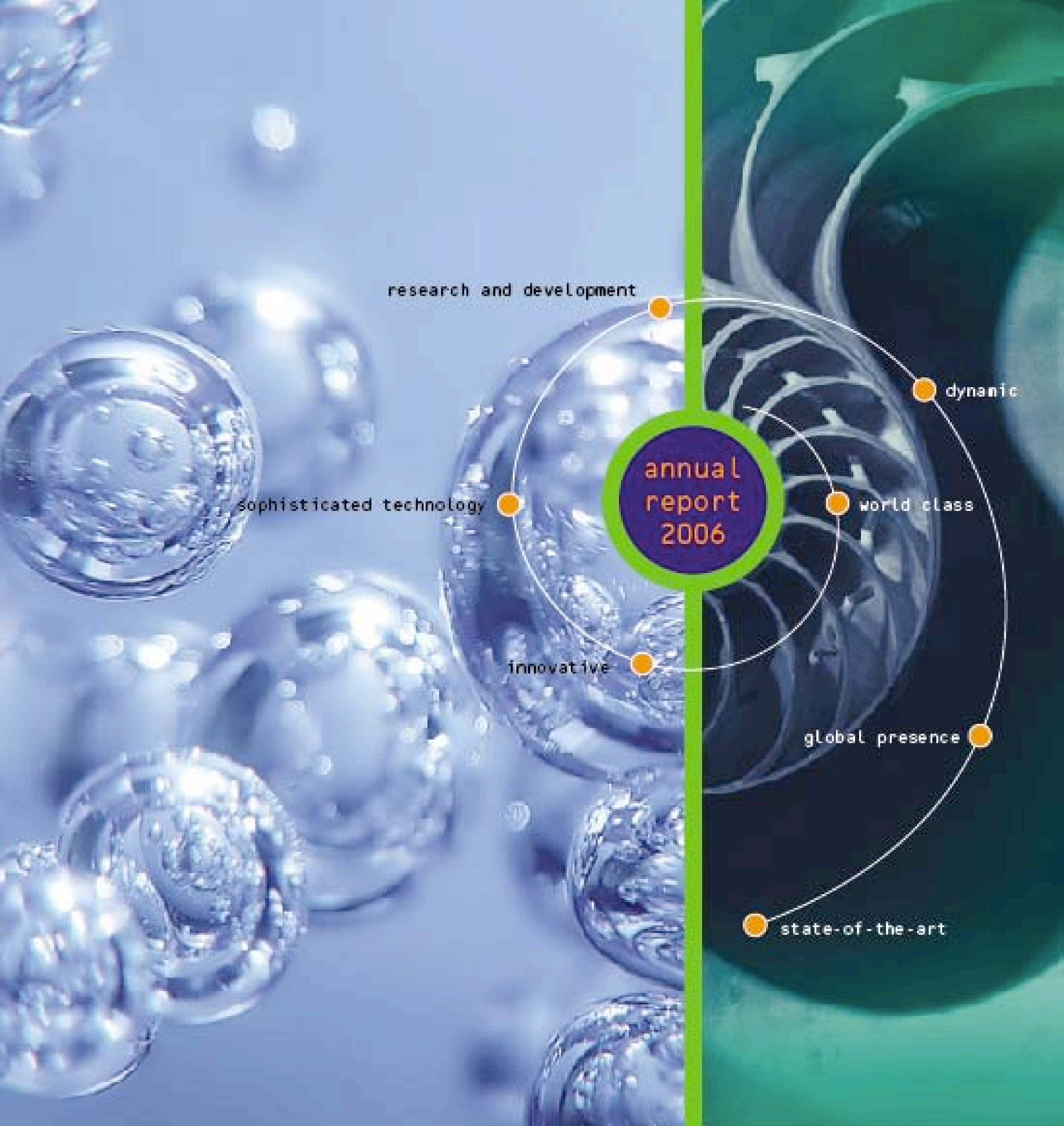


UCHI TECHNOLOGIES BERHAD

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

CONTENTS

UCHI

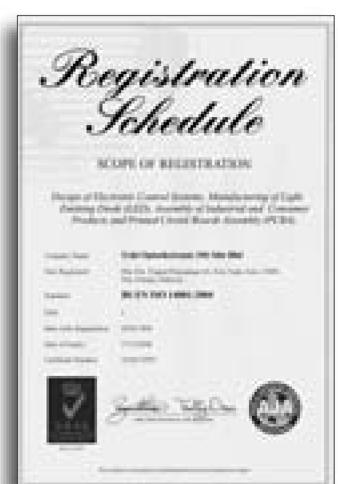
Uchi is committed to preserving the environment for future generations through:

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

C 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



ISO 14001 ENVIRONMENTAL POLICY

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, May 28, 2007 at 3.00 p.m.

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2006 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, 2006. **Resolution 2**
3. To declare a Special Final Dividend I of 2 Sen per share of RM0.20 each less income tax at 27% for the year ended December 31, 2006. **Resolution 3**
4. To declare a Special Final Dividend II of 9 Sen per share of RM0.20 each exempt from income tax for the year ended December 31, 2006. **Resolution 4**
5. To approve an increase of Directors' Fees to RM446,200 and the payment of such fees to the Directors of the Company for the year ending December 31, 2007. **Resolution 5**
6. To re-elect Dr. Heinrich Komesker retiring under the provision of Article 136 of the Articles of Association of the Company. **Resolution 6**
7. To re-elect Mr. Ng Hai Suan @ Ooi Hoay Seng retiring under the provision of Article 131 of the Articles of Association of the Company. **Resolution 7**
8. To consider and if thought fit, to pass the following ordinary resolutions pursuant to Section 129(6) of the Companies Act, 1965 (the "Act"):-

   "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 a Director of the Company pursuant to Section 129(6) of the Act and to hold office until the conclusion of the next Annual General Meeting." **Resolution 8**

   "That Dato' Hong Tok Hiang @ Fang Chok Seong, 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 a Director of the Company pursuant to Section 129(6) of the Act and to hold office until the conclusion of the next Annual General Meeting." **Resolution 9**
9. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Resolution 10**

SPECIAL BUSINESS

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

    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 11**

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

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.20 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per centum (10%) of its issued and paid-up share capital and the ten per centum (10%) shall always take into account any shares bought back and retained as treasury shares and that amount allocated by the Company for the Proposed Share Buy-Back is backed by an equivalent amount of audited retained profits and share premium of the Company as at December 31, 2006 amounting to RM31,930,846 and RM21,672,236 respectively. Upon purchase by the Company of its own shares, the purchased shares will be cancelled or retained as treasury shares or both and/or dealt with in accordance with the relevant prevailing statutory provisions and guidelines.

That the Directors be and are hereby empowered to do all acts and things to give effect to the Proposed Share Buy-Back and to be dealt with in accordance with the Listing Requirements of Bursa Securities and Companies Act, 1965.

And that such authority shall commence immediately upon passing of this resolution until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held or revoked or varied by ordinary resolution passed by shareholders in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date." **Resolution 12**

12 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,

TAN CHOONG KHIANG (MAICSA 7018448)
OW CHOOI KHIM (MIA 12616)
Secretaries

Penang

Date : April 30, 2007

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 Ordinary Resolution 11 (Item No. 10), 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 best interest of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

The proposed Ordinary Resolution 12 (Item No. 11), if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

NOTICE OF DIVIDENDS ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Ninth Annual General Meeting, the following Dividends for the year ended December 31, 2006 will be paid on July 19, 2007 to Depositors registered in the Records of Depositors at the close of business on June 29, 2007:-

1. Final Dividend of 6 Sen per share of RM0.20 each, exempt from income tax;
2. Special Final Dividend I of 2 Sen per share of RM0.20 each, less income tax at 27%; and
3. Special Final Dividend II of 9 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 29, 2007 in respect of transfers;

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

By Order of the Board,

TAN CHOONG KHIANG (MAICSA 7018448)
OW CHOOI KHIM (MIA 12616)
Secretaries

Penang

Date: April 30, 2007

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:-

(i) The details of the four (4) Directors seeking re-election are set out in their respective profiles which appear in the Board of Directors' Profile on pages 14 to 15 of the Annual Report.

(ii) The details of their respective interests in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 94 of the Annual Report.

1. Introduction

1.1 Renewal of Authority for Uchi Technologies Berhad ("the Company" or "UCHI") to Purchase Its Own Shares

At the Company's Extraordinary General Meeting ("EGM") held on May 26, 2006, the Company obtained approval from the shareholders, for the Company to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and / or held pursuant to the resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits of approximately RM29.1 million and / or share premium account of approximately RM18.8 million of the Company based on the audited financial statements for the financial year ended December 31, 2005.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Listing Requirements of Bursa Securities governing share buy-back by listed companies will lapse at the conclusion of the coming Ninth (9th) Annual General Meeting ("AGM").

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

1.2. Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Share Buy-Back and to seek your approval of the ordinary resolution on the Proposed Share Buy-Back to be tabled at the coming Ninth (9th) AGM. The notice of the AGM together with the Proxy Form is set out in this Annual Report.

2. Details of The Proposed Share Buy-Back

On April 11, 2007, the Company announced that UCHI is proposing to seek its shareholders' approval at the AGM of UCHI to be convened in 2007 for the renewal of the authority for the purchase by UCHI of its own shares of RM0.20 each (the "Shares") of up to ten per centum (10%) of the issued and paid-up capital of UCHI at any point in time subject to compliance with Section 67A of the Companies Act, 1965 (the "Act"), Part IIIA of the Companies Regulations 1966, Listing Requirements of Bursa Securities (the "Listing Requirements") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities. The purchase of the Company's own Shares will be carried out on the Bursa Securities through an appointed stockbroker.

The maximum funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits and/ or share premium accounts of the Company. The audited retained profits and share premium accounts of the Company as of December 31, 2006 are RM31,930,846 and RM21,672,236 respectively.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 67A of the Act, in the following manner:-

(a) To cancel the Shares so purchased; or

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

(c) To retain part of the Shares so purchased as treasury shares and cancel the remainder.

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

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

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

The Company has not purchased any of its own Shares, retained its Shares as treasury shares or cancelled its Shares in the preceding twelve (12) months.

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

(a) The conclusion of the next AGM of the Company at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) The expiration of the period within which the next AGM after that date is required by law to be held; or

(c) Revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

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

(a) Not less than the weighted average market price of the Shares for the five (5) Market Days immediately prior to the resale; or

(b) Not less than five percent (5%) below the weighted average market price of the Shares for the five (5) Market Days immediately prior to the resale provided that:-

    (i) The resale takes place no earlier than thirty (30) days from the date of purchase; and

    (ii) The resale price is not less than the cost of purchase of the Shares being resold.

The Proposed Share Buy-Back will allow the Directors to purchase Shares at any time within the abovementioned time period using the funds of the Group. The aforesaid funds will be financed from both internally generated funds of the Group and/ or external borrowings, the portion of which to be utilised will depend on the actual number of Shares to be purchased, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed Share Buy-Back, the Group will experience a decline in its net cash flow to the extent of the interest costs associated with such borrowings but the Board does not foresee any difficulty in repayment of borrowings, if any, which is used for the Proposed Share Buy-Back. Based on the audited consolidated financial statements as of December 31, 2006, the Group has a cash and cash equivalent balance of RM166,962,079.

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

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

As of March 30, 2007, the Record of Depositors of the Company showed that 239,152,500 Shares representing approximately 63.96% of the issued and paid-up share capital were held by 3,146 public shareholders holding not less than 100 Shares. The Board undertakes that the Proposed Share Buy-Back will be conducted in accordance with laws prevailing at the time of the purchase including compliance with the twenty-five percent (25%) public spread as required by the Listing Requirements and ensuring that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements.

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

	Before the Proposed Share Buy-Back	After the Proposed Share Buy-Back
Public shareholding spread	[a] 63.96%	[b] 59.95%

Notes:-

[a] As of March 30, 2007.

[b] Based on the assumption that the Proposed Share Buy-Back involves the aggregate purchase of 37,394,080 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 30, 2007, assuming no additional exercise of ESOS options prior to the implementation of the Proposed Share Buy-Back) and the number of Shares held by the Directors of the Group, the major shareholders of the Company and persons connected with them remain unchanged.

3. Rationale for the Proposed Share Buy-Back

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

(a) To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;

(b) To allow the Company flexibility in achieving the desired capital structure, in terms of the debts and equity composition, and the size of equity;

(c) When the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net EPS of the Company and the Group will increase; and

(d) The purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital appreciation on the Shares.

3. Rationale for the Proposed Share Buy-Back (cont'd)

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

(a) The Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the Group forgoing better investment opportunities that may emerge in the future; and

(b) As the Proposed Share Buy-Back can only be made out of retained profits and share premium accounts of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

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

4. Effects of Proposed Share Buy-Back

Assuming that the Company purchases up to 37,394,080 UCHI Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 30, 2007 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Share Buy-Back on the share capital, earnings, directors and major shareholders' interests and net assets as well as the implication relating to the Code are as set out below:

4.1. Share Capital

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

4.2. Earnings

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

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

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

4.3. Directors' and Major Shareholders' Interests

The effects of the Proposed Share Buy-Back on the substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' shareholdings respectively as of March 30, 2007 are as follows:

	Before Proposed Share Buy-Back				After Proposed Share Buy-Back[c]			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Director and Major Shareholder								
Kao, De-Tsan also known as Ted Kao	–	–	[a]91,263,660	24.40	–	–	[a]91,263,660	27.12
Directors								
Kao, Te-Pei also known as Edward Kao	150,000	0.04	[b]13,172,710	3.52	150,000	0.04	[b]13,172,710	3.91
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	0.03	–	–	117,705	0.03	–	–
Huang, Teng-Yen	84,700	0.02	–	–	84,700	0.03	–	–
Kao Wang, Ying-Ying (Alternate Director to Huang, Teng-Yen)	2,779,700	0.74	–	–	2,779,700	0.83	–	–
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–	–	–	–	–
Major Shareholders								
Eastbow	91,263,660	24.40	–	–	91,263,660	27.12	–	–
Government of Singapore Investment Corporation Pte Ltd	19,921,900	5.33	–	–	19,921,900	5.92		

Notes:

(a) By virtue of his substantial interest in Eastbow International Limited ("Eastbow").
(b) By virtue of his substantial interest in Ironbridge Worldwide Limited.
(c) Assuming that the maximum number of Shares (up to ten per centum (10%) of issued and paid-up share capital) authorized under the Proposed Share Buy-Back are purchased and cancelled.

