Occupational Safety & Health Management System.

Mr. Nyeo does not hold any directorship in other public companies and listed issuers.

TAN AI LIN

Malaysian, aged 51, Female

Ms. Tan obtained a Certificate in Business Studies from Olympia College Malaysia in 2000.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) as a non-executive staff in 1991. She had several lateral career experiences throughout her employment in UEM and Uchi Optoelectronic (M) Sdn. Bhd. (UOM) with cross departmental internal transfers among Production, Store, Administration and Sales because of her learning ability. With her interest and humble learning behaviour, she gained a lot of hands-on experiences and internal promotions before moving up to management level in 2010 as an Assistant Manager in UOM, reporting to the Executive Board. She was later promoted as a Department Head cum Assistant to Administration Division Head in 2014 to manage Sales Department. Currently, she holds the position as an Administration Division Head and is also heading the Task Force of Customers' Satisfaction to take care of customers' expectations.

Ms. Tan does not hold any directorship in other public companies and listed issuers.

YEW AH PENG*Malaysian, aged 59, Female*

Ms. Yew graduated from University of Technology Malaysia in 1989 with a Bachelor Degree in Electrical Engineering.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) as an Engineer in 1990 after obtaining her degree. She was recognised for her performance with several promotions before she reached management level as an Assistant Engineering Manager in 1995. She was later appointed as Special Assistant to the Managing Director (MD) of Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1998. She took on Internal Quality Audit Lead Auditor and Customer Satisfaction Task Force roles to periodically audit the conformity of customers' requirements. In 1999, she was promoted to R&D Manager to supervise the running of projects in the R&D Department. Ms. Yew has vast technical knowledge and experience, which she always shares during technical training. She is also well-versed in software programming.

Ms. Yew does not hold any directorship in other public companies and listed issuers.

OO SIEW PHAIK*Malaysian, aged 62, Female*

Ms. Oo graduated with a Bachelor Degree in Chinese Literature from National Chung Hsin University, Taiwan, in 1988.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) in 1989 as Engineering Secretary. Her enthusiasm for learning about management information systems led to her being assigned an Engineer position in 1994. One year later, she had proven her mettle and was entrusted with the role of Assistant Management Information Systems (M.I.S.) Manager before she was transferred to Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1996. Her performance and diligence earned her yet another promotion in 1998 to her current position of M.I.S. Manager. Ms. Oo is now responsible for the overall management information systems of the Group. She is proficient in the Manufacturing Resource Planning system in UCHI Group of Companies and also oversees the documentation control system of ISO management systems. Today, she is also an Assistant Management Representative related to the Quality Management System.

Ms. Oo does not hold any directorship in other public companies and listed issuers.

ONG PEK SEE*Malaysian, Aged 41, Female*

Ms. Ong was appointed as Finance Manager of the Company on October 1, 2019. She graduated from the University of Tunku Abdul Rahman in 2005 with a Bachelor of Commerce (Honours) Accounting.

Upon graduation, she joined Uchi Technologies Berhad in 2005 as an Assistant Account. She was recognized for her performance with several promotions before she reached management level as Head of Accounts in 2011. She gained experience in the areas of financial management, budget planning, preparation of management accounts and financial reports. Ms. Ong is now responsible for the Group's financial reporting and corporate planning.

Ms. Ong does not hold any directorship in other public companies and listed issuers.

Note:

None of the Key Senior Management have:

1. any family relationship with any Director and/or major shareholder of the Company; and
2. any conflict of interest with the Company; and
3. any conviction for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

**UCHI TECHNOLOGIES BERHAD**

Registration No. 199801001764 (457890-A)
(Incorporated in Malaysia)

100%**UCHI OPTOELECTRONIC (M) SDN. BHD.**

Registration No. 198901013483 (190793-K)
Malaysia

100%**UCHI ELECTRONIC (M) SDN. BHD.**

Registration No. 198901005305 (182613-W)
Malaysia

100%**UCHI TECHNOLOGIES
(DONGGUAN) CO., LTD.**

People's Republic of China

FINANCIAL HIGHLIGHTS
FIVE YEARS FINANCIAL SUMMARY

Year ended December 31	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM
Revenue	156,673,264	155,256,154	168,509,475	214,319,730	242,515,767
Profit before taxation	79,044,680	84,648,568	92,170,456	127,942,049	168,831,371
Profit after taxation	75,948,000	83,826,608	91,436,741	124,858,560	135,231,028
Dividends declared and paid in respect of financial year ended:					
Dividend per share (Sen)	16	17	20	30	22
Amount Paid (net of tax)	71,857,610	76,861,973	90,580,095	136,866,702	100,862,845
Dividends proposed in respect of financial year ended:					
Dividend per share (Sen)	not applicable	not applicable	not applicable	not applicable	7.5
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	34,493,674 ¹⁾
Total Amount Paid and Payable (net of tax)	71,857,610	76,861,973	90,580,095	136,866,702	135,356,519 ²⁾
Total Assets Employed	230,091,836	251,610,847	272,151,490	311,483,814	242,715,462
Shareholders' equity	162,162,296	179,374,029	191,673,516	218,137,348	202,561,273
Net tangible assets	162,162,296	179,374,029	191,673,516	218,137,348	202,561,273
Number of ordinary shares issued and fully paid as of December 31 (unit)					
	451,182,559	453,498,659	454,892,459	457,994,659	461,730,659 ²⁾
Proforma weighted average number of shares (unit)					
	448,782,303	449,245,520	452,360,801	453,386,490	456,579,902
Net Earnings Per Share (Sen)	16.92	18.66	20.21	27.54	29.62
Return on Equity					
	46.8%	46.7%	47.7%	57.2%	66.8%

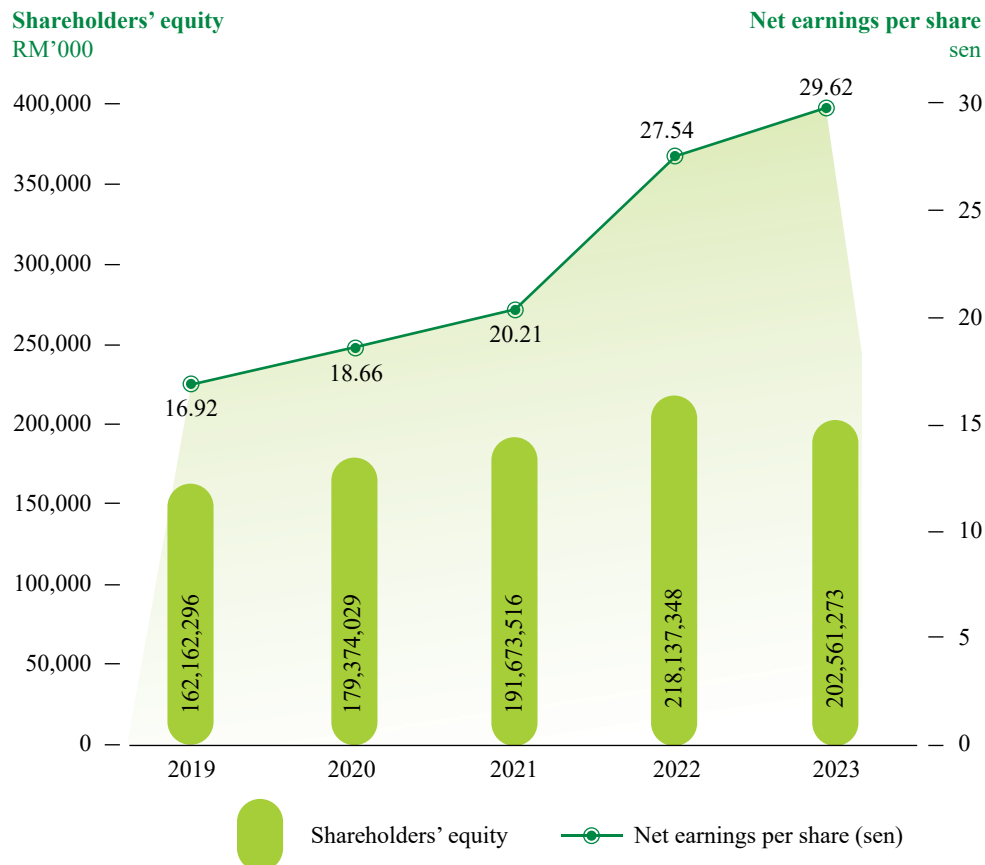
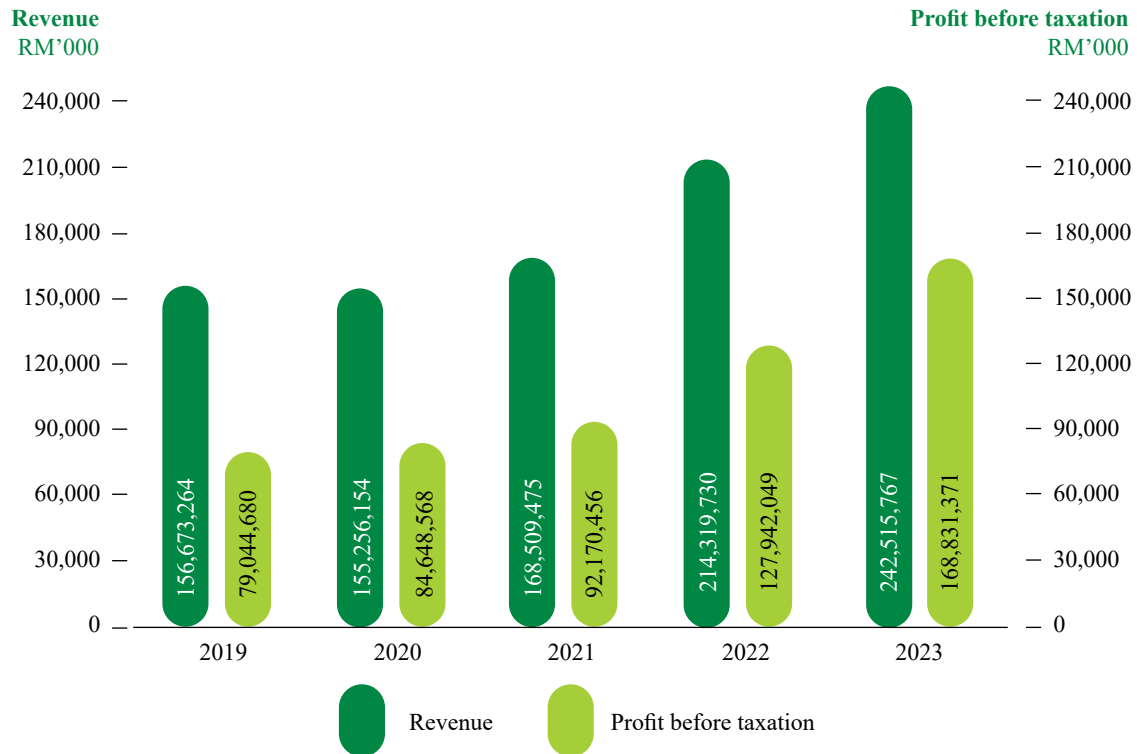
¹⁾ Represents approximation of dividend payable base on all ordinary shares in issue as of February 29, 2024. Actual amount of dividend payable shall be determined at the close of business on June 10, 2024 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

²⁾ Summation of dividend paid and dividend proposed ¹⁾

³⁾ Of the total 461,730,659 issued and fully paid ordinary shares, 2,072,500 shares are held as treasury shares by the Company. As at December 31, 2023, the number of outstanding shares in issued and fully paid is 459,658,159 ordinary shares.

FINANCIAL HIGHLIGHTS (cont'd)

FIVE YEARS FINANCIAL SUMMARY



**Dear valued
shareholders,**

On behalf of the Board of Directors of Uchi Technologies Berhad (“UCHITEC” or “the Group”), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the Financial Year 2023.

Another year of consistent and robust performance

Amidst the multifaceted economic and geopolitical tribulations confronting the global arena throughout the FY2023, UCHITEC navigated these challenges with resilience. Throughout the fiscal year, the Group experienced consistent and steady demand for its business, showcasing the enduring strength of our market presence and the unwavering trust of our customers. Additionally, the strengthening USD acted as a mitigating force against adverse impacts, also contributing positively to our performance.

It is with great satisfaction that I announce the Group's commendable achievement of a 13% revenue growth in RM (9% in USD) compared to the preceding year. Additionally, I am pleased to convey that our net profit margin for FY2023 stands at 56%.

The Group delivered a strong net cash flow from operating activities that amounted to RM125.2 million in FY2023, an increase from RM116.9 million in FY2022. Cash and cash equivalents decreased from RM213.3 million in 2022 to RM155.0 million in 2023. This is mainly attributable to the substantial dividend payout of RM214.7 million to our shareholders during the financial year. It's noteworthy that this payout includes both the full year and special dividends for FY2022, which amounted to RM136.9 million, while the first and second interim dividends for FY2023 amounted to RM77.8 million.

Our sustainability mission remains a priority

We have always seen sustainability as an integral part of our business, even in a challenging environment. As we grow our business, our priority is to operate in a way that contributes to a better society, reduces environmental footprint and delivers sustainable practices.

Every year, we renew our commitment to our sustainability agenda. True to our mission, we review our action and collaboration with our stakeholders, value chain, industry partners, employees and global organisations to achieve our targets. Additionally, UCHITEC continues to contribute to the local communities and environment in which we operate. These endeavours not only comply with OH&S standards but also adhere to international environmental and quality policies.

The Group believes regular engagement with key stakeholders is integral to understanding and supporting effective policies and projects. We have established partnerships with local state councils, enterprises, and non-profit organisations to contribute to the betterment of the local communities. We continued to engage with and support fundraising events for various charities throughout the year. A cornerstone initiative which was introduced in 2015 and which we continue to champion is the River Rehabilitation Campaign in collaboration with Majlis Perbandaran Seberang Perai (MPSP), where we have monitored and maintained the water quality of the river at one of our manufacturing sites with success. On site, our employees carry out planting activities at UCHITEC's premises which cultivates a culture that values a sustainable environment.

Our ongoing efforts towards preserving the environment includes a long-term initiative to generate renewable energy. In December 2016 and August 2022, we installed a Grid-Connected Photovoltaic Power System (PV System) that has significantly reduced our CO₂ emissions, estimated to be 653 tons in 2023. Besides reducing carbon emissions, this system helped generate an income of RM453,893 from solar energy—a testimony to our commitment to sustainable business practices and our support for Malaysia's National Policy on climate change.

Long-term value creation

Maintaining the ability to adapt to changing market conditions and capture opportunities is a crucial determinant in our strategy towards long-term growth that is sustainable. In execution of this strategy, we allocate a budget of around 7% of our revenue towards research and development each year. We ensure that we achieve, and aspire to exceed our customers' demands by expanding our range of high-quality, innovative products and solutions. Throughout the year we continue to promote meaningful eco-friendly solutions at every stage of production so as to help our customers and end-users to reduce their environmental footprint.

Good corporate governance helps to establish a work environment that is effective and conducive to long-term growth. In our commitment to strong corporate governance, we uphold the high standards set out in the Malaysia Code on Corporate Governance (MCCG). Guided by a framework of high corporate governance standards, we aim to create an environment of accountability, transparency and trust in our business that fosters business integrity, financial stability and long-term growth.

A purpose-driven workforce

This year's achievements are in no small part due to the dedication and commitment of the people who embody the culture and values of UCHITEC every day. Creating long-term value for the workforce of UCHITEC is a core pillar of our success. We remain committed to investing in our employees by providing them with opportunities for personal and professional growth, and attracting and retaining the best talent in the marketplace.

Our employees' wellbeing is central in driving a positive work experience. At UCHITEC, we aim to ensure that our people feel supported and empowered to do their best. Reinforced by a strong sense of belonging, we encourage our workforce to cultivate a sense of purpose and to embrace innovation and change.

We are proud of nurturing a work environment that supports personal commitment, work-life balance, and mutual respect and trust among all team members. At all levels of our operations, it is our aim that UCHITEC remains a place where everyone can grow and thrive.

As a reflection of our gratitude to our employees for all their hard work, in 2023, the Group allocated 775,500 options to our employees under the Uchi Technologies Berhad Employees' Share Option Scheme 2016.

Declaration of dividends

UCHITEC has consistently delivered in its commitment to distribute at least 70% of net profit as dividend since 2003. On February 27, 2024, the Directors announced the declaration of a Final Dividend of 7.5 sen per share for the year ended December 31, 2023, subject to shareholders' approval at the forthcoming Annual General Meeting.

Together with the first, second and third interim dividends of 22 sen per share, the total dividend declared for 2023 is 29.5 sen (2022: 30 sen), which is equivalent to a pay-out ratio of 100%.

The Edge Billion Ringgit Club Corporate Awards

The year 2023 marked the fourth year in a row where UCHITEC claimed The Edge Billion Ringgit Club award for highest return on equity (ROE) over three years for the industrial products and services sector. We are honoured to receive this recognition—this achievement is testimony to UCHITEC's ability to capitalise on its strengths to produce a sustained robust performance against a challenging economic backdrop.

Forbes Asia's Best Under a Billion 2023

The annual Forbes Asia's Best Under a Billion list recognises 200 small and mid-sized publicly traded companies in the region, particularly for outperforming despite stiff global headwinds like inflation and rising funding costs. I am proud to share that Uchi Technologies is one of only nine companies in Malaysia that has met the stringent criteria for this spotlight, and was recognised for our consistent growth in both our top and bottom lines.

Acknowledgements

On behalf of the Board, I would like to thank you, our shareholders, for your ongoing trust in the Board and management team, and continued support of our business. Additionally, I would like to extend my gratitude to our valued business partners, associates, customers, vendors, bankers, lawyers, financiers, and government authorities—you have all been instrumental in our achievements. To my fellow directors on the Board, my profound thanks for your continued guidance and counsel.

I would like to acknowledge the commitment and efforts of our employees across the Group who have delivered value enhancing solutions to our customers throughout the year. The remarkable results we have achieved would not have been possible without their dedication and hard work.

No doubt 2024 will bring fresh challenges to the region and the wider global community. However, I remain confident that UCHITEC's strong track record and the management's unrelenting focus on delivering on its strategy will continue to build on the success of prior years in bringing sustainable long-term value to our stakeholders.

Thank you.

CHARLIE ONG CHYE LEE

Chairman



Overview

Uchi Technologies Berhad (“UCHITEC” or “the Group”) is primarily an Original Design Manufacturer (ODM) that specialises in the design, research, development and manufacture of electronic control systems which includes software development, hardware design and system construction. UCHITEC takes pride in being a one-stop solutions provider with a wide spectrum of services that range from research and development, tools design and set up, and engineering support to the production of finished electronic control systems.

UCHITEC is an investment holding company with three 100%-owned operating subsidiaries, namely, Uchi Optoelectronic (M) Sdn. Bhd. (UOM), Uchi Electronic (M) Sdn. Bhd. (UEM) and Uchi Technologies (Dongguan) Co., Ltd. (Uchi Dongguan).

UCHITEC has two operating sites:

- a) UOM situated in Malaysia is the main operating plant; and
- b) Uchi Dongguan situated in Dongguan City, GuangDong Province of China, is the assembly arm of UOM.

As the main subsidiary, UOM is principally involved in the design, research, development and manufacture of electronic control modules while UEM and Uchi Dongguan are the assembly arms of UOM. Both UOM and Uchi Dongguan are ISO9001, ISO14001 and ISO45001 OH&S certified companies.

Subsidiaries at a glance:

	Malaysia	China
Land Area (*000)	139.9 sq. ft.	208.7 sq. ft.
Built-up Area (*000)	148.1 sq. ft.	161.1 sq. ft.
Manpower Strength	230 head count	50 head count
Capacity Utilisation	>85%	<75%

Innovating for excellence in our commitment to our customers

At UCHITEC, innovation stands as the cornerstone of our customer partnerships. Our steadfast commitment to driving excellence in innovation has enabled us to consistently deliver exceptional, cost-effective solutions that bolster our competitive edge.

From multinational corporations specialising in high-end household and commercial appliances to leaders in laboratory and industrial instrumentation, our customers entrust us with their needs, relying on our in-house developed electronic control systems. Crafted to seamlessly integrate into their final products, our range includes fully-automated coffee machines, precision weighing scales, centrifuges and deep freezers, all meticulously designed to meet the stringent REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances) compliance and European eco-design standards.

Our products go above and beyond regulatory requirements, boasting features such as standby and off modes with less than 0.5 watts power consumption, ensuring energy efficiency. Moreover, with the capability to power down entirely within 15 minutes of

operation cessation, and many equipped with zero-watt power consumption during standby, our offerings epitomise sustainability without compromising performance.

Since our inception in 1989, surpassing customer expectations has been our driving force. We achieve this by providing innovative technical solutions and bringing our customers’ visions to life. Continuously challenging ourselves, we strive to outdo existing solutions, enhancing both cost efficiency and performance. In addition to innovation, efficiency is at the core of what we do, as we constantly seek ways to streamline our design cycle lead time to deliver ever more proficient solutions.

Financial Review

UCHITEC delivered a stronger performance in 2023 compared to the previous year. The Group reported a revenue of USD53.4 million for the financial year under review which translated to a high single-digit growth of 9% over FY2022’s performance of USD48.9 million. This is mainly due to the higher demand for the Group’s products and services.

In addition to the underlying growth in demand, the appreciation of the USD against the RM (2023: RM4.5424/ USD1.00; 2022: RM4.3807/ USD1.00) positively impacted the revenue conversion. Consequently, the Group’s revenue in RM saw a surge to RM242.5 million for FY2023, up from RM214.3 million the previous year.

The Group’s Operating Profit increased from RM124.4 million (58.1% margin) in 2022 to RM150.8 million (62.2% margin) in 2023. The improvement in operating profit margin can be associated with a better product margin mix. The gradual but stronger performance of the USD since the beginning of 2023 resulted in higher sales proceeds which has improved the Group’s operating margin on a quarter to quarter basis throughout FY2023.

The Group’s Profit Before Tax increased from RM127.9 million (with a 59.7% margin) in 2022 to RM168.8 million (with a 69.6% margin) for the year under review. This can mainly be attributed to the underlying growth in demand and gain of RM11.3 million arising from disposal of assets held for sale.

In the year 2023, there was an increase in tax expense compared to the year before (2023: RM33.6 million; 2022: RM3.1 million), which due to an increase in income generated from non-pioneer products.

In line with the Group’s revenue growth, we achieved a net profit of RM135.2 million in FY2023, representing an increase of 8% as compared to RM124.9 million in the previous financial year.

The net cash generated from operations remained in excess of RM125.2 million, representing 83.0% of operating profit. Cash and cash equivalents decreased from RM213.3 million in 2022 to RM155.0 million in 2023. This is mainly attributable to the substantial dividend payout of RM214.7 million to our shareholders during the financial year. It’s noteworthy that this payout includes both the full year and special dividends for FY2022, which amounted to RM136.9 million, while the first and second interim dividends for FY2023 amounted to RM77.8 million.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

The Group's cash conversion cycle increased to 125 days in 2023 (2022: 112 days); this can be attributed primarily to an increase in the inventories' turnover ratio to 164 days (2022: 152 days).

The Group remains financially strong and has been funded on internally generated funds since its listing in 2000. The Group continues to be debt-free with a solvency ratio of 3.45 times (2022: 1.39 times) and liquidity ratio of 5.17 times (2022: 2.96 times). The Group has sufficient cash flow to meet both its short-term and long-term liabilities.

Approximately over 98% of our products are sold to the European market, while the remaining is sold to the US, Japan, China and India. Switzerland remains the highest contributor of our export market.

Comparison of revenue distribution breakdown by percentage of revenue via country in 2023 and 2022:

Country	2023	2022
Switzerland	55%	45%
Portugal	36%	43%
Germany	6%	7%
United Kingdom	1%	2%
China	1%	1%
USA	1%	1%
Others	0%	1%
Total	100%	100%

The revenue analysis by product group in 2023 compared to the preceding year remained the same across all product groups. The highest contribution at 91% comes from the Art-of-Living product group due to the strong global demand for household and professional fully automatic coffee machines. The contribution from Biotechnology products stood at 9%. Products in this category include electronic control systems such as high precision weighing scales, centrifuges, and deep freezers.

Operations Review

In the year under review, geopolitical tensions persisted, accompanied by concerns such as interest rate hikes, inflationary pressures, and the spectre of recession, all contributing to heightened market uncertainties. It is important to recognise that many of these challenges were beyond the control of individual companies. Nonetheless, the Group embraced a balanced strategy, prioritising adaptability and agility to mitigate the effects of these external factors.

On a positive note, pressing issues like labour shortages and supply chain disruptions have eased. Adequate recruitment of foreign workers at the outset of FY2023 alleviated labour concerns, while the supply chain environment has seen improvements.

For FY2023, material consumption remained the Group's highest expenditure at 65.6%, followed by employee benefit expense at 20.0%, depreciation and amortisation at 4.3%, research and development at 3.8% and other expenses at 6.3%.

Similar to FY2022, approximately 100% of UCHITEC's revenue was denominated in USD and about 30% of this revenue was allocated for payables in USD-natural hedge. The remaining 70% was exposed to currency fluctuation and managed via a Forward Contract Management Policy which was approved by the Board of Directors in 2010. In 2023, UCHITEC sold forward a total contracted sum of USD39.6 million (2022: USD33.6 million) at an average rate of RM4.4350/ USD1.00 (2022: RM4.2721/ USD1.00) while the average transaction rate was RM4.5424/ USD1.00 (2022: RM4.3807/ USD1.00).

To maintain UCHITEC's competitive edge in research and development, we have consistently budgeted 7% of our revenue for research and development activities, bringing total expenses to RM6.6 million in 2023 (2022: RM5.8 million). The record high R&D expenses of RM6.6 million in FY2023 were primarily attributed to investments in new project development and employee benefits. This figure, accounting for roughly 3% of our revenue (consistent with FY2022), underscores an efficient and vital investment. These R&D outlays have yielded fruitful results, as evidenced by the successful development of new products that empower our customers, equipping them with the tools necessary to sustain a competitive advantage in their respective markets.

We've upheld a robust R&D pipeline, chiefly focused on electronic control modules for our Art-of-Living and Biotechnology Product Groups. These initiatives consistently yield successful products, enabling our customers remain competitive in their individual industries.

Presently, we're actively engaged in around 20 projects across various stages of the R&D cycle. These stages encompass basic research, pre-development, concept evaluation, software programming, circuitry design, system construction, hardware design, tooling design, prototype development and evaluation, design confirmation, pilot run, troubleshooting, and ultimately, mass production. Approximately one third of these projects are slated for mass production rollout in 2024, underscoring our unwavering commitment to delivering innovative solutions to the market.

In 2023, RM2.93 million (2022: RM2.18 million) was spent in capital expenditure to support research and development, and to upgrade and enhance our production facilities.

While the global marketplace presents ongoing challenges, UCHITEC remains steadfast in its commitment to implementing effective contingency plans to mitigate potential risks. Our risk readiness lies in our resilient operating model, characterised by its adaptability to evolving circumstances. Central to this approach is our Enterprise Risk Management (ERM) framework, which serves as the Group's fundamental management competency. This framework employs a structured and systematic process to identify and mitigate business risks, safeguarding our operations.

Through the ERM framework, we ensure transparency regarding the impacts of risks on our company, industry and geographical landscape. Our management, guided by ERM principles, governs the actions of operational personnel concerning risk management, while also ensuring the efficacy of internal control systems through continuous monitoring. Throughout the year, our ERM framework undergoes rigorous scrutiny and review to promptly identify and address emerging risks resulting from changes in the business landscape.

Maximising stakeholder value amidst adversity

Following a tumultuous year marked by protracted tensions between the US and China, as well as the ongoing conflict in Ukraine and the Middle East, the global landscape remains fraught with uncertainty. These geopolitical strains are poised to exert widespread repercussions on international trade, reshaping the global operational environment and disrupting business operations and supply chains. As the anticipation of economic contraction heightens amidst mounting interest rates, inflation and cost pressures, the market braces for intensified volatility in the coming year.

