ANNUAL
REPORT
2008

Conserving Nature with Technology

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

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

Certificate MY07/0065/ES

The management system of

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

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

has been assessed and certified as meeting the requirements of

ISO 14001:2004

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 03 May 2007 until 02 May 2010
Issue 1. Certified since 03 May 2007

Authorised by

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, May 15, 2009 at 3 p.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2008 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, 2008. **Ordinary Resolution 2**

3. To approve the payment of Directors' Fees of RM446,200 for the year ending December 31, 2009. **Ordinary Resolution 3**

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

5. To re-elect Mr. Charlie Ong Chye Lee retiring under the provision of Article 136 of the Articles of Association of the Company. **Ordinary Resolution 5**

6. To consider and if thought fit, to pass the following ordinary resolution 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 Act 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**

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 7**

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 8**

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

   "That subject to the provisions under the Companies Act, 1965 (the "Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, 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 ("Proposed Renewal of Share Buy-Back Authority").

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

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

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

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

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

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

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

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

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

(iii) the authority is revoked or varied by 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 Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **Ordinary Resolution 9**

10. Proposed Authority to Grant Options to Mr. Charlie Ong Chye Lee

That, the Directors of the Company be and are hereby authorised, on behalf of the Company, at any time and from time to time to offer and grant to Mr. Charlie Ong Chye Lee, an Independent Non-Executive Director of the Company, options to subscribe for such number of new ordinary shares of RM0.20 each (the "Shares") in the Company under Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006") as they shall deem fit provided that:

(a) Not more than fifty percent (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2006 shall be allocated, in aggregate, to the Directors and senior management of the Company and its subsidiaries; and

(b) Not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2006 shall be allocated to any eligible Director or employee who, either singly or collectively through persons connected with the eligible Director or employee, holds twenty percent (20%) or more of the issued and paid up share capital of the Company,

And subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the Bye-Laws of ESOS 2006. **Ordinary Resolution 10**

11. 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 20, 2009

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, Suite 12-02, 12th Floor, Menara MAA, 170 Jalan Argyll, 10050 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 8 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 9 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

Proposed Authority to Grant Options to Mr. Charlie Ong Chye Lee

The proposed Ordinary Resolution 10 if passed, will allow the Company to offer and grant options to Mr. Charlie Ong Chye Lee, an Independent Non-Executive Director of the Company, to subscribe for up to a maximum of ten per cent (10%) of the Shares which may be made available under the ESOS 2006 and to allot and issue shares upon the exercise such options without having to convene a general meeting subject to the limitation that not more than fifty percent (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2006 shall be allocated, in aggregate, to the Directors and senior management of the Company and its subsidiaries. Please refer to the Circular to Shareholders dated April 20, 2009 for more information.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Eleventh Annual General Meeting, a Final Tax Exempt Dividend of 6 sen per share of RM0.20 each for the year ended December 31, 2008 will be paid on July 17, 2009 to Depositors registered in the Record of Depositors at the close of business on June 30, 2009.

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, 2009 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 20, 2009

Penang

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

(i) The details of the two (2) Director seeking re-election are set out in their profile which appears in the Board of Directors' Profile on page 13 to 14 of the Annual Report.

(ii) The details of the one (1) Director seeking re-appointment are set out in his profile which appear in the Board of Directors' Profile on page 13 of the Annual Report.

(iii) 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.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY

For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

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 27, 2008, 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 RM13,050,443 and/or share premium account of RM25,173,116 of the Company based on the audited financial statements for the financial year ended December 31, 2007.

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 Eleventh (11th) Annual General Meeting ("AGM").

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

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Renewal of Share Buy-Back Authority and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming Eleventh (11th) AGM. The notice of the AGM together with the Proxy Form is set out in this Annual Report.

2. Details of the Proposed Renewal of Share Buy-Back Authority

On March 20, 2009, the Company announced that UCHI is proposing to seek its shareholders' approval at the AGM of UCHI to be convened in 2009 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 Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits and/or share premium accounts of the Company. The audited retained profits and share premium accounts of the Company as of December 31, 2008 are RM20,551,099 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.

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.

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

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

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

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

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

whichever occurs first.

Pursuant to the Listing Requirements, the Company may only purchase its own Shares on the Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of the purchase(s). The Company may only resell its treasury shares on the Bursa Securities at a 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 Renewal of Share Buy-Back Authority will allow the Directors to purchase Shares at any time within the abovementioned time period using the funds of the Group. The aforesaid funds will be financed from both internally generated funds of the Group and/or external borrowings, the portion of which to be utilised will depend on the actual number of Shares to be purchased, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed 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 Renewal of Share Buy-Back Authority. Based on the audited consolidated financial statements as of December 31, 2008, the Group has a cash and cash equivalent balance of RM135,209,563.

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 20, 2009, the Record of Depositors of the Company showed that 255,164,838 Shares representing approximately 68.81% of the issued and paid-up share capital were held by 4,631 public shareholders holding not less than 100 Shares. The Board undertakes that the Proposed Renewal of Share Buy-Back Authority will be conducted in accordance with laws prevailing at the time of the purchase including compliance with the twenty-five percent (25%) public spread as required by the Listing Requirements and ensuring that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements.

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

	Before the Proposed Renewal of Share Buy-Back Authority	After the Proposed Renewal of Share Buy-Back Authority
Public shareholding spread	[a] **68.81%**	[b] **65.73%**

Notes:

[a] As of March 20, 2009.

[b] As of March 20, 2009, the issued and paid-up capital of UCHI is RM75,015,360 comprising 375,076,800 Shares including 4,232,300 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority 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 20, 2009, assuming no additional exercise of ESOS options prior to the implementation of the Proposed Renewal of Share Buy-Back Authority) and the number of Shares held by the Directors of the Group, the major shareholders of the Company and persons connected with them remain unchanged.

3. Rationale for the Proposed Renewal of Share Buy-Back Authority

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

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

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

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

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

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

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

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

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

4. Effects of the Proposed Renewal of Share Buy-Back Authority

As of March 20, 2009, the issued and paid-up capital of UCHI is RM75,015,360 comprising 375,076,800 Shares including 4,232,300 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 20, 2009 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, earnings, directors and major shareholders' interests and net assets as well as the implication relating to the Code are as set out below:

4.1 Share Capital

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

4.2 Earnings

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

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

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

4.3 Directors' and Major Shareholders' Interests

The effects of the Proposed Renewal of Share Buy-Back Authority on the substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' shareholdings respectively as of March 20, 2009 are as follows:

	Before Proposed Renewal of Share Buy-Back Authority				After Proposed Renewal of Share Buy-Back Authority			
	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
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	–	–	–	–	–	–	–	–
Charlie Ong Chye Lee	–	–	–	–	–	–	–	–
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	27,140,440	7.32	–	–	27,140,440	8.04	–	–
Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Skim Amanah Saham Bumiputera]	20,587,300	5.55	–	–	20,587,300	6.10	–	–

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 370,844,500 UCHI Shares excluding 4,232,300 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 Renewal of Share Buy-Back Authority is carried out in full and all shares so purchased are held as treasury shares.

4.4 Net Assets

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

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

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

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

5. Share Prices

The monthly highest and lowest prices of UCHI Shares traded on Bursa Securities for the last twelve (12) months from March 2008 to February 2009 are as follows:

	Highest (RM)	Lowest (RM)
Year 2008:		
March	2.07	1.74
April	2.37	1.87
May	2.31	2.19
June	2.24	1.98
July	2.01	1.88
August	1.95	1.41
September	1.48	0.99
October	1.08	0.93
November	1.04	0.94
December	1.01	0.92
	Highest (RM)	**Lowest (RM)**
Year 2009:		
January	0.99	0.90
February	0.93	0.75

6. Purchases Made by the Company of its Own Shares in the Last Financial Year

The information on the purchases made by the Company of its own shares during the financial year ended December 31, 2008 is as set out on Page 25 of this annual report.

