a solid foundation,
the platform to
greater accomplishments

ANNUAL
REPORT
2007

UCHI

UCHI TECHNOLOGIES BERHAD

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

CONTENTS

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

Utmost effort in implementing and continuously improving our corporate Environmental Management System

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

Highly honour compliance of Malaysian Environmental Laws and other applicable regulations

Incessantly educating employee on environmental awareness and responsibility

ISO 14001 ENVIRONMENTAL POLICY

SGS

Uchi Optoelectronic (M) Sdn. Bhd.

(Company No : 190793-K)

ISO 14001:2004

- Notice of Annual General Meeting 2
- Statement Accompanying Notice of Annual General Meeting 5
- Statement of Proposed Renewal of Authority for Uchi Technologies Berhad to Purchase Its Own Share ("Proposed Share Buy-Back") 6
- Corporate Information 12
- Directors' Profile 13
- Corporate Structure 15
- Financial Highlights 16
- Chairman's Statement 18
- Corporate Social Responsibility Report 20
- Corporate Governance & Other Disclosure 21
- Audit Committee Report 26
- Statement on Internal Control 29
- Nomination Committee Report 30
- Remuneration Committee Report 31
- Financial Statements 33
- List of Properties 83
- Shareholdings Statistics 84
- Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at Hall 3, Level 3, The Northam All Suite, Penang, 55, Jalan Sultan Ahmad Shah, 10050 Penang on Tuesday, May 27, 2008 at 3.00 p.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2007 together with the Reports of the Directors and of the Auditors thereon. **Ordinary Resolution 1**

2. To declare a Final Tax Exempt Dividend of 6 Sen per share of RM0.20 each for the year ended December 31, 2007. **Ordinary Resolution 2**

3. To declare a Special Final Tax Exempt Dividend of 4 Sen per share of RM0.20 each for the year ended December 31, 2007. **Ordinary Resolution 3**

4. To approve the payment of Directors' Fees of RM446,200 for the year ending December 31, 2008. **Ordinary Resolution 4**

5. To re-elect Mr. Kao, De-Tsan also known as Ted Kao retiring under the provision of Article 131 of the Articles of Association of the Company. **Ordinary Resolution 5**

6. 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." **Ordinary Resolution 6**

   "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." **Ordinary Resolution 7**

7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 8**

AS SPECIAL BUSINESS

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

8. **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." **Ordinary Resolution 9**

9. **Proposed Renewal of Share Buy-Back Authority ("Proposed Share Buy-Back Renewal")**

   "That subject to the provisions under the Companies Act, 1965 (the "Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.20 each in the Company ("Uchi Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company.

   That the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back Renewal shall not exceed the Company's aggregate retained profits and/ or share premium account.

That authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/ or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Uchi Shares so purchased by the Company in the following manner:

(i) the Uchi Shares so purchased could be cancelled; or

(ii) the Uchi Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/ or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/ or be cancelled subsequently; or

(iii) combination of (i) and (ii) above;

That the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And that the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Share Buy-Back Renewal with full power to assent to any conditions, modifications, variations and/ or amendments as may be imposed by the relevant authorities and/ or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **Ordinary Resolution 10**

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

By Order of the Board,

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

April 30, 2008

Penang

Notes:

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

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

Authority to Issue Shares

The Proposed Ordinary Resolution 9 if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the 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.

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 10 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 Tenth Annual General Meeting, the following Dividends for the year ended December 31, 2007 will be paid on July 18, 2008 to Depositors registered in the Record of Depositors at the close of business on June 30, 2008:

1. Final Tax Exempt Dividend of 6 Sen per share of RM0.20 each; and
2. Special Final Tax Exempt Dividend of 4 Sen per share of RM0.20 each.

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

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on June 30, 2008 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

April 30, 2008

Penang

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

(i) The details of the three (3) Directors seeking re-appointment are set out in their respective profiles which appear in the Board of Directors' Profile on pages 13 to 14 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 86 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 Annual General Meeting ("AGM") held on May 28, 2007, the Company obtained approval from the shareholders, for the Company to renew the authority to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/ or held pursuant to the resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits of RM31,930,846 and/ or share premium account of RM21,672,236 of the Company based on the audited financial statements for the financial year ended December 31, 2006.

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 Tenth (10th) 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 Tenth (10th) 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 16, 2008, the Company announced that UCHI is proposing to seek its shareholders' approval at the AGM of UCHI to be convened in 2008 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, 2007 are RM13,050,443 and RM25,173,116 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.

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.

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

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

The Company had not purchased any of its own Shares, retained its Shares as treasury shares or cancelled its Shares during the financial year ended December 31, 2007.

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, 2007, the Group has a cash and cash equivalent balance of RM146,655,930.

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 31, 2008, the Record of Depositors of the Company showed that 209,756,265 Shares representing approximately 56.56% of the issued and paid-up share capital were held by 3,760 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.

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

	Before the Proposed Share Buy-Back	After the Proposed Share Buy-Back
Public shareholding spread	[(a)] 56.56%	[(b)] 52.27%

Notes:

(a) As of March 31, 2008.

(b) As of March 31, 2008, the issued and paid up capital of UCHI is RM75,015,360 comprising 375,076,800 Shares including 4,197,900 Shares held as treasury shares. Based on the assumption that the Proposed Share Buy-Back involves the aggregate purchase of 37,507,680 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 31, 2008, 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.

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

As of March 31, 2008, the issued and paid-up capital of UCHI is RM75,015,360 comprising 375,076,800 Shares including 4,197,900 Shares held as treasury shares. Assuming that the Company purchases up to 37,507,680 UCHI Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 31, 2008 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. Effects of Proposed Share Buy-Back (cont'd)

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/retained as treasury shares, 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.

4.3. 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 31, 2008 are as follows:

	Before proposed buy-backs				After proposed buy-backs			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	% (e)	No. of Shares	% (e)	No. of Shares	% (f)	No. of Shares	% (f)
Directors								
Kao, De-Tsan also known as Ted Kao	–	–	(a)94,433,360	25.46	–	–	(a)94,433,360	27.97
Kao, Te-Pei also known as Edward Kao	–	–	(b)20,162,060	5.44	–	–	(b)20,162,060	5.97
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	0.03	–	–	117,705	0.03	–	–
Huang, Teng-Yen	184,700	0.05	–	–	184,700	0.05	–	–
Dr. Heinrich Komesker	200,000	0.05	–	–	200,000	0.06	–	–
Kao Wang, Ying-Ying	3,169,700	0.85	(c)91,263,660	24.61	3,169,700	0.94	(c)91,263,660	27.04
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–	–	–	–	–
Major Shareholders								
Eastbow	91,263,660	24.61	–	–	91,263,660	27.04	–	–
Kao, De-Tsan also known as Ted Kao	–	–	(d)91,263,660	24.61	–	–	(d)91,263,660	27.04
Lembaga Tabung Haji	24,538,340	6.62	–	–	24,538,340	7.27	–	–
Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	20,587,300	5.55	–	–	20,587,300	6.10	–	–

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

4.3. Directors' and Major Shareholders' Interests (cont'd)

Notes:

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

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

[c] Interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.

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

[e] Percentage shareholding computed based on 370,878,900 UCHI Shares excluding 4,197,900 shares held as treasury shares from total issued and paid-up share capital of 375,076,800 ordinary shares of RM0.20 each.

[f] Percentage shareholding computed based on 337,569,120 UCHI Shares assuming the Proposed Share Buy-Back is carried out in full and all shares so purchased are held as treasury shares.

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.

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 2007 to March 2008 are as follows:

	Highest (RM)	Lowest (RM)
Year 2007:		
April	3.32	3.14
May	3.32	3.24
June	3.42	3.08
July	3.18	3.06
August	3.08	2.81
September	3.04	2.89
October	3.02	2.87
November	2.95	2.40
December	2.73	2.56
Year 2008:		
January	2.68	2.07
February	2.12	2.04
March	2.07	1.74

6. Purchases and Resale Made In The Financial Year Ended December 31, 2007

There were no share buy back transactions and resale of treasury shares during the financial year ended December 31, 2007.

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. Disclaimer Statement By Bursa Securities

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

CORPORATE INFORMATION

Board of Directors

Chairman
Kao, De-Tsan also known as Ted Kao

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

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

Independent Non-Executive Director
Dato' Hong Tok Hiang @ Fang Chok Seong
Dr. Heinrich Komesker

Non-Independent Non-Executive Director
Huang, Teng-Yen
Kao Wang, Ying-Ying
(Alternate Director to Huang, Teng-Yen)

Audit Committee

Chairman
Dato' Hong Tok Hiang @ Fang Chok Seong

Members
Ng Hai Suan @ Ooi Hoay Seng
Dr. Heinrich Komesker
(appointed on March 1, 2008)
Kao, Te-Pei also known as Edward Kao
(resigned on March 1, 2008)

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: 04-228 8155
Fax: 04-269 2386

Principal Bankers

HSBC Bank Malaysia Berhad
CIMB Bank Berhad
Citibank Berhad
EON Bank Berhad

Auditors

Deloitte KassimChan
Chartered Accountants
4th Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Tel: 04-228 8255
Fax: 04-228 8355

Principal Solicitors

Ong & Manecksha
Advocates and Solicitors
Suite 503, 5th Floor
Penang Plaza, Jalan Burma
10050 Penang
Tel: 04-227 5811
Fax: 04-226 5366

Registrar

PFA Registration Services Sdn. Bhd.
Level 13, Uptown 1
No. 1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7718 6000
Fax: 03-7722 2311

Stock Exchange Listing

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

KAO, DE-TSAN also known as TED KAO

Aged 50, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000. 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 48, 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 was appointed to be a member of the Audit Committee on March 29, 2000 and resigned as a member of the Audit Committee on March 1, 2008. Currently, he is a member of the Remuneration Committee and Employee Share Option Scheme Committee of Uchitec.

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

In 1990, Uchi Taipei ceased operations. Mr. Edward Kao moved to Penang and was appointed as a Director of Uchi Electronic (M) Sdn. Bhd., 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 77, 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 until 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 56, German, was appointed to the Board of Uchi Technologies Berhad on January 1, 2007 as Independent Non-Executive Director. He was appointed to be a member of the Audit Committee with effective from March 1, 2008.

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 market leader 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 & Development ("R&D") Department. Dr. Komesker worked as an R&D Manager for Krups Company from 1985 to 1991 and was promoted as the Division Manager for Health & 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 67, 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 71, 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 and rubber plantation from 1958 to present date. He holds directorship in a number of other private limited companies.