4.4. Net Assets

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

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

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

4.4. Net Assets (cont'd)

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

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

5. Share Prices

The monthly highest and lowest prices of UCHI Shares traded on Bursa Securities for the last twelve (12) months from April 2006 to March 2007 are as follows:

	Highest (RM)	**Lowest (RM)**
Year 2006:-		
April	3.32	3.14
May	3.42	3.16
June	3.38	3.20
July	3.30	3.20
August	3.30	3.12
September	3.20	3.10
October	3.18	3.08
November	3.42	3.14
December	3.38	3.10
Year 2007:-		
January	3.38	3.06
February	3.32	2.98
March	3.26	3.04

6. Purchases and Re-sale Made In The Previous Twelve (12) Months

There were no share buy back transactions and resale of treasury shares during the previous twelve (12) months.

7. Directors and Substantial Shareholders' Interest

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

8. Directors' Recommendation

The Board, having taken into consideration the rationale for the Proposed Share Buy-Back, is of the opinion that Proposed Share Buy-Back is in the best interest of the Company. Accordingly, your Board after taking into consideration the rationale for the Proposed Share Buy-Back, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the AGM to be convened.

9. Malaysian Code of Take-Overs and Mergers, 1998 ("Code")

The Proposed Share Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and / or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under Practice Notes 2.7 and 2.9 of the Code.

10. Disclamer Statement By Bursa Securities

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

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
Dr. Heinrich Komesker
(appointed on January 1, 2007)

Non-Independent Non-Executive Director
Huang, Teng-Yen
Kao Wang, Ying-Ying
(redesignated as Alternate Director to Huang, Teng-Yen on January 1, 2007)

Audit Committee

Chairman
Dato' Hong Tok Hiang @ Fang Chok Seong

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

Company Secretaries

Tan Choong Khiang
MAICSA 7018448

Ow Chooi Khim
MIA 12616

Registered Office

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

Principal Bankers

HSBC Bank Malaysia Berhad
CIMB Bank Berhad
(formerly known as Southern Bank Berhad)
EON Bank Berhad

Auditors

Deloitte KassimChan
Chartered Accountant
4th Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Tel : 04-2288255
Fax : 04-2288355

Principal Solicitors

Ong & Maneckshа
Advocates and Solicitors
Suite 503, 5th Floor
Penang Plaza, Jalan Burma
10050 Penang
Tel : 04-2275811
Fax : 04-2265366

Registrar

PFA Registration Services Sdn. Bhd.
Level 13, Uptown 1
No. 1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-77254888, 77258046
Fax : 03-77222311

Stock Exchange Listing

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

CORPORATE INFORMATION

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

Aged 49, 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 47, 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 76, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad on March 28, 2000 as Non-Executive Director. He was appointed to be a member of the Nomination Committee and Remuneration Committee with effective from March 1, 2007.

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.

DR. HEINRICH KOMESKER

Aged 55, German, was appointed to the Board of Uchi Technologies Berhad on January 1, 2007 as Independent Non-Executive Director.

He graduated from Technische Universitat Carolo-Wilhelmina of Braunschweig, Germany and he is a PhD holder. He is currently the Chief Technology Officer of JK-Holding GmbH, a position he held since 2003. JK-Holding GmbH is a German company and one of the market leaders for professional tanning and wellness equipment with plants in Germany and USA.

He started his professional career as an assistant at the institute of precision engineering, measurement and control engineering at the Technical University of Braunschweig, Germany. In 1982, he shifted to Vorwerk and worked for new technology in the vacuum cleaner division in the Research and Development ("R&D") department. Dr. Komesker worked as a R&D Manager for Krups Company from 1985 to 1991 and was promoted as the Division Manager for Health and Care Products when Moulinex Group took over Krups in 1991. In mid 1992, he became the Director of the International Research Centre of Moulinex Group in Caen, France. In 1995, he became the Manager of the R&D center of microwave, cleaning and cooking appliances in Moulinex Group. From 1997, he managed the development of Espresso and Fullautmatic coffee machines for Moulinex Group in Switzerland, Germany and France. He moved to Bosch-Siemens Group as Director for the cleaning division in 1999. He became the Technical Director of the Consumer Products Division with plants and competence-centres in Germany, Slovenia and Spain in 2002. He does not hold directorship in any other company.

NG HAI SUAN @ OOI HOAY SENG

Aged 66, 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 and a public limited company listed on Bursa Securities.

DATO' HONG TOK HIANG @ FANG CHOK SEONG

Aged 70, 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 and a public limited company listed on Bursa Securities.

KAO WANG, YING-YING

Aged 54, 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 and reappointed as Non-Executive Director. On January 1, 2007, she resigned as Non-Executive Director and redesignated as Alternate Director to Mr. Huang Teng-Yen.

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.

Note:
Mr. Ted Kao and Mr. Edward Kao are brothers. Madam Kao Wang, Ying-Ying is the wife of Mr. Ted Kao. 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.

UCHI

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

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

100%
UCHI OPTOELECTRONIC
(M) SDN BHD

100%
UCHI ELECTRONIC
(M) SDN BHD

100%
UCHI INDUSTRIES
(M) SDN BHD

CORPORATE STRUCTURE

Year ended December 31	2002 RM		2003 RM		2004 RM	2005 RM	2006 RM	
Revenue	114,847,193		120,658,775		115,351,661	131,884,418	**153,196,702**	
Profit before taxation	54,667,732		60,983,313		64,537,186	74,871,984	**85,457,981**	
Profit after taxation	49,055,113		58,571,837		62,759,124	73,578,002	**83,887,629**	
Dividends declared and paid in respect of financial year ended:								
Gross of ordinary share of RM1.00 each (Sen)	44		32		not applicable	not applicable	**not applicable**	
Gross of ordinary share of RM0.20 each (Sen)	not applicable		7		26	20	**10**	
Amount Paid (net of tax)	27,390,621		45,344,496		87,312,611	71,477,498	**36,384,443**	
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	**17**	
Amount Payable (net of tax)	not applicable		not applicable		not applicable	not applicable	**61,550,656**	1)
Total Amount Paid and Payable (net of tax)	27,390,621		45,344,496		87,312,611	71,477,498	**97,935,099**	2)
Total Assets Employed	176,930,101		220,941,052		244,140,445	236,044,791	**254,239,321**	
Shareholders' equity	147,287,880		176,118,649		177,124,953	177,847,733	**192,772,458**	
Net assets	147,287,880		176,118,649		177,124,953	177,847,733	**192,772,458**	
Number of ordinary shares issued & fully paid as of December 31	64,446,600 of RM1.00 each		72,455,560 of RM1.00 each		366,813,800 of RM0.20 each	372,360,800 of RM0.20 each	**373,940,800 of RM0.20 each**	
Proforma weighted average number of shares	347,696,925	3)	357,550,895	3)	363,439,770	368,363,416	**373,308,044**	
Net Earnings Per Share (Sen)	14.11	3)	16.38	3)	17.27	19.97	**22.47**	
Return on Equity	33.3%		33.3%		35.4%	41.4%	**43.5%**	

1) Represents approximation of dividend payable based on all ordinary shares in issue as of February 28, 2007. Actual amount of dividend payable shall be determined at the close of business on June 29, 2007 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

2) Summation of dividend paid and dividend proposed[1)]

3) Restated to reflect the followings:

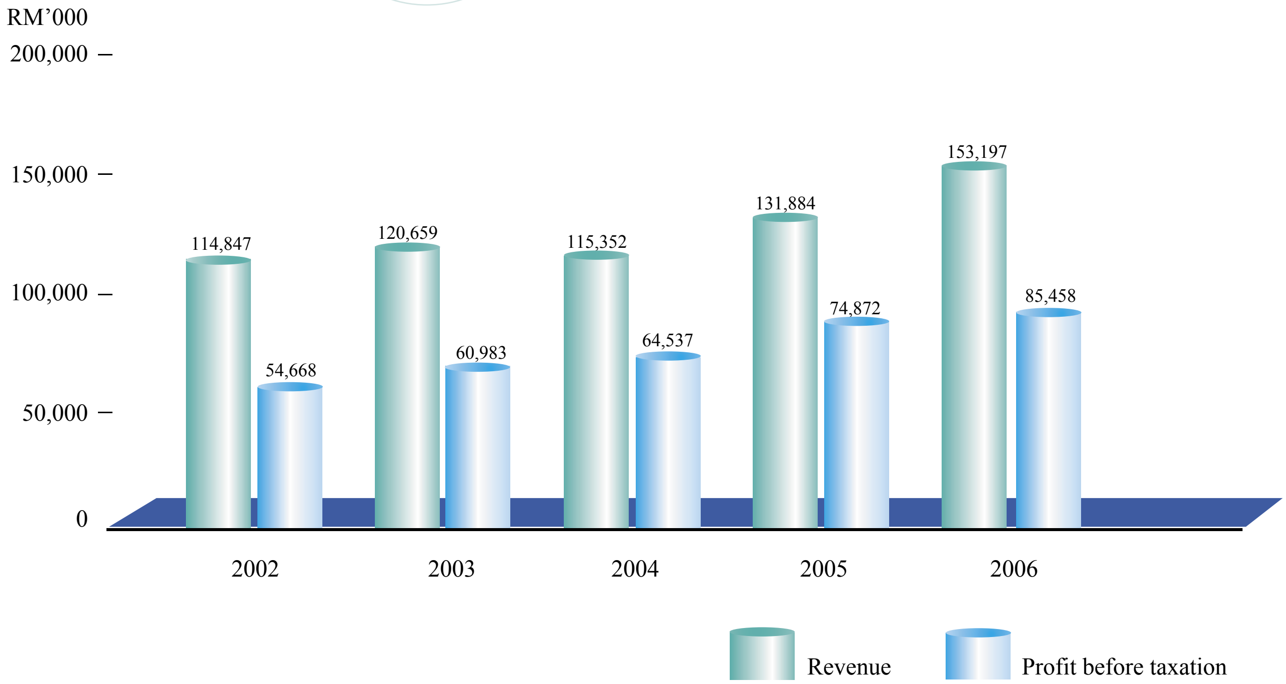
a. bonus issue of 4,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 each for every ten (10) existing ordinary shares of RM1.00 each held, completed in financial year ended 2001.

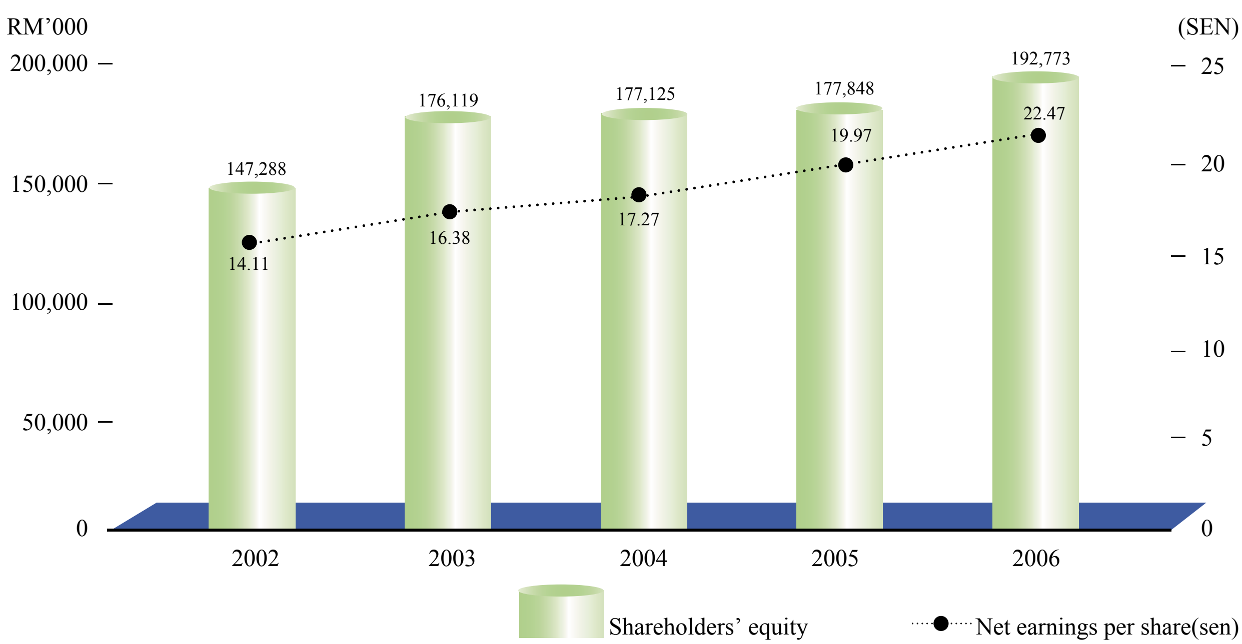
b. bonus issue of 17,847,600 new ordinary shares of RM1.00 each on the basis of two (2) new ordinary shares of RM1.00 each for every five (5) existing ordinary shares of RM1.00 each held, completed in the financial year ended 2002.

c. bonus issue of 6,500,960 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 each for every ten (10) existing 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 ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1.00 each held, completed in financial year ended 2004.

