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

U tmost effort in implementing and continuously improving our corporate Environmental Management System

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

H ighly honour compliance of Malaysian Environmental Laws and other applicable regulations

I ncessantly educating employee on environmental awareness and responsibility



ENVIRONMENTAL POLIC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, May 27, 2005 at 3.00 p.m.

AGENDA

- 1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2004 together with the Reports of the Directors and of the Auditors thereon. (Resolution 1)
- 2. To declare a Final Dividend of 6 Sen per share of RM0.20 each exempt from Income Tax for the year ended December 31, 2004. (Resolution 2)
- 3. To declare a Special Dividend I of 4 Sen per share of RM0.20 each less Income Tax at 28% for the year ended December 31, 2004. (Resolution 3)
- 4. To declare a Special Dividend II of 3 Sen per share of RM0.20 each exempt from Income Tax for the year ended December 31, 2004. (Resolution 4)
- 5. To approve the payment of Directors' fees of RM292,000 for the year ended December 31, 2004. (Resolution 5)
- 6. To re-elect the following directors retiring under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:
 - a. Mr. Kao, De-Tsan also known as Ted Kao (Resolution 6)
 - b. Dato' Hong Tok Hiang @ Fang Chok Seong (Resolution 7)
- 7. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:
 - "That Mr. Huang, Teng-Yen, a director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting."
- 8. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 9)

SPECIAL BUSINESS

9. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad (Bursa Securities) and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

(Resolution 10)

(Resolution 8)

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



NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

A Member of the Company entitled to attend and vote is entitled to appoint 2 or more proxies 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 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy 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.

The instrument appointing a proxy must be deposited at the Registered Office, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Notes On Special Business

The proposed Resolution No. 10 [Item No.(9)], if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This Authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

NOTICE OF DIVIDENDS ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the following Dividends for the year ended December 31, 2004, if approved, will be paid on July 19, 2005 to depositors registered in the Records of Depositors at the close of business on June 30, 2005:

- 1. A Final Dividend of 6 Sen per share of RM0.20 each, exempt from income tax;
- 2. A Special Dividend I of 4 Sen per share of RM0.20 each, less income tax at 28%; and
- 3. A Special Dividend II of 3 Sen per share of RM0.20 each, exempt from income tax.

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

- a. shares transferred into the Depositor's Securities Account before 4.00 p.m. on June 30, 2005 in respect of transfers;
- 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

KHOO LAY TATT (MAICSA 7029262) OW CHOOI KHIM (MIA 12616) Secretaries

Penang

Date: April 29, 2005

UCHI TECHNOLOGIES BERHAD (457890 A)

STATEMENT ACCOMPANYING

NOTICE OF ANNUAL GENERAL MEETING

1. Seventh Annual General Meeting of Uchi Technologies Berhad:

Place : Kelawai Room, Lobby Level,

Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang, Malaysia

Date : Friday, May 27, 2005

Time : 3.00 p.m.

2. Names of individuals who are standing for re-election as Directors

To re-elect the following directors under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election.

a. Mr. Kao, De-Tsan also known as Ted Kao;b. Dato' Hong Tok Hiang @ Fang Chok Seong.

To re-elect Mr. Huang, Teng-Yen, a Director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting.

3. Board Meetings held during the Financial Year Ended December 31, 2004 and Details of Directors' Attendance

Six (6) Board Meetings were held during the financial year ended December 31, 2004. Details of attendance of Directors at the Board Meetings are set out in Page 15 of this Annual Report.

4. Place, date and time of the Board of Directors' Meetings

The information on place, date and time of the Board of Directors' Meetings held during the financial year ended December 31, 2004 are as follows:

Date	Time	Venue
February 26, 2004	3.30 p.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
May 24, 2004	9.30 a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
May 25, 2004	12.00 noon	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
August 23, 2004	11.00 a.m.	Conference Room, 4th Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
November 25, 2004	4.00 p.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
November 26, 2004	10.00 a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang

5. Further details of individuals who are standing for re-election as Directors

Further details of the Director standing for re-election at the Seventh Annual General Meeting are set out in Pages 9 and 10 and their shareholdings information are listed in Page 78 of this Annual Report.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Kao, De-Tsan also known as Ted Kao

Managing Director

Kao, Te-Pei also known as Edward Kao

Senior Independent Non-Executive Director Ng Hai Suan @ Ooi Hoay Seng

Independent Non-Executive Director
Dato' Hong Tok Hiang @ Fang Chok Seong,
DSDK, SMS, AMK, PJK, JP

Non-Executive Director
Huang, Teng-Yen
Kao Wang, Ying-Ying
Chang, Shin-Fang
(alternate director to Huang, Teng-Yen)

AUDIT COMMITTEE

Chairman

Dato' Hong Tok Hiang @ Fang Chok Seong, DSDK, SMS, AMK, PJK, JP

Members

Ng Hai Suan @ Ooi Hoay Seng Kao, Te-Pei also known as Edward Kao

COMPANY SECRETARIES

Khoo Lay Tatt MAICSA 7029262

Ow Chooi Khim MIA 12616

REGISTERED OFFICE

3rd Floor, Wisma Wang

251-A, Jalan Burma, 10350 Penang, Malaysia

Tel: 604-228 8155 Fax: 604-269 2386

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad Southern Bank Berhad EON Bank Berhad

AUDITORS

Deloitte KassimChan Chartered Accountants

4th Floor, Wisma Wang

251-A, Jalan Burma, 10350 Penang, Malaysia

Tel: 604-228 8255 Fax: 604-228 8355

PRINCIPAL SOLICITORS

Ong & Manecksha

Advocates and Solicitors

Suite 503, 5th Floor, Penang Plaza,

Jalan Burma, 10050 Penang, Malaysia

Tel: 604-227 5811 Fax: 604-226 5366

REGISTRAR

PFA Registration Services Sdn. Bhd.

1301 Level 13, Uptown 1

No. 1 Jalan SS21/58, Damansara Uptown

47400 Petaling Jaya, Selangor Darul Ehsan,

Malaysia

Tel: 603-7725 4888, 7725 8046

Fax: 603-7722 2311

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

Website: www.bursamalaysia.com

Stock Name: uchitec Stock Code: 7100



FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

	2000	2001	2002	2003	2004
Year ended December 31	RM	RM	RM	RM	RM
Revenue	66,022,450	94,999,126	114,847,193	120,658,775	115,351,661
Profit before taxation	27,323,738	40,793,435	54,667,732	60,983,313	64,537,186
Profit after taxation	23,150,579	36,883,180	49,055,113	58,571,837	62,759,124
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share of RM1.00 each (Sen)	30	37	44	32	not applicable
Gross of ordinary share of RM0.20 each (Sen)	not applicable	not applicable	not applicable	7	13
Amount Paid (net of tax)	12,000,000	18,434,301	27,390,621	45,344,496	43,577,482
Dividends proposed in respect of financial year ended: Gross of ordinary share of					
RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	13
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	43,590,548 ¹⁾
Total Amount Paid and Payable (net of tax)	12,000,000	18,434,301	27,390,621	45,344,496	87,168,030 ²⁾
Total Assets Employed	108,364,595	138,925,842	176,930,101	220,941,052	244,140,445
Shareholders' equity	93,931,866	114,282,566	147,287,880	176,118,649	177,124,953
Net tangible assets	92,973,933	113,366,282	147,287,880	176,118,649	177,124,953
Number of ordinary shares issued & fully paid as of December 31	40,000,000 of RM1.00 each	44,146,000 of RM1.00 each	64,446,600 of RM1.00 each	72,455,560 of RM1.00 each	366,813,800 of RM0.20 each
Proforma weighted average number of shares	320,132,690 ³⁾	341,778,555 ³⁾	347,696,9253)	357,550,895 ³⁾	363,439,770
Net Earnings Per Share (Sen)	7.233)	10.793)	14.113)	16.383)	17.27
Return on Equity	24.7%	32.3%	33.3%	33.3%	35.4%
Research & Development Expenses	3,624,504	4,939,554	4,550,940	6,836,956	5,065,151
In % of Revenue	5.5%	5.2%	4.0%	5.7%	4.4%

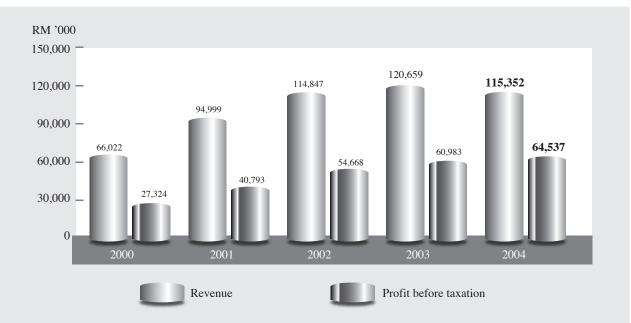
¹⁾ Represents approximation of dividend payable base on all ordinary shares in issue as of February 28, 2005. Actual amount of dividend payable shall be determined at the close of business on June 30, 2005 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

- ²⁾ Summation of dividend paid and dividend proposed¹⁾
- 3) Restated to reflect the followings:
 - a. bonus issue of 4,000,000 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each for every ten existing ordinary shares of RM1.00 each held, completed in financial year ended 2001.
 - b. bonus issue of 17,847,600 new ordinary shares of RM1.00 each on the basis of two new ordinary shares of RM1.00 each for every five existing ordinary shares of RM1.00 each held, completed in the financial year ended 2002.
 - c. bonus issue of 6,500,960 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each for every ten existing ordinary shares of RM1.00 each held, completed in financial year ended 2003.
 - d. subdivision of 72,562,560 ordinary shares of RM1.00 each into 362,812,800 new ordinary shares of RM0.20 each on the basis of five (5) new



FINANCIAL HIGHLIGHTS (cont'd)

FIVE YEARS FINANCIAL SUMMARY





financial highlights





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

(Company No. 457890-A) (Incorporated in Malaysia)

I 00%UCHI OPTOELECTRONIC

(M) SDN BHD

100% UCHI ELECTRONIC (M) SDN BHD

100% UCHI INDUSTRIES (M) SDN BHD

corporate structure

KAO, DE-TSAN also known as TED KAO

Aged 47, 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. 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., Uchi Industries (M) Sdn. Bhd. and also holds directorships in certain private limited companies.

KAO, TE-PEI also known as EDWARD KAO

Aged 44, 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. He is also a member of the Audit Committee, 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., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (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.

HUANG, TENG-YEN

Aged 73, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad on March 28, 2000 as Non-Executive Director.

He graduated from the Mechanical Department of Taiwan Provincial Hsinchu Industrial Senior High Vocational School in 1954. He started his career with the China Artificial Fiber Corporation in Taiwan as a technician in 1956. In 1959, he joined Nankang Rubber Tire Corporation Ltd., Taiwan as a technician and was subsequently promoted to Assistant President in 1988. In 1989, he joined Federal Corporation as a Vice President until 1993. In 1994, he was attached to Taiwan Rubber Research & Testing Center as a Chief Engineer and President and has been holding the post since then. From 1996 till April 2000, Mr. Huang was also appointed as President of his previous company, Nankang Rubber Tire Ltd., which is a public listed company and one of the leading automobile tyre manufacturing companies in Taiwan. He does not hold directorship in any other company.



NG HAI SUAN @ OOI HOAY SENG

Aged 64, Malaysian, was appointed to the Board of Uchi Technologies Berhad on August 30, 2001 as Independent Non-Executive Director. He was then appointed as Senior Independent Non-Executive Director of the Company on November 27, 2001. He was appointed Chairman of the Nomination Committee and Remuneration Committee as well as a member of the Audit Committee.

He is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was a Partner of a firm of Chartered Accountants before his retirement from the firm. Mr. Ooi has thirty over years of experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He holds directorship in a number of other private limited companies.

DATO' HONG TOK HIANG @ FANG CHOK SEONG DSDK, SMS, AMK, PJK, JP

Aged 67, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on February 18, 1998 as Independent Non-Executive Director. He was appointed Chairman of the Audit Committee as well as a member of the Nomination Committee and Remuneration Committee.

He was a Kedah State Assemblyman from 1978 to 1990 and a Kedah State Executive Councilor (EXCO) from 1982 to 1990. He was a Malaysia Consul General in Guangzhou, People's Republic of China from November 1993 to November 1995. Dato' Fang is also involved in various types of business which are involved in timber sawmills, property development, rubber plantation and furniture making from 1958 to present date. He holds directorship in a number of other private limited companies.

KAO WANG, YING-YING

Aged 51, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Huang, Teng-Yen on March 28, 2000. She resigned as the alternate director to Mr. Huang, Teng-Yen on August 30, 2001. She was further re-appointed as Non-Executive Director on August 30, 2001. She is also a member of the Nomination Committee and Remuneration Committee.

She graduated from Taiwan Provincial Lukang Senior High School in 1971. Upon graduation, she joined Chain Let Co. Ltd., a bathroom scale manufacturer as a clerk in the accounting department until 1990. Currently Madam Kao Wang holds directorship of a certain private company.

CHANG, SHIN-FANG

Aged 43, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Kao Chi Kun on March 28, 2000. She resigned as the alternate director to Mr. Kao Chi Kun on August 30, 2001. She was further re-appointed as alternate director to Mr. Huang, Teng-Yen on August 30, 2001

She graduated from the Department of Business Administration of Che Lee College of Business, Taiwan in 1982. From 1988 to 1991, Madam Chang worked as a Shipping Assistant in Amasia International Limited, an American shoe company. Madam Chang holds directorship of a certain private company.

Mr. Ted Kao and Mr. Edward Kao are brothers. Madam Kao Wang, Ying-Ying and Madam Chang, Shin-Fang are the wives of Mr. Ted Kao and Mr. Edward Kao respectively. Mr. Huang, Teng-Yen is the brother-in-law 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.



directors' profile

CHAIRMAN'S STATEMENT

The Group recorded a profit before tax of RM64.5 million, representing an increase of 6% from previous year. Re-tooling undertaken by one of the customers had caused impact on the growth in revenue. However, the Group had turned in a positive performance through improved sales mix of higher-margin models and increase in research and development projects.

Earnings per share increased to 17.27 Sen from 16.38 Sen recorded previously and shareholders' fund stood at RM177.1 million as of December 31, 2004.

The Group is in a net cash position with virtually zero debt. The Group generated RM57.6 million at the operating level. After paying out dividends of RM45.3 million for financial year ended 2003, the Group's cash flow was increased by RM21.4 million as of the end of 2004.

CORPORATE DEVELOPMENT

Uchi Technologies Berhad (Uchitec) completed the subdivision of 72,562,560 ordinary share of RM1.00 each into 362,812,800 new ordinary shares of RM0.20 each on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1.00 each held, on May 11, 2004.