KAO WANG, YING-YING

Aged 55, 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 Alternate Director to Mr. Huang, Teng-Yen on August 30, 2001 and re-appointed as Non-Executive Director. On January 1, 2007, she was 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 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

FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

Years ended December 31	2003 RM	2004 RM	2005 RM	2006 RM	2007 RM
Revenue	120,658,775	115,351,661	131,884,418	153,196,702	**156,875,282**
Profit before taxation	60,983,313	64,537,186	74,871,984	85,457,981	**78,749,028**
Profit after taxation	58,571,837	62,759,124	73,578,002	83,887,629	**78,228,154**
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share of RM1.00 each (Sen)	32	not applicable	not applicable	not applicable	**not applicable**
Gross of ordinary share RM0.20 each (Sen)	7	26	20	27	**10**
Amount Paid (net of tax)	45,344,496	87,312,611	71,477,498	98,122,088	**37,507,680**
Dividends proposed in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	**10**
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	**37,343,110**[1]
Total Amount Paid and Payable (net of tax)	45,344,496	87,312,611	71,477,498	98,122,088	**74,850,790**[2]
Total Assets Employed	220,941,052	244,140,445	236,044,791	254,239,321	**233,227,470**
Shareholders' Equity	176,118,649	177,124,953	177,847,733	192,772,458	**175,720,016**
Net Assets	176,118,649	177,124,953	177,847,733	192,772,458	**175,720,016**
Number of ordinary shares issued & fully paid as of December 31	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	**375,076,800 of RM0.20 each**
Proforma weighted average number of shares	357,550,895 [3]	363,439,770	368,363,416	373,308,044	**374,541,479**
Net Earnings Per Share (Sen)	16.38 [3]	17.27	19.97	22.47	**20.89**
Return on Equity	33.3%	35.4%	41.4%	43.5%	**44.5%**

1) Represents approximation of dividend payable base on all ordinary shares in issue as of March 13, 2008. Actual amount of dividend payable shall be determined at the close of business on June 30, 2008 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:

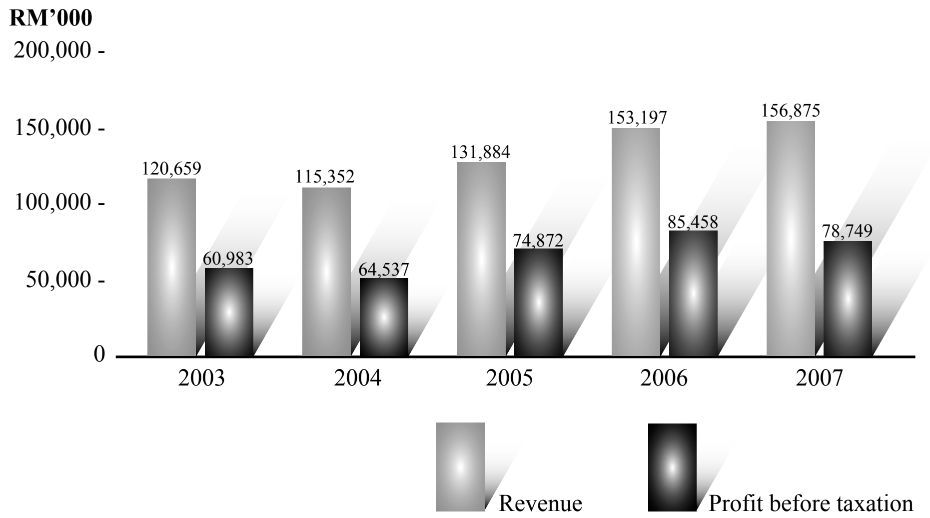
a. bonus issue of 4,000,000 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each for every ten existing ordinary shares of RM1.00 each held, completed in financial year ended 2001.

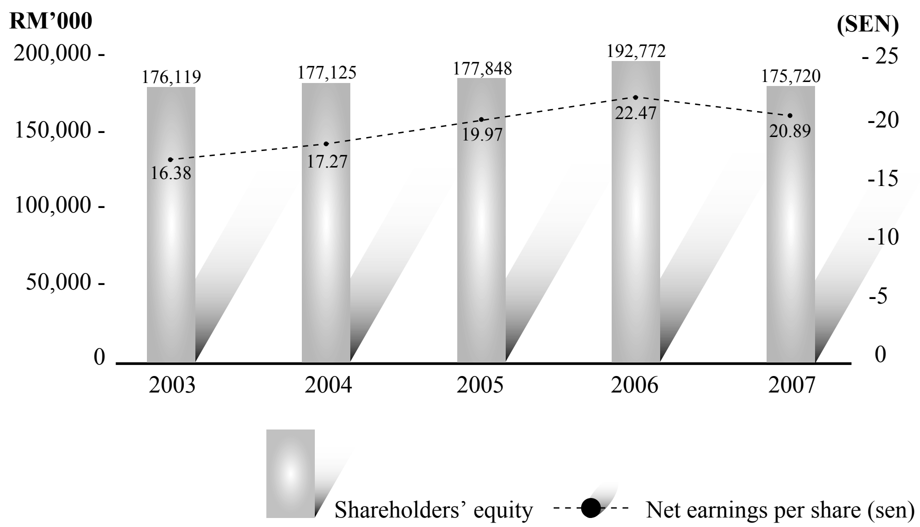
b. bonus issue of 17,847,600 new ordinary shares of RM1.00 each on the basis of two new ordinary shares of RM1.00 each for every five existing ordinary shares of RM1.00 each held, completed in the financial year ended 2002.

c. bonus issue of 6,500,960 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each of every ten existing shares of RM1.00 each held, completed in financial year ended 2003.

d. sub division 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





Dear Shareholders,

Financial Year 2007 has been a challenging one for Uchi Technologies Berhad ("Uchitec" or "the Group") as we saw a global hike in material prices amidst a weakening US Dollar currency.

In spite of that, we are unwavering in our endeavours to position ourselves at the helm of the industry and build a solid platform for constant, sustainable growth.

It is at this juncture that I am pleased to furnish you with the highlights of Uchitec's performance during the year under review.

Financial Overview

The Group's commendable performance in Financial Year 2007 saw us achieving:

- Group's Revenue of RM156.9 million
- Profit Before Tax totalling RM78.7 million
- Profit After Tax amounting to RM78.2 million

Even as we were surrounded by a competitive business environment and increasing costs, the Group continues to remain resilient and buoyant in accomplishing our goals; attaining a 50% net profit margin and a solid balance sheet at the end of the Financial Year in review to achieve cash and cash equivalent of RM146.7 million and an estimated 100% dividend payout ratio. This resulted in an increase of Return on Equity to 44.5%.

Nevertheless, the unfavourable environment had led to a decrease in the year's Profit Before Tax to RM78.7 million from RM85.5 million last year. However, the adverse impact was significantly reduced due to the Group's implementation of procedures to tighten sourcing and procurement control as well as to optimise product design and manufacturing processes.

Progressing With Fortitude

The Group's plans to expand the operation capacity of Uchi Technologies (Dongguan) Co., Ltd. at Dongguan City, Guangdong, People's Republic of China, has been progressing steadily and we expect to commence operations at the new site by the third quarter of 2008.

This new operations site will cater to the manufacturing and technical demands of our clientele base.

In a technology-centric industry, Research & Development is a key factor towards the progression of an organisation. In view of that, 7% of the Group's revenue has been allocated for Research & Development expenditures, ensuring that we have our fingers on the pulse of technological advancements as we continue to uphold our position as a market leader.

Declaration Of Dividends

At Uchitec, we are all about rewarding our esteemed shareholders for their invaluable support that has enabled us to grow to where we are today. It therefore gives me great pleasure to recommend a dividend declaration of 6 sen tax exempt final dividend and 4 sen tax exempt special final dividend for the financial year in review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

On January 18, 2008, the Group paid a 6 sen tax exempt interim dividend and 4 sen tax exempt special interim dividend. The total nett dividend paid and payable for the year under review was a considerably substantial amount estimated at RM74.9 million.

Responsible Corporate Environment

As a responsible corporation, Uchitec places great emphasis on nurturing a caring corporate environment, even as we intensify our efforts in increasing Shareholders' value. We believe in the importance of sustainable growth and a symbiotic, synergistic relationship between corporation, community and environment.

We therefore take great pride in the international standard certifications (i.e. ISO 14000 and OHSAS 18000) we have garnered as well as the community service activities we pursue, that are a reflection of our sincere pledge to the four focal entities - Community, Marketplace, Workplace and Environment.

Our People, Our Success

Uchitec workforce is the lifeblood of the Group and key to our success. It is with that in mind that we are very earnest in developing and enhancing our pool of talents to ensure that they are ever ready to take us to the next level of growth.

Aside from career developmental programmes, Uchitec granted 2,613,500 share options under the Group's Employee Share Option Scheme ("ESOS") during the financial year under review in recognition of employees' contributions to the growth of the Group, as well as to promote increased performance, greater productivity and company loyalty.

A Commitment For Excellence

The Group's utmost dedication towards striving for excellence has seen us garner several accolades in the past year. Among others, we were a proud recipient of the KPMG Shareholder Value Award 2006 (announced on October 1, 2007) and ranked second amongst the Information, Communication and Technology segment (Grouping Rank). We are also pleased to announce that the Group recorded an economic profit of RM72.0 million (2005:RM62.1 million).

In May 2007, Uchitec was awarded the 'Rising Star of Good Corporate Governance' titled by The Asset, Asia's leading financial magazine, a nod to our persistent efforts in persevering beyond regulatory compliance to foster and ensure a responsible, transparent and shareholder-centric corporate culture.

Future Ahead

Although the Group foresees some hurdles in the form of the fluctuating US Dollar currency and constant increase in material and labour costs, we are confident that with the strong foundation that we have established, we are able to meet any future challenges head on as we continue to harness our potentials and grow from strength to strength.

Acknowledgements

I would like to extend my heartfelt gratitude to the Group's customers, suppliers, government authorities and shareholders for their wonderful support and contribution that has seen the Group flourish to what we are today. My appreciation also goes out to the Board of Directors for their indispensable advice and support, as well as the Management and staff of Uchitec for their untiring dedication and hard work in building the success of the Group.

Thank you.

KAO, DE-TSAN also known as TED KAO
Chairman

March 28, 2008

Penang

CORPORATE SOCIAL RESPONSIBILITY REPORT

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

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

The Group emphasizes CSR on four focal areas as follows:

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

1. Community

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

On July 28, 2007 and December 15, 2007, the Group had organized social visits and donations to Charis Home, an old folk home, and St. Joseph's Home, an orphanage, which are located in Penang, Malaysia.

2. Marketplace

At the marketplace, the Group maintains high integrity of corporate governance practices as well as enhancing the shareholders' value through strategic business planning and management accounting practices. In achieving its corporate goals, business ethical values will not be compromised. Uchitec was awarded the highest rank in the Information, Communication & Technology sector in KPMG Shareholder Value Awards for five consecutive years since 2002. It showed the efforts of the Group to become a socially responsible corporate citizen.

In May 2007, we were awarded 'Rising Star of Good Corporate Governance' by The Asset, Asia's leading financial magazine, due to our persistent efforts in going beyond regulatory compliance to promote a transparent, shareholder-centric corporate culture in a responsible way.

3. Workplace

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

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

4. Environment

Uchi Optoelectronic (M) Sdn. Bhd., a main subsidiary of Uchitec is also an ISO 14001 certified company in recognition of the Company's commitment in preserving the environment. The Group adopts its Environmental Policy to ensure the environment is preserved for future generation. The Group adheres to all environmental laws and regulations. Production processes are constantly upgraded and products are improved to meet changing environmental laws and regulations.