In response, the Group remains vigilant, closely monitoring regional and global geopolitical developments and their ramifications on economic activities. Proactive measures are continually implemented to mitigate potential impacts; these include prudent cash flow management to fortify financial health, vigilant cost control initiatives to enhance profitability, and exercising judiciousness in business conduct to bolster resilience against emerging risks and challenges.

The uncertain market sentiments and challenging business environment are expected to continue into FY2024. Based on our forecast and received orders, the Group anticipates a mid-single digit decrease in USD revenue for FY2024 compared to FY2023, subject to unforeseen developments.

The Group foresees minimal shifts in the geographical distribution and revenue contributions of product groups. However, performance may be influenced by factors such as fluctuations in USD rates, material shortages, and fluctuations in material and labour costs. Nevertheless, the Group remains confident in its ability to sustain profitability, supported by a robust balance sheet.

Focused on its core business, the Group targets a conservative estimate of a 40% operating profit margin at an exchange rate of RM3.90 per USD1.00, considering the aforementioned factors.

Central to our success is our commitment to robust research and development. UCHITEC acknowledges this and continues to invest in enhancing our innovation capabilities, driving both effectiveness and efficiency. Our dedicated team is committed to bolstering existing products while aligning innovation efforts with our environmental sustainability and human resource development goals. By optimising production processes, we aim to manage production costs more efficiently, thus bolstering profit margins.

UCHITEC values creativity and innovation, fostering an inclusive environment that welcomes fresh perspectives and novel approaches from both internal and external sources. In 2024, we are embarking on several promising projects. However, in accordance with strict customer confidentiality agreements, further details can only be shared at the appropriate juncture.

Our strategic emphasis on cost reduction and operational reorganisation underscores our agility and proficiency in navigating diverse operational landscapes. Through targeted initiatives, we strive to reduce material expenditures, streamline overhead costs, eliminate non-value-added activities, and optimise production processes to bolster efficiency and minimise waste.

The company encourages agility and proficiency in performance that enhances business processes and enable us to navigate diverse operational landscapes. We do this by eliminating time-

consuming tasks that do not add customer value, and simplifying activities crucial for product quality, sales targets achievement and risk management. Additionally, we leverage existing technologies and implement novel systems to refine processes and ensure consistently high-quality outcomes.

For the Group's 2024 capital expenditure requirements, we will be budgeting an estimated RM5 million for normal wear and tear, facility replacement and system upgrades.

We firmly believe that nurturing partnerships and fostering collaboration is the foundation of mutual growth and collective success. At UCHITEC, we are steadfast in our ability to collaborate effectively with our suppliers to establish a secure, reliable, competitive and sustainable value chain. This collaborative approach empowers us to consistently deliver exceptional products and services to our esteemed customers worldwide.

We have nurtured enduring partnerships with our suppliers and collaborators across the globe, working closely with them to overcome various challenges, including shifts in the political and economic landscape and the complexities associated with our expanding business operations. By continuously evaluating and enhancing our buffer stock schemes, we proactively mitigate the impact of material price fluctuations and potential supply shortages. Furthermore, we actively pursue alternative supply sources and diversify our sourcing base by exploring potential partners in various countries and regions within South-east Asia.

An environment of openness and collaboration enables the Group to harness the expertise of our suppliers, conduct regular performance evaluations, mitigate supply risks, enhance responsiveness to market dynamics, and streamline order fulfilment processes. Through this collaborative approach, we develop resilient solutions that align closely with the evolving needs of both our organisation and our valued customers.

To summarise, UCHITEC will continue to uphold its unwavering commitment to excellence and continuous improvement. As we reflect on the achievements and challenges of the year under review, we remain steadfast in our dedication to driving operational efficiency, fostering innovation, and delivering unparalleled value to our stakeholders. With a clear vision and strategic focus, we are poised to navigate future opportunities and challenges with resilience and agility. Together, we will chart a course towards sustained growth and success in the journey ahead.

Appreciation

To our customers, business associates, vendors, bankers, lawyers, advisors, financiers, investors and relevant authorities: your unwavering contribution, cooperation and support have been instrumental to our success over the years. We extend our heartfelt gratitude to our shareholders for their exceptional trust and steadfast support in all our endeavours.

Furthermore, we express our sincere appreciation to our stalwart associates, whose remarkable resilience, resourcefulness, and unwavering commitment have been pivotal in navigating the challenges of the past year. Thank you for your dedication and invaluable contributions to our collective achievements.

CHIN YAU MENG
Managing Director

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

INTRODUCTION

The Board of Directors (“Board”) of Uchi Technologies Berhad (“UCHITEC” or “the Group”) is pleased to present this Sustainability Statement (“Statement”) for the financial year ended December 31, 2023 (“FY2023”). This Statement discusses the business sustainability of UCHITEC, including Economic, Environmental, Social and Governance (“EESG”) aspects and provide an overview of our sustainability commitments, approaches, progress and performance.

This Statement is prepared in accordance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and guided by the Sustainability Reporting Guide and Toolkits (3rd Edition) issued by Bursa Securities. This Statement should be read in conjunction with other sections in our Annual Report namely Management Discussion and Analysis, Corporate Governance Statement, Statement on Risk Management and Internal Control as well as Corporate Governance Report, as our sustainability efforts may be better contextualised and narrated in the respective sections.



FTSE4Good

Additionally, we have undergone FTSE4Good assessment and we remain as a constituent of the FTSE4Good Bursa Malaysia (“F4GBM”) Index series. Based on the December 2023 review, we have been included in the 2-star ESG Grading Band, representing the top 51%-75% by ESG ratings amongst Public Listed Companies in FBM EMAS that have been assessed by FTSE Russell.

SCOPE AND BASIS OF SCOPE

The Statement covers the business operations of three of its subsidiaries, namely, Uchi Optoelectronic (Malaysia) Sdn. Bhd. (“UOM”), Uchi Electronic (Malaysia) Sdn. Bhd. (“UEM”) and Uchi Technologies (Dongguan) Co., Ltd (“Uchi Dongguan”), as these subsidiaries contribute approximately 100% of the Group’s total revenue. The scope of this Statement is defined to ascertain the sustainability topics that affect the Group’s business strategy and how performance can be improved in the short, medium, and long term.

REPORTING PERIOD	This Statement provides information on our Group’s annual sustainability performance and key achievements for FY2023, unless stated otherwise. Where relevant, we will also include data from previous years to track year-on-year progress and provide comparative data.
AVAILABILITY	This Statement is available on our Company’s website at www.uchi.net .
ASSURANCE	This Statement has not been externally assured. Nevertheless, the performance data published in this Statement have been validated and reviewed by the internal Operations and Management team. In addition, regular reviews are in place in relation to the policies and procedures quoted in this Statement.
FEEDBACK	We welcome and encourage our stakeholders to provide feedback pertaining to this Statement at info@uo.uchi.net .

OUR SUSTAINABILITY FRAMEWORK AND COMMITMENTS

At UCHITEC, we are strongly committed to sustainability and are dedicated to leading the charge in developing innovative solutions for sustainable development. Our strategic framework prioritises purposeful growth with sustainability as a key factor, reflecting our steadfast determination to do our part in building a more sustainable future.

To promote responsible business practices and drive economic success, we are committed to addressing on-going challenges. Our efforts are centred on delivering greater value to our customers, employees, shareholders, and the communities in which we operate.

OUR SUSTAINABILITY FRAMEWORK AND COMMITMENTS (cont'd)

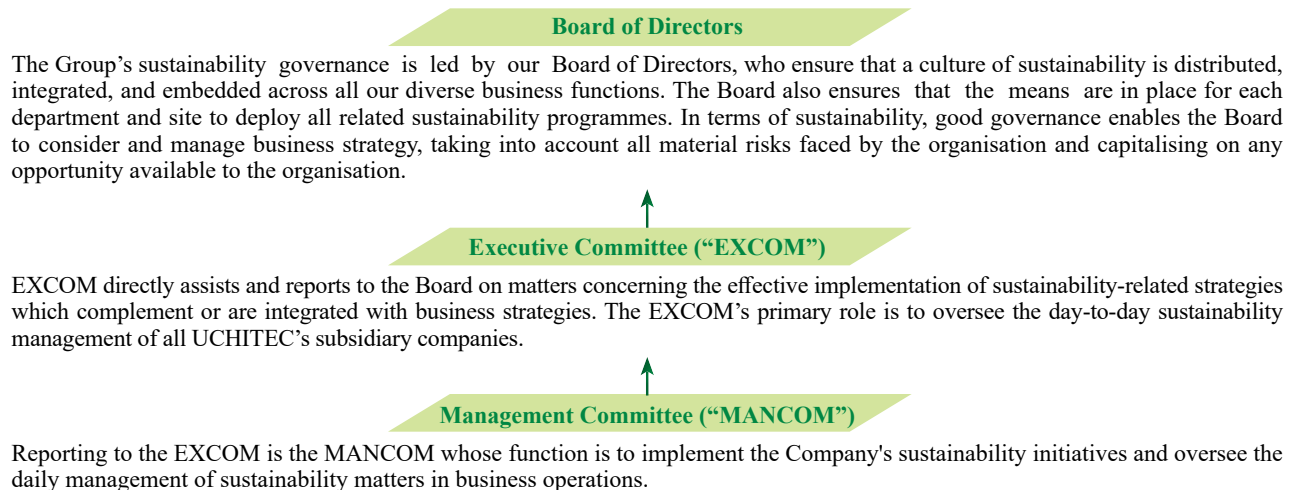
The Group’s sustainability strategies are founded upon our commitments on four (4) main pillars, namely Economic, Environment, Social and Governance sustainability. In FY2023, we also mapped our sustainability pillars and material sustainability matters with United Nations Sustainable Development Goals.



OUR SUSTAINABILITY GOVERNANCE

To embed sustainability throughout our organisation, we adopt a tone from the top approach where our Group’s sustainability governance is led by our Board of Directors. Our Board is supported by the Executive Committee (“EXCOM”) and Management Committee (“MANCOM”) in addressing and managing the sustainability matters within our Group.

The details of reporting structure, roles and responsibilities of the Board, EXCOM and MANCOM are illustrated in the diagram below:










In addition, the MANCOM is also responsible for the discussion and alignment of the sustainability strategies within the organisation. This includes setting targets and performance indicators; overseeing the sustainable performance of the respective subsidiaries; as well as serving as a forum to gather input from each department or function. It is also the responsibility of MANCOM to oversee the conduct of materiality assessment processes, such as stakeholder engagement processes and the identification of material sustainability matters to ensure that robust measures are in place. The MANCOM then reports to a higher governance level on the overall operational management of sustainability matters.

SUSTAINABILITY STATEMENT (cont'd)

MANAGING OUR BUSINESS WITH STAKEHOLDERS IN MIND

A stakeholder, whether an individual or a group, holds a significant role in shaping and being impacted by our Group and its undertakings. The influence of our stakeholders extends to the core of our business operations and the development of our strategies. As we navigate our path, we remain steadfast in aligning with our stakeholders' expectations, driven by our commitment to fostering business sustainability and creating lasting value for them. Our overarching goal is to consistently meet and exceed the expectations of our stakeholders, thereby contributing to their enduring success and the sustainable creation of value.

The table below lists the needs of our different stakeholder groups and how we have engaged with and addressed their needs.

No.	Stakeholder	Engagement Objective	Engagement Methods	Frequency
1	Investors/ Financiers 	<ul style="list-style-type: none"> Shareholders' value creation Corporate governance 	<ul style="list-style-type: none"> Corporate website Investor relationship channel Quarterly financial results Annual report Annual General Meeting Whistle Blowing Policy Corporate Disclosure Policy 	<ul style="list-style-type: none"> As and when needed On-going Quarterly Annually
2	Employees 	<ul style="list-style-type: none"> Job satisfaction Working environment Career advancement Occupational safety and health Corporate governance 	<ul style="list-style-type: none"> Employee handbook Training and development Appraisal and performance review Anti-Bribery and Corruption briefing Sports and recreation programme Occupational safety and health programme Whistle Blowing Policy 	<ul style="list-style-type: none"> As and when needed On-going Annually
3	Regulatory authorities 	<ul style="list-style-type: none"> License to operate Regulatory compliance 	<ul style="list-style-type: none"> Updates on rules and regulations Consultation with authorities Attendance at relevant seminars and conferences Site visit and meeting Member of the Federation of Malaysian Manufacturers 	<ul style="list-style-type: none"> As and when needed On-going
4	Media 	<ul style="list-style-type: none"> Meaningful communication 	<ul style="list-style-type: none"> Press release 	<ul style="list-style-type: none"> As and when needed
5	Local community/ Society 	<ul style="list-style-type: none"> Environmental impact Social impact 	<ul style="list-style-type: none"> Participation in local community activities Donation Pay attention to polluting emissions and effluents 	<ul style="list-style-type: none"> As and when needed On-going
6	Customers 	<ul style="list-style-type: none"> Customer satisfaction Product quality Sustaining a long-term relationship Technical advancement Corporate governance 	<ul style="list-style-type: none"> Customer satisfaction survey Customer periodic visit and audit Real-time production status updates Whistle Blowing Policy 	<ul style="list-style-type: none"> As and when needed On-going Annually
7	Suppliers 	<ul style="list-style-type: none"> Continuous supply Forge strategic partnerships Supplier performance review Corporate governance 	<ul style="list-style-type: none"> Supplier code of conduct Regular supplier performance evaluation Supplier selection via pre-qualification and registration Whistle Blowing Policy 	<ul style="list-style-type: none"> As and when needed On-going Annually

MATERIAL SUSTAINABILITY MATTERS

The Materiality Assessment Process ("MAP") at UCHITEC involves the application of various tools to identify, categorise and prioritise sustainability issues according to its materiality to reflect significant Economic, Environmental, Social and Governance ("EESG") impacts on our business, and to substantively influence the assessments and decisions of our stakeholders.

MATERIAL SUSTAINABILITY MATTERS (cont'd)

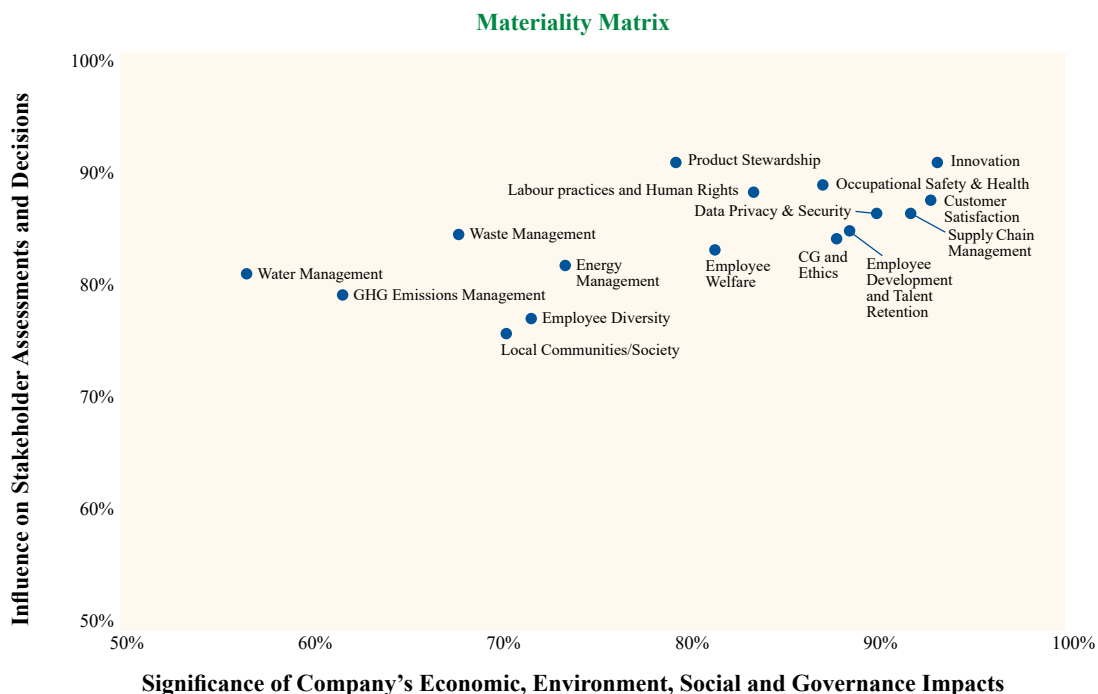
Through an analysis of internal and external sources, the Group identifies possible sustainability issues that may affect the organisation’s value. A comprehensive yet objective purview enables us to be responsive to our stakeholders’ expectations and safeguard our business from adverse impacts.

Internal sources include our Board or Board Committee reports and meeting minutes; our business strategies (short and medium-term goals, objectives and policies); internal analyses of megatrends that are relevant to the Group, such as talent management and cyber security; the business model of our organisation; and risk management assessments and our risk register that involves identifying significant risks via the organisation’s enterprise risk management system.

The Group also uses external sources such as sustainability issues or concerns that are raised by stakeholders; stakeholder feedback, complaints, interests and expectations; topics and emerging trends such as climate change reported by industry and peers; relevant regulations and laws as well as international agreements or commitments which could impact business strategy or raise stakeholder concerns; standards and sustainability-related ratings or rankings such as the FTSE4Good Bursa Malaysia Index; Bursa Malaysia’s Sustainability Reporting Guide; media reviews (including social media); and external peer reviews.

In FY2023, we undertook a comprehensive Materiality Assessment that engaged both internal stakeholders (i.e. Board of Directors and employees) and external stakeholders (i.e. investors, customers, suppliers and governments/ authorities). This involved soliciting their perspectives through surveys designed to capture valuable insight, allowing stakeholders to rate the significance of various sustainability matters. These considerations are crucial for identifying the sustainability matters our Group should prioritise in relation to our operations. Through this collaborative process, we aimed to identify and prioritise key sustainability matters that should take precedence in our Group’s operations.

The outcome of the survey is plotted into a materiality matrix to illustrate the relative importance of each material matter based on the importance to our Group and the importance to our stakeholders, as shown below:



Sustainability Pillars	Material Sustainability Matters
Economic	<ul style="list-style-type: none"> Customer satisfaction Innovation Supply chain management
Environment	<ul style="list-style-type: none"> Product stewardship Energy management GHG Emissions management Water management Waste management
Social	<ul style="list-style-type: none"> Labour practices and human rights Employee welfare Employee development and talent retention Employee diversity Occupational safety and health Local communities
Governance	<ul style="list-style-type: none"> Corporate governance and ethics Data privacy and security

SUSTAINABILITY STATEMENT (cont'd)











MATERIAL SUSTAINABILITY MATTERS (cont'd)

Following the outcomes of the materiality assessment, we have implemented strategic revisions to address existing material sustainability matters. This involved refining the names of seven (7) material sustainability concerns to improve clarity and splitting one (1) existing matter into two (2) to facilitate better management. Additionally, we introduced two (2) new material sustainability matters to better align with current global sustainability concerns. In conclusion, we have identified and prioritised a total of sixteen (16) relevant material sustainability matters accordingly. The summary of revision and addition were summarised as follows:








Categories	Previous	Current
Refinement of material sustainability matter names	Technical and tactical proficiency	Innovation
	Corporate governance and ethical behaviour	Corporate governance and ethics
	Data protection and privacy	Data privacy and security
	Human and labour rights	Labour practices and human rights
	Employee learning and development	Employee development and talent retention
	Workforce diversity	Employee diversity
	Environment compliance	Product stewardship
Split in material sustainability matters	Employee well-being, health and safety	Employee welfare
		Occupational health and safety
Introduction of new material sustainability matters	GHG emissions management	
	Water management	

OUR SUSTAINABILITY GOALS AND PERFORMANCE

At UCHITEC, we constantly monitor our performance across our sustainability pillars. The table below presents an overview of our sustainability goals and targets, and our performance for FY2023.

Sustainability Pillars	Material Sustainability Matters	Sustainability Goals	FY2023 Performance
Economic   	<ul style="list-style-type: none"> Customer satisfaction Innovation Supply chain management 	<ul style="list-style-type: none"> Achieve a minimum of 8 for customer rating (out of 10) Develop and launch 6 or more new products into the 1st mass production each year Achieve a spending percentage of 20% or more with local suppliers 	<ul style="list-style-type: none"> Achieved a customer rating of 8.63 with no major customer complaints 7 new products developed and launched into 1st mass production 25% spending with local suppliers
Environment       	<ul style="list-style-type: none"> Product stewardship Energy management GHG emissions management Water management Waste management 	<ul style="list-style-type: none"> Compliance with local regulatory requirements for scheduled waste disposal Efficiency in energy management, GHG emissions management, water management and waste management 	<ul style="list-style-type: none"> 0 cases reported for non-compliance and breach of environmental regulations Recorded 5.67kWh/RM'000 for electricity intensity Recorded 1,002.55 tco2e for both Scope 1 and 2 emissions Recorded 0.0624 m³/RM'000 for water intensity Generated 8.00 tonne of wastes

OUR SUSTAINABILITY GOALS AND PERFORMANCE (cont'd)

Sustainability Pillars	Material Sustainability Matters	Sustainability Goals	FY2023 Performance
Social      	<ul style="list-style-type: none"> Labour practices and human rights Employee diversity Employee welfare Employee development and talent retention Occupational safety and health Local communities 	<ul style="list-style-type: none"> Zero tolerance to human rights violations (forced or child labour, discrimination, harassment and others breach of human and labour rights) Provide equal employment and career growth opportunities for all, irrespective of gender, race, religion or disability Provide employment with talent development and retention Trained 35 or more employees annually on health and safety standards Zero work-related fatalities Support local communities through corporate social responsibility programmes 	<ul style="list-style-type: none"> 0 substantiated complaints concerning human rights violations (forced or child labour, discrimination, harassment and other breach of human and labour rights) 41% of managerial role (managers and above) are represented by women 2,218 hours of training 18 employees in total employee turnover 79 employees trained on health and safety standards 0 work injury, work-related fatalities and lost time incident rate Contributed donations totalling RM136,000 to several establishments, positively impacting 390 beneficiaries Offered an internship programme and one student was hired in the current financial year
Governance 	<ul style="list-style-type: none"> Corporate governance and ethics Data privacy and security 	<ul style="list-style-type: none"> Uphold the high standard of corporate governance and ethics Zero substantiated complaints concerning breaches of customer privacy and losses of customer data 	<ul style="list-style-type: none"> 0 confirmed incidents of corruptions, non-compliance and breach of ethical issues 0 substantiated complaints concerning breaches of customer privacy and losses of customer data



ECONOMIC

We have formulated sustainability practices which aim to generate long-term benefits to all stakeholders in terms of business continuity and value creation.

CUSTOMER SATISFACTION

UCHITEC is committed to helping its customers solve complex challenges and supporting our customers in creating tomorrow's breakthrough innovations. At UCHITEC, Total Customer Satisfaction is our business priority, and we will continue to strive to "Exceed Customers' Expectations through Continuous Improvement".

We are committed to building enduring relationships with our customers worldwide by enhancing the value of their products and offering services that support their sustainability goals. In accordance with UCHITEC's ISO9001 Quality Policy, we pledge to:

- ✓ provide products and services that fully meet the expectations of interested parties via a balanced approach and with on-time and defect-free delivery;
- ✓ improve our products and services through employee training and development, and implement a Plan-Do-Check-Action ("PDCA") cycle; and
- ✓ commit to the continuous implementation of ISO9001 Quality Management System and adhere to applicable requirements.

On average, UCHITEC scored 8.63/10.00 in 2023 (2022: 8.16/10.00) on the customer satisfaction index. The assessment criteria encompass predominantly, where relevant, product design, development, pricing, lead time, delivery, quality, customer complaint handling and packaging.

INNOVATION

In an era of rapid change and technological advancement, we must innovate and harness new developments-not only to ensure that we stay ahead of the curve, but to enable us to add value for our customers. As trusted collaborators in our customers journey in innovation, our technical and tactical proficiency has a considerable impact on their business. We provide innovative solutions to our customers, help them to be the first to launch a new product feature and ultimately, capture market share.

Our aim to provide swift, innovative and financially rewarding solutions to our customers is deeply ingrained in our corporate culture. This is demonstrated in our Vision, Mission, Strength, Development Strategy and Development Goals.

Our Vision	We pledge to be the first-line partner for exclusive innovative solutions.
Our Mission	To achieve technological breakthroughs and exceed customers' expectations by providing innovative solutions and cost-effective manufacturing services.
Our Strength	A Technical Partner to walk you to the top.
Development Strategy	To be a strategic technical partner that cannot be omitted and will remain as a market leader. Total customer satisfaction is our purpose of existence and devotion in innovation derived from the founders is our motivation for continuous breakthrough.
Development Goals	We provide our customers with comprehensive solutions, transforming their ideas/concepts into products through product design, design verification, design approval, process engineering and manufacturing before delivery. Speed and innovation are our competencies.

INNOVATION (cont'd)

UCHITEC aims to breakthrough in technology and innovation that meet and exceed the expectations of our customers. To succeed in this, we integrate sustainability in our strategy and in everything we do. By developing a sustainable consumer experience and increasing efficiency through consistent research and innovation, we aim to continue developing high grade, market-oriented and cost-efficient products that support our sustainability goals and profitable growth.

The research and development team has been headed by Mr. Kao, De-Tsan since it was established in 1990. The team is involved in synergistic collaborations with our customers from diverse industries that range from consumer to industrial products. This broad exposure to different industries enables our research and development team to utilise the competencies and technological concepts derived from their research efforts in creating more innovative and efficient solutions.

In our niche market, we maintain our competitive edge by innovating beyond what our customers currently expect or achieve on their own. This approach has enabled us to provide turnkey solutions and services.

Technical proficiency and tactical proficiency are emphasised with equal importance at UCHITEC. When we have the expert knowledge to operate our equipment and use it efficiently, it means that we have the technical proficiency to tackle our customers' technical issues and provide prompt troubleshooting advice. On the other hand, tactical proficiency allows us to put together our experience and skills in order to use our judgement, initiative, decisiveness and enthusiasm to achieve the desired results. A combination of technical proficiency and tactical proficiency takes us from simply knowing what something is to understanding why it is important and how to employ it for the best possible results in a given situation or environment.

Driven by our technical and tactical savvy, our customers continue to rate us favourably in relation to technical competency. Our customers assess our technical competency using these criteria: product design lead time, quality of product design, and ability to fulfil customers' design requirements and exceed customers' expectations with innovative ideas or designs.

In 2023, we sustained a 100% on-time project launch rate for our customers, matching our perfect record from 2022. We successfully developed and launched 7 new products into mass production. This achievement highlights our unwavering commitment to continuous growth and our agility in responding to market demands.

New product design and development is crucial in growing our core business. As we continue to invest in the future, we will formulate better ways to deliver our innovative solutions to maintain the technical and tactical proficiency of the Group. Our focus will remain on increasing our capability to continually revise our designs and range of products.

SUPPLY CHAIN MANAGEMENT

We are engaged in responsible procurement practices whereby proper procedures are laid down to ensure that any procurement made is properly evaluated and approved by the relevant authority after considering the production needs and existing stock balance position. We only source our materials from approved vendors which meet certain acceptable business practices and deliver high quality materials based on our specifications.

On top of this, we also mandate that our suppliers' raw materials sourcing are RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) compliant at all times. RoHS directive restricts the use of certain hazardous substances in electrical and electronic equipment whereas REACH is a regulation adopted to safeguard human health and the environment from the risks that can be caused by chemicals.

Subject to certain threshold and their importance, the supplier's performance is assessed on a half yearly basis.