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

8. Directors' Recommendation

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

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

The Proposed Renewal of Share Buy-Back Authority if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under 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
Dr. Heinrich Komesker
Charlie Ong Chye Lee

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

Audit Committee

Chairman
Ng Hai Suan @ Ooi Hoay Seng

Members
Dr. Heinrich Komesker
Charlie Ong Chye Lee

Company Secretaries

Tan Choong Khiang
MAICSA 7018448

Ow Chooi Khim
MIA 12616

Registered Office

Suite 12-02, 12th Floor
Menara MAA
170, Jalan Argyll
10050 Penang
Tel: 04-229 6318
Fax: 04-228 2118

Principal Bankers

HSBC Bank Malaysia Berhad
CIMB Bank Berhad
Deutsche Bank (Malaysia) 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 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883
Fax: 03-2282 1886

Stock Exchange Listing

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

KAO, DE-TSAN also known as TED KAO

Aged 51, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Managing Director. He was appointed as the Chairman of the Company on November 26, 2001. He is also a member of the Employees' 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 49, 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 Employees' 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 78, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad on March 28, 2000 as Non-Executive Director. He was appointed to be a member of the Nomination Committee and Remuneration Committee with effective from March 1, 2007.

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

DR. HEINRICH KOMESKER

Aged 57, German, was appointed to the Board of Uchi Technologies Berhad on January 1, 2007 as Independent Non-Executive Director. With effective from March 1, 2008, he was appointed to be a member of the Audit Committee.

He graduated from Technical University Carolo-Wilhelmina of Braunschweig, Germany and he is a PhD holder. Since May 2003 he is the Chief Technology Officer of JK Holding GmbH which is a German company and world market leader for professional tanning and wellness equipment with plants in Germany and USA.

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

NG HAI SUAN @ OOI HOAY SENG

Aged 68, 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. On July 1, 2008, he was further re-designated Chairman 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.

CHARLIE ONG CHYE LEE

Aged 65, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on July 1, 2008 as Independent Non-Executive Director. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He practised law in Penang after being called to bar in 1970 in Messrs. Mustaffa bin Hussain, later Messrs. Mustaffa, Jayaraman & Ong, then Messrs. Mustaffa, Jayaraman, Ong & Co. and Messrs. Jayaraman, Ong & Co. in which he became a partner in 1971 and retired in June 1988 when he set up his own legal practice under the name and style of Messrs. Ong & Manecksha. He was mainly involved in banking and corporate work and occasionally involved in litigation on maritime and other miscellaneous matters. In May 2004, he retired as a partner and was appointed as consultant in Messrs. Ong & Manecksha. He holds a directorship in a private limited company and a public limited company.

KAO WANG, YING-YING

Aged 56, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Huang, Teng-Yen on March 28, 2000. She resigned as the alternate director to Mr. Huang, Teng–Yen on August 30, 2001 and reappointed as Non-Executive Director. On January 1, 2007 she resigned as Non-Executive Director and redesignated as Alternate Director to Mr. Huang Teng-Yen.

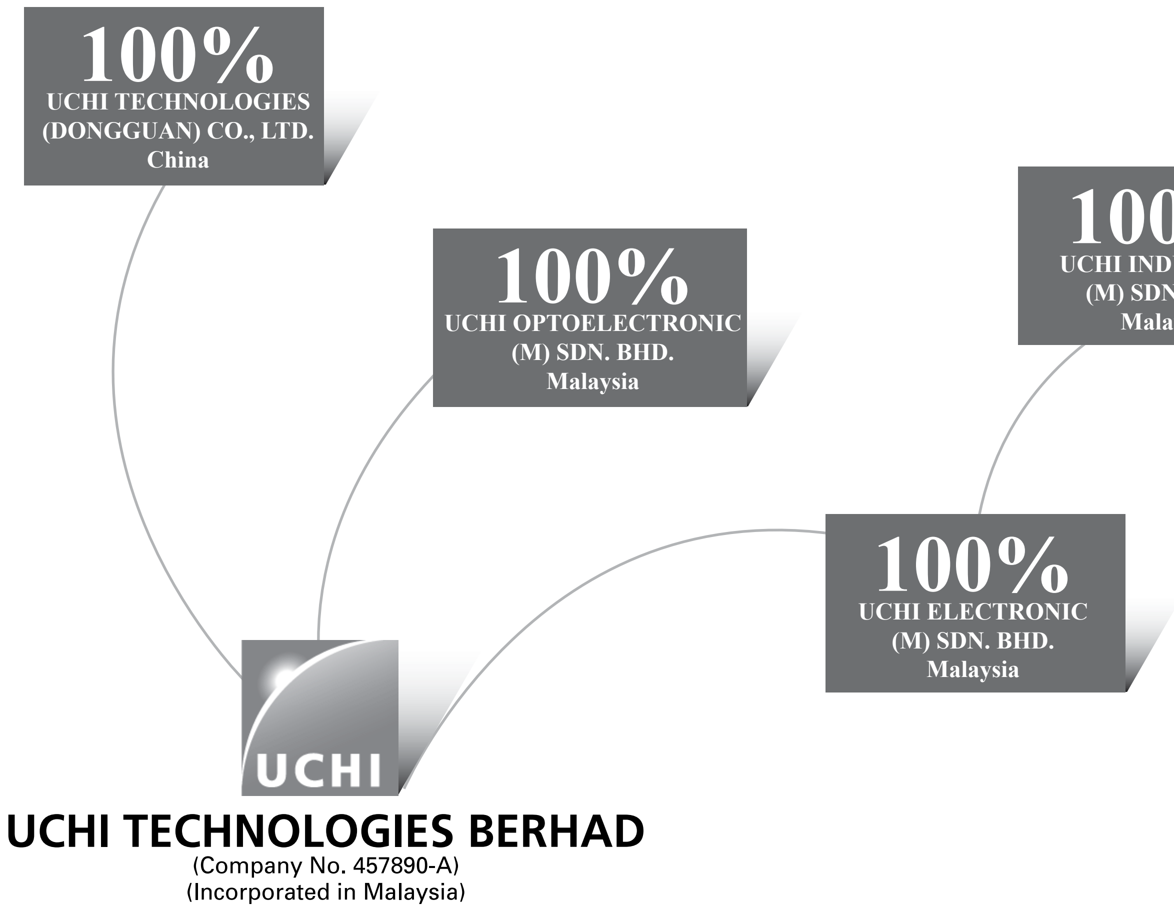
She graduated from Taiwan Provincial Lukang Senior High School in 1971. Upon graduation, she joined Chain Let Co. Ltd., a bathroom scale manufacturer as a clerk in the accounting department until 1990. Currently Madam Kao Wang holds directorship of a certain private company.

Note:

Mr. Ted Kao and Mr. Edward Kao are brothers. Madam Kao Wang, Ying-Ying is the wife of Mr. Ted Kao. Mr. Huang, Teng-Yen is the brother-in-law of Mr. Ted Kao.

Saved as disclosed, none of the other Directors have:

1. any family relationship with any Director and/or major shareholder of the Company; and
2. any conflict of interest with the Company; and
3. any conviction for offences within the past 10 years other than traffic offences.