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

The Board of Directors 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 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 13 & 14 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 six times in this financial year. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2007 are as follows:

No	Director	Year 2007 Period of Directorship	Total No. of Meetings	Attendance
1	Kao, De-Tsan also known as Ted Kao	1/1/2007 to 31/12/2007	6	6
2	Kao, Te-Pei also known as Edward Kao	1/1/2007 to 31/12/2007	6	6
3	Huang, Teng-Yen	1/1/2007 to 31/12/2007	6	4
4	Dr. Heinrich Komesker	1/1/2007 to 31/12/2007	6	3
5	Dato' Hong Tok Hiang @ Fang Chok Seong	1/1/2007 to 31/12/2007	6	6
6	Ng Hai Suan @ Ooi Hoay Seng	1/1/2007 to 31/12/2007	6	6
7	Kao Wang, Ying-Ying (Alternate Director to Huang, Teng-Yen)	1/1/2007 to 31/12/2007	6	2

Supply of Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties, which is not only quantitative but also other information deemed necessary such as information on customer satisfaction, products and services qualities, market share, market reaction and environmental performance.

The Directors review the Board reports prior to the Board meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

In addition to the Group performance discussed at the meeting, the Board would also discuss, review and decide the approval of acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

All Directors have access to the advice and services of the Company Secretaries and where necessary, seek independent professional advice at the Group's expense.

Directors' Training

All existing members have completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia, an affiliate company of the Bursa Securities to enhance their skills in the area of corporate governance.

The training programmes and seminars attended by Members of the Board in 2007 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 page 30 of the annual report.

Re-Election

In accordance with the Company's Articles of Association, one third of the Board members are required to retire at every Annual General Meeting and be subject to re-election by shareholders. Newly appointed directors shall hold office until the next following Annual General Meeting and shall then be eligible for re-election by shareholders.

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

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 26 to 28 of this annual report.

ii. **The Remuneration Committee**

The composition and terms of reference of this Committee are presented on pages 31 to 32 of this annual report.

iii. **The Nomination Committee**

The composition and terms of reference of this Committee are presented on page 30 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, 2007, the Company granted Share Options of 2,613,500 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2007, balance number of Share Option available for allotment was 19,613,500 Ordinary Shares of RM0.20 each.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the financial year ended December 31, 2007, 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, 2007 are as follows:

Category	Fees	Salaries & Other Emoluments	Benefits in Kind	Equity-settled Share-based Payment	Total
	RM	RM	RM	RM	RM
Executive Directors	140,400	1,811,200	60,000	135,908	2,147,508
Non-Executive Directors	305,800	–	–	136,503	442,303
Total	**446,200**	**1,811,200**	**60,000**	**272,411**	**2,589,811**

Range of Aggregate Remuneration	Executive	Non-Executive
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	3
RM1,050,001 to RM1,100,000	2	–

C. SHAREHOLDERS

Relations With Shareholders & Investors

The Board values dialogue with investors and recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Managing Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments.

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

Both AGM and EGM, act as the principal forum for dialogue with shareholders. At each AGM, the Board presents the progress and performance of the Group and encourages shareholders to participate in the "Questions and Answers" session. All Directors are in attendance to respond to shareholders' questions during the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a clear and meaningful assessment of the Company's financial positions and their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the annual financial statements, quarterly result announcements as well as the Chairman's statement and review of the operations in the annual report.

The Board, assisted by the Audit Committee, ensures that in presenting the financial statements and quarterly announcements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

Responsibility Statement

The Board is required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In discharging their responsibilities, the Directors, with the assistance of the Audit Committee:

- Reviewed the appropriateness of the accounting policies used and consistency in its application;
- Ensured accounting and other records are properly kept to enable the preparation of financial statements with reasonable accuracy;
- Reviewed the presentation of the financial statements with the external auditors to ensure that the financial statements are prepared in accordance with the approved accounting standards, the provision of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities;
- Ensured the financial statements presents a true and fair view of the state of affairs of the Group and of the Company at the end of financial year, their results and cash flows for the financial year;
- Ensured accounting estimates included in the financial statements are reasonable and prudent; and
- Ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

The Directors approved the audited financial statements for the year ended December 31, 2007 on March 13, 2008.

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 ongoing 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 page 29 of this annual report.

Relationship with the Auditor

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

The role of Audit Committee in relation to the external auditors is described on pages 26 to 28 of this annual report.

E. OTHER DISCLOSURE

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

Share Buybacks

The Company does not undertake any share buybacks during the financial year ended December 31, 2007.

Options, Warrants or Convertible Securities

A total of 1,136,000 options were exercised during the financial year in respect of the Company's employee share option scheme (ESOS).

The Company did not issue any convertible securities or warrants.

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

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

Imposition Of Sanctions/Penalties

There were no material sanctions and/ or penalties imposed on the Company and its subsidiary, directors or management by the relevant regulatory bodies.

Material Contracts or Loans

As of December 31, 2007, 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, 2007.

Non-Audit Fee

The total amount of non-audit fee paid and payable to the external auditors by the Group for the year ended December 31, 2007 amounted to RM18,150.

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, 2007.

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 52 of this annual report.

The collective approval by the Board on this Statement was tabled on March 28, 2008.

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2007.

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*
	Dr. Heinrich Komesker *Independent Non-Executive Director* (appointed on March 1, 2008)
	Kao, Te-Pei also known as Edward Kao *Managing Director* (resigned on March 1, 2008)

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, all of whom shall be Non-Executive Directors, with a majority being Independent 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 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Committee.

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

3. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

The Committee shall also able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.

The Committee shall have the authority to obtain independent legal or other professional 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 Head of Accounts, the Head of Internal Audit and a representative of the external auditors should normally attend meeting. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee should meet with the external auditors without Executive Board members present at least twice a year. The Committee may invite any person to be in attendance to assist in its deliberations.

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 and recommend the appointment and re-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 including the assistance given by the employees of the Company to the external auditors;
- 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; and
    - significant and unusual events;
- 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, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
    - review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not, appropriate action is taken on the recommendations of the internal audit;
    - 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 including any transaction, procedure or course of conduct that raises questions of management integrity;
- 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, 2007, the Committee met four times with full attendance of all members of the Committee. The minutes of the Committee meetings were formally tabled to the Board for its attention and action.

Summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended December 31, 2007 is as follows:

- Recommended the reappointment 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, 2007 and the un-audited quarterly financial results of the Group;
- Reported and recommended to the Board to approve the annual financial statements and un-audited quarterly financial results;
- Reviewed the independent auditors' audit reports and considered the audit issues, recommendations and the management's written response;
- Reviewed with the Company's management and the independent auditors' general policies & procedures to reasonably assure the adequacy of internal accounting and financial reporting controls;
- Reviewed the adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework;
- Reviewed the report on internal audit performed by the internal audit team; and
- 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, 2008

Penang

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/ or 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, 2008.

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*

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 from amongst their number who shall be an Independent Non-Executive Director.

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

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

2. Authority

The Committee is authorized to assess and propose new nominees for the Board and further empowered to assess the existing directors on an ongoing 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, 2007 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

March 28, 2008

Penang

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*
Members:	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*

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

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

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

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

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

2. Authority

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

Remuneration packages of Directors shall be a matter to be decided by the Board as a whole with the Director concerned abstaining in deliberation and voting on decisions in respect of his/her individual remuneration.

3. Duties

The Committee shall review and recommend to the Board the remuneration of each of the Executive Directors in all its forms, drawing from outside advice as necessary. However, the determination of remuneration packages of Non-Executive Directors, including Non-Executive 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 two times during the financial year ended December 31, 2007 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, 2007 is summarized on Page 23 of this annual report.

Ng Hai Suan @ Ooi Hoay Seng
Chairman of Remuneration Committee

March 28, 2008

Penang

FINANCIAL STATEMENTS

Exceed Customers' Expectations Through Continuous Improvement

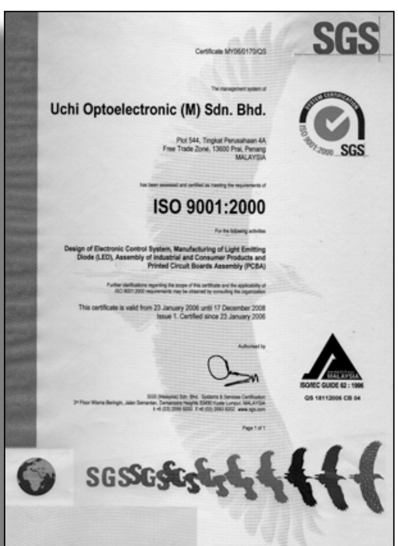
Total customer satisfaction is our business priority. In line with this commitment, we provide:

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

- Directors' Report 34
- Report of the Auditors 39
- Income Statements 40
- Balance Sheets 41
- Statements of Changes in Equity 42
- Cash Flow Statements 46
- Notes to the Financial Statements 48
- Statement by Directors 82
- Declaration by The Officer Primarily Responsible for the Financial Management of the Company 82

ISO 9001 QUALITY POLICY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Certificate MY06/0170/QS

The management system of

Uchi Optoelectronic (M) Sdn. Bhd.

Plot 544, Tingkat Perusahaan 4A
Free Trade Zone, 13600 Prai, Penang
MALAYSIA

has been assessed and certified as meeting the requirements of

ISO 9001:2000

For the following activities

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

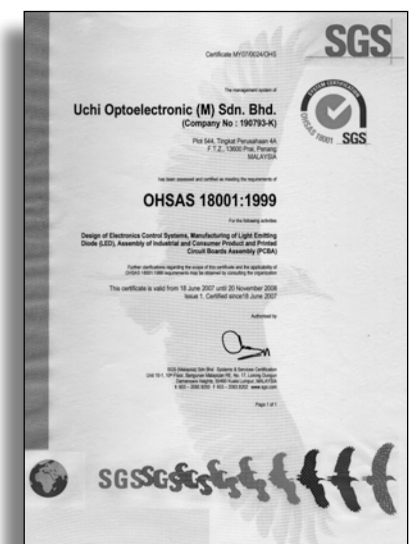
This certificate is valid from 23 January 2006 until 17 December 2008
Issue 1. Certified since 23 January 2006

Authorised by

ISO/IEC GUIDE 62 : 1996
QS 18112006 CB 04

Page 1 of 1

OHSAS 18001 OHSAS POLICY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Certificate MY07/0024/OHS

The management system of

Uchi Optoelectronic (M) Sdn. Bhd.
(Company No : 190793-K)

Plot 544, Tingkat Perusahaan 4A
F.T.Z., 13600 Prai, Penang
MALAYSIA

has been assessed and certified as meeting the requirements of

OHSAS 18001:1999

For the following activities

Design of Electronics Control Systems, Manufacturing of Light Emitting Diode (LED), Assembly of Industrial and Consumer Product and Printed Circuit Boards Assembly (PCBA)

This certificate is valid from 18 June 2007 until 20 November 2008
Issue 1. Certified since18 June 2007

Authorised by

Page 1 of 1

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, 2007.

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 12 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 RM	The Company RM
Profit for the year	78,228,154	80,343,792

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.

