

annual report 2000

UCHI TECHNOLOGIES BERHAD



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Notice Of Annual General Meeting

UCHI

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at the Room Laurel II, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, May 28, 2001 at 10.30 a.m.

AGENDA

1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2000 together with the Reports of the Directors and of the Auditors thereon. (Resolution 1)
2. To declare a Final Dividend of RM0.12 per share, exempt from Income Tax for the year ended December 31, 2000. (Resolution 2)
3. To declare a Special Dividend of RM0.18 per share, exempt from Income Tax for the year ended December 31, 2000. (Resolution 3)
4. To approve the payment of Directors' fees for the year ended December 31, 2000. (Resolution 4)
5. To re-elect Mr. Lim Kee Nam, a director retiring under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer himself for re-election. (Resolution 5)
6. To accept the retirement of Yg. Bhg. Dato' Haji Alwi @ Ali Bin Muhamad, DPMT, ASM, PJC, PJK, BLB, a Director of the Company, in accordance with Article 131 of the Articles of Association of the Company, whom is not seeking re-election. (Resolution 6)
7. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

" That Mr. Kao Chi-Kun, 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."
(Resolution 7)
8. To re-appoint Messrs. Deloitte KassimChan (Formerly known as Messrs. Kassim Chan & Co.) as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 8)

As Special Businesses

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

Ordinary Resolution

9.1 Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Kuala Lumpur Stock Exchange and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and are hereby 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 and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange.” (Resolution 9)

Special Resolution

9.2 Proposed Amendments to the Articles of Association

“THAT the proposed alterations, modifications or additions to the Articles of Association of the Company as contained in Appendix I set out in the Circular to Shareholders dated April 25, 2001 be hereby approved.” (Resolution 10)

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

By order of the Board

KHOO LAY TATT (MAICSA 7029262)
Secretary

Penang
April 25, 2001

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.

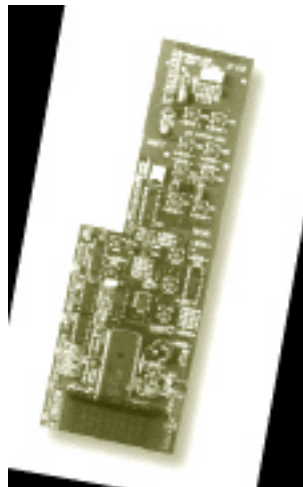
The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

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 Businesses

The proposed Resolution No. 9 [Item No.(9.1)], 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.

The proposed Resolution No. 10 [Item No.(9.2)], if approved, the alterations, modifications or additions to the Articles of Association of the Company as contained in Appendix I set out in the Circular to Shareholders dated April 25, 2001 which was circulated together with the Annual Report 2000, be adopted. The existing Articles before the alterations, modifications or additions to the Articles of Association of the Company will be cancelled and replaced without thereby invalidating any act or deed made or done while they were validly in force.



Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that a Final Dividend of RM0.12 per share, exempt from Income Tax for the year ended December 31, 2000, if approved, will be paid on June 21, 2001 to depositors registered in the Records of Depositors at the close of business on May 31, 2001.

NOTICE IS HEREBY GIVEN that a Special Dividend of RM0.18 per share, exempt from Income Tax for the year ended December 31, 2000, if approved, will be paid on June 21, 2001 to depositors registered in the Records of Depositors at the close of business on May 31, 2001.

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

- a) shares transferred into the Depositor's Securities Account before 12.30 p.m. on May 31, 2001 in respect of ordinary transfers;
- b) shares bought on Kuala Lumpur Stock Exchange (KLSE) on a cum entitlement basis according to the rules of KLSE.

By Order of the Board,

KHOO LAY TATT (MAICSA 7029262)
Secretary

Penang
Date: April 25, 2001

Uchi Technologies Berhad (UCHITEC) was first incorporated in Malaysia under the Companies Act, 1965 on February 18, 1998 as a private company, named Uchi Technologies Sdn. Bhd., which was converted to a public company with the present name on June 8, 1999. In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up capital of UCHITEC on the Second Board of the KLSE, UCHITEC undertook a restructuring exercise described herein below, which was approved by the Securities Commission (SC) on December 29, 1999 and May 16, 2000, followed by both Ministry of International Trade and Industry (MITI) and Foreign Investment Committee (FIC) on September 11, 1999.