100%
UCHI TECHNOLOGIES
(DONGGUAN) CO., LTD.
China
100%
UCHI OPTOELECTRONIC
(M) SDN. BHD.
Malaysia
100%
UCHI INDUSTRIES
(M) SDN. BHD.
Malaysia
100%
UCHI ELECTRONIC
(M) SDN. BHD.
Malaysia
UCHI
UCHI TECHNOLOGIES BERHAD
(Company No. 457890-A)
(Incorporated in Malaysia)

FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

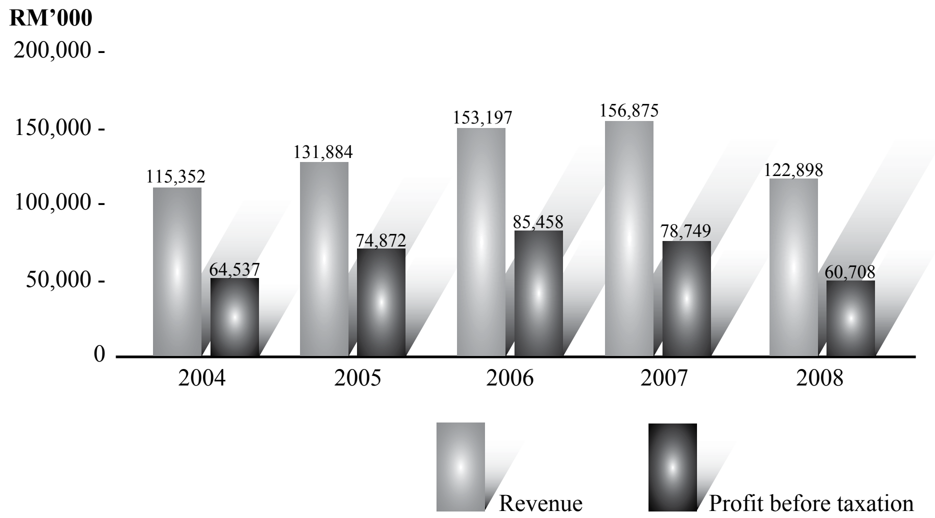
Year ended December 31	2004 RM	2005 RM	2006 RM	2007 RM	**2008 RM**
Revenue	115,351,661	131,884,418	153,196,702	156,875,282	**122,898,434**
Profit before taxation	64,537,186	74,871,984	85,457,981	78,749,028	**60,708,161**
Profit after taxation	62,759,124	73,578,002	83,887,629	78,228,154	**58,748,450**
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	26	20	27	20	**6**
Amount Paid (net of tax)	87,312,611	71,477,498	98,122,088	74,592,130	**22,250,670**
Dividends proposed in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	**6**
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	**22,250,670**[1)]
Total Amount Paid and Payable (net of tax)	87,312,611	71,477,498	98,122,088	74,592,130	**44,501,340**[2)]
Total Assets Employed	244,140,445	236,044,791	254,239,321	233,227,470	**207,998,993**
Shareholders' equity	177,124,953	177,847,733	192,772,458	175,720,016	**169,056,191**
Net tangible assets	177,124,953	177,847,733	192,772,458	175,720,016	**169,056,191**
Number of ordinary shares issued and fully paid as of	366,813,800	372,360,800	373,940,800	375,076,800	**375,076,800**[3)]
December 31	of RM0.20 each	of RM0.20 each	of RM0.20 each	of RM0.20 each	**of RM0.20 each**
Proforma weighted average number of shares	363,439,770	368,363,416	373,308,044	374,541,479	**371,693,656**
Net Earnings Per Share (Sen)	17.27	19.97	22.47	20.89	**15.81**
Return on Equity	35.4%	41.4%	43.5%	44.5%	**34.8%**

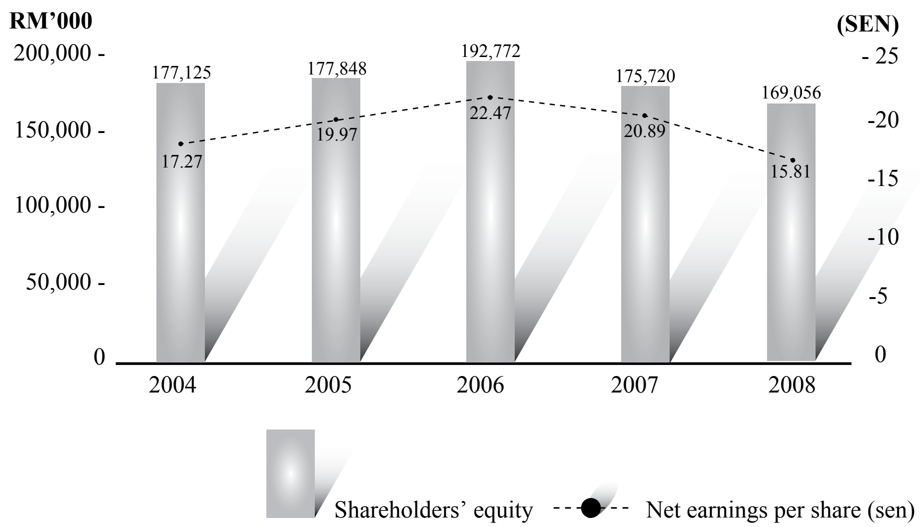
1) Represents approximation of dividend payable base on all ordinary shares in issue as of February 28, 2009. Actual amount of dividend payable shall be determined at the close of business on June 30, 2009 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

2) Summation of dividend paid and dividend proposed.

3) Of the total 375,076,800 issued and fully paid ordinary shares, 4,232,300 shares are held as treasury shares by the Company. As at December 31, 2008, the number of outstanding shares in issue and fully paid is 370,844,500 ordinary shares of RM0.20 each.

FINANCIAL HIGHLIGHTS





CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2008 saw the occurrence of several events that changed the economic and political landscape, both in Malaysia and internationally. A significant event directly impacting the technology industry was the European Energy Savings directives that comes into effect on January 1, 2010. This has caused a large segment of our customer base to defer their orders to facilitate the depletion of stocks with non-energy saving features first.

Nevertheless, even amidst this unfavourable climate, Uchi Technologies Berhad ("UCHITEC" or "the Group") remains optimistic that we are well prepared to overcome any negative effects as we continue to build on our strengths and focus on maintaining a strong balance sheet.

With that in mind, on behalf of the Board of Directors, I am pleased to furnish you with the highlights of UCHITEC's performance during the year under review.

Financial Performance

In Financial Year 2008, the Group achieved average financial performance, with a Group Revenue of RM122.9 million. Consequently, we recorded a Profit before Tax of RM60.7 million compared to RM78.7 million attained in 2007, while our Profit after Tax amounted to RM58.7 million, a decrease of 25% from the RM78.2 million achieved in the previous year.

Although the business environment has been competitive and challenging, the Group's resilience and efficient overall performance have led to a 48% net profit margin and a solid balance sheet with RM135.2 million cash and cash equivalent at the end of Financial Year 2008.

A Stalwart Beginning for Uchi Dongguan

We are pleased to announce the successful commencement of operations of the new site of Uchi Technologies (Dongguan) Co. Ltd., our counterpart at Dongguan City, Guangdong, People's Republic of China. The new site is in line with the Group's expansion plans and will cater to the growing manufacturing in the long run.

Emphasis on Innovation

Research & Development (R&D) remains an integral segment in the Group. With that in mind, we will not compromise our technological prowess as we continue to allocate 7% of our revenue for R&D activities despite the current economic downturn.

The coming year promises much excitement as we endeavour to prove our mettle in the generation of innovative products with shorter product-to-market time. Meanwhile, the second half of 2009 will see us delivering more consumer electronic modules that are energy-saving compliant.

Through these intensified R&D efforts, we continue to increase our investment in innovative endeavours and seize the opportunities to deliver more value-added products & services to our customers, hence enhancing their experience with us and strengthening our customer relationship.

Declaration of Dividends

At UCHITEC, we place great emphasis on rewarding our shareholders for their part in contributing to the Group's success. Therefore, the Board of Directors pledge to uphold our promise of delivering our official dividend policy, whereby at least 70% of the Group's Profit after Tax will be distributed to shareholders.

I am, therefore, pleased to announce a recommended dividend declaration of 6 sen final dividend for the financial Year 2008, subject to the approval of our shareholders at the forthcoming Annual General Meeting.

The proposed final dividend together with 6 sen interim dividend paid on January 19, 2009 will result in a total gross dividend of 12 sen per share and a total net dividend paid and payable of approximately RM 44.5 million for the year under review.

A Responsible Corporation

UCHITEC is proud to be a responsible corporation, which is why we are dedicated in establishing and upholding a caring corporate environment that is able to support the Group's sustainable growth via a synergistic relationship between corporation, community and environment that allows us to contribute to society as much as we can.

The various international standard certifications that we have attained through the years such as the ISO 1400 and OHSAS 18000 are further testament to our sincere commitment to the betterment of the four integral entities that we have identified as Community, Marketplace, Workplace and Environment.

Enhancing our Workforce

At UCHITEC, our employees are the backbone of the organisation. We believe in the holistic development of each and every one of them, and place much importance in enhancing their expertise with various career developmental training programmes so that together, we can continue to grow to greater heights.

