UCHI TECHNOLOGIES BERHAD
(Company No. 457890-A)
(Incorporated in Malaysia)

Flourishing from strength to strength

ANNUAL REPORT 2015

ISO 14001 ENVIRONMENTAL POLICY

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

Utmost 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

Incessantly educating employee on environmental awareness and responsibility

CONTENTS


SGS
UCHI Optoelectronic (M) Sdn. Bhd.
ISO 14001:2004


SGS
宇琦光电(东莞)有限公司
OHSAS 18001:2007


SGS
Uchi Technologies (Dongguan) Co., Ltd.
OHSAS 18001:2007

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，尽量减少能资源的浪费和消耗。
3. 竭尽所能，实施并持续改进公司的环境保护管理体系。
4. 不断教育及培训职员工的环境意识和责任。

OHSAS 18001 OHSAS POLICY


SGS
UCHI Optoelectronic (M) Sdn. Bhd.
OHSAS 18001:2007

Uchi is committed to prevent injury and ill health and enhance safety and healthy environment through...

Implementing OH&S Management System to minimize accidents;

Promote safety and health programme for continual improvement;

Complying with applicable OH&S legislation and other requirements; and

Educating employees on safety and health awareness and responsibility.

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at the Laurel II, Level 1, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, May 18, 2016 at 3.00 p.m. for the following purpose:

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2015 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**

AS ORDINARY BUSINESS

2. To declare a Final Tax Exempt Dividend of 6 sen per share on every share of RM0.20 each for the year ended December 31, 2015. **Ordinary Resolution 1**

3. To approve the payment of Directors' Fees of RM368,800 for the year ending December 31, 2016. **Ordinary Resolution 2**

4. To re-elect Mr. Kao Te-Pei also known as Edward Kao retiring under the provision of Article 131 of the Articles of Association of the Company. **Ordinary Resolution 3**

5. To re-appoint Mr. Charlie Ong Chye Lee pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting. **Ordinary Resolution 4**

6. To re-appoint Messrs. Deloitte 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. **Continuing in Office as an Independent Non-Executive Director**

"THAT authority be and is hereby given to Dr. Heinrich Komesker who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

8. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the provisions under the Companies Act, 1965 ("the Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.20 each 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 issued and paid-up share capital 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 aggregate retained profits and/or share premium account.

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

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.

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 7**

9. **Proposed Amendments to the Articles of Association**

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix I in the Annual Report 2015 be hereby approved." **Special Resolution**

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

April 19, 2016

Penang

Note A :

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint at least 1 proxy to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositors) Act 1991, 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.

3. 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.

4. The instrument appointing a proxy or proxies shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

6. Only members registered in the Record of Depositors as at May 9, 2016 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business

Continuing in Office as an Independent Non-Executive Director

The Nominating Committee, had assessed the independence of Dr. Heinrich Komesker, who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board recommended that the approval of the shareholders be sought to re-appoint Dr. Heinrich Komesker as an Independent Non-Executive Director as he possesses the following attributes necessary in discharging his roles and functions as an Independent Non-Executive Director of the Company, i.e.

(i) He has met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad; and

(ii) He has vast experience in the industries the Group is involved and as such could provide the Board with a diverse set of experience, expertise and independent judgment; and

(iii) He consistently challenges the management in an effective and constructive manner; and

(iv) He actively expresses his views and participates in Board deliberations and decision making in an objective manner; and

(v) His length of service on the Board does not in any way interfere with his fiduciary duties in exercising due care in the best interest of the Company and minority shareholders.

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital 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.

Proposed Amendments to the Articles of Association

The Special Resolution, if passed, will give authority to amend its Articles of Association to be aligned with the amendments to the Main Market Listing Requirements of Bursa Securities.

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

ARTICLE	EXISTING PROVISION	AMENDED PROVISION
Article 176	The Directors shall cause accounting records to be kept in accordance with the Act. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors and auditors report shall not exceed four (4) months.	The Directors shall cause accounting records to be kept in accordance with the Act. ~~**The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors and auditors report shall not exceed four (4) months.**~~

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Eighteenth Annual General Meeting, a Final Tax Exempt Dividend of 6 sen per share on every share of RM0.20 each for the year ended December 31, 2015 will be paid on July 22, 2016 to Depositors registered in the Record of Depositors at the close of business on June 30, 2016.

A Depositor shall qualify for the above entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on June 30, 2016 in respect of transfers;

(b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

April 19, 2016

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.

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 21, 2015, 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 issued and paid-up share capital of the Company as at the point of purchase and an amount not exceeding the total retained profits of RM60,352,216 and / or share premium account of RM29,250,051 of the Company based on the audited financial statements for the financial year ended December 31, 2014.

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 Eighteenth (18^{th}) 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 Eighteenth (18^{th}) 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, 2016, the Company announced that UCHITEC is proposing to seek its shareholders' approval at the AGM of UCHITEC to be convened in 2016 for the renewal of the authority for the purchase by UCHITEC of its own shares of RM0.20 each (the "Shares") of up to ten per centum (10%) of the issued and paid-up capital of UCHITEC as at the point of purchase subject to compliance with Section 67A of the Companies Act, 1965 (the "Act"), Part IIIA of the Companies Regulations 1966, 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 profits and/or share premium accounts of the Company. The audited retained profits and share premium accounts of the Company as of December 31, 2015 are RM73,614,743 and RM47,122,926 respectively.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 67A 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, take-over, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

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

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 issued and paid-up share capital 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.

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, 2015, the Group has a cash and cash equivalent balance of RM174,472,670.

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 profits and share premium accounts of the Company.

As of March 16, 2016, the Record of Depositors of the Company showed that 267,993,270 Shares representing approximately 69.06% of the issued and paid-up share capital 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 issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements.

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

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) 69.06%	(b) 66.24%

Notes:

(a) As of March 16, 2016.

(b) As of March 16, 2016, the issued and paid-up capital of UCHITEC is RM79,020,740 comprising 395,103,700 Shares including 7,070,700 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority involves the aggregate purchase of 39,510,370 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 16, 2016, 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.

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 profits and share premium accounts 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 16, 2016, the issued and paid-up capital of UCHITEC is RM79,020,740 comprising 395,103,700 Shares including 7,070,700 Shares held as treasury shares. Assuming that the Company purchases up to 39,510,370 UCHITEC Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 16, 2016 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 and paid-up 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 total issued and paid-up 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 and paid-up 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.

4.3 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 16, 2016 are as follows:

	Before the Proposed Renewal of Share Buy-Back Authority				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%(d)	No. of Shares	%(d)	No. of Shares	%(e)	No. of Shares	%(e)
Directors								
Kao, De-Tsan also known as Ted Kao	1,950,000	0.50	(a)94,433,360	24.34	1,950,000	0.55	(a)94,433,360	26.56
Kao, Te-Pei also known as Edward Kao	1,950,000	0.50	(b)20,162,060	5.20	1,950,000	0.55	(b)20,162,060	5.67
Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	309,700	0.08	–	–	309,700	0.09	–	–
Dr. Heinrich Komesker	200,000	0.05	–	–	200,000	0.06	–	–
Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	533,810	0.14	–	–	533,810	0.15	–	–
Charlie Ong Chye Lee	203,000	0.05	–	–	203,000	0.06	–	–
Chia Tong Saik	30,800	0.01	–	–	30,800	0.01	–	–

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

4.3 Directors' and Substantial Shareholders' Interests (cont'd)

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 Shares	%[d]	No. of Shares	%[d]	No. of Shares	%[e]	No. of Shares	%[e]
Substantial Shareholders								
Eastbow	91,263,660	23.52	–	–	91,263,660	25.67	–	–
Kao, De-Tsan also known as Ted Kao	1,950,000	0.50	[c]91,263,660	23.52	1,950,000	0.55	[c]91,263,660	25.67
Lembaga Tabung Haji	37,346,640	9.62	–	–	37,346,640	10.50	–	–

Notes:

[a] By virtue of his substantial interest in Eastbow International Limited ("Eastbow") and interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.

[b] By virtue of his substantial interest in Ironbridge Worldwide Limited and interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.

[c] Deemed interest by virtue of his substantial interest in Eastbow.

[d] Percentage shareholding computed based on 388,033,000 UCHITEC Shares excluding 7,070,700 shares held as treasury shares from total issued and paid-up share capital of 395,103,700 ordinary shares of RM0.20 each.

[e] Percentage shareholding computed based on 355,593,330 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.

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 March 2015 to February 2016 are as follows:

	Highest (RM)	Lowest (RM)
Year 2015:		
March	1.53	1.46
April	1.65	1.50
May	1.64	1.54
June	1.75	1.53
July	1.66	1.45
August	1.56	1.40
September	1.62	1.44
October	1.64	1.57
November	1.79	1.63
December	1.78	1.67
	Highest (RM)	**Lowest (RM)**
Year 2016:		
January	1.73	1.57
February	1.71	1.58

6. Purchases Made by the Company of its Own Shares in the Financial Year Ended December 31, 2015

The information on the purchases made by the Company of its own shares during the financial year ended December 31, 2015 is set out on page 98 of this annual report.

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, 2010 ("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 Paragraph 24.1 of Practice Note 9 of 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.

Directors

Chairman cum Senior Independent Non-Executive Director
Charlie Ong Chye Lee

Managing Director
Kao, De-Tsan also known as Ted Kao

Executive Director
Kao, Te-Pei also known as Edward Kao

Independent Non-Executive Directors
Dr. Heinrich Komesker
Chia Tong Saik

Alternate Directors

Non-Independent Executive Directors
Huang, Yen-Chang also known as Stanley Huang
(Alternate Director to Kao, De-Tsan also known as Ted Kao)

Ow Chooi Khim
(Alternate Director to Kao, Te-Pei also known as Edward Kao)

Audit Committee

Chairman
Chia Tong Saik

Members
Charlie Ong Chye Lee
Dr. Heinrich Komesker

Nomination Committee

Chairman
Charlie Ong Chye Lee

Members
Dr. Heinrich Komesker
Chia Tong Saik

Remuneration Committee

Chairman
Charlie Ong Chye Lee

Members
Kao, Te-Pei also known as Edward Kao
Chia Tong Saik

Company Secretaries

Chew Siew Cheng
MAICSA 7019191

Gunn Chit Geok
MAICSA 0673097

Registered Office

Suite 12-02, 12th Floor,
Menara Zurich,
170, Jalan Argyll
10050 Penang
Tel : 04-2296318
Fax : 04-2268318

Principal Bankers

HSBC Bank Malaysia Berhad
Deutsche Bank (Malaysia) Berhad

Auditors

Deloitte
Chartered Accountants
Level 12A, Hunza Tower
163E, Jalan Kelawei
10250 Penang
Tel : 04-2189888
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

Stock Exchange Listing

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

KAO, DE-TSAN also known as TED KAO

Aged 58, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on March 10, 2000 as Managing Director. He was appointed as the Chairman of the Company on November 26, 2001 and was redesignated as Managing Director on September 1, 2012. He is also a member of the Employee Share Option Scheme Committee of UCHITEC.

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.

KAO, TE-PEI also known as EDWARD KAO

Aged 56, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on March 10, 2000 as Executive Director. He was appointed as Managing Director of the Company on November 26, 2001 and was redesignated as Executive Director on September 1, 2012. He was appointed to be a member of the Audit Committee on March 29, 2000 and resigned as a member of the Audit Committee on March 1, 2008. Currently, he is a member of the Remuneration Committee and Employee Share Option Scheme Committee of UCHITEC.

He graduated from the Department of Textile Engineering, St. John's & St. Mary's Institute of Technology, Taiwan in 1980. Upon graduation, Mr. Edward Kao joined the army in Taiwan under Reserved Officer Training Course as a Platoon Leader of Logistics. In 1982, Mr. Edward Kao joined his elder brother, Mr. Ted Kao, in Uchi Electronic Co. Ltd., Taiwan (Uchi Taipei) as an Assistant of Administration. In 1984, he joined ITF Corporation, a well-established Japanese trading company. He returned to Uchi Taipei in 1986.

In 1990, Uchi Taipei ceased operations. Mr. Edward Kao moved to Penang and was appointed as a Director of Uchi Electronic (M) Sdn. Bhd. and Uchi Optoelectronic (M) Sdn. Bhd.

Mr. Edward Kao is responsible for the Group's overall operation, business development and strategic planning.

He sits on the Board of all companies under the Group and also holds directorships in certain private limited companies.

DR. HEINRICH KOMESKER

Aged 64, German, was appointed to the Board of Uchi Technologies Berhad on January 1, 2007 as Independent Non-Executive Director. He was appointed to be a member of the Audit Committee and Nomination Committee on March 1, 2008 and June 1, 2010 respectively.

He graduated from Technical University Carolo-Wilhelmina of Braunschweig, Germany and he is a PhD holder. Since January 2016, he is the Technical Director of Apollo Produkt-GmbH in Dresden/Germany.

He started his professional career as an assistant at the institute of precision engineering, measurement and control engineering at the Technical University of Braunschweig, Germany. In 1982, he shifted to Vorwerk and worked for new technology in the vacuum cleaner division in the Research & Development ("R&D") Department. In 1985 he changed to Krups Company as a R&D Manager and in 1991 he was promoted as the Division Manager for Health and Care Products when Moulinex Group took over Krups. In 1992, he became the Director of the International Research Centre of Moulinex Group in Caen, France. In 1995, he became Manager of the R&D centers of microwave, cleaning and cooking appliances in Moulinex Group. From 1997, he managed the development of espresso- and fully- automatic coffee machines for Moulinex Group in Switzerland, Germany and France. In 1999 he moved to Bosch-Siemens Group (BSH) as Director for the cleaning division. In 2002, he was promoted as Technical Director of the BSH Division for Consumer Products with plants and competence-centers in Germany, Slovenia and Spain. In May 2003, he became Chief Technology Officer of JK Holding GmbH which is a German company and world market leader for professional tanning and wellness equipment with plants in Germany and USA. In January 2011, he was appointed as Chief Technical Officer of Medisana AG, a German specialist for Home Healthcare Products. In January 2014 he moved as Managing Director to Atlanta-Elektrosysteme GmbH, a German specialist in the automotive business for brush card systems. In September 2014 Atlanta was integrated into the automotive part of the Eckerle Group and he was continuing as Managing Director of Atlanta-Elektrosysteme GmbH. In January 2016 he moved as Technical Director to Apollo Produkt-GmbH.

He does not hold directorship in any other company.

CHARLIE ONG CHYE LEE

Aged 72, Malaysian, 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 retains the Chairmanship of the other Committees.

He practised law in Penang after being called to bar in 1970 in Messrs. Mustaffa bin Hussain, later Messrs. Mustaffa, Jayaraman & Ong, then Messrs. Mustaffa, 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 & Maneckesha. 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 & Maneckesha.

He holds a directorship in another public limited company.

CHIA TONG SAIK

Aged 68, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on January 2, 2013 as Independent Non-Executive Director. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee. On August 23, 2013, he was redesignated as Chairman of the Audit Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a Fellow of The Association of Chartered Certified Accountants (United Kingdom). He served his articleship in Coopers & Lybrand, an international firm of Chartered Accountants from 1972 to 1975 and left the firm as Audit Manager in 1979. He joined Robert Bosch (M) Sdn. Bhd., a multinational corporation as Chief Accountant from 1979 to 1983. He became the Group Financial Controller of Malaysia Aica Berhad, a conglomerate listed on Bursa Malaysia Securities Berhad ("Bursa Securities") from 1983 to 1996. He later became the partner of JB Lau & Associates, a local firm of Public Accountants in 1996 where he remained until his retirement in 2003.

He currently does not hold any directorship in any other company.

HUANG, YEN-CHANG also known as STANLEY HUANG

Aged 45, Taiwanese, 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.

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. Currently, he holds the position as an Administrative Division Head of Uchi Optoelectronic (M) Sdn. Bhd.

He does not hold directorship in any other company.

OW CHOOI KHIM

Aged 47, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC), as an alternate director to Mr. Kao, Te-Pei also known as Edward Kao on April 1, 2011. She is also a member of the Employee Share Option Scheme Committee of UCHITEC.

She holds a Master degree in Business Administration from the University of South Australia and is also a member of the Malaysia Institute of Accountants. Ms. Ow was with Teoh Yap & Co. in 1993 where she served for a period of 6 months as a practical trainee. Upon graduation she joined Deloitte KassimChan (formerly known as Kassim Chan & Co.) in 1994 as an Audit Assistant and was promoted to Senior Audit Assistant. She last held the position of Assistant Manager in Deloitte KassimChan before she joined Uchi Optoelectronic (M) Sdn. Bhd. as Acting Finance Department Head in 1998. Currently, she holds the position as a Finance Manager of UCHITEC.

She 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.

Note:

Mr. Ted Kao and Mr. Edward Kao are brothers. 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 10 years other than traffic offences.