FINANCIAL HIGHLIGHTS





I am pleased to announce that the revenue of the Group had grown by 16% over the previous year to RM153.1 million and the Group's profit before tax had grown by 14% over previous year to RM85.4 million. The improvement was mainly due to the increase in demand for our products and services.

With effect from January 1, 2006, the Group adopted Financial Reporting Standards 2 (FRS 2), Share-Based Payment, which requires all companies to measure compensation costs for all share-based payments, including employee share option, at fair value and recognize such costs in the Income Statement. An amount of RM692,256 was expensed off for the current financial year. This caused a 0.19 Sen downward impact on earnings per share for the year under review to arrive at 22.47 Sen (2005: 19.97 Sen).

Shareholders' fund stood at RM192.8 million as of December 31, 2006 (2005: RM177.8 million).

The Group invested approximately RM4.5 million in capital expenditures for the year under review, mainly for the acquisition of leasehold land in China.

The Group generated RM75.5 million net cash at operating level and with the substantial dividends pay out of RM71.5 million for financial year ended 2006 (2005: RM87.3 million), the Group closed year 2006 with a cash balance of RM168.0 million.

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)	2
Special II (tax exempt)	9
Total	**17**

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

The above proposed dividends together with the following interim dividend and special dividends paid on January 18, 2007 will result in a total gross dividend of 27 Sen per share of RM0.20 each and a total net dividend paid and payable of approximately RM97.9 million for the year under review:

Type of Dividend	Gross dividend per share of RM0.20 each
	Sen
Interim (tax exempt)	6
Special I (less income tax)	1
Special II (tax exempt)	3
Total	10

Mechatronic Development Division

The Group has over 40 staff members in Mechatronic Development Division (MDD) specializing in software programming, hardware design, system construction and basic research.

Mechatronic development is the soul of our business model. MDD is committed to provide our customers ongoing stream of product innovations. Our product innovations together with customers' expertise and marketing innovations, we endeavour to stimulate buyers' interest, rejuvenating industry growth and widen products differentiation.

The Group will continuously invest in development of intellectual property. For the year under review, the Group invested approximately RM4.2 million in MDD activities on 30 projects with a remarkable zero failure.

Expansion Plan

The Group's expansion plan at Dongguan City, Guangdong, People's Republic of China, mentioned in last year's Chairman Statement is in progress.

The Group has revised the budget for the expansion plan to USD3.5 million, of which, approximately USD1 million has been accounted for in the financial year 2006. Uchi Technologies (Dongguan) Co., Ltd. should commenced operation at the new site in the first quarter of 2008.

The new plant shall serve as another mechatronic development and operation centre. Apart from catering for the increasing manufacturing and technical needs of our customers, we hope to create a healthy competition between the operations in Malaysia and China to bring the overall efficiency and effectiveness of the Group to a greater height.

Year	Overall Rank	Grouping Rank (Information, Communication & Technology)	Economic Profit (RM Million)	Economic Profit/Invested Capital
2002	2	1	39.9	30.3%
2003	2	1	49.2	30.2%
2004	3	2	48.9	27.6%
2005	3	1	62.1	34.9%

Source: The Edge

Recognition

Uchitec was awarded the highest rank in the Information, Communication & Technology sector in the KPMG/ The Edge Shareholder Value Awards 2005 announced on September 25, 2006.

For four consecutive years since 2002, Uchitec was ranked among the top three out of the top 75 listed companies on Bursa Malaysia Securities Berhad. These awards recognize the Company's continuous effort in maximizing the wealth of shareholders using economic profit as a percentage of invested capital.

RECOGNITION

On October 30, 2006, Uchitec was awarded one of the winner of the Forbes Asia's 200 Best Under a Billion who recognizes the most dynamic publicly traded firms in Asia with sales of under a billion U.S. dollar with track records of sustained growth and profitability.

Commitment to Staff

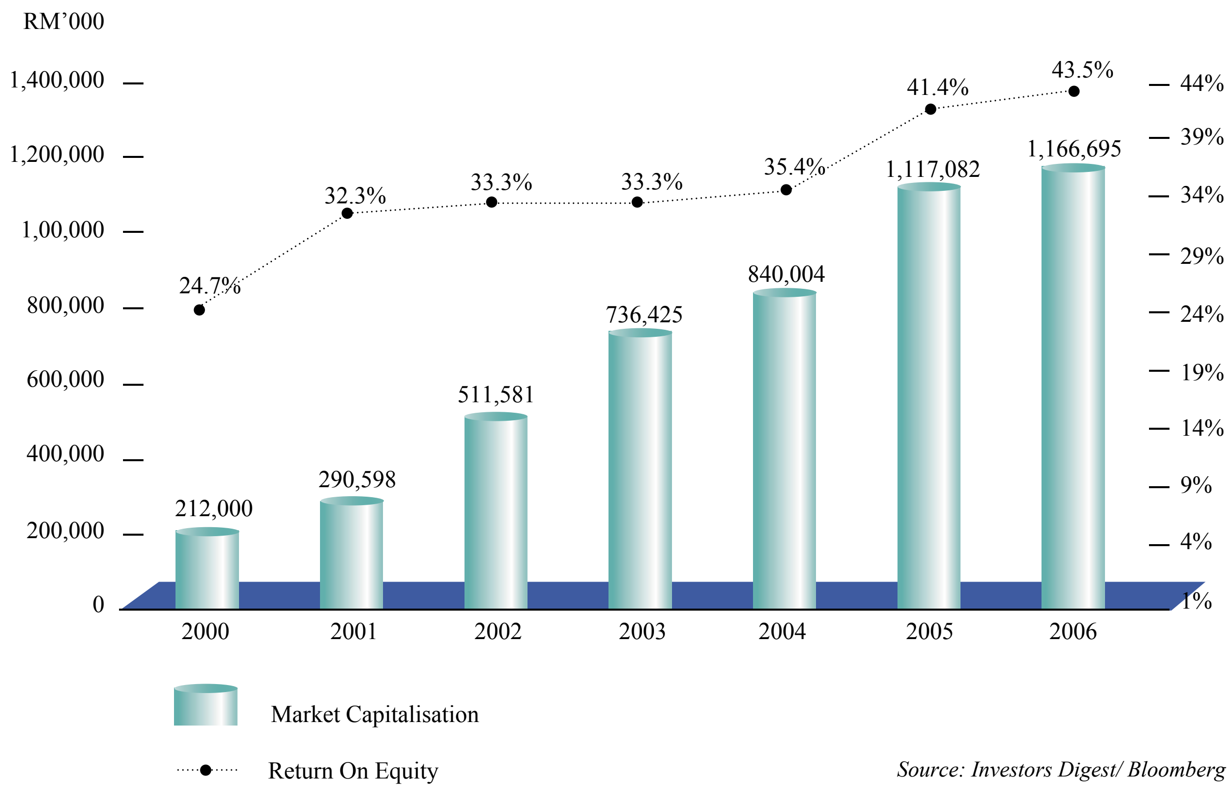
During the year under review, Uchitec granted Share Option of 322,000 ordinary shares of RM0.20 each under "Uchi Technologies Berhad Employee Share Option Scheme" (ESOS), to eligible employee in recognition of the employees' contribution towards the business of the Group. This scheme encourages employees' participation in the Company's equity and motivates employees towards better performance through greater productivity and loyalty.

Upon expiration of the ESOS on August 7, 2006 and in continue recognition of employees' contribution, a new employee share option scheme ("new ESOS") was launched on August 8, 2006. The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the new ESOS shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company during the duration of the new ESOS. Uchitec granted Share Options of 19,789,500 ordinary shares of RM0.20 each under the new ESOS, to eligible employee during the year, representing 5.3% of the enlarged share capital on December 31, 2006 at 373,940,800 shares of RM0.20 each.

COMMITMENT
TO STAFF

Market Capitalisation

The Group is fundamentally healthy with improving financial performance and healthy cash position. The Group recorded a year-on-year improving return on equity per annum of above 33% over 5 years commencing year 2002.



Source: Investors Digest/ Bloomberg

MARKET CAPITALISATION

MOVING FORWARD

Moving Forward

Barring any unforeseen circumstances, we remain confident about the Group's performance in future and expect its revenue to grow in year 2007.

Apart from the expansion plan for the new MDD center and manufacturing plant in China, the Group budgeted approximately RM5 million for capital expenditure and approximately 7% of the total revenue for research and development activities.

We shall persevere with our positioning as a neutral technical solution provider to all potential customers. We are actively pursuing business opportunities generated by technological changes in the industries.

ACKNOWLEDGEMENT

Acknowledgement

It gives me a great pleasure and honor to welcome Dr. Komesker to our Board of Directors.

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.

Thank you.

Kao, De-Tsan also known as **Ted Kao**
Chairman

March 28, 2007
Penang

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; and
- Overseeing the conduct of the Group's businesses and evaluate whether the businesses are being properly managed; and
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks; and
- To conduct and review succession planning, including appointing, training, evaluating, fixing the compensation of and where appropriate, replacing senior management; and
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and the 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, three (3) 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 14 & 15 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 papers for each meeting are circulated at least one week in advance before each meeting to the Board members. It has a formal schedule of matters reserve to it, which includes strategy and policy issues, major investments, financial decisions and the annual plan. The Board and its committees are supplied with all necessary information to enable them to discharge their responsibilities efficiently and effectively.

All decisions of the Board were duly recorded in the Board's minutes. The Board met seven times in this financial year. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2006 are as follows:

No.	Director	Year 2006 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2006 to 31/12/2006	7	7
2.	Kao, Te-Pei also known as Edward Kao	1/1/2006 to 31/12/2006	7	7
3.	Huang, Teng-Yen	1/1/2006 to 31/12/2006	7	6
4.	Dato' Hong Tok Hiang @ Fang Chok Seong	1/1/2006 to 31/12/2006	7	7
5.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2006 to 31/12/2006	7	7
6.	Kao Wang, Ying-Ying	1/1/2006 to 31/12/2006	7	7
7.	Chang, Shin-Fang (Alternate Director to Huang, Teng-Yen)	1/1/2006 to 31/12/2006	7	3

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 in 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

Existing members appointed prior to January 1, 2007 have completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia, an affiliate company of the Bursa Securities and attended various training programmes under the Continuing Education Programmes (CEP) for Directors in compliance with the requirements of Bursa Securities. Dr. Heinrich Komesker was appointed to the Board on January 1, 2007 and approval has been granted by Bursa Securities to Dr. Heinrich Komesker to complete the MAP by June 6, 2007.

The training programmes and seminars attended by Members of the Board in 2006 are, inter-alia, on areas relating to operational management, corporate governance, risk management, and financial reporting. All Directors will continue to attend such further training as may be required from time to time to keep abreast with developments in the industry as well as the current changes in laws and regulations.

Appointments of the Board

The appointment of any additional Directors is made as and when it is deemed necessary by the Board, with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee, details of which are set out on pages 34 & 35 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 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.

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 29 to 31 of this annual report.

ii. The Remuneration Committee

The composition and terms of reference of this Committee are presented on pages 36 to 37 of this annual report.

iii. The Nomination Committee

The composition and terms of reference of this Committee are presented on pages 34 to 35 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 7, 2006 and was empowered to act, execute, enter into any transaction pertaining thereto for and on behalf of the Company in such manner deemed fit by it and in accordance with the Bye-Laws of ESOS, regulations and guidelines in force from time to time.

During the financial year ended December 31, 2006, the Company granted Share Options of 20,111,500 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2006, balance number of Share Option available for allotment was 19,789,500 Ordinary Shares of RM0.20 each.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the financial year ended December 31, 2006, 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, 2006 are as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Equity-settled Share-based Payment (RM)	Total (RM)
Executive Directors	131,400	1,755,520	60,000	135,909	2,082,829
Non-Executive Directors	285,800	–	–	104,545	390,345
Total	**417,200**	**1,755,520**	**60,000**	**240,454**	**2,473,174**

Range of Aggregate Remuneration	Executive	Non-Executive
RM50,001 to RM100,000	–	2
RM100,001 to RM150,000	–	2
RM1,050,001 to RM1,100,000	2	–

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 had 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 shareholders. At each AGM, the Board presented the progress and performance of the Group and encourages shareholders to participate in the "Questions and Answers" session. All Directors were 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 in 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 audited financial statements for the year ended December 31, 2006 on March 1, 2007.

Internal Control

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

The Group has in place an on-going process 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 32 & 33 of this annual report.

D. ACCOUNTABILITY AND AUDIT (cont'd)

Relationship with the Auditor

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

The role of Audit Committee in relation to the external auditors is described on pages 29 to 31 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 did not undertake any share buybacks during the financial year ended December 31, 2006.

Options, Warrants or Convertible Securities

A total of 1,580,000 ordinary shares of RM 0.20 each 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, 2006, 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, 2006.

Non-Audit Fee

The total amount of non-audit fee paid and payable to the external auditor and a firm of accountant for internal audit by the Group for the year ended December 31, 2006 amounted to RM67,900.

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, 2006.

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 58 of this annual report.

The collective approval by the Board on this Statement was tabled on March 28, 2007.

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

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2006.

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
Independent Non-Executive Director

Members : Ng Hai Suan @ Ooi Hoay Seng
CA(M), CPA(M)
Senior Independent Non-Executive Director

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 Listing Requirements of Bursa Malaysia Securities Berhad.

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 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.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings which in any event shall not be less than four (4) times a year.

The quorum shall consist of two (2) members of whom the majority of members present must be independent directors.

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 following:

- 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 Group;
- to review the allocation of options during the year under the "Uchi Technologies Berhad Employee Share Option Scheme" (ESOS) to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS;
- 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.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2006, the Committee met six 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, 2006 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, 2006 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; and
- Reviewed the allocation of options during the year under the "Uchi Technologies Berhad Employee Share Option Scheme" (ESOS) to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS

Dato' Hong Tok Hiang @ Fang Chok Seong
Chairman of Audit Committee

March 28, 2007
Penang

STATEMENT ON 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

The Board outsourced its internal audit functions to a professional services firm to assist the Audit Committee in discharging its duties and responsibilities.