DIVIDENDS

The Board of Directors is pleased to propose the following dividends:

Type of Dividend	Gross dividend per share of RM0.20 each
	Sen
Final (tax exempt)	6
Special I (less income tax)	4
Special II (tax exempt)	3
Total	13

The proposed final and special dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting.

The above proposed dividend together with the following interim dividend and special dividends paid on January 13, 2005 will result in a total gross dividend of 26 Sen per share of RM0.20 each and a total net dividend paid and payable of approximately RM87.0 million for the year under review against RM45.0 million paid for financial year ended December 31, 2003:-

Type of Dividend	Gross dividend per share of RM0.20 each
	Sen
Interim (tax exempt)	6
Special I (less income tax)	4
Special II (tax exempt)	3
Total	13

RESEARCH AND DEVELOPMENT (R&D)

The Group has over 40 staff members in the R&D team specializing in software programming, hardware design, system construction and basic research. The Group plans to increase the R&D work force to 50 staff members by end of year 2005.

For the year under review, the Group invested approximately RM5 million in R&D activities on 25 projects with a remarkable zero failure. This represents approximately 4% of the Group's revenue. For year 2005, the Group allocates approximately 7% of its turnover to R&D activities.

R&D plays an important role in achieving our fundamental strategic goal on total-customer satisfaction. The Group will consistently invest in development of intellectual property and endeavour to be the best business partner to our customers.

LEAD FREE PRODUCTS

The Group is committed to deliver lead free products to all customers in the second half of year 2005, in compliance with European Union requirement towards a friendlier environment. The transition will strengthen our leading edge and further support our customers to surpass as a leader in the global market.



For two consecutive years in the KPMG/The Edge Shareholder Value Awards 2002 and 2003, Uchitec was ranked number two among the top 75 listed companies on Bursa Malaysia Securities Berhad by shareholders' creation value and was also awarded the highest rank in the Information, Communications and Technology sector.

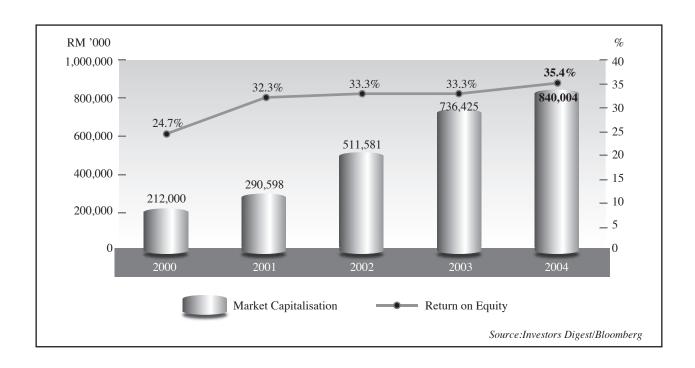
For three consecutive years through Deloitte Touche Tohmatsu's Technology Fast 500 Asia Pacific, Uchi Optoelectronic (M) Sdn. Bhd., a subsidiary of Uchitec was recognized as one of the top 500 companies, from 10 regions thoughout Asia Pacific, which had managed to achieve an impressive three-year revenue growth. Deloitte's Technology Fast 500 Asia Pacific is a programme that recognizes and profiles fast-growing technology companies in Asia Pacific based on revenue growth over three years.

COMMITMENT TO STAFF

During the year under review, Uchitec granted 662,000 Share Options under "Uchi Technologies Berhad Employee Share Option Scheme" to eligible employees in recognition of the employees' contribution towards the business of the Group. This scheme encourages employees' participation in the Company's equity and motivates employee towards better performance through greater productivity and loyalty.

MARKET CAPITALISATION

The Group is fundamentally healthy with improving financial performance, healthy cash position and efficient capital structure. The Group recorded a return on equity of above 30% over 4 years commencing year 2001.



UCHI TECHNOLOGIES BERHAD (457890 A)

MOVING FORWARD

Year 2005 will be an exciting year. Barring any unforeseen circumstances, the Group expects to grow in its revenue in year 2005.

The Group is well positioned in the niche market. We will focus on our knowledge-based strategy to reach new height of achievement.

We recognize employees are the key to sustain positive longterm growth for the Group and will intensify activities on human resource development in the years ahead.

ACKNOWLEDGEMENT

I wish to take this opportunity to extend my sincere thanks to the Board of Directors, Management and staff for their dedication and commitment.

We would like to thank our customers, suppliers, the various government authorities and our shareholders for their unwavering support.

KAO, DE-TSAN also known as TED KAO Chairman

Penang March 28, 2005





CORPORATE GOVERNANCE & OTHER DISCLOSURE

(PURSUANT TO PARAGRAPH 15.26 OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS)

The Board of Directors 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.

A. DIRECTORS

The Board

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

- Reviewing and adopting a strategic plan for the Group;
- 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 integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Balance

The Board currently comprises of six (6) Directors, of which two (2) are Executive Directors and four (4) are Non-Executive Directors, two (2) of whom are independent.

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 9 & 10 of this annual report.

There is clear division of responsibilities between the Chairman and Managing Director. The Chairman is responsible for effective functioning of the Board and for formulating general Company policies and making strategic business decisions. The Managing Director is responsible for the execution of these decisions and the day-to-day management of the business.

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. Ng Hai Suan @ Ooi Hoay Seng was appointed as Senior Independent Non-Executive Director on November 27, 2001. Through whom, stakeholders may convey their concerns pertaining to the Group.

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 Report 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 six 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.



CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(PURSUANT TO PARAGRAPH 15.26 OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS)

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2004 are as follows:

No.	Director	Year 2004 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2004 to 31/12/2004	6	5
2.	Kao, Te-Pei also known as Edward Kao	1/1/2004 to 31/12/2004	6	6
3.	Huang, Teng-Yen	1/1/2004 to 31/12/2004	6	4
4.	Dato' Hong Tok Hiang @ Fang Chok Seong, DSDK, SMS, AMK, PJK, JP	1/1/2004 to 31/12/2004	6	6
5.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2004 to 31/12/2004	6	6
6.	Kao Wang, Ying-Ying	1/1/2004 to 31/12/2004	6	6
7.	Chang, Shin-Fang (Alternate Director to Huang, Teng-Yen)	1/1/2004 to 31/12/2004	6	6

Supply of Information

The Board has unrestricted access to 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. This is issued in sufficient time to enable the Directors 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.

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 during the calendar year 2002 and are in compliance with the listing requirements in relation to Continuing Education Programme (CEP).

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, details of which are set out on pages 25 & 26 of the 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.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(PURSUANT TO PARAGRAPH 15.26 OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS)

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 20 to 22 of this annual report.

ii. The Remuneration Committee

The composition and terms of reference of this Committee are presented on pages 27 to 28 of this annual report.

iii. The Nomination Committee

The composition and terms of reference of this Committee are presented on pages 25 to 26 of this annual report.

iv. The Employee Share Option Scheme ("ESOS") Committee (of which, also comprise of management staff)

The ESOS Committee was established on August 8, 2001 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 ESOS, regulations and guidelines in force from time to time.

During the financial year ended December 31, 2004, the Company granted Share Options of 216,000 Ordinary Shares of RM1.00 each and 446,000 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2004, balance number of Share Option available for allotment was 7,290,000 Ordinary Shares of RM0.20 each.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the financial year ended December 31, 2004, the Remuneration Committee was responsible for setting up the policy framework and for making recommendations to the Board on remuneration packages and other benefits extended to all the Directors.

The details of the remuneration of the Directors for the financial year ended December 31, 2004 are as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors	96,000	1,414,880	60,000	1,570,880
Non-Executive Directors	196,000	39,000	_	235,000
Total	292,000	1,453,880	60,000	1,805,880

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	_	3
RM50,001 to RM100,000	_	2
RM750,001 to RM800,000	2	_

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CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(PURSUANT TO PARAGRAPH 15.26 OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS)

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 Managing Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments.

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

Both AGM and EGM, act as the principal forum for dialogue with private 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. All Directors are in attendance to respond to shareholders' questions during the meeting.

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.

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.

In discharging their responsibilities, the Directors, 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:
- 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 financial statements for the year ended December 31, 2004 on March 1, 2005.

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(PURSUANT TO PARAGRAPH 15.26 OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS)

Internal Control

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and the 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 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.

Statement on Internal Control incorporating report on internal audit function is set out on pages 23 & 24 of this annual report.

Relationship with the Auditors

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

The role of Audit Committee in relation to the external auditors is described on pages 20 to 22 of this annual report.

E. OTHER DISCLOSURE

Pursuant to the Listing Requirements of the Bursa Securities, the following additional information is provided:

Share Buybacks

The Company does not have a share buyback programme in place.

Options, Warrants or Convertible Securities

A total of 4,108,000 options were exercised during the financial year in respect of the Company's employee share option scheme (ESOS).

The Company did not issue any convertible securities or warrants.

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, 2004, there was no existing material contracts or loans 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, 2004.

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(PURSUANT TO PARAGRAPH 15.26 OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS)

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, 2004 amounted to RM1,800.

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, 2004.

Revaluation Policy on Landed Properties

Revaluation policy on landed properties is disclosed in Note 3-Significant Accounting Policies of Notes to the Financial Statements on page 46 of this annual report.

The collective approval by the Board on this Statement was tabled on March 28, 2005.

For and on behalf of the Board of Directors of Uchi Technologies Berhad (Company No.: 457890-A)

KAO, DE-TSAN also known as TED KAO Chairman

AUDIT COMMITTEE REPORT



AUDIT COMMITTEE

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

Chairman : Dato' Hong Tok Hiang @ Fang Chok Seong

DSDK, SMS, AMK, PJK, JP Independent Non-Executive Director

Member : Ng Hai Suan @ Ooi Hoay Seng

CA(M), CPA(M)

Senior Independent Non-Executive Director

Member : Kao, Te-Pei also known as Edward Kao

Managing Director

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee is governed by the following terms of reference:

1. Objectives

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:

- Evaluate the quality of the audit conducted by the internal and external auditors:
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

2. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, of whom a majority shall be Independent Non-Executive Directors. An Independent Director shall be the one who fulfils the requirements as provided in the Bursa Malaysia Securities Berhad Listing Requirements.

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.

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.

If a member of the Audit Committee, for whatever reason, ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

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 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 advice 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.



AUDIT COMMITTEE REPORT (cont'd)

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.

5. Attendance at Meetings

The external auditors may be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations.

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.

6. Duties

The duties of the Audit Committee include the followings:

- to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal, if any;
- to discuss with the external auditors on their audit plan;
- to review the quarterly and year-end financial statements of the Company, 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;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

- to review the external auditors' management letter and management's response;
- to do the following where an internal audit function exists;
 - review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function:
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning;
- to consider any related party transactions that may arise within the Company or the Group;
- to consider the major findings of internal investigations and management's response;
- to consider other topics as defined by the Board.

7. Reporting

The Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.



During the financial year ended December 31, 2004, the Committee met four times with full attendance of all members of the Committee. 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, 2004 is as follows:

- Recommended the reappointment / appointment of the independent auditors and 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, 2004 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 the Company's 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; and
- Reviewed the report on internal audit performed by the internal audit team.

DATO' HONG TOK HIANG @ FANG CHOK SEONG

DSDK, SMS, AMK, PJK, JP Audit Committee Chairman

Penang March 28, 2005

STATEMENT OF INTERNAL CONTROL

The Board of Directors is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. 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.

In line with the guidance for directors on internal control stipulated in the 'Statement on Internal Control: Guidance for Directors of Public Listed Companies', the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board further confirms that this process is regularly reviewed by the Board.

ENTERPRISE RISK MANAGEMENT

The Board regards risk management as an integral part of business operations. The Board undertakes to identify potential risks faced by the Group through a risk assessment and evaluation framework, where the following factors are considered:

- The nature and extent of risks facing the Group;
- The extent and categories of risk which it regards as acceptable for the Group to bear;
- The likelihood of the risks concerned materializing;
- The Group's ability to reduce the incidence of risks that may materialize and their impact on the business; and
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

SYSTEM OF INTERNAL CONTROL

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

 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 effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements;

- The organizational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated;
- 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 and head of departments meet regularly to discuss operational, corporate, financial and key management issues; and
- Effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

INTERNAL AUDIT FUNCTION

Internal audit team is independent of the activities or operations of the operating units and reports directly to the Audit Committee.

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 functions within its terms of reference carried out the following activities for the period:

 Review and appraise the soundness, adequacy and application of accounting, financial and other controls promoting effective control in the Company at reasonable cost;

STATEMENT OF INTERNAL CONTROL (cont'd)

- Ascertain the effectiveness of management in identifying principal risk and to manage risks through appropriate systems of internal control set-up by the Company;
- Appraise the effectiveness of administration and financial controls applied and the reliability and integrity of data that is produced within the Company;
- Ascertain the extent of compliance with established policies, procedures and statutory requirements;
- Review the Company's system of internal controls so as to ensure that it provides a reasonable assurance that assets are properly safeguarded;
- Carry out investigation and special reviews requested by the Board of Directors and / Audit Committee, if necessary; and
- Review operations as a whole from the viewpoint of economy and productivity, with which resources are employed and making cost effective recommendations to Management.

The internal audit reports were forwarded to the Management concerned for attention and necessary action. The Management is responsible for ensuring that corrective actions are taken.

WEAKNESS IN INTERNAL CONTROL THAT RESULTS IN MATERIAL LOSS

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The Management continues to take measures to strengthen the control environment.

This Statement is made in accordance with the resolution of the Board of Directors dated March 28, 2005.

NOMINATION COMMITTEE

The Nomination Committee ("the Committee") was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised of the following members, namely:

Chairman : Ng Hai Suan @ Ooi Hoay Seng

Senior Independent Non-Executive Director

Member : Dato' Hong Tok Hiang @ Fang Chok Seong

DSDK, SMS, AMK, PJK, JP Independent Non-Executive Director

Kao Wang, Ying-Ying Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

The Committee shall be appointed by the Board of Directors from amongst their members and comprising exclusively of Non-Executive Directors, a majority of whom, are independent. The Committee shall consist of not less than three (3) members.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.

If the number of members, for whatever reasons, falls below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

The term of office for all members of the Committee is subject to renewal on a yearly basis.

2. Authority

The Committee 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 actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.

3. Duties

• To propose new nominees for the Board of Directors;

The Committee shall also consider candidates for directorships proposed by the Managing Director / Directors and within the bounds of practicality by any other senior executive or any director or shareholder.

- To make recommendations to the Board of Directors to fill seats on Board Committee:
- To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board; and
- To carry out annually the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings. The quorum shall consist of two (2) members.

Directors shall not participate in decisions on their own nomination.

5. Attendance at Meetings

The Committee may invite any person to be in attendance to assist in its deliberations.

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.

UCHI TECHNOLOGIES BERHAD (457890 A)



The Committee is authorized to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes.