UCHI TECHNOLOGIES BERHAD
(Company No. 457890-A)
(Incorporated in Malaysia)

100% UCHI OPTOELECTRONIC (M) SDN. BHD.
(Company No. 190793-K)
Malaysia

100% UCHI ELECTRONIC (M) SDN. BHD.
(Company No. 182613-K)
Malaysia

100% UCHI TECHNOLOGIES (DONGGUAN) CO., LTD.
People's Republic of China

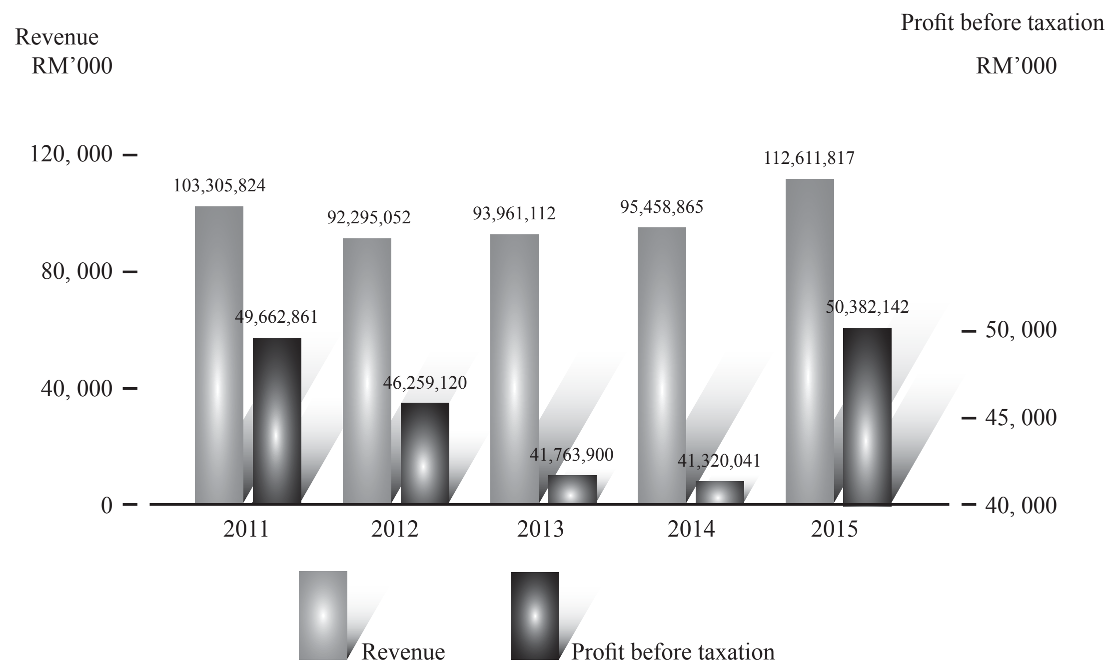
Year ended December 31	2011 RM	2012 RM	2013 RM	2014 RM	2015 RM
Revenue	103,305,824	92,295,052	93,961,112	95,458,865	112,611,817
Profit before taxation	49,662,861	46,259,120	41,763,900	41,320,041	50,382,142
Profit after taxation	48,911,904	44,831,224	39,073,487	40,109,239	49,297,964
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	12	12	10	10	5
Amount Paid (net of tax)	44,332,410	44,333,595	35,737,609	37,802,670	19,389,850
Dividends proposed in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	6
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	25,874,755 [1]
Total Amount Paid and Payable (net of tax)	44,332,410	44,333,595	35,737,609	37,802,670	45,264,605 [2]
Total Assets Employed	222,578,223	234,541,742	218,626,207	242,238,614	279,690,474
Shareholders' equity	187,207,291	187,106,623	190,904,593	193,019,197	230,666,213
Net tangible assets	187,207,291	187,106,623	190,904,593	193,019,197	230,666,213
Number of ordinary shares issued and fully paid as of December 31	376,503,200 of RM0.20 each	376,509,200 of RM0.20 each	377,600,600 of RM0.20 each	378,955,400 of RM0.20 each	394,867,700 of RM0.20 each [3]
Proforma weighted average number of shares	369,407,607	369,436,395	369,587,906	371,196,416	379,946,800
Net Earnings Per Share (Sen)	13.24	12.13	10.57	10.81	12.97
Return on Equity	26.1%	24.0%	20.5%	20.8%	21.4%

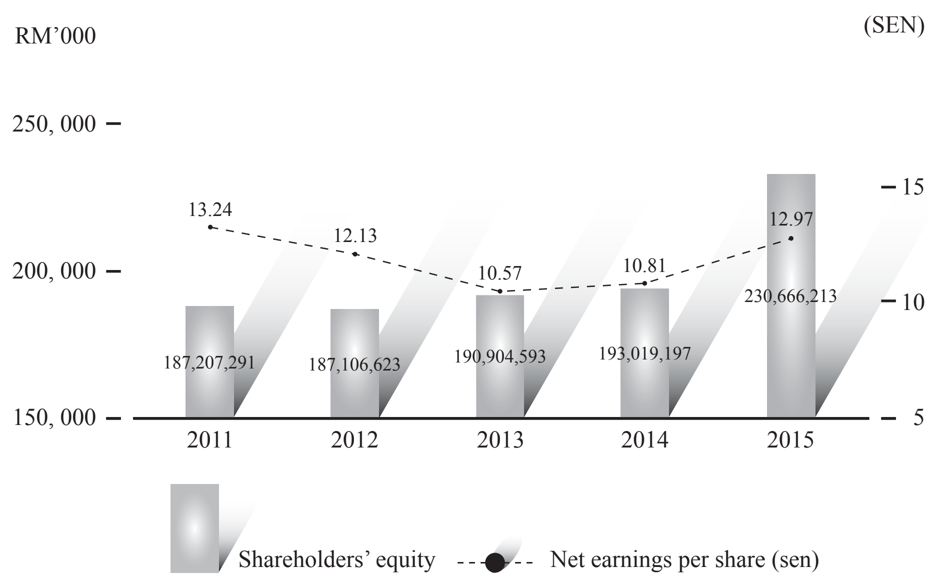
1) Represents approximation of dividend payable base on:
   (a) all ordinary shares in issue as of February 29, 2016; and
   (b) proposed bonus issue of up to 43,212,910 new ordinary shares of RM0.20 each on the basis of one new ordinary share of RM0.20 each for every ten existing ordinary shares of RM0.20 each held, estimated to be completed by the second quarter of 2016, upon shareholders approval at the forthcoming Extraordinary General Meeting.
   Actual amount of dividend payable shall be determined at the close of business on June 30, 2016 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 394,867,700 issued and fully paid ordinary shares, 7,070,700 shares are held as treasury shares by the Company. As at December 31, 2015, the number of outstanding shares in issue and fully paid is 387,797,000 ordinary shares of RM0.20 each.

FINANCIAL HIGHLIGHTS





Dear 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 2015.

Advancing Steadily

2015 continued to be a challenging year for economies across the globe and in Malaysia. Nevertheless, despite the unstable global economy, currency turmoil and ever-increasing operating costs, the Group was able to make good strides.

At the start of the year under review, we had anticipated delivering an operating profit margin of 40%. Today, I am happy to report that we managed to exceed this target slightly and register a 46% operating profit.

Exceeding Customers' Expectations

Central to our progression is a commitment to go beyond realising our customers' ideas and exceed their expectations in all that we do. This has been our modus operandi since our inception. To enable this, we are constantly striving to raise the bar higher and challenge ourselves to come up with even better innovations and solutions, even if it means having to eliminate existing ones, to ensure improved cost efficiency, design cycle lead time and overall performance.

At the Forefront of Technology

As a technology-centric organisation, research and development forms the cornerstone of our operations. Through the years, we have invested heavily in this area and 2015 was no different. As has been the Group's standard practice, 7% of our revenue was budgeted for research and development activities.

Among others, in our efforts to enhance and expand our product lines, we have incessantly worked on new projects, which are currently being categorised as art-of-living and biotech products. Additionally, we have bolstered our technological prowess by upgrading our equipment and facilities. Following this, we aim to further enhance our capabilities by increasing the manpower of our research and development team from the current 40 people to 50 people by the end of 2016.

Declaration of Dividends

At UCHITEC, according to our Group Dividend Policy, which has been in practice since 2003, a minimum of 70% of our net profit has been allocated for dividends. For the year under review, the Board of Directors is pleased to declare a final dividend of 6 sen per share tax-exempt, subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board also proposes a 1 for 10 bonus share issue which, if approved by shareholders during the forthcoming Extraordinary General Meeting, will also be entitled to the final dividend of 6 sen per share.

This, together with the interim dividend of 5 sen per share tax-exempt, which was paid in January 2016, brings the total dividend declared for 2015 to 11.6 sen (2014: 10 sen), which marks a 16% increase compared to the dividend issued in the previous year and is equivalent to a payout ratio of 89%. This upward trend is not only a reflection of our steady financial performance but also our commitment to enhancing our shareholders' value.

Responsibility to the Future

At UCHITEC, we believe that it is our responsibility to facilitate the wellbeing of communities and the environment for the benefit of future generations, which is why we are dedicated to upholding a socially and environmentally conscious business. To do so, we endeavour to design, introduce and implement social, educational and health-related programmes and systems, such as OHSAS and various environmental and quality policies, to minimise damage to the local communities and environments in which we operate. This is an important aspect that contributes to the sustainability and development of the environment and our business as well as in building trust among our employees, vendors, customers and society at large.

In line with this, the Group was involved in numerous corporate social responsibility activities during the year under review. Among others, we provided sponsorship for several charity fundraising events, held a blood donation drive and collaborated with the Seberang Perai Municipal Council (MPSP) to organise a River Rehabilitation Campaign.

The latter saw the involvement of UCHITEC employees in processing effective-microorganism (EM) mud balls which were then tossed into the river where they would inhibit the growth of algae and break down sludge and silt in the water.

Understanding that our people are the backbone of the Group, we aspire to provide a conducive environment that nurtures a happy and healthy workforce. To this end, we have organised various activities to promote a healthy lifestyle among our employees. We have also continued to ensure compliance with the Malaysian Code on Corporate Governance 2012 at all times.

The actual environmental impact of a product is determined from the design stage; this includes the use of raw and natural resources as well as the manufacturing, packaging, transportation, disposal and recycling processes. As such, we consider our most significant contribution to be in the designing and manufacturing of energy-saving modules. These modules are used for household and office equipment and comply with European eco-design requirements of having standby and off-mode electrical power consumption of less than 0.5watt.

Prioritising Our Employees

The long-term success and continued growth of the Group depends on our capacity to attract, retain and develop our employees. With work-life balance being increasingly important in today's organisational operations, we always strive to make sure that both aspects of our employees' welfare are taken into consideration.

In facilitating the holistic development of our employees, the Group is committed to building and sustaining an environment where they are enabled to have a sense of responsibility and pride in their work and contribute their best towards the success of both UCHITEC and themselves. In addition to holding activities that encourage our employees to lead healthy lifestyles, we also ensure that there is mutual trust and respect among all levels of our employees.

UCHITEC offers an Employee Share Option Scheme (ESOS) as a reflection of our gratitude to our employees for their tireless efforts in moving the Group forward. In 2015, 6,414,800 options were allocated to our employees. The current ESOS will expire on August 6, 2016, and we aim to roll out a new ESOS, i.e. the "Uchi Technologies Berhad Employee Share Option Scheme 2016" subsequently, subject to shareholders' approval at the forthcoming Extraordinary General Meeting.

Meeting Future Challenges

UCHITEC's business revolves around research and development. It is, therefore, integral that we not only keep abreast of current innovations but are ready to stay ahead in pioneering the industry. In this respect, we have cultivated an environment that facilitates the ongoing support and enhancement of existing products and the development of new cutting-edge products that allow us to forge the path as a leader in the technological evolution.

Consequently, with our well-established foundation, we are able to enhance our operations towards meeting our commitments to environmental sustainability and human resource improvements. We will continue to harness the creative potentials that can be found internally and externally to generate more innovative ideas.

Additionally, we aim to continue developing and enhancing vendor relationship management in order to tap into their capabilities to reduce supply risk exposure, increase our responsiveness to market changes and shorten order fulfilment lead times.

When it comes to enhancing our productivity ratio, scale economies and utilisation efficiency play an important role. Subsequently, we aim to encourage positive performances and improved business processes. Among others, we eliminate unnecessary work that is time-consuming yet does not add perceived value in the eyes of our customers. We also endeavour to simplify tasks that contribute to product quality service, achievement of sales objectives and effective risk management; and maximise new technologies and systems to enhance our processes and enable quality outcomes.

In view of that, we are optimistic that we will continue to yield a stalwart financial performance and maintain a solid balance sheet for the benefit of all our stakeholders.

Our Appreciation

In reflecting on our journey throughout the past year, our progress would not be possible without the support of various people and organisations. Consequently, the Board of Directors would like to thank all those who have helped us grow into what we are today.

Our gratitude goes to our management team and staff for their unwavering support and dedication in elevating the Group towards greater achievements. No less important are our business partners and associates, customers, vendors, bankers, financiers and government authorities, whose unstinting confidence in the Group continues to inspire us to strive for further success.

Lastly, my appreciation goes to my fellow directors for their visionary stewardship in helming the Group in our journey forward. With their guidance as well as the commitment of our team, I am confident that we will be able to continue creating and delivering value for all our stakeholders in a sustainable manner.

Thank you.

CHARLIE ONG CHYE LEE
Chairman

Dear shareholders,

The global economic growth in 2015 continued to be slow. Nevertheless, despite the unfavourable economic environment, UCHITEC managed to perform commendably. In fact, we attained several significant milestones during the year under review.

Firstly, the year witnessed the third consecutive year that the Group recorded a Customer Reject Rate below 0.2%. Additionally, on November 27, 2015, Uchi Technologies (Dongguan) Co. Ltd. successfully attained the OHSAS18001:2007 as part of the Group's efforts in upholding our employees' wellbeing by creating a safe working environment for all.

Financial Overview

While there were no significant changes in the Group's revenue growth, the stronger performance of the USD in the currency market (2015: RM3.8559/USD1.00; 2014: RM3.2521/USD1.00) allowed us to register an operating profit of 46%, surpassing our estimated 40%.

Consequently, our operating profit increased by 33% to RM51.3 million (45.6% margin) in 2015 from RM38.5 million (40.3% margin) the year before. The Group's profit before tax also saw an increase from RM41.3 million (43.3% margin) in 2014 to RM50.4 million (44.7% margin) during the year under review.

Continuing with this upward trend, UCHITEC's earnings before interest, taxes, depreciation and amortisation (EBITDA) was RM52.5 million in 2015, a 19% increase compared to the year before (RM44.0 million).

In 2015, the Group's net cash generated from operations was in excess of RM48.5 million, representing 95.0% of our operating profit; while cash and cash equivalent increased from RM133.0 million in 2014 to RM174.5 million in 2015.

Income Review

The Group's Electronic Control Modules for Art-of-Living products was the biggest contributor to our income during the year under review. This category comprising high-end consumer electrical appliances such as fully-auto coffee machines, while Biotechnology products consisting of laboratory and industrial equipment including high-precision weighing scales and centrifuges. These two segments contributed approximately 77% and 23% respectively.

Our largest export market continues to be the European region, from where around 95% of our revenue is derived.

Expenditure Analysis

UCHITEC's expenditure can be narrowed down to five components, i.e. material consumption, employee benefit expense, depreciation and amortisation, research and development, and other expenses.

The year under review saw material consumption making up the highest percentage of the Group's expenditure at 52%. This was followed by employee benefit expense at 28%, depreciation and amortisation at 11%, research and development at 5% and other expenses at 4%. Additionally, the year under review also saw UCHITEC allocating RM245,000 for wear and tear issues.

Innovation as an Instrument for Growth

One of UCHITEC's competitive advantages lies in our strong research and development team that is equipped with the technical strength to provide practical innovative solutions in the shortest timeframe possible. Subsequently, our research and development endeavours remain a top priority. This is in line with our goal to deliver innovative solutions which are a step ahead of market demands. As such, we will continuously launch new research and development projects in 2016.

Managing Risks

At UCHITEC, we recognise that the global marketplace poses many challenges and, as such, we are committed to ensuring that we have effective contingency plans on hand in order to mitigate the risk factors.

The Group has a resilient operating model that is highly adaptable to changes. This encompasses our Enterprise Risk Management (ERM). The ERM framework acts as the core management competency that incorporates a well-structured systematic process to identify business risks and lessen their impact on the operation on the Group's companies.

Bearing that in mind, the Group identified several areas of concerns and subsequently took relevant measures to manage these concerns. For instance, the Group is currently highly concentrated on one market, i.e. Europe, with nearly 100% of our revenue derived from there. In an effort to diversify our markets, we are exploring new markets, exhibiting and promoting our products at international exhibitions in Taiwan, Hong Kong and Germany.

Another area of concern is that 100% of our revenue is billed in USD, and as a result, foreign currency fluctuation poses a risk factor for the Group. To counter this, we entered into foreign currency forward contracts with the Foreign Exchange Contract Management Policy, a move that was approved by the Board of Directors in 2010.

Enhancing Stakeholder Wellbeing

At UCHITEC, the wellbeing of the different parties we engage with continues to be our priority. In upholding this, we have consistently adhered to the principles of sustainable development in our business model, emphasising development that meets the need of the present without compromising the future generation's ability to meet their own need.

We have also taken measures to address pertinent issues in our operations to enhance economic efficiency, social equity as well as environmental accountability. These encompass imputing resource productivity measures right from the designing stage, operational risk management, CSR activities and strictly enforcing environment, OHSAS and quality policies.

Looking Forward

The forecast for 2016 is cautiously optimistic. We have encountered numerous challenges in recent years, such as fluctuations in the global economic climate and foreign currency exchange, and the enforcement of various regulations. Nevertheless, we take these challenges as an opportunity to adapt and better ourselves to be more resistant and resilient.

