

**Sixteenth Annual General Meeting Held on May 23, 2014**

Question & Answer (Refer to questions raised by Minority Shareholder Watchdog Group (MSWG) letter dated May 16, 2014)

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Strategic and Financial Matters

Q1 : It was stated in the Managing Director's statements that "the Group's revenue did not experience any substantial growth compared to the year before".

What was the reason for the Company to record flat revenue and what are the measures taken to improve the revenue growth?

*AI : For the year ended December 31, 2013, the Group's revenue did not experience any substantial growth compared to the year before mainly due to uncertainty in the global economic climate, which consequently affected our customers' sales demand.*

*Uchitec is an Original Design Manufacturer. Providing innovative solutions is our value to customers. We believe R&D is our reason of existence and shall remain focus on our R&D's innovation to provide customers with:*

*- fit solutions that will enable our customers to be the first to launch new products with new features; and*

*- better cost efficient and equal performance/better performance solutions. This is crucial because we believe during economic downturn, companies will actively look for cost efficient solutions in a way to moderate the increasing operating cost.*

*In line with the above principles, our R&D is developing inverter technology to further improve the energy efficiency and wake up time of products. This is required to comply with a new directive taking effect from January 1, 2015, which requires household machine to be shut off within 15 minutes after their last operation. We will extend the application of inverter technology to other products line and from there, we anticipate a boost in revenue in 2015/2016.*

*In addition, we have expanded our R&D product lines that are scheduled to be launched in 2014/2015. The new products are currently in its initial stage of basic research and development. Bonded by the Confidentiality Clause in our Agreement with the customers, we are restricted to disclose any information at this moment to any third parties until the projects are launched. The Board is aware of its responsibility to ensure informative, timely and accurate disclosure of material information concerning the Company to the public and shall make necessary announcement when necessary.*

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*Our achievements so far testify our technical strength and we always endeavor to exploit our resources towards creating innovative value in order to grow our business. However, global economy condition being one of the determinative factors of revenue growth, is not under our control. Therefore, to our best knowledge in consideration of the volatile economic climate, at this moment, we anticipate revenue growth for the year ending 2014 is likely to remain flat and operating profit margin shall be squeezed by a lower single digit percentage. Nevertheless, the Group is confident that we will remain profitable and maintain a strong balance sheet.*

Q2 : The Chairman highlighted in the statement that 7% of the Group's revenue was allocated for R&D activities. He also stated that "R&D is a key determinant in the success of the business. As such, we are dedicated to keep supporting and enhancing our existing product lines even as we continue to develop new innovations and offer cutting-edge products".

Moving forward, would there be an increase in the amount spent on R&D activities?

A2 : *For the year ending December 31, 2014, the 7% of the Group's revenue allocated is sufficient to fund our R&D projects and to execute our R&D enhancement plan.*

*Moving forward, budget for R&D activities for the following year shall be allocated in the third quarter of the current year according to the R&D strategy and projects on hand.*

Q3 : What was the reason for the increase in inventories for finished goods from RM954,330 in 2012 to RM3.1million in 2013?

A3 : *Finished goods increased from RM954,330 as of December 31, 2012 to RM3,060,559 as of December 31, 2013 mainly due to delay in liner's schedule that caused approximately RM2.0 million of finished goods were only made it to ship on board in the first calendar week of 2014.*

Q4 : What was the reason for the increase in trade receivables that were outstanding between 31 to 60 days from RM187,798 to RM1.9million in 2013 and what efforts have been taken to collect these receivables amount?

A4 : *Trade receivable amounted RM1,934,184 that were outstanding as of December 31, 2013 between 31 to 60 days arose mainly due to shipment accumulated in November 2013 as requested by customers. The said amount has been fully collected in February 2014.*

*The Company closely monitors the status of Accounts Receivable in our monthly Performance Measure Meeting and statements are sent to the customers every week to follow up on remittance inward from customers.*

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*Uchitec has not suffered from any bad debts written off since incorporation and the number of day receivable from customers has been improving from 51 days in 2009 to 25 days in 2013.*

| <i>Financial Year</i>               | <i>2009</i> | <i>2010</i> | <i>2011</i> | <i>2012</i> | <i>2013</i> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>No. of Day Receivable (days)</i> | <i>51</i>   | <i>22</i>   | <i>33</i>   | <i>39</i>   | <i>25</i>   |

*As of to date, trade receivable outstanding as of December 31, 2013 amounted RM6,499,121 has been fully collected.*

**Q5 :** We noted that there was an advisor fee paid to a former director totaling RM56,000. What was the nature of the advisory services rendered by this former director?

*A5 : As mentioned in Note 10 of the Financial Statements (page 70 of the Annual Report 2013), this advisory fee was paid to a former Director, Mr. Ng Hai Suan @ Ooi Hoay Seng who retired on May 28, 2013. Mr. Ooi who was then the Chairman of the Audit Committee expressed his intention not to seek re-election at the Fifteenth Annual General Meeting on May 28, 2013. Mr. Charlie Ong Chye Lee assumed the Chairmanship of the Audit Committee upon Mr. Ooi's retirement and Mr. Chia Tong Saik, a qualified accountant who was appointed an Independent Non-Executive Director on January 2, 2013 eventually took over as Chairman on August 23, 2013. To provide continuity, the Company retained Mr. Ooi as advisor for 1 year, such a service to end on May 31, 2014.*

**Corporate Governance Matter**

**Q6 :** We would like to encourage the Board to publish the Minutes or the Summary of Minutes of the AGM on the Company's website to be in line with the spirit of transparency and good Corporate Governance practices based on the ASEAN CG Scorecard which is being used to assess level of CG standards of PLCs in Malaysia by MSWG.

*A6 : We appreciate your proposal and the Board of Directors will consider to publish the Minutes or Summary of Minutes of the AGM on the Company's website to further enhance the spirit of transparency and good Corporate Governance practices.*