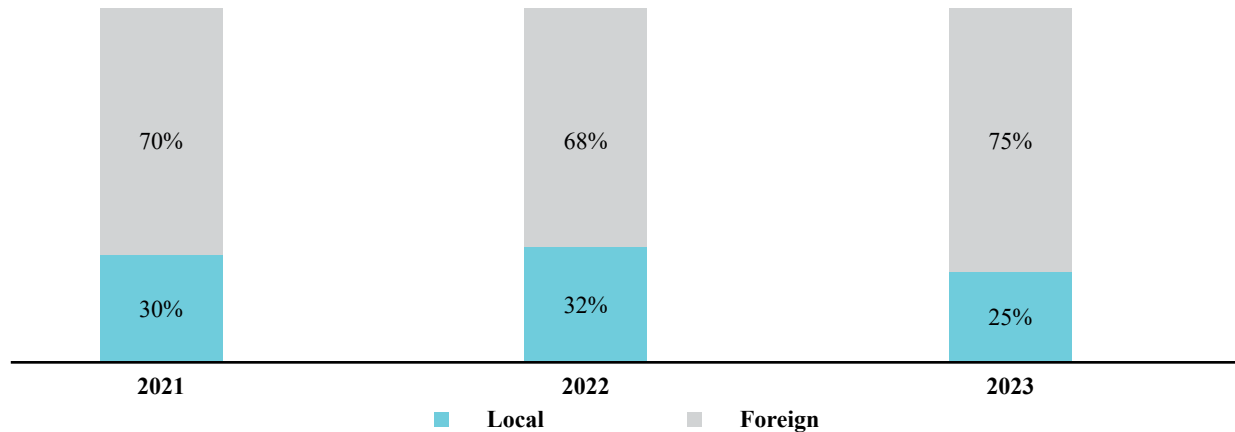
We promote Early Supplier Involvement by engaging and collaborating with our suppliers at our design development stage. This helps to foster collaboration and enables us to obtain inputs from suppliers which in turn are crucial in achieving a shorter design to market time and a smoother production run.

SUSTAINABILITY STATEMENT (cont'd)

SUPPLY CHAIN MANAGEMENT (cont'd)

We proactively align our operational requisites for goods and services with local procurement, emphasizing the establishment of a secure, reliable, and cost-effective supply chain that upholds the highest standards of quality and timely delivery. Notwithstanding this commitment, exceptions are made for goods unavailable locally, particularly certain raw materials and specialised technical equipment, along with their related spares and accessories. It is these specific requirements that contribute significantly to the notable proportion of spending on non-local purchases within the Group.



Proportion of Spending on Local and Foreign Suppliers



	Unit	FY2021	FY2022	FY2023
Local supplier	%	30	32	25
Foreign supplier	%	70	68	75








Supplier code of conduct

We aim to establish mutually beneficial relationships with our suppliers. To achieve this, we developed a Supplier Code of Conduct which outlines the standard terms and conditions as shown below, to ensure our requirements are communicated and made clear to our suppliers. In cases where a breach of any principles or terms in the code is identified, we reserve the right to revoke the contract award or terminate agreements with the suppliers involved. This commitment underscores our dedication to upholding ethical standards and fostering a collaborative and accountable supplier network.

Principles	Description
Legal compliance 	Suppliers shall comply with all other applicable laws in the provision of products and services to UCHITEC, anti-bribery, fraud and corruption. UCHITEC expects suppliers to implement systems and controls to promote compliance with applicable laws and the principles set forth in the Supplier Code of Conduct. Suppliers should also apply these or similar principles to the subcontractors and suppliers work with in providing goods and services to UCHITEC.
Bribery and corruption 	A 'zero tolerance' policy towards any form of bribery, corruption, extortion and embezzlement. In particular, suppliers shall not pay bribes or make any other inducement, including kickbacks, facilitation payments, excessive gifts and hospitality, grants or donations in relation to their business dealing with customers and public officials. Suppliers are expected to perform all business dealings transparently and these dealings shall be recorded accurately. Suppliers shall ensure the subsidiaries, affiliates and all other parties appointed by the supplier to conduct work for UCHITEC also comply with the anti-corruption principles.

SUPPLY CHAIN MANAGEMENT (cont'd)

Supplier code of conduct (cont'd)

Principles	Description
Human rights 	Suppliers will conduct business in a way that respects the human rights of all people and treat them fairly, in accordance with all applicable laws. UCHITEC do not tolerate the occurrence of involuntary labour, child labour, prison labour, bonded labour or human trafficking in our operations or supply chain. Suppliers must conduct the activities with reasonable steps to identify, prevent and manage human rights impacts in the operations, controlled entities and any incidents must be reported.
No discrimination 	Suppliers are committed to equal employment opportunity and not to discriminate on the ground of race, colour, gender, national origin, sex orientation, religion, age, disability status or any other personal characteristic unrelated to job performance and will comply with all applicable employment discrimination laws. This also applies to the treatment of other counterparties.
Harassment 	Suppliers are prohibited any form of harassment, including sexual harassment and bullying of any employee on the basis of any status protected by law. It can be in the form of physical, verbal, visual or any conduct toward a person that is unwelcomed by that person and has the purpose or effect of creating an intimidating, hostile or offensive work environment. This includes the conduct of anyone in the workplace, such as employees of UCHITEC and non-employees.
Security 	Suppliers shall ensure that all necessary security arrangements are in place to protect their employees. Suppliers are expected to have a management policy in place to be able to respond to emergencies timely and efficiently.
Conflict of Interest 	Suppliers are required to avoid any activity or association that creates or appears to create conflicts that may arise in the performance of work and in any related business decisions. It can be involved both financial and non-financial interests.
Environment 	Suppliers shall comply with sustainability and all applicable environmental laws includes efficient use of resources and respect for the environment.
Health and Safety 	Suppliers must be free from the influence of alcohol or any other substance in order to perform the jobs safely and effectively. Suppliers must ensure workers do not act or threats of violence in the workplace. Weapons are not permitted in Company premises or while conducting business on behalf of the Company. Suppliers shall comply with all applicable workplace health and safety laws including appropriate controls, training, work procedures and personal protective equipment.

In addition to the Supplier Code of Conduct, we expect continuous improvement from our suppliers in terms of economic, environmental, social, and corporate governance performance. To ensure commitment from our suppliers, we have prepared a Supplier Declaration Form reflecting our principles which all suppliers are requested to sign. The aim of the Supplier Declaration Form is to increase awareness and improve transparency, as well as to ensure the integrity of UCHITEC's supply chain through economic, environmental and social, and corporate governance adherence.



ENVIRONMENT

At UCHITEC, we strive to reduce the environmental impact of our operations and products, and helping our customers do the same while delivering sustainable value to society. The Group adheres to all environmental laws and regulations, ensuring that our production processes are constantly upgraded and our products improved to comply with evolving environmental standards.

We are committed to protect the environment for future generations through:

Utmost effort in implementing and continuously improving our corporate Environmental Management System.

Commitment towards preventing pollution, minimising waste and consumption of natural resources through effective management of our activities, products and services.

Highly honor compliance of Malaysian Environmental Laws and other applicable regulations to meet interested parties' expectations.

Incessantly educating employee on environmental awareness and responsibility.

PRODUCT STEWARDSHIP

We prioritise quality and safety in our manufacturing through rigorous product stewardship. Our aim is to provide customers and stakeholders with valuable skills and top-notch product quality. To address environmental, safety, and health risks, we conduct thorough evaluations and work closely with customers and suppliers in research and development. This effort ensures we monitor impacts and guarantee product safety and sustainability.

UCHITEC Group's product complied with the European's eco design requirements and the stringent EU energy regulations by incorporating features like a standby and off mode with an electrical power consumption of less than 0.5 watts, and the capability to shut off completely within 15 minutes after operation is ceased. Most of the products in this category are also equipped with a zero-watt power consumption feature when in standby mode.

Uchi Optoelectronic (M) Sdn. Bhd. ("UOM") and Uchi Technologies (Dongguan) Co., Ltd. ("Uchi Dongguan") are both ISO 14001 certified companies since 2001 and 2010 respectively, in recognition of the Group's commitment to preserving the environment.

The Group engages a certified independent testing laboratory to routinely measure air pollutant levels and comply with the Environmental Quality (Clean Air) Regulation 2014.

ENERGY MANAGEMENT AND GHG EMISSIONS MANAGEMENT

The impacts of climate change are increasingly apparent with each passing day, with carbon emissions emerging as a pivotal factor in this global challenge. As such, we are dedicated to implementing ongoing initiatives aimed at minimising our carbon footprint and reducing electricity consumption, thereby contributing to effective climate change management. Among these initiatives are:

- ✓ UCHIteature, our facility enriched with eco-friendly and green features, has been meticulously designed to thrive in the tropical climate while harmonizing with the local environmental and socio-cultural landscapes. Our innovative wavy sunroof design and strategically placed atrium invite natural sunlight into our spaces, significantly reducing our dependence on artificial lighting. These design elements not only help in reducing our electricity consumption over the years but also underscore our commitment to climate change management.



ENERGY MANAGEMENT AND GHG EMISSIONS MANAGEMENT (cont'd)

- ✓ We installed a Grid-Connected Photovoltaic Power System in December 2016, which has helped generate renewable energy and reduce our carbon emissions by more than 500 tons each year. We also successfully completed the installation of solar panels at our Uchi Dongguan factory building in August 2022.



Solar panel at UOM



Solar panel at Uchi Dongguan

- ✓ Achieving absolute zero emissions is an impossibility. In acknowledgment of this, one of our measures in climate change management is planting trees at our premises, as we understand that the act of planting and maintaining trees around can help in offsetting and balancing the emissions that we have produced.



Tree planting at UOM



Tree planting at Uchi Dongguan

ENERGY MANAGEMENT AND GHG EMISSIONS MANAGEMENT (cont'd)

- ✓ We have implemented fruits and vegetables farming initiative within our China Plant compound to combat climate change. This eco-friendly endeavor not only promotes sustainability but also contributes to reducing our carbon footprint. By cultivating fresh produce on-site, we not only foster a healthier workplace but also actively participate in greening urban spaces, which is crucial for biodiversity and mitigating the urban heat island effect. This initiative aligns with our commitment to environmental stewardship and reflects a proactive approach to address climate change within our local context.



Fruits and vegetables farming at Uchi Dongguan by employees and their families

To further reduce our carbon footprint, we foster a responsible business environment within our premises by educating and encouraging our employees to be energy-conscious and adopting energy saving practices as described below:

Switch off lights when not in use	Shut down and unplug equipment or appliances when not in use	Use in-house developed Power Monitoring software to monitor high electricity power consumption machines by optimising the equipment’s performance
Replace existing sodium vapour street lamps (150W) to solar street lights	Encourage employees to use staircase instead of lift to reduce energy consumption	Go Green Campaign encourages employees to plant vegetables and fruits within the premises of the Group

As a testament to our efforts in preserving and conserving the environment, Uchi Dongguan was honored with the “2012 Dongguan City Green Award”. This prestigious recognition highlights our commitment to climate change management and signifies the positive impact of our environment preservation endeavors.

ENERGY MANAGEMENT AND GHG EMISSIONS MANAGEMENT (cont'd)

	Unit	FY2021	FY2022	FY2023
Petrol	Liter	3,906	5,953	6,905
Diesel	Liter	270	282	304
Total	Liter	4,176	6,235	7,209

Note:

- (i) Petrol and diesel consumption is compiled based on the actual usage by the company vehicles.

	Unit	FY2021	FY2022	FY2023
Electricity	kWh	1,702,417	1,419,566	1,375,939
Revenue	RM'000	168,509	214,320	242,516
Electricity intensity	kWh/ RM'000	10.10	6.62	5.67

Note:

- (i) Electricity consumption data is compiled based on the monthly utility bills.
- (ii) Electricity intensity represents the electricity used (kWh) per revenue (RM'000).

	Unit	FY2021	FY2022	FY2023
Scope 1	tco2e	10.14	15.10	17.46
Scope 2	tco2e	1,277.36	1,029.17	985.09
Total	tco2e	1,287.50	1,044.27	1,002.55

Note:

- (i) The GHG emission for Scope 1 is calculated using the emission factor obtained from IPCC Fifth Assessment Report, while the default emissions factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006).
- (ii) The GHG emission for Scope 2 is calculated using the emission factor obtained from 2017 Clean Development Mechanism (“CDM”) Electricity Baseline for Malaysia and China’s regional power grids for emission reduction projects in 2019 for China.

Our management team is actively engaged in the data collection process for Scope 3 emissions, with a specific focus on employee commuting and business travel. The information will present in the upcoming Statement once it is ready.

WATER MANAGEMENT

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, inadequate water management, and contamination. Although we do not operate in water-stressed region, we are committed to implementing water conservation initiatives and fostering awareness among our employees regarding proper water management practices across all our premises. Some of our initiatives include:

Periodic inspection and maintenance of toilets, water tanks and other facilities to minimise water wastage	Install water-efficient taps with reduced flow rates for toilet faucets to promote sustainable water usage
Add water bottle into toilet flush tanks to reduce the amount of water used with each flush	Promote water-saving habits among employees by consistently raising awareness through reminders at our office premises

Across all our operation sites, we source water from established water supply companies with well-developed water distribution infrastructure. We do not withdraw water from oceans, rivers, lakes, natural ponds and wells. In adherence to our commitment to environmental responsibility, we do not discharge our wastewater into oceans, rivers, lakes, natural ponds and wells. Instead, all wastewater is directed to the sewage system for comprehensive treatment, ensuring responsible and sustainable water use throughout our operations.

SUSTAINABILITY STATEMENT (cont'd)

WATER MANAGEMENT (cont'd)

Our water consumption primarily arises from manufacturing activities as well as sanitary and amenity purposes.

	Unit	FY2021	FY2022	FY2023
Water	m ³	16,469	14,577	15,142
Revenue	RM'000	168,509	214,320	242,516
Water intensity	m ³ /RM'000	0.0977	0.0680	0.0624

Note:

- (i) Water consumption data is compiled based on the monthly utility bills.
- (ii) Water intensity represents the water consumed (m³) per revenue (RM'000).



In anticipation of the recent water interruption in January 2024 (resulting from the replacement of valves at Sungai Dua Water Treatment Plant by the Penang Water Supply Corporation), which impacted the water supply to our sites in Malaysia, we took proactive steps, including the stockpiling of water reserves and the implementation of stringent water conservation practices across our facilities. Additionally, our employees were reminded to use water wisely during the water interruption period.

The successful execution of these preparedness measures enabled our Malaysia sites to navigate the water shortage with minimal impact on productivity and operational continuity.

WASTE MANAGEMENT

Waste management is crucial to preserving the environment. At UCHITEC, we take into consideration the use of chemicals in our manufacturing processes and ensure that proper protocols are adhered to. We have implemented protocols such as Work Procedure and Waste Handling, Emergency Preparedness and Response, and Scheduled Waste and Chemical Handling Work Instruction to ensure the practice of responsible waste disposal.

We uphold a strict zero-tolerance policy for non-compliance, consistently ensuring adherence to the Department of Environment's ("DOE") requirements for scheduled waste management, encompassing punctual and proper waste disposal. To reinforce our commitment, we have meticulously designated a specific area dedicated to the storage of scheduled waste, demonstrating our proactive measures to maintain regulatory compliance and environmental responsibility.

Industrial scraps and salvageable material are either sold to licensed scrap vendors or recycled or reused in the production line to minimise waste to the environment.

Other initiatives in waste management include the following:

Promote a paperless environment in the workplace by encouraging employees to utilise electronic means for sharing and storing documents	Reduce the use of printing or photocopying	Optimise paper usage by printing on both sides of paper whenever feasible
Implement a comprehensive waste management system by furnishing separate bins for efficient waste segregation, specifically designated for plastic, paper, and other materials.	Provide recycling guidelines to encourage employees' active participation in the workplace's recycling efforts	Promote reusable options and discourage the use of single-use plastics (e.g. plastic utensils)

WASTE MANAGEMENT (cont'd)

We categorise our waste into two categories: hazardous waste and non-hazardous waste. Below are examples of each category along with the total quantity of waste generated. Currently, we are in the midst of classifying the waste data into two segments: total waste diverted from disposal and total waste directed to disposal. We will share this detailed breakdown in our upcoming Statement as soon as the information becomes available.

Hazardous waste	<ul style="list-style-type: none"> Lead solder dross (waste/ powder) Component lead with solder lead only (after wave soldering machine) Scrap PCBA/ Components Scrap cable wire Scrap tools, soldering tips, iron IC PCBA w/o gold plated Chemical contaminated used glove, rags, cloth Empty/ Damage used chemical containers Thinner and flux Used fertile chloride Sodium silicate/ developer Waste maintenance oil/ Compressor oil
Non-hazardous waste	<ul style="list-style-type: none"> Used carton, layer pad, nesting Scrap plastic parts IC tube and IC tray Scrap metal parts, mild steel parts, stainless steel parts, aluminium parts Scrap bare PCBS Copper pin Component cut lead Scrap PE bag SMT plastic reel Reject parts (not able to rework)

	Unit	FY2021	FY2022	FY2023
Hazardous waste	Tonne	1.22	1.41	1.70
Non-hazardous waste	Tonne	5.64	7.51	6.30
Total	Tonne	6.86	8.92	8.00





SOCIAL


At UCHITEC, our people are integral to our business and our success. We strive to create a safe, diverse and inclusive environment where we treat our employees fairly and with respect, and where they are encouraged to succeed and grow.

LABOUR PRACTICES AND HUMAN RIGHTS

Basic human rights shall be universally protected by any responsible business. Our human rights practices are clearly stated in our Code of Conduct and Employee Handbook. All employees are expected to adhere to these high standards that enshrines the following:

<p>Freely chosen employment</p>	<p>We do not use forced, bonded (including debt bondage), indentured or involuntary prison labour. Neither do we exploit persons working for us by means of slavery or trafficking by means of threat, coercion or fraud. At UCHITEC, our terms of employment are voluntary and workers are free to leave at any time or terminate their employment upon reasonable notice under the terms of their labour contracts. We only hire foreign workers with legal work permits; they have free access to their passports at all times with accommodation provided.</p>
<p>Young workers</p>	<p>Child labour is not to be used in any stage of the business process. We strictly adhere to the various restrictions on the employment of child labour imposed by both the local and international regulations.</p>
<p>Working hours</p>	<p>Workweeks are not to exceed the maximum set by local law. We encourage reasonable working hours including overtime, except in emergency or unusual situations. However, overtime is voluntary and employees are paid according to statutory requirements.</p>
<p>Wages and benefits</p>	<p>Compensation and benefits paid to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. We do not impose wage deduction as a disciplinary measure.</p>
<p>Humane treatment</p>	<p>Across our organisation, we have embedded a culture of no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. We have put in place clearly defined disciplinary policy in support of these requirements with multiple communication channels broadcast to all level of employees to ensure effective implementation throughout the Group.</p>
<p>Freedom of association</p>	<p>We respect the rights of workers to associate freely, seek representation, and join workers' councils in accordance with local laws. We adopt open communication and direct engagement between workers and Management as we believe they are the most effective ways to resolve workplace and compensation issues. Our doors are always open for employees to communicate and share grievances with the Management regarding working conditions and management practices without fear of reprisal, intimidation, or harassment.</p>
<p>Non-discrimination</p>	<p>UCHITEC embraces a workforce free of harassment and unlawful discrimination such as race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. Hiring and remuneration are determined with reference to job related factors such as performance, qualifications and experience. In addition, employees are not subjected to medical tests that could be used in a discriminatory way. We accommodate our workers' religious practices as we understand and respect each individual's faith. The Company takes extra steps to provide the space, time, and flexibility to allow employees to meet their religious obligations.</p>

LABOUR PRACTICES AND HUMAN RIGHTS (cont'd)

<p>Grievance mechanism</p> 	<p>The grievance procedure is designed to address complaints and disputes of employees related to working relationships, working conditions, employment practices and differences in interpretation of policies. Employees need to have an avenue to effectively communicate, including on any dissatisfaction or grievances, to ensure that concerns or issues are addressed early, safeguarding the mutual interests of the Group and employees and maintaining a healthy workplace morale.</p> <p>The Group’s grievance mechanism is formalised in our Employee Handbook which is provided to all employees and is accessible by all employees via the Group’s intranet. The grievance reporting process has several levels, including first discussing the issue with the employee’s immediate supervisor to raising the issue to the Administration Department in the event that the employee is not comfortable discussing the issue with their immediate supervisors, depending on the nature of the issue or the employee’s preference. The Administration Department oversees the Group’s grievance mechanism and processes based on established policies and procedures.</p>
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During the year, there have been no substantiated complaints concerning human rights violations (forced or child labour, discrimination, harassment or other breach of human and labour rights).

	Unit	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	No.	0	0	0

Our commitment to protecting human rights extends to our suppliers. As outlined in our Supplier Code of Conduct, we expect our suppliers to conduct their business in a manner that upholds the human rights of all individuals, treating them fairly and in accordance with all applicable laws. UCHITEC do not tolerate the occurrence of involuntary labour, child labour, prison labour, bonded labour or human trafficking in our operations or supply chain. We require our suppliers to take proactive and reasonable steps to identify, prevent and manage human rights impacts, reporting any incidents promptly.

In addition, we emphasis the promotion of equal employment opportunities by our suppliers, prohibiting discrimination based on race, colour, gender, national origin, sex orientation, religion, age, disability status or any other personal characteristic unrelated to job performance and will comply with all applicable employment discrimination laws. This also applies to the treatment of other counterparties.

We strictly prohibit suppliers from engaging in any form of harassment, including sexual harassment and bullying of any employee on the basis of any status protected by law. It can be in the form of physical, verbal, visual or any conduct toward a person that is unwelcomed by that person and has the purpose or effect of creating an intimidating, hostile or offensive work environment. This includes the conduct of anyone in the workplace, such as employees of UCHITEC and non-employees.

EMPLOYEE WELFARE

The welfare of our employees is closely monitored to ensure compliance with labour laws and to protect their human rights.

We adhere to the Employment Act 1955, which is the main legislation governing labour matters in Malaysia. We offer competitive remuneration packages and benefits to attract top talent, as well as the Employee Share Option Scheme (“ESOS”), a long-term incentive plan to motivate employees to work towards better performance through greater productivity and loyalty.

To foster a healthy work environment and boost productivity levels, UCHITEC implemented various welfare initiatives in the past year aimed at motivating and inspiring our employees. These include organising events such as a festival hi-tea, an annual trip, and an annual dinner, among other activities. Through these initiatives, we strive to create a positive and encouraging workplace culture that supports the well-being and growth of our team members.

SUSTAINABILITY STATEMENT (cont'd)

EMPLOYEE WELFARE (cont'd)



2023 Company Trip to Betong Hatyai



2023 Company Trip to Langkawi



Annual Dinner

EMPLOYEE WELFARE (cont'd)



Hi-tea session



Bowling tournament

Appreciation session to employees







Lunar New Year Celebration at Uchi Dongguan

SUSTAINABILITY STATEMENT (cont'd)

EMPLOYEE WELFARE (cont'd)

The benefits and privileges provided to our permanent full-time employees include:

Benefits	
Statutory Benefits 	<ul style="list-style-type: none"> • Adhere to minimum wages • Statutory contributions such as EPF, SOCSO, EIS and HRDF • Overtime payments • Public holidays
Leave Provision 	<ul style="list-style-type: none"> • Annual leave • Medical leave • Maternity leave • Paternity leave • Marriage leave • Compassionate leave • Exam leave
Employment Benefits 	<ul style="list-style-type: none"> • ESOS • Overtime compensation • Subsidised meal coupons • Outpatient medical benefits • Group hospitalisation and surgical insurance • Group personal accident insurance • Group term life insurance • Transportation to/from work • Telecommuting or work from home (for applicable roles) • Flexible working hours (for applicable roles) • Annual dinner/ gathering / events • Wedding congratulatory gift • New-born baby gift • Employee birthday gift • Christmas gift • Festival hi-tea • Annual trip • Long service award • Outstanding performance award
Facilities 	<ul style="list-style-type: none"> • Car park • Canteen • Gymnasium • Badminton court • Personal lockers • Prayer rooms • First aid room

EMPLOYEE DEVELOPMENT AND TALENT RETENTION

The Group is committed to its social responsibilities at the workplace, including compliance and respect for human rights. This involves recruiting employees under fair and equitable terms, as well as offering equal opportunities for career advancement based on performance. Throughout the year, we carried out continuous learning and development programmes to equip our employees with relevant skills, knowledge and experience to enhance their individual competencies and ultimately, add value to the Group. These programmes include:

Career mapping and succession planning to develop an employee's capabilities and facilitate their career growth

Competency assessment to identify employees' training needs

Annual performance evaluation for all employees at all levels

Annual training calendar and budget set for both in-house and external training for all departments

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (cont'd)

We also place great importance on ‘On-the-Job’ training (“OJT”) as we believe that our workforce can gain more from first-hand technical experience. As a result, we traditionally offer more hours of OJT than classroom training.



During this reporting period, we conducted a total of 2,218 hours of training across all our operations, with an average of 8 training hours per employee (2022: 2,539 hours of training with an average of 11 training hours per employee).

	Unit	FY2021	FY2022	FY2023
Manager and above	Hours	119	258	364
Executive	Hours	197	1,671	1,228
Non-Executive	Hours	120	610	626
Total	Hours	436	2,539	2,218

In terms of talent retention, we are seeing a reduction in the total number of employee turnover by employee category as compared with previous years.

	Unit	FY2021	FY2022	FY2023
Manager and above	No.	0	1	2
Executive	No.	5	6	7
Non-Executive	No.	68	58	9
Total	No.	73	65	18

SUSTAINABILITY STATEMENT (cont'd)

EMPLOYEE DIVERSITY

To uphold our commitment as an ethical and socially responsible employer, we strive to promote diversity among our employees. This fosters a healthy culture where employees are recognised and valued for their diverse skills, experiences and background. When employees feel supported and empowered, the Group is able to innovate and grow while maintaining its competitive position in the industry. As of 31 December 2023, our workforce comprises 235 dedicated employees, with 53% being male employees and 47% female employees. To promote women in leadership, 41% of managerial role (managers and above) are represented by women.

The Group's recruitment process is based solely on the merit and qualifications of the candidates. Our remuneration policy ensures that no pay distinctions are made based on gender or ethnicity.

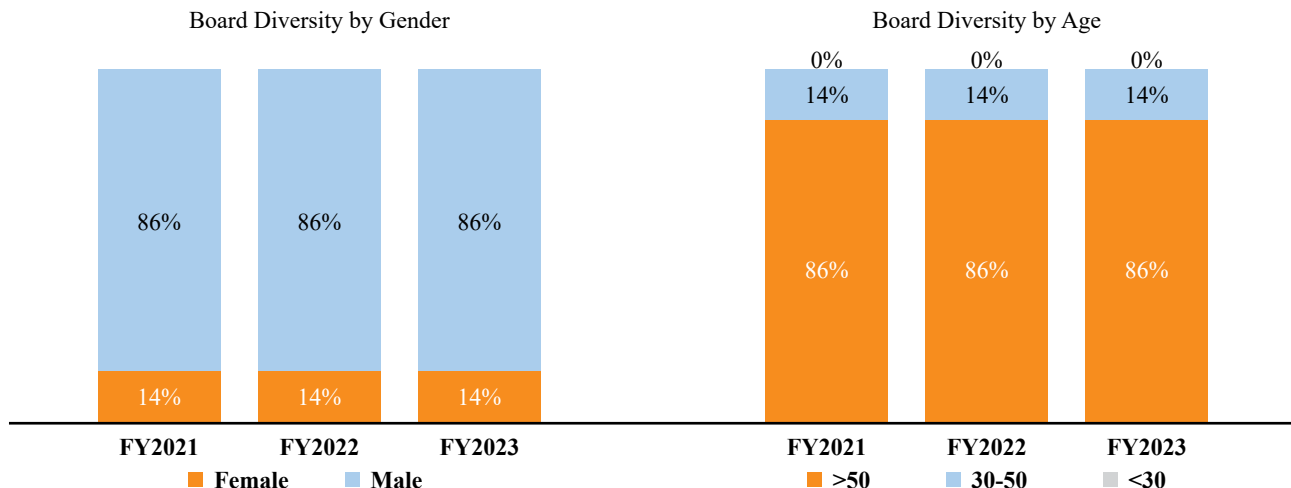


By gender	Unit	FY2021		FY2022		FY2023	
		Female	Male	Female	Male	Female	Male
Manager and above	%	39	61	41	59	41	59
Executive	%	49	51	49	51	52	48
Non-Executive	%	68	32	62	38	45	55
Total	%	58	42	55	45	47	53

By age	Unit	FY2021			FY2022			FY2023		
		>50	30-50	<30	>50	30-50	<30	>50	30-50	<30
Manager and above	%	58	42	0	56	44	0	66	34	0
Executive	%	17	67	16	17	74	9	18	66	16
Non-Executive	%	16	41	43	18	43	39	15	40	45
Total	%	22	50	28	23	54	23	22	48	30

EMPLOYEE DIVERSITY (cont'd)

	Unit	FY2021	FY2022	FY2023
Contractors/ temporary staffs	%	14	10	24



By gender	Unit	FY2021		FY2022		FY2023	
		Female	Male	Female	Male	Female	Male
Director	%	14	86	14	86	14	86

By age	Unit	FY2021			FY2022			FY2023		
		>50	30-50	<30	>50	30-50	<30	>50	30-50	<30
Director	%	86	14	0	86	14	0	86	14	0

OCCUPATIONAL HEALTH AND SAFETY

Uchi Optoelectronic (M) Sdn. Bhd. (“UOM”) and Uchi Technologies (Dongguan) Co., Ltd. (“Uchi Dongguan”) are both ISO 45001:2018 certified companies in line with the Group’s commitment to enhancing the overall occupational health and safety management system for its employees. The Group’s Occupational Safety and Health Policy promotes a work environment that is safe and healthy, eliminating hazards and minimising occupational health and safety risks. We continuously carry out first aid training, fire drills and plant evacuation exercises to safeguard employees and instill the values and knowledge essential for a safe and healthy workplace. In FY2023, 79 employees were trained on health and safety standards:

	Unit	FY2021	FY2022	FY2023
Employees trained on Health and Safety standards	No.	51	67	79



Fire drill

SUSTAINABILITY STATEMENT (cont'd)

OCCUPATIONAL HEALTH AND SAFETY (cont'd)

In FY2023, we achieved zero work-related fatalities and lost time incident rate as shown below:

	Unit	FY2021	FY2022	FY2023
Work-related fatalities	No.	0	0	0
Lost time incident injuries	No.	0	1	0
Lost time incident rate	No.	0	2.55	0

Note: Lost time incident rate= Number of lost time injuries / total number of work hours x 1,000,000

LOCAL COMMUNITIES

The corporate social responsibility (“CSR”) vision of UCHITEC is built on a culture of being caring and responsible. Our CSR philosophy integrates social responsibilities into our business strategies for the sustainable growth of the Company.