DIVIDENDS

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 financial year ended December 31, 2006 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 RM22,504,608, a special dividend I of 2 sen gross per ordinary share of RM0.20 each, less tax, amounting to RM5,476,125 and a special dividend II of 9 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM33,756,912, in respect of the financial year ended December 31, 2006 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 RM22,504,608, and a special interim dividend of 4 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM15,003,072, in respect of the current financial year. The interim dividends had been paid in January 2008.

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, and a special final dividend of 4 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 RM37,343,110 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 RM74,788,160 divided into 373,940,800 ordinary shares of RM0.20 each to RM75,015,360 divided into 375,076,800 ordinary shares of RM0.20 each by way of issuance of 1,136,000 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 RM3.28 to RM3.29 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM3,500,880 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

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the bye-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 19 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 200,000. The names of option holders granted options to subscribe for 200,000 or more ordinary shares of RM0.20 each during the financial year are as follows:

	No. of options over ordinary shares					
Name of grantee	**Exercisable from**	**Exercise price per ordinary share**	**Balance as of 1.1.2007**	**Granted**	**Exercised**	**Balance as of 31.12.2007**
		RM				
Chin Yau Meng	Feb 8, 2007	3.21	800,000	400,000	–	1,200,000
Lim Chin Kok	May 8, 2007	3.21	600,000	200,000	–	800,000

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 which 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
Ng Hai Suan @ Ooi Hoay Seng
Dato' Hong Tok Hiang @ Fang Chok Seong
Kao Wang, Ying-Ying
(Alternate to Huang, Teng-Yen)

DIRECTORS' INTEREST

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

	No. of ordinary shares of RM0.20 each			
	Balance as of 1.1.2007	Bought	Transfer	Balance as of 31.12.2007
Direct interest:				
Kao, Te-Pei also known as Edward Kao	150,000	390,000	(540,000)	–
Huang, Teng-Yen	84,700	100,000	–	184,700
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	–	–	117,705
Kao Wang, Ying-Ying	2,779,700	390,000	–	3,169,700
Dr. Heinrich Komesker	–	200,000	–	200,000
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	94,043,360	390,000	–	94,433,360
Kao, Te-Pei also known as Edward Kao	19,622,060	540,000	–	20,162,060
Kao Wang, Ying Ying	91,263,660	–	–	91,263,660

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 1.1.2007	Granted	Expired/ Exercised	Balance as of 31.12.2007
Kao, De-Tsan also known as Ted Kao	1,950,000	–	(390,000)	1,560,000
Kao, Te-Pei also known as Edward Kao	1,950,000	–	(390,000)	1,560,000
Huang, Teng-Yen	500,000	–	(100,000)	400,000
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)	–
Dr. Heinrich Komesker	–	1,000,000	(200,000)	800,000

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 13, 2008

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, 2007 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 abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:

    (i) the state of affairs of the Group and of the Company as of December 31, 2007 and of their results and cash flows of the Group and of the Company 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

LOO CHEE CHOU
2783/09/08(J)
Partner

Penang,

March 13, 2008

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

		The Group		The Company	
	Note	**2007**	**2006**	**2007**	**2006**
		RM	**RM**	**RM**	**RM**
Revenue	5	**156,875,282**	153,196,702	**84,320,000**	81,180,000
Investment revenue		**5,468,897**	5,442,749	**850,502**	1,773,472
Other gains and losses		**1,492,864**	911,172	**(565)**	–
Raw materials used		**(60,299,460)**	(55,084,750)	**–**	–
Changes in inventories of finished goods and work-in-progress		**(3,361,784)**	3,807,687	**–**	–
Employee benefits expense	6	**(13,273,742)**	(13,072,253)	**(3,529,259)**	(3,346,538)
Depreciation of property, plant and equipment		**(1,392,636)**	(1,387,323)	**(89,334)**	(70,071)
Amortisation of prepaid lease payments		**(180,847)**	(103,982)	**–**	–
Other expenses		**(6,579,546)**	(8,252,021)	**(725,592)**	(754,776)
Impairment loss on investment in a subsidiary company		**–**	–	**–**	(432,000)
Profit before tax	7	**78,749,028**	85,457,981	**80,825,752**	78,350,087
Income tax expense	8	**(520,874)**	(1,570,352)	**(481,960)**	(2,828,295)
Profit for the year		**78,228,154**	83,887,629	**80,343,792**	75,521,792
Earnings per share					
Basic	9	**20.89 sen**	22.47 sen		

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

	Note	The Group 2007	The Group 2006	The Company 2007	The Company 2006
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**20,108,915**	14,521,397	**321,358**	401,386
Prepaid lease payments	11	**8,043,580**	8,219,742	**–**	–
Investment in subsidiary companies	12	**–**	–	**41,686,529**	35,916,391
Other investments	13	**12,331,723**	12,396,451	**–**	–
Deferred tax assets	14	**365,000**	298,000	**37,000**	30,000
Total non-current assets		**40,849,218**	35,435,590	**42,044,887**	36,347,777
Current assets					
Inventories	15	**22,503,494**	27,076,962	**–**	–
Trade and other receivables	16	**20,208,087**	19,793,027	**104,376,807**	97,636,917
Other assets	17	**646,073**	705,846	**13,760**	16,601
Current tax assets		**1,135,558**	3,058,384	**880,787**	481,835
Short-term deposits	18	**145,948,764**	167,019,885	**12,791,444**	39,001,578
Cash and bank balances	18	**1,936,276**	1,149,627	**93,690**	49,716
Total current assets		**192,378,252**	218,803,731	**118,156,488**	137,186,647
Total assets		**233,227,470**	254,239,321	**160,201,375**	173,534,424
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	**75,015,360**	74,788,160	**75,015,360**	74,788,160
Reserves	20	**27,995,738**	24,395,314	**33,346,468**	29,142,138
Retained earnings	21	**72,708,918**	93,588,984	**13,050,443**	31,930,846
Total equity		**175,720,016**	192,772,458	**121,412,271**	135,861,144
Non-Current Liabilities					
Deferred tax liabilities	14	**1,302,904**	1,333,926	**–**	–
Current liabilities					
Trade and other payables	22	**16,202,429**	20,639,550	**1,281,424**	1,252,657
Provision for rework and warranty	23	**2,400,000**	3,000,000	**–**	–
Dividend payable		**37,507,680**	36,420,623	**37,507,680**	36,420,623
Bank overdraft	24	**94,441**	72,764	**–**	–
Total current liabilities		**56,204,550**	60,132,937	**38,789,104**	37,673,280
Total liabilities		**57,507,454**	61,466,863	**38,789,104**	37,673,280
Total equity and liabilities		**233,227,470**	254,239,321	**160,201,375**	173,534,424

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

The Group

	Share Capital	Share Premium	Revaluation/ Translation Reserve*	Share Option Reserve	Retained Earnings	Total
	RM	RM	RM	RM	RM	RM
Balance as of January 1, 2006	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 payment	–	–	–	692,256	–	692,256
Dividends (Note 25)	–	–	–	–	(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

	Share Capital	Share Premium	Revaluation/ Translation Reserve*	Share Option Reserve	Retained Earnings	Total
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as of January 1, 2007	74,788,160	21,672,236	2,030,822	692,256	93,588,984	192,772,458
Exchange difference on translation of net investment in a foreign subsidiary company	–	–	(524,137)	–	–	(524,137)
Transfer of revaluation surplus	–	–	(79,769)	–	79,769	–
Share-based payment forfeited	–	–	–	(57,336)	57,336	–
Net income recognised directly in equity	–	–	(603,906)	(57,336)	137,105	(524,137)
Profit for the year	–	–	–	–	78,228,154	78,228,154
Total recognised income and expense	–	–	(603,906)	(57,336)	78,365,259	77,704,017
Allotment of 1,136,000 new ordinary shares of RM0.20 each at RM3.28 to RM3.29 per share pursuant to the ESOS	227,200	3,500,880	–	–	–	3,728,080
Recognition of share-based payment	–	–	–	760,786	–	760,786
Dividends (Note 25)	–	–	–	–	(99,245,325)	(99,245,325)
Balance as of December 31, 2007	75,015,360	25,173,116	1,426,916	1,395,706	72,708,918	175,720,016

(FORWARD)

The Group

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

	Revaluation Reserve	Translation reserve	Total
	RM	RM	RM
Balance as of January 1, 2006	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
Balance as of January 1, 2007	2,178,367	(147,545)	2,030,822
Exchange difference on translation of net investment in a foreign subsidiary company	–	(524,137)	(524,137)
Transfer of revaluation surplus	(79,769)	–	(79,769)
Net income recognised directly in equity	(79,769)	(524,137)	(603,906)
Balance as of December 31, 2007	2,098,598	(671,682)	1,426,916

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, 2006	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:						
Recognition in income statement	–	–	–	397,737	–	397,737
Included in investment in subsidiary companies	–	–	–	294,519	–	294,519
Dividends (Note 25)	–	–	–	–	(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
Balance as of January 1, 2007	74,788,160	21,672,236	6,777,646	692,256	31,930,846	135,861,144
Allotment of 1,136,000 new ordinary shares of RM0.20 each at RM3.28 to RM3.29 per share pursuant to the ESOS	227,200	3,500,880	–	–	–	3,728,080
Share based payment forfeited	–	–	–	(21,130)	21,130	–
Profit for the year	–	–	–	–	80,343,792	80,343,792
Total recognised income and expense	–	–	–	(21,130)	80,364,922	80,343,792
Recognition of share-based payment:						
Recognition in income statement	–	–	–	436,137	–	436,137
Included in investment in subsidiary companies	–	–	–	288,443	–	288,443
Dividends (Note 25)	–	–	–	–	(99,245,325)	(99,245,325)
Balance as of December 31, 2007	**75,015,360**	**25,173,116**	**6,777,646**	**1,395,706**	**13,050,443**	**121,412,271**

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	**78,228,154**	83,887,629	**80,343,792**	75,521,792
Adjustments for:				
Depreciation of property, plant and equipment	**1,392,636**	1,387,323	**89,334**	70,071
Expense recognised in income statement in respect of equity-settled share-based payment	**760,786**	692,256	**436,137**	397,737
Income tax expense	**520,874**	1,570,352	**481,960**	2,828,295
Provision for rework and warranty	**354,000**	1,384,512	**–**	–
Unrealised loss on foreign exchange	**361,721**	795,617	**–**	–
Amortisation of prepaid lease payments	**180,847**	103,982	**–**	–
Allowance for diminution in value of other investments	**64,728**	120,471	**–**	–
Loss/(gain) on disposal of property, plant and equipment	**2,274**	(39,150)	**–**	–
Property, plant and equipment written off	**279**	–	**279**	–
Interest income	**(5,151,895)**	(4,960,257)	**(850,502)**	(1,773,472)
Allowance for obsolete inventories no longer required	**(954,133)**	(124,291)	**–**	–
Gross dividends income	**(317,002)**	(482,492)	**(83,000,000)**	(80,100,000)
Gain on disposal of other investments	**–**	(970,233)	**–**	–
Allowance for doubtful debts no longer required	**–**	(600,000)	**–**	–
Allowance for diminution in value of other investments no longer required	**–**	(67,890)	**–**	–
Impairment loss of investment in a subsidiary company	**–**	–	**–**	432,000
	75,443,269	82,697,829	**(2,499,000)**	(2,623,577)
Movement in working capital:				
(Increase)/decrease in:				
Inventories	**5,527,601**	(6,993,961)	**–**	–
Trade and other receivables	**(1,315,362)**	957,886	**–**	–
Other assets	**59,773**	636,620	**2,841**	(13,551)
Increase/(decrease) in:				
Trade and other payables	**(4,134,023)**	3,248,034	**(28,960)**	221,205
Cash generated from/(used in) operations	**75,581,258**	80,546,408	**(2,525,119)**	(2,415,923)
Tax refunded	**2,818,524**	–	**–**	–
Tax paid	**(1,514,594)**	(2,617,962)	**(77,912)**	(145,466)
Utilisation of provision for rework and warranty	**(954,000)**	(2,384,512)	**–**	–
Net cash generated from/(used in) operating activities	**75,931,188**	75,543,934	**(2,603,031)**	(2,561,389)