As has been our goal since the inception of our business in 1989, we aim to continue to exceed customers' expectations. As such, we pledge to keep honing our competitive edge to ensure that we have the necessary capabilities and facilities to take UCHITEC to greater heights for the benefit of our stakeholders.

Acknowledgements

On behalf of the Board of Directors, Management and employees of UCHITEC, I want to thank our many stakeholders whose support has been instrumental to our progress. These include our valued customers, business partners, vendors, bankers and financiers and investors.

I would also like to take this opportunity to recognise the contributions of our wonderful management team and employees. Their contributions have played an important part in making the Group what it is today. My gratitude also goes out to the Board of Directors for the wise counsel and guidance it has given us throughout the year. We look forward to all your continued support in the coming year.

Thank you.

KAO, DE TSAN also known as TED KAO
Managing Director

Corporate social responsibility ("CSR") vision of Uchi Technologies Berhad ("UCHITEC") is founded on a culture of a responsible and caring corporate citizen. We work to increase stakeholder value through our core businesses. We will not neglect our responsibility to strive for the betterment of the community and the environment.

Our CSR philosophy integrates our social and environmental responsibilities into our business strategies for the sustainable growth of the Company, which is in line with the CSR Framework for Public Listed Companies launched by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Group emphasizes CSR on four focal areas as follows:

- **Community -** to be socially responsible to the society at large and play a role as a caring corporate citizen.
- **Marketplace -** to be socially responsible in the economic boundaries it operates through exemplary corporate governance practices.
- **Workplace -** to be socially responsible to its employees by providing a conducive working environment including on matters pertaining to health and safety at workplace, developing its human capital and observing the rights of its employees.
- **Environment -** to be socially responsible and play a role in preserving the environment.

Community

The Group plays its role as a socially responsible corporate citizen in the community through various activities held with the aim of caring for the wellbeing of the society at large.

For the year ended December 31, 2015, the Group had organized social visits and donations to Pertubuhan Rumah Kebajikan Seri Cahaya Pulau Pinang, Rumah Kanak-Kanak Taman Bakti, Eden Handicap Service Centre Berhad and Penang Fo Yi Haemodialysis Society.

Marketplace

At the marketplace, the Group maintains high integrity of corporate governance practices as well as enhancing the shareholders' value through strategic business planning and exceptional management accounting practices. In achieving its corporate goals, business ethical values will not be compromised.

Workplace

The Group is committed in its social responsibilities at the workplace via compliance and respect to Human Rights which includes employment of employees under fair and equitable terms as well as offering equal opportunity for career advancement based on performance. Continuous learning and development programmes were carried out throughout the year to equip the employees with relevant skills, knowledge and experience which would enhance the individual employee's competency and eventually add value to the Group. Employees' welfare is closely monitored to avoid any violation to Labour or Human Right.

Uchi Optoelectronic (M) Sdn. Bhd., the main subsidiary company of UCHITEC is an OHSAS 18001 certified company in recognition of the Group's commitment to achieve occupational safety and health environment. The Group adopts its Occupational Safety and Health Policy to ensure occupational safety and health of all employees is not compromised. The Group's safety programmes go beyond the minimum statutory requirements. Constant education, training and safety workshops ensure a high level of awareness of safety requirements at all levels.

On November 27, 2015, Uchi Technologies (Dongguan) Co., Ltd. was certified as an OHSAS18001:2007 company in furtherance to the Group's commitment towards the employee in enhancing the overall occupational health and safe working environment.

Environment

Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Technologies (Dongguan) Co., Ltd. are ISO 14001 certified companies in recognition of the Group's commitment in preserving the environment. The Group adopts its Environmental Policy to ensure the environment is preserved for future generation.

Uchi Optoelectronic (M) Sdn. Bhd.'S Phase III building, UCHItecture, featured a 20-degree rotation and multiple block design concepts and incorporated green feature design specifically to accommodate the local tropical climate, environmental and socio-cultural contexts.

Meanwhile, Uchi Technologies (Dongguan) Co., Ltd. was awarded 2012年度东莞市园林式单位 ("2012 Dongguan City Green Award") by the local authority, recognizes its effort in nurturing and conserving the environment.

In collaboration with Seberang Perai Municipal Council, Uchi Optoelectronic (M) Sdn. Bhd. introduced River Rehabilitation Campaign as part of the Group CSR and environmental initiatives to clean up bodies of water such as rivers, lakes, drains etc where there are concentrated deposits of sludge and slime. All employees of Uchi Optoelectronic (M) Sdn. Bhd. has participated in processing the Effective-Microorganism ("EM") mudballs, which are made with a mixture of clay, bokashi - Japanese for "shading off, gradation" (rice bran fermented with EM and

molasses) and EM that is mixed together and allowed to ferment. Led by the Managing Director, Mr. Kao, De-Tsan also known as Ted Kao and the Executive Director, Mr. Kao, Te-Pei also known as Edward Kao, the EM mudballs were tossed into the river lying at the back of the manufacturing site. EM Mudballs which are enriched with EM will slowly break down, allowing EM to escape into the water to inhibit the growth of algae, and break down any sludge and silt in the water, resulting in clear and healthy water.

The Group adheres to all environmental laws and regulations. Production processes are constantly upgraded and products are improved to meet changing environmental laws and regulations. During the year the Group was not penalized for any instance of non-compliance with environmental laws and regulations.

The Group initiates the CSR practices for its companies. The Group believes that the perquisites of its own employees shall not be overlooked whilst undertaking CSR activities. The Group views that by taking care of the wellbeing and welfare of its employees, the Group will contribute positively towards the harmony of society as a whole. Many get along and social activities for employees were held with the objective to strengthen the bonds among employees and to enhance team spirit where employees could interact with each other more often with formal and informal activities.

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 Board is pleased to present to the shareholders that the Company has adopted the eight (8) principles and twenty-six (26) recommendations of the Malaysian Corporate Governance Code 2012 ("MCCG 2012") as the Company governance structure and processes.

A. 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 members 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.

The Board reviewed and assessed the adequacy of Board Charter in February 2016 and resolved that the Board Charter is in compliance with relevant rules and regulations promulgated by the regulatory body *(Recommendation 1.7 of the MCCG 2012)*.

B. DIRECTORS

The Responsibilities of the Board and Management

The Board explicitly assumes the following principal duties and responsibilities *(Recommendation 1.2 of the MCCG 2012)*:

- 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 to 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.

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 *(Recommendation 1.1 of the MCCG 2012)*.

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 Ethics 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.

B. DIRECTORS (cont'd)

Code of Ethics (cont'd)

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.

Fraud and Whistle Blowing Policy

Fraud Policy 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. It is the management responsibilities to facilitate the development of controls, which will aid in the detection and prevention of fraud, misappropriations and other unethical behaviour in the workplace. All employees are obligated to support the management's effort to effectively minimize fraud risk.

Nonetheless, UCHITEC has introduced 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. Mr. Charlie Ong Chye Lee, the Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.

Board Balance

The Board must ensure that at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors.

The Board currently comprises of five (5) Directors, of which two (2) are Executive Directors and three (3) are Independent Non-Executive Directors. The present composition of the Board exceeds the requirements as stipulated in Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad as more than half of its members are Independent Directors *(Recommendation 3.5 of the MCCG 2012)*.

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 14 & 15 of this annual report.

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 and the Chairman is an independent and non-executive director *(Recommendation 3.4 of the MCCG 2012)*. The Chairman, Mr. Charlie Ong Chye Lee, an Independent Non-Executive Director is responsible for effective functioning of the Board and for formulating general Company policies and making strategic business decisions. The Managing Director, Mr. Kao, De-Tsan also known as Ted Kao 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.

Mr. Charlie Ong Chye Lee was appointed as Senior Independent Non-Executive Director on September 1, 2012. Through whom, stakeholders may convey their concerns pertaining to the Group via charles.ong6288@gmail.com.

The Board's standards for determining the independence of a Director is set forth in the Board Charter *(Recommendation 3.1 of the MCCG 2012)*. The Nomination Committee is authorized to assess the independence of the Independent Directors in accordance to the Boards Independence Standards annually. Based on the assessment in 2015, 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.

It has also stipulated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Should the Board intends 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 at general meeting.

B. DIRECTORS (cont'd)

Board Balance (cont'd)

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

Name of Directors	Date of Appointment	Tenure of Service as of March 31, 2016
Dr. Heinrich Komesker	January 1, 2007	9 years 3 months
Charlie Ong Chye Lee	July 1, 2008	7 years 9 months
Chia Tong Saik	January 2, 2013	3 year 3 months

On December 31, 2015, Dr. Heinrich Komesker's tenure on the Board reached a cumulative term of nine (9) years. The Nomination Committee, with Dr. Komesker abstaining from the deliberation of his own assessment, have assessed the independence of Dr. Komesker and is satisfied with the following attributes necessary in discharging his roles and functions as an Independent Non-Executive Director of the Company, i.e.

- He has met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad; and
- He has vast experience in the industries the Group is involved and as such could provide the Board with a diverse set of experience, expertise and independent judgment; and
- He consistently challenges the management in an effective and constructive manner; and
- He actively expresses his views and participates in Board deliberations and decision making in an objective manner; and
- His length of service on the Board does not in any way interfere with his fiduciary duties in exercising due care in the best interest of the Company and minority shareholders.

After considering the Nomination Committee's justification and recommendation, the Board intends to seek its shareholders' approval at this forthcoming Annual General Meeting to retain Dr. Komesker as an Independent Non-Executive Director of the Company *(Recommendation 3.2 & 3.3 of the MCCG 2012)*.

Board Meetings

The Chairman is responsible for ensuring Board effectiveness and the Board meets at least four times a year, with additional meetings convened as necessary. It has a formal time schedule that is pre-determined in advance. The Agenda and Board papers for each meeting are circulated at least one week in advance before each meeting to the Board members. It has a formal schedule of matters reserve to it, which includes strategy and policy issues, major investments, financial decisions and the annual plan. The Board and its committees are 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. The Board met four times in this financial year. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2015 are as follows:

No.	Director	Year 2015 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2015 to 31/12/2015	4	4
2.	Kao, Te-Pei also known as Edward Kao	1/1/2015 to 31/12/2015	4	4
3.	Dr. Heinrich Komesker	1/1/2015 to 31/12/2015	4	4
4.	Charlie Ong Chye Lee	1/1/2015 to 31/12/2015	4	4
5.	Chia Tong Saik	1/1/2015 to 31/12/2015	4	4
6.	Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	1/1/2015 to 31/12/2015	4	4
7.	Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	1/1/2015 to 31/12/2015	4	4

B. DIRECTORS (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.

The Directors review the Board reports prior to the Board meeting. Board reports are issued at least one week in advance before the scheduled meeting 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 would also discuss, review and decide the approval of acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

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 *(Recommendation 1.5 of the MCCG 2012)*.

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 *(Recommendation 1.6 of the MCCG 2012)*.

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.

Directors' Training

All existing members have completed the Mandatory Accreditation Programme (MAP) 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 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 Ethics, the management and internal and independent auditors.

The Nomination Committee 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 2015, 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 *(Recommendation 4.2 of the MCCG 2012):*

- Roots of Excellence: Problem Solving & Decision making Using NLP
- Human Resource and ERP System Management
- Nuts & Bolts of Disclosure Obligation Of Directors (S131 & S135) and Drafting Of Resolutions
- Malaysia's Urban Transformation and Penang's Future
- Management Training with Customers and Suppliers
- MFRS/FRS Update 2015/2016 Seminar
- GST Return Compliance Workshop
- The Companies Bill 2013: Key Changes to the Corporate Landscape in Malaysia
- Seminar GST 2015

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.

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 Nomination Committee, who is authorized to assess and propose new nominees for the Board and further empowered to assess the existing Directors on an on-going 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 Directors qualification and the Board's expectation towards its Board members in the Board Charter, 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.

B. DIRECTORS (cont'd)

Appointments of the Board (cont'd)

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 *(Recommendation 4.1 of the MCCG 2012)*.

For the year ended December 31, 2015, the Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meeting summarises on page 27 of this annual report.

Re-Election

In accordance with the Company's Articles of Association, 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.

Director over seventy years of age and / or Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965 and recommendations of the MCCG 2012 accordingly.

The Board Committees

The following committees are established to assist the Board in the discharge of its duties:

i. The Audit Committee

The composition and terms of reference of this Committee together with its report are presented on pages 33 to 35 of this annual report.

ii. The Remuneration Committee

The Remuneration Committee was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised mainly of Non-Executive Directors, namely:

Chairman : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

Members : Chia Tong Saik
Independent Non-Executive Director

Kao, Te-Pei also known as Edward Kao
Executive Director

A primary purpose of the Committee is 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 *(Recommendation 2.3 of the MCCG 2012)*.

For the year ended December 31, 2015, the Remuneration Committee reviewed and recommended to the Board the 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:

- **Salary and Benefits-in-Kind**
  The Executive Directors are entitled to a fixed component of remuneration package which includes a monthly salary, employer contributions to the Employee Provident Fund, benefits-in-kind such as the provision of accommodation allowance and medical coverage; and performance-based bonus.

- **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.

- **Equity-settled Share-based Payment**
  All Directors of the Company are eligible to participate in the Employee Share Option Scheme 2006. Upon shareholders' approval, the Board is authorized to grant share options to the Directors.

B. DIRECTORS (cont'd)

The Board Committees (cont'd)

ii. The Remuneration Committee (cont'd)

The details of the remuneration of the Directors for the financial year ended December 31, 2015 are as follows:

Category	Fees	Salaries & Other Emoluments	Benefits-in-Kind	Total
	RM	RM	RM	RM
Executive Directors	132,400	979,163	52,500	1,164,063
Non-Executive Directors	236,400	6,538	–	242,938
Total	368,800	985,701	52,500	1,407,001

Range of Aggregate Remuneration	Executive	Non-Executive
RM50,001 to RM100,000	–	3
RM100,001 to RM150,000	1	–
RM150,001 to RM200,000	1	–
RM200,001 to RM250,000	1	–
RM600,001 to RM650,000	1	–

iii. The Nomination Committee

The Nomination Committee was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised exclusively of Independent Non-Executive Directors *(Recommendation 2.1 of the MCCG 2012)*, namely:

Chairman : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

Members : Dr. Heinrich Komesker
Independent Non-Executive Director

Chia Tong Saik
Independent Non-Executive Director

Summary of activities of the Nomination Committee in 2015 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 Articles of Association;
- reviewed and recommend to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and to seek shareholders' approval at the forthcoming AGM;
- 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 and recommended to the Board;
- 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 reassessed the adequacy of the Board Charter including the evaluation criteria of recruitment and assessment of Directors *(Recommendation 2.2 of the MCCG 2012)*.

B. DIRECTORS (cont'd)

The Board Committees (cont'd)

iv. The Employee Share Option Scheme ("ESOS") Committee (of which, also comprise of 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 Bye-Laws of Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006"), regulations and guidelines in force from time to time.

Upon the recommendation by the ESOS Committee and in pursuant to the Bye-Law 18.1 of the ESOS 2006's Bye-Laws, the Board of Directors extended the expiry of the ESOS 2006 for another five years commencing August 8, 2011.

During the financial year ended December 31, 2015, the Company granted Share Options of 6,414,800 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2015, balance number of Share Option available for allotment was 24,133,000 Ordinary Shares of RM0.20 each.

The aggregate maximum allocation of share options to Directors and senior management of the Group shall not exceed 50% of the Share Options available under the ESOS 2006. As of December 31, 2015, the actual allocation of Share Options to Directors and senior management was 40%.

The details of Share Options granted to and exercised by the Directors during the year under review are presented on page 43 of this annual report.

C. SHAREHOLDERS

Relations With Shareholders and Investors

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 *(Recommendation 8.3 of the MCCG 2012)*.

The Annual General Meeting (AGM) & Extraordinary General Meeting (EGM)

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 meeting. The Board also shared with the shareholders the Company responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group *(Recommendation 8.1 of the MCCG 2012)*.

Corporate Website

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 announcement made via Bursa LINK, annual reports as well as the corporate governance structure of the Company *(Recommendation 7.2 of the MCCG 2012)*.

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 *(Recommendation 7.1 of the MCCG 2012)*.

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, 1965 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.

D. ACCOUNTABILITY AND AUDIT (cont'd)

Responsibility Statement (cont'd)

For the year ended December 31, 2015, 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, 1965 and the Listing Requirements of the Bursa Securities *(Recommendation 5.1 of the MCCG 2012)*;
- 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, 2015 on March 21, 2016.

Internal Control

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.

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 *(Recommendation 6.1 of the MCCG 2012)*.

Statement on Internal Control incorporating report on risk management and internal audit function is set out on pages 36 & 37 of this annual report.

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 and independence of Deloitte as external auditors and recommended to the Board the re-appointment of Deloitte as auditors of the Company. *(Recommendation 5.2 of the MCCG 2012)*

The re-appointment of Deloitte as auditors of the Company is subject to shareholders' approval at the forthcoming annual general meeting.

COMPLIANCE STATEMENT

The Board is satisfied that the Company fully complied with the principles and recommendations of the MCCG 2012.

The collective approval by the Board on this Statement was tabled on March 21, 2016.

For and on behalf of the Board of Directors of

Uchi Technologies Berhad **(Company No.: 457890-A)**

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, 2015.