The minutes of meetings shall be, circulated by the Secretary of the Committee to the Committee members. The Chairman of the Committee shall report to the Board after each Nomination Committee meeting.

SUMMARY OF ACTIVITIES

The Committee met once during the financial year ended December 31, 2004 with full attendance of the Committee. Summary of the activities are as follows:

- reviewed the mix of skills of experience and other qualities, including core competencies, of the Board members; and
- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director

NG HAI SUAN @ OOI HOAY SENG

Nomination Committee Chairman

Penang March 28, 2005 The Remuneration Committee ("the Committee") was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised of the following members, namely:

Chairman : Ng Hai Suan @ Ooi Hoay Seng

Senior Independent Non-Executive Director

Member : Dato' Hong Tok Hiang @ Fang Chok Seong

DSDK, SMS, AMK, PJK, JP Independent Non-Executive Director

Kao, Te-Pei also known as Edward Kao

Managing Director

Kao Wang, Ying-Ying Non-Executive Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

The Committee shall be appointed by the Board of Directors from amongst their members and comprising wholly or mainly of Non-Executive Directors and shall consist of not less than three (3) members.

The members of the Committee shall elect a Chairman from amongst their number who shall be Independent Non-Executive Director.

If the number of members, for whatever reasons, falls below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

The term of office for all members of the Committee is subject to renewal on a yearly basis.

2. Authority

The Committee is authorized to review and recommend to the Board the remuneration package of the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors shall play no part in decisions on their own remuneration packages.

Remuneration packages of Directors shall be a matter to be 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.

3. Duties

The Committee shall review and recommend to the Board the remuneration of each of the Executive Directors in all its forms, drawing from outside advice as necessary. However, the determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairmen, if any, should be a matter for the Board as a whole. The individual concerned should, abstain from discussion of their own remuneration.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings. The quorum shall consist of two (2) members.

5. Attendance at Meetings

The Committee may invite any person to be in attendance to assist in its deliberation.

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.



6. Reporting

The Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes.

The minutes of meetings shall be, circulated by the Secretary of the Committee to the Committee's members. The Chairman of the Committee shall report to the Board after each Remuneration Committee meeting.

SUMMARY OF ACTIVITIES

The Committee met once during the financial year ended December 31, 2004 with full attendance of the Committee to review and recommend to the Board the remuneration of each of the Executive Directors, taken into consideration the responsibilities, the contribution and performance of each individual Director.

The Executive Directors play no part in determining their own remuneration packages whilst the remuneration packages of Non-Executive Directors, which is reflective of their experiences, and level of responsibilities, are determined collectively by the Board.

The remuneration of the Directors for the financial year ended December 31, 2004 is summarized on Page 16 of this annual report.

NG HAI SUAN @ OOI HOAY SENG

Remuneration Committee Chairman

Penang March 28, 2005

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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

OHSAS 18001 OHSAS Policy

Uchi is committed to enhancing safety and a healthy environment through...

Implementing the OH&S Management System to minimise accidents;

Promoting safety and health programmes for continual improvement;

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

Educating employees on safety and health awareness and responsibility.





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, 2004.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 11 to the Financial Statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except that one of its subsidiary companies ceased manufacturing of miniature data terminals and fuzzy logic controllers.

RESULTS OF OPERATIONS

	The Group	The Company
	RM	RM
Net profit after tax for the year	62,759,124	80,763,805

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

An interim dividend of 6 sen gross per ordinary share of RM1 each, less tax, amounting to RM3,130,086 and a special interim dividend of 26 sen per ordinary share of RM1 each, tax exempt, amounting to RM18,838,445, in respect of the financial year ended December 31, 2003 which were declared and dealt with in the previous directors' report were paid by the Company during the current financial year.

A final dividend of 2 sen gross per ordinary share of RM0.20 each, less tax, amounting to RM5,226,925 and a special dividend of 5 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM18,149,040, in respect of the financial year ended December 31, 2003 which were proposed and dealt with in the previous directors' report were declared and paid by the Company during the current financial year.

The directors declared an interim dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM22,008,828, a special interim dividend I of 4 sen gross per ordinary share of RM0.20 each, less tax, amounting to RM10,564,240 and a special interim dividend II of 3 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM11,004,414 in respect of the current financial year. The interim dividends have been paid in January 2005.

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, a special dividend I of 4 sen gross per ordinary share of RM0.20 each, less tax and a special dividend II of 3 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividends if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM43,590,548 and have not been included as liabilities in the financial statements. These dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividends have not yet been 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.



DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM72,455,560 divided into 72,455,560 ordinary shares of RM1 each to RM73,362,760 divided into 366,813,800 ordinary shares of RM0.20 each by way of:

- a. issues of 107,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM3.36 to RM9.02 per ordinary share;
- b. subdivision of 72,562,560 ordinary shares of RM1 each into 362,812,800 new ordinary shares of RM0.20 each on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1 each held as approved in an Extraordinary General Meeting held on April 9, 2004; and
- c. issues of 4,001,000 new ordinary shares of RM0.20 each for cash pursuant to the ESOS of the Company at exercise prices ranging from RM0.68 to RM1.93 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM3,088,600 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.

EMPLOYEES' SHARE OPTION SCHEME

Under the Company's Employees' Share Option Scheme (ESOS) which became effective on August 8, 2001, options to subscribe for unissued new ordinary shares in the Company were granted to eligible directors and employees of the Company and its subsidiary companies.

The principal features of the ESOS are as follows:

- a. The total number of share options offered under the scheme shall not exceed 10% 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:
 - i. all employees including full-time executive directors of the Group who as at the date of offer are confirmed with at least twelve months of continuous service in the Group; and
 - ii. all future employees of the Group who do not qualify at the time of implementation of the Scheme will have to complete at least twelve months of continuous service with the Group to be eligible to participate in the ESOS.
- 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 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 within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing to the Company.
- e. The new ordinary shares to be allotted upon any exercise of the ESOS will upon allotment 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.

No. of options over ordinary shares

Balance

35,000

245,000

228,000

260,000

41,000

60,000

35,000

33,000

198,000

31,000

14,000

7,290,900

(210,000)

(7,000)

(448,040)

(17,000)

(85,000)

(15,000)

(3,000)

(5,000)

(4,000)

(4,108,000)

January 9, 2004

March 10, 2004

April 9, 2004

June 10, 2004

August 10, 2004

October 8, 2004

Total

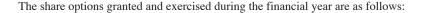
September 10, 2004

November 10, 2004

December 10, 2004

July 9, 2004

February 10, 2004



1.91*

2.08*

1.92*

1.88*

1.61

1.71

1.69

1.79

1.83

1.93

2.08

Exercise price

per ordinary Balance Granted/ as of as of 1.1.2004 Exercisable from share Adjustments Exercised Lapsed 31.12.2004 0.69* 1.389.860 5.012.080** (100,140)August 13, 2001 (2,875,000)3,426,800 October 9, 2001 0.68* 8,880 31,520** (16,000)24,400 0.74* 2,640** November 9, 2001 660 3,300 December 10, 2001 274,640** 178,300 0.88* 68,660 (165,000)February 10, 2002 0.91* 197,560 750,240** (266,000)681,800 March 8, 2002 46,960** (5,900)1.06* 15,740 (14,000)42,800 66,000** April 11, 2002 1.20* 21,500 (33,000)(2,000)52,500 May 10, 2002 58,400** 1.23* 19,600 (37,000)41,000 4,800** June 10, 2002 1.23* 1,200 6,000 August 19, 2002 400 1,600** 1.20* 2,000 October 8, 2002 1.08* 41,500 138,000** (168,000)11,500 November 11, 2002 1.18* 14,900 39,600** (34,000)(500)20,000 December 10, 2002 1.25* 4,100 16,400** (20,000)500 February 10, 2003 397,600** 1.50* 113,400 (92,000)419,000 March 10, 2003 1.55* 8,400 13,600** (5,000)17,000 41,600** April 10, 2003 1.50* 10,400 (13,000)39,000 148,400** May 9, 2003 1.49* 37,100 (17,500)168,000 163,600** June 10, 2003 1.58* 44,900 (52,000)156,500 July 10, 2003 1.59* 40,900 163,600** (61,000)143,500 36,000** August 10, 2003 1.63* 12,000 (48,000)September 10, 2003 1.71* 80,000 304,000** (4,000)380,000 October 10, 2003 56,000 224,000** 219,000 1.73* (61,000)November 10, 2003 35,000 140,000** (105,000)1.78* (9,000)61,000 7,000 16,000** December 10, 2003 1.81* (6,000)17,000

35,000**

455,000**

245,000**

345,000**

63,000

63,000

35,000

33,000

203,000

35,000

14,000

9,617,280

2,229,660

^{**} Inclusive of adjustments to numbers of unexercised share options due to alteration in capital structure of the Company by way of the share split.



^{*} The exercise price was adjusted due to sub-division of the par value of the Company's ordinary share on April 9, 2004 on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1 each held.

DIRECTORS' REPORT (cont'd)

According to Section 169 (11) of the Companies Act, 1965, the Company is required to disclose the name 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 name of employees who have been granted options below 80,000. During the financial year, none of employees have been granted options of 80,000 and above.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets 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 have 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 have 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 succeeding financial year.



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
Dato' Hong Tok Hiang @ Fang Chok Seong, DSDK, SMS, AMK, PJK, JP
Huang, Teng-Yen
Ng Hai Suan @ Ooi Hoay Seng
Kao Wang, Ying-Ying
Chang, Shin-Fang (Alternate to Huang, Teng-Yen)

DIRECTORS' INTEREST

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 RM1 each before share split and RM0.20 each after share split

			-	
Shares in the Company	Balance as of 1.1.2004	Bought/ Share split	Sold	Balance as of 31.12.2004
Direct interest:				
Kao, De-Tsan also known as Ted Kao	_	543,000	(543,000)	_
Kao, Te-Pei also known as Edward Kao	_	533,000	(533,000)	_
Dato' Hong Tok Hiang @ Fang Chok Seong,				
DSDK, SMS, AMK, PJK, JP	23,541	94,164	_	117,705
Huang, Teng-Yen	16,940	67,760	_	84,700
Ng Hai Suan @ Ooi Hoay Seng	77,000	423,000	_	500,000
Chang, Shin-Fang (Alternate to Huang, Teng-Yen)	3,269,270	13,610,080	_	16,879,350
Kao Wang, Ying-Ying	339,540	1,901,160	_	2,240,700
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	25,992,732	103,970,928	_	129,963,660
Kao, Te-Pei also known as Edward Kao	7,377,742	20,938,168	(2,143,200)	26,172,710
Ng Hai Suan @ Ooi Hoay Seng	264,000	1,236,000	_	1,500,000

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 which was implemented on August 8, 2001:

No. of options over ordinary shares

	Balance as of 1.1.2004	Adjustments	Exercised	Balance as of 31.12.2004
Kao, De-Tsan also known as Ted Kao	216,400	865,600*	(543,000)	539,000
Kao, Te-Pei also known as Edward Kao	220,700	882,800*	(533,000)	570,500

Adjustments made on number of unexercised share options due to sub-division of the par value of the Company's ordinary share on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1 each held.



DIRECTORS' REPORT (cont'd)

By virtue of their interest in the shares of the Company, Mr. Kao, De-Tsan also known as Ted Kao and Mr. Kao, Te-Pei also known as Edward Kao are also deemed to have an interest in the shares of all the subsidiary companies of Uchi Technologies Berhad to the extent that Uchi Technologies Berhad has an interest.

None of the other directors in office at the end of financial year held shares or have beneficial interest in the shares of the Company or its related companies during the financial year.

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 certain directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, 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 1, 2005



REPORT OF THE AUDITORS TO THE MEMBERS OF

UCHI TECHNOLOGIES BERHAD (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2004 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i. the state of affairs of the Group and of the Company as of December 31, 2004 and of their results and cash flows for the year ended on that date; and
 - ii. the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- b. the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies incorporated in Malaysia have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

Our auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN

AF 0080 Chartered Accountants

LEE CHENG HEOH

2225/04/06(J) Partner

Penang, March 1, 2005



UCHI TECHNOLOGIES BERHAD (457890 .

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

		Th	e Group	The Company	
	Note	2004	2003	2004	2003
		RM	RM	RM	RM
Revenue	4	115,351,661	120,658,775	91,480,000	48,080,000
Other operating income		1,138,156	906,684	_	_
Raw materials used		(37,042,198)	(40,989,811)	_	_
Changes in inventories of finished goods and work-in-progress		1,330,607	(795,231)	_	_
Staff costs	5	(12,076,246)	(11,544,768)	(3,570,554)	(3,171,298)
Depreciation of property, plant and equipment		(1,584,772)	(1,689,842)	(12,350)	(11,972)
Other operating expenses		(8,233,590)	(10,593,367)	(719,062)	(636,232)
Profit from operations		58,883,618	55,952,440	87,178,034	44,260,498
Income from other investments	6	5,653,690	5,030,910	2,389,107	1,608,485
Finance costs		(122)	(37)	-	_
Profit before tax	7	64,537,186	60,983,313	89,567,141	45,868,983
Income tax expense	8	(1,778,062)	(2,411,476)	(8,803,336)	(2,526,045)
Net profit after tax for the year		62,759,124	58,571,837	80,763,805	43,342,938
Earnings per ordinary share					
Basic	9	17.27 sen	16.38 sen		
Diluted	9	17.12 sen	16.18 sen		