UCHITEC also offers numerous employee benefits to reward our employees for their hard work and loyalty. In Financial Year 2008, 1,029,000 share options were granted to employees under the Group's Employee Share Option Scheme ("ESOS").

Embracing the Future

With the European energy saving directives coming into effect on January 1, 2010, 2009 undoubtedly promises to be a challenging yet exciting one as we intensify our R&D efforts and gear up to comply with the aforementioned directives accordingly.

Innovation has always been the core of our business since Day One; it is the momentum that has brought our business to where it is today. As we prepare ourselves to embrace future challenges, we will continue to enhance and strengthen our capabilities, focusing not only on innovation but also speed and efficiency.

Nonetheless, in light of the current economic environment which remain uncertain, we will continue to monitor any potential impact on customers' bookings and exercise caution in order to control costs by improving operating efficiency as well as focus on maintaining a strong balance sheet.

Acknowledgements

It is with a heavy heart that I announce the demise of Dato' Fang Chok Seong, Independent Director of UCHITEC. His many invaluable contributions to the Group are greatly appreciated and will be sorely missed.

On a happier note, I would like to take this opportunity to welcome a new member, Mr. Charlie Ong Chye Lee, to the Board. We look forward to a mutually beneficial collaboration for the progress of the Group.

Last but not least, my heartfelt appreciation goes out to the Group's customers, suppliers, government authorities and shareholders for their invaluable support and contribution to the Group's growth. No less important is the Board of Directors for their indispensable advice and support, as well as the Management and employees of UCHITEC whose dedication and untiring efforts have been integral to the success of the Group.

Thank you.

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

March 30, 2009

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.

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 September 6, 2008, the Group has organized social visits and donations to Silver Jubilee Home for The Aged, an old folks home, which is located at Jalan Sungai Dua, 11700 Penang, Malaysia.

Marketplace

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

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 company 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 Group's safety programmes go beyond the minimum statutory requirements. Constant education, training and safety workshops ensure a high level of awareness of safety requirements at all levels.

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. During the year the Group was not penalized for any instance of non-compliance with environmental laws and regulations.

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

The Board of Directors 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 four times in this financial year. All Directors fulfilled the requirement of Bursa Malaysia Securities Exchange Berhad (Bursa Securities MSEB) 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, 2008 are as follows:

No.	Director	Year 2008 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2008 to 31/12/2008	5	5
2.	Kao, Te-Pei also known as Edward Kao	1/1/2008 to 31/12/2008	5	5
3.	Huang, Teng-Yen	1/1/2008 to 31/12/2008	5	3
4.	Dr. Heinrich Komesker	1/1/2008 to 31/12/2008	5	3
5.	Dato' Hong Tok Hiang @ Fang Chok Seong	1/1/2008 to 26/6/2008	3	2
6.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2008 to 31/12/2008	5	5
7.	Kao Wang, Ying-Ying (Alternate Director to Huang, Teng-Yen)	1/1/2008 to 31/12/2008	5	3
8.	Charlie Ong Chye Lee	1/7/2008 to 31/12/2008	2	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 Bursa Securities and attended various training programmes under the Continuing Education Programmes (CEP) for Directors in compliance with the requirements of Bursa Securities.

The training programmes and seminars attended by Members of the Board in 2008 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:

- **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.

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

- **The Nomination Committee**
  The composition and terms of reference of this Committee are presented on page 30 of this annual report.

- **The Employees' 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, 2008, the Company granted Share Options of 1,029,000 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2008, balance number of Share Option available for allotment was 18,677,000 Ordinary Shares of RM0.20 each.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the financial year ended December 31, 2008, 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, 2008 are as follows:

Category	Fees	Salaries & Other Emoluments	Benefits in Kind	Equity-settled Share-based Payment	Total
	RM	RM	RM	RM	RM
Executive Directors	125,400	1,625,600	60,000	94,530	1,905,530
Non-Executive Directors	312,800	–	–	81,900	394,700
Total	438,200	1,625,600	60,000	176,430	2,300,230

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	–	3
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	2
RM900,000 to RM950,000	1	–
RM950,001 to RM1,000,000	1	–

C. SHAREHOLDERS

Relations With Shareholders and Investors

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

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

Both AGM and EGM, act as the principal forum for dialogue with 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 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, 2008 on March 25, 2009.

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.

D. ACCOUNTABILITY AND AUDIT (cont'd)

Relationship with the Auditor

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

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

E. OTHER DISCLOSURE

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

Share Buy-Backs

During the financial year ended December 31, 2008, the Company purchased 4,232,300 of its issued share capital from the open market using internally generated funds and held as treasury shares.

Month	No. of Shares	Unit Cost			Total Cost*
		Lowest	Highest	Average	
		RM	RM	RM	RM
March	4,232,300	1.74	1.85	1.79	7,586,537

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

Total number of shares bought back and held as treasury shares as at December 31, 2008 is 4,232,300 shares.

Options, Warrants or Convertible Securities

No options were exercised during the financial year in respect of the Company's employee share option scheme (ESOS).

The Company did not issue any convertible securities or warrants during the financial year.

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

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

Imposition of Sanctions/Penalties

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

Material Contracts or Loans

As of December 31, 2008, there was no existing material contract 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 previous year.

Profit Estimate, Forecast or Projection

There were no profit estimate, forecast or projection or unaudited results released which differ by 10 per cent 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, 2008.

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, 2008 amounted to RM19,100.

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, 2008.

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 pages 52 to 53 of this annual report.

The collective approval by the Board on this Statement was tabled on March 30, 2009.

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

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

AUDIT COMMITTEE REPORT

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2008.

AUDIT COMMITTEE

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

Chairman: Ng Hai Suan @ Ooi Hoay Seng
CA (M), CPA (M)
Senior Independent Non-Executive Director
(redesignated on July 1, 2008)

Dato' Hong Tok Hiang @ Fang Chok Seong
Independent Non-Executive Director
(demised on June 26, 2008)

Members: Dr. Heinrich Komesker
Independent Non-Executive Director
(appointed on March 1, 2008)

Charlie Ong Chye Lee
Independent Non-Executive Director
(appointed on July 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 Senior Finance Manager, the Head of Internal Audit and a representative of the external auditors should normally attend meeting as and when required. Other Board members may attend meeting upon the invitation of the Committee. However, the Committee should meet with the external auditors without Executive Board members present at least twice a year. The Committee may invite any person to be in attendance to assist in its deliberations.

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 reappointment 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 auditt function and that it has the necessary authority to carry out its work;

  - review the internal audit programme, processes,results of the internal audit programme, processes or investigation undertaken and whether or not, appropriate action is taken on the recommendations of the internal audit function;

  - review any appraisal or assessment of the performance of 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 th e 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 Employees' 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 authorised 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, 2008, the Committee met seven 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, 2008 is as follows:

- Recommended the reappointment/appointment of the independent auditors and their remuneration;

- Reviewed the independent auditors' audit plan and the adequacy of the scope of work for the year;

- Reviewed the audited financial statements for the year ended December 31, 2008 and the un-audited quarterly financial results of the Group ;

- Reported and recommended to the Board to approve the annual financial statements and un-audited quarterly financial results;

- Reviewed the independent auditors' audit reports and considered the audit issues, recommendations and the management's written response;

- Reviewed with the Company's management and the independent auditors' general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls;

- Reviewed the adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework;

- Reviewed the report on internal audit performed by the internal audit team; and

- Reviewed the allocation of options during the year under the "Uchi Technologies Berhad Employees' 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.

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 materialising;
- The Group's ability to reduce the incidence of risks that may materialise 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 organisational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated;
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks;
- Financial results, which includes key performance indicators are reviewed quarterly by the Board and the Audit Committee;
- Executive Directors and Head of Departments meet regularly to discuss operational, corporate, financial and key management issues; and
- Effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

INTERNAL AUDIT FUNCTION

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

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

The internal audit function adopts a risk-based approach and prepares its audit plan based on the risk assessment and evaluation framework of the Group. The internal audit plan is reviewed and approved by the Audit Committee.