AUDIT COMMITTEE

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

Chairman	:	Chia Tong Saik *Independent Non-Executive Director*
Members	:	Charlie Ong Chye Lee *Senior Independent Non-Executive Director*
		Dr. Heinrich Komesker *Independent Non-Executive Director*

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 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 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 Senior 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 that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- review the allocation of options during the year under the Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006") 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 2006;
- 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, 2015, 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, 2015 is as follows:

- Reviewed the adequacy of Audit Committee Charter;
- Recommended the reappointment / appointment of the independent auditors and agreed on their remuneration;
- Reviewed the independent auditors' audit plan and the adequacy of the scope of work for the year;
- Reviewed the audited financial statements for the year ended December 31, 2015 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 independent auditors' audit reports and considered the audit issues, recommendations and the management's written response;
- Reviewed with the Company's management and the independent auditors' general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls;
- Reviewed the adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework;
- Reviewed the report on internal audit performed by the internal audit team and fix their remuneration;
- Reviewed the implementation of the suggestion for improvement of internal control recommended by the independent auditors and internal audit team; and
- Reviewed the allocation of options during the year under the ESOS 2006 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 2006.

INTERNAL AUDIT FUNCTION

In respect of the financial year ended December 31, 2015, the internal audit team had carried out internal audit reviews on the following areas according to the internal audit plan which has been approved by the Audit Committee:

- inventory management;
- production & auto manufacturing processes;
- materials & products quality control.

The reviews were 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. The internal audit team also established follow-up audits / reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. 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, 2015 was approximately RM41,713.

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, 2015, 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 risks 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 Groups mid to long term business objectives. Arising from this, a risk-based audit plan was developed by the management 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, Senior Finance Manager 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 meetings.

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;

- 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 set 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 ISO9001:2008, ISO14001:2004 and OHSAS18001:2007 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;

- 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

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

- 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 Board appoints in-house audit team and a professional services firm (collectively known as "internal audit team") to assist the Audit Committee in discharging its duties and responsibilities in relation to internal audit function. The internal audit team reports directly to the Audit Committee *(Recommendation 6.2 of MCCG 2012)*.

The internal audit team provides an independent assessment on the efficiency and effectiveness of the Group's internal control systems. The internal audit focuses on regular and systematic reviews of the systems of financial and operational internal control in anticipating potential risk exposures over key business processes and controlling proper conduct of business of the Group.

The internal audit function 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.

The internal audit team reported to the Audit Committee that while it had identified and addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it had 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 Senior 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 had 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 2015 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 21, 2016.

FINANCIAL STATEMENTS

ISO 9001 QUALITY POLICY

Exceed Customers' Expectations Through Continuous Improvement

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

Products and services which fully meet our internal and external customers requirements at all times with on time and defect free delivery; and

Continuous product quality improvement through employees training and development and implementation of Plan Do Check Action (PDCA) cycle


SGS

UCHI Optoelectronic (M) Sdn. Bhd.
(Company No : 190793-K)
3097, Tingkat Perusahaan 4A
Free Trade Zone, 13600 Prai, Penang
MALAYSIA

ISO 9001:2008

Design of Electronic Control System, Manufacturing of Light Emitting Diode (LED), Assembly of Industrial and Consumer Products and Printed Circuit Boards Assembly (PCBA)

This certificate is valid from 18 November 2014 until 17 December 2017 and remains valid subject to satisfactory surveillance audits.
Re certification audit due before 06 November 2017
Issue 9. Certified since 12 January 1996

UKAS MANAGEMENT SYSTEMS


SGS

Uchi Technologies (Dongguan) Co., Ltd.
宇琦光电(东莞)有限公司

ISO 9001:2008

Design of electronic control system. Manufacture of light emitting diodes (LED). Manufacture of printed circuit board assemblies for industrial and consumer products

This certificate is valid from 5 September 2014 until 4 September 2017 and remains valid subject to satisfactory surveillance audits.
Re certification audit due before 12 August 2017
Issue 7. Certified since 5 September 2002

UKAS MANAGEMENT SYSTEMS

宇琦光电（东莞）有限公司
IS09001

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, 2015.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

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

	The Group	The Company
	RM	RM
Profit for the year	49,297,964	51,766,014

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

A final dividend of 5 sen per ordinary share, tax exempt, amounting to RM19,208,425 in respect of the financial year ended December 31, 2014 was declared and paid by the Company during the current financial year.

The directors declared an interim dividend of 5 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM19,389,850, in respect of the current financial year. The interim dividend had been paid in January 2016.

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividend if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM25,874,755 and has not been included as liabilities in the financial statements. The dividend is subject to 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 at the date of the issue of the financial statements.

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 current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM75,791,080 divided into 378,955,400 ordinary shares of RM0.20 each to RM78,973,540 divided into 394,867,700 ordinary shares of RM0.20 each by way of issuance of 15,912,300 new ordinary shares of RM0.20 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at exercise prices ranging from RM1.15 to RM1.55 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM17,872,875 was credited to the share premium account.

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

During the financial year, the Company purchased 200 units of its own shares through Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM411 and it has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was approximately RM2.06 per share. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

EMPLOYEES' SHARE OPTION SCHEME

On August 8, 2006, the Company implemented an ESOS for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006. The Company had extended the ESOS for another period of 5 years commencing August 8, 2011 on the same terms and conditions as mentioned in the By-Laws. The extended share options are exercisable at any time within the option period up to August 7, 2016.

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

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 at 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 or at par value of the ordinary shares of the Company, whichever is higher.

(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:

				No. of options over ordinary shares			
Granted on	**Expiry date**	**Exercise price per ordinary share**	**Balance as of 1.1.2015**	**Granted**	**Exercised**	**Lapsed/ forfeited**	**Balance as of 31.12.2015**
		RM					
August 8, 2006	August 8, 2016	3.28	12,425,500	–	–	(800,000)	11,625,500
November 8, 2006	August 8, 2016	3.17	35,000	–	–	–	35,000
February 8, 2007	August 8, 2016	3.21	443,000	–	–	–	443,000
May 8, 2007	August 8, 2016	3.31	471,000	–	–	–	471,000
May 28, 2007	August 8, 2016	3.29	800,000	–	–	–	800,000
August 8, 2007	August 8, 2016	2.99	79,500	–	–	–	79,500
November 8, 2007	August 8, 2016	2.87	63,000	–	–	–	63,000
February 6, 2008	August 8, 2016	2.11	55,000	–	–	–	55,000
May 8, 2008	August 8, 2016	2.29	130,000	–	–	(10,000)	120,000
August 8, 2008	August 8, 2016	1.92	425,500	–	–	–	425,500
November 7, 2008	August 8, 2016	0.97	6,500	–	–	(2,500)	4,000
May 8, 2009	August 8, 2016	1.32	27,000	–	(27,000)	–	–
May 15, 2009	August 8, 2016	1.33	1,000,000	–	(203,000)	–	797,000
August 7, 2009	August 8, 2016	1.33	7,249,700	–	(5,997,500)	(3,000)	1,249,200
November 6, 2009	August 8, 2016	1.38	10,000	–	(10,000)	–	–
February 8, 2010	August 8, 2016	1.31	6,875,600	–	(6,337,900)	(68,000)	469,700
May 7, 2010	August 8, 2016	1.41	50,000	–	(50,000)	–	–
August 6, 2010	August 8, 2016	1.34	194,000	–	(109,000)	(31,000)	54,000
November 8, 2010	August 8, 2016	1.34	125,000	–	(110,000)	–	15,000
February 8, 2011	August 8, 2016	1.30	463,000	–	(423,000)	–	40,000
May 6, 2011	August 8, 2016	1.40	110,000	–	(100,000)	–	10,000
August 8, 2011	August 8, 2016	1.33	138,500	–	(118,500)	–	20,000
November 8, 2011	August 8, 2016	1.22	107,000	–	(105,000)	–	2,000
February 8, 2012	August 8, 2016	1.20	288,000	–	(215,600)	(11,000)	61,400
May 8, 2012	August 8, 2016	1.23	10,000	–	(8,000)	–	2,000
August 8, 2012	August 8, 2016	1.20	175,000	–	(165,000)	(10,000)	–
November 8, 2012	August 8, 2016	1.19	40,000	–	(31,200)	(3,800)	5,000

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

				No. of options over ordinary shares			
Granted on	**Expiry date**	**Exercise price per ordinary share**	**Balance as of 1.1.2015**	**Granted**	**Exercised**	**Lapsed/ forfeited**	**Balance as of 31.12.2015**
		RM					
February 8, 2013	August 8, 2016	1.15	529,500	–	(323,000)	(57,500)	149,000
May 8, 2013	August 8, 2016	1.24	180,000	–	(135,000)	–	45,000
May 28, 2013	August 8, 2016	1.35	950,000	–	(450,000)	–	500,000
August 7, 2013	August 8, 2016	1.31	10,000	–	(10,000)	–	–
November 8, 2013	August 8, 2016	1.48	225,000	–	(117,000)	–	108,000
February 7, 2014	August 8, 2016	1.35	501,000	–	(189,800)	(30,000)	281,200
May 8, 2014	August 8, 2016	1.44	352,500	–	(133,200)	(22,500)	196,800
August 8, 2014	August 8, 2016	1.40	390,000	–	(10,000)	(150,000)	230,000
November 7, 2014	August 8, 2016	1.41	30,000	–	–	–	30,000
February 6, 2015	August 8, 2016	1.49	–	840,000	(140,000)	–	700,000
May 8, 2015	August 8, 2016	1.56	–	110,000	–	(80,000)	30,000
June 8, 2015	August 8, 2016	1.55	–	5,352,900	(393,600)	(55,000)	4,904,300
August 7, 2015	August 8, 2016	1.54	–	111,900	–	–	111,900
			34,964,800	6,414,800	(15,912,300)	(1,334,300)	24,133,000

According to Section 169(11) of the Companies Act, 1965, the Company is required to disclose the names of persons to whom any option has been granted during the financial year. Pursuant to Section 169A of the Companies Act, 1965, the Company has applied and has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options below 124,800. The names of option holders who have been granted options for 124,800 or more to subscribe for ordinary shares of RM0.20 each during the financial year are as follows:

			No. of options over ordinary shares		
Name of grantee	**Exercisable from**	**Exercise price per ordinary share**	**Granted**	**Exercised**	**Balance as of 31.12.2015**
		RM			
Liam Chin Huat	February 6, 2015	1.49	300,000	(100,000)	200,000
Teoh Kim Leng	February 6, 2015	1.49	200,000	–	200,000
Lim Hooi Tong	February 6, 2015	1.49	150,000	–	150,000
Eng Chiew Ming	June 8, 2015	1.55	208,000	–	208,000
Lim Chin Kok	June 8, 2015	1.55	208,000	–	208,000
Lim Hooi Tong	June 8, 2015	1.55	124,800	–	124,800
Nyeo Tiam Joo	June 8, 2015	1.55	208,000	(50,000)	158,000
Tan Ai Lin	June 8, 2015	1.55	124,800	–	124,800
Tan Bee Teow	June 8, 2015	1.55	124,800	–	124,800
Chin Yau Meng	June 8, 2015	1.55	234,000	–	234,000
Ong Pek See	June 8, 2015	1.55	124,800	–	124,800
Tan Kim Choo	June 8, 2015	1.55	130,000	(55,000)	75,000
Jin Lu Zeng	June 8, 2015	1.55	130,000	(65,000)	65,000

The options granted may be exercised in a staggered basis within the option period up to August 7, 2016. The option prices for the ordinary shares under the ESOS ranges between RM0.97 to RM3.31 per ordinary share.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, 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 there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(a) which would require the writing off of bad debts or render 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 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 which would render any amount stated in the financial statements of the Group and of the Company misleading.

At 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 liability 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 following directors served on the Board of the Company since the date of the last report:

Kao, De-Tsan also known as Ted Kao
Kao, Te-Pei also known as Edward Kao
Dr. Heinrich Komesker
Charlie Ong Chye Lee
Chia Tong Saik
Huang, Yen-Chang also known as Stanley Huang
(Alternate to Kao, De-Tsan also known as Ted Kao)
Ow Chooi Khim
(Alternate to Kao, Te-Pei also known as Edward Kao)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	No. of ordinary shares of RM0.20 each			
	Balance as of 1.1.2015	Bought	Sold	Balance as of 31.12.2015
Direct interest:				
Kao, De-Tsan also known as Ted Kao	–	1,950,000	–	1,950,000
Kao, Te-Pei also known as Edward Kao	–	1,950,000	–	1,950,000
Dr. Heinrich Komesker	200,000	–	–	200,000
Huang, Yen-Chang also known as Stanley Huang	309,700	66,600	(66,600)	309,700
Ow Chooi Khim	183,810	1,100,000	(650,000)	633,810
Chia Tong Saik	–	450,000	(200,000)	250,000
Charlie Ong Chye Lee	–	203,000	–	203,000
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	94,433,360	–	–	94,433,360
Kao, Te-Pei also known as Edward Kao	20,162,060	–	–	20,162,060

In addition to the above, the following directors are deemed to have 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 options over ordinary shares			
	Balance as of 1.1.2015	Granted	Exercised	Balance as of 31.12.2015
Kao, De-Tsan also known as Ted Kao	3,510,000	–	(1,950,000)	1,560,000
Kao, Te-Pei also known as Edward Kao	3,510,000	–	(1,950,000)	1,560,000
Dr. Heinrich Komesker	1,300,000	–	–	1,300,000
Charlie Ong Chye Lee	1,000,000	–	(203,000)	797,000
Chia Tong Saik	950,000	–	(450,000)	500,000
Huang, Yen-Chang also known as Stanley Huang	500,000	–	(200,000)	300,000
Ow Chooi Khim	2,250,000	–	(1,100,000)	1,150,000

By virtue of his interest in the shares of the Company, Mr. Kao, De-Tsan also known as Ted Kao is also deemed to have an interest in the shares of the subsidiaries of the Company to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) 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.

During and at 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.

AUDITORS

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

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

KAO, DE-TSAN also known as TED KAO

KAO, TE-PEI also known as EDWARD KAO

Penang,

March 21, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

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, 2015 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 a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2015 and of their financial performance and 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, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries, have been properly kept in accordance with the provisions of the Act;

(b) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and

(c) our auditor's reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 35 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

LEE CHENG HEOH
Partner – 2225/04/16 (J)
Chartered Accountant

March 21, 2016

Penang

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Revenue	5	**112,611,817**	95,458,865	**52,011,721**	52,137,663
Investment income	6	**4,720,579**	3,411,302	**4,144,868**	2,783,268
Other income		**26,211**	22,246	**–**	–
Other gains and losses	7	**(5,639,087)**	(636,028)	**166**	69,044
Raw materials consumed		**(32,314,334)**	(31,597,349)	**–**	–
Changes in inventories of finished goods and work-in-progress		**375,865**	(84,896)	**–**	–
Employee benefits expense	8	**(16,812,416)**	(14,290,326)	**(3,091,916)**	(2,494,064)
Depreciation and amortisation expenses		**(6,790,626)**	(6,137,030)	**(1,872)**	(2,964)
Other expenses		**(5,795,867)**	(4,826,743)	**(324,483)**	(354,261)
Profit before tax		**50,382,142**	41,320,041	**52,738,484**	52,138,686
Tax expenses	9	**(1,084,178)**	(1,210,802)	**(972,470)**	(713,483)
Profit for the year attributable to owners of the Company	10	**49,297,964**	40,109,239	**51,766,014**	51,425,203
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**4,922,381**	1,086,820	**–**	–
Total comprehensive income for the year, net of tax attributable to owners of Company		**54,220,345**	41,196,059	**51,766,014**	51,425,203
Earnings per share	11				
Basic (sen per share)		**12.97**	10.81		
Diluted (sen per share)		**12.95**	10.77		

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

STATEMENTS OF FINANCIAL POSITION
At DECEMBER 31, 2015

	Notes	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Assets					
Non-current assets					
Property, plant and equipment	12	**64,181,857**	72,791,022	**409**	2,281
Investment property	13	**7,885,703**	8,121,449	**–**	–
Prepaid lease payments on leasehold land	14	**7,568,761**	7,103,632	**–**	–
Investments in subsidiaries	15	**–**	–	**54,066,921**	53,516,846
Deferred tax assets	16	**243,053**	172,072	**133,000**	71,000
Total non-current assets		**79,879,374**	88,188,175	**54,200,330**	53,590,127
Current assets					
Inventories	17	**13,854,128**	12,699,524	**–**	–
Trade and other receivables	18	**10,321,875**	7,471,294	**29,899,233**	39,228,838
Current tax assets		**130,000**	231,332	**–**	–
Other assets	19	**1,032,427**	631,288	**2,400**	2,000
Short-term deposits	20	**170,542,237**	125,444,469	**136,547,906**	91,463,066
Cash and bank balances	21	**3,930,433**	7,572,532	**16,746**	68,528
Total current assets		**199,811,100**	154,050,439	**166,466,285**	130,762,432
Total assets		**279,690,474**	242,238,614	**220,666,615**	184,352,559
Equity and liabilities					
Capital and reserves					
Share capital	22	**78,973,540**	75,791,080	**78,973,540**	75,791,080
Treasury shares	22	**(11,241,549)**	(11,241,138)	**(11,241,549)**	(11,241,138)
Reserves	23	**61,223,643**	37,567,581	**58,745,626**	40,011,945
Retained earnings	24	**101,710,579**	90,901,674	**73,614,743**	60,352,216
Total equity attributable to owners of the Company		**230,666,213**	193,019,197	**200,092,360**	164,914,103
Non-current liabilities					
Deferred tax liabilities	16	**1,246,163**	1,371,865	**–**	–
Current liabilities					
Trade and other payables	25	**22,699,346**	25,535,122	**957,987**	727,711
Other financial liabilities	26	**4,955,334**	3,165,152	**–**	–
Dividend payable		**19,389,850**	18,594,245	**19,389,850**	18,594,245
Current tax liabilities		**283,568**	133,033	**226,418**	116,500
Provision for rework and warranty	27	**450,000**	420,000	**–**	–
Total current liabilities		**47,778,098**	47,847,552	**20,574,255**	19,438,456
Total liabilities		**49,024,261**	49,219,417	**20,574,255**	19,438,456
Total equity and liabilities		**279,690,474**	242,238,614	**220,666,615**	184,352,559