UCHITEC routinely supports local communities by engaging in charitable partnerships, team events, local fundraisers and more. During the financial year under review, we are proud to have actively contributed to various charitable causes through our philanthropic efforts. We are delighted to report that these endeavors resulted in a contribution of RM136,000 during FY2023, positively benefiting a total of 390 individuals. These contributions align with our commitment to corporate social responsibility and making a positive impact on the communities we serve.

Community	Amount (RM)	No. of Beneficiaries
MyKasih	24,000	25
Tunku Abdul Rahman University of Management and Technology (“TARUMT”)	100,000	8
St. Nicholas Home Penang	1,500	45
Persatuan Untuk Kanak-kanak Terencat Akal Seberang Perai Utara Butterworth	1,500	28
Persekutuan Kebajikan Anak-Anak Yatim Islam Pulau Pinang	1,500	53
The Salvation Army	1,500	18
Pertubuhan Rumah Kebajikan Seri Cahaya Pulau Pinang	1,500	57
The Penang Buddhist Association Senior Citizens’ Home	1,500	38
Little Sisters of the Poor	1,500	66
Yayasan Amal Medicare	1,500	52
Total	136,000	390

	Unit	FY2021	FY2022	FY2023
Total amount invested where the target beneficiaries are external parties	RM	49,500	9,000	136,000
Total number of beneficiaries of the investment in community	No.	1,417	619	390

The Group has also hired an intern who is undergoing an internship programme in the MIS Department.




GOVERNANCE


CORPORATE GOVERNANCE AND ETHICS


At UCHITEC, we understand that upholding good corporate governance and ethics is paramount as it establishes a foundation of trust among stakeholders, fosters a positive corporate culture and enhances the Company’s reputation. Hence, we seamlessly integrate responsible business practices into our corporate governance framework, ensuring that our business’ ethical values remain uncompromised as we strive to achieve our corporate goals at UCHITEC.

It is our policy that we take zero-tolerance approach to corruption and bribery. We conduct all our business in an honest, ethical and transparent manner. We are committed to acting professionally, fairly and with integrity in all our relationships and business dealings in accordance with our Code of Business Conduct and Ethics Policy, and to implement and enforce effective system to counter bribery. We will uphold all laws relevant to countering corruption and bribery. We remain bound by the laws of Malaysia, including the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time in respect of our conduct both at home and abroad.


The Board has continuously aimed to promote sound governance through policies which comply with the latest regulatory requirements and the principles of best practices. These include our Code of Ethics, Whistle Blowing Policy, and Anti-Bribery and Corruption Policy which are made available on the Company’s website at www.uchi.net. The importance of these policies was communicated to all the directors and employees to ensure that our core values are recognised and upheld by everyone in the Company.

Code of Ethics
 UCHITEC is committed to the highest standards of ethical business conduct. The principles on which this Code rely are those that concern transparency, integrity, accountability and civic social responsibility.

Whistle Blowing Policy
 UCHITEC has put in place a Whistle Blowing Policy for preventing and detecting defalcations, misappropriations and other irregularities, by encouraging stakeholders to be confident in raising serious genuine concerns through the whistleblowing channel.

Anti-Bribery and Corruption Policy
 UCHITEC has established an Anti-Bribery and Corruption Policy that outlines UCHITEC’s commitment toward its ethical business practices complying with the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.

This Policy applies to all individuals working for UCHITEC at all levels and grades which include Directors, Managers, Employees (who are employed full time, on probation, contractually or temporarily), the Board and any third parties associated with us (suppliers, contractors, agents, consultants, outsourced personnel, distributors, advisers, government and public bodies including their advisers, representatives and officials).

Corporate governance and compliance
 The Board is committed to uphold the highest standards of corporate governance conduct, sustainability governance and best practices as laid out in the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia and Malaysia Code on Corporate Governance. Corporate governance policies are elaborated in the Corporate Governance Statement on page 56 to 64 of this annual report.

All our new employees undergo an induction program where they will be briefed on our Group’s Anti-Bribery and Corruption Policy and other accompanying policies and procedures. In addition, we ensure our existing employees receive ongoing refresher training on anti-corruption to uphold a steadfast commitment to ethical practices.

	Unit	FY2021	FY2022	FY2023
Manager and above	%	100	100	100
Executive	%	74	74	80
Non-Executive	%	90	87	92

SUSTAINABILITY STATEMENT (cont'd)

CORPORATE GOVERNANCE AND ETHICS (cont'd)

During the financial year under review, we have undertaken a corruption risk assessment that covers all of our operations.

	Unit	FY2021	FY2022	FY2023
Operations assessed for corruption related risks	%	100	100	100

As of December 31, 2023, we recorded zero incidents of corruption across our operations.

	Unit	FY2021	FY2022	FY2023
Confirmed incident of corruption	No.	0	0	0

In alignment with the Company's commitment in enhancing the social responsibility of our supply chain practices, we have established the Supplier Code of Conduct, which all suppliers are required to adhere to. We expect full compliance from our suppliers with all the anti-corruption principles, conducting all business dealings with utmost transparency. As indicated in the Supplier Code of Conduct, all suppliers shall:

- ✓ Committing to promote values of integrity, transparency, accountability and good corporate governance;
- ✓ Strengthening internal systems that support corruption prevention;
- ✓ Fighting any form of corrupt practice; and
- ✓ Supporting corruption prevention initiatives by the Government and the local authorities.

DATA PRIVACY AND SECURITY

At our company, we understand the crucial role that data protection and privacy play in building trust with our stakeholders and ensuring the sustained success of our business. Accordingly, we place a high priority on the implementation of an integrated data protection and information security strategy to safeguard data and privacy.

Our practices include:

- ✓ Safeguarding personal information by limiting access and usage to authorised individuals.
- ✓ Controlling system access with privileged access controls, policy-based password management, and network segmentation to restrict access to sensitive areas.
- ✓ Protecting resources with a comprehensive security strategy that includes firewalls, audit logs, anti-virus and anti-malware software, intrusion detection and prevention system, and patches and updates management to keep the systems secure and up-to-date.
- ✓ Enabling disaster recovery to quickly restore vital data and systems after unexpected outages or disasters, minimising the impact on the organisation and its customers.
- ✓ Conducting periodic backups of system and data on and off site to ensure their availability in the event of system failure or data loss.
- ✓ Providing awareness training to our employees to equip them with the necessary knowledge to identify and prevent cyber threats.
- ✓ Requiring stakeholders, where applicable, who have access to sensitive information to sign Non-Disclosure Agreements (NDAs), ensuring that any accessed or shared information is kept confidential or compliant with agreed terms.

We continuously review and enhance our security measures to ensure compliance with industry standards and best practices.

In FY2023, there were no reports of major cyber security violations and no cases related to breaches of data or complaints received from external stakeholders.

	Unit	FY2021	FY2022	FY2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	No.	0	0	0

PERFORMANCE DATA

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	80.00
Non-executive/Technical Staff	Percentage	92.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	136,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	390
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	34.00
Management Above 50	Percentage	66.00
Executive Under 30	Percentage	16.00
Executive Between 30-50	Percentage	66.00
Executive Above 50	Percentage	18.00
Non-executive/Technical Staff Under 30	Percentage	45.00
Non-executive/Technical Staff Between 30-50	Percentage	40.00
Non-executive/Technical Staff Above 50	Percentage	15.00
Gender Group by Employee Category		
Management Male	Percentage	59.00
Management Female	Percentage	41.00
Executive Male	Percentage	48.00
Executive Female	Percentage	52.00
Non-executive/Technical Staff Male	Percentage	55.00
Non-executive/Technical Staff Female	Percentage	45.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	86.00
Female	Percentage	14.00
Under 30	Percentage	0.00
Between 30-50	Percentage	14.00
Above 50	Percentage	86.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	1,375.94
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	79
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	364
Executive	Hours	1,228
Non-executive/Technical Staff	Hours	626
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	24.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	2
Executive	Number	7
Non-executive/Technical Staff	Number	9
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	25.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	15.142000

Internal assurance External assurance No assurance (*)Restated

The Board of Directors (“the Board”) of Uchi Technologies Berhad (“the Company” or “UCHITEC”) is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of safeguarding shareholders’ investment, enhancing shareholders value as well as the interests of other stakeholders.

The ensuing paragraphs summarizing the Company’s corporate governance practices during the financial year ended December 31, 2023 with reference to the application of the Principles set out in the Malaysian Corporate Governance Code (“MCCG”). The detailed application for each practice as set out in the Code is disclosed in the Corporate Governance Report (“CG Report”) which is available on the corporate website: www.uchi.net.

PRINCIPLE A. BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board Charter

Board Charter was established and made available on the Company website, outlining a framework designed to:

- enable the Board to provide strategic guidance for the Company and effective oversight of the management; and
- clarify the respective roles and responsibilities of Board, Board committees, individual directors and the management in order to facilitate the Board and the management accountability to both the Company and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers; and
- identify issues and decisions reserved for the Board.

The Board reviewed and assessed the adequacy of Board Charter in November 2023 and resolved that the Board Charter is in compliance with relevant rules and regulations promulgated by the regulatory body.

The Responsibilities of the Board and Management

The Board explicitly assumes the following principal duties and responsibilities as follows:

- Reviewing and adopting a strategic plan for the Group; and
- Overseeing the conduct of the Group’s businesses and evaluate whether the businesses are being properly managed; and

- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks; and
- To conduct and review succession planning, including appointing, training, evaluating, fixing the compensation of and where appropriate, replacing senior management; and
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Whilst, the management is responsible to:

- Recommend the Company’s corporate strategy to the Board for approval and upon approval, implement the corporate strategy;
- Assume day-to-day responsibility for the Company’s conformance with relevant laws and regulations and its compliance framework;
- Achieve the performance targets set by the Board;
- Develop, implement and manage the Company’s risk management and internal control framework;
- Develop, implement and update the Company’s policies, procedures and systems;
- Be alert to relevant trends in the industry and the Company’s operating environment;
- Provide sufficient and relevant information to the Board to enable the Board to effectively discharge its responsibilities;
- Act as a conduit between the Board and the Company; and
- Manage the Company’s human, physical and financial resources to achieve the Company’s objectives.

The Board may, by resolution, delegate its authority to the Board Committees and/or the management, whom shall at all times be under the direction and control of the Board. The delegation could be for authorization of expenditure, approval of credit facilities and for other corporate actions. The thresholds for the identified authorities will depend upon the operating requirements of the Company.

PRINCIPLE A.**BOARD LEADERSHIP AND EFFECTIVENESS
(cont'd)****I. Board Responsibilities (cont'd)****The Responsibilities of the Board and Management
(cont'd)**

Matters which are specifically reserved for the Board's approval are defined in the Board Charter which includes issuance of new securities, appointment of Board members, establishment of Board Committee, their membership and authority, approval of dividends, corporate governance principles and policies, approval of major capital expenditure, capital management, and acquisitions and divestitures, calling of meetings and any other specific matters nominated by the Board from time to time.

Chairman and Managing Director

There is clear division of responsibilities between the Chairman and Managing Director where the position of Chairman and Managing Director are held by different individuals. The Chairman, Mr. Charlie Ong Chye Lee, a Non-Independent Non-Executive Director is responsible for effective functioning of the Board and together with the MD and the members of the Board for formulating general Company policies and making strategic business decisions. The Managing Director, Mr. Chin Yau Meng is responsible for the execution of these decisions and the day-to-day management, operation and administration of the business.

The roles of individual Board members are stipulated in the Board Charter. The role of the Independent Non-Executive Directors is particularly important as they provide robust and independent view, advice and true and fair judgement which take into account the long-term interest, not only of the Group but also of shareholders, employees and other stakeholders of the Group.

Number of Board of Directors' meetings and number of attendances for each Director for the financial year ended December 31, 2023 are as follows:

No.	Director	Year 2023	Total No. of	
		Period of Directorship	Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2023 to 31/12/2023	4	4
2.	Chin Yau Meng	1/1/2023 to 31/12/2023	4	4
3.	Huang, Yen-Chang also known as Stanley Huang	1/1/2023 to 31/12/2023	4	4
4.	Charlie Ong Chye Lee	1/1/2023 to 31/12/2023	4	4
5.	Tan Boon Hoe	1/1/2023 to 31/12/2023	4	4
6.	Lim Tian How	1/1/2023 to 31/12/2023	4	4
7.	Han Chin Ling	1/1/2023 to 31/12/2023	4	4

Qualified and Competent Company Secretaries

The Board acquires corporate secretarial services from a professional secretarial firm to assist the Board of Directors in discharging its duties and responsibilities.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.

Board Meetings

The Chairman is responsible for ensuring Board effectiveness and The Board met four times in this financial year. A formal time schedule was pre-determined in advance. The Agenda and Board papers for each meeting were circulated at least one week in advance before each meeting to the Board members to enable the Directors to review the papers in preparation for the meeting and to obtain further explanations, where necessary, in order to be briefed properly before the meeting. In addition to the Group performance discussed at the meeting, the Board also discussed, reviewed and decided the financial decision and annual plans, changes to Board or management and control structure of the Group, including strategies, key policies, procedures and authority limits. The Board and its committees were supplied with all necessary information to enable them to discharge their responsibilities efficiently and effectively.

All decisions of the Board were duly recorded in the Board's minutes and circulated. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

PRINCIPLE A.**BOARD LEADERSHIP AND EFFECTIVENESS
(cont'd)****I. Board Responsibilities (cont'd)****Supply of Information**

The Board has unrestricted access to the management and employees of the Company to acquire timely and accurate information, necessary in the furtherance of their duties, which is not only quantitative but also other information deemed necessary such as information on customer satisfaction, products and services qualities, market share, market reaction and environmental performance.

All Directors have access to the advice and services of the Company Secretaries and where necessary, seek independent professional advice at the Group's expense.

Code of Ethics

UCHITEC is committed to the highest standards of ethical business conduct. The Directors and employees continue to adhere to the Code of Ethics of UCHITEC codified in the Employees' Handbook. The Code of Conduct and Ethics for the Directors is also available on the group website. The principles on which this Code rely are those that concern transparency, integrity, accountability and civic social responsibility.

This Code is formulated to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:

- to establish standard of ethical conduct for Directors and employees based on acceptable belief and values that one upholds; and
- to uphold the spirit of social responsibility and accountability of the Group in line with the legislations, regulations and guidelines governing it.

Whistle Blowing Policy

UCHITEC has put in place a Whistle Blowing Policy to provide an avenue for all employees and stakeholders, to raise their concern about illegal or immoral conduct or behaviour in the Group to the Administrator without fear of reprisal. Informants are assured that their identity is kept confidential and their concern will be acted upon. Ms. Han Chin Ling, the Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.

Anti-bribery and Corruption Policy

The Group had established an Anti-Bribery and Corruption Policy that outlines UCHITEC's commitment toward its ethical business practices complying with the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. UCHITEC takes zero-tolerance to corruption and bribery, and UCHITEC is committed to carry out all of its business practice with transparency, accountability and integrity. The Group communicates the Anti-bribery and Corruption Policy to all employees and business associate to ensure good standards of ethical behavior flow through all levels of the Group to prevent unethical practices and consequently, support the delivery of long-term sustainable success of the Group.

Directors' Fit and Proper Policy

The Group had adopted the Directors' Fit and Proper Policy which outlined the fit and proper criteria for the appointment and re-appointment of Directors on the Board of the Company.

The said policy is devised to ensure that each of Directors has the character, experience, integrity, competence and capability, financial soundness and time to effectively discharge his/her role as a Director of the Company and its subsidiary. A copy of the Directors' Fit and Proper Policy is made available on the Company's website at www.uchi.net.

II. Board Composition

The Board of Directors of the Company currently consists of seven (7) members; including a woman director; of whom three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director.

The present composition of the Board meets the requirements as stipulated in Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board's standards for determining the independence of a Director is set forth in the Board Charter. The Nomination & Remuneration Committee (NRC) is authorized to assess the independence of the Independent Directors in accordance to the Boards Independence Standards annually. Based on the assessment in 2023, the Board is generally satisfied that all the Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and minority shareholders.

PRINCIPLE A.**BOARD LEADERSHIP AND EFFECTIVENESS
(cont'd)****II. Board Composition (cont'd)****Tenure of Independent Director**

The Board is mindful of the recent amendments to the Listing Requirements, a Director cannot act as an Independent Director for more than twelve (12) years and that the amendment was implemented on or after June 1, 2023.

With the foregoing amendment and the implementation thereof in mind, each of the Independent Directors continues to comply with the current definition of an Independent Director under paragraph 1.01 and Practice Note 13 of the Listing Requirements.

It has also stipulated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Should the Board intend to retain the Director as Independent after he/she has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval through a two-tier voting process at general meeting.

Summary of tenure of service of Independent Directors who currently sit on Board are as follows:

Name of Directors	Date of Appointment	Tenure of Service as of March 31, 2024
Tan Boon Hoe	August 1, 2016	7 years 8 months
Lim Tian How	April 2, 2018	6 years
Han Chin Ling	December 1, 2021	2 year 4 months

In ascertaining the independent status of the Directors, the Board continues to believe that tenure is not the most important assessment criteria. It is of the view that how a Director discharges the fiduciary duties are the primary concern, regardless of their status. In fact, continued tenure brings stability to the Board as the Group benefits from their mix of skills, professional and commercial experience, technical expertise in their relevant fields and competencies for informed and balanced decision-making by the Board.

Effectiveness of the Board, Board Committee and Individual Directors

The NRC was established to undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The NRC was chaired by Mr. Lim Tian How, Independent Non-Executive Director and comprised exclusively of Independent Non-Executive Directors, namely:

Chairman : Lim Tian How
Independent Non-Executive Director

Members : Tan Boon Hoe
Independent Non-Executive Director

Han Chin Ling
Independent Non-Executive Director

Summary of activities of the NRC in 2023 are as follows:

- reviewed the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors brought to the Board;
- reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Constitution;
- assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment;
- assessed the Company's compliance with applicable laws and regulations relating to corporate governance;
- assessed the contribution of each individual Director in terms of skills, experience and other qualities, attendance in all Board meetings, Board Committee meetings and annual meeting of shareholders, willingness to rigorously prepare prior to each meeting, level of participation in the meeting, willingness to make himself/herself available to management upon required to provide advice and counsel, willing to develop a broad knowledge of both critical issues affecting the Company (including industry, technology and market specific information), ability to exercise independent judgment at all times, demonstration of high professionalism and integrity in decision-making process;
- reviewed and assessed the annual performance of the Board Committee and the effectiveness of the Board as a whole;
- reviewed and reassessed the adequacy of the Nomination & Remuneration Committee Charter including the evaluation criteria of recruitment and assessment of Directors.

The assessment was administered using a set of questionnaires that contains both quantitative and open-ended questions, based on a self and peer rating assessment model. Further insights were gathered from respective Directors in order to corroborate the findings from the questionnaires. The outcome arising from the evaluation process was reviewed by the NRC and subsequent recommendations have been made to the Board for further improvement.

PRINCIPLE A.**BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)****II. Board Composition (cont'd)****Effectiveness of the Board, Board Committee and Individual Directors (cont'd)**

For the year under review, the NRC reported that the Board is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and the composition of the Board has a balance mix of executive, non-executive and independent members. The NRC also expressed that the Board Committees and individual Directors were able to discharge their duties and responsibilities in an adequate and proper manner.

The Board is satisfied with the existing board structure, effectiveness and the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Appointments of the Board

The appointment of any additional Directors is made as and when it is deemed necessary by the Board, with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the NRC, who is authorized to assess and propose new nominees for the Board and further empowered to assess the existing Directors on an ongoing basis. The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.

The Board has set forth Director's qualification and the Board's expectation towards its Board members in the Board Charter and the Fit and Proper Policy, among others, the Directors are required to commit sufficient time and energy to satisfy the requirements of the Board and Board Committee membership particularly in terms of:

- Attendance and participation in Board meetings and annual general meetings;
- Preparation prior to each meeting;
- Availability to management upon request to provide advice and counsel;
- Attending continuing education programmes to update knowledge and enhances their skills.

To ensure that the Directors have ample time to focus and fulfill their roles and responsibilities effectively, the Board has imposed in the Board Charter that Directors may serve on the boards of other public companies provided that the directorships shall not be more than five (5) and these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a Board member.

Directors are required to advise the Chairman in writing in advance of accepting an invitation to serve on the Board of another public company and to declare their directorship semi-annually.

Diversification Policy

UCHITEC endeavours to provide a diversified and equal opportunity work environment throughout the Company i.e. free of discrimination of any form irrespective of an individual's gender, race, age and religion. As such, the evaluation of the suitability of Board composition is purely based on the candidates' competency, skills, character, time, commitment, knowledge, experience and other qualities in meeting the needs of the Company.

The Board members have a wide range of business, financial and technical skills and experience. This mixture of skills and experience is vital to the success of the Group. The profiles and credentials of the members of the Board are provided on pages 15 to 17 of this annual report.

The Board through the NRC does consider gender diversity as part of its future selection and appointment of directors and key senior management.

The Board has set its target to achieve at least 20% of women directors and key senior management for 2023. During the year, there was 36% women representation on the board and key senior management.

Re-Election

In accordance with the Company's Constitution, one third of the Board members are required to retire at every Annual General Meeting and be subject to re-election by shareholders. Newly appointed directors shall hold office until the next following Annual General Meeting and shall then be eligible for re-election by shareholders.

Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years are required to submit themselves for re-appointment annually in accordance with the recommendations of the MCCG accordingly.

PRINCIPLE A.**BOARD LEADERSHIP AND EFFECTIVENESS
(cont'd)****II. Board Composition (cont'd)****Directors' Training**

All existing members have completed the Mandatory Accreditation Programme ("MAP") Part I and 4 members have completed the MAP Part II conducted by the Research Institute of Investment Analysis Malaysia, an affiliate company of the Bursa Securities and attended various training programmes under the Continuing Education Programmes (CEP) for Directors in compliance with the requirements of Bursa Securities. The remaining members will complete the MAP Part II on or before August 1, 2025.

The Chairman, with the assistance of the management, provides new Directors with an initial orientation in order to familiarize them with their responsibilities as Directors under the relevant rules and regulations, and with the Company and its strategic plans, business environment, significant financial, accounting and risk management issues, compliance programs, Code of Conduct, the management and internal and independent auditors.

The NRC review and recommend, as appropriate, director orientation and continuing education programs for members of the Board. The management is responsible to source and provide the available continuing education programmes to the Directors as well as to arrange for the Director's attendance at these training programmes.

The Directors are encouraged to attend various training programmes and seminars to ensure that they are kept abreast on various issues pertaining to the industry and business environment within which the Company operates, particularly in areas of corporate governance and regulatory compliance.

In 2023, all the Board members had attended / participated in one or more of the following training programmes / conferences / seminars / workshops on areas relating to operational management, corporate governance, risk management, and financial reporting:

- National Taxation Seminar 2022 – Budget 2023;
- Tricor Taxand 2023 Malaysia Budget;
- Advocacy Sessions for Directors & CEOs of Main Market Listed Issuers;
- Sustainability Report;
- Mandatory Accreditation Program – Part II: Leading for Impact (LIP);
- National Taxation Seminar 2023 – Budget 2024;
- E-Invoicing Overview;
- TaxMax the 49th Series - Sustaining Growth for a better tomorrow.

All Directors will continue to attend such further training as may be required from time to time to keep abreast with developments in the industry as well as the current changes in laws and regulations.

III. Remuneration

The NRC is also responsible to ensure that the remuneration package of members of the Board and Board Committee are internally equitable, externally competitive, motivates the Board towards the achievement of business objectives and align their focus on the long-term business of the Company.

For the year ended December 31, 2023, the NRC reviewed and recommended to the Board the Nomination & Remuneration Committee Charter and the remuneration package and other benefits extended to all Directors. Remuneration packages of Directors was decided by the Board as a whole with the Director concerned abstaining in deliberation and voting on decisions in respect of his / her individual remuneration.

The remuneration package of the members of the Board and Board Committee is as follows:

- **Fee**
The Board, based on the fixed sum as authorized by the Company's shareholders, determines fees payable to all Directors after considering comparable industry rate and the level of responsibilities undertaken by the Directors.
- **Salary and Other Emoluments**
The Executive Directors are entitled to a fixed component of remuneration package which includes a monthly salary, employer contributions to the Employee Provident Fund, performance-based bonus, the provision of accommodation allowance and medical coverage.
- **Share-Based Payment**
Share-based payment is the fair value arising from the granting of share options to Directors. All Directors of the Company are eligible to participate in the Employee Share Option Scheme. Upon shareholders' approval, the Board is authorized to grant share options to the Directors.

Specific disclosure of Director's remuneration and key senior management's remuneration in relation to Practice 8.1 and 8.2 of the MCCG are provided in the CG Report.

PRINCIPLE A.**BOARD LEADERSHIP AND EFFECTIVENESS
(cont'd)****III. Remuneration (cont'd)****The Employee Share Option Scheme (“ESOS”) Committee (whose members include some management staff)**

The ESOS Committee was established on August 7, 2006 and was empowered to act, execute, enter into any transaction pertaining thereto for and on behalf of the Company in such manner deemed fit by it and in accordance with the By-Laws of ESOS, regulations and guidelines in force from time to time.

Upon expiration of ESOS 2006 on August 7, 2016, a new ESOS (“Uchi Technologies Berhad ESOS 2016” or “ESOS 2016”) was launched on November 8, 2016. The maximum number of new shares which may be issued and allotted pursuant to the exercise of ESOS 2016 shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid up share capital of the Company.

Upon the recommendation by the ESOS Committee and in pursuant to the Bye-Law 19.2 of the ESOS 2016, the Board of Directors extended the expiry of the ESOS 2016 for another 5 years commencing November 8, 2021.

During the financial year ended December 31, 2023, the Company granted total share options of 775,500 ordinary shares to eligible employees. As of December 31, 2023, balance number of share options available for allotment under ESOS 2016 was 20,799,600 ordinary shares.