(FORWARD)

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**5,329,651**	4,888,816	**1,237,387**	2,264,285
Dividends received from other invesments	**317,002**	438,633	–	–
Proceeds from disposal of property, plant and equipment	**374**	39,150	–	–
Purchase of property, plant and equipment	**(6,960,799)**	(715,980)	**(9,585)**	(342,277)
Additions to prepaid lease payments	–	(3,760,914)	–	–
Proceeds from disposal of other investments	–	6,566,591	–	–
Purchase of other investments	–	(4,700,000)	–	–
Dividends received from a subsidiary company	–	–	**82,190,000**	77,132,000
Advances to subsidiary companies	–	–	**(7,126,775)**	(42,204,856)
Purchase of investment in a subsidiary company	–	–	**(5,481,695)**	(3,528,314)
Net cash (used in)/generated from investing activities	**(1,313,772)**	2,756,296	**70,809,332**	33,320,838
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	**3,728,080**	3,188,290	**3,728,080**	3,188,290
Dividends paid	**(98,100,541)**	(71,465,931)	**(98,100,541)**	(71,465,931)
Net cash used in financing activities	**(94,372,461)**	(68,277,641)	**(94,372,461)**	(68,277,641)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(19,755,045)**	10,022,589	**(26,166,160)**	(37,518,192)
Effect of foreign exchange rate changes	**(551,104)**	2,991	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**166,962,079**	156,936,499	**39,051,294**	76,569,486
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)	**146,655,930**	166,962,079	**12,885,134**	39,051,294

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 12. 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 Berhad.

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 13, 2008.

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 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 the Issues Committee ("IC") of MASB that are relevant to their operations and effective for accounting periods beginning on January 1, 2007.

The adoption of these new and revised FRSs and Interpretations has no material effect on the financial statements of the Group and of the Company except for those disclosed in Note 30.

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

(a) Revised FRS 107 Cash Flow Statements (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this standard from financial periods beginning on January 1, 2008.

(b) Revised FRS 112 Income Taxes (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this standard from financial periods beginning on January 1, 2008.

(c) Revised FRS 118 Revenue (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this standard from financial periods beginning on January 1, 2008.

(d) FRS 134 Interim Financial Reporting (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this standard from financial periods beginning on January 1, 2008.

(e) Revised FRS 137 Provisions, Contingent Liabilities and Contingent Assets (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this standard from financial periods beginning on January 1, 2008.

(f) FRS 139 Financial Instruments: Recognition and Measurement (Effective date yet to be determined by MASB). The Group will apply this standard when effective.

(g) 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 Group will apply this standard from financial periods beginning on January 1, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this interpretation from financial periods beginning on January 1, 2008.

(i) IC Interpretation 8 Scope of FRS 2 (Effective for annual periods beginning on or after July 1, 2007). The Group will apply this interpretation from financial periods beginning on January 1, 2008.

The impact of the adoption of FRS 139 at the effective date on the financial statements of the Group and the Company is not disclosed by virtue of the exemption given by this FRS. Revised FRS 107, FRS 112, FRS 118, FRS 137, Amendments to FRS 121, FRS 134 and IC Interpretation 1 and 8 are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

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

(a) FRS 111 Construction Contracts (Effective for annual periods beginning on or after July 1, 2007).

(b) FRS 120 Accounting for Government Grants and Disclosure of Government Assistance (Effective for annual periods beginning on or after July 1, 2007).

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

(d) 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).

(e) 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).

(f) 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 adopted 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 are 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.

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 recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses in the income statements as incurred. Once the obligations have been paid, the Group has no further payment obligations.

(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.

Research and development expenses

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowing costs

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

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. 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
Buildings	2.15%
Plant and machinery	9% - 18%
Fire-fighting and security system	12%
Airconditioning system	12% - 18%
Furniture and fittings	8% - 18%
Office equipment	12% - 18%
Electrical installation	10%
Motor vehicles	18% - 20%

The Group carried its 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.

At each balance sheet date, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

Impairment of assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of fair value less cost to sell and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the income statements, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

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 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 their recoverable amount.

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

Borrowings are stated at their nominal value and recorded at the proceeds received net of direct issue costs.

Payables

Payables are stated at their nominal value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

Provisions are made when the Group 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 reviews at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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.

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 the income statement 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.

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, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, unused tax losses and unused tax credits 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 RM365,000 and RM37,000 (2006: RM298,000 and RM30,000) respectively and the unrecognised deferred tax assets of the Group are RM113,000 (2006: RM213,000).

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Sales of goods:				
Manufacturing	**155,963,173**	153,194,921	–	–
Trading	**912,109**	1,781	–	–
Dividend income from subsidiary companies	**–**	–	**83,000,000**	80,100,000
Management fee	**–**	–	**1,320,000**	1,080,000
	156,875,282	153,196,702	**84,320,000**	81,180,000

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Staff costs:				
Employees' provident fund contributions	**903,231**	842,665	**324,912**	314,736
Equity-settled share-based payment	**760,786**	692,256	**436,137**	397,737
Other staff costs	**11,609,725**	11,537,332	**2,768,210**	2,634,065
	13,273,742	13,072,253	**3,529,259**	3,346,538

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

6. EMPLOYEE BENEFITS EXPENSE (cont'd)

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

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Executive directors of the Company:				
Fee	**140,400**	131,400	**140,400**	131,400
Employees' provident fund contributions	**243,200**	235,520	**243,200**	235,520
Equity-settled share-based payment	**135,908**	135,908	**135,908**	135,908
Other emoluments	**1,568,000**	1,520,000	**1,568,000**	1,520,000
Benefits-in-kind	**60,000**	60,000	**60,000**	60,000
Non-executive directors of the Company:				
Fee	**305,800**	285,800	**305,800**	285,800
Equity-settled share-based payment	**136,503**	104,546	**136,503**	104,546
	2,589,811	2,473,174	**2,589,811**	2,473,174

Remuneration of executive directors, who are the key management personnel of the Group and of the Company, are disclosed above.

7. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
After charging:				
Research and development expenses	**4,452,441**	4,216,943	–	–
Unrealised loss on foreign exchange	**361,721**	795,617	–	–
Provision for rework and warranty	**354,000**	1,384,512	–	–
Rental of:				
Premises	**194,105**	108,700	–	–
Hostels	**13,553**	13,817	**15,600**	12,300
Audit fee:				
Current year	**75,840**	72,622	**14,000**	14,000
Underprovision in prior year	**–**	2,200	**–**	1,000
Allowance for diminution in value of other investments	**64,728**	120,471	**–**	–
Loss on disposal of property, plant and equipment	**2,274**	–	**–**	–
Property, plant and equipment written off	**279**	–	**279**	–
Realised loss on foreign exchange	**–**	95,086	**286**	–
And crediting:				
Interest on short-term deposits	**5,151,895**	4,960,257	**850,502**	1,773,472
Allowance for obsolete inventories no longer required	**954,133**	124,291	–	–
Realised gain on foreign exchange	**894,897**	–	–	–
Gross dividends from:				
Unit trusts	**317,002**	318,409	–	–
Shares quoted in Malaysia	**–**	164,083	–	–
Gain on disposal of other investments	**–**	970,233	–	–
Allowance for doubtful debts no longer required	**–**	600,000	–	–
Allowance for diminution in value of other investments no longer required	**–**	67,890	–	–
Gain on disposal of property, plant and equipment	**–**	39,150	–	–

8. INCOME TAX EXPENSE

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current tax expense	**924,000**	897,023	**390,000**	2,630,000
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences in current year	**(212,122)**	(25,022)	**(8,400)**	28,000
Change in tax rate	**14,100**	12,000	**1,400**	2,000
	(198,022)	(13,022)	**(7,000)**	30,000
	725,978	884,001	**383,000**	2,660,000
(Over)/Under provision of current tax expense in prior years	**(305,104)**	140,351	**98,960**	168,295
Overprovision of deferred tax assets in prior years	**100,000**	546,000	**–**	–
	(205,104)	686,351	**98,960**	168,295
Income tax expense	**520,874**	1,570,352	**481,960**	2,828,295

The Group is operating in the jurisdictions of Malaysia and the People's Republic of China. The applicable domestic statutory income tax rates are 27% for Malaysia and 24% for the People's Republic of China except for small and medium scale companies in Malaysia with paid-up capital of RM2.5 million and below which are subject to income tax at the rate of 20% on chargeable income of up to RM500,000. For which chargeable income in excess of this amount, the corporate income tax rate is at 27%.

In September 2007, the Malaysian government proposed in the yearly budget a reduction in the corporate income tax rate from 27% for the year of assessment 2007 to 26% for the year of assessment 2008 and 25% for the year of assessment 2009.

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% (2006: 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 of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective rate is as follows:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Profit before tax	**78,749,028**	85,457,981	**80,825,752**	78,350,087
Tax amount at statutory income tax rate of 27% (2006: 28%)	**21,262,000**	23,928,000	**21,823,000**	21,940,000
Tax effect on non-deductible/(non-taxable) items:				
Non-deductible expenses	**532,408**	759,942	**158,600**	178,000
Tax exempt income for pioneer products	**(19,665,000)**	(22,000,000)	**–**	–
Tax exempt dividend income	**–**	–	**(21,600,000)**	(19,460,000)
Other non-taxable income	**(1,196,222)**	(1,226,999)	**–**	–
Effect of change in tax rate	**14,100**	12,000	**1,400**	2,000
Utilisation of previously unrecognised deferred tax assets	**(100,000)**	(360,000)	**–**	–
Effect of different tax rates in subsidiary companies	**(121,308)**	(228,942)	**–**	–
	725,978	884,001	**383,000**	2,660,000
(Over)/Under provision of current tax expense in prior years	**(305,104)**	140,351	**98,960**	168,295
Overprovision of deferred tax assets in prior years	**100,000**	546,000	**–**	–
	(205,104)	686,351	**98,960**	168,295
Income tax expense	**520,874**	1,570,352	**481,960**	2,828,295

As of December 31, 2007, 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	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Unused reinvestment allowances	**1,236,000**	1,236,000	–	–
Unused tax capital allowances	**873,000**	863,000	–	–
Unused tax losses	**279,000**	433,000	–	–

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 for a period not exceeding five years for which RM207,000 and RM72,000 will be expiring in 2009 and 2010 respectively.