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

The Group

	Share capital	Treasury shares	Share premium	Equity-settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM	RM
Balance at January 1, 2014	75,520,120	(11,240,770)	27,797,507	3,941,311	3,246,462	91,639,963	190,904,593
Profit for the year	–	–	–	–	–	40,109,239	40,109,239
Other comprehensive income for the year, net of income tax	–	–	–	–	1,086,820	–	1,086,820
Total comprehensive income for the year	–	–	–	–	1,086,820	40,109,239	41,196,059
Issue of ordinary shares under employee share option plan	270,960	–	1,452,544	–	–	–	1,723,504
Buy-back of ordinary shares	–	(368)	–	–	–	–	(368)
Recognition of share-based payments	–	–	–	77,014	–	–	77,014
Share-based payments forfeited	–	–	–	(34,077)	–	34,077	–
Payments of dividends (Note 28)	–	–	–	–	–	(40,881,605)	(40,881,605)
Balance at December 31, 2014	75,791,080	(11,241,138)	29,250,051	3,984,248	4,333,282	90,901,674	193,019,197
Balance at January 1, 2015	**75,791,080**	**(11,241,138)**	**29,250,051**	**3,984,248**	**4,333,282**	**90,901,674**	**193,019,197**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**49,297,964**	**49,297,964**
Other comprehensive income for the year, net of income tax	**–**	**–**	**–**	**–**	**4,922,381**	**–**	**4,922,381**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**4,922,381**	**49,297,964**	**54,220,345**
Issue of ordinary shares under employee share option plan	**3,182,460**	**–**	**17,872,875**	**–**	**–**	**–**	**21,055,335**
Buy-back of ordinary shares	**–**	**(411)**	**–**	**–**	**–**	**–**	**(411)**
Recognition of share-based payments	**–**	**–**	**–**	**970,022**	**–**	**–**	**970,022**
Share-based payments forfeited	**–**	**–**	**–**	**(109,216)**	**–**	**109,216**	**–**
Payments of dividends (Note 28)	**–**	**–**	**–**	**–**	**–**	**(38,598,275)**	**(38,598,275)**
Balance at December 31, 2015	**78,973,540**	**(11,241,549)**	**47,122,926**	**4,845,054**	**9,255,663**	**101,710,579**	**230,666,213**

The Company

	Share capital	Treasury shares	Share premium	Merger reserve	Equity-settled employee benefits reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM	RM
Balance at January 1, 2014	75,520,120	(11,240,770)	27,797,507	6,777,646	3,941,311	49,800,840	152,596,654
Profit for the year	–	–	–	–	–	51,425,203	51,425,203
Other comprehensive income for the year, net of income tax	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	51,425,203	51,425,203
Issue of ordinary shares under employee share option plan	270,960	–	1,452,544	–	–	–	1,723,504
Buy-back of ordinary shares	–	(368)	–	–	–	–	(368)
Recognition of share-based payments:							
Recognised in profit or loss	–	–	–	–	29,446	–	29,446
Included in investments in subsidiaries	–	–	–	–	21,269	–	21,269
Share-based payments forfeited	–	–	–	–	(7,778)	7,778	–
Payments of dividends (Note 28)	–	–	–	–	–	(40,881,605)	(40,881,605)
Balance at December 31, 2014	75,791,080	(11,241,138)	29,250,051	6,777,646	3,984,248	60,352,216	164,914,103
Balance at January 1, 2015	**75,791,080**	**(11,241,138)**	**29,250,051**	**6,777,646**	**3,984,248**	**60,352,216**	**164,914,103**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**51,766,014**	**51,766,014**
Other comprehensive income for the year, net of income tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**51,766,014**	**51,766,014**
Issue of ordinary shares under employee share option plan	**3,182,460**	**–**	**17,872,875**	**–**	**–**	**–**	**21,055,335**
Buy-back of ordinary shares	**–**	**(411)**	**–**	**–**	**–**	**–**	**(411)**
Recognition of share-based payments:							
Recognised in profit or loss	**–**	**–**	**–**	**–**	**405,519**	**–**	**405,519**
Included in investments in subsidiaries	**–**	**–**	**–**	**–**	**550,075**	**–**	**550,075**
Share-based payments forfeited	**–**	**–**	**–**	**–**	**(94,788)**	**94,788**	**–**
Payments of dividends (Note 28)	**–**	**–**	**–**	**–**	**–**	**(38,598,275)**	**(38,598,275)**
Balance at December 31, 2015	**78,973,540**	**(11,241,549)**	**47,122,926**	**6,777,646**	**4,845,054**	**73,614,743**	**200,092,360**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit for the year	**49,297,964**	40,109,239	**51,766,014**	51,425,203
Adjustments for:				
Depreciation and amortisation of non-current assets	**6,790,626**	6,137,030	**1,872**	2,964
Unrealised loss arising on financial liabilities designated as at fair value through profit or loss	**4,955,334**	3,165,152	**–**	–
Tax expenses recognised in profit or loss	**1,084,178**	1,210,802	**972,470**	713,483
Unrealised loss/ (gain) on foreign exchange	**1,025,613**	218,185	**(3)**	(24)
Expense recognised in respect of equity-settled share-based payments	**970,022**	77,014	**405,519**	29,446
Provision for rework and warranty	**354,922**	258,181	**–**	–
Allowance for obsolete inventories	**84,600**	2,009	**–**	–
Property, plant and equipment written off	**22,402**	2,165	**–**	–
Investment income recognised in profit or loss	**(4,720,579)**	(3,411,302)	**(4,144,868)**	(2,783,268)
Gain on disposal of property, plant and equipment	**(1,394,227)**	(69,252)	**–**	(69,000)
Reversal of impairment loss on trade receivables	**(113,170)**	–	**–**	–
Impairment loss recognised on trade receivables	**–**	175,689	**–**	–
Provision for rework and warranty no longer required	**–**	(430,000)	**–**	–
Reversal of inventories written down	**–**	(152,465)	**–**	–
Gross dividend income from a subsidiary	**–**	–	**(50,000,000)**	(50,000,000)
	58,357,685	47,292,447	**(998,996)**	(681,196)
Movements in working capital:				
(Increase)/ decrease in inventories	**(699,131)**	952,200	**–**	–
(Increase)/ decrease in trade and other receivables	**(1,157,160)**	71,874	**32**	26,485
(Increase)/ decrease in other assets	**(375,093)**	198,441	**(400)**	–
(Decrease)/ increase in trade and other payables	**(4,485,645)**	(518,861)	**230,276**	(220,912)
Decrease in other financial liabilities	**(3,165,152)**	(895,456)	**–**	–
Cash generated from/ (used in) operations	**48,475,504**	47,100,645	**(769,088)**	(875,623)

	Notes	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Income taxes refunded		**236,010**	5,544,752	**–**	–
Income taxes paid		**(1,256,170)**	(2,953,874)	**(924,552)**	(661,067)
Rework and warranty costs paid		**(324,922)**	(258,181)	**–**	–
Net cash generated from/ (used in) operating activities		**47,130,422**	49,433,342	**(1,693,640)**	(1,536,690)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**6,411,650**	102,099	**–**	69,000
Interest received		**3,821,486**	3,594,639	**3,290,699**	2,876,498
Payments for property, plant and equipment	12	**(244,957)**	(12,455,884)	**–**	–
Dividend received from a subsidiary		**–**	–	**50,000,000**	50,000,000
Repayments by/ (advances to) subsidiaries		**–**	–	**10,183,742**	(15,526,139)
Net cash generated from/ (used in) investing activities		**9,988,179**	(8,759,146)	**63,474,441**	37,419,359
Cash flows from financing activities					
Proceeds from issue of equity shares		**21,055,335**	1,723,504	**21,055,335**	1,723,504
Dividends paid to owners of the Company		**(37,802,670)**	(22,287,360)	**(37,802,670)**	(22,287,360)
Payments for buy-back of shares		**(411)**	(368)	**(411)**	(368)
Net cash used in financing activities		**(16,747,746)**	(20,564,224)	**(16,747,746)**	(20,564,224)
Net increase in cash and cash equivalents		**40,370,855**	20,109,972	**45,033,055**	15,318,445
Cash and cash equivalents at the beginning of the year		**133,017,001**	111,956,943	**91,531,594**	76,213,125
Effects of exchange rates changes on the balances of cash held in foreign currencies		**1,084,814**	950,086	**3**	24
Cash and cash equivalents at the end of the year	29	**174,472,670**	133,017,001	**136,564,652**	91,531,594

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

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 principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The registered office of the Company is located at Suite 12-02, 12th Floor, Menara Zurich, 170, Jalan Argyll, 10050 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 21, 2016.

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, 1965 in Malaysia.

Adoption of new and revised MFRSs

In the current year, the Group and the Company have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2015.

The adoption of new and revised MFRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements.

New and revised standards in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 9	Financial Instruments [b]
MFRS 15	Revenue from Contracts with Customers [b]
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures [b]
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception [a]
Amendments to MFRS 101	Disclosure Initiative [a]
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation [a]

Amendments to MFRS contained in the document entitled Annual Improvements to MFRSs 2012–2014 Cycle [a]

[a] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[b] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Group and of 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 of the Company in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2015, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB – MFRS 9 (IFRS 9 issued by IASB in July 2015) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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

MFRS 9 Financial Instruments (cont'd)

Key requirements of MFRS 9:

(a) All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

(c) In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

(d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors are currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Group's and the Company's financial statements cannot be determined now until the process is complete.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1 : Identify the contract(s) with a customer
Step 2 : Identify the performance obligations in the contract
Step 3 : Determine the transaction price
Step 4 : Allocate the transaction price to the performance obligations in the contract
Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors do not anticipate that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

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

Amendments to MFRS 101 Disclosure Initiative

The amendments to MFRS 101 aim at clarifying MFRS 101 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments make the following changes:

(a) They clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

(b) They introduce a clarification that the list of line items to be presented in the statement of financial position and the statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

(c) They add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The directors do not anticipate that the application of these amendments to MFRS 101 will have a material impact on the amounts recognised on these financial statements as these amendments deal with the presentation of financial statements.

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to MFRS 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to MFRS 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group and the Company use the straight-line method for depreciation for its property, plant and equipment. The directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors do not anticipate that the application of these amendments to MFRS 116 and MFRS 138 will have a material impact on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

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:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(b) 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
(c) Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries are consolidated using the purchase method of accounting, except for certain business combinations with agreement dates before January 1, 2006 that meet the conditions of a merger as set out in FRS 122_{2004} Business Combinations, which were accounted for using the merger method.

MFRS 1 provides the option to apply MFRS 3 Business combinations prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after January 1, 2011. However, there are no business combinations occurring after January 1, 2006.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statements of comprehensive income.

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 purchase method.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and basis of consolidation (cont'd)

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 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 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 at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) the amount of revenue can be measured reliably;
(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(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.

(c) Other income

Management fee and other operating income are recognised on an accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. 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, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23.

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. At 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Taxation

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

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit 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 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 and associates, and interests in joint ventures, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

(b) Deferred tax (cont'd)

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, at the end of the reporting period, to recover or settle the carrying amount of its 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 its 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.

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 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. At 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 repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at 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).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and development expenses

Research and development expenses are charged to the 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 subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

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

Investment property

Investment property, comprising building, is held for long-term to earn rental and/ or for capital appreciation or both, and is not occupied by the Group.

Investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on a straight-line method of 2.5%.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in which the property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately 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).

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 when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the 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 that are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on 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 asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

(b) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 31.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

(d) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or
(ii) breach of contract, such as a default or delinquency in interest or principal payments; or
(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
(iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods of 30 to 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(e) 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 continue to control the transferred asset, the Group and the Company recognise their 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 recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments issued by the Group and the Company

(a) 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 arrangement.

(b) 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 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 Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments issued by the Group and the Company (cont'd)

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

(d) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income. Fair value is determined in the manner described in Note 31.

(e) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(f) 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 they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments, foreign exchange contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 26.

Derivatives are initially recognised at fair value at the date the derivative contract is 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 unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Treasury shares

Shares bought back are retained as treasury shares under the treasury stock method. Shares repurchased and held as treasury shares are accounted for at the cost of repurchase and set off against equity. Where such treasury shares are subsequently sold or reissued, the net consideration received is included in shareholders' equity.

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.

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 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.

There are no critical accounting judgements made by management in the process of applying the Group's accounting policies that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

The key assumptions made concerning the future, and, other key sources of estimation uncertainty at the balance sheet date, 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:

Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. 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.

5. REVENUE

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Sale of goods:				
Manufacturing	**112,608,206**	95,450,347	**–**	–
Trading	**3,611**	8,518	**–**	–
Dividend income from a subsidiary	**–**	–	**50,000,000**	50,000,000
Management fee	**–**	–	**2,011,721**	2,137,663
	112,611,817	95,458,865	**52,011,721**	52,137,663

6. INVESTMENT INCOME

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest income on short-term deposits	**4,720,579**	3,411,302	**4,144,868**	2,783,268

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

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest income for financial assets not designated as at fair value through profit or loss:				
Loans and receivables (including cash and bank balances)	**4,720,579**	3,411,302	**4,144,868**	2,783,268

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Net foreign exchange gain	**2,476,985**	1,204,877	**166**	44
Gain on disposal of property, plant and equipment	**1,394,227**	69,252	**–**	69,000
Reversal of impairment loss on trade receivables	**113,170**	–	**–**	–
Net loss arising on financial liabilities designated as at fair value through profit or loss	**(9,560,144)**	(1,935,972)	**–**	–
Allowance for obsolete inventories	**(84,600)**	(2,009)	**–**	–
Property, plant and equipment written off	**(22,402)**	(2,165)	**–**	–
Reversal of inventories written down	**–**	152,465	**–**	–
Impairment loss recognised on trade receivables	**–**	(175,689)	**–**	–
Others	**43,677**	53,213	**–**	–
	(5,639,087)	(636,028)	**166**	69,044

8. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Post employment benefits:				
Defined contribution plan	**1,123,624**	967,473	**256,545**	248,326
Equity-settled share-based payments	**970,022**	77,014	**405,519**	29,446
Other employee benefits	**14,718,770**	13,245,839	**2,429,852**	2,216,292
Total employee benefits expense	**16,812,416**	14,290,326	**3,091,916**	2,494,064

The employees of the Group and of the Company are required by law to make contributions to the Employees Provident Fund ("EPF"), a post-employment plan. The Group and the Company are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and of the Company with respect to the retirement benefit plan is to make the specified contributions.

8. EMPLOYEE BENEFITS EXPENSE (cont'd)

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive directors of the Company:				
Fee	**156,400**	156,400	**132,400**	132,400
Contribution to employees provident fund	**123,043**	122,209	**106,072**	113,893
Benefits-in-kind	**52,500**	55,000	**52,500**	55,000
Other emoluments	**832,120**	823,304	**708,520**	754,004
Non-executive directors of the Company:				
Fee	**236,400**	227,400	**236,400**	227,400
Other emoluments	**6,538**	11,625	**6,538**	11,625
	1,407,001	1,395,938	**1,242,430**	1,294,322
Executive directors of a subsidiary:				
Fee	**24,000**	24,000	**–**	–
Contribution to employees provident fund	**20,226**	19,314	**20,226**	19,314
Other emoluments	**122,690**	118,393	**122,690**	118,393
	1,573,917	1,557,645	**1,385,346**	1,432,029

Remuneration of executive and non-executive directors, who are 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current tax expenses:				
Malaysian	**1,221,739**	908,909	**1,031,000**	689,000
Foreign	**22,789**	1,932	**–**	–
Deferred tax (income)/ expenses:				
Relating to origination and reversal of temporary differences	**(184,966)**	134,796	**(42,000)**	25,000
Adjustment to deferred tax attributable to changes in tax rates and laws	**(11,000)**	–	**2,000**	–
Adjustments recognised in the current year in relation to prior year:				
Current tax	**25,987**	165,165	**3,470**	(517)
Deferred tax	**9,629**	–	**(22,000)**	–
Tax expenses	**1,084,178**	1,210,802	**972,470**	713,483

9. TAX EXPENSES (cont'd)

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

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before tax	**50,382,142**	41,320,041	**52,738,484**	52,138,686
Tax expense calculated using the Malaysian statutory income tax rate of 25% (2014: 25%)	**12,596,000**	10,330,000	**13,185,000**	13,035,000
Effect of expenses that are not deductible in determining taxable profit	**4,240,562**	2,937,637	**301,400**	184,000
Effect of revenue that is exempt from taxation	**(14,397,000)**	(9,636,000)	**–**	–
Effect of income that are not taxable in determining taxable profit	**(6,000)**	(17,000)	**(12,500,400)**	(12,505,000)
Effect of double deduction of expenses	**(6,000)**	(6,000)	**–**	–
Deferred tax not recognised on pioneer activity	**(1,417,000)**	(2,563,000)	**–**	–
Effect on deferred tax attributable to the change in tax rates and laws	**38,000**	–	**5,000**	–
	1,048,562	1,045,637	**991,000**	714,000
Adjustments recognised in the current year in relation to prior year:				
Current tax	**25,987**	165,165	**3,470**	(517)
Deferred tax	**9,629**	–	**(22,000)**	–
Tax expenses recognised in profit or loss	**1,084,178**	1,210,802	**972,470**	713,483

The Group is operating in the jurisdictions of Malaysia and People's Republic of China. The applicable domestic statutory income tax rates are 25% (2014: 25%) for Malaysia and 25% (2014: 25%) for People's Republic of China. The applicable tax rate of 25% (2014: 25%) 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.