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

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

The internal audit reports were forwarded to the Management concerned for attention and necessary action and presented to the Audit Committee. The Management is responsible for ensuring that a written reply on action plan is sent to the Internal Auditors and corrective actions are taken.

WEAKNESS IN INTERNAL CONTROL THAT RESULTS IN MATERIAL LOSS

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

This Statement is made in accordance with the resolution of the Board of Directors dated March 30, 2009.

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: Charlie Ong Chye Lee
Independent Non-Executive Director
(appointed on July 1, 2008)

Huang, Teng-Yen
Non-Executive Director

Dato' Hong Tok Hiang @ Fang Chok Seong
Independent Non-Executive Director
(demised on June 26, 2008)

TERMS OF REFERENCE OF NOMINATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

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

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

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

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

2. Authority

The Committee is authorized to assess and propose new nominees for the Board and further empowered to assess the existing directors on an 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, 2008 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.

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

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

Member: Charlie Ong Chye Lee
Independent Non-Executive Director
(appointed on July1, 2008)

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

Huang, Teng-Yen
Non-Executive Director

Dato' Hong Tok Hiang @ Fang Chok Seong
Independent Non-Executive Director
(demised on June 26, 2008)

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 authorised 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.

REMUNERATION COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES

The Committee met once during the financial year ended December 31, 2008 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, 2008 is summarized on Page 23 of this annual report.

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

ISO 9001 QUALITY POLICY

SGS

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)

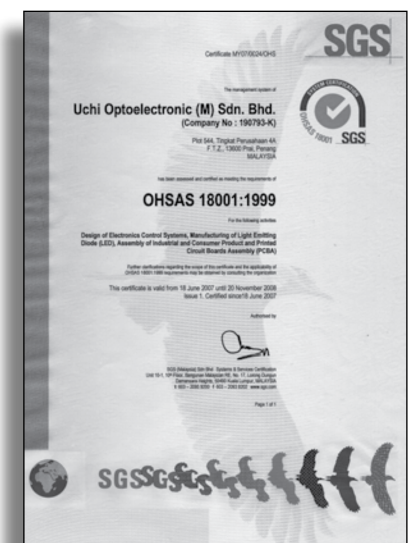
This certificate is valid from 23 January 2006 until 17 December 2008
Issue 1. Certified since 23 January 2006

Authorised by

ISO/IEC GUIDE 62 : 1996
QS 18112006 CB 04

Page 1 of 1

OHSAS 18001 OHSAS POLICY



SGS

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 prevent injury and ill health and enhance safety and healthy environment through...

Implementing OH&S Management System to minimize accidents;

Promote safety and health programme for continual improvement;

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

Educating employees on safety and health awareness and responsibility.

DIRECTORS' REPORT

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, 2008.

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	The Company
	RM	RM
Profit for the year	**58,748,450**	**66,906,146**

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 RM22,504,608 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 financial year ended December 31, 2007 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 RM22,250,670, and a special final dividend of 4 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM14,833,780, in respect of the financial year ended December 31, 2007 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 RM22,250,670, in respect of the current financial year. The interim dividends had been paid in January 2009.

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividend if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM22,250,670 and has not been included as liabilities in the financial statements. The dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividend has 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

The Company has not issued any new shares or 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 by-laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006.

Details of the ESOS are set out in Note 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 1.1.2008**	**Granted**	**Exercised**	**Balance as of 31.12.2008**
		RM				
Huang, Yen-Chang	Aug 8, 2008	1.92	–	300,000	–	300,000

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

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

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

Kao, De-Tsan also known as Ted Kao
Kao, Te-Pei also known as Edward Kao
Huang, Teng-Yen
Dr. Heinrich Komesker
Ng Hai Suan @ Ooi Hoay Seng
Kao Wang, Ying-Ying
(Alternate to Huang, Teng-Yen)
Charlie Ong Chye Lee
(appointed on July 1, 2008)
Dato' Hong Tok Hiang @ Fang Chok Seong
(deceased on June 26, 2008)

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 1.1.2008	Bought	Transfer	Balance as of 31.12.2008
Direct interest:				
Huang, Teng-Yen	184,700	–	–	184,700
Kao Wang, Ying-Ying	3,169,700	–	–	3,169,700
Dr. Heinrich Komesker	200,000	–	–	200,000
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	94,433,360	–	–	94,433,360
Kao, Te-Pei also known as Edward Kao	20,162,060	–	–	20,162,060
Kao Wang, Ying-Ying	91,263,660	–	–	91,263,660

The other directors do not hold any shares in the Company during and at the end of the financial year.

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 1.1.2008	Granted	Expired/ Exercised	Balance as of 31.12.2008
Kao, De-Tsan also known as Ted Kao	1,560,000	–	–	1,560,000
Kao, Te-Pei also known as Edward Kao	1,560,000	–	–	1,560,000
Huang, Teng-Yen	400,000	–	–	400,000
Ng Hai Suan @ Ooi Hoay Seng	1,000,000	–	–	1,000,000
Dr. Heinrich Komesker	800,000	–	–	800,000
Kao Wang, Ying-Ying	–	–	–	–
Charlie Ong Chye Lee	–	–	–	–

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**

March 25, 2009

Penang

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Uchi Technologies Berhad which comprise the balance sheets as of December 31, 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 80.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and their financial performance and cash flows for the year then ended.

(FORWARD)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD (cont'd)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

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

(b) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations as required by us for these purposes.

(c) Our auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LOO CHEE CHOU
Partner - 2783/09/10 (J)
Chartered Accountant

March 25, 2009

Penang

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	The Group		The Company	
		2008	**2007**	**2008**	**2007**
		RM	**RM**	**RM**	**RM**
Revenue	5	**122,898,434**	156,875,282	**72,120,000**	84,320,000
Investment revenue		**4,736,478**	5,468,897	**147,142**	850,502
Other gains and losses		**6,086,283**	1,492,864	**19,972**	(565)
Raw materials used		**(45,988,215)**	(60,299,460)	**–**	–
Changes in inventories of finished goods and work-in-progress		**(3,017,330)**	(3,361,784)	**–**	–
Employee benefits expense	6	**(14,866,011)**	(13,273,742)	**(3,910,575)**	(3,529,259)
Depreciation of property, plant and equipment		**(1,511,732)**	(1,392,636)	**(94,075)**	(89,334)
Amortisation of prepaid lease payments		**(186,018)**	(180,847)	**–**	–
Other expenses		**(7,443,728)**	(6,579,546)	**(853,491)**	(725,592)
Profit before tax	7	**60,708,161**	78,749,028	**67,428,973**	80,825,752
Income tax expense	8	**(1,959,711)**	(520,874)	**(522,827)**	(481,960)
Profit for the year		**58,748,450**	78,228,154	**66,906,146**	80,343,792
Earnings per share					
Basic/Diluted	9	**15.81 sen**	20.89 sen		