During the financial year, the estimated amounts of tax savings included in net income of the Group and of the Company as a result of the realisation of unused tax losses and unused tax capital allowances are RM71,000 (2006: RM324,000) and Nil (2006: RM35,000) respectively.

9. EARNINGS PER SHARE

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	
	2007	**2006**
Profit attributable to ordinary equity holders of the Company (RM)	**78,228,154**	83,887,629
Weighted average number of ordinary shares in issue (Units)	**374,541,479**	373,308,044
Basic earnings per share (Sen)	**20.89**	22.47

The diluted earnings per ordinary share in 2007 and 2006 has not been presented as the effect of the conversions of employee share option to ordinary shares would be anti-dilutive due to the fair value of the ordinary shares is currently lower than the subscription price.

10. PROPERTY, PLANT AND EQUIPMENT

The Group

	Short leasehold land	Buildings At 2004 valuation	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Construction-in-progress	Total
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Cost unless stated otherwise											
Balance as of January 1, 2006:											
As previously reported	4,790,000	10,129,770	10,347,501	202,827	294,111	452,601	1,956,163	327,234	1,111,669	–	29,611,876
Adoption of FRS 117	(4,790,000)	–	–	–	–	–	–	–	–	–	(4,790,000)
As restated	–	10,129,770	10,347,501	202,827	294,111	452,601	1,956,163	327,234	1,111,669	–	24,821,876
Additions:											
As previously reported	3,760,914	93,030	98,951	–	39,447	3,380	114,137	18,500	334,718	13,817	4,476,894
Adoption of FRS 117	(3,760,914)	–	–	–	–	–	–	–	–	–	(3,760,914)
As restated	–	93,030	98,951	–	39,447	3,380	114,137	18,500	334,718	13,817	715,980
Disposals	–	–	–	–	–	–	–	–	(175,422)	–	(175,422)
Translation reserve:											
As previously reported	(62,551)	–	(88,413)	–	2,460	(3,663)	(5,324)	–	(6,107)	(229)	(163,827)
Adoption of FRS 117	62,551	–	–	–	–	–	–	–	–	–	62,551
As restated	–	–	(88,413)	–	2,460	(3,663)	(5,324)	–	(6,107)	(229)	(101,276)
Balance as of December 31, 2006	–	10,222,800	10,358,039	202,827	336,018	452,318	2,064,976	345,734	1,264,858	13,588	25,261,158

(FORWARD)

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

	Short leasehold land	Buildings At 2004 valuation	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Construction -in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost unless stated otherwise											
Balance as of January 1, 2007	–	10,222,800	10,358,039	202,827	336,018	452,318	2,064,976	345,734	1,264,858	13,588	25,261,158
Additions	–	84,400	1,328,140	–	4,802	67,350	68,726	1,300	–	5,406,081	6,960,799
Disposals	–	–	–	–	–	–	(7,550)	–	–	–	(7,550)
Translation reserve	–	–	3,445	–	42	26	266	–	225	20,780	24,784
Balance as of December 31, 2007	–	10,307,200	11,689,624	202,827	340,862	519,694	2,126,418	347,034	1,265,083	5,440,449	32,239,191
Accumulated depreciation											
Balance as of January 1, 2006:											
As previously reported	164,639	341,956	6,151,136	162,123	287,114	358,545	1,275,194	224,772	755,486	–	9,720,965
Adoption of FRS 117	(164,639)	–	–	–	–	–	–	–	–	–	(164,639)
As restated	–	341,956	6,151,136	162,123	287,114	358,545	1,275,194	224,772	755,486	–	9,556,326
Charge for the year:											
As previously reported	103,982	217,828	765,328	12,662	3,798	22,891	171,161	13,578	180,077	–	1,491,305
Adoption of FRS 117	(103,982)	–	–	–	–	–	–	–	–	–	(103,982)
As restated	–	217,828	765,328	12,662	3,798	22,891	171,161	13,578	180,077	–	1,387,323
Disposals	–	–	–	–	–	–	–	–	(175,422)	–	(175,422)
Translation reserve	–	–	(23,749)	–	(300)	(264)	(1,623)	–	(2,530)	–	(28,466)
Balance as of December 31, 2006	–	559,784	6,892,715	174,785	290,612	381,172	1,444,732	238,350	757,611	–	10,739,761

(FORWARD)

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

	Short leasehold land	Buildings At 2004 valuation	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Construction -in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation											
Balance as of January 1, 2007	–	559,784	6,892,715	174,785	290,612	381,172	1,444,732	238,350	757,611	–	10,739,761
Charge for the year	–	219,929	770,821	10,854	7,323	25,944	151,137	15,232	191,396	–	1,392,636
Disposals	–	–	–	–	–	–	(4,623)	–	–	–	(4,623)
Translation reserve	–	–	2,041	–	27	24	180	–	230	–	2,502
Balance as of December 31, 2007	–	779,713	7,665,577	185,639	297,962	407,140	1,591,426	253,582	949,237	–	12,130,276
Net Book Value											
Balance as of December 31, 2006	–	9,663,016	3,465,324	28,042	45,406	71,146	620,244	107,384	507,247	13,588	14,521,397
Balance as of December 31, 2007	–	9,527,487	4,024,047	17,188	42,900	112,554	534,992	93,452	315,846	5,440,449	20,108,915

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

The Company

	Furniture and fittings	Office equipment	Motor vehicle	Total
	RM	RM	RM	RM
Cost				
Balance as of January 1, 2006	12,803	121,601	43,258	177,662
Additions	–	7,559	334,718	342,277
Disposals	–	–	–	–
Balance as of December 31, 2006	12,803	129,160	377,976	519,939
Balance as of January 1, 2007	12,803	129,160	377,976	519,939
Additions	–	9,585	–	9,585
Disposals	–	(570)	–	(570)
Balance as of December 31, 2007	12,803	138,175	377,976	528,954
Accumulated Depreciation				
Balance as of January 1, 2006	2,596	18,640	27,246	48,482
Charge for the year	1,536	15,254	53,281	70,071
Disposals	–	–	–	–
Balance as of December 31, 2006	4,132	33,894	80,527	118,553
Balance as of January 1, 2007	4,132	33,894	80,527	118,553
Charge for the year	1,536	15,994	71,804	89,334
Disposals	–	(291)	–	(291)
Balance as of December 31, 2007	5,668	49,597	152,331	207,596
Net Book Value				
Balance as of December 31, 2006	8,671	95,266	297,449	401,386
Balance as of December 31, 2007	7,135	88,578	225,645	321,358

Certain property, plant and equipment of the Group with a total carrying value of RM12,564,462 (2006: RM11,769,146) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 24.

The buildings was 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 buildings which were revalued will be as follows:

	The Group	
	2007	2006
	RM	RM
Cost	**7,323,223**	7,323,223
Less: Accumulated depreciation	**(1,852,733)**	(1,655,480)
Carrying amounts	**5,470,490**	5,667,743

11. PREPAID LEASE PAYMENTS

	The Group	
	2007	**2006**
	RM	**RM**
Short leasehold land:		
At beginning of year	**8,219,742**	4,625,361
Additions	**–**	3,760,914
Amortisation during the year	**(180,847)**	(103,982)
Translation reserve	**4,685**	(62,551)
At end of year	**8,043,580**	8,219,742

Certain prepaid lease payments on short leasehold land of the Group with a carrying value of RM2,349,202 (2006: RM2,403,843) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 24.

As of December 31, 2007, the unexpired lease periods of the Group's short leasehold land are 47 and 42 years respectively.

The short leasehold land was 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. As allowed by transitional provisions, the Group retained the unamortised revalued amount as surrogate carrying amount of prepaid lease payments. Such prepaid lease payments shall be amortised over the lease term.

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2007	**2006**
	RM	**RM**
Unquoted shares, at cost	**46,107,329**	40,337,191
Less: Accumulated impairment losses	**(4,420,800)**	(4,420,800)
	41,686,529	35,916,391

During the financial year, the Company invested an additional RM5,481,695 (2006: 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 RM288,443 (2006: RM294,519) representing the 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.

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership	
			2007	**2006**
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%

* Audited by Deloitte KassimChan for purposes of consolidation.

13. OTHER INVESTMENTS

	The Group	
	2007	**2006**
	RM	**RM**
At cost:		
Investments in unit trusts	**8,418,318**	8,418,318
Investments in bond funds	**4,000,000**	4,000,000
	12,418,318	12,418,318
Less: Allowance for diminution in value of unit trusts	**(86,595)**	(21,867)
	12,331,723	12,396,451
Market value of:		
Unit trusts	**9,055,859**	8,613,578
Bond funds	**4,291,423**	4,120,264
	13,347,282	12,733,842

14. DEFERRED TAX

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities	**1,302,904**	1,333,926	–	–
Deferred tax assets	**(365,000)**	(298,000)	**(37,000)**	(30,000)
Net position	**937,904**	1,035,926	**(37,000)**	(30,000)

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

	The Group	
	2007	**2006**
	RM	**RM**
At beginning of year	**1,333,926**	1,364,948
Transfer to income statements (Note 8)	**(31,022)**	(31,022)
At end of year	**1,302,904**	1,333,926

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

A deferred tax income of RM31,022 (2006: 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 (2006: 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	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
At beginning of year	**298,000**	862,000	**30,000**	60,000
Transfer from/(to) income statements (Note 8)	**67,000**	(564,000)	**7,000**	(30,000)
At end of year	**365,000**	298,000	**37,000**	30,000

The deferred tax assets are in respect of the following:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Tax effect of temporary differences in respect of:				
Property, plant and equipment	**(329,000)**	(363,000)	**(15,000)**	(19,000)
Provision for rework and warranty	**123,000**	148,000	**–**	–
Trade receivables	**99,000**	100,000	**–**	–
Others	**245,000**	180,000	**52,000**	49,000
Tax effect of unused tax capital allowances	**227,000**	233,000	**–**	–
	365,000	298,000	**37,000**	30,000

14. DEFERRED TAX (cont'd)

As mentioned in Note 3, the tax effects of temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax asset are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered. As of December 31, 2007, the amount of deferred tax asset calculated at applicable tax rate which is not recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:

	Deferred Tax Assets The Group	
	2007	**2006**
	RM	**RM**
Tax effect in respect of unused tax losses	**67,000**	138,000
Tax effect of temporary differences in respect of:		
Inventories	**27,000**	27,000
Others	**19,000**	48,000
	113,000	213,000

15. INVENTORIES

	The Group	
	2007	**2006**
	RM	**RM**
Raw materials	**15,081,900**	15,670,172
Work-in-progress	**3,933,406**	7,898,790
Finished goods	**3,488,188**	3,508,000
	22,503,494	27,076,962

The Group reversed RM954,133 (2006: RM124,291) 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 RM12,834,338 (2006: RM20,145,377) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 24.