On March 9, 2000 UCHITEC acquired, through the issuance of 26,067,867 shares at approximately RM1.26 per share, Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Electronic (M) Sdn. Bhd. together with their subsidiary, Uchi Industries (M) Sdn. Bhd., both of which had already established a very successful business in electronic industry under the leadership of Ted De-tsan Kao and Edward Te-pei Kao, currently Managing Director and Executive Director of UCHITEC.

Upon completion of the acquisition, UCHITEC carried out a rights issue of 7,932,131 new shares, on March 10, 2000, at an issue price of RM1.10 per share on the basis of approximately three (3) new shares for every ten (10) existing shares held based on the shares capital of 26,067,869 shares after the acquisition. UCHITEC further undertook a public issue of 6,000,000 new ordinary shares of RM1.00 each at issue price of RM4.80 per share. As a result of the restructuring exercise, the issued and paid-up capital of UCHITEC now stands at RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each.

In spite of the rather sluggish capital market, the IPO received enthusiastic response, over-subscription of 21 times, making an impressive debut on KLSE Second Board on July 19, 2000 with opening trade at RM7.00 per share at a premium of RM2.20.

Having fulfilled our commitment to the shareholders in appreciation of their confidence in and trust on UCHITEC, now I take a great pleasure in presenting the First Annual Report of Uchi Group for the financial year ended December 31, 2000 as follows :

Profit And Dividend

For the financial year under review, Uchi Group registered Profit Before Taxation, RM27.34 million and Profit After Taxation RM23.17 million, surpassing the forecast earnings by 20% and 23% respectively. This gratifying performance was attributable to effective cost-cutting measures, improved management and production efficiency and customers' growing confidence in outsourcing higher value-added products.

In view of the healthy performance posted by the Group, the Board of Directors is pleased to propose cash dividend of RM0.30 (the final tax-exempt portion, RM0.12 plus a special tax-exempt portion, RM0.18) per share, based on the enlarged share capital of 40,000,000 shares of RM1.00 each, payable on a date to be announced, subject to the shareholders' approval at the forthcoming Annual General Meeting.

In addition, the Board of Directors propose Bonus Share Issue on the basis of one (1) new ordinary share for every ten (10) existing ordinary shares held, subject to the shareholders' approval at the forthcoming Annual General Meeting.

Utilisation Of Proceeds

Pursuant to the listing exercise, Uchi Group raised RM37.525 million, of which RM29.128 million was approved by the SC for investment in capital expenditure and working capital requirement, while the balance of RM8.397 million was allocated for further investment.

Subsequently on February 9, 2001, the SC further approved the specific utilisation of RM4.695 million out of the said RM8.397 million, authorising Uchi Group to determine the specification and time frame on utilisation of such unutilised proceeds on any usage relevant to the Group's core business.

As of March 31, 2001, approximately RM26 million had been utilised with the remaining balance placed in a fixed deposit account, which is expected to be fully utilised by June 2002.

Relocation Of Operation

In July 2000, Uchi Group completed relocation of administration and production to the new factory, which had been built to specifically meet the ever-increasing demand of the multi-national customers and to further streamline the operation.

Research And Development (R&D)

With emphasis on R&D, a valuable intellectual capital, Uchi Group has been successfully integrating the customers' needs and technology built-up from various industries in the design and persistently presenting innovative and market-oriented design, even beyond the customers' requirement. For this financial year, the R&D expenses reached at approximately RM3.6 million representing 5% of the Group's turnover.

ISO Certification

In addition to the previous certification of ISO 9002 and ISO 9001 awarded on January 12, 1996 and January 17, 1997 respectively, Uchi Optoelectronic (M) Sdn. Bhd. (UO) won another prestigious ISO 14001 Certification on January 29, 2001, substantiating its environment-friendly status.

Globalisation Move

An agreement has been entered between UO and Dongguan Shilong Town Industry General Company, Guangdong, China that UO supply machinery and working capital for Dongguan to manufacture Light Emitting Diodes (LED) and LED-related products. This is the beginning of globalisation move, which will enhance both efficiency and capacity of operation and facilitate specialisation.

Commitment To Staff

In appreciation of the diligence, dedication and loyalty of the staff, the Board of Directors is pleased to propose establishment of Employee Share Option Scheme in the years to come, subject to SC's approval, followed by shareholders' approval at the forthcoming Annual General Meeting.

Future Prospect

Despite difficult economic conditions that hit certain sector in the industry, we are proud to note that Uchi Group's production schedule in the year to come has been fully occupied with customers' order. Building on the potential of Uchi Group backed by the up-trend market demand of its products and services in the year ahead, the Board of Directors is confident of achieving further growth in respect of revenue, profits and improvement in overall margins.