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;
- 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 and presented to the Audit Committee. The Management is responsible for ensuring that a written reply on action plan is sent to the Internal Auditors and corrective actions are taken.

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, 2007.

NOMINATION COMMITTEE REPORT

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

Members : Dato' Hong Tok Hiang @ Fang Chok Seong
Independent Non-Executive Director

Huang, Teng-Yen
Non-Executive Director
(appointed on March 1, 2007)

Kao Wang, Ying-Ying
Non-Executive Director
(resigned on March 1, 2007)

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 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 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 the Committee members prior to each meeting.

6. Reporting

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, 2006 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
Chairman of Nomination Committee

Penang
Date: March 28, 2007

REMUNERATION COMMITTEE

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 *Independent Non-Executive Director*
		Kao, Te-Pei also known as Edward Kao *Managing Director*
		Huang, Teng-Yen *Non-Executive Director* (appointed on March 1, 2007)
		Kao Wang, Ying-Ying *Non-Executive Director* (resigned on March 1, 2007)

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 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 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 Chairman, 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 the 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 members. The Chairman of the Committee shall report to the Board after each Remuneration Committee meeting.

SUMMARY OF ACTIVITIES

The Committee met four times during the financial year ended December 31, 2006 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, 2006 is summarized on Page 26 of this annual report.

Ng Hai Suan @ Ooi Hoay Seng
Chairman of Remuneration Committee

Penang
Date: March 28, 2007

FINANCIAL STATEMENTS

ISO 9001 QUALITY POLICY

Exceed Customers' Expectations
Through Continuous Improvement

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

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

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

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, 2006.

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.

RESULTS OF OPERATIONS

	The Group	**The Company**
	RM	**RM**
Profit for the year	**83,887,629**	**75,521,792**

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 other than the changes in accounting policies as disclosed in Notes 3 and 28 to the financial statements.

DIVIDENDS

An interim dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM22,341,648, a special interim dividend I of 2 sen gross per ordinary share of RM0.20 each, less tax, amounting to RM5,361,997 and a special interim dividend II of 2 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM7,447,216 in respect of the financial year ended December 31, 2005 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 6 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM22,423,848, a special dividend I of 1 sen gross per ordinary share of RM0.20 each, less tax, amounting to RM2,690,865 and a special dividend II of 3 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM11,211,924, in respect of the financial year ended December 31, 2005 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 RM22,436,448, a special interim dividend I of 1 sen gross per ordinary share of RM0.20 each, less tax, amounting to RM2,729,771 and a special interim dividend II of 3 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM11,218,224, in respect of the current financial year. The interim dividends had been paid in January 2007.

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, a special final dividend I of 2 sen gross per ordinary share of RM0.20 each, less tax and a special final dividend II of 9 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 RM61,550,656 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM74,472,160 divided into 372,360,800 ordinary shares of RM0.20 each to RM74,788,160 divided into 373,940,800 ordinary shares of RM0.20 each by way of issuance of 1,580,000 new ordinary shares of RM0.20 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at exercise prices ranging from RM0.68 to RM3.14 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM2,872,290 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

The Company implemented an ESOS on August 8, 2001 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on May 28, 2001. This ESOS has expired on August 7, 2006.

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006.

Details of the ESOS are set out in Note 18 to the financial statements.

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 1,200,000. The name of option holder granted options to subscribe for 1,200,000 or more ordinary shares of RM0.20 each during the financial year is as follows:

	No. of options over ordinary shares				
Name of grantee	**Exercisable from**	**Exercise price per ordinary share**	**Granted**	**Exercised**	**Balance as of 31.12.2006**
		RM			
Ow Chooi Khim	August 10, 2006	3.28	1,200,000	–	1,200,000

Details of options granted to directors are disclosed in the Section on Directors' Interest in this report.

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	
Huang, Teng-Yen	
Dr. Heinrich Komesker	(Appointed on January 1, 2007)
Ng Hai Suan @ Ooi Hoay Seng	
Dato' Hong Tok Hiang @ Fang Chok Seong	
Kao Wang, Ying-Ying (Alternate to Huang, Teng-Yen)	(Redesignated to alternate director on January 1, 2007)
Chang, Shin-Fang (Alternate to Huang, Teng-Yen)	(Resigned on January 1, 2007)

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 RM0.20 each			
	Balance as of 1.1.2006	**Bought**	**Sold**	**Balance as of 31.12.2006**
Direct interest:				
Kao, Te-Pei also known as Edward Kao	–	150,000	–	150,000
Huang, Teng-Yen	84,700	–	–	84,700
Ng Hai Suan @ Ooi Hoay Seng	500,000	–	(500,000)	–
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	–	–	117,705
Kao Wang, Ying-Ying	2,779,700	–	–	2,779,700
Chang, Shin-Fang	6,449,350	–	–	6,449,350
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	129,963,660	–	(38,700,000)	91,263,660
Kao, Te-Pei also known as Edward Kao	13,172,100	–	–	13,172,710
Ng Hai Suan @ Ooi Hoay Seng	1,500,000	–	(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:

	No. of options over ordinary shares			
	Balance as of 1.1.2006	**Granted**	**Expired**	**Balance as of 31.12.2006**
Kao, De-Tsan also known as Ted Kao	–	1,950,000	–	1,950,000
Kao, Te-Pei also known as Edward Kao	500	1,950,000	(500)	1,950,000
Huang, Teng-Yen	–	500,000	–	500,000
Ng Hai Suan @ Ooi Hoay Seng	–	1,000,000	–	1,000,000
Dato' Hong Tok Hiang @ Fang Chok Seong	–	1,000,000	–	1,000,000
Kao Wang, Ying-Ying	–	500,000	–	500,000

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to 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, 2007

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, 2006 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. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 MASB approved accounting standards for Entities Other than Private Entities 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, 2006 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 of which we have acted as auditors 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' reports 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
2225/04/08(J)
Partner

Penang,
March 1, 2007

	Note	The Group 2006	The Group 2005	The Company 2006	The Company 2005
		RM	**RM**	**RM**	**RM**
Revenue	5	**153,196,702**	131,884,418	**81,180,000**	70,030,000
Investment revenue		**5,442,749**	5,356,490	**1,773,472**	2,803,859
Other gains and losses		**911,172**	(172,007)	**–**	–
Raw materials used		**(55,084,750)**	(44,324,233)	**–**	–
Changes in inventories of finished goods and work-in-progress		**3,807,687**	2,326,144	**–**	–
Employee benefits expense	6	**(13,072,253)**	(11,631,100)	**(3,346,538)**	(2,685,435)
Depreciation of property, plant and equipment		**(1,491,305)**	(1,470,938)	**(70,071)**	(19,543)
Other expenses		**(8,252,021)**	(7,096,026)	**(754,776)**	(627,630)
Impairment loss of investment in a subsidiary company		**–**	–	**(432,000)**	(3,988,800)
Finance costs		**–**	(764)	**–**	–
Profit before tax	7	**85,457,981**	74,871,984	**78,350,087**	65,512,451
Income tax expense	8	**(1,570,352)**	(1,293,982)	**(2,828,295)**	(2,739,968)
Profit for the year		**83,887,629**	73,578,002	**75,521,792**	62,772,483
Earnings per share					
Basic	9	**22.47 sen**	19.97 sen		
Diluted	9	**22.47 sen**	19.95 sen		

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

BALANCE SHEETS

AS OF DECEMBER 31, 2006

	Note	The Group 2006	The Group 2005	The Company 2006	The Company 2005
		RM	RM	**RM**	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**22,741,139**	19,890,911	**401,386**	129,180
Investment in subsidiary companies	11	**–**	–	**35,916,391**	32,525,558
Other investments	12	**12,396,451**	13,345,390	**–**	–
Deferred tax assets	13	**298,000**	862,000	**30,000**	60,000
Total non-current assets		**35,435,590**	34,098,301	**36,347,777**	32,714,738
CURRENT ASSETS					
Inventories	14	**27,076,962**	19,958,710	**–**	–
Trade and other receivables	15	**19,793,027**	21,012,967	**97,636,917**	55,922,874
Other assets	16	**705,846**	1,342,466	**16,601**	3,050
Current tax assets		**3,058,384**	1,461,647	**481,835**	166,664
Short-term deposits	17	**167,019,885**	157,066,262	**39,001,578**	76,509,264
Cash and bank balances		**1,149,627**	1,104,438	**49,716**	60,222
Total current assets		**218,803,731**	201,946,490	**137,186,647**	132,662,074
Total assets		**254,239,321**	236,044,791	**173,534,424**	165,376,812
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	**74,788,160**	74,472,160	**74,788,160**	74,472,160
Reserves	19	**24,395,314**	21,042,907	**29,142,138**	25,577,592
Retained earnings	20	**93,588,984**	82,332,666	**31,930,846**	29,120,134
Total equity		**192,772,458**	177,847,733	**135,861,144**	129,169,886
Non-Current Liabilities					
Deferred tax liabilities	13	**1,333,926**	1,364,948	**–**	–
Current liabilities					
Trade and other payables	21	**20,639,550**	17,529,394	**1,252,657**	1,031,452
Provision for rework and warranty	22	**3,000,000**	4,000,000	**–**	–
Dividend payable		**36,420,623**	35,175,474	**36,420,623**	35,175,474
Bank overdraft	23	**72,764**	99,532	**–**	–
Current tax liabilities		**–**	27,710	**–**	–
Total current liabilities		**60,132,937**	56,832,110	**37,673,280**	36,206,926
Total liabilities		**61,466,863**	58,197,058	**37,673,280**	36,206,926
Total equity and liabilities		**254,239,321**	236,044,791	**173,534,424**	165,376,812

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

The Group

	Share Capital	Share Premium	Revaluation/ Translation/ Merger Reserve*	Share Option Reserve	Retained Earnings	Total
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as of January 1, 2005						
As previously stated	73,362,760	13,949,916	(15,816,475)	–	105,628,752	177,124,953
Changes in accounting policies (Note 28)	–	–	18,067,867	–	(18,067,867)	–
As restated	73,362,760	13,949,916	2,251,392	-	87,560,885	177,124,953
Exchange difference on translation of net investment in a foreign subsidiary company	–	–	71,338	–	–	71,338
Transfer of revaluation surplus	–	–	(79,769)	–	79,769	–
Net income recognised directly in equity	–	–	(8,431)	–	79,769	71,338
Profit for the year	–	–	–	–	73,578,002	73,578,002
Total recognised income and expense	–	–	(8,431)	–	73,657,771	73,649,340
Allotment of 5,547,000 new ordinary shares of RM0.20 each at RM0.68 to RM2.79 per share pursuant to the ESOS	1,109,400	4,850,030	–	–	–	5,959,430
Dividends (Note 24)	–	–	–	–	(78,885,990)	(78,885,990)
Balance as of December 31, 2005						
As previously stated	74,472,160	18,799,946	(15,824,906)	–	100,400,533	177,847,733
Changes in accounting policies (Note 28)	–	–	18,067,867	–	(18,067,867)	–
As restated	74,472,160	18,799,946	2,242,961	–	82,332,666	177,847,733

(FORWARD)

The Group

	Share Capital	Share Premium	Revaluation/ Translation/ Merger Reserve*	Share Option Reserve	Retained Earnings	Total
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as of January 1, 2006 (As restated)	74,472,160	18,799,946	2,242,961	–	82,332,666	177,847,733
Exchange difference on translation of net investment in a foreign subsidiary company	–	–	(132,370)	–	–	(132,370)
Transfer of revaluation surplus	–	–	(79,769)	–	79,769	–
Net income recognised directly in equity	–	–	(212,139)	–	79,769	(132,370)
Profit for the year	–	–	–	–	83,887,629	83,887,629
Total recognised income and expense	–	–	(212,139)	–	83,967,398	83,755,259
Allotment of 1,580,000 new ordinary shares of RM0.20 each at RM0.68 to RM3.14 per share pursuant to the ESOS	316,000	2,872,290	–	–	–	3,188,290
Recognition of share-based payments	–	–	–	692,256	–	692,256
Dividends (Note 24)	–	–	–	–	(72,711,080)	(72,711,080)
Balance as of December 31, 2006	**74,788,160**	**21,672,236**	**2,030,822**	**692,256**	**93,588,984**	**192,772,458**

(FORWARD)

The Group

* An analysis of the movement of these reserves is shown below:

	Revaluation Reserve	Translation reserve	Merger Deficit	Total
	RM	RM	RM	RM
Balance as of January 1, 2005				
As previously stated	2,337,905	(86,513)	(18,067,867)	(15,816,475)
Changes in accounting policies (Note 28)	–	–	18,067,867	18,067,867
As restated	2,337,905	(86,513)	–	2,251,392
Exchange difference on translation of net investment in a foreign subsidiary company	–	71,338	–	71,338
Transfer of revaluation surplus	(79,769)	–	–	(79,769)
Net income recognised directly in equity	(79,769)	71,338	–	(8,431)
Balance as of December 31, 2005				
As previously stated	2,258,136	(15,175)	(18,067,867)	(15,824,906)
Changes in accounting policies (Note 28)	–	–	18,067,867	18,067,867
As restated	2,258,136	(15,175)	–	2,242,961
Balance as of January 1, 2006 (As restated)	2,258,136	(15,175)	–	2,242,961
Exchange difference on translation of net investment in a foreign subsidiary company	–	(132,370)	–	(132,370)
Transfer of revaluation surplus	(79,769)	–	–	(79,769)
Net income recognised directly in equity	(79,769)	(132,370)	–	(212,139)
Balance as of December 31, 2006	2,178,367	(147,545)	–	2,030,822