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Trade receivables	**20,230,005**	19,623,245	–	–
Less: Allowance for doubtful debts	**(2,000,000)**	(2,000,000)	–	–
	18,230,005	17,623,245	–	–
Interest receivable	**1,974,837**	2,152,593	**385,163**	772,048
Amounts owing by subsidiary companies	–	–	**103,991,644**	96,864,869
Other receivables	**3,245**	17,189	–	–
	20,208,087	19,793,027	**104,376,807**	97,636,917

16. TRADE AND OTHER RECEIVABLES (cont'd)

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
United States Dollar	**20,230,005**	19,623,245	–	–
Ringgit Malaysia	**1,974,837**	2,166,852	**104,376,807**	97,636,917
Chinese Renminbi	**3,245**	2,930	**–**	–
	22,208,087	21,793,027	**104,376,807**	97,636,917

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 60 days (2006: 30 to 60 days). An allowance of RM2,000,000 (2006: RM2,000,000) has been made for estimated irrecoverable amounts from the sales of goods.

The amount owing by subsidiary companies are as follows:

	The Company	
	2007	**2006**
	RM	**RM**
Uchi Optoelectronic (M) Sdn. Bhd.	**102,050,546**	95,401,521
Uchi Electronic (M) Sdn. Bhd.	**1,936,000**	1,456,000
Uchi Technologies (Dongguan) Co., Ltd.	**5,098**	7,348
	103,991,644	96,864,869

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

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	
	2007	**2006**
	RM	**RM**
Management fee received/receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	**840,000**	600,000
Uchi Electronic (M) Sdn. Bhd.	**480,000**	480,000
Dividends received/receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	**83,000,000**	79,500,000
Uchi Electronic (M) Sdn. Bhd.	**–**	600,000

17. OTHER ASSETS

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Prepaid expenses	**513,858**	571,417	**–**	–
Refundable deposits	**132,215**	134,429	**13,760**	16,601
	646,073	705,846	**13,760**	16,601

18. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Short-term deposits	**145,948,764**	167,019,885	**12,791,444**	39,001,578
Cash and bank balances	**1,936,276**	1,149,627	**93,690**	49,716
Bank overdraft	**(94,441)**	(72,764)	**–**	–
	147,790,599	168,096,748	**12,885,134**	39,051,294
Less: Short-term deposits held as security value	**(1,134,669)**	(1,134,669)	**–**	–
	146,655,930	166,962,079	**12,885,134**	39,051,294

Included in short-term deposits of the Group are amounts of RM1,134,669 (2006: RM1,134,669) which are pledged to certain local banks as securities for banking facilities obtained by the Group as mentioned in Note 24.

The effective interest rates are as follows:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	%	**%**	**%**	**%**
Short-term deposits with licensed banks	**3.45 - 3.95**	3.15 - 4.10	**3.70 - 3.80**	3.15 - 3.90

The above short-term deposits are maturing within January 2008 to January 2009.

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**131,701,598**	165,025,369	**12,885,134**	39,051,294
United States Dollar	**14,595,068**	2,283,409	**–**	–
Chinese Renminbi	**1,485,182**	777,272	**–**	–
Euro	**3,808**	3,817	**–**	–
Other currencies	**4,943**	6,881	**–**	–
	147,790,599	168,096,748	**12,885,134**	39,051,294

19. SHARE CAPITAL

	The Group and the Company			
	2007		2006	
	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	**373,940,800**	**74,788,160**	372,360,800	74,472,160
Issued during the year	**1,136,000**	**227,200**	1,580,000	316,000
At end of year	**375,076,800**	**75,015,360**	373,940,800	74,788,160

At the Annual General Meeting held on May 28, 2007, 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 RM74,788,160 divided into 373,940,800 ordinary shares of RM0.20 each to RM75,015,360 divided into 375,076,800 ordinary shares of RM0.20 each by way of issuance of 1,136,000 new ordinary shares of RM0.20 each for cash pursuant to the Company's ESOS at exercise prices ranging from RM3.28 to RM3.29 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM3,500,880 was credited to the share premium account.

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

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the bye-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.

Share options are conditional on the employee confirmation of service. The share options are exercisable in a staggered basis within the period of 5 years and have a contractual term of five years. The Group or the Company has no legal or constructive obligation to repurchase or settle the share options in cash.

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

19. 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:

	2007		2006	
	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	**3.28**	**19,789,500**	1.84	1,495,300
Granted	**3.21**	**2,613,500**	3.28	20,111,500
Forfeited	**3.28**	**(1,653,500)**	–	–
Exercised	**3.28**	**(1,136,000)**	2.02	(1,580,000)
Expired	–	–	2.36	(237,300)
At end of year	**3.27**	**19,613,500**	3.28	19,789,500

Out of the outstanding share options, share options to subscribe for 6,666,900 (2006: 3,957,900) ordinary shares of RM0.20 each offered under the ESOS scheme were exercisable at the end of year.

The share options outstanding at year end had exercise prices ranging from RM2.87 to RM3.31 (2006: RM3.17 to RM3.28), and a weighted average remaining contractual life of about 4 years (2006: 5 years).

Share options to subscribe for 19,613,500 (2006: 19,789,500) ordinary share of RM0.20 each offered under the ESOS scheme granted during the period will expire on August 7, 2011.

The weighted average fair value of share options granted during the period determined using the binomial model was RM0.1801 (2006: RM0.1443) per ordinary share of RM0.20 each. The significant inputs into the model were as follows:

	2007	**2006**
Valuation assumptions:		
Expected volatility	**17.04%**	14.24%
Expected dividend yield	**7%**	7%
Expected option life	**4 years**	5 years
Weighted average share price at date of grant	**RM3.21 per share**	RM3.28 per share
Risk-free interest rate (per annum)	**5%**	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 (2006: 1¼ years).

On February 6, 2008, share options to subscribe for 75,000 ordinary shares of RM0.20 each offered under the ESOS scheme were granted to employees with an exercise price of RM2.11 per share and will expire on August 7, 2011.

20. RESERVES

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Non-distributable:				
Share premium	**25,173,116**	21,672,236	**25,173,116**	21,672,236
Revaluation reserve	**2,098,598**	2,178,367	**–**	–
Merger reserve	**–**	–	**6,777,646**	6,777,646
Translation reserve	**(671,682)**	(147,545)	**–**	–
Share option reserve	**1,395,706**	692,256	**1,395,706**	692,256
	27,995,738	24,395,314	**33,346,468**	29,142,138

The share premium arose from the issue of shares at a 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 upon grant of share options.

21. RETAINED EARNINGS

Retained earnings are distributable reserves that are available for distribution by way of dividends. The entire retained earnings of the Company as of December 31, 2007 are available for distribution by way of cash dividends without additional tax liabilities being incurred.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade payables	**9,217,899**	9,642,655	**–**	–
Amount owing to directors	**924,600**	895,600	**924,600**	895,600
Other payables	**772,025**	2,282,922	**57,727**	–
Accrued expenses	**5,287,905**	7,818,373	**299,097**	357,057
	16,202,429	20,639,550	**1,281,424**	1,252,657

22. TRADE AND OTHER PAYABLES (cont'd)

Analysis of trade and other payables by currencies:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
United Stated Dollar	**7,896,202**	11,897,404	**–**	–
Ringgit Malaysia	**7,132,702**	6,944,796	**1,281,424**	1,252,657
Chinese Renminbi	**1,026,347**	1,234,990	**–**	–
Euro	**107,513**	228,988	**–**	–
Singapore dollars	**–**	2,397	**–**	–
Other foreign currencies	**39,665**	330,975	**–**	–
	16,202,429	20,639,550	**1,281,424**	1,252,657

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 60 days (2006: 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.

23. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2007	**2006**
	RM	**RM**
At beginning of year	**3,000,000**	4,000,000
Additional provision	**354,000**	1,384,512
Utilisation of provision	**(954,000)**	(2,384,512)
At end of year	**2,400,000**	3,000,000

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.

24. BANKING FACILITIES - Secured

As of December 31, 2007, the Group has bank overdraft and other banking facilities totalling RM33.83 million (2006: 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 is 7.75% (2006: 7.25% to 7.75%).

25. DIVIDENDS

	The Group and the Company	
	2007	2006
	RM	RM
Dividends declared and paid:		
Final tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2006 and 2005 respectively	**22,504,608**	22,423,848
Special dividend I of 2 sen (2006: 1 sen) gross per ordinary share of RM0.20 each, less tax, for 2006 and 2005 respectively	**5,476,125**	2,690,865
Special tax exempt dividend II of 9 sen (2006: 3 sen) per ordinary share of RM0.20 each, for 2006 and 2005 respectively	**33,756,912**	11,211,924
Dividends declared and payable:		
Interim tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2007 and 2006 respectively	**22,504,608**	22,436,448
Special tax exempt interim dividend of 4 sen per ordinary share of RM0.20 each for 2007	**15,003,072**	–
Special interim dividend I of 1 sen gross per ordinary share of RM0.20 each, less tax, for 2006	**–**	2,729,771
Special tax exempt interim dividend II of 3 sen per ordinary share of RM0.20 each for 2006	**–**	11,218,224
	99,245,325	72,711,080

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt and a special final dividend of 4 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 RM37,343,110 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.

26. 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	
	2007	2006	2007	2006
	RM	RM	RM	RM
Not later than 1 year	**33,581**	30,439	**12,850**	6,100
Later than 1 year and not later than 5 years	**2,250**	–	**2,250**	–
	35,831	30,439	**15,100**	6,100

27. CAPITAL COMMITMENT

As of December 31, 2007, capital expenditure contracted but not provided for in the financial statements of the Group in respect of construction of factory building located at People's Republic of China is approximately RM4,962,000.

28. 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 including foreign exchange derivative 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 its monetary financial instruments.

b. Foreign Currency Forward Contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts including foreign exchange derivative. 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.

28. FINANCIAL INSTRUMENTS (cont'd)

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 including foreign exchange derivative:

	Forward Contracts/ Foreign Exchange Derivative Contracted	Equivalent amount of US Dollar in Ringgit Malaysia	Average Exchange Rate per unit of US Dollar
	2007	2007	2007
	USD	RM	RM
United States Dollar	**53,300,000**	**183,566,200**	**3.4440**
	2006	2006	2006
	USD	RM	RM
United States Dollar	6,055,000	21,863,474	3.6108

The Group has entered into foreign exchange derivative with a foreign bank, with a bi-monthly settlement of USD900,000, which the last settlement will complete in the first quarter of 2010. The foreign exchange derivative is subject to the termination at the contracting bank's discretion, upon certain terms and conditions being met.

Foreign forward contract outstanding as of December 31, 2007, which the Group has entered with another bank, will mature from January to July 2008.

c. Credit risk

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

d. Fair values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2007 are as follows:

	The Group			
	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM	RM	RM	RM
Financial assets				
Other investments - unit trusts and bond funds	**12,331,723**	**13,347,282**	12,396,451	12,733,842
Off Balance Sheet Item				
Foreign Currency Forward Contracts	**–**	**7,009,950**	–	350,474

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

The fair value of the forward foreign exchange and derivative contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile. The Group's fair value of foreign exchange derivative of RM5,238,000 as of December 31, 2007 is subject to termination at the foreign bank's discretion as mentioned above.