The aggregate maximum allocation of share options to Directors and key senior management of the Group shall not exceed 70% of the Share Options available under the ESOS 2016. As of December 31, 2023, the actual allocation of share options to Directors and key senior management was 39%.

The details of share options granted to and exercised by the Directors during the year under review are presented on page 75 to 76 of this annual report.

PRINCIPLE B.**EFFECTIVE AUDIT AND RISK MANAGEMENT****I. Audit Committee**

The Audit Committee consists solely of independent non-executive directors and is chaired by Mr. Tan Boon Hoe, who is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountant.

Deriving from the annual performance evaluation carried out by the NRC, the Board is satisfied that the Audit Committee is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and were able to discharge their duties and responsibilities in an adequate and proper manner.

In 2023, Audit Committee members attended / participated in conferences / seminars on areas relating to Corporate Disclosures, Income Tax Updates and Mandatory Accreditation Program – Part II: Leading for Impact (LIP).

Relationship with the Auditor

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The Board adopted the Auditors’ Independence Policy which stipulated that external auditors must remain independent of the Company both in fact as well as in appearance. Generally, external auditors’ independence is impaired when the external auditors provide services which:

- Create a mutual or conflicting interest between the external auditors and the Company;
- Result in the external auditors functioning in the role of management;
- Place the external auditors in the position of auditing its own work;
- Place the external auditors in the position of being an advocate for the Company.

Taking into account the auditors’ statement on independence and the Audit Committee’s own enquiries, the Audit Committee is satisfied with the suitability, objectivity and independence of Deloitte PLT as external auditors and recommended to the Board the re-appointment of Deloitte PLT as auditors of the Company.

The re-appointment of Deloitte PLT as auditors of the Company is subject to shareholders’ approval at the forthcoming Annual General Meeting.

II. Risk Management and Internal Control Framework

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders’ investment and Group’s assets, and to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to financial controls, operational and compliance controls as well as risk management. While the internal control system is devised to cater for particular needs of the Group and the risk, such controls by their nature can only provide reasonable assurance but not absolute assurance against unintended material misstatement or loss.

**PRINCIPLE B.
EFFECTIVE AUDIT AND RISK MANAGEMENT
(cont'd)**

**II. Risk Management and Internal Control Framework
(cont'd)**

The Group has in place an on-going process and sound framework for identifying, evaluating, monitoring and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis. The Board is assisted in this regard by the Audit Committee in overseeing the Company's risk management and internal control framework and policies.

Audit Committee Report and Statement on Risk Management & Internal Control incorporating report on risk management review, internal audit function and conclusion of the review are set out from page 65 to 69 of this annual report.

**PRINCIPLE C.
INTEGRITY IN CORPORATE REPORTING
AND MEANINGFUL RELATIONSHIP WITH
STAKEHOLDERS**

I. Communication with Stakeholders

The Board values dialogue with investors and recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Executive Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments.

The annual report, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Company maintains a corporate website at www.uchi.net which provides all relevant information about UCHITEC and is accessible by the public. This corporate website enhances the investor relation function by including share price information, all announcements made via Bursa LINK, annual reports as well as the corporate governance structure of the Company.

The Board recognizes that the Independent Directors are vital towards protecting the interests of shareholders, through whom, stakeholders may convey their concerns pertaining to the Group via chin.ling.han4444@gmail.com.

Corporate Disclosure Policy

The Company adopted Corporate Disclosure Policy to ensure informative, timely and accurate disclosure of material information concerning the Company to the public. UCHITEC recognizes that individual investors deserve the same access to material information as institutional shareholders and analysts, and is committed to providing fair and equal access to such information through broadly disseminated disclosure.

This Corporate Disclosure Policy deals with how UCHITEC and its employees handle material non-public information. It applies to all directors, officers and employees of UCHITEC and its operating subsidiaries (collectively, the "Employees") and insiders (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad).

This disclosure policy does not apply to communications in the ordinary course of business not involving material information.

II. Conduct of General Meeting

The notice of the Twenty-Fifth Annual General Meeting (AGM) held on May 24, 2023 was dispatched to the shareholders on April 20, 2023, which is more than 28 days before the AGM, so as to ensure the shareholders are given sufficient notice and time to go through the Annual Report and make the necessary attendance and voting arrangement.

Both AGM and EGM, act as the principal forum for dialogue with shareholders. At each AGM, the Board presents the progress and performance of the Group and encourages shareholders to participate in the "Questions and Answers" session. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

All Directors, the management and external auditors were in attendance to respond to shareholders' questions during the Twenty-Fifth Annual General Meeting held on May 24, 2023.

**PRINCIPLE D.
ACCOUNTABILITY AND AUDIT**

Financial Reporting

The Board aims to present a clear and meaningful assessment of the Company's financial positions and their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the annual financial statements, quarterly result announcements as well as the Chairman's statement and review of the operations in the annual report.

The Board, assisted by the Audit Committee, ensures that in presenting the financial statements and quarterly announcements, the Group has used appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates.

Responsibility Statement

The Board is required by the Companies Act 2016 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

For the year ended December 31, 2023, the Directors, in discharging their responsibilities, with the assistance of the Audit Committee:

- Reviewed the appropriateness of the accounting policies used and consistency in its application;
- Ensured accounting and other records are properly kept to enable the preparation of financial statements with reasonable accuracy;
- Reviewed the presentation of the financial statements with the external auditors to ensure that the financial statements are prepared in accordance with the approved accounting standards, the provision of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities;
- Ensured the financial statements presents a true and fair view of the state of affairs of the Group and of the Company at the end of financial year, their results and cash flows for the financial year;
- Ensured accounting estimates included in the financial statements are reasonable and prudent; and
- Ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

The Directors approved the audited financial statements for the year ended December 31, 2023 on March 25, 2024.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has fared well during the financial year in application of the corporate practices recommended under the MCCG. The collective approval by the Board on this Statement was tabled on March 25, 2024.

For and on behalf of the Board of Directors of

Uchi Technologies Berhad

Charlie Ong Chye Lee
Chairman

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2023.

AUDIT COMMITTEE

The Audit Committee was established by a resolution of the Board on March 29, 2000. Currently, the Committee comprised of the following:

Chairman	:	Tan Boon Hoe <i>Independent Non-Executive Director</i>
Members	:	Lim Tian How <i>Independent Non-Executive Director</i>
		Han Chin Ling <i>Independent Non-Executive Director</i>

TERMS OF REFERENCE

1. Objectives

The Audit Committee is appointed by the Board to assist the Board in the oversight of:

- the integrity of the financial statement of the Company;
- the independent auditors' qualification and independence;
- the quality of the audit conducted by the internal and external auditors;
- the adequacy of the Company's control environment;
- the compliance by the Company with legal and regulatory requirements and observance of a proper code of conduct; and
- the Company's policies and practices with respect to major risk exposure.

2. Composition

The Audit Committee shall be appointed by the Board of Directors on the recommendation of the Nomination & Remuneration Committee from amongst their members and comprising not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority being Independent Directors.

At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No Director may serve as member of the Audit Committee if such Director serves on the audit committee of more than two (2) other public companies unless the Board determines that such simultaneous service would not impair such director's ability to serve effectively on the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Committee.

3. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

The Committee shall also be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.

The Committee shall have the authority to obtain independent legal or other professional advices as it considers necessary.

It shall also have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee shall deem fit and necessary.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings which in any event shall not be less than four (4) times a year. The quorum shall consist of two (2) members of whom the majority of members present must be independent directors.

The Finance Manager and representatives of the internal and external auditors should normally attend meeting. Other Board members may attend meeting upon the invitation of the Committee. However, the Committee should meet with the external auditors without Executive Board members present at least twice a year. The Committee may invite any person to be in attendance to assist in its deliberations.

Operation of the Committee meeting is stipulated in the Board Charter.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to committee members prior to each meeting.

5. Audit Committee Responsibilities

The Committee's responsibility is to oversee the financial reporting process and practices of the Company and to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community to ensure the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements. The Audit Committee members are not expected to conduct field work or other types of technical reviews to assure themselves of the quality of work performed. The Committee shall be entitled to rely upon the integrity of the Company's financial executive management and the independent auditors. Should financial executive management or the independent auditors become aware that information provided to the Committee cannot be relied upon, that party has the responsibility to promptly report such findings to the Audit Committee and the Board of Directors.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

- review and reassess the adequacy of this Charter annually, and when considered necessary, make recommendations to the Board to modify it;
- review the adequacy and effectiveness of risk management and internal control system of the Group annually and when necessary, recommend for enhancement;
- review the independence of external auditors in accordance with the Independent Policy adopted by the Board of Directors and recommend the appointment and re-appointment of the external auditors, the compensation and any questions of resignation or dismissal, if any;
- discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- review and discuss the quarterly financial statements and audited financial statements of the Company, with the Management and the independent auditors, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - significant and unusual events;
- discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, including resolution of disagreements between management and the independent auditors regarding financial reporting (in the absence of management where necessary);
- review the external auditors' management letter and management's response;
- do the following where an internal audit function exists:
 - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not, appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of the internal audit function;
 - approve any appointment or termination of the internal audit function;
 - review the resignation of internal audit function and its reasons for resigning;
- consider any related party transactions and conflict of interest situations which arose or persist that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate the conflict of interest;
- review the allocation of options during the year under the Uchi Technologies Berhad Employee Share Option Scheme 2016 ("ESOS 2016") to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS 2016;
- consider the major findings of internal investigations and management's response; and
- consider other topics as defined by the Board.

6. Reporting

The Audit Committee shall report to the Board on its activities through presentations during the next Board meeting and/or by submission of the Minutes of the Audit Committee meetings to the Board.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2023, the Committee met seven times with full attendance of all members of the Committee, of which the Audit Committee met the external auditors twice without the management's presence. The minutes of the Committee meetings were formally tabled to the Board for its attention and action.

Summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended December 31, 2023 is as follows:

- Reviewed the adequacy of Terms of Reference Audit Committee;
- Recommended the re-appointment of the external auditors and agreed on their remuneration;
- Reviewed the external auditors' audit plan and scope of works for the year, assessed the independence and objectivity of the external auditors and discussed the results of the annual audit and audit report with the external auditors;
- Reviewed the audited financial statements for the year ended December 31, 2023 and the un-audited quarterly financial results of the Group;
- Reported and recommended to the Board to approve the annual financial statements and un-audited quarterly financial results;
- Reviewed the internal auditors' audit reports and considered the audit issues, recommendations and the management's written response;
- Reviewed with the Company's management and the internal auditors' on the adequacy and effectiveness of risk management and internal control system of the Group;
- Reviewed the adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework;
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review the quarterly updates on the conflict of interest situation and related party transaction of the Group; and
- Reviewed the allocation of options during the year under the ESOS 2016 to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS 2016.

INTERNAL AUDIT FUNCTION

In respect of the financial year ended December 31, 2023, the internal audit team had carried out internal audit reviews on the following area according to the internal audit plan which has been approved by the Audit Committee:

- Enterprise risk management process
- Information Technology ("IT") general controls

The review was conducted to assess the adequacy and effectiveness of the Group's system of internal control and its compliance with the Group's policies and procedures. Reports, including where relevant, action plans agreed with the operational level management, are circulated to the Management, and are tabled at the Audit Committee meeting.

The total cost incurred for internal audit function for the financial year ended December 31, 2023 was approximately RM45,000.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Board of Directors (“Board”) of Uchi Technologies Berhad (“UCHITEC” or “the Group”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended December 31, 2023, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers (“the Guidelines”), in this annual report. This statement outlines the nature and state of the internal controls of the Group.

Board Responsibility

The Board acknowledges the importance of maintaining a sound internal control system and a robust risk management framework for good corporate governance; with the objective of safeguarding the shareholders’ investment, the interest of customers, regulators, and the Group’s assets. The Board affirms its overall responsibility for the Group’s system of risk management and internal control which is vital to managing principal risk which may impede the achievement of the Group’s corporate and business objectives. This responsibility includes reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organizational, operation and compliance controls.

However, in view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risk of failure to achieve business objectives, and to provide only reasonable and not absolute assurance against material misstatement or loss.

Management Responsibility

The Management is responsible for implementing the Board’s framework, policies and procedures on risk and control by identifying, assessing monitoring and reporting risks and internal control; as well as taking proper actions to address the risks.

RISK MANAGEMENT REVIEW

The Board regards risk management as an integral part of business operations and continuously update and identify the various risk factors that could have a potentially significant impact on the Group’s mid to long term business objectives. Arising from this, a risk-based internal audit plan was developed and approved by the Audit Committee.

The Board was assisted by the Management Team in ensuring that there is an on-going and systematic risk management process undertaken to identify, assess and evaluate principal risks. The Management Team comprised the Executive Directors as well as Division Heads, Department Heads and Managers of the subsidiaries. The Management Team had identified and evaluated the significant risks faced by the Group against a defined risk appetite and ensured that appropriate risk treatments were established to mitigate those risks affecting the achievement of the Groups business objectives.

The Board throughout the current financial year, has also identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group’s operational efficiency and profitability at its Board meeting.

KEY RISK MANAGEMENT & INTERNAL CONTROL PROCESSES

Salient features of the framework of risk management and internal control system of the Group are as follows:

- Code of Ethics which sets out the principles to guide Directors’ and employees’ conduct to the highest standards of personal and corporate integrity;
- Fraud Policy which was established with the intention to promote consistent organisation behaviour by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations;
- Whistle Blowing Policy which outlines the Group’s commitment towards enabling the employees to raise concerns in a responsible manner regarding any wrongdoings or malpractices without being subject to victimization or discriminatory treatment, and to have such concerns properly investigated. All the disclosures made under the Policy will be handled with strict confidence. The Policy promotes a culture of honesty, openness and transparency within the Group;
- Anti-bribery and corruption Policy sets out the policies and procedures on the Group’s commitment to conduct its business in an honest, ethical, and transparent manner. The Group adopts a zero-tolerance approach towards bribery and corruption.
- Operating procedures that set out the policies, procedures and practices adopted in the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The operating procedures are regularly assessed, reviewed and revised to maintain their effectiveness and continue to support the Groups business activities;
- The Board has established a formal organizational structure with well-defined lines of reporting as well as a clear responsibility and accountability within the Group. The Group has also sets out roles and responsibilities, appropriate authority limits and a structured review and approval procedures in order to enhance the decision-making process and the internal control system of the Group;
- The main subsidiaries of the Group, namely Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Technologies (Dongguan) Co., Ltd. are ISO9001:2015, ISO14001:2015, and ISO45001 OH&S certified. With these certifications, annual surveillance audits are conducted by independent external ISO auditors particularly to ensure compliance with ISO procedures or manual;
- The Board meets regularly and is kept updated on the Group’s activities and operations and significant changes in the business and external environment, if any, which may result in significant risks;
- Financial results, which includes key performance indicators are reviewed quarterly by the Board and the Audit Committee;

KEY RISK MANAGEMENT & INTERNAL CONTROL PROCESSES (cont'd)

- Executive Directors are closely involved in the daily operations and are responsible for the business performance of the respective business. Executive Directors and Head of Departments meet regularly to discuss operational, corporate, financial and key management issues. Significant issues are brought to the attention of the Board; and
- Effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd (“KPMG MRC”). The internal audit engagement by KPMG MRC is headed by an Executive Director, namely, En. Mohd Khaidzir Shahari, who is a professional member of the ACMA, MIA, CGMA, CIA. He currently leads the Risk Consulting Practice in KPMG in Malaysia. He has accumulated more than 25 years of experience with extensive audit, accounting, quality assessment review, risk management engagements and consulting experience. He provides overall direction of the internal audit engagement and is responsible for all stages of the audit work and maintains contact with the management to ensure open communication is practised and all internal audit work is carried out effectively and on a timely manner.

All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

There was a total of 6 personnel which were deployed by KPMG for the internal audit work during the financial year ended December 31, 2023. All the personnel possess tertiary qualifications and the level of expertise and professionalism is as follows:

Expertise category	Percentage of total auditors
Bachelor degree	50%
Professional (ACCA, CPA, CIA, etc)	50%

The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practices Framework for Internal Auditing issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

The internal audit adopts a risk-based approach and prepares its audit plan based on the risk assessment and evaluation framework of the Group. The internal audit plan is reviewed and approved by the Audit Committee.

The internal audit reports were forwarded to the Management concerned for attention and necessary action and presented to the Audit Committee. The Management is responsible for ensuring that a written reply on action plan is sent to the Internal Auditors and corrective actions are taken.

KPMG reported to the Audit Committee that while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

CONCLUSION

The Board has received assurance from the Management, including the Managing Director and the Finance Manager, that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Company.

For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

In line with the guidance for directors on risk management and internal control stipulated in the ‘Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers’, the Board is satisfied that there is an ongoing and effective process for identifying, evaluating and managing the risk management and internal control of the Group to safeguard the Group's assets and stakeholders' interest.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the 2023 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement was approved by the Board on March 25, 2024.

FINANCIAL STATEMENTS



ISO 9001 QUALITY POLICY

Uchi Optoelectronic (M) Sdn Bhd believes that “Exceed Customers’ Expectations Through Continuous Improvement” is the key to sustain success in business.

Total customer satisfaction is our business priority. In line with this commitment, we provide:

Products and services which fully meeting interested parties expectations in a balance approach with on time and defect free delivery; and

Product and services improvement through employees training and development and implementation of Plan Do Check Action (PDCA) cycle.

Continuous commitment to implement ISO9001 Quality Management System and satisfy applicable requirements.

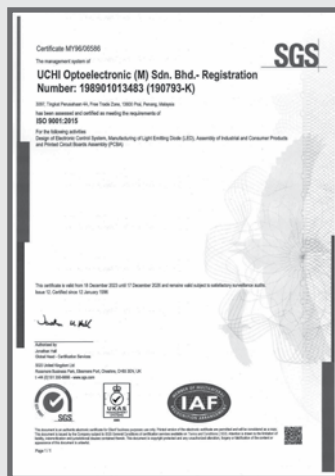
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宇琦光电（东莞）有限公司
ISO9001

质量方针：
满足顾客需求，持续不断改善

质量目标：
全部顾客满意是我们的首要目标



The directors of **UCHI TECHNOLOGIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The information on the name, principal activities, place of incorporation and percentage of issued share capital held by the Company in each subsidiary are as follows:

Name of companies	Principal activities	Place of incorporation	Percentage of issued share capital held by the Company
Uchi Electronic (M) Sdn. Bhd.	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination.	Malaysia	100%
Uchi Optoelectronic (M) Sdn. Bhd.	Design, research, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment, mixed signal control system for centrifuge or laboratory equipment, mixed signal microprocessor based application and system integration products.	Malaysia	100%
Uchi Technologies (Dongguan) Co., Ltd.	Design, research, development, manufacture and trading of electronic modules.	People's Republic of China	100%

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit for the year	135,231,028	159,110,688

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

During the financial year, the following interim tax exempt dividends and interim single-tier dividends were declared and paid by the Group and by the Company:

	RM
Second interim tax exempt dividend of 13 sen per ordinary share, in respect of financial year ended December 31, 2022, declared on April 13, 2023 and paid on May 26, 2023.	59,334,920
Special interim tax exempt dividend of 5 sen per ordinary share, in respect of financial year ended December 31, 2022, declared on April 13, 2023 and paid on May 26, 2023.	22,821,123
First interim single-tier dividend of 8 sen per ordinary share, in respect of financial year ended December 31, 2023, declared on August 25, 2023 and paid on September 27, 2023.	36,523,685

DIRECTORS' REPORT (cont'd)

DIVIDENDS (cont'd)

RM

Second interim single-tier dividend of 9 sen per ordinary share, in respect of financial year ended December 31, 2023, declared on November 24, 2023 and paid on December 28, 2023.

41,343,377

160,023,105

Subsequent to the financial year end, a third interim tax exempt dividend of 5 sen per ordinary share amounting to RM22,995,783 was proposed and declared on February 27, 2024 and payable on March 27, 2024 by the Group and by the Company in respect of the current financial year.

On February 27, 2024, the directors have also proposed a final single-tier dividend of 7.5 sen per ordinary share, in respect of the current financial year. The proposed single-tier dividend amounting to RM34,493,674 in respect of all ordinary shares in issue as of February 29, 2024 and has not been included as a liability in the financial statements. The dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividend has yet to be determined as of the date of this Directors' Report.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 457,994,659 ordinary shares to 461,730,659 ordinary shares by way of issuance of 3,736,000 new ordinary shares, amounting to RM7,168,120, for cash pursuant to the Employees' Share Options Scheme ("ESOS") of the Company at exercise prices ranging from RM1.57 to RM3.12 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

TREASURY SHARES

The Company has not repurchased or resold any treasury shares during the financial year.

EMPLOYEES' SHARE OPTIONS SCHEME

On November 8, 2016, the Company implemented an Employees' Share Options Scheme ("ESOS") for a period of 5 years. The Company had extended the ESOS for another period of 5 years commencing from November 8, 2021 on the same terms and conditions as mentioned in the ESOS By-Laws. The extended share options are exercisable at any time within the option period up to November 2026.

The principal features of the ESOS are as follows:

- (a) The total number of share options offered under the scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (b) Persons who are eligible to participate in the ESOS are all employees including directors of the Group who, as of the date of offer, are confirmed in writing of his/her employment in the Group.
- (c) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five preceding market days prior to the date of offer.

EMPLOYEES' SHARE OPTIONS SCHEME (cont'd)

- (d) The options granted may be exercised upon giving notice in writing to the Company within a period of 5 years from the date of offer of the option or such shorter period as may be specifically stated in the offer.
- (e) The new ordinary shares to be allotted upon any exercise of the ESOS shall upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends or distributions which may be declared prior to the allotment of these shares.

The share options granted and exercised during the financial year are as follows:

Granted on	Expiry date	Exercise price per ordinary share RM	No. of options over ordinary shares				Balance as of 31.12.2023
			Balance as of 1.1.2023	Granted	Exercised	Forfeited	
November 8, 2016	November 7, 2026	1.57	3,708,600	-	(2,596,800)	(167,600)	944,200
February 8, 2017	November 7, 2026	1.67	91,300	-	(75,900)	-	15,400
March 8, 2017	November 7, 2026	1.66	24,500	-	(24,500)	-	-
September 8, 2017	November 7, 2026	2.11	83,800	-	(2,400)	-	81,400
October 6, 2017	November 7, 2026	2.47	7,500	-	-	-	7,500
November 8, 2017	November 7, 2026	2.78	14,000	-	(14,000)	-	-
December 8, 2017	November 7, 2026	3.19	35,000	-	-	-	35,000
February 8, 2018	November 7, 2026	2.43	109,800	-	(71,000)	-	38,800
April 6, 2018	November 7, 2026	2.26	1,500	-	(1,500)	-	-
May 8, 2018	November 7, 2026	2.52	65,000	-	(35,000)	-	30,000
May 25, 2018	November 7, 2026	2.72	80,000	-	-	-	80,000
July 6, 2018	November 7, 2026	2.55	30,000	-	(30,000)	-	-
August 8, 2018	November 7, 2026	2.86	18,500	-	(18,500)	-	-
January 8, 2019	November 7, 2026	2.45	25,000	-	(25,000)	-	-
February 8, 2019	November 7, 2026	2.57	36,500	-	(30,500)	-	6,000
April 8, 2019	November 7, 2026	2.75	45,000	-	-	-	45,000
May 8, 2019	November 7, 2026	2.82	11,900	-	(7,400)	-	4,500
August 16, 2019	November 7, 2026	2.77	150,000	-	(116,000)	-	34,000
September 6, 2019	November 7, 2026	2.81	6,000	-	-	-	6,000
November 8, 2019	November 7, 2026	2.80	40,000	-	(40,000)	-	-
December 6, 2019	November 7, 2026	2.82	28,500	-	(16,500)	-	12,000
February 7, 2020	November 7, 2026	2.62	47,700	-	(19,700)	-	28,000
August 7, 2020	November 7, 2026	2.51	18,500	-	(18,500)	-	-
September 8, 2020	November 7, 2026	2.85	79,300	-	(79,300)	-	-
November 6, 2020	November 7, 2026	2.60	14,500	-	-	-	14,500
December 8, 2020	November 7, 2026	2.76	4,000	-	(4,000)	-	-
February 8, 2021	November 7, 2026	2.95	9,700	-	(4,000)	-	5,700
May 7, 2021	November 7, 2026	3.12	45,500	-	(45,500)	-	-
February 4, 2022	November 7, 2026	2.95	18,537,100	-	(370,000)	(730,000)	17,437,100
March 8, 2022	November 7, 2026	2.97	155,000	-	-	-	155,000
May 6, 2022	November 7, 2026	3.06	191,200	-	-	(36,200)	155,000
May 26, 2022	November 7, 2026	2.95	350,000	-	(90,000)	-	260,000
October 7, 2022	November 7, 2026	3.21	570,000	-	-	-	570,000
December 8, 2022	November 7, 2026	3.32	74,000	-	-	-	74,000
February 8, 2023	November 7, 2026	3.22	-	220,000	-	-	220,000
March 8, 2023	November 7, 2026	3.30	-	74,000	-	-	74,000
June 8, 2023	November 7, 2026	3.34	-	211,000	-	-	211,000
July 6, 2023	November 7, 2026	3.48	-	69,000	-	(15,000)	54,000
August 8, 2023	November 7, 2026	3.45	-	72,000	-	-	72,000
October 6, 2023	November 7, 2026	3.44	-	74,000	-	-	74,000
November 8, 2023	November 7, 2026	3.46	-	55,500	-	-	55,500
			<u>24,708,900</u>	<u>775,500</u>	<u>(3,736,000)</u>	<u>(948,800)</u>	<u>20,799,600</u>

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount of the bad debts written off or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Group and of the Company, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As of the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year, which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chin Yau Meng

Kao, De-Tsan also known as Ted Kao

Huang, Yen-Chang also known as Stanley Huang

Charlie Ong Chye Lee

Tan Boon Hoe

Lim Tian How

Han Chin Ling

DIRECTORS (cont'd)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Direct subsidiaries	Directors of the subsidiaries
Uchi Electronic (M) Sdn. Bhd.	Chin Yau Meng Kao, De-Tsan also known as Ted Kao Huang, Yen-Chang also known as Stanley Huang Eng Chiew Ming
Uchi Optoelectronic (M) Sdn. Bhd.	Chin Yau Meng Kao, De-Tsan also known as Ted Kao Huang, Yen-Chang also known as Stanley Huang Eng Chiew Ming
Uchi Technologies (Dongguan) Co., Ltd.	Huang, Yen-Chang also known as Stanley Huang Chin Yau Meng Eng Chiew Ming

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors as of end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	No. of ordinary shares			
	Balance as of 1.1.2023	Share options exercised	Sold	Balance as of 31.12.2023
Direct interest:				
Kao, De-Tsan also known as Ted Kao	2,905,000	190,000	-	3,095,000
Huang, Yen-Chang also known as Stanley Huang	382,470	297,200	-	679,670
Charlie Ong Chye Lee	995,900	100,000	-	1,095,900
Tan Boon Hoe	380,000	200,000	-	580,000
Chin Yau Meng	629,400	169,000	-	798,400
Lim Tian How	224,300	70,000	-	294,300
Han Chin Ling	10,000	90,000	-	100,000
Indirect interest:				
Kao, De-Tsan also known as Ted Kao ^(a)	86,778,696	-	-	86,778,696
Chin Yau Meng ^(b)	130,000	-	-	130,000

^(a) Deemed interest through Eastbow International Limited* and spouse.

^(b) Deemed interest through spouse.

*A company in which Mr. Kao, De-Tsan also known as Ted Kao has substantial interest and is a director.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

In addition to the above, the following directors are deemed to have an interest in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company:

	No. of option over ordinary shares			Balance as of 31.12.2023
	Balance as of 1.1.2023	Granted	Exercised	
Kao, De-Tsan also known as Ted Kao	1,435,000	-	(190,000)	1,245,000
Huang, Yen-Chang also known as Stanley Huang	1,276,200	-	(297,200)	979,000
Charlie Ong Chye Lee	400,000	-	(100,000)	300,000
Tan Boon Hoe	500,000	-	(200,000)	300,000
Chin Yau Meng	1,194,000	-	(169,000)	1,025,000
Lim Tian How	280,000	-	(70,000)	210,000
Han Chin Ling	350,000	-	(90,000)	260,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company or its related corporations as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from related corporations in their capacities as directors or executives of those related corporations.