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

The Company

	Share Capital	Share Premium	Merger Reserve	Share Option Reserve	Retained Earnings	Total
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as of January 1, 2005						
As previously stated	73,362,760	13,949,916	–	–	45,233,641	132,546,317
Changes in accounting policies (Note 28)	–	–	6,777,646	–	–	6,777,646
As restated	73,362,760	13,949,916	6,777,646	–	45,233,641	139,323,963
Allotment of 5,547,000 new ordinary shares of RM0.20 each at RM0.68 to RM2.79 per share pursuant to the ESOS	1,109,400	4,850,030	–	–	–	5,959,430
Profit for the year, representing total recognised income and expense	–	–	–	–	62,772,483	62,772,483
Dividends (Note 24)	–	–	–	–	(78,885,990)	(78,885,990)
Balance as of December 31, 2005						
As previously stated	74,472,160	18,799,946	–	–	29,120,134	122,392,240
Changes in accounting policies (Note 28)	–	–	6,777,646	–	–	6,777,646
As restated	74,472,160	18,799,946	6,777,646	–	29,120,134	129,169,886
Balance as of January 1, 2006 (As restated)	74,472,160	18,799,946	6,777,646	–	29,120,134	129,169,886
Allotment of 1,580,000 new ordinary shares of RM0.20 each at RM0.68 to RM3.14 per share pursuant to the ESOS	316,000	2,872,290	–	–	–	3,188,290
Profit for the year, representing total recognised income and expense	–	–	–	–	75,521,792	75,521,792
Recognition of share-based payment:						
Recognised in profit or loss	–	–	–	397,737	–	397,737
Included in investment in subsidiary companies	–	–	–	294,519	–	294,519
Dividends (Note 24)	–	–	–	–	(72,711,080)	(72,711,080)
Balance as of December 31, 2006	**74,788,160**	**21,672,236**	**6,777,646**	**692,256**	**31,930,846**	**135,861,144**

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	**83,887,629**	73,578,002	**75,521,792**	62,772,483
Adjustments for:				
Income tax expense	**1,570,352**	1,293,982	**2,828,295**	2,739,968
Depreciation of property, plant and equipment	**1,491,305**	1,470,938	**70,071**	19,543
Provision for rework and warranty	**1,384,512**	300,000	**–**	–
Unrealised loss on foreign exchange	**795,617**	–	**–**	–
Expense recognised in profit or loss in respect of equity-settled share-based payment	**692,256**	–	**397,737**	–
Allowance for diminution in value of other investments	**120,471**	135,290	**–**	–
Interest income	**(4,960,257)**	(4,709,101)	**(1,773,472)**	(2,803,859)
Gain on disposal of other investments	**(970,233)**	(277,690)	**–**	–
Allowance for doubtful debts no longer required	**(600,000)**	–	**–**	–
Gross dividends income	**(482,492)**	(647,389)	**(80,100,000)**	(68,950,000)
Allowance for obsolete inventories no longer required	**(124,291)**	–	**–**	–
Allowance for diminution in value of other investments no longer required	**(67,890)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(39,150)**	(122,374)	**–**	–
Allowance for obsolete inventories	**–**	193,395	**–**	–
Allowance for doubtful debts	**–**	100,000	**–**	–
Interest expenses	**–**	764	**–**	–
Impairment loss of investment in a subsidiary company	**–**	–	**432,000**	3,988,800
	82,697,829	71,315,817	**(2,623,577)**	(2,233,065)
Movement in working capital:				
(Increase)/ decrease in:				
Inventories	**(6,993,961)**	(3,747,258)	**–**	–
Trade and other receivables	**957,886**	(3,150,760)	**–**	–
Other assets	**636,620**	(657,137)	**(13,551)**	22,850
Increase/ (decrease) in:				
Trade and other payables	**3,248,034**	(713,584)	**221,205**	61,492
Cash generated from/ (used in) operations	**80,546,408**	63,047,078	**(2,415,923)**	(2,148,723)
Tax paid	**(2,617,962)**	(3,382,727)	**(145,466)**	(161,968)
Utilisation of provision for rework and warranty	**(2,384,512)**	–	**–**	–
Tax refunded	**–**	673,888	**–**	65,089
Net cash generated from/ (used in) operating activities	**75,543,934**	60,338,239	**(2,561,389)**	(2,245,602)

(FORWARD)

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of other investments	**6,566,591**	725,531	**–**	–
Interest received	**4,888,816**	4,787,204	**2,264,285**	2,521,716
Dividends received from other investments	**438,633**	592,002	**–**	–
Proceeds from disposal of property, plant and equipment	**39,150**	138,499	**–**	–
Purchase of investments	**(4,700,000)**	–	**–**	–
Purchase of property, plant and equipment	**(4,476,894)**	(1,259,625)	**(342,277)**	(99,779)
Dividends received from a subsidiary company	**–**	–	**77,132,000**	66,444,000
Purchase of investment in a subsidiary company	**–**	–	**(3,528,314)**	(395,604)
Advances to subsidiary companies	**–**	–	**(42,204,856)**	(11,716,247)
Net cash generated from investing activities	**2,756,296**	4,983,611	**33,320,838**	56,754,086
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	**3,188,290**	5,959,430	**3,188,290**	5,959,430
Dividends paid	**(71,465,931)**	(87,301,990)	**(71,465,931)**	(87,301,990)
Short-term deposits released as security value	**–**	159,039	**–**	–
Interest paid	**–**	(764)	**–**	–
Net cash used in financing activities	**(68,277,641)**	(81,184,285)	**(68,277,641)**	(81,342,560)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**10,022,589**	(15,862,435)	**(37,518,192)**	(26,834,076)
Effect of foreign exchange rate changes	**2,991**	28,105	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**156,936,499**	172,770,829	**76,569,486**	103,403,562
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	**166,962,079**	156,936,499	**39,051,294**	76,569,486

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

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.

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, 2007.

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 Malaysian Accounting Standards Board ("MASB") approved accounting standards for Entities Other than Private Entities in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company expressed in Ringgit Malaysia ("RM") have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

During the financial year, the Group and the Company had adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by Issues Committee ("IC") of the MASB that are relevant to their operations and effective for accounting periods beginning on January 1, 2006.

The adoption of these new and revised FRSs and IC Interpretations has no material effect on the financial statements of the Group and of the Company except that the adoption of FRS 127 and FRS 2 has resulted in changes to the Group's and the Company's accounting policies that have affected the amounts reported for the current or prior years. The impact of these changes is set out in Note 28. The impact on basic and diluted earnings per share is disclosed in Note 9.

Standards and IC Interpretations that are not yet effective and have not been early adopted are as follows:

a. FRS 117 Leases (Effective for annual periods beginning on or after October 1, 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial periods beginning on January 1, 2007.

b. FRS 124 Related Party Disclosures (Effective for annual periods beginning on or after October 1, 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial periods beginning on January 1, 2007.

c. FRS 139 Financial Instruments: Recognition and Measurement (Effective date yet to be determined by MASB). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net investment in a Foreign Operation (Effective for annual periods beginning on or after July 1, 2007). The amendment requires when a monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, an exchange difference arises in the reporting entity's separate financial statements and in the foreign operation's individual financial statements shall be recognised in profit or loss in the period in which they arise. The Group will apply this standard from financial periods beginning January 1, 2008.

e. IC Interpretation 8 Scope of FRS 2 (Effective for annual periods beginning on or after July 1, 2007). This interpretation set out that the scope of FRS 2 shall also applies to transactions in which the entity cannot identify specifically some or all of the goods or services received. The Group will apply this standard from financial periods beginning January 1, 2008.

Standards and IC Interpretations that are not yet effective and not relevant to the Group's operations are as follows:

a. FRS 6 Exploration for and Evaluation of Mineral Resources (Effective for annual periods beginning on or after January 1, 2007).

b. Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (Effective for annual periods beginning on or after January 1, 2007).

c. IC Interpretation 1 Changes in Existing Decommissiong, Restoration and Similar Liabilities (Effective for annual periods beginning on or after July 1, 2007).

d. IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Effective for annual periods beginning on or after July 1, 2007).

e. IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Effective for annual periods beginning on or after July 1, 2007).

f. IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (Effective for annual periods beginning on or after July 1, 2007).

g. IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies (Effective for annual periods beginning on or after July 1, 2007).

Business combination and Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

The Group has taken advantage of the exemption provided by FRS 3 to apply this standard prospectively. Accordingly, business combinations entered into prior to January 1, 2006 have not been restated to comply with this standard.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business combination and Basis of consolidation (cont'd)

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

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

The financial statements of all 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 purchase method.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Revenue and Revenue Recognition

Revenue of the Group represents gross invoiced values of sales less return and discounts. Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services.

Revenue from sale of goods shall be recognised when all the following conditions have been satisfied:

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

Interest income is recognised on a time proportion basis that takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised when the shareholder's right to receive payment is established.

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

Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

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 all future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Foreign currency conversion

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, are included in profit or loss for the period. For non-monetary items that are measured in terms of historical cost in foreign currency, any exchange component of that gain or loss is recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Employee benefits costs

i. Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits costs (cont'd)

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. Share-based payment

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as staff cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

The above policy is applied to all equity-settled share-based payments that were granted after December 31, 2004 and had not yet vested on January 1, 2006.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Construction-in-progress is not depreciated. Depreciation of property, plant and equipment is computed on the straight-line method in order to write-off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

	Rates
Short leasehold land	2.08 % and 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 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.

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

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.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment losses.

Other investments in quoted shares, unit trusts and bond funds are stated at cost less allowance for diminution in value of investments.

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.

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. Cost of work-in-progress and finished goods consists of the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Receivables

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

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

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 and a weighting of all possible outcome against their associated probabilities. Other warranty costs are accrued as and when the liability arises.

Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Treasury Shares

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

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, bank overdraft, 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.

Financial instruments

Financial instruments carried on the balance sheets include short-term deposits, cash and bank balances, investments, receivables and payables and borrowings. 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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of the recognition of deferred tax assets.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying values of recognised deferred tax assets of the Group and of the Company are RM298,000 and RM30,000 (2005: RM862,000 and RM60,000) respectively and the unrecognised deferred tax assets of the Group are RM213,000 (2005: RM573,000).

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Sales of goods:				
Manufacturing	**153,194,921**	131,603,467	**–**	–
Trading	**1,781**	280,951	**–**	–
Dividend income from subsidiary companies	**–**	–	**80,100,000**	68,950,000
Management fee	**–**	–	**1,080,000**	1,080,000
	153,196,702	131,884,418	**81,180,000**	70,030,000

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Staff costs:				
Employees' provident fund contributions	**842,665**	776,069	**314,736**	262,499
Equity-settled share-based payment	**692,256**	–	**397,737**	–
Other staff costs	**11,537,332**	10,855,031	**2,634,065**	2,422,936
	13,072,253	11,631,100	**3,346,538**	2,685,435

Employee benefits expense include directors' remuneration, salaries, bonuses, contribution to employees' provident fund and all other staff related expenses.

7. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
After charging:				
Research and development expenses	**4,216,943**	4,441,229	–	–
Directors' remuneration:				
Directors of the Company				
Fee	**417,200**	374,000	**417,200**	374,000
Employees' provident fund	**235,520**	202,880	**235,520**	202,880
Equity-settled share-based payment	**240,454**	–	**240,454**	–
Other emoluments	**1,520,000**	1,316,000	**1,520,000**	1,316,000
Benefits-in-kind	**60,000**	60,000	**60,000**	60,000
Provision for rework and warranty	**1,384,512**	300,000	–	–
Unrealised loss on foreign exchange	**795,617**	–	–	–
Rental of:				
Premises	**108,700**	118,485	–	–
Hostels	**13,817**	26,742	**12,300**	11,462
Allowance for diminution in value of other investments	**120,471**	135,290	–	–
Realised loss on foreign exchange	**95,086**	271,041	–	–
Audit fee:				
Current year	**72,622**	66,980	**14,000**	11,000
Underprovision in prior year	**2,200**	–	**1,000**	–
Allowance for obsolete inventories	–	193,395	–	–
Allowance for doubtful debts	–	100,000	–	–
Interest on bank borrowings	–	764	–	–
And crediting:				
Interest on short-term deposits	**4,960,257**	4,709,101	**1,773,472**	2,803,859
Gain on disposal of other investments	**970,233**	277,690	–	–
Allowance for doubtful debts no longer required	**600,000**	–	–	–
Gross dividends from:				
Unit trusts	**318,409**	428,780	–	–
Shares quoted in Malaysia	**164,083**	218,609	–	–
Allowance for obsolete inventories no longer required	**124,291**	–	–	–
Allowance for diminution in value of other investments no longer required	**67,890**	–	–	–
Gain on disposal of property, plant and equipment	**39,150**	122,374	–	–

8. INCOME TAX EXPENSE

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Current tax expense:				
Malaysian	**897,023**	1,743,513	**2,630,000**	2,698,500
Foreign	**–**	–	**–**	–
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences in current year	**(25,022)**	(339,022)	**28,000**	(3,000)
Change in tax rate	**12,000**	–	**2,000**	–
	(13,022)	(339,022)	**30,000**	(3,000)
	884,001	1,404,491	**2,660,000**	2,695,500
Under/ (Over) provision of current tax expense in prior years	**140,351**	(110,509)	**168,295**	44,468
Overprovision of deferred tax assets in prior year	**546,000**	–	**–**	–
	686,351	(110,509)	**168,295**	44,468
Income tax expense	**1,570,352**	1,293,982	**2,828,295**	2,739,968

The Group is operating in the jurisdictions of Malaysia and People's Republic of China. The applicable domestic statutory income tax rates are 28% for Malaysia and 24% for People's Republic of China except for small and medium scale companies in Malaysia 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. For chargeable income in excess of this amount, the corporate income tax rate is at 28%.

The current corporate income tax rate for the year ended December 31, 2006 for Malaysia is 28%. In September 2006, the Malaysian government announced in the yearly budget a reduction in the corporate income tax rate to 27% for the year of assessment 2007 and 26% for the year of assessment 2008.