Tax income recognised in other comprehensive income

	The Group	
	2015	2014
	RM	RM
Deferred tax		
Translation of foreign operations	**10,346**	2,264

The Finance (No. 2) Act 2014 gazetted on December 30, 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following this, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected rates.

A subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") for the design, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipments and mixed signal control system for centrifuge/ laboratory equipments. Under this incentive, upon certain terms and conditions fulfilled, 100% of the subsidiary's statutory income derived from the design, development and manufacture of the abovementioned products will be exempted from income tax for a period of five years commencing from January 1, 2013.

9. TAX EXPENSES (cont'd)

Tax income recognised in other comprehensive income (cont'd)

The estimated amounts of benefits arising from utilisation of previously unused tax losses and unused tax capital allowances that are used to reduce current tax expense of the Group are as follows:

	The Group	
	2015	**2014**
	RM	**RM**
Unused tax losses	**21,000**	1,000
Unused tax capital allowances	**5,000**	–

As of December 31, 2015, the approximate amounts of unused reinvestment allowances, unused tax losses and unused tax capital allowances of the Group which are available for set off against future taxable income are as follows:

	The Group	
	2015	**2014**
	RM	**RM**
Unused reinvestment allowances	**1,236,000**	1,236,000
Unused tax losses	**–**	84,000
Unused tax capital allowances	**–**	20,000

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
After charging:				
Loss arising on financial liabilities designated as at fair value through profit or loss:				
Unrealised	**4,955,334**	3,165,152	**–**	–
Realised	**4,604,810**	–	**–**	–
Depreciation of property, plant and equipment	**6,359,808**	5,721,747	**1,872**	2,964
Research and development expenses	**3,258,452**	2,766,131	**–**	–
Unrealised loss on foreign exchange	**1,025,613**	218,185	**–**	–
Provision for rework and warranty	**354,922**	258,181	**–**	–
Depreciation of investment property	**235,746**	235,746	**–**	–
Amortisation of prepaid lease payments on leasehold land	**195,072**	179,537	**–**	–
Audit fee:				
Current year	**95,819**	100,267	**45,150**	45,150
Underprovision in prior year	**–**	2,450	**–**	1,200
Advisor fee paid to a former director	**–**	40,000	**–**	40,000
And crediting:				
Gain on foreign exchange:				
Realised	**3,502,598**	1,423,062	**163**	20
Unrealised	**–**	–	**3**	24
Realised gain arising on financial liabilities designated as at fair value through profit or loss	**–**	1,229,180	**–**	–
Provision for rework and warranty no longer required	**–**	430,000	**–**	–

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	
	2015	**2014**
Profit for the year attributable to owners of the Company (RM)	**49,297,964**	40,109,239
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	**379,946,800**	371,196,416
Basic earnings per share (sen)	**12.97**	10.81

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	The Group	
	2015	**2014**
	RM	**RM**
Profit for the year attributable to owners of the Company	**49,297,964**	40,109,239

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	
	2015	**2014**
	Unit	**Unit**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**379,946,800**	371,196,416
Shares deemed to be issued for no consideration in respect of employee share options	**735,506**	1,143,675
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**380,682,306**	372,340,091
Diluted earnings per share (sen)	**12.95**	10.77

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	
	2015	**2014**
	Unit	**Unit**
Weighted average number of unissued shares in respect of employee share options	**14,117,500**	15,702,870

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost										
Balance at January 1, 2015	5,167,266	41,118,329	35,343,916	1,653,655	3,651,811	1,104,075	3,108,007	4,622,753	2,710,284	98,480,096
Additions	–	–	102,398	–	–	12,794	33,795	8,596	87,374	244,957
Disposals/ write-off	–	–	(8,296,812)	–	–	(2,976)	(45,069)	–	(392,471)	(8,737,328)
Currency translation differences	–	2,966,096	513,412	102,165	169,406	15,840	78,994	389,526	99,307	4,334,746
Balance at December 31, 2015	**5,167,266**	**44,084,425**	**27,662,914**	**1,755,820**	**3,821,217**	**1,129,733**	**3,175,727**	**5,020,875**	**2,504,494**	**94,322,471**
Balance at January 1, 2014	5,167,266	40,391,122	24,991,991	1,629,110	3,611,522	1,050,559	1,922,701	4,533,035	2,412,958	85,710,264
Additions	–	70,310	10,457,900	1,970	2,796	52,310	1,172,659	3,673	694,266	12,455,884
Disposals/ write-off	–	–	(216,847)	–	–	(2,200)	(5,078)	–	(418,884)	(643,009)
Currency translation differences	–	656,897	110,872	22,575	37,493	3,406	17,725	86,045	21,944	956,957
Balance at December 31, 2014	5,167,266	41,118,329	35,343,916	1,653,655	3,651,811	1,104,075	3,108,007	4,622,753	2,710,284	98,480,096

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Buildings	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation										
Balance at January 1, 2015	–	5,535,836	12,442,595	797,960	1,584,086	372,468	1,777,963	1,658,168	1,519,998	25,689,074
Charge for the year	–	1,490,527	3,247,769	127,412	319,384	121,040	210,693	449,084	393,899	6,359,808
Disposals/ write-off	–	–	(3,285,972)	–	–	(1,510)	(40,911)	–	(369,110)	(3,697,503)
Currency translation differences	–	769,791	429,087	91,949	151,716	13,161	68,855	193,904	70,772	1,789,235
Balance at December 31, 2015	–	7,796,154	12,833,479	1,017,321	2,055,186	505,159	2,016,600	2,301,156	1,615,559	30,140,614
Balance at January 1, 2014	–	4,003,068	9,887,122	605,132	1,160,250	249,280	1,538,761	1,179,832	1,546,145	20,169,590
Charge for the year	–	1,357,560	2,655,558	171,548	388,841	120,783	227,989	434,143	365,325	5,721,747
Disposals/ write-off	–	–	(195,417)	–	–	(571)	(4,570)	–	(407,439)	(607,997)
Currency translation differences	–	175,208	95,332	21,280	34,995	2,976	15,783	44,193	15,967	405,734
Balance at December 31, 2014	**–**	**5,535,836**	**12,442,595**	**797,960**	**1,584,086**	**372,468**	**1,777,963**	**1,658,168**	**1,519,998**	**25,689,074**
Net book value										
Balance at December 31, 2015	5,167,266	36,288,271	14,829,435	738,499	1,766,031	624,574	1,159,127	2,719,719	888,935	64,181,857
Balance at December 31, 2014	5,167,266	35,582,493	22,901,321	855,695	2,067,725	731,607	1,330,044	2,964,585	1,190,286	72,791,022

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Total RM
Cost				
Balance at January 1, 2015	7,045	138,305	–	145,350
Addition	–	–	–	–
Disposals/ write-off	–	–	–	–
Balance at December 31, 2015	7,045	138,305	–	145,350
Balance at January 1, 2014	7,045	138,305	334,718	480,068
Addition	–	–	–	–
Disposals/ write-off	–	–	(334,718)	(334,718)
Balance at December 31, 2014	7,045	138,305	–	145,350
Accumulated depreciation				
Balance at January 1, 2015	7,045	136,024	–	143,069
Charge for the year	–	1,872	–	1,872
Disposals/ write-off	–	–	–	–
Balance at December 31, 2015	7,045	137,896	–	144,941
Balance at January 1, 2014	7,045	133,060	334,718	474,823
Charge for the year	–	2,964	–	2,964
Disposals/ write-off	–	–	(334,718)	(334,718)
Balance at December 31, 2014	7,045	136,024	–	143,069
Net book value				
Balance at December 31, 2015	–	409	–	409
Balance at December 31, 2014	–	2,281	–	2,281

13. INVESTMENT PROPERTY

	The Group	
	2015	2014
	RM	RM
At cost:		
Balance at beginning/ end of the year	**9,429,858**	9,429,858
Accumulated depreciation:		
Balance at beginning of the year	**(1,308,409)**	(1,072,663)
Charge for the year	**(235,746)**	(235,746)
Balance at end of the year	**(1,544,155)**	(1,308,409)
Net	**7,885,703**	8,121,449

The Group's investment property, comprising building, is held under leasehold interest.

Detail of the Group's investment property and information about the fair value hierarchy is as follows:

	Fair value			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
The Group				
December 31, 2015:				
Building	–	9,780,000	–	9,780,000
December 31, 2014:				
Building	–	9,780,000	–	9,780,000

There was no transfer between Levels 1 and 2 during the year.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out at the date by an independent valuer which has appropriate qualifications and recent experience in the valuation of properties in relevant location. The fair value was determined based on open market value.

Direct operating expenses incurred by the Group on the investment property which did not generate rental income during the financial year amounts to RM350,175 (2014: RM350,459).

14. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2015	2014
	RM	RM
Short leasehold land		
Balance at beginning of the year	7,103,632	7,137,902
Amortisation during the year	(195,072)	(179,537)
Currency translation differences	660,201	145,267
Balance at end of the year	7,568,761	7,103,632

As of December 31, 2015, the unexpired lease periods of the Group's short leasehold land are 35 and 39 years respectively.

15. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	2014
	RM	RM
Unquoted equity shares, at cost	58,487,721	57,937,646
Less: Accumulated impairment losses	(4,420,800)	(4,420,800)
	54,066,921	53,516,846

Included in the cost of investments in subsidiaries during the year is a deduction of RM550,075 (2014: RM21,269) representing the recognition of equity-settled share-based payments for share options granted to/ forfeited from subsidiaries' employees to acquire ordinary shares of the Company.

Details of the Company's subsidiaries as at the end of the reporting period are as follows:

	Principal activities	Place of incorporation	Proportion of ownership interest	
Direct subsidiaries			**2015**	**2014**
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) equipments, mixed signal control system for centrifuge/ laboratory equipments, 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 for purposes of consolidation.

16. DEFERRED TAX ASSETS/ (LIABILITIES)

The Group

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	RM	RM	RM	RM
2015:				
Deferred tax assets				
Accrued expenses	**118,000**	**162,000**	**–**	**280,000**
Provision for rework and warranty	**56,000**	**(31,000)**	**–**	**25,000**
Unused tax losses	**21,000**	**(21,000)**	**–**	**–**
Unused capital allowances	**5,000**	**(5,000)**	**–**	**–**
Inventories	**2,533**	**5,635**	**242**	**8,410**
Others	**63,539**	**26,000**	**10,104**	**99,643**
	266,072	**136,635**	**10,346**	**413,053**
Deferred tax liabilities				
Property, plant and equipment	**(844,793)**	**24,000**	**–**	**(820,793)**
Gain on revaluation of properties	**(621,072)**	**25,702**	**–**	**(595,370)**
	(1,465,865)	**49,702**	**–**	**(1,416,163)**
Net	**(1,199,793)**	**186,337**	**10,346**	**(1,003,110)**
2014:				
Deferred tax assets				
Accrued expenses	275,000	(157,000)	–	118,000
Provision for rework and warranty	205,000	(149,000)	–	56,000
Inventories	56,000	(53,498)	31	2,533
Unused tax losses	22,000	(1,000)	–	21,000
Unused capital allowances	5,000	–	–	5,000
Others	67,306	(6,000)	2,233	63,539
	630,306	(366,498)	2,264	266,072
Deferred tax liabilities				
Property, plant and equipment	(1,050,793)	206,000	–	(844,793)
Gain on revaluation of properties	(646,774)	25,702	–	(621,072)
	(1,697,567)	231,702	–	(1,465,865)
Net	(1,067,261)	(134,796)	2,264	(1,199,793)

16. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

The Company

	Opening balance RM	Recognised in profit or loss RM	Closing balance RM
2015:			
Deferred tax asset			
Accrued expenses	**72,000**	**62,000**	**134,000**
Deferred tax liability			
Property, plant and equipment	**(1,000)**	**–**	**(1,000)**
Net	**71,000**	**62,000**	**133,000**
2014:			
Deferred tax asset			
Accrued expenses	101,000	(29,000)	72,000
Deferred tax liability			
Property, plant and equipment	(5,000)	4,000	(1,000)
Net	96,000	(25,000)	71,000

Deferred tax balances are presented in the statements of financial position as follows:

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets	**243,053**	172,072	**133,000**	71,000
Deferred tax liabilities	**(1,246,163)**	(1,371,865)	**–**	–
	(1,003,110)	(1,199,793)	**133,000**	71,000

As of December 31, 2015, deferred tax has not been recognised in respect of the temporary differences relating to pioneer activity, for which 100% of the statutory income will be exempted from income tax and the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised will be Nil:

	The Group	
	2015 RM	2014 RM
Gross amount of temporary differences arising from:		
Property, plant and equipment	**10,962,000**	12,971,000
Accrued expenses	**(3,458,000)**	(2,135,000)
Other payables	**(889,000)**	(209,000)
Provision for rework and warranty	**(347,000)**	(319,000)
Inventories	**(126,000)**	(55,000)
Others	**(240,000)**	–
Net	**5,902,000**	10,253,000

17. INVENTORIES

	The Group	
	2015	2014
	RM	RM
Raw materials	**8,545,531**	7,791,416
Work-in-progress	**2,707,410**	2,125,699
Finished goods	**2,601,187**	2,782,409
	13,854,128	12,699,524

The cost of inventories recognised as an expense during the financial year is RM47,262,374 (2014: RM45,052,288).

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables	**8,739,887**	6,964,089	–	–
Less: Allowance for doubtful debts	**(90,823)**	(203,993)	–	–
	8,649,064	6,760,096	–	–
Amount owing by subsidiaries	–	–	**28,429,870**	38,613,612
Interest receivable	**1,607,045**	707,952	**1,466,995**	612,826
Other receivables	**65,766**	3,246	**2,368**	2,400
	10,321,875	7,471,294	**29,899,233**	39,228,838

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
United States Dollar	**8,570,401**	6,693,213	–	–
Ringgit Malaysia	**1,750,482**	777,235	**29,899,233**	39,228,838
Chinese Renminbi	**992**	846	–	–
	10,321,875	7,471,294	**29,899,233**	39,228,838

The average credit periods granted to trade receivables on sale of goods range from 30 to 45 days (2014: 30 to 45 days). No interest is charged on trade receivables outstanding balance. Allowance for doubtful debts are recognised against trade receivables over credit period based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty, or dispute over quality issues on the products sold and an analysis of the counterparty's current financial position.

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.

Ageing of past due but not impaired trade receivables:

	The Group	
	2015	2014
	RM	RM
1 to 30 days	**455,977**	7,007
31 to 60 days	**9,312**	1,764,024
More than 60 days	–	491,647
Total	**465,289**	2,262,678

18. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowance for doubtful debts:

	The Group	
	2015	2014
	RM	RM
Balance at beginning of the year	**203,993**	28,304
Impairment losses recognised	**–**	175,689
Impairment losses reversed	**(113,170)**	–
Balance at end of the year	**90,823**	203,993

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	
	2015	2014
	RM	RM
1 to 30 days	**36,728**	170,857
31 to 60 days	**42,223**	–
61 to 90 days	**11,872**	23,733
More than 120 days	**–**	9,403
Total	**90,823**	203,993

The amount owing by subsidiaries are as follows:

	The Company	
	2015	2014
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	**28,423,825**	38,566,019
Uchi Electronic (M) Sdn. Bhd.	**6,045**	47,593
	28,429,870	38,613,612

The amounts owing by subsidiaries arose mainly from advances which are unsecured, interest free and repayable on demand.

Other receivables comprise mainly goods and services tax refundable.

19. OTHER ASSETS

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Prepayments	**927,837**	526,598	**–**	–
Deposits	**104,590**	104,690	**2,400**	2,000
	1,032,427	631,288	**2,400**	2,000

20. SHORT-TERM DEPOSITS

The currency exposure profile of short-term deposits is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**144,485,250**	103,602,711	**136,547,906**	91,463,066
United States Dollar	**20,107,987**	18,070,605	**–**	–
Chinese Renminbi	**5,949,000**	3,771,153	**–**	–
	170,542,237	125,444,469	**136,547,906**	91,463,066

The short-term deposits of the Group carry interests at rates ranging from 0.01% to 4.3% (2014: 2.80% to 4.15%) per annum and will mature between January 2016 to October 2016. The short-term deposits of the Company carry interests at rates ranging from 3.15% to 4.3% (2014: 3.55% to 4.15%) per annum and will mature between January 2016 to July 2016.

21. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**2,493,241**	3,775,504	**15,859**	67,802
Chinese Renminbi	**1,228,647**	1,224,820	**–**	–
United States Dollar	**181,886**	2,543,660	**887**	726
Euro	**23,216**	26,069	**–**	–
Swiss Franc	**2,866**	2,404	**–**	–
Other foreign currencies	**577**	75	**–**	–
	3,930,433	7,572,532	**16,746**	68,528

22. SHARE CAPITAL

	The Company			
	2015		**2014**	
	No. of shares	**RM**	**No. of shares**	**RM**
Authorised:				
Ordinary shares of RM0.20 each	**500,000,000**	**100,000,000**	500,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM0.20 each:				
At beginning of the year	**378,955,400**	**75,791,080**	377,600,600	75,520,120
Issue of shares pursuant to ESOS	**15,912,300**	**3,182,460**	1,354,800	270,960
At end of the year	**394,867,700**	**78,973,540**	378,955,400	75,791,080

At the Annual General Meeting held on May 21, 2015, the Company's shareholders renewed the Company's authority to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM75,791,080 divided into 378,955,400 ordinary shares of RM0.20 each to RM78,973,540 divided into 394,867,700 ordinary shares of RM0.20 each by way of issuance of 15,912,300 new ordinary shares of RM0.20 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at exercise prices ranging from RM1.15 to RM1.55 per ordinary share.

The premium arising from the shares issued pursuant to the ESOS of RM17,872,875 was credited to the share premium account.

22. SHARE CAPITAL (cont'd)

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

During the financial year, the Company repurchased 200 (2014: 200) of its issued and fully paid ordinary shares from the open market. The average price paid for the ordinary shares repurchased was approximately RM2.06 (2014: RM1.84) per ordinary share. The repurchase transactions were financed by internally generated funds. Share buybacks have been accounted for under the treasury stock method. When shares are repurchased, they are held as treasury shares at the cost of repurchase and set off against equity in accordance with Section 67A of the Companies Act, 1965.

As of December 31, 2015, out of the total number of 394,867,700 (2014: 378,955,400) of ordinary shares of RM0.20 each issued and paid-up, 7,070,700 (2014: 7,070,500) are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 387,797,000 (2014: 371,884,900).

23. RESERVES

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Non-distributable reserves:				
Share premium	**47,122,926**	29,250,051	**47,122,926**	29,250,051
Equity-settled employee benefits reserve	**4,845,054**	3,984,248	**4,845,054**	3,984,248
Foreign currency translation reserve	**9,255,663**	4,333,282	**–**	–
Merger reserve	**–**	–	**6,777,646**	6,777,646
	61,223,643	37,567,581	**58,745,626**	40,011,945

The share premium arose from the issue of shares at a premium, net of share issue expenses and bonus issue.

The equity-settled employee benefits reserve relates to share options granted by the Company to employees under the employee share option plan.

On August 8, 2006, the Company implemented an Employees' Share Option Scheme ("ESOS") for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006. The Company had extended the ESOS for another period of 5 years commencing August 8, 2011 on the same terms and conditions as mentioned in the By-Laws. The extended share options are exercisable at any time within the option period up to August 7, 2016.

The principal features of the ESOS are as follows:

(a) 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.

(b) Persons who are eligible to participate in the ESOS are all employees including directors of the Group who as at 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 Bursa Malaysia Securities Berhad for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(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.

Share options are conditional on the employee's confirmation of service. The share options are exercisable in a staggered basis within the option period up to August 7, 2016. The Group or the Company have no legal or constructive obligation to repurchase or 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.

23. RESERVES (cont'd)

The following share based payments arrangements were in existence during the current and prior years:

Options series	Expiry date	Fair value at grant date	Exercise price	Number
		RM	RM	
The Group				
Granted on:				
August 8, 2006	August 8, 2016	0.1443	3.28	11,625,500
November 8, 2006	August 8, 2016	0.1463	3.17	35,000
February 8, 2007	August 8, 2016	0.1409	3.21	443,000
May 8, 2007	August 8, 2016	0.1444	3.31	471,000
May 28, 2007	August 8, 2016	0.1517	3.29	800,000
August 8, 2007	August 8, 2016	0.1475	2.99	79,500
November 8, 2007	August 8, 2016	0.0950	2.87	63,000
February 6, 2008	August 8, 2016	0.1475	2.11	55,000
May 8, 2008	August 8, 2016	0.1535	2.29	120,000
August 8, 2008	August 8, 2016	0.0855	1.92	425,500
November 7, 2008	August 8, 2016	0.0431	0.97	4,000
May 15, 2009	August 8, 2016	0.0722	1.33	797,000
August 7, 2009	August 8, 2016	0.0670	1.33	1,249,200
February 8, 2010	August 8, 2016	0.1339	1.31	469,700
August 6, 2010	August 8, 2016	0.0193	1.34	54,000
November 8, 2010	August 8, 2016	0.0087	1.34	15,000
February 8, 2011	August 8, 2016	0.0030	1.30	40,000
May 6, 2011	August 8, 2016	0.0045	1.40	10,000
August 8, 2011	August 8, 2016	0.0337	1.33	20,000
November 8, 2011	August 8, 2016	0.0377	1.22	2,000
February 8, 2012	August 8, 2016	0.0494	1.20	61,400
May 8, 2012	August 8, 2016	0.0698	1.23	2,000
November 8, 2012	August 8, 2016	0.0459	1.19	5,000
February 8, 2013	August 8, 2016	0.0330	1.15	149,000
May 8, 2013	August 8, 2016	0.0613	1.24	45,000
May 28, 2013	August 8, 2016	0.0287	1.35	500,000
November 8, 2013	August 8, 2016	0.0424	1.48	108,000
February 7, 2014	August 8, 2016	0.0963	1.35	281,200
May 8, 2014	August 8, 2016	0.0388	1.44	196,800
August 8, 2014	August 8, 2016	0.0235	1.40	230,000
November 7, 2014	August 8, 2016	0.0187	1.41	30,000
February 6, 2015	August 8, 2016	0.0493	1.49	700,000
May 8, 2015	August 8, 2016	0.0071	1.56	30,000
June 8, 2015	August 8, 2016	0.1697	1.55	4,904,300
August 7, 2015	August 8, 2016	0.0003	1.54	111,900
				24,133,000

23. RESERVES (cont'd)

The weighted average fair value of the share options granted during the financial year is RM0.1533 (2014: RM0.0635). 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.

	Inputs into the model					
Options series	**Grant date share price**	**Exercise price**	**Expected volatility**	**Option life**	**Dividend yield**	**Risk free interest rate**
	RM	**RM**				
The Group						
2015:						
Granted on:						
February 6, 2015	**1.54**	**1.49**	**11.31%**	**2 years**	**7%**	**3%**
May 8, 2015	**1.56**	**1.56**	**11.31%**	**2 years**	**7%**	**3%**
June 8, 2015	**1.72**	**1.55**	**11.31%**	**1 years**	**6%**	**3%**
August 7, 2015	**1.48**	**1.54**	**11.31%**	**1 years**	**7%**	**3%**
2014:						
Granted on:						
February 7, 2014	1.45	1.35	13.27%	2 years	7%	3%
May 8, 2014	1.46	1.44	13.27%	2 years	7%	3%
August 8, 2014	1.39	1.40	13.27%	2 years	7%	3%
November 7, 2014	1.38	1.41	13.27%	2 years	7%	3%

The following reconciles the share options outstanding at the beginning and end of the year:

	The Group			
	2015		**2014**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		RM		**RM**
Balance at beginning of the year	34,964,800	2.13	35,926,100	2.11
Granted during the year	6,414,800	1.54	1,393,500	1.39
Exercised during the year	(15,912,300)	1.32	(1,354,800)	1.27
Forfeited during the year	(1,334,300)	2.53	(1,000,000)	1.35
Balance at end of the year	24,133,000	2.49	34,964,800	2.13

23. RESERVES (cont'd)

The following share options were exercised during the financial year:

	Number exercised 2015	Exercise date	Share price at exercise date RM
The Group			
Granted on:			
May 8, 2009	27,000	May 31, 2015	1.32
May 15, 2009	203,000	December 31, 2015	1.33
August 7, 2009	5,997,500	December 31, 2015	1.33
November 6, 2009	10,000	June 30, 2015	1.38
February 8, 2010	6,337,900	December 31, 2015	1.31
May 7, 2010	50,000	December 31, 2015	1.41
August 6, 2010	109,000	November 30, 2015	1.34
November 8, 2010	110,000	November 30, 2015	1.34
February 8, 2011	423,000	December 31, 2015	1.30
May 6, 2011	100,000	December 31, 2015	1.40
August 8, 2011	118,500	November 30, 2015	1.33
November 8, 2011	105,000	December 31, 2015	1.22
February 8, 2012	215,600	July 31, 2015	1.20
May 8, 2012	8,000	May 31, 2015	1.23
August 8, 2012	165,000	December 31, 2015	1.20
November 8, 2012	31,200	December 31, 2015	1.19
February 8, 2013	323,000	November 30, 2015	1.15
May 8, 2013	135,000	June 30, 2015	1.24
May 28, 2013	450,000	December 31, 2015	1.35
August 7, 2013	10,000	December 31, 2015	1.31
November 8, 2013	117,000	November 30, 2015	1.48
February 7, 2014	189,800	November 30, 2015	1.35
May 8, 2014	133,200	November 30, 2015	1.44
August 8, 2014	10,000	November 30, 2015	1.40
February 6, 2015	140,000	December 31, 2015	1.49
June 8, 2015	393,600	December 31, 2015	1.55
	15,912,300		

Out of the outstanding share options, share options to subscribe for 22,924,900 (2014: 32,880,800) ordinary shares of RM0.20 each under the ESOS scheme were exercisable at the end of the year.

The share options outstanding at year end had exercise prices ranging from RM0.97 to RM3.31 (2014: RM0.91 to RM3.31), and a weighted average remaining contractual life of 1 year (2014: 2 years).

Share options to subscribe for 24,133,000 (2014: 34,964,800) ordinary shares of RM0.20 each under the ESOS scheme are exercisable within the option period up to August 7, 2016.

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.

On February 5, 2016, share options to subscribe for 110,000 ordinary shares of RM0.20 each offered under ESOS scheme were granted to employees with an exercise price of RM1.60 per share.

24. RETAINED EARNINGS

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Distributable reserve:				
Retained earnings	**101,710,579**	90,901,674	**73,614,743**	60,352,216

The entire retained earnings of the Company as of the end of the reporting period is available for the distribution as single-tier dividends to the shareholders of the Company.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables	**7,437,150**	6,128,969	**–**	–
Amount owing to directors	**130,000**	160,000	**130,000**	160,000
Other payables	**8,179,322**	13,213,015	**–**	–
Accrued expenses	**6,952,874**	6,033,138	**827,987**	567,711
	22,699,346	25,535,122	**957,987**	727,711

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
United States Dollar	**13,657,278**	17,842,741	**–**	–
Ringgit Malaysia	**7,451,601**	6,376,819	**957,987**	727,711
Chinese Renminbi	**1,585,519**	1,227,265	**–**	–
Other foreign currencies	**4,948**	88,297	**–**	–
	22,699,346	25,535,122	**957,987**	727,711

The average credit periods granted to the Group for trade purchases range from 30 to 60 days (2014: 30 to 60 days). No interest is charged on trade payables outstanding balance. 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 represent directors' remuneration payable.

Other payables comprise mainly amounts outstanding for ongoing costs.

26. OTHER FINANCIAL LIABILITIES

	The Group	
	2015	2014
	RM	RM
Financial liabilities carried at fair value through profit or loss:		
Derivative financial instruments:		
Foreign currency forward contracts	4,955,334	3,165,152

26. OTHER FINANCIAL LIABILITIES (cont'd)

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 Dollar for which firm commitments existed at the reporting date.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from swap points matching maturities of the contracts.

27. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2015	**2014**
	RM	**RM**
Balance at beginning of the year	**420,000**	850,000
Additional provision	**354,922**	258,181
Rework and warranty costs incurred	**(324,922)**	(258,181)
Provision no longer required	**–**	(430,000)
Balance at end of the year	**450,000**	420,000

The Group gives 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.

28. DIVIDENDS

	The Group and the Company	
	2015	**2014**
	RM	**RM**
Declared and paid:		
Final dividend of 5 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2014	**19,208,425**	–
Final dividend of 6 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2013	**–**	22,287,360
Declared and payable:		
Interim dividends of 5 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2015	**19,389,850**	–
Interim dividend of 5 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2014	**–**	18,594,245
	38,598,275	40,881,605

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividend if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM25,874,755 and has not been included as liabilities in the financial statements. The dividend is subject to 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 at the date of the issue of the financial statements.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short-term deposits	**170,542,237**	125,444,469	**136,547,906**	91,463,066
Cash and bank balances	**3,930,433**	7,572,532	**16,746**	68,528
	174,472,670	133,017,001	**136,564,652**	91,531,594

30. BANKING FACILITIES

As of December 31, 2015, the Group has unutilised banking facilities totalling RM117,820,000 (2014: RM117,820,000) covered by corporate guarantees from the Company for RM38,622,000 (2014: RM38,622,000).

31. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's overall strategy remains unchanged from 2014.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

b. Categories of financial instruments

	2015	2014
	RM	RM
The Group		
Financial assets		
Cash and bank balances	**3,930,433**	7,572,532
Short-term deposits	**170,542,237**	125,444,469
Loans and receivables	**10,321,875**	7,471,294
Financial liabilities		
Financial liabilities carried at fair value through profit or loss	**4,955,334**	3,165,152
Trade and other payables	**22,699,346**	25,535,122
Dividend payable	**19,389,850**	18,594,245
The Company		
Financial assets		
Cash and bank balances	**16,746**	68,528
Short-term deposits	**136,547,906**	91,463,066
Loans and receivables	**29,899,233**	39,228,838
Financial liabilities		
Trade and other payables	**957,987**	727,711
Dividend payable	**19,389,850**	18,594,245

31. FINANCIAL INSTRUMENTS (cont'd)

c. Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including market risk, foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow 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.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

i. Market risk management

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the raw materials used in the operations.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

ii. 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 hedge 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 at the end of the reporting period are as follows:

	The Group	
	2015	**2014**
	RM	**RM**
Assets		
United States Dollar	**28,860,274**	27,307,478
Euro	**23,216**	26,069
Swiss Franc	**2,866**	2,404
Chinese Renminbi	**979**	576
Others	**577**	75
Liabilities		
United States Dollar	**13,657,278**	17,842,741
Chinese Renminbi	**81,934**	128,257
Others	**4,948**	88,297

	The Company	
	2015	**2014**
	RM	**RM**
Assets		
United States Dollar	**887**	726

31. FINANCIAL INSTRUMENTS (cont'd)

c. Financial risk management objectives and policies (cont'd)

ii. Foreign currency risk management (cont'd)

The following table details the sensitivity analysis when the RM strengthens 15% (2014: 10%) against the relevant foreign currencies. 15% (2014: 10%) 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 at the period end for a 15% (2014: 10%) 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 15% (2014: 10%) against the relevant currency.

	The Group	
	2015	**2014**
	RM	**RM**
Impact on profit or loss:		
United States Dollar	**(2,280,449)**	(946,474)
Euro	**(3,482)**	(2,607)
Swiss Franc	**(430)**	(240)
Chinese Renminbi	**12,143**	12,768
Others	**656**	8,822

	The Company	
	2015	**2014**
	RM	**RM**
Impact on profit or loss:		
United States Dollar	**(133)**	(73)

For a 15% (2014: 10%) 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.

iii. Interest rate risk management

The Group's and the Company's exposure to changes in interest rates relates primarily to the Group's and the Company's short-term deposits. It has no significant interest-bearing financial assets or liabilities other than the short-term deposits. The short-term deposits are placed with reputable banks. The Group and the Company do not use derivative financial instruments to hedge its risk.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

iv. Credit risk management

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 at 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.

31. FINANCIAL INSTRUMENTS (cont'd)

c. Financial risk management objectives and policies (cont'd)

iv. Credit risk management (cont'd)

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 at the reporting date are as follows:

	2015		2014	
	RM	**% of total**	**RM**	**% of total**
By country:				
Europe	**8,095,198**	**93**	6,411,994	95
Asia Pacific	**487,964**	**6**	294,431	4
United States of America	**65,902**	**1**	53,671	1
	8,649,064	**100**	6,760,096	100

Further details of credit risks on trade and other receivables are disclosed in Note 18.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 30 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The maturity profile of other financial assets and financial liabilities (non-interest bearing and non-derivative) are repayable on demand or within one year.

Further details of derivative financial instruments are disclosed in Note 26, including foreign currency forward contracts.

vi. Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

d. 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. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

31. FINANCIAL INSTRUMENTS (cont'd)

d. Foreign currency forward contracts (cont'd)

The following table details the foreign currency forward contracts outstanding as at the end of the reporting date:

The Group

Outstanding contract	Average exchange rate	Foreign currency	Contract value	Fair value (loss)/ gain
		USD	RM	RM
2015:				
Sell USD				
Less than 3 months	3.76	2,400,000	9,018,050	(1,318,770)
3 to 6 months	3.83	4,000,000	15,334,860	(1,973,816)
6 to 9 months	3.88	3,400,000	13,173,940	(1,598,686)
9 to 12 months	4.35	2,600,000	11,299,940	(64,062)
2014:				
Sell USD				
Less than 3 months	3.31	5,000,000	16,548,580	(1,001,106)
3 to 6 months	3.31	5,300,000	17,536,290	(1,178,736)
6 to 9 months	3.31	3,100,000	10,246,840	(750,532)
9 to 12 months	3.47	2,400,000	8,337,860	(234,778)

e. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and liabilities.

i. Financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at 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).