AS OF DECEMBER 31, 2004

Note 2004 2003 2004 2008 NON-CURRENT ASSETS Property, plant and equipment 10 20,722,889 19,744,460 48,944 59,406 Investment in subsidiary companies 11 - - 29,341,108 29,925,236 Other investments 12 13,928,521 13,587,807 - - Deferred tax assets 13 75,000 421,000 57,000 - CURRENT ASSETS -			The Group		The Company		
NON-CURRENT ASSETS		Note					
Property, plant and equipment 10 20,072,589 19,744,460 48,944 59,469 Investment in subsidiary companies 11	NON GURDINE A GGETTG		RM	RM	RM	RM	
Division Companies Compa		10	•• ••• •••	10 = 11 100		70. 460	
Other investments 12 13,928,521 13,587,807 — — Deferred tax assets 13 571,000 421,000 57,000 — CURRENT ASSETS Inventories 14 16,407,374 11,295,554 — — — Trade receivables 15 15,880,229 20,629,742 — — — Other receivables and prepaid expenses 16 2,845,410 2,410,942 1,006,618 658,885 Tax recoverable 370,785 141,862 306,753 79,589 Amount owing by subsidiary companies 17 — — 42,943,766 40,158,360 Short-term deposits 18 173,453,590 151,841,547 103,379,884 67,429,515 Cash and bank balances 610,947 868,138 23,708 118,383 Total Current Assets 19 8,420,901 6,218,869 — — — Other payables and accrued expenses 20 9,247,077 10,738,077 394,960 500,883			20,072,589	19,744,460	,	,	
Deferred tax assets 13	• •		_	_	29,341,108	29,295,236	
CURRENT ASSETS					_	_	
Trade receivables 14 16,407,374 11,295,554 - - - -		13	571,000	421,000	57,000	_	
Trade receivables							
Other receivables and prepaid expenses 16 2,845,410 2,410,942 1,006,618 658,885 Tax recoverable 370,785 141,862 306,753 79,589 Amount owing by subsidiary companies 17 - - 42,943,766 40,158,360 Short-term deposits 18 173,453,590 151,841,547 103,379,854 67,429,515 Cash and bank balances 610,947 868,138 23,708 118,383 Total Current Assets 209,568,335 187,187,785 147,660,699 108,444,732 CURRENT LIABILITIES Trade payables and accrued expenses 20 9,247,077 10,738,077 394,960 500,883 Provision for rework and warranty 21 3,700,000 4,000,000 - - - - Amount owing to directors 22 575,000 575,000 575,000 575,000 575,000 575,000 575,000 575,000 575,000 575,000 575,000 575,000 - - - - - -					-	_	
Tax recoverable		15			-	_	
Amount owing by subsidiary companies 17		16					
Total Current Deposits 18			370,785	141,862			
Cash and bank balances 610,947 868,138 23,708 118,383 Total Current Assets 209,568,335 187,187,785 147,660,699 108,444,732 CURRENT LIABILITIES Trade payables 19 8,420,901 6,218,869 — — — — Other payables and accrued expenses 20 9,247,077 10,738,077 394,960 500,883 Provision for rework and warranty 21 3,700,000 4,000,000 — — — Amount owing to directors 22 575,000			-	_			
Total Current Assets 209,568,335 187,187,785 147,660,699 108,444,732 CURRENT LIABILITIES Trade payables 19 8,420,901 6,218,869 — — — Other payables and accrued expenses 20 9,247,077 10,738,077 394,960 500,883 Provision for rework and warranty 21 3,700,000 4,000,000 — — Amount owing to directors 22 575,000 575,000 575,000 575,000 Dividend payable 43,591,474 21,983,395 43,591,474 21,983,395 Bank overdraft 28 — 88,553 — — Total Current Liabilities 65,602,522 43,653,894 44,561,434 23,059,278 NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 178,537,923 177,287,158 132,546,317 114,740,159 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 <td>Short-term deposits</td> <td>18</td> <td></td> <td></td> <td>103,379,854</td> <td>67,429,515</td>	Short-term deposits	18			103,379,854	67,429,515	
CURRENT LIABILITIES 19 8,420,901 6,218,869 - 10,738,077 394,960 500,883	Cash and bank balances		610,947	868,138	23,708	118,383	
Trade payables 19 8,420,901 6,218,869 — <t< td=""><td>Total Current Assets</td><td></td><td>209,568,335</td><td>187,187,785</td><td>147,660,699</td><td>108,444,732</td></t<>	Total Current Assets		209,568,335	187,187,785	147,660,699	108,444,732	
Other payables and accrued expenses 20 9,247,077 10,738,077 394,960 500,883 Provision for rework and warranty 21 3,700,000 4,000,000 — — — Amount owing to directors 22 575,000	CURRENT LIABILITIES						
Provision for rework and warranty 21 3,700,000 4,000,000 — — — Amount owing to directors 22 575,000 573,362,760 72,455,560 73,362,760 <td< td=""><td>Trade payables</td><td>19</td><td>8,420,901</td><td>6,218,869</td><td>_</td><td>_</td></td<>	Trade payables	19	8,420,901	6,218,869	_	_	
Amount owing to directors 22 575,000 575,000 575,000 575,000 Dividend payable 43,591,474 21,983,395 43,591,474 21,983,395 Bank overdraft 28 - 88,553 - - Tax liabilities 68,070 50,000 - - - Total Current Liabilities 65,602,522 43,653,894 44,561,434 23,059,278 NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - - -	Other payables and accrued expenses	20	9,247,077	10,738,077	394,960	500,883	
Dividend payable 43,591,474 21,983,395 43,591,474 21,983,395 Bank overdraft 28 - 88,553 - - Tax liabilities 68,070 50,000 - - - Total Current Liabilities 65,602,522 43,653,894 44,561,434 23,059,278 NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - - -	Provision for rework and warranty	21	3,700,000	4,000,000	_	_	
Bank overdraft 28 - 88,553 - - Tax liabilities 68,070 50,000 - - Total Current Liabilities 65,602,522 43,653,894 44,561,434 23,059,278 NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - - -	Amount owing to directors	22	575,000	575,000	575,000	575,000	
Tax liabilities 68,070 50,000 - - - Total Current Liabilities 65,602,522 43,653,894 44,561,434 23,059,278 NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - -	Dividend payable		43,591,474	21,983,395	43,591,474	21,983,395	
Total Current Liabilities 65,602,522 43,653,894 44,561,434 23,059,278 NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 178,537,923 177,287,158 132,546,317 114,740,159 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 — — — —	Bank overdraft	28	_	88,553	_	_	
NET CURRENT ASSETS 143,965,813 143,533,891 103,099,265 85,385,454 178,537,923 177,287,158 132,546,317 114,740,159 SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 — — — —	Tax liabilities		68,070	50,000	_	_	
SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 — — —	Total Current Liabilities		65,602,522	43,653,894	44,561,434	23,059,278	
SHARE CAPITAL 23 73,362,760 72,455,560 73,362,760 72,455,560 RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 — — —	NET CURRENT ASSETS		143,965,813	143,533,891	103,099,265	85,385,454	
RESERVES 24 103,762,193 103,663,089 59,183,557 42,284,599 SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - -			178,537,923	177,287,158	132,546,317	114,740,159	
SHAREHOLDERS' EQUITY 177,124,953 176,118,649 132,546,317 114,740,159 DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - -	SHARE CAPITAL	23	73,362,760	72,455,560	73,362,760	72,455,560	
DEFERRED TAX LIABILITIES 25 1,412,970 1,168,509 - - -	RESERVES	24	103,762,193	103,663,089	59,183,557	42,284,599	
	SHAREHOLDERS' EQUITY		177,124,953	176,118,649	132,546,317	114,740,159	
178,537,923 177,287,158 132,546,317 114,740,159	DEFERRED TAX LIABILITIES	25	1,412,970	1,168,509			
			178,537,923	177,287,158	132,546,317	114,740,159	



STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2004

The Group

			Revaluation/			
	Share	Share	Merger	Translation	Retained	
	Capital	Premium	Reserve	Reserve	Profit	Total
	RM	RM	RM	RM	RM	RM
Balance as of January 1, 2003 Bonus issue of 6,500,960	64,446,600	12,273,097	(16,600,289)	_	87,168,472	147,287,880
new ordinary shares of RM1 each at par Allotment of 1,508,000 new	6,500,960	(6,500,960)	-	-	_	_
ordinary shares of RM1 each at RM3.36 to RM8.61 per share pursuant to the ESOS	1,508,000	5,132,100	_	_	_	6,640,100
•						
Share issue expenses Exchange difference on translation of net investment in	_	(42,921)	_	_	_	(42,921)
a foreign subsidiary company	_	_	-	(74,644)	_	(74,644)
Net losses not recognised in the income statements		(42,921)		(74,644)		(117,565)
Net profit after tax for the year	_	(42,721)	_	(74,044)	58,571,837	58,571,837
	_	_	_	_		
Dividends (Note 26)					(36,263,603)	(36,263,603)
Balance as of December 31, 2003	72,455,560	10,861,316	(16,600,289)	(74,644)	109,476,706	176,118,649
Allotment of 107,000 new ordinary shares of RM1 each at RM3.36 to RM9.02 per share pursuant to the ESOS Allotment of 4,001,000 new ordinary shares of RM0.20 each at RM0.68 to RM1.93 per	107,000	477,310	-	-	-	584,310
share pursuant to the ESOS	800,200	2,611,290	_	_	_	3,411,490
Exchange difference on translation of net investment in a foreign subsidiary company	_	_	_	(11,869)	_	(11,869)
Surplus on revaluation of land (Note 10)	_	_	1,689,856	_	_	1,689,856
Deferred tax liabilities arising on revaluation of land	_	_	(473,160)	_	_	(473,160)
Transfer of revaluation surplus	_	_	(346,369)	_	346,369	
Net gains/ (losses) not recognised in the income statements		_	870,327	(11,869)	346,369	1,204,827
Net profit after tax for the year	_	_		(11,007)	62,759,124	62,759,124
Dividends (Note 26)	_	_	_	_	(66,953,447)	(66,953,447)
		12.040.016	(1 = = 20, 0.42)	(0.4 54.2)		
Balance as of December 31, 2004	73,362,760	13,949,916	(15,729,962)	(86,513)	105,628,752	177,124,953



The Company

	Share	Share Premium	Retained Profit	Total
-	Capital RM	RM	RM	RM
Balance as of January 1, 2003	64,446,600	12,273,097	24,343,948	101,063,645
Bonus issue of 6,500,960 new ordinary shares of RM1 each at par	6,500,960	(6,500,960)	_	_
Allotment of 1,508,000 new ordinary shares of RM1 each at RM3.36 to RM8.61 per share pursuant to the ESOS	1,508,000	5,132,100	_	6,640,100
Net loss not recognised in the income statements:				
Share issue expenses	_	(42,921)	_	(42,921)
Net profit after tax for the year	_	_	43,342,938	43,342,938
Dividends (Note 26)	_	_	(36,263,603)	(36,263,603)
Balance as of December 31, 2003	72,455,560	10,861,316	31,423,283	114,740,159
Allotment of 107,000 new ordinary shares of RM1 each at RM3.36 to RM9.02 per share pursuant to the ESOS	107,000	477,310	_	584,310
Allotment of 4,001,000 new ordinary shares of RM0.20 each at RM0.68 to RM1.93 per share pursuant to the ESOS	800,200	2,611,290	_	3,411,490
Net profit after tax for the year	_	_	80,763,805	80,763,805
Dividends (Note 26)	_	_	(66,953,447)	(66,953,447)
Balance as of December 31, 2004	73,362,760	13,949,916	45,233,641	132,546,317

CASH FLOW STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	64,537,186	60,983,313	89,567,141	45,868,983
Adjustments for:				
Depreciation of property, plant and equipment	1,584,772	1,689,842	12,350	11,972
Allowance for obsolete inventories	398,076	112,473	_	_
Interest expenses	122	37	_	_
Interest income	(5,177,157)	(4,394,381)	(2,389,107)	(1,608,485)
Gross dividend income	(476,533)	(636,529)	(90,400,000)	(47,000,000)
Allowance for diminution in value of other investments				
no longer required	(340,714)	(282,266)	-	_
Provision for rework and warranty no longer required	(133,862)	_	-	_
Allowance for doubtful debts no longer required	(100,000)	_	_	_
Gain on disposal of property, plant and equipment	(77,362)	(105,499)	_	_
Provision for rework and warranty	-	516,851	_	_
Allowance for doubtful debts	_	270,000	_	_
Allowance for obsolete inventories no longer required		(97,745)		
Operating profit/ (loss) before working capital changes	60,214,528	58,056,096	(3,209,616)	(2,727,530)
(Increase)/ decrease in:		(0.2.5.5.0)		
Inventories	(5,509,896)	(936,660)	_	_
Trade receivables	4,849,513	(8,844,374)	_	_
Other receivables and prepaid expenses	(143,646)	709,005	(20,900)	(4,000)
Increase/ (decrease) in:				
Trade payables	2,202,032	952,370	_	_
Other payables and accrued expenses	(1,491,000)	6,191,922	(105,923)	339,692
Amount owing to directors	_	170,000	_	170,000
Effect of exchange rates changes on working capital	(13,857)	(63,792)		
Cash generated from/ (used in) operations	60,107,674	56,234,567	(3,336,439)	(2,221,838)
Real property gain tax refunded	3,163	_	_	_
Tax paid	(2,337,997)	(4,486,727)	(15,500)	(29,159)
Rework and warranty charges paid	(166,138)	(16,851)	_	_
Net cash generated from/ (used in) operating activities (FORWARD)	57,606,702	51,730,989	(3,351,939)	(2,250,997)



CASH FLOW STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2004

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,886,335	3,713,199	2,062,274	1,481,430
Dividends received from other investments	443,753	616,855	-	_
Proceeds from disposal of property, plant and equipment	79,000	105,500	_	-
Purchase of property, plant and equipment	(222,695)	(1,740,711)	(1,825)	(29,539)
Dividends received from a subsidiary company	-	_	81,328,000	44,480,000
Purchase of investment in a subsidiary company	-	_	(45,872)	(1,911,986)
(Increase)/ decrease in amount owing				
by subsidiary companies	-	-	(2,785,406)	10,547,951
Net cash generated from investing activities	5,186,393	2,694,843	80,557,171	54,567,856
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	3,995,800	6,640,100	3,995,800	6,640,100
Dividends paid	(45,345,368)	(27,391,013)	(45,345,368)	(27,391,013)
Short-term deposits held as security value	(23,524)	(42,262)	-	_
Interest paid	(122)	(37)	-	_
Share issue expenses	-	(42,921)	-	(42,921)
Net cash used in financing activities	(41,373,214)	(20,836,133)	(41,349,568)	(20,793,834)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,419,881	33,589,699	35,855,664	31,523,025
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	151,350,948	117,761,249	67,547,898	36,024,873
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 27)	172,770,829	151,350,948	103,403,562	67,547,898

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. GENERAL INFORMATION

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 11. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except that one of its subsidiary companies ceased manufacturing of miniature data terminals and fuzzy logic controllers.

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

The Company's registered office and principal place of business are at 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Georgetown, Penang, Malaysia and Plot 544, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Penang, Malaysia respectively.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on March 1, 2005.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. All significant inter-company transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Subsidiary companies are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

The Group adopts both the acquisition and merger methods of consolidation.

When the acquisition method is adopted, the excess of the purchase consideration over the fair value of the net assets of the subsidiary company at the date of acquisition is included in the consolidated financial statements as goodwill on consolidation. The goodwill on consolidation is amortised evenly on a straight-line method over a period of 25 years. Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount. The results of the subsidiary company acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal.



DECEMBER 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

Acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and MASB 21, Business Combinations, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves/ deficits in the consolidated financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the merger method except for the financial statements of Uchi Technologies (Dongguan) Co., Ltd. and Uchi Industries (M) Sdn. Bhd. which are consolidated under the acquisition method.

Revenue and Revenue Recognition

Revenue of the Group represents gross invoiced values of sales less returns and discounts.

Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services.

Sales revenue are recognised upon delivery of products and when the risks and rewards of ownership have passed. Dividend income is recognised when the shareholder's right to receive payment is established.

Revenue from the rendering of management services, interest income and other operating income are recognised on an accrual basis.