One of the subsidiary companies was granted pioneer status by the Ministry of International Trade and Industry for the design, development and manufacture of microprocessor based application and system integration and control modules for industrial and consumer electronic products. Under this incentive, 100% of that subsidiary company's statutory income derived from the design, development and manufacture of the abovementioned products will be exempted from income tax for a period of five years commencing from January 1, 2003.

The applicable statutory income tax rate of a foreign subsidiary company incorporated in the People's Republic of China is 24 % (2005: 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 income tax expense and the product of accounting profit multiplied by the applicable tax rates are as follows:

	The Group 2006	The Group 2005	The Company 2006	The Company 2005
	RM	**RM**	**RM**	**RM**
Accounting profit	**85,457,981**	74,871,984	**78,350,087**	65,512,451
Tax amount at statutory income tax rate of 28%	**23,928,000**	20,964,000	**21,940,000**	18,343,000
Tax effect on non-deductible/ (non-taxable) items:				
Non-deductible expenses	**759,942**	302,490	**178,000**	1,152,500
Tax exempt income for pioneer products	**(22,000,000)**	(19,815,000)	**–**	–
Tax exempt dividend income	**–**	–	**(19,460,000)**	(16,800,000)
Other non-taxable income	**(1,226,999)**	(237,000)	**–**	–
Change in tax rate	**12,000**	–	**2,000**	–
Utilisation of previously unrecognised deferred tax assets	**(360,000)**	(108,000)	**–**	–
Effect of different tax rates in subsidiary companies	**(228,942)**	298,001	**–**	–
	884,001	1,404,491	**2,660,000**	2,695,500
Under/ (Over) provision of current tax expense in prior years	**140,351**	(110,509)	**168,295**	44,468
Overprovision of deferred tax assets in prior year	**546,000**	–	**–**	–
	686,351	(110,509)	**168,295**	44,468
Income tax expense	**1,570,352**	1,293,982	**2,828,295**	2,739,968

The applicable tax rate of 28% (2005: 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.

8. INCOME TAX EXPENSE (cont'd)

As of December 31, 2006, the approximate amounts of unused reinvestment allowances, unused tax capital allowances and unused tax losses of the Group and of the Company, which are subject to agreement by the tax authorities are as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Unused reinvestment allowances	**1,236,000**	1,236,000	**–**	–
Unused tax capital allowances	**863,000**	1,150,000	**–**	124,000
Unused tax losses	**433,000**	2,055,000	**–**	–

The above unused tax losses for which no deferred tax assets has been recognised in the financial statements are available for set-off against future taxable income of the subsidiary company in the People's Republic of China of not exceeding five years for which RM360,000 and RM73,000 will be expiring in 2009 and 2010 respectively.

The estimated amounts of tax savings included in net income for 2006 as a result of the realisation of unused tax losses of the Group and unused tax capital allowances of the Company are RM324,000 and RM35,000 respectively.

9. EARNINGS PER SHARE

a. Basic

Basic earnings per share are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2006	2005
Profit attributable to ordinary equity holders of the Company (RM)	**83,887,629**	73,578,002
Weighted average number of ordinary shares in issue (units)	**373,308,044**	368,363,416
Basic earnings per share (sen)	**22.47**	19.97

9. EARNINGS PER SHARE (cont'd)

b. Diluted

The earnings used in the calculation of diluted earnings per share are the same as those for the equivalent basic earnings per share measures, as outlined above.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effects of all potential share options granted to employees.

	The Group	
	2006	**2005**
	Units	**Units**
Weighted average number of ordinary shares in issue	**373,308,044**	368,363,416
Adjustment for share options	–	532,686
Weighted average number of ordinary shares for calculating diluted earnings per share	**373,308,044**	368,896,102
Diluted earnings per share (sen)	**22.47**	19.95

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	The Group	
	2006	**2005**
	Units	**Units**
Share options	**19,789,500**	–

c. Impact of change in accounting policies

Changes in the Group's accounting policies during the year are described in detail in Note 28. To the extent that those changes have had an impact on results reported for current year, they have had an impact on the amounts reported for earnings per share as follows:

	The Group 2006	
	Impact on basic earnings per share	**Impact on diluted earnings per share**
FRS 2 Share-based Payment (sen)	0.19	0.19

10. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	**Beginning of year**	**Additions**	**Disposals**	**Translation reserve**	**End of year**
	RM	**RM**	**RM**	**RM**	**RM**
2005:					
Short leasehold land					
At 2004 valuation	4,790,000	–	–	–	4,790,000
Buildings					
At 2004 valuation	10,010,000	119,770	–	–	10,129,770
Plant and machinery	9,489,998	806,644	–	50,859	10,347,501
Fire fighting and security system	202,827	–	–	–	202,827
Air-conditioning system	294,111	–	–	–	294,111
Furniture and fittings	438,558	13,342	–	701	452,601
Office equipment	1,723,658	229,835	–	2,670	1,956,163
Electrical installation	327,234	–	–	–	327,234
Motor vehicles	1,298,368	90,034	(280,529)	3,796	1,111,669
	28,574,754	1,259,625	(280,529)	58,026	29,611,876
2006:					
Short leasehold land					
At 2004 valuation	**4,790,000**	**–**	**–**	**–**	**4,790,000**
At cost	**–**	**3,760,914**	**–**	**(62,552)**	**3,698,362**
Buildings					
At 2004 valuation	**10,129,770**	**93,030**	**–**	**–**	**10,222,800**
Plant and machinery	**10,347,501**	**98,951**	**–**	**(88,413)**	**10,358,039**
Fire fighting and security system	**202,827**	**–**	**–**	**–**	**202,827**
Air-conditioning system	**294,111**	**39,447**	**–**	**2,460**	**336,018**
Furniture and fittings	**452,601**	**3,380**	**–**	**(3,663)**	**452,318**
Office equipment	**1,956,163**	**114,137**	**–**	**(5,324)**	**2,064,976**
Electrical installation	**327,234**	**18,500**	**–**	**–**	**345,734**
Motor vehicles	**1,111,669**	**334,718**	**(175,422)**	**(6,107)**	**1,264,858**
Construction-in-progress	**–**	**13,817**	**–**	**(229)**	**13,588**
	29,611,876	**4,476,894**	**(175,422)**	**(163,828)**	**33,749,520**

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

The Group

Accumulated depreciation	Beginning of year	Charge for the year	Disposals	Translation reserve	End of year
	RM	RM	RM	RM	RM
2005:					
Short leasehold land					
At 2004 valuation	60,657	103,982	–	–	164,639
Buildings					
At 2004 valuation	125,367	216,589	–	–	341,956
Plant and machinery	5,397,259	743,490	–	10,387	6,151,136
Fire fighting and security system	149,461	12,662	–	–	162,123
Air-conditioning system	283,629	3,351	–	134	287,114
Furniture and fittings	335,870	22,559	–	116	358,545
Office equipment	1,118,295	156,297	–	602	1,275,194
Electrical installation	211,325	13,447	–	–	224,772
Motor vehicles	820,302	198,561	(264,404)	1,027	755,486
	8,502,165	1,470,938	(264,404)	12,266	9,720,965
2006:					
Short leasehold land					
At 2004 valuation	**164,639**	**103,981**	**–**	**–**	**268,620**
Buildings					
At 2004 valuation	**341,956**	**217,828**	**–**	**–**	**559,784**
Plant and machinery	**6,151,136**	**765,328**	**–**	**(23,749)**	**6,892,715**
Fire fighting and security system	**162,123**	**12,662**	**–**	**–**	**174,785**
Air-conditioning system	**287,114**	**3,799**	**–**	**(301)**	**290,612**
Furniture and fittings	**358,545**	**22,891**	**–**	**(264)**	**381,172**
Office equipment	**1,275,194**	**171,161**	**–**	**(1,623)**	**1,444,732**
Electrical installation	**224,772**	**13,578**	**–**	**–**	**238,350**
Motor vehicles	**755,486**	**180,077**	**(175,422)**	**(2,530)**	**757,611**
	9,720,965	**1,491,305**	**(175,422)**	**(28,467)**	**11,008,381**

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

The Company

Cost	Beginning of year	Additions	Disposals	End of year
	RM	RM	RM	RM
2005:				
Furniture and fittings	7,170	5,633	–	12,803
Office equipment	32,811	88,790	–	121,601
Motor vehicle	37,902	5,356	–	43,258
	77,883	99,779	–	177,662
2006:				
Furniture and fittings	**12,803**	**–**	**–**	**12,803**
Office equipment	**121,601**	**7,559**	**–**	**129,160**
Motor vehicle	**43,258**	**334,718**	**–**	**377,976**
	177,662	**342,277**	**–**	**519,939**

Accumulated depreciation	Beginning of year	Charge for the year	Disposals	End of year
	RM	RM	RM	RM
2005:				
Furniture and fittings	1,420	1,176	–	2,596
Office equipment	8,568	10,072	–	18,640
Motor vehicle	18,951	8,295	–	27,246
	28,939	19,543	–	48,482
2006:				
Furniture and fittings	**2,596**	**1,536**	**–**	**4,132**
Office equipment	**18,640**	**15,254**	**–**	**33,894**
Motor vehicle	**27,246**	**53,281**	**–**	**80,527**
	48,482	**70,071**	**–**	**118,553**

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Net Book Value				
Short leasehold land				
At 2004 valuation	**4,521,380**	4,625,361	**–**	–
At cost	**3,698,362**	–	**–**	–
Buildings				
At 2004 valuation	**9,663,016**	9,787,814	**–**	–
Plant and machinery	**3,465,324**	4,196,365	**–**	–
Fire fighting and security system	**28,042**	40,704	**–**	–
Air-conditioning system	**45,406**	9,260	**–**	–
Furniture and fittings	**71,146**	91,793	**8,671**	10,207
Office equipment	**620,244**	680,969	**95,266**	102,961
Electrical installation	**107,384**	102,462	**–**	–
Motor vehicles	**507,247**	356,183	**297,449**	16,012
Construction-in-progress	**13,588**	–	**–**	–
	22,741,139	19,890,911	**401,386**	129,180

As of December 31, 2006, the unexpired lease periods of the Group's short leasehold land are 48 and 43 years respectively.

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.

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

	The Group	
	2006	2005
	RM	RM
Cost	**11,051,914**	11,051,914
Less: Accumulated depreciation	**(1,907,310)**	(1,690,236)
Carrying amounts	**9,144,604**	9,361,678

Certain property, plant and equipment of the Group with a total carrying value of RM14,172,989 (2005: RM14,668,574) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 23.

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2006	**2005**
	RM	**RM**
Unquoted shares, at cost	**40,337,191**	36,514,358
Less: Accumulated impairment losses	**(4,420,800)**	(3,988,800)
	35,916,391	32,525,558

During the financial year, the Company invested an additional RM3,528,314 in a wholly owned subsidiary company, Uchi Technologies (Dongguan) Co., Ltd.. The Company's equity interest in Uchi Technologies (Dongguan) Co., Ltd. remains unchanged.

Included in the cost of investment in subsidiary companies is an amount of RM294,519 (2005: Nil) which is in recognition of equity-settled share-based payment for share options granted by the Company to the subsidiary companies' employees to acquire ordinary shares of the Company.

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership	
			2006	**2005**
Direct holdings				
Uchi Optoelectronic (M) Sdn. Bhd.	Malaysia	Design, research, development and manufacture of controller modules for precision weighing scale, dynamic sound improvement processor, PCB assembly, timer, printer, computing scales, industrial controllers, microprocessor based application and system integration and control modules for industrial and consumer electronic products.	**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, research and development and trading of electronic modules.	**100%**	100%
Indirect holdings				
Uchi Industries (M) Sdn. Bhd.	Malaysia	Investment holding	**100%**	100%

12. OTHER INVESTMENTS

	The Group	
	2006	2005
	RM	RM
At cost:		
Investments in unit trusts	**8,418,318**	3,718,319
Investments in bond funds	**4,000,000**	8,000,000
Investments in shares quoted in Malaysia	**–**	2,763,010
	12,418,318	14,481,329
Less: Allowance for diminution in value:		
Unit trusts	**21,867**	54,669
Bond funds	**–**	58,136
Shares quoted in Malaysia	**–**	1,023,134
	(21,867)	(1,135,939)
	12,396,451	13,345,390
Market value of:		
Unit trusts	**8,613,578**	3,717,414
Bond funds	**4,120,264**	8,031,967
Shares quoted in Malaysia	**–**	2,425,866
	12,733,842	14,175,247

13. DEFERRED TAX

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Deferred tax liabilities	**1,333,926**	1,364,948	**–**	–
Deferred tax assets	**(298,000)**	(862,000)	**(30,000)**	(60,000)
Net position	**1,035,926**	502,948	**(30,000)**	(60,000)

13. DEFERRED TAX (cont'd)

The movement of the Group's deferred tax liabilities is as follows:

	The Group	
	2006	**2005**
	RM	**RM**
At beginning of year	**1,364,948**	1,412,970
Transfer to income statements (Note 8)	**(31,022)**	(48,022)
At end of year	**1,333,926**	1,364,948

The deferred tax liabilities are tax effect in respect of revaluation surplus.

A deferred tax income of RM31,022 (2005: RM31,022) 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 RM79,769 (2005: RM79,769) was transferred from revaluation reserve of the Group to retained earnings.