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

29. 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
2007					
Revenue					
External sales	–	156,856,546	18,736	–	156,875,282
Inter-segment sales	84,320,000	54,770,164	1,106,965	(140,197,129)	–
Total revenue	84,320,000	211,626,710	1,125,701	(140,197,129)	156,875,282
Results					
Segment results	79,905,867	76,503,129	(488,916)	(82,639,949)	73,280,131
Investment revenue					5,468,897
Profit before tax					78,749,028
Income tax expense					(520,874)
Profit for the year					78,228,154
Other information					
Capital additions	9,585	6,951,214	–	–	6,960,799
Depreciation and amortisation	138,675	1,143,143	291,665	–	1,573,483
Non-cash expenses other than depreciation and amortisation	436,416	1,103,888	3,484	–	1,543,788

29. SEGMENTAL REPORTING (cont'd)

	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
Assets					
Segment assets	2,882,169	69,871,810	692,446	–	73,446,425
Unallocated corporate assets					159,781,045
Consolidated total assets					233,227,470
Liabilities					
Segment liabilities	38,790,987	17,171,595	147,527	–	56,110,109
Unallocated corporate liabilities					1,397,345
Consolidated total liabilities					57,507,454
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
Assets					
Segment assets	3,357,290	67,034,655	1,074,656	–	71,466,601
Unallocated corporate assets					182,772,720
Consolidated total assets					254,239,321
Liabilities					
Segment liabilities	37,674,480	21,877,325	508,368	–	60,060,173
Unallocated corporate liabilities					1,406,690
Consolidated total liabilities					61,466,863

29. SEGMENTAL REPORTING (cont'd)

Segment assets consist of property, plant and equipment, prepaid lease payments, inventories, trade and other receivables, other assets and cash and bank balances, and exclude other investments, short-term deposits, deferred tax assets and current tax assets. Segment liabilities comprise trade and other payables, provision and dividend payable and exclude items such as deferred tax liabilities and bank overdraft.

Geographical segments

The Group's trading activity is located in Malaysia and manufacturing activity is located in Malaysia and the 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	
	2007	**2006**
	RM	**RM**
European countries	**148,321,810**	143,146,035
United States	**4,279,368**	5,875,980
Asia Pacific countries	**4,274,104**	4,174,687
	156,875,282	153,196,702

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	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Malaysia	**53,440,536**	59,738,726	**1,495,976**	601,265
People's Republic of China	**20,005,889**	11,727,875	**5,464,823**	3,875,629
	73,446,425	71,466,601	**6,960,799**	4,476,894

30. CHANGE IN ACCOUNTING POLICY

The adoption of new and revised FRSs and IC Interpretations as mentioned in Note 3 has no material impact on the financial statements of the Group except for the adoption of FRS 117 Leases. Prior to January 1, 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and any impairment losses. The adoption of FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At January 1, 2007, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparatives as of December 31, 2006 have been restated as follows:

	As previously reported	**Effect of adoption of FRS 117**	**As restated**
	RM	**RM**	**RM**
Income statement for the year ended December 31, 2006			
Depreciation of property, plant and equipment	1,491,305	(103,982)	1,387,323
Amortisation of prepaid lease payments	–	103,982	103,982
Balance sheet as of December 31, 2006			
Property, plant and equipment	22,741,139	(8,219,742)	14,521,397
Prepaid lease payments	–	8,219,742	8,219,742

31. SUBSEQUENT EVENT

Subsequent to December 31, 2007, the Company had purchased its 1,645,700 ordinary shares of RM0.20 each at market prices ranging from RM1.78 to RM1.83 per share for a consideration of about RM3 million from the open market.

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 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, 2007 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 13, 2008

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 13, 2008	)	**OW CHOOI KHIM**

Before me,

CHINNIAH MUTHUMONEY
Commissioner For Oaths

Location	Description	Tenure/Date of Expiry of Lease	Age (Years)	Land Area/ Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2007 (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	2,349,202	26.5.2004
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building - Phase I	60 years leasehold expiring on 1.1.2050	13	33,144	2,323,702	26.5.2004
	- Phase II		7	92,864	7,203,785	–
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	Vacant Industrial Land	60 years leasehold expiring on 6.12.2049	–	140,178	2,068,195	26.5.2004
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)						
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	Industrial Land	48 years leasehold expiring on 26.2.2054	–	208,671	3,626,183	–

ANALYSIS OF SHAREHOLDINGS

Share Capital
Authorised : RM 100,000,000.00
Issued and Fully Paid-Up : RM 74,175,780.00 +
Class of Shares : Ordinary shares of RM0.20 each with equal voting rights

+ The issued and paid-up capital is as per Record of Depositor as of March 31, 2008 exclusive of 4,197,900 Shares held as treasury shares

Size of Holdings			No. of Holders	%	No. of Shares	%
1	–	99	67	1.75	3,360	0.00
100	–	1,000	920	23.97	790,617	0.21
1,001	–	10,000	2,004	52.21	9,854,040	2.66
10,001	–	100,000	639	16.65	19,130,033	5.16
100,001	–	18,543,944(*)	205	5.34	204,711,550	55.20
18,543,945	and	above(**)	3	0.08	136,389,300	36.77
TOTAL			**3,838**	**100.00**	**370,878,900**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Eastbow International Limited	91,263,660	24.61	–	–
Kao, De-Tsan also known as Ted Kao	–	–	91,263,660#	24.61
Lembaga Tabung Haji	24,538,340	6.62	–	–
Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	20,587,300	5.55	–	–
Total	**136,389,300**	**36.78**	91,263,660	24.61

Deemed interest 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	24.61
2.	Lembaga Tabung Haji	24,538,340	6.62
3.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	20,587,300	5.55
4.	Ironbridge Worldwide Limited	13,172,710	3.55
5.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Amanah Saham Wawasan 2020	11,682,500	3.15
6.	Cartaban Nominees (Asing) Sdn. Bhd. Investors Bank And Trust Company For Asian Small Companies Portfolio	11,346,300	3.06
7.	Valuecap Sdn. Bhd.	11,318,200	3.05
8.	Cartaban Nominees (Asing) Sdn. Bhd. Government Of Singapore Investment Corporation Pte Ltd For Government Of Singapore (C)	8,872,800	2.39
9.	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF)	8,532,200	2.30
10.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Amanah Saham Malaysia	7,850,500	2.12
11.	HSBC Nominees (Asing) Sdn. Bhd. HSBC BK PLC For First State Asian Equity Plus Fund	6,400,900	1.72
12.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Sekim Amanah Saham Nasional	5,903,200	1.59
13.	Chang, Shin-Fang	5,739,350	1.55
14.	Employees Provident Fund Board	5,370,300	1.45
15.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For JPMorgan Chase Bank, National Association (U.K.)	5,000,000	1.35
16.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN For Mellon Bank (ABNAMRO MELLON)	4,653,500	1.25
17.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN For American International Assurance Company Limited	4,174,500	1.13
18.	HSBC Nominees (Asing) Sdn. Bhd. Sumitomo T&B NY For Asia Oceania Dividend Yield Stock Mother Fund	3,700,000	1.00
19.	HSBC Nominees (Tempatan) Sdn. Bhd. Nomura Asset Mgmt Malaysia For Employees Provident Fund	3,474,800	0.93
20.	Cartaban Nominees (Asing) Sdn. Bhd. Government Of Singapore Investment Corporation Pte Ltd For Monetary Authority Of Singapore (H)	3,377,800	0.91
21.	HSBC Nominees (Asing) Sdn. Bhd. BBH (LUX) SCA For Fidelity Funds - Asia Pacific Growth & Income Fund	3,250,000	0.88
22.	Kao Wang, Ying-Ying	3,169,700	0.85
23.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Amanah Saham Didik	2,869,700	0.77

TOP THIRTY SECURITIES ACCOUNT HOLDERS (cont'd)

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

No.	Name of Shareholders	No. of Shares Held	%
24.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd For Kumpulan Wang Simpanan Pekerja (N14011980810)	2,697,000	0.73
25.	MCIS Zurich Insurance Berhad	2,221,150	0.60
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Prudential Equity Income Fund (4801)	1,778,000	0.48
27.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For Prudential Fund Management Berhad	1,557,700	0.42
28.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	1,409,400	0.38
29.	Takaful Ikhlas Sdn Bhd	1,400,000	0.38
30.	Mayban Nominees (Tempatan) Sdn Bhd ETIQA Insurance Berhad (Life Par Fund)	1,340,000	0.36
	Total	**278,651,510**	**75.13**

DIRECTORS' SHAREHOLDINGS

Name Of Directors	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Kao, De-Tsan also known as Ted Kao	–	–	94,433,360[1)]	25.46
Kao, Te-Pei also known as Edward Kao	–	–	20,162,060[2)]	5.44
Dato' Hong Tok Hiang @ Fang Chok Seong	117,705	0.03	–	–
Huang, Teng-Yen	184,700	0.05	–	–
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–
Dr. Heinrich Komesker	200,000	0.05	–	–
Kao Wang, Ying-Ying	3,169,700	0.85	91,263,660[3)]	24.61
Total	**3,672,105**	**0.98**	**205,859,080**	**55.51**

1) By virtue of his substantial interest in Eastbow International Limited and interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.
2) By virtue of his substantial interest in Ironbridge Worldwide Limited and interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.
3) Interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.

UCHI TECHNOLOGIES BERHAD (457890-A)

(INCORPORATED IN MALAYSIA)

PROXY FORM **Number of shares held:** ______________________________

I/We, ____ of ___________________________________ being a Member of the above Company hereby appoint ____
____ or failing him, ______________________________________
of ____ or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us on my/our behalf at the TENTH ANNUAL GENERAL MEETING of the Company to be held at Hall 3, Level 3, The Northam All Suite, Penang, 55, Jalan Sultan Ahmad Shah, 10050 Penang on Tuesday, May 27, 2008 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)

	Ordinary Resolutions	**For**	**Against**
1	To receive the Audited Financial Statements of the Company for the year ended December 31, 2007 together with the Reports of the Directors and of the Auditors thereon.		
2	To declare a Final Tax Exempt Dividend of 6 Sen per share of RM0.20 each for the year ended December 31, 2007.		
3	To declare a Special Final Tax Exempt Dividend of 4 Sen per share of RM0.20 each for the year ended December 31, 2007.		
4	To approve the payment of Directors' Fees of RM446,200.00 for the year ending December 31, 2008.		
5	To re-elect Mr. Kao, De-Tsan also known as Ted Kao, a Director retiring under the provision of Article 131 of the Articles of Association of the Company.		
6	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 a 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."		
7	"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 Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting."		
8	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
9	To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
10	To renew the share buy-back authority.		

Signed this: _________________day of_______________2008. Signature of Member:_______________________

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

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. 457890-A)
(Incorporated in Malaysia)

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