Income Tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and 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 future taxable profit will be available against which the deferred tax assets can be utilised.

Deferred tax is charged or credited to the income statements, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign Currency Conversion

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Translation gains and losses are recognised in the income statements as they arise.

For the purpose of consolidation, the financial statements of a foreign subsidiary company has been translated into Ringgit Malaysia as follows:

Assets and liabilities — at closing rate
Issued capital — at historical rate
Revenue and expenses — at average rate



DECEMBER 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency Conversion (cont'd)

Exchange differences due to such currency translation are dealt with through translation reserve account under shareholders equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the operations are disposed of.

The principal closing rates used in translation of foreign currency amounts and the financial statements of a foreign entity are as follows:

	2004	2003
	RM	RM
1 United States Dollar	3.80	3.80
1 Singapore Dollar	2.33	2.23
1 Euro	5.17	4.77
100 Chinese Renminbi	45.77	45.87

Employee Benefits

i. Short term 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.

ii. Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses in the income statements as incurred.

iii. Equity compensation benefits

The Uchi Technologies Berhad's Employees' Share Option Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Research and Development Expenses

Research and development expenses are charged to the income statements in the period in which they are incurred.

Borrowing Costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Property, plant and equipment are depreciated on a straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life.

DECEMBER 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

The annual depreciation rates are as follows:

	Rates
Leasehold land	2.15%
Buildings	2.15%
Plant and machinery	9%-18%
Fire-fighting and security system	12%
Air-conditioning system	12%-18%
Furniture and fittings	8%-18%
Office equipment	12%-18%
Electrical installation	10%
Motor vehicles	18%-20%

The Group carried its short leasehold land and certain buildings at revalued amount. These assets shall be revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued property differs materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in the carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of and crystallisation of deferred tax liabilities on revalued assets, the amounts in revaluation reserve account relating to such assets are transferred to retained profit account.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost under the acquisition method or at nominal value of the shares issued in exchange for shares in subsidiary companies acquired under the merger method as applicable.

Other investments in quoted shares, unit trusts and bond funds are stated at cost.

Where there is an indication of impairment in the value of the assets, the carrying amounts of the investments are assessed and written down immediately to its recoverable amount.



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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location. The cost of finished goods and work-in-progress consists of the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

Borrowings and Payables

Borrowings and payables are stated at cost.

Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation and when a reliable estimate of the amount can be made.

Provisions are made for the estimated liability on products still under warranty at the end of the financial year. These provisions are estimated, having regard to service warranty costs experienced over the last few years. Other warranty costs are accrued as and when the liability arises.

Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise the cost is charged to the income statements if there is insufficient share premium.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits 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.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

DECEMBER 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

Financial instruments carried on the balance sheets include short-term deposits, cash and bank balances, investments, receivables and payables. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. REVENUE

An analysis of revenue is as follows:

The Group		The Company	
2004	2003	2004	2003
RM	RM	RM	RM
115,236,145	120,535,117	_	_
115,516	123,658	_	_
_	_	90,400,000	47,000,000
		1,080,000	1,080,000
115,351,661	120,658,775	91,480,000	48,080,000
	2004 RM 115,236,145 115,516 - -	2004 2003 RM RM 115,236,145 120,535,117 115,516 123,658	2004 2003 2004 RM RM RM 115,236,145 120,535,117 - 115,516 123,658 - - - 90,400,000 - - 1,080,000

5. STAFF COSTS

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Staff costs:				
Employees' provident fund	754,447	868,895	242,116	252,379
Other staff costs	11,321,799	10,675,873	3,328,438	2,918,919
	12,076,246	11,544,768	3,570,554	3,171,298
Number of directors and employees at end of year:				
Directors	7	7	7	7
Employees	566	585	13	18

Staff costs include directors' remuneration, salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.



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6. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Interest on short-term deposits	5,177,157	4,394,381	2,389,107	1,608,485
Gross dividends from shares quoted in Malaysia	133,472	92,263	_	_
Gross dividends from unit trusts	343,061	544,266	_	_
	5,653,690	5,030,910	2,389,107	1,608,485

7. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The	The Group		The Company	
	2004	2003	2004	2003	
	RM	RM	RM	RM	
After charging:					
Research and development expenses	5,065,151	6,836,956	_	_	
Directors' remuneration:					
Fee	292,000	248,800	292,000	248,800	
Employees' provident fund	186,880	186,880	186,880	186,880	
Other emoluments	1,267,000	1,267,000	1,267,000	1,267,000	
Estimated value of non-cash benefits	60,000	60,000	60,000	60,000	
Allowance for obsolete inventories	398,076	112,473	_	_	
Audit fee:					
Current	40,000	40,100	11,000	11,000	
Overprovision in prior year	(100)	_	_	_	
Special	10,000	10,000	_	_	
Rental of hostels	28,080	133,186	15,600	2,400	
Interest on bank overdraft	122	37	_	_	
Provision for rework and warranty	_	516,851	_	_	
Allowance for doubtful debts	_	270,000	_	_	
Realised loss on foreign exchange	_	_	_	130,897	
And crediting:					
Realised gain on foreign exchange	522,039	25,052	_	_	
Allowance for diminution in value of					
other investments no longer required	340,714	282,266	_	_	
Provision for rework and warranty no longer required	133,862	_	_	_	
Allowance for doubtful debts no longer required	100,000	_	_	_	
Gain on disposal of property, plant and equipment	77,362	105,499	_	_	
Allowance for obsolete inventories no longer required		97,745			



DECEMBER 31, 2004

8. INCOME TAX EXPENSE

The Group		The C	Company
2004	2003	2004	2003
RM	RM	RM	RM
2,939,780	3,319,674	9,102,000	2,550,000
(783,019)	(442,198)	(241,664)	(23,955)
(134,699)	_	_	_
(94,000)	(45,000)	_	_
(97,000)	(567,000)	(97,000)	_
(53,000)	146,000	40,000	
1,778,062	2,411,476	8,803,336	2,526,045
	2004 RM 2,939,780 (783,019) (134,699) (94,000) (97,000)	2004 2003 RM RM 2,939,780 3,319,674 (783,019) (442,198) (134,699) - (94,000) (45,000) (97,000) (567,000) (53,000) 146,000	2004 2003 2004 RM RM RM 2,939,780 3,319,674 9,102,000 (783,019) (442,198) (241,664) (134,699) - - (94,000) (45,000) - (97,000) (567,000) (97,000) (53,000) 146,000 40,000

One of the subsidiary companies was granted pioneer status by the Ministry of International Trade and Industry for the production and sales of the following products:

Products	Production Day
Timer, printer, computing scale and industrial controllers	May 1, 2000
Design, development and manufacture of microprocessor based application and system integration	January 1, 2003

Under this incentive, 70% and 100% of that subsidiary company's statutory income derived from the production of the abovementioned products respectively will be exempted from income tax for the period of five years commencing from the production day (the commencement date of tax free period).

The government enacted a change in the corporate income tax rate such that small and medium scale companies with paid-up capital of RM2.5 million and below are subject to income tax at the rate of 20% on chargeable income of up to RM500,000 and RM100,000 for the years of assessments 2004 and 2003 respectively. For chargeable income in excess of RM500,000 and RM100,000 for the years of assessments 2004 and 2003 respectively, the corporate income tax rate is at 28%.

The applicable statutory income tax rate of a foreign subsidiary incorporated in the People's Republic of China is 33% (2003: 24%). This subsidiary company falls under the scope of "Income tax of the People's Republic of China for Enterprises with Foreign Investment Zones opened to foreign investment" and its profit will be exempted from income tax for two years commencing from the first cumulative profit-making year and will be subject to income tax at a reduction of 50% of the statutory income tax rate for the following three years.



8. INCOME TAX EXPENSE (cont'd)

The numerical reconciliations between tax expenses and the product of accounting profit multiplied by the applicable tax rates are as follows:

	The Group		The	Company
	2004	2003	2004	2003
	RM	RM	RM	RM
Accounting profit	64,537,186	60,983,313	89,567,141	45,868,983
Tax amount at statutory income tax rate of 28%	18,070,000	17,075,000	25,079,000	12,843,000
Tax effect on non-deductible/ (non-taxable) items:				
Non-deductible expenses	470,004	1,088,674	303,000	284,000
Tax exempt income for pioneer products	(16,019,000)	(14,539,000)	_	_
Tax exempt dividend income	_	_	(16,240,000)	(10,640,000)
Other non-taxable income	(316,200)	(348,000)	_	_
Net deferred tax income not recognised	588,000	156,000	_	63,000
Overprovision of current tax expense in prior years	(783,019)	(442,198)	(241,664)	(23,955)
Effect of different tax rates in subsidiary companies	(134,723)	(12,000)	_	_
Recognition of previously unrecognised deferred				
tax assets	(97,000)	(567,000)	(97,000)	
Income tax expense	1,778,062	2,411,476	8,803,336	2,526,045

The applicable tax rate of 28% (2003: 28%) used in the above numerical reconciliations of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

As of December 31, 2004, the approximate amount of carryforward tax losses, unutilised reinvestment allowances and unabsorbed capital allowances of the Group and of the Company are as follows:

	The Group		The	Company		
	2004	2004	2004	2003	2004	2003
	RM	RM	RM	RM		
Carryforward tax losses	1,742,000	275,000	_	_		
Unutilised reinvestment allowances	1,236,000	1,236,000	_	_		
Unabsorbed capital allowances	897,000	510,000	63,000	45,000		

The above carryforward tax losses is available for set-off against future taxable income of the subsidiary company in People's Republic of China of not exceeding five years for which RM275,000 and RM1,467,000 will be expiring in 2008 and 2009 respectively.

9. EARNINGS PER ORDINARY SHARE

T	he Group
2004	2003
RM	RM
Net profit attributable to ordinary shareholders 62,759,124	58,571,837

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9. EARNINGS PER ORDINARY SHARE (cont'd)

	The Group	
	2004	2003
	Units	Units
Number of shares in issue as of January 1	72,455,560	64,446,600
Effect of share split	290,250,240	286,040,716
Effect of the exercise of ESOS	733,970	562,619
Effect of bonus issue		6,500,960
Weighted average number of ordinary shares in issue	363,439,770	357,550,895
Basic earnings per ordinary share (sen)	17.27	16.38
Weighted average number of ordinary shares in issue ESOS:	363,439,770	357,550,895
No. of unissued shares	6,865,053	8,066,031
No. of shares that would have been issued at fair value	(3,643,500)	(3,593,873)
Adjusted weighted average number of ordinary shares for calculating		
diluted earnings per ordinary share	366,661,323	362,023,053
Fully diluted earnings per ordinary share (sen)	17.12	16.18

Comparative figures of the basic and fully diluted earnings per ordinary share have been restated to reflect the share split during the financial year.

10. PROPERTY, PLANT AND EQUIPMENT

The Group

Beginning of year	Additions	Disposals/ Reclassification	Translation reserve	Revaluation	End of year
RM	RM	RM	RM	RM	RM
4,700,000	_	_	_	90,000	4,790,000
2,400,000	_	_	_	7,610,000	10,010,000
7,323,223	_	_	_	(7,323,223)	_
9,422,265	65,655	_	2,078	_	9,489,998
202,827	_	_	_	_	202,827
295,233	1,563	_	(2,685)	_	294,111
426,465	5,954	3,425	2,714	_	438,558
1,684,090	42,923	(3,425)	70	_	1,723,658
327,234	_	_	_	_	327,234
1,335,895	106,600	(144,294)	167	_	1,298,368
28,117,232	222,695	(144,294)	2,344	376,777	28,574,754
26,664,121	1,740,711	(276,518)	(11,082)	_	28,117,232
	of year RM 4,700,000 2,400,000 7,323,223 9,422,265 202,827 295,233 426,465 1,684,090 327,234 1,335,895 28,117,232	of year Additions RM RM 4,700,000 - 2,400,000 - 7,323,223 - 9,422,265 65,655 202,827 - 295,233 1,563 426,465 5,954 1,684,090 42,923 327,234 - 1,335,895 106,600 28,117,232 222,695	of year Additions Reclassification RM RM RM 4,700,000 - - 2,400,000 - - 7,323,223 - - 9,422,265 65,655 - 202,827 - - 295,233 1,563 - 426,465 5,954 3,425 1,684,090 42,923 (3,425) 327,234 - - 1,335,895 106,600 (144,294) 28,117,232 222,695 (144,294)	of year Additions Reclassification reserve RM RM RM RM 4,700,000 - - - 2,400,000 - - - 7,323,223 - - - 9,422,265 65,655 - 2,078 202,827 - - - 295,233 1,563 - (2,685) 426,465 5,954 3,425 2,714 1,684,090 42,923 (3,425) 70 327,234 - - - 1,335,895 106,600 (144,294) 167 28,117,232 222,695 (144,294) 2,344	of year Additions Reclassification reserve Revaluation 4,700,000 - - - 90,000 2,400,000 - - - 7,610,000 7,323,223 - - - (7,323,223) 9,422,265 65,655 - 2,078 - 202,827 - - - - 295,233 1,563 - (2,685) - 426,465 5,954 3,425 2,714 - 1,684,090 42,923 (3,425) 70 - 327,234 - - - - 1,335,895 106,600 (144,294) 167 - 28,117,232 222,695 (144,294) 2,344 376,777



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

Accumulated	Beginning	Charge for	Disposals/	Translation	D 1 4	End
Depreciation	of year	the year	Reclassification	reserve	Revaluation	of year
	RM	RM	RM	RM	RM	RM
2004:						
Short leasehold land						
At 2004 valuation	461,168	99,086	_	_	(499,597)	60,657
Buildings						
At 2004 valuation	235,315	47,288	_	_	(157,236)	125,367
At cost	497,531	158,715	_	_	(656,246)	_
Plant and machinery	4,575,569	821,382	_	308	_	5,397,259
Fire fighting and						
security system	136,799	12,662	_	_	_	149,461
Air-conditioning system	280,432	3,193	_	4	_	283,629
Furniture and fittings	310,530	24,864	473	3	_	335,870
Office equipment	966,437	152,315	(473)	16	_	1,118,295
Electrical installation	197,689	13,636	_	_	_	211,325
Motor vehicles	711,302	251,631	(142,656)	25		820,302
	8,372,772	1,584,772	(142,656)	356	(1,313,079)	8,502,165
2003	6,959,677	1,689,842	(276,517)	(230)	=	8,372,772

The Company

Cost Unless Stated Otherwise	Beginning of year	Additions	Disposals	Reclassification	End of year
Out officer desired the control of t	RM	RM	RM	RM	RM
2004:					
Office equipment	36,236	_	_	(3,425)	32,811
Motor vehicle	37,902	_	_	_	37,902
Furniture and fittings	1,920	1,825	-	3,425	7,170
	76,058	1,825	-		77,883
2003	46,519	29,539	-		76,058

Accumulated Depreciation	Beginning of year	Charge for the year	Disposals	Reclassification	End of year
	RM	RM	RM	RM	RM
2004:					
Office equipment	5,103	3,938	_	(473)	8,568
Motor vehicle	11,371	7,580	_	-	18,951
Furniture and fittings	115	832	_	473	1,420
	16,589	12,350	_	_	28,939
2003	4,617	11,972	_	_	16,589

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

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Net Book Value:				
Short leasehold land				
At 2004 valuation	4,729,343	4,238,832	_	_
Buildings				
At 2004 valuation	9,884,633	2,164,685	_	_
At cost	_	6,825,692	_	_
Plant and machinery	4,092,739	4,846,696	_	_
Fire fighting and security system	53,366	66,028	_	_
Air-conditioning system	10,482	14,801	_	_
Furniture and fittings	102,688	115,935	5,750	1,805
Office equipment	605,363	717,653	24,243	31,133
Electrical installation	115,909	129,545	_	_
Motor vehicles	478,066	624,593	18,951	26,531
	20,072,589	19,744,460	48,944	59,469

As of December 31, 2004, the unexpired lease period of the Group's short leasehold land is 45 years.