Based on Uchi's traditional motto, Excellent Technical Partnership Towards Success, the Group will continue to expand its core business with both the existing and new customers to broaden product base with modern technologies. This kind of congenial chemistry combining a strong team of Uchi's management, staff and customers will undoubtedly bring about a bright future for the year 2001.

Dato' Haji Abdul Rashid Bin Ngah
Chairman

Penang
Date: April 6, 2001

Board of Directors

Dato' Haji Abdul Rashid Bin Ngah,
SPMT, DSMT, PJJ, DPMT, JSM, PJC, PPN, PJK
Chairman

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

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

Dato' Haji Alwi@Ali Bin Muhamad,
DPMT, ASM, PJC, PJK, BLB

Dato' Fang Chok Seong,
DSDK, SMS, AMK, PJK, JP

Kao Chi-Kun

Huang, Teng-Yen

Lim Kee Nam

Kao Wang, Ying-Ying
alternate Director to Huang, Teng-Yen

Chang, Shin-Fang
alternate Director to Kao Chi-Kun

Alias bin Jaafar, PJK
alternate Director to Dato' Haji Abdul Rashid bin Ngah

Mat Zaid bin Ibrahim
alternate Director to Dato' Haji Alwi@ Ali Bin Muhamad

Audit Committee

Chairman
Dato' Fang Chok Seong
(Independent Non-Executive Director)

Members
Lim Kee Nam
(Independent Non-Executive Director)

Kao, Te-Pei also Know as Edward Kao
(Executive Director)

Company Secretary

Khoo Lay Tatt
MAICSA 7029262

Registered Office

3rd Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Tel 04-2288155
Fax 04-2692386

Principal Bankers

HSBC Bank Malaysia Berhad
Southern Bank Berhad
EON Bank Berhad
Malayan Banking Berhad

Auditors

Deloitte KassimChan
(Formerly known as Kassim Chan & Co.)
Public Accountants

Principal Solicitor

Ong & Manecksha

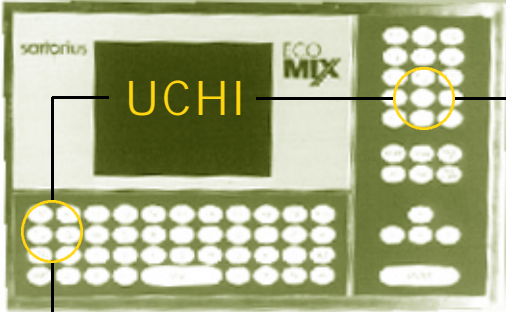
Registrar

PFA Registration Service Sdn Bhd
1301, Level 13, Uptown 1
No.1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel 03-77254888
Fax 03-77222311

Stock Exchange Listing

Second Board Of Kuala Lumpur Stock Exchange

**UCHI TECHNOLOGIES
BERHAD**



100%

**UCHI OPTOELECTRONIC
(M) SDN BHD**

100%

**UCHI ELECTRONIC
(M) SDN BHD**

100%

**UCHI INDUSTRIES
(M) SDN BHD**

Terms Of Reference Of Audit Committee

UCHI

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 not be :

- Executive Directors of the Group;
- the spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of his child, brother or sister of an Executive Director of the Group; or
- any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Committee.

The members of the Audit Committee shall elect a Chairman from amongst their number who is not an Executive Director or employee of the Company or any related corporation.

If a member of the Audit Committee, for whatsoever reason, ceased 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, appoint such number of new members as may be required make up the minimum number of three (3) members.

3. Authority

The Committee is authorised 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 cooperate 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 investigations on behalf of the Committee in such manner as the Committee shall deemed fit and necessary.

4. Meetings

The Committee be at liberty to determine the frequency of its meetings which in any event shall not be less than twice a year.

A quorum shall consist of 2 members.

5. Attendance at Meetings

The Accountant and a representative of the external auditors may be invited to attend 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. Functions

- To review management's compliance with established policies, plans, procedures, laws and regulations;
- To review with the External Auditors:
 - the scope of their audit plan;
 - their Audit reports;
 - their evaluation of the system of internal control procedure; and
 - the assistance given to the External Auditors by the officers of the Group;
- To review the scope and results of the internal audit procedure; and
- To review the balance sheet and profit and loss statement of the Group, and thereafter to submit them to the Board of Directors; and
- To review any related party transactions that may arise within the Group; and
- To nominate and recommend to the Board the appointment of the external auditors and the audit fee thereof; and
- To perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

7. Reporting

The Committee is authorised to regulate its own procedure 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 minutes.

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