The movement of the Group's and of the Company's deferred tax assets is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
At beginning of year	**862,000**	571,000	**60,000**	57,000
Transfer (to)/ from income statements (Note 8)	**(564,000)**	291,000	**(30,000)**	3,000
At end of year	**298,000**	862,000	**30,000**	60,000

The deferred tax assets are in respect of the following:

	Deferred Tax Assets/ (Liabilities)			
	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Tax effect of temporary differences in respect of property, plant and equipment	**(363,000)**	(752,000)	**(19,000)**	(21,000)
Tax effect in respect of:				
Unused tax capital allowances	**233,000**	322,000	**–**	35,000
Provision for rework and warranty	**148,000**	587,000	**–**	–
Allowance for doubtful debts	**100,000**	390,000	**–**	–
Allowances for obsolete inventories	**–**	171,000	**–**	–
Other temporary differences	**180,000**	144,000	**49,000**	46,000
	298,000	862,000	**30,000**	60,000

13. DEFERRED TAX (cont'd)

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, 2006, the amount of deferred tax assets, calculated at applicable tax rate, which is not recognised in the financial statements of the Group, is as follows:

	Deferred Tax Assets	
	The Group	
	2006	2005
	RM	RM
Tax effect in respect of:		
Unused tax losses	**169,000**	493,000
Allowance for obsolete inventories	**27,000**	28,000
Other temporary differences	**17,000**	52,000
	213,000	573,000

14. INVENTORIES

	The Group	
	2006	2005
	RM	RM
Raw materials	**15,670,172**	12,339,226
Work-in-progress	**7,898,790**	4,157,343
Finished goods	**3,508,000**	3,462,141
	27,076,962	19,958,710

The cost of sales on inventories sold during the year was RM64,357,653 (2005: RM53,052,616).

The Group reversed RM124,291 (2005: Nil) in respect of part of an inventory write down made in prior years that was subsequently not required as the Group was able to sell these inventories at above their carrying amounts.

Certain inventories of the Group with a total carrying value of RM20,145,377 (2005: RM14,588,209) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 23.

15. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Trade receivables	**19,623,245**	21,529,731	**–**	–
Less: Allowance for doubtful debts	**(2,000,000)**	(2,600,000)	**–**	–
	17,623,245	18,929,731	**–**	–
Interest receivable	**2,152,593**	2,081,152	**772,048**	1,262,861
Amounts owing by subsidiary companies	**–**	–	**96,864,869**	54,660,013
Other receivables	**17,189**	2,084	**–**	–
	19,793,027	21,012,967	**97,636,917**	55,922,874

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
United States Dollar	**17,623,245**	18,929,731	**–**	–
Ringgit Malaysia	**2,166,852**	2,082,860	**97,636,917**	55,922,874
Chinese Renminbi	**2,930**	376	**–**	–
	19,793,027	21,012,967	**97,636,917**	55,922,874

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 60 days (2005: 30 to 60 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM2,000,000 (2005: RM2,600,000).

The amount owing by subsidiary companies are as follows:

	The Company	
	2006	2005
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	**95,401,521**	54,014,316
Uchi Electronic (M) Sdn. Bhd.	**1,456,000**	639,100
Uchi Technologies (Dongguan) Co., Ltd.	**7,348**	6,597
	96,864,869	54,660,013

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

15. TRADE AND OTHER RECEIVABLES (cont'd)

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:

	The Company	
	2006	2005
	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/ receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	**79,500,000**	68,500,000
Uchi Electronic (M) Sdn. Bhd.	**600,000**	450,000

16. OTHER ASSETS

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Prepaid expenses	**571,417**	1,221,295	**–**	–
Refundable deposits	**134,429**	121,171	**16,601**	3,050
	705,846	1,342,466	**16,601**	3,050

Included in prepaid expenses of the Group in 2005 was prepayment for the purchase of land amounted to RM691,920.

17. 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	
	2006	2005	2006	2005
	RM	RM	RM	RM
Short-term deposits	**167,019,885**	157,066,262	**39,001,578**	76,509,264
Cash and bank balances	**1,149,627**	1,104,438	**49,716**	60,222
Bank overdraft	**(72,764)**	(99,532)	**–**	–
	168,096,748	158,071,168	**39,051,294**	76,569,486
Less: short-term deposits held as security value	**(1,134,669)**	(1,134,669)	**–**	–
	166,962,079	156,936,499	**39,051,294**	76,569,486

Included in short-term deposits of the Group are amounts of RM1,134,669 (2005: RM1,134,669) which are pledged to certain local banks as securities for banking facilities obtained by the Group as mentioned in Note 23.

17. CASH AND CASH EQUIVALENTS (cont'd)

The effective interest rates are as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	%	**%**	**%**	**%**
Short-term deposits with licensed banks	**3.15 - 4.10**	2.70 - 3.70	**3.15 – 3.90**	2.75 - 3.70

The above short-term deposits are maturing within January 2007 to January 2008.

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**163,890,700**	151,652,572	**39,051,294**	76,569,486
United States Dollar	**2,283,409**	4,471,819	**–**	–
Chinese Renminbi	**777,272**	802,808	**–**	–
Euro	**3,817**	3,366	**–**	–
Other currencies	**6,881**	5,934	**–**	–
	166,962,079	156,936,499	**39,051,294**	76,569,486

18. SHARE CAPITAL

	The Group and the Company			
	2006		**2005**	
	No. of shares	**RM**	**No. of shares**	**RM**
Authorised:				
Ordinary shares of RM0.20 each	**500,000,000**	**100,000,000**	500,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM0.20 each:				
At beginning of year	**372,360,800**	**74,472,160**	366,813,800	73,362,760
Issued during the year	**1,580,000**	**316,000**	5,547,000	1,109,400
At end of year	**373,940,800**	**74,788,160**	372,360,800	74,472,160

At an Extraordinary General Meeting held on May 26, 2006, the Company's shareholders approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital. During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares from the open market.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM74,472,160 divided into 372,360,800 ordinary shares of RM0.20 each to RM74,788,160 divided into 373,940,800 ordinary shares of RM0.20 each by way of issuance of 1,580,000 new ordinary shares of RM0.20 each for cash pursuant to the Company's ESOS at exercise prices ranging from RM0.68 to RM3.14 per ordinary share.

18. SHARE CAPITAL (cont'd)

The resultant premium arising from the shares issued pursuant to the ESOS of RM2,872,290 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 implemented an ESOS on August 8, 2001 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on May 28, 2001. This ESOS has expired on August 7, 2006.

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006.

The principal features of the ESOS are as follows:

a. The total number of share offered under the ESOS scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.

b. Persons who are eligible to participate in the ESOS are all employees including directors of the Group who as at the date of offer are confirmed in writing of his/ her employment in the Group.

c. The option price shall be determined at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by 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 upon giving notice in writing to the Company 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.

e. The new ordinary share 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.

Options are conditional on the employee confirmation of service (the vesting period). The options are exercisable immediately from grant date and have a contractual term of five years. The Group or the Company has no legal or constructive obligation to repurchase or settle the options in cash.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

18. SHARE CAPITAL (cont'd)

Movements in the shares options for ordinary shares of RM0.20 each outstanding and their related weighted average exercise prices are as follows:

	2006		2005	
	Average exercise price RM/share	**Share options for ordinary shares of RM0.20 each**	**Average exercise price RM/share**	**Share options for ordinary shares of RM0.20 each**
At start of year	**1.84**	**1,495,300**	1.13	7,290,900
Granted	**3.28**	**20,111,500**	2.65	456,000
Forfeited	**–**	**–**	–	–
Exercised	**2.02**	**(1,580,000)**	1.07	(5,547,000)
Expired	**2.36**	**(237,300)**	1.01	(704,600)
At end of year	**3.28**	**19,789,500**	1.84	1,495,300

Out of the outstanding options, 3,957,900 ordinary shares of RM0.20 each offered under the ESOS scheme were exercisable at the end of year.

The options outstanding at year end had exercise prices ranging from RM3.17 to RM3.28, and a weighted average remaining contractual life of about 5 years.

19,789,500 ordinary shares of RM0.20 each offered under the ESOS scheme granted during the period will expire on August 7, 2011 and 84,000 ordinary share of RM0.20 each offered under the ESOS scheme granted during the period had expired on August 7, 2006.

The weighted average fair value of options granted during the period determined using the binomial model was RM0.1443 per ordinary share of RM0.20 each. The significant inputs into the model were as follows:

	2006
Valuation assumptions:	
Expected volatility	**14.24%**
Expected dividend yield	**7%**
Expected option life	**5 years**
Weighted average share price at date of grant	**RM3.28 per share**
Risk-free interest rate (per annum)	**5%**

The volatility measured at the standard deviation of continuously compounded share return is based on statistical analysis of daily share prices over the last 1¼ years.

On February 10, 2007, 544,000 ordinary shares of RM0.20 each offered under the ESOS scheme were granted to employees with an exercise price of RM3.21 per share and will expire on August 7, 2011.

19. RESERVES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Non-distributable:				
Share premium	**21,672,236**	18,799,946	**21,672,236**	18,799,946
Revaluation reserve	**2,178,367**	2,258,136	**–**	–
Merger reserve	**–**	–	**6,777,646**	6,777,646
Translation reserve	**(147,545)**	(15,175)	**–**	–
Share option reserve	**692,256**	–	**692,256**	–
	24,395,314	21,042,907	**29,142,138**	25,577,592

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 Group's short leasehold land and buildings made in 1999 and 2004 by a firm of professional valuers.

The merger reserve represents the difference between the cost of investment in subsidiary companies and the nominal value of shares issued as consideration plus cash consideration.

The translation reserve is used to record exchange differences arising on translation of foreign subsidiary companies.

The share option reserve represents the equity-settled share options granted to the Group's employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

20. RETAINED EARNINGS

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

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Trade payables	**9,642,655**	8,669,885	**–**	–
Amount owing to directors	**895,600**	706,000	**895,600**	706,000
Other payables	**2,282,922**	1,938,803	**–**	–
Accrued expenses	**7,818,373**	6,214,706	**357,057**	325,452
	20,639,550	17,529,394	**1,252,657**	1,031,452

21. TRADE AND OTHER PAYABLES

Analysis of trade and other payables by currencies:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
United Stated Dollar	**11,897,404**	7,840,175	**–**	–
Ringgit Malaysia	**6,944,796**	8,480,224	**1,252,657**	1,031,452
Chinese Renminbi	**1,234,990**	888,707	**–**	–
Euro	**228,988**	103,609	**–**	–
Singapore dollars	**2,397**	956	**–**	
Other foreign currencies	**330,975**	215,723	**–**	–
	20,639,550	17,529,394	**1,252,657**	1,031,452

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 60 days (2005: 30 to 60 days).

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

Other payables comprise mainly amounts outstanding for ongoing costs.

22. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2006	2005
	RM	RM
At beginning of year	**4,000,000**	3,700,000
Additional provision	**1,384,512**	300,000
Utilisation of provision	**(2,384,512)**	–
At end of year	**3,000,000**	4,000,000

The Group gives warranty on its products and undertakes to replace defective products. A provision is recognised for expected warranty claims on products sold in previous years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred after one year from the balance sheet date. Assumptions used to calculate the provision for rework and warranty were based on current sales levels and current information available about returns based on the warranties period for all products sold.

23. BANKING FACILITIES - Secured

As of December 31, 2006, 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 buildings;
ii. Debenture over certain of the Group's fixed and floating assets;
iii. Fixed deposits of RM1,134,669;
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 effective interest rate of the bank overdraft ranges from 7.25% to 7.75% (2005: 7.25%).

24. DIVIDENDS

	The Group and the Company	
	2006	**2005**
	RM	**RM**
Dividends declared and paid:		
Final tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2005 and 2004 respectively	**22,423,848**	22,088,448
Special dividend I of 1 sen (2005: 4 sen) gross per ordinary share of RM0.20 each, less tax, for 2005 and 2004 respectively	**2,690,865**	10,602,457
Special tax exempt dividend II of 3 sen per ordinary share of RM0.20 each, for 2005 and 2004 respectively	**11,211,924**	11,044,224
Dividends declared and payable:		
Interim tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2006 and 2005 respectively	**22,436,448**	22,341,648
Special interim dividend I of 1 sen (2005: 2 sen) gross per ordinary share of RM0.20 each, less tax, for 2006 and 2005 respectively	**2,729,771**	5,361,997
Special tax exempt interim dividend II of 3 sen (2005: 2 sen) per ordinary share of RM0.20 each, for 2006 and 2005 respectively	**11,218,224**	7,447,216
	72,711,080	78,885,990

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, a special final dividend I of 2 sen gross per ordinary share of RM0.20 each, less tax and a special final dividend II of 9 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 RM61,550,656 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.

25. LEASE COMMITMENTS

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Not later than 1 year	30,439	32,018	6,100	2,250

26. 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 exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group.

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

i. Foreign currency risk

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. It has no significant interest-bearing financial assets or liabilities other than the short-term deposits. The short-term deposits are placed with reputable banks. The Group 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 key 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.

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 their monetary financial instruments.

26. FINANCIAL INSTRUMENTS (cont'd)

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 Exchange Rate per unit of Ringgit Malaysia	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
United States Dollar	**21,863,474**	63,942,000	**3.6108**	3.744

All of the contracts outstanding as of December 31, 2006 are maturing in the first quarter of 2007. 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.

d. Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2006 are as follows:

	The Group			
	2006		**2005**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	RM	**RM**	**RM**	**RM**
Financial assets				
Other investments - quoted shares, unit trusts and bond funds	**12,396,451**	**12,733,842**	13,345,390	14,175,247
Off Balance Sheet Item				
Foreign Currency Forward Contracts	**–**	**21,513,000**	–	63,351,000

The fair value of other investments in quoted shares, unit trusts and bond funds is based on quoted market prices at balance sheet date.

The fair value of foreign currency forward contracts is 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.