The short leasehold land and buildings were revalued by the directors on May 26, 2004 based on a valuation carried out by Mr. Tay Tam, FISM, a registered valuer of Jones Lang Wootton, an independent firm of professional valuers, using open market value on existing use basis. The resulting revaluation surplus amounting to RM1,216,696 (net of related deferred tax of RM473,160 disclosed in Note 25) have been credited to revaluation reserve account.

Had these assets been carried at historical costs, the carrying amounts of the leasehold land and buildings which were revalued will be as follows:

	2004	
	RM	RM
Cost Less: Accumulated depreciation	11,051,914 (1,473,162)	3,728,691 (758,557)
Carrying amounts	9,578,752	2,970,134

Certain property, plant and equipment of the Group with a total carrying value of RM14,574,491 (2003: RM14,040,122) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 28.

11. INVESTMENT IN SUBSIDIARY COMPANIES

The	The Company	
2004	2003	
RM	RM	
Unquoted shares, at cost 29,341,108	29,295,236	

During the financial year, the Company invested an additional RM45,872 in a wholly owned subsidiary company, Uchi Technologies (Dongguan) Co., Ltd. The Company's equity interest in Uchi Technologies (Dongguan) Co., Ltd. remains unchanged.



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11. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity		tage of ership
			2004	2003
Direct holdings				
Uchi Optoelectronic (M) Sdn. Bhd.	Malaysia	Design, research, development and manufacture of miniature data terminals, fuzzy logic controllers, controlled modules for precision weighing scale, dynamic sound improvement processor, PCB assembly, timer, printer, computing scales, industrial controllers and microprocessor based application and system integration. During the financial year, the Company has ceased manufacturing of miniature data terminals and fuzzy logic controllers	100%	100%
Uchi Electronic (M) Sdn. Bhd.	Malaysia	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination	100%	100%
Uchi Technologies (Dongguan) Co., Ltd.	People's Republic of China	Manufacturing and trading of electronic modules	100%	100%
Indirect holdings				
Uchi Industries (M) Sdn. Bhd.	Malaysia	Investment holding	100%	100%

12. OTHER INVESTMENTS

	The Group		
	2004	2003	
	RM	RM	
At cost:			
Investments in shares quoted in Malaysia	3,875,369	3,875,369	
Investments in unit trusts	3,718,319	3,718,319	
Investments in bond funds	8,000,000	8,000,000	
	15,593,688	15,593,688	
Less: Allowance for diminution in value:			
Shares quoted in Malaysia	1,528,603	1,546,377	
Unit trusts	33,591	321,936	
Bond funds	102,973	137,568	
	(1,665,167)	(2,005,881)	
	13,928,521	13,587,807	
Market value of:			
Shares quoted in Malaysia	3,164,031	2,538,845	
Unit trusts	3,727,075	3,396,383	
Bond funds	8,036,141	7,862,432	
	14,927,247	13,797,660	
		,	

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13. DEFERRED TAX ASSETS

	The Group		The Company	
_	2004	2003	2004	2003
_	RM	RM	RM	RM
At beginning of year	421,000	_	_	_
Transfer (from)/ to income statements (Note 8):				
Recognition of previously unrecognised deferred				
tax assets	97,000	567,000	97,000	_
Deferred tax assets relating to origination and reversal				
of temporary differences in current year	53,000	(146,000)	(40,000)	
At end of year	571,000	421,000	57,000	-

The deferred tax assets are in respect of the following:

	Deferred Tax Assets/ (Liabilities)							
	The Group		The Company					
	2004	2004	2004	2004	2004	2003	2004	2003
_	RM	RM	RM	RM				
Tax effect of temporary differences between tax capital								
allowances and depreciation of property, plant and								
equipment	(369,000)	(419,000)	(9,000)	_				
Tax effect in respect of:								
Provision for rework and warranty	417,000	425,000	_	_				
Allowance for doubtful debts	280,000	281,000	_	_				
Allowance for obsolete inventories	119,000	92,000	_	_				
Unabsorbed tax capital allowances	17,000	_	17,000	_				
Other temporary differences	107,000	42,000	49,000	_				
_	571,000	421,000	57,000					

As mentioned in Note 3, the tax effects of temporary differences which would give rise to net deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. As of December 31, 2004, the amount of deferred tax assets, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	Deferred Tax Assets/ (Liabilities)			
	The	Group	The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Tax effect of temporary differences between tax capital				
allowances and depreciation of property, plant and				
equipment	_	(8,000)	-	(8,000)
Tax effect in respect of:				
Carryforward tax losses	575,000	66,000	_	_
Allowance for obsolete inventories	37,000	27,000	_	_
Unabsorbed tax capital allowances	_	13,000	-	13,000
Other temporary differences	69,000	92,000		92,000
	681,000	190,000	-	97,000



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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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14. INVENTORIES

	Th	e Group
	2004	2003
	${}$ RM	RM
At cost:		
Raw materials	11,059,448	7,127,782
Work-in-progress	3,195,398	2,879,009
Finished goods	2,152,528	1,288,763
	16,407,374	11,295,554
At net realisable value:		
Raw materials	981,602	652,810
Less: Allowance for obsolete inventories	(981,602)	(652,810)
		_
Work-in-progress	112,384	112,473
Less: Allowance for obsolete inventories	(112,384)	(112,473)
		_
Finished goods	217,584	148,300
Less: Allowance for obsolete inventories	(217,584)	(148,300)
	16,407,374	11,295,554

Certain inventories of the Group with a carrying value of RM12,183,746 (2003: RM8,560,901) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 28.

15. TRADE RECEIVABLES

	The	e Group
	2004	2003
	RM	RM
Trade receivables	18,380,229	23,229,742
Less: Allowance for doubtful debts	(2,500,000)	(2,600,000)
	15,880,229	20,629,742

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranges from 30 to 60 days (2003: 30 to 60 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM2,500,000 (2003: RM2,600,000).

The currency of the trade receivables is in United States Dollar.

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16. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company		
	2004	2004	2003	2004	2003
	RM	RM	RM	RM	
Other receivables	826	3,530	_	_	
Interest receivables	2,159,255	1,868,433	980,718	653,885	
Prepaid expenses	639,001	492,572	22,100	_	
Refundable deposits	46,328	46,407	3,800	5,000	
	2,845,410	2,410,942	1,006,618	658,885	

The currency of other receivables is in Chinese Renminbi.

17. AMOUNT OWING BY SUBSIDIARY COMPANIES

	The Company	
	2004	2003
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	39,821,398	33,170,012
Uchi Electronic (M) Sdn. Bhd.	3,116,348	6,988,348
Uchi Technologies (Dongguan) Co., Ltd.	6,020	
	42,943,766	40,158,360

The amounts owing by subsidiary companies arose mainly from management fee receivable and interest free advances which are unsecured and with no fixed repayment term.

The financial statements of the Company reflect the following significant intercompany transactions which are based on terms negotiated between the Company and its subsidiary companies:

	r ne Company	
	2004	2003
	RM	RM
Management fee received/ receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	600,000	600,000
Uchi Electronic (M) Sdn. Bhd.	480,000	480,000
Dividends received:		
Uchi Optoelectronic (M) Sdn. Bhd.	89,500,000	47,000,000
Uchi Electronic (M) Sdn. Bhd.	900,000	

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18. SHORT-TERM DEPOSITS

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Short-term deposits with licensed banks	117,089,825	94,322,612	78,909,250	47,264,912
Short-term deposits with finance companies	56,363,765	57,518,935	24,470,604	20,164,603
	173,453,590	151,841,547	103,379,854	67,429,515

Included in short-term deposits of the Group are amounts of RM1,293,708 (2003: RM1,270,184) which are pledged to local banks for banking facilities obtained by the Group as mentioned in Note 28.

The effective interest rates are as follows:

	The Group		The	The Company	
	2004	2003	2004	2003	
	%	%	%	%	
Short-term deposits with licensed banks	1.65 - 3.70	1.71 - 4.05	2.75 - 3.70	3.00 - 4.05	
Short-term deposits with finance companies	2.80 - 3.70	2.85 - 4.05	2.80 - 3.70	2.85 - 4.05	

The above short-term deposits are maturing within January 2005 to February 2006.

Analysis of short-term deposits by currencies:

	The Group		The Company	
	2004	2004 2003 2004		2003
	RM	RM	RM	RM
Ringgit Malaysia	170,831,590	150,135,793	103,379,854	67,429,515
United States Dollar	2,622,000	950,000	_	_
Chinese Renminbi	-	755,754	_	_
	173,453,590	151,841,547	103,379,854	67,429,515

UCHI TECHNOLOGIES BERHAD (457890 A)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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19. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 30 to 60 days (2003: 30 to 60 days).

Analysis of trade payables by currencies:

	The Group	
	2004	
	RM	RM
United States Dollar	5,977,820	4,100,892
Ringgit Malaysia	2,028,078	1,104,313
Euro	377,674	825,270
Chinese Renminbi	_	147,436
Singapore Dollar	_	2,660
Other currencies	37,329	38,298
	8,420,901	6,218,869

20. OTHER PAYABLES AND ACCRUED EXPENSES

	Th	The Group		The Company	
	2004	2004 2003	2003 2004	2003	
	RM	RM	RM	RM	
Other payables	2,626,420	6,155,693	1,985	9,778	
Accrued expenses	6,620,657	4,582,384	392,975	491,105	
	9,247,077	10,738,077	394,960	500,883	

Other payables comprise mainly amounts outstanding for ongoing costs.

Analysis of other payables and accrued expenses by currencies:

	The Group		The Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Ringgit Malaysia	6,457,509	5,952,720	394,960	500,883
United States Dollar	2,426,659	4,655,896	_	_
Chinese Renminbi	351,424	118,634	-	_
Euro	9,033	9,769	-	_
Singapore Dollar	2,452	1,057	_	_
Other currencies	-	1	_	_
	9,247,077	10,738,077	394,960	500,883

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21. PROVISION FOR REWORK AND WARRANTY

	The Group		
	2004		
	RM	RM	
At beginning of year	4,000,000	3,500,000	
Additions	_	516,851	
Less: Utilised	(166,138)	(16,851)	
Amount no longer required	(133,862)	_	
At end of year	3,700,000	4,000,000	

The Group gives warranty on its products and undertake to replace defective products. The provision for rework and warranty represents management's best estimates of the Group's liability under the warranties granted on its products.

22. AMOUNT OWING TO DIRECTORS

The amount owing to the directors represent directors' remuneration payable to them.

23. SHARE CAPITAL

	The Group and The Company				
	200	4	2003		
	No. of shares of RM1/ RM0.20 each	RM	No. of shares of RM1 each	RM	
Authorised:	Kivio.20 cach	Kivi	cach	KWI	
Ordinary shares:					
At beginning of year	100,000,000*	100,000,000	50,000,000	50,000,000	
Created during the year	-	_	50,000,000	50,000,000	
Before share split	100,000,000*	100,000,000	100,000,000	100,000,000	
Share split	400,000,000**				
At end of year	500,000,000**	100,000,000	100,000,000	100,000,000	
Issued and fully paid:			=======================================		
Ordinary shares:					
At beginning of year	72,455,560*	72,455,560	64,446,600	64,446,600	
ESOS	107,000*	107,000	1,508,000	1,508,000	
Bonus issue			6,500,960	6,500,960	
Before share split	72,562,560*	72,562,560	72,455,560	72,455,560	
Share split	290,250,240**	_	_	_	
ESOS	4,001,000**	800,200			
At end of year	366,813,800**	73,362,760	72,455,560	72,455,560	

^{*} Shares of RM1 each

^{**} Shares of RM0.20 each

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23. SHARE CAPITAL (cont'd)

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM72,455,560 divided into 72,455,560 ordinary shares of RM1 each to RM73,362,760 divided into 366,813,800 ordinary shares of RM0.20 each by way of:

- a. issues of 107,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM3.36 to RM9.02 per ordinary share;
- b. subdivision of 72,562,560 ordinary shares of RM1 each into 362,812,800 new ordinary shares of RM0.20 each on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1 each held as approved in an Extraordinary General Meeting held on April 9, 2004; and
- c. issues of 4,001,000 new ordinary shares of RM0.20 each for cash pursuant to the ESOS of the Company at exercise prices ranging from RM0.68 to RM1.93 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM3,088,600 was credited to the share premium account.

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

Under the Company's ESOS which became effective on August 8, 2001, options to subscribe for unissued new ordinary shares in the Company were granted to eligible directors and employees of the Company and its subsidiary companies.

The principal features of the ESOS are as follows:

- a. The total number of share options offered under the scheme shall not exceed 10% 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:
 - i. all employees including full-time executive directors of the Group who as at the date of offer are confirmed with at least twelve months of continuous service in the Group; and
 - ii.all future employees of the Group who do not qualify at the time of implementation of the Scheme will have to complete at least twelve months of continuous service with the Group to be eligible to participate in the ESOS.
- 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 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 within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing to the Company.
- e. The new ordinary shares to be allotted upon any exercise of the ESOS will upon allotment 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.