Details of remuneration of the directors of the Group and of the Company are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive directors of the Company:				
Fee	157,200	157,200	157,200	157,200
Equity-settled share-based payments	222,397	255,690	155,359	178,616
Contributions to Employees' Provident Fund	250,240	231,878	25,200	114,120
Other emoluments	1,598,000	1,446,949	150,000	688,000
Non-executive directors of the Company:				
Fee	324,000	322,000	324,000	322,000
Equity-settled share-based payments	127,339	151,476	127,339	151,476
	2,679,176	2,565,193	939,098	1,611,412

DIRECTORS' BENEFITS (cont'd)

Details of remuneration of the directors of the Group and of the Company are as follows: (cont'd)

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive directors of a subsidiary:				
Fee	24,000	24,000	-	-
Equity-settled share-based payments	42,209	48,528	-	-
Contributions to Employees' Provident Fund	27,817	27,023	-	-
Other emoluments	230,882	224,721	-	-
	<u>324,908</u>	<u>324,272</u>	<u>-</u>	<u>-</u>
Total	<u>3,004,084</u>	<u>2,889,465</u>	<u>939,098</u>	<u>1,611,412</u>

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to the directors pursuant to the Company's ESOS as disclosed above.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year amounted to RM15,778.

There was no indemnity given to or insurance effected for officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2023, are RM148,386 and RM72,205, respectively.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

CHIN YAU MENG

KAO, DE-TSAN also known as TED KAO

Penang,

March 25, 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Uchi Technologies Berhad, which comprise the statements of financial position of the Group and of the Company as of December 31, 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 82 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD (cont'd)

(Incorporated in Malaysia)

Key Audit Matter (cont'd)

Key Audit Matter	How The Matter Was Addressed In The Audit
<p>Determination of income tax under pioneer status</p> <p>Uchi Optoelectronic (M) Sdn. Bhd. ("UO"), a subsidiary of the Company, has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act, 1986. Under this incentive, upon certain terms and conditions being fulfilled, 100% of the UO's statutory income derived from the design, development and manufacture of configurable presence and distance sensing time-of-flight (CPDS-ToF) module, will be exempted from income tax for a period of five years commencing from production day (the commencement date of the tax-free period). The request for determination of the production day has been submitted to MITI for approval in December 2023. The approval of MITI for the production day was obtained on March 19, 2024, subsequent to the end of current financial year. Based on the approval, the pioneer status period commenced from January 1, 2023 and will end on December 31, 2027</p> <p>Management exercises significant judgement in determining the status of fulfilment of the terms and conditions of the pioneer status granted to the Group in their assessment of current and deferred tax of the Group and believes that the current and deferred tax computation of the Group is appropriate with reference to the status of fulfillment of the pioneer status granted to the Group.</p> <p>The directors expect that the tax free period for abovementioned products should commence from January 2023. Accordingly, no income taxes and deferred tax was recognised in respect of the statutory income derived from the production of the abovementioned products during the financial year ended/as of December 31, 2023.</p> <p>The significant management judgement on income taxes is disclosed in Note 4 (a)(i) to the financial statements.</p> <p>The current and deferred tax of the Group are disclosed in Notes 9 and 16 to the financial statements.</p>	<p>We obtained an understanding of the terms and conditions of the pioneer status granted to UO.</p> <p>We evaluated management's assessment of determining the production day prior to the approval being obtained from MITI and read the letter from MITI on the approved production date received in March 2024 to support the commencement date of the pioneer status.</p> <p>We obtained and evaluated management's assessment of Group's fulfilment of those terms and conditions relating to the pioneer status granted to UO. Specifically, we assessed the current stage of fulfilment by UO of those terms and conditions with reference to audit enquiries and evidence obtained during audit of the financial statements of UO.</p> <p>We then evaluated the appropriateness of the current and deferred tax computations of the Group, which were prepared by management based on the status of the fulfilment of the terms and conditions of the pioneer status granted to UO.</p> <p>We also engaged our internal tax specialist to assist in evaluating the appropriateness of the provisional tax computation of the Group, which was prepared by management based on the status of the fulfilment of the terms and conditions of the pioneer status granted to UO. We have evaluated the work of the internal tax specialist on the provisional tax computation.</p> <p>We further assessed the appropriateness of the pioneer status disclosures in the financial statements of the Group.</p> <p>We obtained specific representations from management and the board of directors as to the matters above.</p>

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended December 31, 2023.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD (cont'd)

(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD (cont'd)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ALVIN CHANG SHU-WEI
Partner – 03480/01/2026 J
Chartered Accountant

Penang,

March 25, 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	The Group		The Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Revenue	5	242,515,767	214,319,730	161,424,433	141,754,435
Investment income	6	7,371,898	3,653,077	2,358,430	1,164,724
Other gains and losses	7	10,861,677	(196,666)	2,449	47
Raw materials consumed		(57,797,958)	(61,318,519)	-	-
Changes in inventories of finished goods and work-in-progress		(2,541,861)	1,235,895	-	-
Employee benefit expenses	8	(18,333,336)	(15,231,829)	(3,788,802)	(3,933,001)
Depreciation and amortisation expenses		(3,989,107)	(5,216,325)	-	-
Other expenses		(9,255,709)	(9,302,836)	(517,636)	(408,905)
Finance costs		-	(478)	-	-
Profit before tax		168,831,371	127,942,049	159,478,874	138,577,300
Tax expenses	9	(33,600,343)	(3,083,489)	(368,186)	(245,417)
Profit for the year attributable to owners of the Company	10	135,231,028	124,858,560	159,110,688	138,331,883
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		643,275	(1,063,371)	-	-
Total comprehensive income for the year, net of tax attributable to owners of the Company		135,874,303	123,795,189	159,110,688	138,331,883
Earnings per share	11				
Basic (sen per share)		29.62	27.54		
Diluted (sen per share)		29.42	27.36		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

	Note	The Group		The Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	12	32,897,669	33,647,788	-	-
Investment property	13	-	-	-	-
Right-of-use assets	14	4,429,960	4,546,682	-	-
Investments in subsidiaries	15	-	-	55,616,284	54,855,846
Deferred tax assets	16	488,681	277,106	348,000	172,000
Total non-current assets		37,816,310	38,471,576	55,964,284	55,027,846
Current assets					
Inventories	17	31,344,369	35,612,770	-	-
Trade and other receivables	18	16,715,605	14,312,081	101,905,182	98,837,711
Current tax assets		-	64,320	-	14,766
Other assets	19	1,863,994	2,023,445	2,000	2,000
Short-term deposits	20	151,689,286	210,344,005	31,542,692	82,005,085
Cash and bank balances	21	3,285,898	2,978,305	49,372	78,120
		204,899,152	265,334,926	133,499,246	180,937,682
Assets classified as held for sale	22	-	7,677,312	-	-
Total current assets		204,899,152	273,012,238	133,499,246	180,937,682
Total assets		242,715,462	311,483,814	189,463,530	235,965,528
Equity and liabilities					
Capital and reserves					
Share capital	23	89,791,534	82,623,414	89,791,534	82,623,414
Treasury shares	23	(3,295,223)	(3,295,223)	(3,295,223)	(3,295,223)
Reserves	24	14,569,464	12,603,533	12,810,184	11,487,528
Retained earnings	25	101,495,498	126,205,624	88,294,480	89,167,058
Total equity attributable to owners of the Company		202,561,273	218,137,348	187,600,975	179,982,777
Non-current liability					
Deferred tax liabilities	16	543,547	1,060,249	-	-
Current liabilities					
Trade and other payables	26	29,592,159	34,826,742	1,691,267	1,272,092
Dividend payable	29	-	54,710,659	-	54,710,659
Current tax liabilities		7,927,371	413,196	171,288	-
Other financial liabilities	27	286,573	70,234	-	-
Provision for rework and warranty	28	1,804,539	2,265,386	-	-
Total current liabilities		39,610,642	92,286,217	1,862,555	55,982,751
Total liabilities		40,154,189	93,346,466	1,862,555	55,982,751
Total equity and liabilities		242,715,462	311,483,814	189,463,530	235,965,528

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

The Group

	Share capital RM	Treasury shares RM	← Non-distributable →		Distributable	
			Equity-settled employee benefits reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM
Balance as of January 1, 2023	<u>82,623,414</u>	<u>(3,295,223)</u>	<u>4,709,882</u>	<u>7,893,651</u>	<u>126,205,624</u>	<u>218,137,348</u>
Profit for the year	-	-	-	-	135,231,028	135,231,028
Other comprehensive income for the year, net of income tax	-	-	-	643,275	-	643,275
Total comprehensive income for the year	-	-	-	643,275	135,231,028	135,874,303
Issue of ordinary shares under employees' share options scheme (Note 23)	7,168,120	-	-	-	-	7,168,120
Recognition of share-based payments	-	-	1,404,607	-	-	1,404,607
Share-based payments forfeited	-	-	(81,951)	-	81,951	-
Dividends (Note 29)	-	-	-	-	(160,023,105)	(160,023,105)
Balance as of December 31, 2023	<u>89,791,534</u>	<u>(3,295,223)</u>	<u>6,032,538</u>	<u>8,536,926</u>	<u>101,495,498</u>	<u>202,561,273</u>
Balance as of January 1, 2022	<u>77,063,781</u>	<u>(3,295,223)</u>	<u>3,080,975</u>	<u>8,957,022</u>	<u>105,866,961</u>	<u>191,673,516</u>
Profit for the year	-	-	-	-	124,858,560	124,858,560
Other comprehensive loss for the year, net of income tax	-	-	-	(1,063,371)	-	(1,063,371)
Total comprehensive income for the year	-	-	-	(1,063,371)	124,858,560	123,795,189
Issue of ordinary shares under employees' share options scheme (Note 23)	5,559,633	-	-	-	-	5,559,633
Recognition of share-based payments	-	-	1,645,968	-	-	1,645,968
Share-based payments forfeited	-	-	(17,061)	-	17,061	-
Dividends (Note 29)	-	-	-	-	(104,536,958)	(104,536,958)
Balance as of December 31, 2022	<u>82,623,414</u>	<u>(3,295,223)</u>	<u>4,709,882</u>	<u>7,893,651</u>	<u>126,205,624</u>	<u>218,137,348</u>

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2023

The Company

	Share capital RM	Treasury shares RM	← Non-distributable →		Distributable	Total RM
			Merger reserve RM	Equity-settled employee benefits reserve RM	Retained earnings RM	
Balance as of January 1, 2023	<u>82,623,414</u>	<u>(3,295,223)</u>	<u>6,777,646</u>	<u>4,709,882</u>	<u>89,167,058</u>	<u>179,982,777</u>
Profit for the year	-	-	-	-	159,110,688	159,110,688
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	<u>159,110,688</u>	<u>159,110,688</u>
Issue of ordinary shares under employees' share options scheme (Note 23)	7,168,120	-	-	-	-	7,168,120
Recognition of share-based payments:						
Recognised in profit or loss	-	-	-	602,057	-	602,057
Included in investments in subsidiaries	-	-	-	760,438	-	760,438
Share-based payments forfeited	-	-	-	(39,839)	39,839	-
Dividends (Note 29)	-	-	-	-	(160,023,105)	(160,023,105)
Balance as of December 31, 2023	<u>89,791,534</u>	<u>(3,295,223)</u>	<u>6,777,646</u>	<u>6,032,538</u>	<u>88,294,480</u>	<u>187,600,975</u>
Balance as of January 1, 2022	<u>77,063,781</u>	<u>(3,295,223)</u>	<u>6,777,646</u>	<u>3,080,975</u>	<u>55,371,638</u>	<u>138,998,817</u>
Profit for the year	-	-	-	-	138,331,883	138,331,883
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	<u>138,331,883</u>	<u>138,331,883</u>
Issue of ordinary shares under employees' share options scheme (Note 23)	5,559,633	-	-	-	-	5,559,633
Recognition of share-based payments:						
Recognised in profit or loss	-	-	-	715,168	-	715,168
Included in investments in subsidiaries	-	-	-	914,234	-	914,234
Share-based payments forfeited	-	-	-	(495)	495	-
Dividends (Note 29)	-	-	-	-	(104,536,958)	(104,536,958)
Balance as of December 31, 2022	<u>82,623,414</u>	<u>(3,295,223)</u>	<u>6,777,646</u>	<u>4,709,882</u>	<u>89,167,058</u>	<u>179,982,777</u>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit for the year	135,231,028	124,858,560	159,110,688	138,331,883
Adjustments for:				
Tax expenses recognised in profit or loss	33,600,343	3,083,489	368,186	245,417
Depreciation and amortisation of non-current assets	3,989,107	5,216,325	-	-
Equity-settled share-based payments	1,404,607	1,645,968	602,057	715,168
Unrealised loss on foreign exchange	966,443	607,249	12	12
Unrealised loss arising on financial assets designated as fair value through profit or loss	286,573	70,234	-	-
Impairment loss recognised on trade receivables	7,889	64,461	-	-
Property, plant and equipment written off	2,369	42,084	-	-
Gain on disposal of assets held for sale	(11,322,688)	-	-	-
Interest income recognised in profit or loss	(7,371,898)	(3,653,077)	(2,358,430)	(1,164,724)
Reversal of provision for rework and warranty no longer required	(257,708)	(482,879)	-	-
(Reversal of)/Provision for inventories written down	(133,261)	85,134	-	-
Gain on disposal of property, plant and equipment	(128,617)	(54,847)	-	-
Reversal of impairment loss on trade receivables	(64,461)	(89,426)	-	-
Gross dividend income from a subsidiary	-	-	(160,000,000)	(140,000,000)
Provision for rework and warranty	-	403,118	-	-
Finance costs	-	478	-	-
Gain on termination of leases	-	(1,113)	-	-
Operating cash flows before changes in working capital	156,209,726	131,795,758	(2,277,487)	(1,872,244)
Movements in working capital:				
Decrease/(Increase) in inventories	4,498,603	(9,795,910)	-	-
Increase in trade and other receivables	(3,534,050)	(2,548,388)	-	-
Decrease/(Increase) in other assets	160,114	446,077	-	(20)
(Decrease)/Increase in other financial liabilities	(70,234)	351,005	-	-
(Decrease)/Increase in trade and other payables	(5,093,959)	(407,092)	419,175	114,272
Cash from/(used in) operating activities	152,170,200	119,841,450	(1,858,312)	(1,757,992)
Income tax refunded	266,956	31,171	51,016	31,171
Income tax paid	(27,015,914)	(2,611,013)	(409,148)	(231,584)
Rework and warranty costs paid	(203,139)	(403,118)	-	-
Net cash from/(used in) operating activities	125,218,103	116,858,490	(2,216,444)	(1,958,405)
Cash flows from investing activities				
Proceeds from disposal of assets held for sale	19,000,000	-	-	-
Interest received	8,365,662	2,978,395	3,083,516	757,410
Proceeds from disposal of property, plant and equipment	209,900	54,850	-	-
Purchase of property, plant and equipment	(2,925,070)	(2,180,718)	-	-
Dividend received from a subsidiary	-	-	140,000,000	140,000,000
Repayment of advances from/(Net advances to) subsidiaries	-	-	16,207,443	(10,657,867)
Net cash from investing activities	24,650,492	852,527	159,290,959	130,099,543

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2023

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from financing activities				
Proceeds from issue of equity shares	7,168,120	5,559,633	7,168,120	5,559,633
Dividends paid to owners of the Company	(214,733,764)	(90,580,095)	(214,733,764)	(90,580,095)
Repayment of lease liabilities	-	(21,122)	-	-
Interest paid	-	(478)	-	-
Net cash used in financing activities	(207,565,644)	(85,042,062)	(207,565,644)	(85,020,462)
Net (decrease)/increase in cash and cash equivalents	(57,697,049)	32,668,955	(50,491,129)	43,120,676
Cash and cash equivalents as of the beginning of the year	213,322,310	181,855,595	82,083,205	38,962,541
Effects of exchange rate changes on the balances of cash held in foreign currencies	(650,077)	(1,202,240)	(12)	(12)
Cash and cash equivalents as of the end of the year (Note 30)	154,975,184	213,322,310	31,592,064	82,083,205

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding and providing management services. The information on the name, principal activities, place of incorporation and percentage of issued share capital held by the Company in each subsidiary is as disclosed in Note 15.

The registered office of the Company is located at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia.

The principal place of business of the Company is located at 3097, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Penang, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on March 25, 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of new and revised MFRSs

In the current year, the Group and the Company have applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2023.

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transactions
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of the above-mentioned amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application except as discussed below:

Changes in material accounting policies

The Group adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements.

International Tax Reform - Pillar Two Model Rules

The Amendments to MFRS 112 apply to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

International Tax Reform - Pillar Two Model Rules (cont'd)

The Group and the Company have applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes) issued on June 2, 2023. Accordingly, the Group and the Company neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group and the Company are currently assessing the impact to the financial statements upon adopting the above standards on the effective dates.

Revised standards in issue but not yet effective

The Group and the Company have not applied the following revised MFRS that have been issued but are not yet effective:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ^(a)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ^(a)
Amendments to MFRS 101	Non-current Liabilities with Covenants ^(a)
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ^(a)
Amendments to MFRS 121	Lack of Exchangeability ^(b)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(c)

^(a) Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

^(b) Effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

^(c) Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned standards will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these MFRSs will have no material impact on the financial statements of the Group and the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of accounting

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access as of the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

The principal accounting policies are set out below.

Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (a) has power over the investee;
- (b) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (c) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- (a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) potential voting rights held by the Company, other vote holders or other parties;
- (c) rights arising from other contractual arrangements; and
- (d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When the merger method is used, the cost of investment in the Company's books is recorded at cost. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit balance is adjusted against any suitable reserve. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the current and previous financial years.

The financial statements of all subsidiaries are consolidated under the merger method except for the financial statements of Uchi Technologies (Dongguan) Co., Ltd. which are consolidated under the acquisition method.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or a loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary as of the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements. Equity-settled share-based payments for options granted to employees of the subsidiaries during the year are included in the cost of investments in subsidiaries.

Revenue recognition

The Group recognises revenue from sales of goods. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(a) Sales of goods

The Group's sales of goods include design, research, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment, mixed signal control system for centrifuge or laboratory equipment, mixed signal microprocessor based application and system integration products.

For sales of goods, revenue is recognised when control of the goods has transferred to the customer depending on the shipping term agreed with its customers. The shipping term of the Group's sales comprise of Ex Works ("EXW"), Free Carrier ("FCA"), Cost, Insurance and Freight ("CIF"), and Free on Board ("FOB") terms. A receivable is recognised by the Group when the control of the goods is transferred as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

(b) Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Group and the Company make contributions to the Employees' Provident Fund ("EPF"), a defined contribution pension scheme for the operations in Malaysia.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**Employee benefits (cont'd)****(b) Defined contribution plans (cont'd)**

For the Group's operations in the People's Republic of China ("PRC"), pursuant to the relevant regulations in PRC, the subsidiary participates in a local municipal government retirement benefits scheme ("the Scheme"). The subsidiary is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits.

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Share-based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments as of the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. As of the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The Group and the Company have applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, which are described in Note 2, as provided in the International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*) issued on June 2, 2023. Accordingly, the Group and the Company neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Taxation (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, as of the end of the reporting period, to recover or to settle the carrying amount of their assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held and the effects of all dilutive potential ordinary shares.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Group and the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. As of the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- (a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;
- (b) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- (c) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Foreign currencies (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to RM using exchange rates prevailing as of the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Research and development expenses

Research and development expenses are charged to profit or loss in the period in which they are incurred.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at deemed costs, less any accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2.5% & 4.5%
Plant and machinery	9% - 50%
Fire-fighting and security system	12% & 18%
Air conditioning system	12% & 18%
Furniture and fittings	12% & 18%
Office equipment	12% - 50%
Electrical installation	9% & 10%
Motor vehicles	18% & 20%

The estimated useful lives, residual values and depreciation method are reviewed as of each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the first-in, first-out method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Provisions (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**Financial instruments (cont'd)****(a) Financial assets (cont'd)****(i) Amortised cost and effective interest method (cont'd)**

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “investment income” line item (Note 6).

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition of financial assets (cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(b) Financial liabilities and equity

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's and the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Company's own equity instruments.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(ii) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group and the Company exchange with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group and the Company account for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**Financial instruments (cont'd)****(c) Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 27.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Treasury shares

Where the Company reacquires its own equity share capital, the consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in statements of comprehensive income on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Segment information

For management purpose, the Group is organised into operating segments based on their business segment which is regularly reviewed by the Group's chief operation decision officer for the performance of the respective segments under their charge. The segment chief operations officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise of cash and bank balances, demand deposits, bank overdrafts and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Income taxes

The management exercises significant judgement in determining the status of fulfilment of the terms and conditions of the pioneer status granted to a subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. in their assessment of current and deferred tax of the Group. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details of the income tax are disclosed in Note 9.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

b) Key sources of estimation uncertainty

The key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2 to 40 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, the future depreciation charge could be revised.

(ii) Provision for rework and warranty

The Group will assess the provision made for estimated rework and warranty claims in respect of products sold which are still under warranty at the end of each reporting period. The Group estimates the related provision for future rework and warranty claims based on historical information of the cost incurred for the rework and warranty claims. Further details of the provision for rework and warranty are disclosed in Note 28.

5. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers:				
Sales of goods	242,515,767	214,319,730	-	-
Management fee	-	-	1,424,433	1,754,435
Revenue from other source:				
Dividend income from a subsidiary	-	-	160,000,000	140,000,000
	<u>242,515,767</u>	<u>214,319,730</u>	<u>161,424,433</u>	<u>141,754,435</u>

Disaggregation of the Group's and the Company's revenue from contracts with customers:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Segment revenue				
Sales of goods	242,515,767	214,319,730	-	-
Management fee	-	-	1,424,433	1,754,435
Timing of revenue recognition				
At a point in time				
Sales of goods	242,515,767	214,319,730	-	-
Management fee	-	-	1,424,433	1,754,435

6. INVESTMENT INCOME

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest income on short-term deposits	7,371,898	3,653,077	2,358,430	1,164,724

The following is an analysis of investment income by category of asset:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest income for financial assets not designated as at fair value through profit or loss:				
Financial assets measured at amortised cost (including cash and bank balances)	7,371,898	3,653,077	2,358,430	1,164,724

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Gain on disposal of assets held for sale	11,322,688	-	-	-
Gain on foreign exchange	2,562,787	4,115,354	35	47
Reversal of/(Provision for) inventories written down	133,261	(85,134)	-	-
Gain on disposal of property, plant and equipment	128,617	54,847	-	-
Reversal of impairment loss on trade receivables	64,461	89,426	-	-
Net loss arising from financial assets designated as at fair value through profit or loss	(4,611,792)	(5,293,041)	-	-
Impairment loss recognised on trade receivables	(7,889)	(64,461)	-	-
Property, plant and equipment written off	(2,369)	(42,084)	-	-
Gain on termination of leases	-	1,113	-	-
Others	1,271,913	1,027,314	2,414	-
	10,861,677	(196,666)	2,449	47

8. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Contributions to Employees' Provident Fund	1,363,909	1,359,941	180,408	322,159
Equity-settled share-based payments	1,404,607	1,645,968	602,058	715,168
Other employee benefits	15,564,820	12,225,920	3,006,336	2,895,674
Total employee benefit expenses	18,333,336	15,231,829	3,788,802	3,933,001

Other employee benefit expenses include directors' remuneration, salaries, bonuses, and all other employees related expenses.

Details of remuneration of the directors of the Group and of the Company are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive directors of the Company:				
Fee	157,200	157,200	157,200	157,200
Equity-settled share-based payments	222,397	255,690	155,359	178,616
Contributions to Employees' Provident Fund	250,240	231,878	25,200	114,120
Other emoluments	1,598,000	1,446,949	150,000	688,000
Non-executive directors of the Company:				
Fee	324,000	322,000	324,000	322,000
Equity-settled share-based payments	127,339	151,476	127,339	151,476
	2,679,176	2,565,193	939,098	1,611,412
Executive directors of a subsidiary:				
Fee	24,000	24,000	-	-
Equity-settled share-based payments	42,209	48,528	-	-
Contributions to Employees' Provident Fund	27,817	27,023	-	-
Other emoluments	230,882	224,721	-	-
	324,908	324,272	-	-
Total	3,004,084	2,889,465	939,098	1,611,412

Remuneration of executive directors, who are also the key management personnel of the Group and of the Company, are disclosed above.

9. TAX EXPENSES

Tax expenses recognised in profit or loss

Tax expenses comprise:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax expenses:				
Malaysian	34,274,390	3,179,435	544,204	259,166
Foreign	11,008	25,171	-	-
Deferred tax expenses:				
Relating to origination and reversal of temporary differences (Note 16)	(1,229,816)	21,224	(176,000)	-
Adjustments recognised in the current year in relation to prior year:				
Current tax	41,761	(33,341)	(18)	6,251
Deferred tax (Note 16)	503,000	(109,000)	-	(20,000)
Tax expenses	33,600,343	3,083,489	368,186	245,417

The tax expenses for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before tax	168,831,371	127,942,049	159,478,874	138,577,300
Tax expense calculated using the Malaysian statutory income tax rate of 24% (2022: 24%)	40,519,529	30,706,092	38,274,930	33,258,552
Effect of expenses that are not deductible in determining taxable profit	950,245	1,030,136	493,274	600,614
Effect of revenue that is exempted from taxation	(5,112,710)	(28,042,000)	-	-
Effect of income that is not taxable in determining taxable profit	(3,301,482)	(38,318)	(38,400,000)	(33,600,000)
Recognition of deferred tax not recognised on pioneer activity previously	-	(430,080)	-	-
	33,055,582	3,225,830	368,204	259,166
Adjustments recognised in the current year in relation to prior year:				
Current tax	41,761	(33,341)	(18)	6,251
Deferred tax (Note 16)	503,000	(109,000)	-	(20,000)
Tax expenses recognised in profit or loss	33,600,343	3,083,489	368,186	245,417

The Group is operating in the jurisdictions of Malaysia and the People's Republic of China. The applicable domestic statutory income tax rates are 24% (2022: 24%) for Malaysia and 25% (2022: 25%) for the People's Republic of China. The applicable tax rate of 24% (2022: 24%) used in the above numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

9. TAX EXPENSES (cont'd)

Tax expense recognised in other comprehensive income

	The Group	
	2023	2022
	RM	RM

Deferred tax

Translation of foreign operations	(1,461)	2,275
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A subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. (“UO”) was granted pioneer status by the Ministry of International Trade and Industry for the design, development and manufacture of real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipments. Under this incentive, upon certain terms and conditions being fulfilled, 100% of the UO’s statutory income derived from the design, development and manufacture of the abovementioned products was exempted from income tax for a period of five years commencing from January 1, 2018. The pioneer status period ended on December 31, 2022.

On January 9, 2023, UO was granted pioneer status by the Ministry of International Trade and Industry (“MITI”) for the design, development and manufacture of configurable presence and distance sensing time-of-flight (CPDS-ToF) module. Under this incentive, upon certain terms and conditions being fulfilled, 100% of the UO’s statutory income derived from the design, development and manufacture of the abovementioned product will be exempted from income tax for a period of five years commencing from production day (the commencement date of the tax-free period). The request for determination of the production day has been submitted to MITI for approval in December 2023. The approval of MITI for the production day was obtained on March 19, 2024, subsequent to the end of current financial year. Based on the approval, the pioneer status period commenced from January 1, 2023 and will end on December 31, 2027.

Management exercises significant judgement in determining the status of fulfilment of the terms and conditions of the pioneer status granted to the Group in their assessment of current and deferred tax of the Group and believes that the current and deferred tax computation of the Group is appropriate with reference to the status of fulfillment of the pioneer status granted to the Group.

The directors expect that the tax free period for abovementioned products should commence from January 2023. Accordingly, no income taxes and deferred tax was recognised in respect of the statutory income derived from the production of the abovementioned products during the financial year ended/ as of December 31, 2023.