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

BALANCE SHEETS

AS OF DECEMBER 31, 2008

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**28,083,227**	20,108,915	**273,650**	321,358
Prepaid lease payments	11	**8,289,729**	8,043,580	**–**	–
Investment in subsidiary companies	12	**–**	–	**49,877,880**	41,686,529
Other investments	13	**4,697,376**	12,331,723	**–**	–
Deferred tax assets	14	**237,000**	365,000	**37,000**	37,000
Total non-current assets		**41,307,332**	40,849,218	**50,188,530**	42,044,887
Current assets					
Inventories	15	**15,678,155**	22,503,494	**–**	–
Trade and other receivables	16	**13,940,864**	20,208,087	**93,173,894**	104,376,807
Other assets	17	**536,133**	646,073	**3,200**	13,760
Current tax assets		**692,277**	1,135,558	**596,032**	880,787
Short-term deposits	18	**130,118,254**	145,948,764	**1,076,403**	12,791,444
Cash and bank balances	18	**5,725,978**	1,936,276	**235,683**	93,690
Total current assets		**166,691,661**	192,378,252	**95,085,212**	118,156,488
Total assets		**207,998,993**	233,227,470	**145,273,742**	160,201,375
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	**75,015,360**	75,015,360	**75,015,360**	75,015,360
Reserves	20	**29,298,472**	27,995,738	**33,761,665**	33,346,468
Retained earnings	21	**72,328,896**	72,708,918	**20,551,099**	13,050,443
Less: Treasury shares, at cost	19	**(7,586,537)**	–	**(7,586,537)**	–
Total equity		**169,056,191**	175,720,016	**121,741,587**	121,412,271
Non-current liabilities					
Deferred tax liabilities	14	**1,271,882**	1,302,904	**–**	–
Current liabilities					
Trade and other payables	22	**12,920,250**	16,202,429	**1,281,485**	1,281,424
Provision for rework and warranty	23	**2,400,000**	2,400,000	**–**	–
Dividend payable		**22,250,670**	37,507,680	**22,250,670**	37,507,680
Bank overdraft	24	**–**	94,441	**–**	–
Current tax liabilities		**100,000**	–	**–**	–
Total current liabilities		**37,670,920**	56,204,550	**23,532,155**	38,789,104
Total liabilities		**38,942,802**	57,507,454	**23,532,155**	38,789,104
Total equity and liabilities		**207,998,993**	233,227,470	**145,273,742**	160,201,375

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, 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)

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2008

The Group

	Share Capital	Share Premium	Revaluation/ Translation Reserve*	Share Option Reserve	Retained Earnings	Treasury Shares	Total
	RM	RM	RM	RM	RM	RM	RM
Balance as of January 1, 2008	75,015,360	25,173,116	1,426,916	1,395,706	72,708,918	–	175,720,016
Exchange difference on translation of net investment in a foreign subsidiary company	–	–	967,306	–	–	–	967,306
Transfer of revaluation surplus	–	–	(79,769)	–	79,769	–	–
Share-based payment forfeited	–	–	–	(126,879)	126,879	–	–
Net income recognised directly in equity	–	–	887,537	(126,879)	206,648	–	967,306
Profit for the year	–	–	–	–	58,748,450	–	58,748,450
Total recognised income and expense	–	–	887,537	(126,879)	58,955,098	–	59,715,756
Recognition of share-based payment	–	–	–	542,076	–	–	542,076
Buy-back of ordinary shares	–	–	–	–	–	(7,586,537)	(7,586,537)
Dividends (Note 25)	–	–	–	–	(59,335,120)	–	(59,335,120)
Balance as of December 31, 2008	75,015,360	25,173,116	2,314,453	1,810,903	72,328,896	(7,586,537)	169,056,191

(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, 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
Balance as of January 1, 2008	2,098,598	(671,682)	1,426,916
Exchange difference on translation of net investment in a foreign subsidiary company	–	967,306	967,306
Transfer of revaluation surplus	(79,769)	–	(79,769)
Net income recognised directly in equity	(79,769)	967,306	887,537
Balance as of December 31, 2008	2,018,829	295,624	2,314,453

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2008

The Company

	Share Capital	Share Premium	Merger Reserve	Share Option Reserve	Retained Earnings	Treasury Shares	Total
	RM	RM	RM	RM	RM	RM	RM
Balance as of January 1, 2007	74,788,160	21,672,236	6,777,646	692,256	31,930,846	–	135,861,144
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
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:							
Recognised 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
Balance as of January 1, 2008	75,015,360	25,173,116	6,777,646	1,395,706	13,050,443	–	121,412,271
Share-based payment forfeited	–	–	–	(92,731)	92,731	–	–
Reversal of recognition of share-based payment	–	–	–	–	(163,101)	–	(163,101)
Profit for the year	–	–	–	–	66,906,146	–	66,906,146
Total recognised income and expense	–	–	–	(92,731)	66,835,776	–	66,743,045
Recognition of share-based payment:							
Recognised in income statement	–	–	–	363,531	–	–	363,531
Included in investment in subsidiary companies	–	–	–	144,397	–	–	144,397
Buy-back of ordinary shares	–	–	–	–	–	(7,586,537)	(7,586,537)
Dividends (Note 25)	–	–	–	–	(59,335,120)	–	(59,335,120)
Balance as of December 31, 2008	75,015,360	25,173,116	6,777,646	1,810,903	20,551,099	(7,586,537)	121,741,587

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

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	**58,748,450**	78,228,154	**66,906,146**	80,343,792
Adjustments for:				
Income tax expense	**1,959,711**	520,874	**522,827**	481,960
Depreciation of property, plant and equipment	**1,511,732**	1,392,636	**94,075**	89,334
Inventories written-off	**585,050**	–	–	–
Expense recognised in income statement in respect of equity-settled share-based payment	**542,076**	760,786	**363,531**	436,137
Allowance for obsolete inventories	**451,241**	–	–	–
Loss/(gain) on disposal of property, plant and equipment - net	**408,730**	2,274	**(19,499)**	–
Amortisation of prepaid lease payments	**186,018**	180,847	**–**	–
Interest income	**(4,600,185)**	(5,151,895)	**(147,142)**	(850,502)
Allowance for doubtful debts no longer required	**(1,500,000)**	–	**–**	–
Unrealised (gain)/loss on foreign exchange	**(695,290)**	361,721	**–**	–
Gain on disposal of other investments	**(694,321)**	–	**–**	–
Gross dividends income	**(136,293)**	(317,002)	**(70,800,000)**	(83,000,000)
Allowance for diminution in value of other investments no longer required	**(83,971)**	–	**–**	–
Provision for rework and warranty	**–**	354,000	**–**	–
Allowance for diminution in value of other investments	**–**	64,728	**–**	–
Property, plant and equipment written-off	**–**	279	**–**	279
Allowance for obsolete inventories no longer required	**–**	(954,133)	**–**	–
	56,682,948	75,443,269	**(3,080,062)**	(2,499,000)
Movements in working capital:				
(Increase)/decrease in:				
Inventories	**5,789,048**	5,527,601	**–**	–
Trade and other receivables	**7,660,483**	(1,315,362)	**–**	–
Other assets	**109,940**	59,773	**10,560**	2,841
Decrease in:				
Trade and other payables	**(2,845,891)**	(4,134,023)	**(3,189)**	(28,960)
Cash from/(used in) operations	**67,396,528**	75,581,258	**(3,072,691)**	(2,525,119)
Tax refunded	**389,705**	2,818,524	**43,835**	–
Tax paid	**(1,709,157)**	(1,514,594)	**(73,907)**	(77,912)
Utilisation of provision for rework and warranty	**–**	(954,000)	**–**	–
Net cash from/(used in) operating activities	**66,077,076**	75,931,188	**(3,102,763)**	(2,603,031)

(FORWARD)

CASH FLOW STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2008

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Proceeds from disposal of other investments	**8,412,639**	–	–	–
Interest received	**4,962,677**	5,329,651	**504,701**	1,237,387
Dividends received from other investments	**136,293**	317,002	–	–
Proceeds from disposal of property, plant and equipment	**21,640**	374	**19,500**	–
Purchase of property, plant and equipment	**(8,687,668)**	(6,960,799)	**(46,368)**	(9,585)
Dividends received from a subsidiary company	–	–	**70,592,000**	82,190,000
Advances from/(to) subsidiary companies	–	–	**10,838,124**	(7,126,775)
Purchase of investment in a subsidiary company	–	–	**(8,202,825)**	(5,481,695)
Net cash from/(used in) investing activities	**4,845,581**	(1,313,772)	**73,705,132**	70,809,332
CASH FLOWS USED IN FINANCING ACTIVITIES				
Short-term deposits released as security value	**500,000**	–	–	–
Dividends paid	**(74,588,880)**	(98,100,541)	**(74,588,880)**	(98,100,541)
Payments for shares buy-back	**(7,586,537)**	–	**(7,586,537)**	–
Proceeds from issue of shares pursuant to the ESOS	–	3,728,080	–	3,728,080
Net cash used in financing activities	**(81,675,417)**	(94,372,461)	**(82,175,417)**	(94,372,461)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(10,752,760)**	(19,755,045)	**(11,573,048)**	(26,166,160)
Effect of foreign exchange rate changes	**(693,607)**	(551,104)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**146,655,930**	166,962,079	**12,885,134**	39,051,294
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)	**135,209,563**	146,655,930	**1,312,086**	12,885,134

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 Suite 12–02, 12th Floor, Menara MAA, 170, Jalan Argyll, 10050 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 25, 2009.