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23. SHARE CAPITAL (cont'd)

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

	No. of options over ordinary shares					
Exercisable from	Exercise price per ordinary share	Balance as of 1.1.2004	Granted/ Adjustments	Exercised	Lapsed	Balance as of 31.12.2004
	RM					
August 13, 2001	0.69*	1,389,860	5,012,080**	(2,875,000)	(100,140)	3,426,800
October 9, 2001	0.68*	8,880	31,520**	(16,000)	_	24,400
November 9, 2001	0.74*	660	2,640**	_	_	3,300
December 10, 2001	0.88*	68,660	274,640**	(165,000)	_	178,300
February 10, 2002	0.91*	197,560	750,240**	(266,000)	_	681,800
March 8, 2002	1.06*	15,740	46,960**	(14,000)	(5,900)	42,800
April 11, 2002	1.20*	21,500	66,000**	(33,000)	(2,000)	52,500
May 10, 2002	1.23*	19,600	58,400**	(37,000)	_	41,000
June 10, 2002	1.23*	1,200	4,800**	_	_	6,000
August 19, 2002	1.20*	400	1,600**	_	_	2,000
October 8, 2002	1.08*	41,500	138,000**	(168,000)	_	11,500
November 11, 2002	1.18*	14,900	39,600**	(34,000)	(500)	20,000
December 10, 2002	1.25*	4,100	16,400**	(20,000)	_	500
February 10, 2003	1.50*	113,400	397,600**	(92,000)	_	419,000
March 10, 2003	1.55*	8,400	13,600**	(5,000)	_	17,000
April 10, 2003	1.50*	10,400	41,600**	(13,000)	_	39,000
May 9, 2003	1.49*	37,100	148,400**	_	(17,500)	168,000
June 10, 2003	1.58*	44,900	163,600**	(52,000)	_	156,500
July 10, 2003	1.59*	40,900	163,600**	(61,000)	_	143,500
August 10, 2003	1.63*	12,000	36,000**	(48,000)	_	_
September 10, 2003	1.71*	80,000	304,000**	(4,000)	_	380,000
October 10, 2003	1.73*	56,000	224,000**	(61,000)	_	219,000
November 10, 2003	1.78*	35,000	140,000**	(9,000)	(105,000)	61,000
December 10, 2003	1.81*	7,000	16,000**	(6,000)	_	17,000
January 9, 2004	1.91*	_	35,000**	_	_	35,000
February 10, 2004	2.08*	_	455,000**	_	(210,000)	245,000
March 10, 2004	1.92*	_	245,000**	(17,000)	_	228,000
April 9, 2004	1.88*	_	345,000**	(85,000)	_	260,000
June 10, 2004	1.61	_	63,000	(15,000)	(7,000)	41,000
July 9, 2004	1.71	_	63,000	(3,000)	_	60,000
August 10, 2004	1.69	_	35,000	_	_	35,000
September 10, 2004	1.79	_	33,000	_	_	33,000
October 8, 2004	1.83	_	203,000	(5,000)	_	198,000
November 10, 2004	1.93	_	35,000	(4,000)	_	31,000
December 10, 2004	2.08	_	14,000	- (.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_	14,000
Total		2,229,660	9,617,280	(4,108,000)	(448,040)	7,290,900

^{*} The exercise price was adjusted due to sub-division of the par value of the Company's ordinary share on April 9, 2004 on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1 each held.

^{**} Inclusive of adjustments to numbers of unexercised share options due to alteration in capital structure of the Company by way of the share split.

DECEMBER 31, 2004

23. SHARE CAPITAL (cont'd)

Details of share options exercised during the year and the fair values, at exercise date, of shares issued are as follows:

1	Par value	Exercise price	,		
	per ordinary	per ordinary	Fair value of	No. of options	Considerations
Exercise Date	share	share	shares issued	exercised	received
	RM	RM	RM		RM
2004:					
January 2004	1.00	3.41 - 9.02	11.50	6,000	39,840
February 2004	1.00	3.41 - 8.53	10.80	88,000	458,190
March 2004	1.00	3.36 - 7.73	10.20	13,000	86,280
May 2004	0.20	0.68 - 1.78	1.78	79,000	86,900
June 2004	0.20	0.69 - 1.58	1.80	89,000	94,060
July 2004	0.20	0.69 - 1.61	1.85	25,000	30,430
August 2004	0.20	0.69 - 1.63	2.05	1,058,000	820,720
September 2004	0.20	0.69 - 1.73	2.06	208,000	177,630
October 2004	0.20	0.69 - 1.78	2.12	19,000	22,410
November 2004	0.20	0.69 - 1.73	2.32	255,000	192,470
December 2004	0.20	0.69 - 1.93	2.54	2,268,000	1,986,870
Total				4,108,000	3,995,800
	ъ .	17			
	Par value per ordinary	Exercise price per ordinary	Fair value of	No. of options	Considerations
Exercise Date	share	share	shares issued	exercised	received
	RM	RM	RM		RM
2003:	24.12		24.12		2017
January 2003	1.00	3.75 - 6.85	9.50	70,000	338,010
February 2003	1.00	3.69 - 6.76	9.30	192,000	852,840
March 2003	1.00	3.69 - 6.76	9.05	101,000	546,610
April 2003	1.00	3.75 - 8.23	9.20	14,000	62,730
May 2003	1.00	3.75 - 6.76	9.80	42,000	216,320
June 2003	1.00	3.75 - 6.85	9.55	112,000	522,390
July 2003	1.00	3.75 - 6.76	8.90	32,000	189,890
August 2003	1.00	3.41 - 7.44	9.45	208,000	743,300
September 2003	1.00	3.41 - 7.89	9.40	53,000	267,410
October 2003	1.00	3.41 - 6.15	9.85	84,000	359,900
November 2003	1.00	3.36 - 8.13	10.10	343,000	1,291,620
December 2003	1.00	3.41 - 8.61	10.10	257,000	1,249,080
Total				1,508,000	6,640,100



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24. RESERVES

Th	The Group		The Company	
2004	2003	2004	2003	
RM	RM	RM	RM	
13,949,916	10,861,316	13,949,916	10,861,316	
2,337,905	1,467,578	_	_	
(18,067,867)	(18,067,867)	_	_	
(86,513)	(74,644)			
(1,866,559)	(5,813,617)	13,949,916	10,861,316	
105,628,752	109,476,706	45,233,641	31,423,283	
103,762,193	103,663,089	59,183,557	42,284,599	
	2004 RM 13,949,916 2,337,905 (18,067,867) (86,513) (1,866,559) 105,628,752	2004 2003 RM RM 13,949,916 10,861,316 2,337,905 1,467,578 (18,067,867) (18,067,867) (86,513) (74,644) (1,866,559) (5,813,617) 105,628,752 109,476,706	2004 2003 2004 RM RM RM 13,949,916 10,861,316 13,949,916 2,337,905 1,467,578 - (18,067,867) (18,067,867) - (86,513) (74,644) - (1,866,559) (5,813,617) 13,949,916 105,628,752 109,476,706 45,233,641	

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

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. The revaluation reserve represents surplus arising from revaluation of the company's leasehold land and buildings made in 1999 and 2004 by a firm professional valuers.

The merger deficit represents the difference between the nominal value of shares issued as consideration plus the cash consideration and the nominal value of the shares of those subsidiary companies transferred to the Company.

Distributable reserves are those available for distribution by way of dividends. Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the retained profit of the Company is available for distribution by way of cash dividends without incurring additional tax liability.

25. DEFERRED TAX LIABILITIES

	The Group		
	2004	2003	
	RM	RM	
At beginning of year	1,168,509	1,213,509	
Transfer to income statements (Note 8):			
Crystallisation of deferred tax on revaluation surplus	(134,699)	_	
Reversal of deferred tax liabilities	(94,000)	(45,000)	
Amount charged to equity	473,160	_	
At end of year	1,412,970	1,168,509	

A deferred tax income of RM134,699 was recognised by the Group by a transfer from the deferred tax liabilities of the Group to the income statements. This relates to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties of the Group. In addition, an amount of RM346,369 was transferred from revaluation reserve of the Group to retained profit.

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25. DEFERRED TAX LIABILITIES (cont'd)

The deferred tax liabilities are in respect of the following:

	Deferred Tax (Assets)/ Liabilities		
	2004	2003	
	RM	RM	
Tax effect of temporary differences between tax capital allowances and			
depreciation of property, plant and equipment	283,000	277,000	
Tax effect in respect of:			
Revaluation surplus	1,395,970	1,057,509	
Unabsorbed tax capital allowances	(234,000)	(130,000)	
Other temporary differences	(32,000)	(36,000)	
	1,412,970	1,168,509	

The Group and the Company

26. DIVIDENDS

	The Group and the comp		
	2004	2003	
_	RM	RM	
Dividends declared and paid:			
Final tax exempt dividend of 22 sen per ordinary share of RM1 each, for 2002	_	14,295,072	
Final dividend of 2 sen gross per ordinary share of RM0.20 each, less tax, for 2003	5,226,925	_	
Special tax exempt dividend of 5 sen per ordinary share of RM0.20 each, for 2003	18,149,040	_	
Dividends declared and payable:			
Interim dividend of 6 sen gross per ordinary share of RM1 each, less tax, for 2003	_	3,130,086	
Special tax exempt interim dividend of 26 sen per ordinary share of RM1 each,			
for 2003	_	18,838,445	
Interim tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2004	22,008,828	_	
Special interim dividend I of 4 sen gross per ordinary share of RM0.20 each,			
less tax, for 2004	10,564,240	_	
Special tax exempt interim dividend II of 3 sen per ordinary share of RM0.20 each,			
for 2004	11,004,414	_	
_	66,953,447	36,263,603	
-			

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, a special dividend I of 4 sen gross per ordinary share of RM0.20 each, less tax and a special dividend II of 3 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividends if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM43,590,548 and have not been included as liabilities in the financial statements. These dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividends have not yet been determined as at the date of the issue of the financial statements.



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27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements consist of the following balance sheet items:

	The Group		The Company		
	2004	2003	2004	2003	
	RM	RM	RM	RM	
Short-term deposits	173,453,590	151,841,547	103,379,854	67,429,515	
Cash and bank balances	610,947	868,138	23,708	118,383	
Bank overdraft	_	(88,553)	_	_	
	174,064,537	152,621,132	103,403,562	67,547,898	
Less: short-term deposits held as security value	(1,293,708)	(1,270,184)	_	_	
	172,770,829	151,350,948	103,403,562	67,547,898	
Analysis of cash and bank balances by currencies:					
	Th	e Group	The	Company	
	2004	2003	2004	2003	
	RM	RM	RM	RM	
United States Dollar	339,507	396,803	_	_	
Ringgit Malaysia	167,989	342,602	23,708	118,383	
Chinese Renminbi	95,620	122,012	_	_	
Euro	4,360	4,185	_	_	
Singapore Dollar	_	440	_	_	
Other currencies	3,471	2,096	-	_	
	610,947	868,138	23,708	118,383	

28. BANKING FACILITIES - Secured

As of December 31, 2004, the Group has bank overdraft and other banking facilities totalling RM33.83 million which are generally secured as follows:

- i. Legal charge over certain of the Group's short leasehold land and building;
- ii. Debenture over certain of the Group's fixed and floating assets;
- iii. Fixed deposits of RM1,293,708;
- iv. Corporate guarantee from a subsidiary company for RM2.25 million; and
- v. Corporate guarantee from the Company for RM26.48 million.

The bank borrowings bear interest at a rate of 1% per annum above the lending banks' base lending rates and 1% above the Bank Negara's funding rate.

The annual average effective interest rate of the bank overdraft is at 7.0% (2003: 7.0% - 7.4%).



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29. LEASE COMMITMENTS

As of the end of the financial year, non-cancellable long-term lease commitments in respect of rental of hostels are as follows:

	The Group		The	The Company	
	2004	2003	2004	2003	
	RM	RM	RM	RM	
Not later than 1 year	43,378	136,169	12,000	12,000	
Later than 1 year and not later than 5 years	_	13,930			
	43,378	150,099	12,000	12,000	

30. CONTINGENT LIABILITY - Unsecured

The Company is contingently liable for guarantees given to local banks up to RM26.48 million in respect of banking facilities granted to certain subsidiary companies.

31. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market 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 exposures to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on sales transactions denominated in foreign currencies.

ii. Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposits with licensed banks and finance companies. 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 and finance companies. The Group does not use derivative financial instruments to hedge its risk.

iii. Market risk

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. For marketable securities, the Group monitors fluctuations in market prices to establish suitable cut loss procedures.

iv. Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group also ensures a number of customers so as to limit high credit concentration in a customer or customers from a particular market.



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31. FINANCIAL INSTRUMENTS (cont'd)

a. Financial Risk Management Objectives and Policies (cont'd)

v. Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

vi. Cash flow risk

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

b. Foreign Currency Forward Contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts. Gains and losses on foreign exchange contracts designated as hedges of identified exposure are offset against the foreign exchange gains and losses on the hedged financial assets and liabilities.

Where the instrument is used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

At the balance sheet date, the Group had contracted to sell the following amounts under forward contracts:

			Average Exchang Ringgit I	
	2004	2003	2004	2003
	RM	RM	RM	RM
United States Dollar	59,877,680	37,634,800	3.8002 and 3.805	3.8057 and 3.814

All of the these contracts outstanding as of December 31, 2004 are maturing in the first and second quarter of 2005. No significant gain or loss was expected to arise from such contracts.

c. Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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31. FINANCIAL INSTRUMENTS (cont'd)

d. Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2004 are as follows:

		2004		2003	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		RM	RM	RM	RM
Financial assets					
Other investments - quoted shares, unit trusts and bond funds	12	13,928,521	14,927,247	13,587,807	13,797,660
Off Balance Sheet Item					
Foreign Currency Forward Contracts			59,962,690	_	37,773,000

The fair value of foreign currency forward contracts are calculated by reference to the current rate for contracts with similar maturity profiles.

The fair values of other financial assets and financial liabilities approximate their carrying amounts, because of the short maturity of these instruments.

It is not practical to estimate the fair value of contingent liability reliably due to the uncertainties of timing, costs or eventual outcome.

32. SEGMENTAL REPORTING

Business Segments

For management purposes, the Group is organised into the following operating divisions:

- investment holding (includes management services)
- manufacturing of miniature data terminals, fuzzy logic controllers, controlled modules for precision weighing scale, dynamic sound improvement processor, PCB assembly, timer, printer, computing scales, industrial controllers and microprocessor based application and system integration
- trading of complete electric module and saturated paper for PCB lamination

Inter-segment sales are charged at cost plus a percentage profit mark-up.