As of December 31, 2023, the approximate amounts of unused reinvestment allowances of the Group which are available to be offset against future taxable income are as follows:

	The Group	
	2023	2022
	RM	RM
Unused tax losses [#]	35,000	35,000
Unused reinvestment allowances [*]	1,236,000	1,236,000

[#] The unused tax losses of RM35,000 will expire in the financial year ending December 31, 2031.

^{*} The unused reinvestment allowances of RM1,236,000 will expire in the financial year ending December 31, 2025.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
After charging:				
Depreciation of:				
Property, plant and equipment	3,802,607	4,867,409	-	-
Investment property	-	117,875	-	-
Research and development expenses:				
Employee benefit expenses	3,093,055	2,747,055	-	-
Loss arising from financial assets designated as at fair value through profit or loss:				
Realised	4,325,219	5,222,807	-	-
Unrealised	286,573	70,234	-	-
Unrealised loss on foreign exchange	966,443	607,249	12	12
Amortisation of right-of-use assets	186,500	231,041	-	-
Statutory audit fees:				
Deloitte PLT	138,000	120,000	72,205	61,655
Other auditors	10,386	10,325	-	-
Non-statutory audit fees:				
Deloitte PLT and its affiliates	67,010	19,010	19,810	5,810
Provision for rework and warranty*	-	403,118	-	-
Interest expense on lease liabilities	-	478	-	-
And crediting:				
Realised gain on foreign exchange	3,529,230	4,722,603	47	59
Reversal of provision for rework and warranty no longer required*	257,708	482,879	-	-

* Included in other expenses

11. EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	The Group	
	2023	2022
Profit for the year attributable to owners of the Company (RM)	<u>135,231,028</u>	<u>124,858,560</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	<u>456,579,902</u>	<u>453,386,490</u>
Basic earnings per share (sen)	<u>29.62</u>	<u>27.54</u>

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	The Group	
	2023	2022
	RM	RM
Profit for the year attributable to owners of the Company	<u>135,231,028</u>	<u>124,858,560</u>

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	The Group	
	2023	2022
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	<u>456,579,902</u>	<u>453,386,490</u>
Shares deemed to be issued for no consideration in respect of employees' share options (unit)	<u>3,143,677</u>	<u>3,024,250</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	<u>459,723,579</u>	<u>456,410,740</u>
Diluted earnings per share (sen)	<u>29.42</u>	<u>27.36</u>

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	The Group	
	2023	2022
	Unit	Unit
Weighted average number of unissued shares in respect of employees' share options	<u>917</u>	<u>4,565</u>

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RM	Plant and machinery RM	Fire-fighting and security system RM	Air conditioning system RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Total RM
Cost									
Balance as of January 1, 2023	41,738,080	34,954,060	1,740,000	3,750,584	1,202,852	4,364,052	5,714,686	1,392,619	94,856,933
Additions	438,098	1,040,493	-	-	188,704	259,037	11,111	987,627	2,925,070
Disposals/Write-off	-	(77,104)	-	(9,255)	(7,324)	(46,049)	(150,775)	(468,660)	(759,167)
Currency translation differences	394,776	69,201	13,402	22,855	2,559	14,228	66,707	4,372	588,100
Balance as of December 31, 2023	42,570,954	35,986,650	1,753,402	3,764,184	1,386,791	4,591,268	5,641,729	1,915,958	97,610,936
Balance as of January 1, 2022	42,389,195	35,671,969	1,762,160	3,758,652	1,157,370	4,163,605	5,113,517	1,543,445	95,559,913
Additions	-	1,161,286	-	31,348	49,713	229,917	708,454	-	2,180,718
Disposals/Write-off	-	(1,768,009)	-	(1,755)	-	(6,100)	-	(143,599)	(1,919,463)
Currency translation differences	(651,115)	(111,186)	(22,160)	(37,661)	(4,231)	(23,370)	(107,285)	(7,227)	(964,235)
Balance as of December 31, 2022	41,738,080	34,954,060	1,740,000	3,750,584	1,202,852	4,364,052	5,714,686	1,392,619	94,856,933

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group

	Buildings RM	Plant and machinery RM	Fire-fighting and security system RM	Air conditioning system RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Total RM
Accumulated depreciation									
Balance as of January 1, 2023	17,751,139	27,676,790	1,668,091	3,606,666	1,122,474	3,560,572	4,718,405	1,105,008	61,209,145
Charge for the year	1,516,259	1,861,829	1,845	6,765	17,531	168,069	75,480	154,829	3,802,607
Disposals/Write-off	-	(75,277)	-	(9,253)	(7,060)	(45,779)	(150,768)	(387,378)	(675,515)
Currency translation differences	240,204	39,158	12,022	20,104	2,207	12,076	47,325	3,934	377,030
Balance as of December 31, 2023	19,507,602	29,502,500	1,681,958	3,624,282	1,135,152	3,694,938	4,690,442	876,393	64,713,267
Balance as of January 1, 2022	16,617,788	26,792,254	1,685,991	3,637,017	1,113,404	3,299,801	4,558,886	1,122,536	58,827,677
Charge for the year	1,518,897	2,673,056	1,970	4,584	12,704	286,610	237,018	132,570	4,867,409
Disposals/Write-off	-	(1,725,927)	-	(1,754)	-	(6,098)	-	(143,597)	(1,877,376)
Currency translation differences	(385,546)	(62,593)	(19,870)	(33,181)	(3,634)	(19,741)	(77,499)	(6,501)	(608,565)
Balance as of December 31, 2022	17,751,139	27,676,790	1,668,091	3,606,666	1,122,474	3,560,572	4,718,405	1,105,008	61,209,145
Net carrying amount									
Balance as of December 31, 2023	23,063,352	6,484,150	71,444	139,902	251,639	896,330	951,287	1,039,565	32,897,669
Balance as of December 31, 2022	23,986,941	7,277,270	71,909	143,918	80,378	803,480	996,281	287,611	33,647,788

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company

	Furniture and fittings RM	Office equipment RM	Total RM
Cost			
Balance as of January 1, 2023	5,825	89,083	94,908
Disposals/Write-off	-	(28,103)	(28,103)
Balance as of December 31, 2023	5,825	60,980	66,805
Balance as of January 1, 2022/December 31, 2022	5,825	89,083	94,908
Accumulated depreciation			
Balance as of January 1, 2023	5,825	89,083	94,908
Disposals/Write-off	-	(28,103)	(28,103)
Balance as of December 31, 2023	5,825	60,980	66,805
Balance as of January 1, 2022/December 31, 2022	5,825	89,083	94,908
Net carrying amount			
Balance as of December 31, 2023	-	-	-
Balance as of December 31, 2022	-	-	-

13. INVESTMENT PROPERTY

	The Group	
	2023 RM	2022 RM
At cost		
Balance as of beginning of the year	-	9,429,858
Transfer to assets classified as held for sale (Note 22)	-	(9,429,858)
Balance as of end of the year	-	-
Accumulated depreciation		
Balance as of beginning of the year	-	(2,958,631)
Depreciation for the year (Note 10)	-	(117,875)
Transfer to assets classified as held for sale (Note 22)	-	3,076,506
Balance as of end of the year	-	-
Net carrying amount		
	-	-

The Group's investment property, comprising building, is held under leasehold interest.

14. RIGHT-OF-USE ASSETS

The Group

	Leasehold land RM	Buildings RM	Total RM
2023:			
Cost			
As of January 1	6,853,902	-	6,853,902
Currency translation difference	107,238	-	107,238
As of December 31	<u>6,961,140</u>	<u>-</u>	<u>6,961,140</u>
Accumulated amortisation			
As of January 1	2,307,220	-	2,307,220
Charge for the year	186,500	-	186,500
Currency translation difference	37,460	-	37,460
As of December 31	<u>2,531,180</u>	<u>-</u>	<u>2,531,180</u>
Net carrying amount			
As of December 31	<u>4,429,960</u>	<u>-</u>	<u>4,429,960</u>
2022:			
Cost			
As of January 1	9,480,523	92,901	9,573,424
Transfer to assets classified as held for sale (Note 22)	(2,455,000)	-	(2,455,000)
Terminations	-	(56,773)	(56,773)
Write-off	-	(36,128)	(36,128)
Currency translation difference	(171,621)	-	(171,621)
As of December 31	<u>6,853,902</u>	<u>-</u>	<u>6,853,902</u>
Accumulated amortisation			
As of January 1	3,281,149	46,450	3,327,599
Charge for the year	212,009	19,032	231,041
Transfer to assets classified as held for sale (Note 22)	(1,131,040)	-	(1,131,040)
Terminations	-	(29,354)	(29,354)
Write off	-	(36,128)	(36,128)
Currency translation difference	(54,898)	-	(54,898)
As of December 31	<u>2,307,220</u>	<u>-</u>	<u>2,307,220</u>
Net carrying amount			
As of December 31	<u>4,546,682</u>	<u>-</u>	<u>4,546,682</u>

The average lease term for land are 27 and 31 years (2022: 28 and 32 years).

The Group and the Company lease certain office equipment such as water dispensers and photocopy machines, which qualify as low-value assets. The Group and the Company have elected to apply the recognition exemption and thus, did not recognise right-of-use assets and lease liabilities for these leases.

15. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023	2022
	RM	RM
Unquoted equity shares, at cost	60,037,084	59,276,646
Less: Accumulated impairment losses	(4,420,800)	(4,420,800)
	55,616,284	54,855,846

Included in the cost of investments in subsidiaries during the year is a charge of RM760,438 (2022: RM914,234) representing the recognition of equity-settled share-based payments for share options granted to subsidiaries' employees to acquire ordinary shares of the Company.

Management reviews the investment in subsidiary companies for impairment when there is an indication of impairment. Recoverable amounts of the investment in subsidiary companies are assessed by reference to the fair value less cost of disposal of the underlying assets of the respective subsidiary companies.

An impairment loss of RM4,420,800 was recognised in the several financial years ago to bring the carrying amount to the recoverable amount due to decline in operations of a subsidiary company.

Details of the Company's subsidiaries as of the end of the reporting period are as follows:

Direct subsidiaries	Principal activities	Place of incorporation	Proportion of ownership interest	
			2023	2022
Uchi Electronic (M) Sdn. Bhd.^	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination.	Malaysia	100%	100%
Uchi Optoelectronic (M) Sdn. Bhd.^	Design, research, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment, mixed signal control system for centrifuge or laboratory equipment, mixed signal microprocessor based application and system integration products.	Malaysia	100%	100%
Uchi Technologies (Dongguan) Co., Ltd.*#	Design, research, development, manufacture and trading of electronic modules.	People's Republic of China	100%	100%

^ Audited by Deloitte PLT.

* Audited by Deloitte PLT for forming audit opinion on consolidated financial statements purposes only.

The financial statements of the subsidiary is audited by auditors other than auditors of the Company.

16. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax balances are presented in the statements of financial position as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax assets	488,681	277,106	348,000	172,000
Deferred tax liabilities	(543,547)	(1,060,249)	-	-
	<u>(54,866)</u>	<u>(783,143)</u>	<u>348,000</u>	<u>172,000</u>

Movement in deferred tax assets/(liabilities) is as follows:

The Group

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	RM	(Note 9) RM	(Note 9) RM	RM
2023:				
Deferred tax assets				
Provision for rework and warranty	544,000	(52,000)	-	492,000
Accrued expenses	199,700	195,000	-	394,700
Inventories	70,276	(24,886)	143	45,533
Unused tax losses	8,300	-	-	8,300
Others	1,916,830	(88,000)	1,318	1,830,148
	<u>2,739,106</u>	<u>30,114</u>	<u>1,461</u>	<u>2,770,681</u>
Deferred tax liabilities				
Property, plant and equipment	(3,106,793)	671,000	-	(2,435,793)
Gain on revaluation of properties	(415,456)	25,702	-	(389,754)
	<u>(3,522,249)</u>	<u>696,702</u>	<u>-</u>	<u>(2,825,547)</u>
Net	<u>(783,143)</u>	<u>726,816</u>	<u>1,461</u>	<u>(54,866)</u>

16. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The Group

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Recognised in other comprehensive income (Note 9) RM	Closing balance RM
2022:				
Deferred tax assets				
Provision for rework and warranty	79,000	465,000	-	544,000
Accrued expenses	168,700	31,000	-	199,700
Inventories	4,297	66,074	(95)	70,276
Unused tax losses	8,300	-	-	8,300
Others	291,010	1,628,000	(2,180)	1,916,830
	<u>551,307</u>	<u>2,190,074</u>	<u>(2,275)</u>	<u>2,739,106</u>
Deferred tax liabilities				
Property, plant and equipment	(978,793)	(2,128,000)	-	(3,106,793)
Gain on revaluation of properties	(441,158)	25,702	-	(415,456)
	<u>(1,419,951)</u>	<u>(2,102,298)</u>	<u>-</u>	<u>(3,522,249)</u>
Net	<u>(868,644)</u>	<u>87,776</u>	<u>(2,275)</u>	<u>(783,143)</u>

The Company

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Closing balance RM
2023:			
Deferred tax asset			
Accrued expenses	<u>172,000</u>	<u>176,000</u>	<u>348,000</u>
2022:			
Deferred tax asset			
Accrued expenses	<u>152,000</u>	<u>20,000</u>	<u>172,000</u>

16. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

In prior year, deferred tax assets have been recognised accordingly upon the expiration of the pioneer status.

	The Group	
	2023	2022
	RM	RM
Gross amount of temporary differences arising from:		
Accrued expenses	-	8,996,000
Property, plant and equipment	-	(10,482,000)
Provision for rework and warranty	-	2,593,000
Inventories	-	138,000
Others	-	547,000
	<u>-</u>	<u>1,792,000</u>
Net	<u>-</u>	<u>1,792,000</u>

17. INVENTORIES

	The Group	
	2023	2022
	RM	RM
At cost:		
Raw materials	23,702,082	26,295,848
Work-in-progress	2,126,273	4,130,458
Finished goods	3,059,396	3,557,403
Goods-in-transit:		
Raw materials	2,456,618	1,629,061
	<u>31,344,369</u>	<u>35,612,770</u>

The cost of inventories recognised as an expense during the financial year is RM60,339,819 (2022: RM60,082,624).

The cost of inventories recognised as an income included RM133,261 in respect of reversal of inventories written down to net realisable value during the financial year and an expense included RM85,134 in respect of write-down of inventories to net realisable value in prior year.

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade receivables	16,063,053	11,761,491	-	-
Less: Loss allowance	(7,889)	(461,283)	-	-
	16,055,164	11,300,208	-	-
Amount owing by subsidiaries	-	-	101,849,014	98,056,457
Interest receivable	658,454	1,652,219	56,168	781,254
Other receivables	1,987	1,359,654	-	-
	16,715,605	14,312,081	101,905,182	98,837,711

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
United States Dollar	16,321,728	11,783,884	-	-
Ringgit Malaysia	393,877	2,528,197	101,905,182	98,837,711
	16,715,605	14,312,081	101,905,182	98,837,711

The average credit periods granted to trade receivables on sale of goods range from 21 to 60 days (2022: 21 to 60 days). No interest is charged on the outstanding balance of trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“ECL”). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

18. TRADE AND OTHER RECEIVABLES (cont'd)

Ageing analysis of trade receivables:

	The Group	
	2023	2022
	RM	RM
Neither past due nor impaired	13,704,536	8,147,313
1 to 30 days past due but not impaired	2,127,380	3,096,564
31 to 60 days past due but not impaired	221,598	-
61 to 90 days past due but not impaired	-	56,331
More than 120 days	1,650	-
	2,350,628	3,152,895
Impaired	7,889	461,283
Total	16,063,053	11,761,491

Movement in the allowance for doubtful debts:

	The Group	
	2023	2022
	RM	RM
Balance at beginning of the year	461,283	486,248
Impairment loss recognised	7,889	64,461
Reversal of impairment loss no longer required	(64,461)	(89,426)
Written off	(396,822)	-
Balance at end of the year	7,889	461,283

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The allowance for doubtful debts on trade receivables are made for individually impaired receivables relating to dispute over quality issues on products sold. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables:

	The Group	
	2023	2022
	RM	RM
1 to 30 days	-	11,868
31 to 60 days	7,889	-
61 to 90 days	-	52,593
More than 120 days	-	396,822
Total	7,889	461,283

18. TRADE AND OTHER RECEIVABLES (cont'd)

The amount owing by subsidiaries are as follows:

	The Company	
	2023	2022
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	101,841,317	98,046,855
Uchi Electronic (M) Sdn. Bhd.	7,697	9,602
Total	101,849,014	98,056,457

The amount owing by subsidiaries arose mainly from dividend and advances which are unsecured, interest free and are repayable on demand.

Included in amount owing by subsidiaries is dividend receivable amounting to RM20,000,000 (2022: Nil).

19. OTHER ASSETS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Prepayments	1,753,019	1,914,280	-	-
Deposits	110,975	109,165	2,000	2,000
	1,863,994	2,023,445	2,000	2,000

20. SHORT-TERM DEPOSITS

The currency exposure profile of short-term deposits is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	74,574,526	140,286,068	31,542,692	82,005,085
United States Dollar	64,823,660	61,179,137	-	-
Chinese Renminbi	12,291,100	8,878,800	-	-
	151,689,286	210,344,005	31,542,692	82,005,085

The short-term deposits of the Group earn interest at rates ranging from 1.69% to 5.80% (2022: 1.65% to 4.75%) per annum and have maturity periods ranging between 1 to 12 months (2022: 1 to 12 months).

The short-term deposits of the Company earn interest at rates ranging from 3.82% to 4.00% (2022: 2.28% to 3.73%) per annum and have maturity periods ranging between 3 to 6 months (2022: 3 to 11 months).

21. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Chinese Renminbi	1,962,852	1,396,076	-	-
Ringgit Malaysia	1,192,075	1,404,580	48,460	77,239
United States Dollar	118,500	166,795	912	881
Euro	9,592	9,261	-	-
Swiss Franc	1,143	1,004	-	-
Other foreign currencies	1,736	589	-	-
	3,285,898	2,978,305	49,372	78,120

22. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2023	2022
	RM	RM
Leasehold land and building		
As of beginning of the year	7,677,312	-
Disposals	(7,677,312)	-
Transfer from investment property during the year (Note 13)	-	6,353,352
Transfer from right-of-use assets during the year (Note 14)	-	1,323,960
As of end of the year	-	7,677,312

In prior year, Uchi Optoelectronic (M) Sdn. Bhd. ("UO"), a subsidiary of the Company, has entered into a Sale and Purchase Agreement with an external party for the disposal of a piece of leasehold land together with factory building and structure erected thereon for an agreed total consideration of RM19,000,000. Included in the Group's other payables as of December 31, 2022, which are described in Note 26, is deposit amounting to RM1,330,000 received for the disposal of assets classified as held for sale. On March 27, 2023, the balance of RM17,100,000 (after deducting Real Property Gains Tax) has been received and the sale has been completed.

23. SHARE CAPITAL

	The Group and the Company			
	2023		2022	
	No. of shares	RM	No. of shares	RM
Issued and fully paid:				
Ordinary shares:				
As of beginning of the year	457,994,659	82,623,414	454,892,459	77,063,781
Issue of shares pursuant to Employees' Share Options Scheme ("ESOS")	3,736,000	7,168,120	3,102,200	5,559,633
As of end of the year	461,730,659	89,791,534	457,994,659	82,623,414

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 457,994,659 ordinary shares to 461,730,659 ordinary shares by way of issuance of 3,736,000 new ordinary shares, amounting to RM7,168,120, for cash pursuant to the Employees' Share Options Scheme ("ESOS") of the Company at exercise prices ranging from RM1.57 to RM3.12 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

As of December 31, 2023, out of the total number of 461,730,659 (2022: 457,994,659) ordinary shares issued and paid-up, 2,072,500 (2022: 2,072,500) are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid is 459,658,159 (2022: 455,922,159).

Subsequent to year end, the following share options to subscribe for ordinary shares offered under ESOS scheme were granted to employees:

Options series	Expiry date	Fair value at grant date RM	Exercise price RM	Number
The Group and the Company				
Granted on:				
January 8, 2024	November 7, 2026	0.1428	3.67	55,500
February 8, 2024	November 7, 2026	0.1623	3.88	164,100
March 8, 2024	November 7, 2026	0.1102	3.95	170,600
				<u>390,200</u>

24. RESERVES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable reserves:				
Equity-settled employee benefits reserve	6,032,538	4,709,882	6,032,538	4,709,882
Foreign currency translation reserve	8,536,926	7,893,651	-	-
Merger reserve	-	-	6,777,646	6,777,646
	14,569,464	12,603,533	12,810,184	11,487,528

The equity-settled employee benefits reserve relates to share options granted by the Company to employees under the employees' share options scheme.

On November 8, 2016, the Company implemented an Employees' Share Options Scheme ("ESOS") for a period of 5 years. In prior year, the Company had extended the ESOS for another period of 5 years commencing from November 8, 2021 on the same terms and conditions as mentioned in the ESOS By-Laws. The extended share options are exercisable at any time within the option period up to November 2026.

The principal features of the ESOS are as follows:

- The total number of shares offered under the ESOS scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- Persons who are eligible to participate in the ESOS are all employees including directors of the Group who as of the date of offer are confirmed in writing of his/her employment in the Group.
- The option price shall be determined at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five preceding market days prior to the date of offer.
- The options granted may be exercised upon giving notice in writing to the Company within a period of 5 years from the date of offer of the option or such shorter period as may be specifically stated in the offer.
- The new ordinary shares to be allotted upon any exercise of the ESOS shall upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends or distributions which may be declared prior to the allotment of these shares.

Share options are conditional on the employee's confirmation of service. The share options are exercisable in a staggered basis within the period of 5 years and have a contractual term of five years. The Group and the Company have no legal or constructive obligation to repurchase or to settle the share options in cash.

The persons to whom the share options have been granted have no right to participate by virtue of the share options in any share options of any other companies in the Group.

24. RESERVES (cont'd)

The following share based payments arrangements were in existence as of the end of the reporting period:

Options series	Expiry date	Fair value at grant date RM	Exercise price RM	Number
The Group				
Granted on:				
November 8, 2016	November 7, 2026	0.1963	1.57	944,200
February 8, 2017	November 7, 2026	0.1716	1.67	15,400
September 8, 2017	November 7, 2026	0.3305	2.11	81,400
October 6, 2017	November 7, 2026	0.3724	2.47	7,500
December 8, 2017	November 7, 2026	0.3359	3.19	35,000
February 8, 2018	November 7, 2026	0.3900	2.43	38,800
May 8, 2018	November 7, 2026	0.4608	2.52	30,000
May 25, 2018	November 7, 2026	0.3498	2.72	80,000
February 8, 2019	November 7, 2026	0.2553	2.57	6,000
April 8, 2019	November 7, 2026	0.2823	2.75	45,000
May 8, 2019	November 7, 2026	0.2439	2.82	4,500
August 16, 2019	November 7, 2026	0.2722	2.77	34,000
September 6, 2019	November 7, 2026	0.2813	2.81	6,000
December 6, 2019	November 7, 2026	0.1817	2.82	12,000
February 7, 2020	November 7, 2026	0.1322	2.62	28,000
November 6, 2020	November 7, 2026	0.0092	2.60	14,500
February 8, 2021	November 7, 2026	0.0180	2.95	5,700
February 4, 2022	November 7, 2026	0.2402	2.95	17,437,100
March 8, 2022	November 7, 2026	0.2001	2.97	155,000
May 6, 2022	November 7, 2026	0.1913	3.06	155,000
May 26, 2022	November 7, 2026	0.3198	2.95	260,000
October 7, 2022	November 7, 2026	0.2743	3.21	570,000
December 8, 2022	November 7, 2026	0.2548	3.32	74,000
February 8, 2023	November 7, 2026	0.0993	3.22	220,000
March 8, 2023	November 7, 2026	0.0960	3.30	74,000
June 8, 2023	November 7, 2026	0.0902	3.34	211,000
July 6, 2023	November 7, 2026	0.0792	3.48	54,000
August 8, 2023	November 7, 2026	0.0892	3.45	72,000
October 6, 2023	November 7, 2026	0.0642	3.44	74,000
November 8, 2023	November 7, 2026	0.0744	3.46	55,500
				20,799,600

The weighted average fair value of the share options granted during the financial year is RM0.0356 (2022: RM0.0821). Options were priced using the binominal option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 1¼ years.

24. RESERVES (cont'd)

Options series	Inputs into the model					
	Grant date share price	Exercise price	Expected volatility	Option life	Dividend yield	Risk free interest rate
	RM	RM				

The Group

2023:

Granted on:

February 8, 2023	3.21	3.22	14.63%	4 year	8%	3.57%
March 8, 2023	3.29	3.30	14.63%	4 year	8%	3.57%
June 8, 2023	3.34	3.34	14.63%	4 year	9%	3.57%
July 6, 2023	3.44	3.48	14.63%	4 year	9%	3.57%
August 8, 2023	3.45	3.45	14.63%	4 year	9%	3.57%
October 6, 2023	3.43	3.44	14.63%	4 year	11%	3.57%
November 8, 2023	3.47	3.46	14.63%	3 year	11%	3.57%

2022:

Granted on:

February 4, 2022	2.99	2.95	24.00%	5 year	7%	3.33%
March 8, 2022	2.91	2.97	24.00%	5 year	7%	3.33%
May 6, 2022	2.95	3.06	24.00%	5 year	7%	3.33%
May 26, 2022	3.09	2.95	24.00%	5 year	6%	3.33%
October 7, 2022	3.22	3.21	24.00%	5 year	6%	3.33%
December 8, 2022	3.34	3.32	24.00%	5 year	6%	3.33%

The following reconciles the share options outstanding as of the beginning and end of the year:

	The Group			
	2023		2022	
	Number of options	Weighted average exercise price RM	Number of options	Weighted average exercise price RM
Balance as of beginning of the year	24,708,900	2.73	7,923,900	1.79
Granted during the year	775,500	3.34	20,960,800	2.96
Exercised during the year	(3,736,000)	1.92	(3,102,200)	1.79
Forfeited during the year	(948,800)	2.72	(1,073,600)	2.90
Balance as of end of the year	20,799,600	2.90	24,708,900	2.73

24. RESERVES (cont'd)

The following share options were exercised during the financial year:

	Number exercised 2023	Exercise date	Exercise price RM
The Group			
Granted on:			
November 8, 2016	46,400	January 20, 2023	1.57
November 8, 2016	9,400	February 23, 2023	1.57
February 8, 2017	4,000	February 23, 2023	1.67
November 8, 2016	11,200	March 23, 2023	1.57
February 8, 2017	2,800	March 23, 2023	1.67
November 8, 2016	182,000	April 27, 2023	1.57
February 8, 2017	4,000	April 27, 2023	1.67
May 8, 2018	35,000	April 27, 2023	2.52
August 8, 2018	6,000	April 27, 2023	2.86
February 8, 2019	2,000	April 27, 2023	2.57
August 16, 2019	10,000	April 27, 2023	2.77
November 8, 2019	17,500	April 27, 2023	2.80
February 4, 2022	170,000	April 27, 2023	2.95
November 8, 2016	10,000	July 26, 2023	1.57
February 8, 2018	36,000	July 26, 2023	2.43
November 8, 2016	77,600	August 23, 2023	1.57
November 8, 2016	31,000	September 29, 2023	1.57
February 8, 2017	4,000	September 29, 2023	1.67
November 8, 2016	29,400	October 23, 2023	1.57
November 8, 2016	2,036,800	December 1, 2023	1.57
February 8, 2017	55,600	December 1, 2023	1.67
March 8, 2017	24,500	December 1, 2023	1.66
September 8, 2017	2,400	December 1, 2023	2.11
November 8, 2017	14,000	December 1, 2023	2.78
February 8, 2018	31,000	December 1, 2023	2.43
April 6, 2018	1,500	December 1, 2023	2.26
July 6, 2018	30,000	December 1, 2023	2.55
January 8, 2019	25,000	December 1, 2023	2.45
February 8, 2019	28,500	December 1, 2023	2.57
May 8, 2019	7,400	December 1, 2023	2.82
August 16, 2019	106,000	December 1, 2023	2.77
November 8, 2019	17,500	December 1, 2023	2.80
December 6, 2019	16,500	December 1, 2023	2.62
February 7, 2020	13,100	December 1, 2023	2.95
August 7, 2020	18,500	December 1, 2023	2.51
September 8, 2020	79,300	December 1, 2023	2.85
December 8, 2020	4,000	December 1, 2023	2.76
February 8, 2021	4,000	December 1, 2023	2.95
May 7, 2021	45,500	December 1, 2023	3.12
February 4, 2022	200,000	December 1, 2023	2.95
May 26, 2022	90,000	December 1, 2023	2.95
November 8, 2016	163,000	December 27, 2023	1.57
February 8, 2017	5,500	December 27, 2023	1.67
February 8, 2018	16,500	December 27, 2023	2.43
November 8, 2018	5,000	December 27, 2023	2.80
February 7, 2020	6,600	December 27, 2023	2.95
	<u>3,736,000</u>		

24. RESERVES (cont'd)

Out of the outstanding share options, share options to subscribe for 8,671,150 (2022: 8,674,000) ordinary shares under the ESOS scheme were exercisable as of the end of the year.