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 adopted all the new and revised Financial Reporting Standards ("FRSs") and Issues Committee ("IC") Interpretations issued by MASB that are relevant to its operations and effective for the Group and the Company's financial periods beginning on January 1, 2008.

The adoption of these new and revised FRSs and IC Interpretations has no material effect on the financial statements of the Group and of the Company.

As of the date issuing the financial statements, the following new/revised FRSs and IC Interpretations have been issued but not yet effective:

FRS 4	Insurance Contracts*
FRS 7	Financial Instruments: Disclosures*
FRS 8	Operating Segments**
FRS 139	Financial Instruments: Recognition and Measurement*
IC Interpretation 9	Reassessment of Embedded Derivatives*
IC Interpretation 10	Interim Financial Reporting and Impairment*

* Effective for accounting periods beginning on or after January 1, 2010.

** Effective for accounting periods beginning on or after July 1, 2009.

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

The directors anticipate that the adoption of FRS 4, FRS 7 and FRS 8 and IC Interpretations 9 and 10 in future periods will have no material financial impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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). The functional currency of the Company is Ringgit Malaysia, which is also the presentation currency of the financial statements of the Company and 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, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits costs

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(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 Employees' 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The annual depreciation rates are as follows:

	Rates
Buildings	2.15%
Plant and machinery	9% - 18%
Fire-fighting and security system	12%
Air-conditioning system	12% - 18%
Furniture and fittings	12% - 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 the 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 the 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 of the consideration to be paid in the future for goods and services rendered.

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

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 statements 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 flow statement

The Company adopts the indirect method in the preparation of the cash flow statement.

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. Interest, 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.

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. The total carrying values of recognised deferred tax assets of the Group and of the Company are RM237,000 and RM37,000 (2007: RM365,000 and RM37,000) respectively and the unrecognised deferred tax assets of the Group are RM414,000 (2007: RM113,000).

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Sales of goods:				
Manufacturing	**122,617,766**	155,963,173	–	–
Trading	**280,668**	912,109	–	–
Dividend income from subsidiary companies	**–**	–	**70,800,000**	83,000,000
Management fee	**–**	–	**1,320,000**	1,320,000
	122,898,434	156,875,282	**72,120,000**	84,320,000

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Employees' provident fund contributions	**936,948**	903,231	**341,459**	324,912
Equity-settled share-based payment	**542,076**	760,786	**363,531**	436,137
Other employee benefits expense	**13,386,987**	11,609,725	**3,205,585**	2,768,210
	14,866,011	13,273,742	**3,910,575**	3,529,259

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

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

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Executive directors of the Company:				
Fee	**125,400**	140,400	**125,400**	140,400
Employees' provident fund contributions	**217,600**	243,200	**217,600**	243,200
Equity-settled share-based payment	**94,530**	135,908	**94,530**	135,908
Other emoluments	**1,408,000**	1,568,000	**1,408,000**	1,568,000
Benefits-in-kind	**60,000**	60,000	**60,000**	60,000
Non-executive directors of the Company:				
Fee	**312,800**	305,800	**312,800**	305,800
Equity-settled share-based payment	**81,900**	136,503	**81,900**	136,503
	2,300,230	2,589,811	**2,300,230**	2,589,811

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	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
After charging:				
Research and development expenses	**4,421,767**	4,452,441	**–**	–
Inventories written off	**585,050**	–	**–**	–
Allowance for obsolete inventories	**451,241**	–	**–**	–
Loss on disposal of property, plant and equipment	**428,229**	2,274	**–**	–
Rental of:				
Premises	**169,723**	194,105	**–**	–
Hostels	**25,115**	13,553	**10,650**	15,600
Audit fee	**65,969**	75,840	**14,000**	14,000
Loss on foreign exchange:				
Realised	**–**	–	**–**	286
Unrealised	**–**	361,721	**–**	–
Provision for rework and warranty	**–**	354,000	**–**	–
Allowance for diminution in value of other investments	**–**	64,728	**–**	–
Property, plant and equipment written off	**–**	279	**–**	279
And crediting:				
Interest on short-term deposits	**4,600,185**	5,151,895	**147,142**	850,502
Gain on foreign exchange:				
Realised	**3,918,239**	894,897	**473**	–
Unrealised	**695,290**	–	**–**	–
Allowance for doubtful debts no longer required	**1,500,000**	–	**–**	–
Gain on disposal of other investments	**694,321**	–	**–**	–
Gross dividends from unit trusts	**136,293**	317,002	**–**	–
Allowance for diminution in value of other investments no longer required	**83,971**	–	**–**	–
Gain on disposal of property, plant and equipment	**19,499**	–	**19,499**	–
Allowance for obsolete inventories no longer required	**–**	954,133	**–**	–

8. INCOME TAX EXPENSE

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current tax expense	**1,782,413**	924,000	**352,913**	390,000
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences in current year	**91,978**	(212,122)	–	(8,400)
Change in tax rate	**5,000**	14,100	–	1,400
	96,978	(198,022)	–	(7,000)
	1,879,391	725,978	**352,913**	383,000
Under/(over)provision of current tax expense in prior years	**80,320**	(305,104)	**169,914**	98,960
Overprovision of deferred tax assets in prior years	–	100,000	–	–
	80,320	(205,104)	**169,914**	98,960
Income tax expense	**1,959,711**	520,874	**522,827**	481,960

The Group is operating in the jurisdictions of Malaysia and the People's Republic of China. The applicable domestic statutory income tax rates are 26% for Malaysia and 25% for the People's Republic of China except for small and medium enterprises 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 chargeable income in excess of this amount, the corporate income tax rate is at 26%.

The corporate income tax rate was 26% for the year of assessment 2008 (2007: 27%) and is reduced to 25% for subsequent years of assessment.

One of the subsidiary companies was granted pioneer status by the Ministry of International Trade and Industry for the design, development and manufacture of mixed signal microprocessor based application and system integration products. Under this incentive, 100% of the 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, 2008.

The applicable statutory income tax rate of a foreign subsidiary company incorporated in the People's Republic of China is 25 % (2007: 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 tax rate is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Profit before tax	**60,708,161**	78,749,028	67,428,973	80,825,752
Tax amount at statutory income tax rate of 26% (2007: 27%)	**15,784,000**	21,262,000	**17,531,500**	21,823,000
Tax effects on non-deductible/ (non-taxable) items:				
Non-deductible expenses	**1,219,391**	532,408	**1,021,413**	158,600
Tax exempt income for pioneer products	**(14,680,000)**	(19,665,000)	–	–
Tax exempt dividend income	–	–	**(18,200,000)**	(21,600,000)
Other non-taxable income	**(757,000)**	(1,196,222)	–	–
Effect of change in tax rate	**5,000**	14,100	–	1,400
Net deferred tax assets not recognised	**308,000**	–	–	–
Utilisation of previously unrecognised deferred tax assets	–	(100,000)	–	–
Effect of different tax rates in subsidiary companies	–	(121,308)	–	–
	1,879,391	725,978	**352,913**	383,000
Under/(over)provision of current tax expense in prior years	**80,320**	(305,104)	**169,914**	98,960
Overprovision of deferred tax assets in prior years	–	100,000	–	–
	80,320	(205,104)	**169,914**	98,960
Income tax expense	**1,959,711**	520,874	**522,827**	481,960

As of December 31, 2008, 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	
	2008	2007	2008	2007
	RM	RM	RM	RM
Unused reinvestment allowances	**1,236,000**	1,236,000	–	–
Unused tax capital allowances	**882,000**	873,000	–	–
Unused tax losses	**174,000**	279,000	–	–

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 is RM50,000 (2007: RM71,000).