DECEMBER 31, 2004

32. SEGMENTAL REPORTING (cont'd)

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2004					
Revenue					
External sales	-	115,236,145	115,516	- (115 (14 055)	115,351,661
Inter-segment sales	91,480,000	23,933,393	2,230,684	(117,644,077)	
Total revenue	91,480,000	139,169,538	2,346,200	(117,644,077)	115,351,661
Results					
Profit/ (loss) from operations	86,972,476	62,876,539	(819,120)	(90,146,277)	58,883,618
Income from other investments	2,389,107	2,290,544	974,039	_	5,653,690
Finance costs	_	(122)	_	_	(122)
Reversal of impairment loss	_	-	165,120	(165,120)	-
Profit/ (loss) before tax	89,361,583	65,166,961	320,039	(90,311,397)	64,537,186
Tax (expense)/ income	(8,744,613)	(2,114,164)	8,715	9,072,000	(1,778,062)
Profit/ (loss) after tax	80,616,970	63,052,797	328,754	(81,239,397)	62,759,124
Other information					
Capital additions	1,825	213,200	7,670	_	222,695
Depreciation and amortisation	59,503	1,168,389	356,880	_	1,584,772
Non-cash expenses other than depreciation and amortisation		398,076	_		398,076
Assets			_		
Segment assets	178,821,397	164,428,811	27,086,931	(127,138,479)	243,198,660
Income tax assets	363,753	514,000	64,032	_	941,785
Consolidated total assets	179,185,150	164,942,811	27,150,963	(127,138,479)	244,140,445
Liabilities					
Segment liabilities	44,863,777	95,318,103	21,572,008	(96,219,436)	65,534,452
Income tax liabilities	494,934	969,106	17,000	_	1,481,040
Consolidated total liabilities	45,358,711	96,287,209	21,589,008	(96,219,436)	67,015,492

DECEMBER 31, 2004

32. SEGMENTAL REPORTING (cont'd)

	Investment	3.5		F31	T 1
	holding	Manufacturing	Trading	Elimination	Total
2003	RM	RM	RM	RM	RM
Revenue					
External sales	_	120,535,117	123,658	_	120,658,775
Inter-segment sales	48,080,000	23,581,213	2,665,587	(74,326,800)	-
Total revenue	48,080,000	144,116,330	2,789,245	(74,326,800)	120,658,775
Results					
Profit/ (loss) from operations	44,196,599	59,906,069	(723,604)	(47,426,624)	55,952,440
Income from other investments	1,608,485	2,446,465	975,960	_	5,030,910
Finance costs	_	(37)	_	_	(37)
Impairment loss			(551,859)	551,859	
Profit/ (loss) before tax	45,805,084	62,352,497	(299,503)	(46,874,765)	60,983,313
Tax (expense)/ income	(2,526,045)	(2,425,812)	20,381	2,520,000	(2,411,476)
Profit/ (loss) after tax	43,279,039	59,926,685	(279,122)	(44,354,765)	58,571,837
Other information					
Capital additions	29,539	2,290,485	24,357	(603,670)	1,740,711
Depreciation and amortisation	56,064	1,272,594	361,184	_	1,689,842
Non-cash expenses other than depreciation and amortisation		899,324			899,324
Assets					
Segment assets	139,744,392	158,270,198	31,927,333	(109,563,733)	220,378,190
Income tax assets	79,589	421,000	62,273	-	562,862
Consolidated total assets	139,823,981	158,691,198	31,989,606	(109,563,733)	220,941,052
Liabilities					
Segment liabilities	23,342,038	72,742,948	25,997,405	(78,478,497)	43,603,894
Income tax liabilities	486,784	620,725	111,000	_	1,218,509
Consolidated total liabilities	23,828,822	73,363,673	26,108,405	(78,478,497)	44,822,403

DECEMBER 31, 2004

32. SEGMENTAL REPORTING (cont'd)

Geographical segments

The Group's trading activity is located in Malaysia and manufacturing activity is located in Malaysia and People's Republic of China.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/ services:

		revenue by bhical market
	2004	2003
	RM	RM
European countries	112,720,004	118,513,535
Asia Pacific countries	2,629,734	1,733,505
United States	1,923	411,735
	115,351,661	120,658,775

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located.

	•	ng amount of nent assets	Capita	l additions
	2004	2003	2004	2003
	RM	RM	RM	RM
Malaysia	239,134,329	215,881,107	34,400	573,709
People's Republic of China	5,006,116	5,059,945	188,295	1,167,002
	244,140,445	220,941,052	222,695	1,740,711

UCHI TECHNOLOGIES BERHAD (457890 A)

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STATEMENT BY DIRECTORS

The directors of UCHI TECHNOLOGIES BERHAD state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2004 and of their results and cash flows for the year ended on that date.

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 1, 2005

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

I, OW CHOOI KHIM, the officer primarily responsible for the financial management of UCHI TECHNOLOGIES BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, 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	d OW CI	HOOI KHIM)
at GEORGETOW	N in the Stat	te of PENANG)
on March 1, 2005	5)

OW CHOOI KHIM

Before me,

GM GOVINDASAMY

Commissioner For Oaths



LIST OF PROPERTIES

DECEMBER 31, 2004

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2004 (RM)	Date of Last Revaluation
Registered Beneficial Owner:	UCHI OPTOE	LECTRONIC (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	_	140,083	2,513,125	26.5.2004
(Tingkat Perusahaan 4A,	Factory	60 years				
Perai FTZ Phase II, Perai)	Building - Phase I	leasehold expiring on 1.1.2050	10	33,144	2,182,322	26.5.2004
	- Phase II		4	92,864	7,702,311	_
Registered Beneficial Owner:	UCHI INDUST	TRIES (M) SDN	. BHD.			
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Vacant Industrial Land	60 years leasehold expiring on 6.12.2049	-	140,178	2,216,218	26.5.2004



SHAREHOLDINGS STATISTICS

AS OF MARCH 31, 2005

ANALYSIS OF SHAREHOLDINGS

Share Capital

Authorised : RM 100,000,000.00
Issued and Fully Paid Up : RM 73,402,160.00

Class of Shares : Ordinary shares of RM 0.20 each with equal voting rights

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	31	1.21	1,320	0.00
100 – 1,000	502	19.67	413,275	0.11
1,001 - 10,000	1,334	52.27	7,346,215	2.00
10,001 - 100,000	510	19.99	15,067,770	4.11
100,001 – 18,350,539 (*)	173	6.78	188,045,850	51.24
18,350,540 and above (**)	2	0.08	156,136,370	42.54
TOTAL	2,552	100.00	367,010,800	100.00

^{*} Less than 5% of issued shares

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held	%	No. of Shares Held	%
Name of Shareholders	Direct		Indirect	
Eastbow International Limited	129,963,660	35.41		
Ironbridge Worldwide Limited	26,172,710	7.13	_	_
Kao, De-Tsan also known as Ted Kao	_	-	129,963,660*	35.41
Kao, Te-Pei also known as Edward Kao		_	26,172,710+	7.13
TOTAL	156,136,370	42.54	156,136,370	42.54

^{*} By virtue of his substantial interest in Eastbow International Limited.

^{** 5%} and above of issued shares

⁺ By virtue of his substantial interest in Ironbridge Worldwide Limited.

$SHARE HOLDINGS\ STATISTICS\ (cont'd)$

AS OF MARCH 31, 2005

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name of Shareholders	No. of Shares Held	%		
Eastbow International Limited	129,963,660	35.41		
Ironbridge Worldwide Limited	26,172,710	7.13		
Lembaga Tabung Haji	17,679,700	4.82		
Chang Shin-Fang	15,779,350	4.30		
HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Arisaig Asean Fund Limited	13,053,800	3.56		
Employees Provident Fund Board	7,459,700	2.03		
HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Small Cap Opportunity Unit Trust (3548)	6,576,500	1.79		
AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad For Pacific Dividend Fund (5/27-2)	6,335,300	1.73		
AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad For Pacific Pearl Fund (5/1-9)	5,959,000	1.62		
Citicorp Nominees (Asing) Sdn Bhd UBS AG	4,952,900	1.35		
Universal Trustee (Malaysia) Berhad Alliance First Fund	4,705,200	1.28		
Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF)	4,191,700	1.14		
HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Prudential Equity Income Fund (4801)	3,798,100	1.03		
Citicorp Nominees (Asing) Sdn Bhd American International Assurance Company Limited (P Core)	3,464,230	0.94		
BHLB Trustee Berhad TA Small Cap Fund	3,298,200	0.90		
MAYBAN Nominees (Tempatan) Sdn Bhd MAYBAN Trustees Berhad For Balanced Returns Fund (N14011980060)	3,200,000	0.87		
Universal Trustee (Malaysia) Berhad MAYBAN Unit Trust Fund	3,098,500	0.84		
Universal Trustee (Malaysia) Berhad SBB Dana Al-Ihsan 2	2,578,000	0.70		
BHLB Trustee Berhad Pacific Recovery Fund	2,391,500	0.65		
Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund	2,332,400	0.64		
Kao Wang, Ying-ying	2,240,700	0.61		
MCIS Zurich Insurance Berhad	2,108,850	0.57		
HSBC Nominees (Asing) Sdn Bhd The Scottish Oriental Smaller Companies Trust PLC	2,000,000	0.54		
UOBM Nominees (Asing) Sdn Bhd BNP Paribas Peregrine Securities Pte Ltd For Capital Intelligence Limited	1,781,000	0.49		
	Eastbow International Limited Ironbridge Worldwide Limited Lembaga Tabung Haji Chang Shin-Fang HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Arisaig Asean Fund Limited Employees Provident Fund Board HSBC Mominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Small Cap Opportunity Unit Trust (3548) AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad For Pacific Dividend Fund (5/27-2) AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad For Pacific Pearl Fund (5/1-9) Citicorp Nominees (Asing) Sdn Bhd UBS AG Universal Trustee (Malaysia) Berhad Alliance First Fund Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF) HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Prudential Equity Income Fund (4801) Citicorp Nominees (Asing) Sdn Bhd American International Assurance Company Limited (P Core) BHLB Trustee Berhad TA Small Cap Fund MAYBAN Nominees (Tempatan) Sdn Bhd MAYBAN Trustees Berhad For Balanced Returns Fund (N14011980060) Universal Trustee (Malaysia) Berhad MAYBAN Unit Trust Fund Universal Trustee (Malaysia) Berhad SBB Dana Al-Ihsan 2 BHLB Trustee Berhad Pacific Recovery Fund Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund Kao Wang, Ying-ying MCIS Zurich Insurance Berhad HSBC Nominees (Asing) Sdn Bhd The Scottish Oriental Smaller Companies Trust PLC UOBM Nominees (Asing) Sdn Bhd	Eastbow International Limited		

SHAREHOLDINGS STATISTICS (cont'd)

AS OF MARCH 31, 2005

TOP THIRTY SECURITIES ACCOUNT HOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares Held	%
25.	MAYBAN Nominees (Tempatan) Sdn Bhd MAYBAN Trustees Berhad For Avenue Equityextra Fund (990405)	1,611,000	0.44
26.	Universal Trustee (Malaysia) Berhad SBB Dana Al-Azam	1,567,500	0.43
27.	Universal Trustee (Malaysia) Berhad SBB High Growth Fund	1,511,300	0.41
28.	Citicorp Nominees (Asing) Sdn Bhd American International Assurance Company Limited (AIA Equity Fd)	1,502,600	0.41
29.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS For First State Singapore And Malaysia Growth Fund	1,461,000	0.40
30.	Chen, Jui-Fu	1,438,300	0.39
	TOTAL	284,212,700	77.44

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Shares Held	%	No. of Shares Held	%
Kao, De-Tsan also known as Ted Kao	_	-	129,963,660*	35.41
Kao, Te-Pei also known as Edward Kao	_	-	26,172,710+	7.13
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	0.03		_
Huang, Teng-Yen	84,700	0.02		_
Ng Hai Suan @ Ooi Hoay Seng	500,000	0.14	1,500,000#	0.41
Kao Wang, Ying-Ying	2,240,700	0.61		_
Chang Shin-Fang	16,879,350	4.60		_

^{*} By virtue of his substantial interest in Eastbow International Limited.

⁺ By virtue of his substantial interest in Ironbridge Worldwide Limited.

[#] By virtue of his substantial interest in Richfield Sdn. Bhd. and deemed interest by virtue of Section 122A of the Companies Act, 1965 held through Mr. Ooi Swee Aik.

UCHI TECHNOLOGIES BERHAD (457890-A)

(Incorporated in	n Malaysia)		
PROXY FORM	Number of shares held :		
I/We, a Member of the above Company hereby appoint or failing	of		being
a Member of the above Company hereby appoint	1.		
of of	, nim,		or failing him
the Chairman of the Meeting, as my/our proxy, to vote for me/MEETING of the Company to be held at the Kelawai Room, Lobi Penang on Friday, May 27, 2005 at 3.00 p.m. and at any adjournment	by Level, Evergreen Laurel Hotel, 5		AL GENERAL
I/We hereby indicate with an "X" in the spaces provided how I/w the proxy may vote, as he thinks fit)	ve wish my/our votes to be cast. (U	Inless otherw	vise instructed
RESOLUTIONS		FOR	AGAINST
1. To receive the Audited Financial Statements of the Company 2004 together with the Reports of the Directors and of the Audited			
2. To declare a Final Dividend of 6 Sen per share of RM0.20 each year ended December 31, 2004.	h exempt from Income Tax for the		
3. To declare a Special Dividend I of 4 Sen per share of RM0.20 the year ended December 31, 2004.	each less Income Tax at 28% for		
4. To declare a Special Dividend II of 3 Sen per share of RM0.20 the year ended December 31, 2004.	each exempt from Income Tax for		
5. To approve the payment of Directors' fees of RM292,000 for the	he year ended December 31, 2004.		
To re-elect Mr. Kao, De-Tsan also known as Ted Kao, a direct Article 131 of the Articles of Association of the Company.			
7. To re-elect Dato' Hong Tok Hiang @ Fong Chok Seong, a dire Article 131 of the Articles of Association of the Company.	ctor retiring under the provision of		
8. To consider and if thought fit, to pass the following resolution Companies Act, 1965:	pursuant to Section 129(6) of the		
"That Mr. Huang, Teng-Yen, a director who retires in comp Companies Act, 1965 after having attained the age of seventy Director of the Company pursuant to Section 129(6) of the Coffice until the conclusion of the next Annual General Meeting	y years, be hereby re-appointed as Companies Act, 1965 and to hold		
9. To re-appoint Messrs. Deloitte KassimChan as Auditors of to Board of Directors to fix their remuneration.	he Company and to authorise the		
10. Special Business Ordinary Resolution To approve the resolution pursuant to Section 132D of the Cor	mnanies Act 1965		
"That Mr. Huang, Teng-Yen, a director who retires in comp Companies Act, 1965 after having attained the age of seventy Director of the Company pursuant to Section 129(6) of the Coffice until the conclusion of the next Annual General Meeting 9. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Board of Directors to fix their remuneration. 10. Special Business	y years, be hereby re-appointed as Companies Act, 1965 and to hold g." he Company and to authorise the		

Signed this: _____ day of _____ 2005

A Member of the Company entitled to attend and vote is entitled to appoint 2 or more proxies 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 or more□

Signature of Member:

The instrument appointing the proxy 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.

The instrument appointing a proxy must be deposited at the Registered Office, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

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	STAMP
	HERE
The Secretary	
UCHI TECHNOLOGIES BERHAD (457890-A)	
3rd Floor, Wisma Wang,	
251-A, Jalan Burma, 10350 Penang, Malaysia.	
fold here	