	The Group 2015	The Group 2014
	RM	RM
Foreign currency forward contracts:		
Fair value:		
Liability	**4,955,334**	3,165,152

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 at 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 Levels 1 and 2 in the period.

31. FINANCIAL INSTRUMENTS (cont'd)

e. Fair value measurements (cont'd)

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 financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

32. RELATED PARTY TRANSACTIONS

The details of transactions between the Company and subsidiaries are disclosed below.

	The Company	
	2015	**2014**
	RM	**RM**
Dividend income received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**50,000,000**	50,000,000
Management fee received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**1,999,518**	2,120,992
Uchi Electronic (M) Sdn. Bhd.	**12,203**	16,671

33. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the Company proposes to undertake the following:

(a) a bonus issue of up to 43,212,910 new ordinary shares of RM0.20 each on the basis of one bonus share for every ten existing shares held, on an entitlement date to be determined later.

(b) establish an ESOS of up to fifteen percent of the issued and paid up share capital (excluding treasury shares) at any one time over the duration of the scheme for eligible employees and Directors (including non-executive Directors) of the Company and its subsidiary companies (excluding subsidiaries which are dormant), after the expiration of the existing ESOS on August 7, 2016.

(c) increase in authorised share capital of the Company from RM100,000,000 comprising 500,000,000 shares of RM0.20 each to RM160,000,000 comprising 800,000,000 shares of RM0.20 each.

(d) amendments to the memorandum and articles of association of the Company to facilitate the proposed increase in authorised share capital.

The above proposals are subject to approval by the shareholders at an Extraordinary General Meeting to be convened.

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:

a. investment holding (includes management services);
b. manufacturing of touch screen advance display, high precision light measurement (optoelectronic) equipments, mixed signal control system for centrifuge/ laboratory equipments, mixed signal microprocessor based application, system integration products and electronic modules; and
c. trading of complete electric module and saturated paper for PCB lamination.

34. SEGMENT INFORMATION (cont'd)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
2015:					
Revenue					
External sales	**–**	**112,608,206**	**3,611**	**–**	**112,611,817**
Inter-segment sales	**52,011,721**	**1,380**	**718,338**	**(52,731,439)**	**–**
Total revenue	**52,011,721**	**112,609,586**	**721,949**	**(52,731,439)**	**112,611,817**
Results					
Segment profit	**48,593,450**	**52,607,582**	**(24,379)**	**(49,876,003)**	**51,300,650**
Investment income					**4,720,579**
Other gains and losses					**(5,639,087)**
Profit before tax					**50,382,142**
Tax expenses					**(1,084,178)**
Profit for the year					**49,297,964**
2014:					
Revenue					
External sales	–	95,450,347	8,518	–	95,458,865
Inter-segment sales	52,137,663	3,116	783,017	(52,923,796)	–
Total revenue	52,137,663	95,453,463	791,535	(52,923,796)	95,458,865
Results					
Segment profit	49,286,374	39,247,790	12,599	(50,001,996)	38,544,767
Investment revenue					3,411,302
Other gains and losses					(636,028)
Profit before tax					41,320,041
Tax expenses					(1,210,802)
Profit for the year					40,109,239

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without investment revenue, other gains and losses, finance costs and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

34. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities

The Group

	Investment holding	Manufacturing	Trading	Consolidated
	RM	RM	RM	RM
2015:				
Assets				
Segment assets	**1,488,918**	**106,902,582**	**383,684**	**108,775,184**
Unallocated corporate assets				**170,915,290**
Consolidated total assets				**279,690,474**
Liabilities				
Segment liabilities	**957,987**	**26,954,034**	**192,659**	**28,104,680**
Unallocated corporate liabilities				**20,919,581**
Consolidated total liabilities				**49,024,261**
2014:				
Assets				
Segment assets	688,035	115,397,425	305,281	116,390,741
Unallocated corporate assets				125,847,873
Consolidated total assets				242,238,614
Liabilities				
Segment liabilities	727,711	28,268,478	124,085	29,120,274
Unallocated corporate liabilities				20,099,143
Consolidated total liabilities				49,219,417

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	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
2015:					
Other information					
Capital expenditure	**–**	**473,920**	**–**	**(228,963)**	**244,957**
Depreciation and amortisation	**1,872**	**6,825,371**	**–**	**(36,617)**	**6,790,626**
Non-cash expenses other than depreciation and amortisation	**405,519**	**7,007,374**	**–**	**–**	**7,412,893**
2014:					
Other information					
Capital expenditure	–	12,455,884	–	–	12,455,884
Depreciation and amortisation	2,964	6,170,683	–	(36,617)	6,137,030
Non-cash expenses other than depreciation and amortisation	29,446	3,891,481	–	(22,532)	3,898,395

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	
	2015	2014
	RM	RM
Touch screen advance display, high precision light measurement (optoelectronic) equipment and mix signal control system for centrifuge laboratory equipments	**111,634,930**	92,329,929
Mixed signal microprocessor based application and system integration products	**545,764**	3,016,874
Others	**431,123**	112,062
	112,611,817	95,458,865

Geographical information

The Group operates in two principal geographical areas, Malaysia (country of domicile) and 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 detailed below:

	The Group	
	2015	2014
	RM	RM
Europe	**107,340,779**	90,526,956
Asia Pacific	**4,282,440**	4,282,633
United States of America	**988,598**	649,276
	112,611,817	95,458,865

34. SEGMENT INFORMATION (cont'd)

Geographical information (cont'd)

Information about the Group's non-current assets by locations are detailed below:

	The Group	
	2015	**2014**
	RM	**RM**
Malaysia	**58,835,636**	69,361,443
People's Republic of China	**20,800,685**	18,654,660
	79,636,321	88,016,103

Non-current assets exclude deferred tax assets and financial instruments.

Information about major customers

Revenue from external customers contributing more than 10% of the total revenue from the manufacturing segment are as follows:

	The Group	
	2015	**2014**
	RM	**RM**
Customer A	**83,844,791**	70,425,579
Customer B	**11,315,296**	12,676,435
	95,160,087	83,102,014

35. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFIT

On March 25, 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group as of December 31, 2015 into realised and unrealised profits, pursuant to the directive, is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
Realised	**116,805,602**	105,319,858	**73,481,740**	60,281,216
Unrealised	**592,920**	1,223,127	**133,003**	71,000
	117,398,522	106,542,985	**73,614,743**	60,352,216
Less: Consolidation adjustments	**(15,687,943)**	(15,641,311)	**–**	–
Total retained earnings as per statements of financial position	**101,710,579**	90,901,674	**73,614,743**	60,352,216

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

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 provisions of the Companies Act, 1965 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, 2015 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 35, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

KAO, DE-TSAN ALSO KNOWN AS TED KAO

KAO, TE-PEI ALSO KNOWN AS EDWARD KAO

Penang,

March 21, 2016

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, OW CHOOI KHIM, the director 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 **OW CHOOI KHIM**
at **GEORGETOWN** in the State of **PENANG**
on March 21, 2016

Before me,

NACHATAR SINGH A/L BHAG SINGH, PKT, PJK, PK
Commissioner For Oaths

Share Buy-Back

During the financial year ended December 31, 2015, the Company purchased 200 of its issued share capital from the open market using internally generated funds and held as treasury shares.

Month	No. of Shares	Unit Cost	Total Cost*
		RM	RM
May	100	1.61	202
November	100	1.68	209
Total	**200**		**411**

* Including brokerage, commission, clearing house fee and stamp duty.

Total number of shares bought back and held as treasury shares as at December 31, 2015 is 7,070,700 shares.

Options, Warrants or Convertible Securities

A total of 15,912,300 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.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company does not have an ADR or GDR programme in place.

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.

Material Contracts or Loans

As of December 31, 2015, 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.

Profit Estimate, Forecast or Projection

There were no profit estimate, forecast or projection or unaudited results released which differ by 10 percent or more from the audited results.

Profit Guarantee

There was no profit guarantee given in respect of the Company.

Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended December 31, 2015.

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, 2015 amounted to RM16,600.

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, 2015.

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2015 (RM)	Date of Acqusition / Last Revaluation
Registered Beneficial Owner: **Uchi Optoelectronic (M) Sdn. Bhd.**						
HS (D) 4360/PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 1.1.2050	–	139,926	1,636,725	26.5.2004
(Plot 544, Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Investment Property -Phase I	60 years leasehold expiring on 1.1.2050	21	33,144	2,271,147	31.12.2015
	-Phase II		15	92,864	5,614,556	31.12.2015
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	1,515,829	26.5.2004
(3097 Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building	60 years leasehold expiring on 6.12.2049	4	148,145	20,108,774	1.12.2012
Geran (First Grade) 4262, (No.22 Lebuhraya Rose, 10350 Penang) Lot 207 Seksyen 1, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang.	Land	Freehold	–	18,242	5,167,266	1.12.2011
(No. 22 Lebuhraya Rose, 10350 Penang)	2 Storey R&D Building		5		1,836,667	1.12.2011
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	4,416,207	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	7	161,124	14,342,830	26.5.2009

ANALYSIS OF SHAREHOLDINGS

As at March 16, 2016

Share capital

Authorised	:	RM100,000,000
Issued and paid-up	:	RM 77,606,600 *
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One voting right for one ordinary share

* The issued and paid-up capital is as per Record of Depositors as at March 16, 2016, exclusive of 7,070,700 treasury shares bought back.

Size of holdings			No. of holders	%	No. of shares	%
Less	than	100 shares	105	1.80	4,877	0.00
100	–	1,000 shares	803	13.75	657,121	0.17
1,001	–	10,000 shares	3,275	56.08	17,549,210	4.52
10,001	–	100,000 shares	1,393	23.85	42,724,662	11.01
100,001	–	19,401,649 shares	262	4.49	198,486,830	51.15
19,401,650	and	above	2	0.03	128,610,300	33.15
TOTAL			**5,840**	**100.00**	**388,033,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	No. of shares	%	No. of shares	%
Eastbow International Limited	91,263,660	23.52	–	–
Kao, De-Tsan also known as Ted Kao	1,950,000	0.50	91,263,660 #	23.52
Lembaga Tabung Haji	37,346,640	9.62	–	–

\# Deemed interested by virtue of his substantial shareholding in Eastbow International Limited

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	91,263,660	23.52
2.	Lembaga Tabung Haji	37,346,640	9.62
3.	Ironbridge Worldwide Limited	16,572,710	4.27
4.	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	14,802,700	3.81
5.	Amanahraya Trustees Berhad [Amanah Saham Bumiputera]	12,250,000	3.16
6.	HSBC Nominees (Asing) Sdn Bhd [SMTBUSA for Asia Oceania Dividend Yield Stock Mother Fund]	11,345,300	2.92
7.	CITIGroup Nominees (Tempatan) Sdn Bhd [Exempt AN for AIA Bhd]	9,834,900	2.53
8.	CIMB Group Nominees (Tempatan) Sdn Bhd [Yayasan Hasanah (AUR-VCAM)]	9,800,000	2.53
9.	CITIGroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (VCAM Equity FD)]	9,357,500	2.41
10.	Amanahraya Trustees Berhad [Public Islamic Select Treasures Fund]	8,248,200	2.13
11.	Valuecap Sdn Bhd	6,940,000	1.79
12.	Bekal Sama Sdn Bhd	6,700,000	1.73
13.	Kao Wang, Ying-Ying	3,169,700	0.82
14.	Amanahraya Trustees Berhad [Public Strategic Smallcap Fund]	2,844,600	0.73
15.	Chang, Shin-Fang	2,339,350	0.60
16.	HSBC Nominees (Tempatan) Sdn Bhd [HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)]	2,289,500	0.59
17.	Zulkifli Bin Hussain	2,176,000	0.56
18.	HSBC Nominees (Tempatan) Sdn Bhd [HSBC (M) Trustee Bhd for Manulife Investment Al-Fauzan (5170)]	2,135,800	0.55
19.	HSBC Nominees (Asing) Sdn Bhd [HSBC-FS I for Asean Growth Fund (Manufacturers L)]	2,004,000	0.52
20.	Liew Siew Lan	2,000,000	0.52
21.	Kao, De-Tsan @ Ted Kao	1,950,000	0.50
22.	Kao, Te-Pei @ Edward Kao	1,950,000	0.50
23.	CITIGroup Nominees (Asing) Sdn Bhd [CBNY for DFA Emerging Markets Small Cap Series]	1,564,100	0.40
24.	CIMB Group Nominees (Tempatan) Sdn Bhd [Yayasan Amir (VCAM)]	1,308,200	0.34
25.	CITIGroup Nominees (Asing) Sdn Bhd [CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc]	1,288,500	0.33
26.	Maybank Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Su Tiing Uh]	1,282,200	0.33
27.	Chang, Shin-Fang	1,250,000	0.32
28.	HSBC Nominees (Tempatan) Sdn Bhd [HSBC (M) Trustee Bhd for Manulife Investment Dividend Fund (5311-401)]	1,087,400	0.28
29.	Hong Leong Assurance Berhad [As Beneficial Owner (Life Par)]	1,040,000	0.27
30.	Tang Lai Hong	1,000,000	0.26
	Total	**267,140,960**	**68.84**

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	**No. of shares**	**%**	**No. of shares**	**%**
Kao, De-Tsan also known as Ted Kao	1,950,000	0.50	94,433,360 *	24.34
Kao, Te-Pei also known as Edward Kao	1,950,000	0.50	20,162,060 **	5.20
Dr. Heinrich Komesker	200,000	0.05	–	–
Charlie Ong Chye Lee	203,000	0.05	–	–
Chia Tong Saik	30,800	0.01	–	–
Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	309,700	0.08	–	–
Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	533,810	0.14	–	–

* Deemed interested by virtue of his substantial shareholding in Eastbow International Limited and interest of spouse by virtue of Section 134(12) (c) of the Companies Act, 1965.

** Deemed interested by virtue of his substantial shareholding in Ironbridge Worldwide Limited and interest of spouse by virtue of Section 134(12) (c) of the Companies Act, 1965.

UCHI TECHNOLOGIES BERHAD (457890-A)

(Incorporated in Malaysia)

PROXY FORM

#CDS account no. of authorised nominee

I/We ……………………...……………………….. (name of shareholder as per NRIC, in capital letters) NRIC No. ……………………..… (new) ……………………….... (old)/ID No./Company No. ……..……....................................…… of ……………………..………………….……...………………………………………………………….…………………….………… ……………………..………...…….………………………........……(full address) being a member(s) of the abovenamed Company, hereby appoint …………………………………….....……..........……………………......…… (name of proxy as per NRIC, in capital letters) NRIC No. ……………..….. (new) ….……………………. (old) or failing him/her …………………………………….. (name of proxy as per NRIC, in capital letters) NRIC No. ……………..….. (new) ….…………………….. (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at the Laurel II, Level 1, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, May 18, 2016 at 3.00 p.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

Resolutions			For	Against
Ordinary Resolution 1	-	Declaration of Final Tax Exempt Dividend of 6 sen per share on every share of RM0.20 each		
Ordinary Resolution 2	-	Approval of Directors' Fee of RM368,800		
Ordinary Resolution 3	-	Re-election of Mr. Kao, Te-Pei also known as Edward Kao		
Ordinary Resolution 4	-	Re-appointment of Mr. Charlie Ong Chye Lee		
Ordinary Resolution 5	-	Re-appointment of Messrs. Deloitte as Auditors and to authorise the Directors to determine their remuneration		
Ordinary Resolution 6	-	Continuing in office for Dr. Heinrich Komesker		
Ordinary Resolution 7	-	Renewal of share buy-back authority		
Special Resolution	-	Proposed Amendments to the Articles of Assoication		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this ……………… day of ……………… 2016

Number of shared held	

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1	________________	________________ %
Proxy 2	________________	________________ %

……………………………………………………...…………………

Signature/Common Seal of Appointor

Contact No. of Shareholder/Proxy …….……….…………………

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint at least 1 proxy to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, 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.
3. 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.
4. The instrument appointing a proxy or proxies shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.
6. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
7. Even though the proxy form has clearly instructed that the votes are to be marked with "X", those proxy forms which are indicated with "√" by the shareholder in the spaces provided to show how the votes are to be cast will also be accepted.
8. Only members registered in the Record of Depositors as at May 9, 2016 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

\# Applicable to shares held through a nominee account.

fold here

fold here

STAMP
HERE

The Secretaries
UCHI TECHNOLOGIES BERHAD (457890-A)

Suite 12-02, 12th Floor, Menara Zurich,
170, Jalan Argyll, 10050 Penang,
Malaysia

fold here

UCHI TECHNOLOGIES BERHAD
(Company No. 457890-A)
(Incorporated in Malaysia)

3097, Tingkat Perusahaan 4A,
Free Trade Zone, 13600 Prai, Malaysia
Tel: 604-399 0035   Fax: 604-399 0034
E-mail: info@uo.uchi.net

Cover Photography by Goon Choo Hooi