The share options outstanding as of year end had exercise prices ranging from RM1.57 to RM3.48 (2022: RM1.57 to RM3.42), and a weighted average remaining contractual life of 3 to 4 years (2022: 5 years). The share options to subscribe for 20,799,600 (2022: 24,708,900) ordinary shares under the ESOS scheme are exercisable within the option period up to November 7, 2026.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

The merger reserve represents the difference between the cost of investments in subsidiaries and the nominal value of shares issued as consideration.

25. RETAINED EARNINGS

The entire retained earnings of the Company as of the end of the reporting period are available for the distribution as single-tier dividends to the shareholders of the Company.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables	9,695,643	11,213,522	-	-
Amount owing to directors	576,000	490,000	8,000	258,000
Other payables	10,049,960	12,717,748	1,988	30,178
Accrued expenses	9,270,556	10,405,472	1,681,279	983,914
	<u>29,592,159</u>	<u>34,826,742</u>	<u>1,691,267</u>	<u>1,272,092</u>

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
United States Dollar	17,113,589	19,996,189	-	-
Ringgit Malaysia	10,161,932	13,444,393	1,691,267	1,272,092
Chinese Renminbi	1,657,440	1,386,160	-	-
Other foreign currencies	659,198	-	-	-
	<u>29,592,159</u>	<u>34,826,742</u>	<u>1,691,267</u>	<u>1,272,092</u>

Trade payables and accrued expenses principally comprise amounts outstanding for trade purchase and ongoing costs. The average credit periods granted to the Group for trade purchases range from 30 to 60 days (2022: 30 to 60 days). No interest is charged on the outstanding balance of trade payables.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The amount owing to directors represents directors' remuneration payable.

Included in Group's other payables as of December 31, 2022 is deposit amounting to RM1,330,000 received for the disposal of a subsidiary company's assets classified as held for sale. On March 27, 2023, the balance of RM17,100,000 (after deducting Real Property Gains Tax) has been received and the sale has been completed.

27. OTHER FINANCIAL LIABILITIES

	The Group	
	2023	2022
	RM	RM

Financial liabilities carried at fair value through profit or loss:

Derivative financial instruments:

Foreign currency forward contracts	286,573	70,234
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The Group uses foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Foreign currency forward contracts are used to hedge the Group's sales denominated in United States Dollars for which firm commitments existed at the end of the reporting period.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from swap points matching maturities of the contracts.

28. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2023	2022
	RM	RM
Balance as of beginning of the year	2,265,386	2,748,265
Additional provision	-	403,118
Reversal of provision no longer required	(257,708)	(482,879)
Rework and warranty costs paid	(203,139)	(403,118)
Balance as of end of the year	1,804,539	2,265,386

The Group provides rework and warranty on its products and undertakes to replace defective products. A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for rework and warranty were based on current sales levels and current information available about returns based on the warranty period for all products sold. These amounts have not been discounted for the purposes of measuring the provision for rework and warranty, because the effect is not material.

29. DIVIDENDS

	The Group and the Company	
	2023	2022
	RM	RM
Declared and paid:		
Final tax exempt dividend of 11 sen per ordinary share, in respect of the financial year ended December 31, 2021, declared on February 23, 2022 and paid on July 21, 2022.	-	49,826,299
Interim tax exempt dividend of 12 sen per ordinary share, in respect of the financial year ended December 31, 2022, declared on November 25, 2022 and paid on January 19, 2023.	-	54,710,659
Second interim tax exempt dividend of 13 sen per ordinary share, in respect of financial year ended December 31, 2022, declared on April 13, 2023 and paid on May 26, 2023.	59,334,920	-
Special interim tax exempt dividend of 5 sen per ordinary share, in respect of financial year ended December 31, 2022, declared on April 13, 2023 and paid on May 26, 2023.	22,821,123	-
First interim single-tier dividend of 8 sen per ordinary share, in respect of the financial year ended December 31, 2023, declared on August 25, 2023 and paid on September 27, 2023.	36,523,685	-
Second interim single-tier dividend of 9 sen per ordinary share, in respect of the financial year ended December 31, 2023, declared on November 24, 2023 and paid on December 28, 2023.	41,343,377	-
	<u>160,023,105</u>	<u>104,536,958</u>

Subsequent to the financial year end, a third interim tax exempt dividend of 5 sen per ordinary share amounting to RM22,995,783 was proposed and declared on February 27, 2024 and payable on March 27, 2024 by the Group and by the Company in respect of the current financial year.

On February 27, 2024, the directors have also proposed a final single-tier dividend of 7.5 sen per ordinary share, in respect of the current financial year. The proposed single-tier dividend amounting to RM34,493,674 in respect of all ordinary shares in issue as of February 29, 2024 and has not been included as a liability in the financial statements. The dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividend has yet to be determined as of the date of this Directors' Report.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term deposits	151,689,286	210,344,005	31,542,692	82,005,085
Cash and bank balances	3,285,898	2,978,305	49,372	78,120
	<u>154,975,184</u>	<u>213,322,310</u>	<u>31,592,064</u>	<u>82,083,205</u>

31. BANKING FACILITIES

As of December 31, 2023, the Group has unutilised banking facilities of RM166,100,000 (2022: RM166,100,000) secured by corporate guarantees from the Company for RM35,620,000 (2022: RM35,620,000).

32. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk and credit risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group's activities expose it primarily to the financial risk of change in foreign currency exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to minimise the exchange rate risk arising on foreign currency sales.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities as of the end of the reporting period are as follows:

	The Group	
	2023	2022
	RM	RM
Assets		
United States Dollar	81,263,888	73,129,816
Chinese Renminbi	14,253,952	10,274,876
Euro	9,592	9,261
Swiss Franc	1,143	1,004
Other foreign currencies	1,736	589
Liabilities		
United States Dollar	17,113,589	19,996,189
Chinese Renminbi	1,657,440	1,386,160
Other foreign currencies	659,198	-
The Company		
	2023	2022
	RM	RM
Assets		
United States Dollar	912	881

The following table details the sensitivity analysis when the RM strengthens 13% (2022: 14%) against the relevant foreign currencies. 13% (2022: 14%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as of period end for a 13% (2022: 14%) change in foreign currency rates. A positive number below indicates an increase in profit and a negative number indicates a decrease in profit where the RM strengthens 13% (2022: 14%) against the relevant currency.

32. FINANCIAL INSTRUMENTS (cont'd)

a. Financial risk management objectives and policies (cont'd)

i. Foreign currency risk management (cont'd)

	The Group	
	2023	2022
	RM	RM

Impact on profit or loss/equity:

United States Dollar	(8,339,539)	(7,438,708)
Chinese Renminbi	(1,637,547)	(1,244,420)
Euro	(1,247)	(1,297)
Swiss Franc	(149)	(141)
Other foreign currencies	85,470	(82)

	The Company	
	2023	2022
	RM	RM

Impact on profit or loss/equity:

United States Dollar	(119)	(123)
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For a 13% (2022: 14%) weakening of the RM against the relevant currency, it would have had equal but opposite effect on the above currencies to the amounts shown above.

ii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. The trade receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management. The Group places its cash and cash equivalents with a number of major and high credit rating commercial banks.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables as of the reporting date are as follows:

	2023		2022	
	RM	% of total	RM	% of total
By country:				
Europe	15,379,319	96	10,889,642	96
Asia Pacific	454,247	3	384,298	4
United States of America	221,598	1	26,268	-
	<u>16,055,164</u>	<u>100</u>	<u>11,300,208</u>	<u>100</u>

32. FINANCIAL INSTRUMENTS (cont'd)

a. Financial risk management objectives and policies (cont'd)

ii. Credit risk management (cont'd)

For trade receivables, the Group has applied the simplified approach in MFRS 9 *Financial Instruments* to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

b. Foreign currency forward contracts

It is the policy of the Group to enter into foreign currency forward contracts to cover specific foreign currency payments and receipts. The Group also enters into foreign currency forward contracts to manage the risk associated with anticipated sales and purchase transactions.

The following table details the foreign currency forward contracts outstanding as of the end of the reporting date:

The Group

Outstanding contract	Average exchange rate	Foreign currency USD	Contract value RM	Fair value (loss)/ gain RM
2023:				
Sell USD				
Less than 3 months	4.51	8,900,000	40,124,172	(563,449)
3 to 6 months	4.56	6,300,000	28,725,825	71,262
6 to 9 months	4.57	4,300,000	19,631,961	152,922
9 to 12 months	4.55	1,500,000	6,828,592	52,692
2022:				
Sell USD				
Less than 3 months	4.36	8,300,000	36,219,716	(283,461)
3 to 6 months	4.40	6,200,000	27,302,598	145,823
6 to 9 months	4.39	3,200,000	14,038,850	80,168
9 to 12 months	4.33	1,500,000	6,500,000	(12,764)

c. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

i. Financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value as of the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

32. FINANCIAL INSTRUMENTS (cont'd)

c. Fair value measurements (cont'd)

i. Financial assets and financial liabilities that are measured at fair value on a recurring basis (cont'd)

	The Group	
	2023	2022
	RM	RM

Foreign currency forward contracts:

Fair value:

Liabilities	286,573	70,234
-------------	---------	--------

Fair value hierarchy Level 2

Valuation technique and key input Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates as of the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Significant unobservable input Not applicable

Relationship of unobservable input to fair value Not applicable

There was no transfer between fair value hierarchy during the financial year.

ii. Financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

33. RELATED PARTY TRANSACTIONS

The following details of transactions between the Group and the Company with related parties were carried out under terms and conditions negotiated amongst the related parties.

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM

Dividend income received/receivable from:

Uchi Optoelectronic (M) Sdn. Bhd.	-	-	160,000,000	140,000,000
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Management fee received/receivable from:

Uchi Optoelectronic (M) Sdn. Bhd.	-	-	1,392,637	1,719,521
Uchi Electronic (M) Sdn. Bhd.	-	-	31,796	34,914

Repayment of advances from/(Net advances to):

Uchi Optoelectronic (M) Sdn. Bhd.	-	-	16,205,538	(10,658,007)
Uchi Electronic (M) Sdn. Bhd.	-	-	1,905	140

The amount owing by related parties, included in receivables arose mainly from dividend income and management fee charges. The credit period granted to related parties is 60 days (2022: 60 days).

34. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under MFRS 8 *Operating Segments* are therefore as follows:

- investment holding (includes management services); and
- manufacturing of touch screen advance display, high precision light measurement (optoelectronic) equipment, mixed signal control system for centrifuge or laboratory equipment, mixed signal microprocessor based application and system integration products; and
- trading of complete electric module and saturated paper for PCB lamination.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated RM
2023:					
Revenue					
External sales	-	242,515,767	-	-	242,515,767
Inter-segment sales	161,424,433	11,489,327	1,312,191	(174,225,951)	-
Total revenue	161,424,433	254,005,094	1,312,191	(174,225,951)	242,515,767
Results					
Segment profit/(loss)	157,117,995	151,508,952	(107,028)	(157,922,123)	150,597,796
Investment income					7,371,898
Other gains and losses					10,861,677
Profit before tax					168,831,371
Tax expenses					(33,600,343)
Profit for the year					135,231,028
2022:					
Revenue					
External sales	-	214,319,730	-	-	214,319,730
Inter-segment sales	141,754,435	12,020,496	1,011,863	(154,786,794)	-
Total revenue	141,754,435	226,340,226	1,011,863	(154,786,794)	214,319,730
Results					
Segment profit/(loss)	137,412,529	124,064,159	(119,508)	(136,871,064)	124,486,116
Investment income					3,653,077
Other gains and losses					(196,666)
Finance costs					(478)
Profit before tax					127,942,049
Tax expenses					(3,083,489)
Profit for the year					124,858,560

34. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Consolidated RM
2023:				
Assets				
Segment assets	107,541	90,197,766	232,188	90,537,495
Unallocated corporate assets				<u>152,177,967</u>
Consolidated total assets				<u>242,715,462</u>
Liabilities				
Segment liabilities	1,691,267	29,673,069	318,935	31,683,271
Unallocated corporate liabilities				<u>8,470,918</u>
Consolidated total liabilities				<u>40,154,189</u>
2022:				
Assets				
Segment assets	861,374	99,732,585	204,424	100,798,383
Unallocated corporate assets				<u>210,685,431</u>
Consolidated total assets				<u>311,483,814</u>
Liabilities				
Segment liabilities	1,272,092	35,690,771	199,499	37,162,362
Unallocated corporate liabilities				<u>56,184,104</u>
Consolidated total liabilities				<u>93,346,466</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- a. all assets are allocated to reportable segments except for short-term deposits, deferred tax assets and current tax assets; and
- b. all liabilities are allocated to reportable segments except for dividend payable, current tax liabilities and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

34. SEGMENT INFORMATION (cont'd)

Other segment information

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated RM
2023:					
Other information					
Capital expenditure	-	2,925,070	-	-	2,925,070
Depreciation and amortisation	-	3,989,107	-	-	3,989,107
Non-cash expenses other than depreciation and amortisation	602,069	2,049,609	9,529	6,674	2,667,881

2022:

Other information

Capital expenditure	-	2,180,717	-	-	2,180,717
Depreciation and amortisation	-	5,216,325	-	-	5,216,325
Non-cash expenses other than depreciation and amortisation	715,180	2,175,380	10,907	16,781	2,918,248

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	The Group	
	2023 RM	2022 RM
Art-of-living segment	220,195,903	188,850,796
Biotechnology segment	22,299,725	24,461,973
Others	20,139	1,006,961
	242,515,767	214,319,730

34. SEGMENT INFORMATION (cont'd)

Geographical information

The Group operates in two principal geographical areas, Malaysia (country of domicile) and the People's Republic of China.

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are as disclosed below:

	The Group	
	2023	2022
	RM	RM
Europe	237,053,446	208,873,819
Asia Pacific	3,906,314	3,774,856
United States of America	1,556,007	1,671,055
	<u>242,515,767</u>	<u>214,319,730</u>

Information about the Group's non-current assets by geographical area are as disclosed below:

	The Group	
	2023	2022
	RM	RM
Malaysia	24,770,661	24,832,291
The People's Republic of China	12,556,968	13,362,179
	<u>37,327,629</u>	<u>38,194,470</u>

Non-current assets exclude deferred tax assets and financial instruments.

Information about major customers

Revenue from major external customers from the manufacturing segment are as follows:

	The Group	
	2023	2022
	RM	RM
Customer A	205,100,510	177,998,309
Customer B	15,091,784	14,708,947
	<u>220,192,294</u>	<u>192,707,256</u>

STATEMENT BY DIRECTORS

The directors of **UCHI TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

CHIN YAU MENG

KAO, DE-TSAN also known as TED KAO

Penang,

March 25, 2024

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **ONG PEK SEE**, the officer primarily responsible for the financial management of **UCHI TECHNOLOGIES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by

the abovenamed **ONG PEK SEE** at

GEORGETOWN in the State of **PENANG**

on March 25, 2024

Before me, **TAN CHENG KUAN (No. P195)**

Commissioner For Oaths

1. Share Buy-Back

During the financial year ended December 31, 2023, the Company has not repurchased or resold any treasury shares.

Total number of shares bought back and held as treasury shares as at December 31, 2023 is 2,072,500 shares.

2. Options, Warrants or Convertible Securities

A total of 3,736,000 options were exercised during the financial year in respect of the Company's Employee Share Option Scheme (ESOS).

The Company did not issue any convertible securities or warrants during the financial year.

3. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company does not have an ADR or GDR programme in place.

4. Imposition of sanctions / penalties

There were no material sanctions and / or penalties imposed on the Company and its subsidiary, directors or management by the relevant regulatory bodies.

5. Material Contracts or Loans

As of December 31, 2023, there was no existing material contract or loan outside the ordinary course of business of the Company and its subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous year.

6. Profit Estimate, Forecast or Projection

There was no profit estimate, forecast or projection or unaudited results released which differ by 10 percent or more from the audited results.

7. Profit Guarantee

There was no profit guarantee given in respect of the Company.

8. Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended December 31, 2023.

9. Audit and Non-Audit Fee

The total amount of non-audit fee paid and payable to the external auditors by the Group for the year ended December 31, 2023 are as follows:

	The Company	The Group
	RM	RM
Audit Fee	72,205	148,386
Non-Audit Fee	19,810	74,733
Total	92,015	223,119

10. Recurrent Related Party Transactions Statement

The Company did not incur any significant recurrent related party transactions of revenue / trading nature during the financial year ended December 31, 2023.

LIST OF PROPERTIES

DECEMBER 31, 2023

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2023 (RM)	Date of Acquisition / Last Revaluation
Registered Beneficial Owner: Uchi Optoelectronic (M) Sdn. Bhd.						
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 6.12.2049	-	139,944	953,831	26.5.2004
(3097 Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building	60 years leasehold expiring on 6.12.2049	12	148,145	15,727,713	01.12.2012
Registered Beneficial Owner: Uchi Technologies (Dongguan) Co., Ltd.						
Lot No. 1905010100037 Information Industrial Park, Xi Hu Area, ShiLong Town, Dongguan City, People's Republic of China	Industrial Land	48 years leasehold expiring on 26.2.2054	-	208,671	3,476,129	22.12.2006
No.22 Yuangang East Road, Information Industrial Zone, Xi Hu, ShiLong Town, Dongguan City, People's Republic of China	Factory Building	48 years leasehold expiring on 26.2.2054	15	161,124	7,335,639	26.5.2009

ANALYSIS OF SHAREHOLDINGS

As at March 13, 2024

Share capital

Total number of issued shares	: 459,915,659 (exclusive of 2,072,500 treasury shares)
Class of Shares	: Ordinary shares
Voting Rights	: One voting right for one ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS^(a)

Size of shareholdings	No of shareholders	%	No. of issued shares	%
Less than 100 shares	233	1.91	8,873	0.00
100 – 1,000 shares	3,001	24.57	2,010,605	0.44
1,001 – 10,000 shares	6,509	53.30	27,067,393	5.89
10,001 -100,000 shares	2,129	17.43	59,012,033	12.83
100,001 – 22,799,096 shares	338	2.77	253,196,748	55.05
22,799,097 shares and above	2	0.02	118,620,007	25.79
TOTAL	12,212	100.00	459,915,659	100.00

SUBSTANTIAL SHAREHOLDERS^(b)

Name of Shareholders	Direct		Indirect	
	No. of issued shares	%	No. of issued shares	%
Eastbow International Limited	83,292,026	18.11	-	-
Kao, De-Tsan also known as Ted Kao	3,095,000	0.67	^(c) 83,292,026	18.11
Ironbridge Worldwide Limited	35,327,981	7.68	-	-

^{a)} Based on Record of Depositors as at March 13, 2024.

^{b)} Based on the Register of Substantial Shareholders of the Company as of March 13, 2024, pursuant to Chapter 9, Appendix 9C (23) (a) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

^{c)} Deemed interested by virtue of his substantial shareholding in Eastbow International Limited.

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of issued shares	%	No. of issued shares	%
Kao, De-Tsan also known as Ted Kao	3,095,000	0.67	¹⁾ 86,778,696	18.87
Chin Yau Meng	798,400	0.17	²⁾ 130,000	0.03
Charlie Ong Chye Lee	1,095,900	0.24	-	-
Tan Boon Hoe	580,000	0.13	-	-
Lim Tian How	294,300	0.06	-	-
Huang, Yen-Chang also known as Stanley Huang	679,670	0.15	-	-
Han Chin Ling	100,000	0.02	-	-

¹⁾ Deemed interested by virtue of his substantial shareholding in Eastbow International Limited and interest of spouse by virtue of Section 59(11)(c) of the Companies Act, 2016.

²⁾ Deemed interest of spouse by virtue of Section 59(11)(c) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS (cont'd)

As at March 13, 2024

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name	No. of shares	%
1	Eastbow International Limited	83,292,026	18.11
2	Ironbridge Worldwide Limited	35,327,981	7.68
3	Kumpulan Wang Persaraan (Diperbadankan)	21,020,700	4.57
4	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	18,281,270	3.98
5	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Yong Yin	13,923,000	3.03
6	Bekal Sama Sdn Bhd	10,000,000	2.17
7	Amanahraya Trustees Berhad [Public Islamic Select Treasures Fund]	9,375,020	2.04
8	Citigroup Nominees (Asing) Sdn Bhd [Exempt AN For Citibank New York (Norges Bank 14)]	7,661,500	1.67
9	Citigroup Nominees (Asing) Sdn Bhd [Exempt AN For Citibank New York (Norges Bank 22)]	6,894,000	1.50
10	Hong Leong Assurance Berhad [As Beneficial Owner (Life PAR)]	5,528,180	1.20
11	Zulkiffi Bin Hussain	5,425,000	1.18
12	Cartaban Nominees (Asing) Sdn Bhd [SSBT Fund J6S6 For Asia Oceania Dividend Yield Stock Mother Fund]	4,614,730	1.00
13	Maybank Nominees (Tempatan) Sdn Bhd [Etiqa Family Takaful Berhad (Family)]	4,598,800	1.00
14	Maybank Nominees (Tempatan) Sdn Bhd [Etiqa Life Insurance Berhad (Life PAR)]	4,020,100	0.87
15	Amanahraya Trustees Berhad [Public Strategic Smallcap Fund]	3,800,000	0.83
16	Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board (Aberislamic)]	3,607,200	0.79
17	Kao Wang, Ying-Ying	3,486,670	0.76
18	Kao De-Tsan @ Ted Kao	3,095,000	0.67
19	Citigroup Nominees (Tempatan) Sdn Bhd [Exempt AN For AIA Bhd.]	2,829,200	0.62
20	Citigroup Nominees (Asing) Sdn Bhd [UBS AG]	2,701,580	0.59
21	Citigroup Nominees (Tempatan) Sdn Bhd [Urusharta Jamaah Sdn. Bhd. (Aberdeen 2)]	2,687,100	0.58
22	Maybank Nominees (Tempatan) Sdn Bhd [Etiqa Life Insurance Berhad (Life Non PAR)]	2,567,400	0.56
23	Citigroup Nominees (Asing) Sdn Bhd [CBLDN for Pohjola Bank Plc (Client Ac-Eur)]	2,500,000	0.54
24	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad [Deutsche Trustees Malaysia Berhad for Hong Leong Dividend Fund]	2,500,000	0.54
25	Hong Leong Assurance Berhad [As Beneficial Owner (Unitlinked OP)]	2,315,800	0.50
26	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Yee Khei (CCTS)	2,308,000	0.50
27	Lembaga Tabung Angkatan Tentera	2,189,300	0.48
28	Liew Siew Lan	1,800,000	0.39
29	Maybank Nominees (Tempatan) Sdn Bhd [Etiqa Family Takaful Berhad (Shareholders)]	1,685,300	0.37
30	Son Mei Chin	1,435,000	0.31
	Total	271,469,857	59.03

UCHI TECHNOLOGIES BERHAD

(199801001764) (457890-A)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of shares held	

I/We _____ Tel: _____

[Full name in block, NRIC/Passport/Company No.]

of _____

being member(s) of Uchi Technologies Berhad, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be conducted on a virtual basis through live streaming and remote voting via online meeting platform provided by **PROPOLL** Solutions Sdn Bhd ("**PROPOLL**") at www.propollsolutions.com.my (Domain Registration No. with MYNIC- D1A403203) on Friday, May 24, 2024 at 2.00 p.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Declaration of Final Single Tier Dividend	Ordinary Resolution 1		
Approval of Directors' Fees	Ordinary Resolution 2		
Re-election of Mr. Kao, De-Tsan, also known as Ted Kao	Ordinary Resolution 3		
Re-election of Mr. Charlie Ong Chye Lee	Ordinary Resolution 4		
Re-appointment of Messrs. Deloitte PLT as Auditors	Ordinary Resolution 5		
Renewal of Share Buy-Back Authority	Ordinary Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2024.

Signature*
Member

* Manner of execution:

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

- The Twenty-Sixth Annual General Meeting ("26th AGM") will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facility to be provided by **PROPOLL** Solutions Sdn Bhd in Malaysia ("**PROPOLL** Portal") (Domain Registration No. With MYNIC-D1A403203). Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facility.
- According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on April 7, 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a virtual general meeting are required to participate in the meeting online.
- For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at May 15, 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.



9. *The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment (“E-proxy”), the proxy form must be deposited via **PROPOLL** Portal. Please refer to the Annexure of the Proxy Form for further information on electronic submission. E-proxy only applicable to Individual Shareholder. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging this proxy form is 2.00 p.m., May 22, 2024 (Wednesday).*
13. *Those proxy forms which are indicated with “√” in the spaces provided to show how the votes are to be cast will also be accepted.*

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STAMP
HERE

The Secretaries
UCHI TECHNOLOGIES BERHAD
(199801001764) (457890-A)

Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang, Malaysia

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ELECTRONIC SUBMISSION OF PROXY FORM VIA PROPOLL PORTAL

Dear Shareholders,

We are pleased to inform that you as a shareholder can have the option to submit proxy form by electronic means through our **PROPOLL** Portal at www.propollsolutions.com.my (“E-proxy”).

Our **PROPOLL** Portal provides an online submission for shareholders to submit electronically the proxy form. Once you have successfully submitted your E-form of proxy, you are no longer required to complete and submit the physical proxy form to the registered office of the Company at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang. **The E-Proxy only applicable to Individual Shareholder.** Please refer to the notes in the Proxy Form for further information.

To assist you on how to use **PROPOLL** Portal E-proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as a user in www.propollsolutions.com.my (“**PROPOLL** Portal”)
 - Click <<Login/Register>> followed by <<Register New User>> to register as a new user.
 - Complete the registration by filling up the information required and upload a clear copy of your MyKad (both front and back page) or Passport.
 - Read and agree to the terms & conditions and thereafter submit your registration.
 - Please enter a valid email address in order for you to receive the verification email from the **PROPOLL** Portal.
 - Please verify your email address before the link expire in one (1) hour from your registration.
 - Your registration will be verified and approved by the **PROPOLL** Portal. Once approved, an email notification will be sent to you.
 - If you have already registered an account with **PROPOLL** Portal, you are not required to register again.
2. Proceed with submission of E-proxy
 - After the release of the Notice of the Meeting by the Company, login **PROPOLL** Portal with your user name (ie email address) and password.
 - Click “E-PROXY LODGEMENT” and select the company name for the submission of the E-form of proxy.
 - Fill up the E-form of proxy by inserting your CDS account, number of shares for your proxy(s) to vote on behalf.
 - Appoint your proxy(s) or chairman and insert the required details of your proxy(s) and indicate your voting instruction.
 - Review & confirm your proxy(s) appointment
 - Read and agree to the terms & conditions and thereafter submit your E-form of proxy.
 - An email notification will send to you to acknowledge the submission.

Should you need assistance on our E-proxy submission, please contact us. Thank you.

PROPOLL Solutions Sdn Bhd
S-4-04, The Gamuda Biz Suites,
Jalan Anggerik Vanilla 31/99,
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