27. SEGMENTAL REPORTING

Business Segments

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

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

Inter-segment revenue are charged on an arms length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

The Group

	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
2006					
Revenue					
External sales	–	153,194,921	1,781	–	153,196,702
Inter-segment sales	81,180,000	46,823,044	1,165,230	(129,168,274)	–
Total revenue	81,180,000	200,017,965	1,167,011	(129,168,274)	153,196,702
Results					
Segment results	76,938,904	82,595,000	(802,607)	(79,686,298)	79,044,999
Investment revenue					5,442,749
Gain on disposal of other investments					970,233
Profit before tax					85,457,981
Income tax expense					(1,570,352)
Profit for the year					83,887,629
Other information					
Capital additions	342,277	4,134,617	–	–	4,476,894
Depreciation and amortisation	119,412	1,072,501	299,392	–	1,491,305
Non-cash expenses other than depreciation and amortisation	397,737	2,587,975	7,144	–	2,992,856

27. SEGMENTAL REPORTING (cont'd)

Business Segments (cont'd)

	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	**RM**	**RM**	**RM**	**RM**
Assets					
Segment assets	**3,357,290**	**67,034,655**	**1,074,656**	**–**	**71,466,601**
Income producing assets	**39,001,578**	**133,093,089**	**7,321,669**	**–**	**179,416,336**
Income tax assets	**511,835**	**2,617,142**	**227,407**	**–**	**3,356,384**
Consolidated total assets	**42,870,703**	**202,744,886**	**8,623,732**	**–**	**254,239,321**
Liabilities					
Segment liabilities	**37,674,480**	**21,877,325**	**508,368**	**–**	**60,060,173**
Borrowing	**–**	**72,764**	**–**	**–**	**72,764**
Income tax liabilities	**472,936**	**860,990**	**–**	**–**	**1,333,926**
Consolidated total liabilities	**38,147,416**	**22,811,079**	**508,368**	**–**	**61,466,863**
2005					
Revenue					
External sales	–	131,603,467	280,951	–	131,884,418
Inter-segment sales	70,030,000	36,993,431	1,635,411	(108,658,842)	–
Total revenue	70,030,000	168,596,898	1,916,362	(108,658,842)	131,884,418
Results					
Segment results	66,628,262	72,640,446	(652,310)	(69,377,830)	69,238,568
Investment revenue					5,356,490
Gain on disposal of other investments					277,690
Finance costs					(764)
Profit before tax					74,871,984
Income tax expense					(1,293,982)
Profit for the year					73,578,002
Other information					
Capital additions	99,779	1,095,701	64,145	–	1,259,625
Depreciation and amortisation	68,884	1,086,191	315,863	–	1,470,938
Non-cash expenses other than depreciation and amortisation	–	611,010	117,675	–	728,685

27. SEGMENTAL REPORTING (cont'd)

Business Segments (cont'd)

	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
Assets					
Segment assets	4,981,976	58,188,242	139,274	–	63,309,492
Income producing assets	76,509,264	74,959,258	18,943,130	–	170,411,652
Income tax assets	226,664	2,024,983	72,000	–	2,323,647
Consolidated total assets	81,717,904	135,172,483	19,154,404	–	236,044,791
Liabilities					
Segment liabilities	36,207,926	20,176,334	320,608	–	56,704,868
Borrowing	–	99,532	–	–	99,532
Income tax liabilities	483,935	881,013	27,710	–	1,392,658
Consolidated total liabilities	36,691,861	21,156,879	348,318	–	58,197,058

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:

	Sales revenue by geographical market	
	2006	2005
	RM	RM
European countries	**143,146,035**	124,849,285
United States	**5,875,980**	3,626,330
Asia Pacific countries	**4,174,687**	3,408,803
	153,196,702	131,884,418

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.

	Carrying amount of segment assets		Capital additions	
	2006	2005	2006	2005
	RM	RM	RM	RM
Malaysia	**59,738,726**	53,687,088	**601,265**	1,093,711
People's Republic of China	**11,727,875**	9,622,404	**3,875,629**	165,914
	71,466,601	63,309,492	**4,476,894**	1,259,625

28. CHANGES IN ACCOUNTING POLICIES

The adoption of new and revised FRSs and Interpretations as set out in Note 3 did not have material impact on the financial statements of the Group and of the Company except for the following:

a. the adoption of FRS 127 Consolidated and Separate Financial Statements has resulted in a change in accounting policy for investment in subsidiary companies.

   Previously, when merger accounting was applied, FRS 122_{2004} Business Combination required that the investment in the relevant subsidiary companies be recorded in the Company's books at the aggregate of the nominal value of equity shares issued and cash consideration. FRS 127 now requires the Company to record investment in subsidiary companies at cost whereby the equity shares issued are to be recorded at cost and not nominal values. This change in accounting policy is applied retrospectively. Accordingly, the following accounts in prior years have been restated to reflect the effect of the accounting changes:

   The Company

	As previously reported	Change in accounting policies	As restated
	RM	**RM**	**RM**
As of December 31, 2005			
Investment in subsidiary companies	25,747,912	6,777,646	32,525,558
Merger reserve	–	6,777,646	6,777,646
As of January 1, 2005			
Merger reserve	–	6,777,646	6,777,646

   On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit balance was treated as merger deficit and was previously disclosed separately in the consolidated financial statements. The merger deficit is now adjusted against the Group's retained earnings for better presentation. Accordingly, the following accounts in prior years have been restated:

   The Group

	As previously reported	Adjustments	As restated
	RM	**RM**	**RM**
As of December 31, 2005			
Retained earnings	100,400,533	(18,067,867)	82,332,666
Merger deficit	(18,067,867)	18,067,867	–
As of January 1, 2005			
Retained earnings	105,628,752	(18,067,867)	87,560,885
Merger deficit	(18,067,867)	18,067,867	–

   There were no effects on the income statements for the current or prior years.

28. CHANGES IN ACCOUNTING POLICIES (cont'd)

b. the adoption of FRS 2 Share-based Payment has resulted in a change in accounting policy for equity-settled share-based payment.

In previous years, the provision of share options by the Company to the Group's and the Company's employees did not result in a charge to the income statements. Upon adoption of FRS 2, the Group and the Company recognise the fair value of such share options as an expense in the income statements over the vesting period of the grant with a corresponding increase in equity.

The new accounting policy has been applied prospectively in respect to the share options issued during the period. Accordingly, there is no impact on prior year financial statements of the Group and of the Company. The effect on the results of the Group and the Company for the year ended December 31, 2006 and the financial position of the Group and the Company as of December 31, 2006 are set out below:

	Effect of changes in accounting policies
	RM
The Group	
Income Statement	
Equity-settled share-based payment	692,256
Balance sheet	
Share option reserve	692,256
The Company	
Income Statement	
Equity-settled share-based payment	397,737
Balance sheet	
Investment in subsidiary companies	294,519
Share option reserve	692,256

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 MASB approved accounting standards for Entities Other than Private Entities 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, 2006 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, 2007

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 OW CHOOI KHIM	)	
at GEORGETOWN in the State of PENANG	)	
on March 1, 2007	)	**OW CHOOI KHIM**

Before me,

GM GOVINDASAMY
Commissioner For Oaths

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2006 (RM)	Date of Last Revaluation
Registered Beneficial Owner: **UCHI OPTOELECTRONIC (M) SDN. BHD.**						
HS (D) 4360/PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 1.1.2050	–	140,083	2,403,843	26.5.2004
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building	60 years leasehold expiring on 1.1.2050				
	-Phase I		12	33,144	2,295,637	26.5.2004
	-Phase II		6	92,864	7,367,379	–
Registered Beneficial Owner: **UCHI INDUSTRIES (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	2,117,537	26.5.2004
Registered Beneficial Owner: **UCHI TECHNOLOGIES (DONGGUAN) CO., LTD.**						
Lot No. 1905010100037 Information Industrial Park, Xi Hu, ShiLong Town, Dongguan City, People's Republic of China	Vacant Industrial Land	48 years leasehold expiring on 26.2.2054	–	208,671	3,698,362	–

ANALYSIS OF SHAREHOLDINGS

Share Capital
Authorised : RM 100,000,000.00
Issued and Fully Paid Up : RM 74,788,160.00
Class of Shares : Ordinary shares of RM0.20 each with equal voting rights

Size of Holdings			No. of Holders	%	No. of Shares	%
1	–	99	57	1.77	2,765	0.00
100	–	1,000	806	25.09	698,995	0.19
1,001	–	10,000	1,568	48.80	7,899,630	2.11
10,001	–	100,000	568	17.68	17,713,290	4.74
100,001	–	18,697,039 (*)	213	6.63	256,362,460	68.56
18,697,040	and	above (**)	1	0.03	91,263,660	24.40
Total			**3,213**	**100.00**	**373,940,800**	**100.00**

* Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Directors	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Eastbow International Limited	91,263,660	24.40	–	–
Kao, De-Tsan also known as Ted Kao	–	–	91,263,660*	24.40
Government of Singapore Investment Corporation Pte Ltd	19,921,900	5.33	–	–
Total	**111,185,560**	**29.73**	**91,263,660**	**24.40**

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

TOP THIRTY SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name of Shareholders	No. of Shares Held	%
1	Eastbow International Limited	91,263,660	24.40
2	HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Arisaig Asean Fund Limited	18,520,900	4.95
3	Lembaga Tabung Haji	18,244,000	4.88
4	Ironbridge Worldwide Limited	13,172,710	3.52
5	Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For Asian Small Companies Portfolio	12,620,300	3.38
6	Cartaban Nominees (Asing) Sdn Bhd Government Of Singapore Investment Corporation Pte Ltd For Government Of Singapore (C)	12,181,300	3.26
7	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	11,946,900	3.20
8	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF)	8,532,200	2.28
9	HSBC Nominees (Asing) Sdn Bhd BBH (LUX) SCA For Fidelity Funds ASEAN	8,087,600	2.16
10	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For American International Assurance Company Limited	7,490,730	2.00
11	HSBC Nominees (Asing) Sdn Bhd HSBC-FS For First State Asian Equity Plus Fund	6,400,900	1.71
12	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	5,965,800	1.60
13	Employees Provident Fund Board	5,578,700	1.49
14	Cartaban Nominees (Asing) Sdn Bhd Government Of Singapore Investment Corporation Pte Ltd For Monetary Authority Of Singapore (H)	5,444,300	1.46
15	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	5,350,500	1.43
16	Chang, Shin-Fang	5,349,350	1.43
17	Valuecap Sdn Bhd	4,660,000	1.25
18	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	3,793,200	1.01
19	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt SG For Employees Provident Fund	3,474,800	0.93
20	HSBC Nominees (Asing) Sdn Bhd BBH (LUX) SCA For Fidelity Funds - Asia Pacific Growth & Income Fund	3,250,000	0.87

TOP THIRTY SECURITIES ACCOUNT HOLDERS (con'd)
(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name of Shareholders	No. of Shares Held	%
21	HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (U.K.)	3,250,000	0.87
22	HSBC Nominees (Asing) Sdn Bhd Sumitomo T&B NY For Asia Oceania Dividend Yield Stock Mother Fund	3,000,000	0.80
23	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Didik	2,869,700	0.77
24	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	2,820,000	0.75
25	Kao Wang, Ying-Ying	2,779,700	0.74
26	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Mellon Bank (ABNAMRO MELLON)	2,693,000	0.72
27	Permodalan Nasional Berhad	2,661,700	0.71
28	MCIS Zurich Insurance Berhad	2,113,850	0.57
29	Cartaban Nominees (Asing) Sdn Bhd BOTM UFJ (LUX) S.A. For Asia Pacific Performance Fund	1,891,600	0.51
30	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Prudential Equity Income Fund (4801)	1,868,000	0.50
	Total	**277,275,400**	**74.15**

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Kao, De Tsan also known as Ted Kao	–	–	91,263,660*	24.40
Kao, Te-Pei also known as Edward Kao	150,000	0.04	13,172,710+	3.52
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	0.03	–	–
Huang, Teng-Yen	84,700	0.02	–	–
Dr.Heinrich Komesker	–	–	–	–
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–
Kao Wang, Ying Ying	2,779,700	0.74	–	–

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

UCHI TECHNOLOGIES BERHAD (457890-A)

(INCORPORATED IN MALAYSIA)

PROXY FORM

Number of shares held: ____________

I/We, ____ of ___________________________________ being a Member of the above Company hereby appoint ____ ____ or failing him, ____ of ____ as my/our proxy, to vote for me/us on my/our behalf at the NINTH ANNUAL GENERAL MEETING of the Company to be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Monday, May 28, 2007 at 3.00 p.m. and at any adjournment thereof.

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements of the Company for the year ended December 31, 2006 together with the Reports of the Directors and of the Auditors thereon.		
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, 2006.		
3.	To declare a Special Final Dividend I of 2 Sen per share of RM0.20 each less income tax at 27% for the year ended December 31, 2006.		
4.	To declare a Special Final Dividend II of 9 Sen per share of RM0.20 each exempt from income tax for the year ended December 31, 2006.		
5.	To approve an increase of Directors' Fees to RM446,200 and the payment of such fees to the Directors of the Company for the year ending December 31, 2007.		
6.	To re-elect Dr. Heinrich Komesker, a Director retiring under the provision of Article 136 of the Articles of Association of the Company.		
7.	To re-elect Mr. Ng Hai Suan @ Ooi Hoay Seng, a Director retiring under the provision of Article 131 of the Articles of Association of the Company.		
8.	To consider and if thought fit, to pass the following ordinary resolutions 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."		
9.	"That Dato' Hong Tok Hiang @ Fang Chok Seong, 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."		
10.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
11.	To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
12.	To renew the share buy-back authority.		

Signed this: __________ day of ____________ 2007 Signature of Member: __________________________

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.

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The Secretary

UCHI TECHNOLOGIES BERHAD (457890-A)

3rd Floor, Wisma Wang,
251-A, Jalan Burma, 10350 Penang, Malaysia.

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UCHI TECHNOLOGIES BERHAD
(Company No. [illegible])
(Incorporated in Malaysia)

Plot 544, Tingkat Perusahaan 4A,
Free Trade Zone, 13600 Prai, Malaysia
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Fax: 604-399 0034 / 399 0031
E-mail: uchi@streamyx.com