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	
	2008	**2007**
Profit attributable to ordinary equity holders of the Company (RM)	**58,748,450**	78,228,154
Weighted average number of ordinary shares in issue (units)	**371,693,656**	374,541,479
Basic earnings per share (sen)	**15.81**	20.89

The diluted earnings per ordinary share in 2008 and 2007 are similar to basic earnings per share 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

	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
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
Balance as of January 1, 2008	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
Additions	8,000	993,206	–	–	16,840	253,214	–	149,650	7,266,758	8,687,668
Disposals	–	(4,139,378)	(202,827)	(280,520)	(406,796)	(1,368,516)	(196,839)	(37,902)	–	(6,632,778)
Translation reserve	–	300,885	–	2,661	2,307	21,072	–	26,104	1,045,992	1,399,021
Balance as of December 31, 2008	10,315,200	8,844,337	–	63,003	132,045	1,032,188	150,195	1,402,935	13,753,199	35,693,102

(FORWARD)

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

	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
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
Balance as of January 1, 2008	779,713	7,665,577	185,639	297,962	407,140	1,591,426	253,582	949,237	–	12,130,276
Charge for the year	221,339	953,726	9,045	7,557	25,193	155,896	15,296	123,680	–	1,511,732
Disposals	–	(3,816,575)	(194,684)	(280,388)	(389,541)	(1,299,757)	(183,562)	(37,901)	–	(6,202,408)
Translation reserve	–	139,516	–	1,773	1,559	11,812	–	15,615	–	170,275
Balance as of December 31, 2008	1,001,052	4,942,244	–	26,904	44,351	459,377	85,316	1,050,631	–	7,609,875
Net book value										
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
Balance as of December 31, 2008	9,314,148	3,902,093	–	36,099	87,694	572,811	64,879	352,304	13,753,199	28,083,227

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

The Company

	Furniture and fittings	Office equipment	Motor vehicles	Total
	RM	**RM**	**RM**	**RM**
Cost				
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
Balance as of January 1, 2008	12,803	138,175	377,976	528,954
Additions	–	8,091	38,277	46,368
Disposals	–	–	(37,902)	(37,902)
Balance as of December 31, 2008	12,803	146,266	378,351	537,420
Accumulated depreciation				
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
Balance as of January 1, 2008	5,668	49,597	152,331	207,596
Charge for the year	1,536	17,507	75,032	94,075
Disposals	–	–	(37,901)	(37,901)
Balance as of December 31, 2008	7,204	67,104	189,462	263,770
Net book value				
Balance as of December 31, 2007	7,135	88,578	225,645	321,358
Balance as of December 31, 2008	5,599	79,162	188,889	273,650

Certain property, plant and equipment of the Group with a total carrying value of RM12,504,071 (2007: RM12,564,462) are charged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 24.

The buildings were revalued by the directors on May 26, 2004 based on a valuation carried out by Mr. Tay Tam, FISM, a registered valuer of Jones Lang Wootton, an independent firm of professional valuers, using open market value on existing use basis.

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

	The Group	
	2008	**2007**
	RM	**RM**
Cost	**7,323,223**	7,323,223
Less: Accumulated depreciation	**(2,049,986)**	(1,852,733)
Carrying amounts	**5,273,237**	5,470,490

11. PREPAID LEASE PAYMENTS

	The Group	
	2008	**2007**
	RM	**RM**
Short leasehold land:		
At beginning of year	**8,043,580**	8,219,742
Amortisation during the year	**(186,018)**	(180,847)
Translation reserve	**432,167**	4,685
At end of year	**8,289,729**	8,043,580

Certain prepaid lease payments on short leasehold land of the Group with a carrying value of RM2,294,561 (2007: RM2,349,202) are charged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 24.

As of December 31, 2008, the unexpired lease periods of the Group's short leasehold land are 46 and 41 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 the 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	
	2008	**2007**
	RM	**RM**
Unquoted shares, at cost	**54,298,680**	46,107,329
Less: Accumulated impairment losses	**(4,420,800)**	(4,420,800)
	49,877,880	41,686,529

During the financial year, the Company invested an additional RM8,202,825 (2007: RM5,481,695) 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 RM144,397 (2007: RM288,443) 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. During the financial year, there is reversal of 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 amounted to RM155,871.

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership 2008	2007
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, mixed signal microprocessor based application and system integration 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 2008 RM	2007 RM
At cost:		
Investments in unit trusts	**4,700,000**	8,418,318
Investments in bond funds	**–**	4,000,000
	4,700,000	12,418,318
Less: Allowance for diminution in value of unit trusts	**(2,624)**	(86,595)
	4,697,376	12,331,723
Market value of:		
Unit trusts	**4,709,456**	9,055,859
Bond funds	**–**	4,291,423
	4,709,456	13,347,282

14. DEFERRED TAX

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Deferred tax liabilities	**1,271,882**	1,302,904	**–**	–
Deferred tax assets	**(237,000)**	(365,000)	**(37,000)**	(37,000)
Net position	**1,034,882**	937,904	**(37,000)**	(37,000)

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

	The Group	
	2008	2007
	RM	RM
At beginning of year	**1,302,904**	1,333,926
Transfer to income statements (Note 8)	**(31,022)**	(31,022)
At end of year	**1,271,882**	1,302,904

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

A deferred tax income of RM31,022 (2007: 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 (2007: 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	
	2008	2007	2008	2007
	RM	RM	RM	RM
At beginning of year	**365,000**	298,000	**37,000**	30,000
Transfer from/(to) income statements (Note 8)	**(128,000)**	67,000	**–**	7,000
At end of year	**237,000**	365,000	**37,000**	37,000

The deferred tax assets are in respect of the following:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Tax effects of temporary differences arising from:				
Property, plant and equipment	**(199,000)**	(329,000)	**(23,000)**	(15,000)
Provision for rework and warranty	**119,000**	123,000	**–**	–
Receivables	**51,000**	99,000	**–**	–
Others	**266,000**	245,000	**60,000**	52,000
Unused tax capital allowances	**–**	227,000	**–**	–
	237,000	365,000	**37,000**	37,000

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, 2008, 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	
	2008	**2007**
	RM	**RM**
Tax effects of temporary differences arising from:		
Property, plant and equipment	**(63,000)**	–
Inventories	**150,000**	27,000
Others	**63,000**	19,000
Unused tax capital allowances	**221,000**	–
Unused tax losses	**43,000**	67,000
	414,000	113,000

15. INVENTORIES

	The Group	
	2008	**2007**
	RM	**RM**
Raw materials	**10,104,619**	15,081,900
Work-in-progress	**2,521,786**	3,933,406
Finished goods	**3,051,750**	3,488,188
	15,678,155	22,503,494

The Group reversed Nil (2007: RM954,133) 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 RM10,512,859 (2007: RM12,834,338) 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	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Trade receivables	**12,827,757**	20,230,005	**–**	–
Less: Allowance for doubtful debts	**(500,000)**	(2,000,000)	**–**	–
	12,327,757	18,230,005	**–**	–
Interest receivable	**1,612,345**	1,974,837	**27,604**	385,163
Amounts owing by subsidiary companies	**–**	–	**93,146,290**	103,991,644
Other receivables	**762**	3,245	**–**	–
	13,940,864	20,208,087	**93,173,894**	104,376,807

16. TRADE AND OTHER RECEIVABLES (cont'd)

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
United States Dollar	**12,827,757**	20,230,005	**–**	–
Ringgit Malaysia	**1,612,345**	1,974,837	**93,173,894**	104,376,807
Chinese Renminbi	**762**	3,245	**–**	–
	14,440,864	22,208,087	**93,173,894**	104,376,807

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods is cash term and range from 30 to 60 days (2007: 30 to 60 days). An allowance of RM500,000 (2007: 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	
	2008	2007
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	**90,725,192**	102,050,546
Uchi Electronic (M) Sdn. Bhd.	**2,416,000**	1,936,000
Uchi Technologies (Dongguan) Co., Ltd.	**5,098**	5,098
	93,146,290	103,991,644

The amounts owing by subsidiary companies, which arose mainly from dividends receivable, management fee receivable and advances, are unsecured, interest free and repayable on demand.

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	
	2008	2007
	RM	RM
Management fee received/receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	**840,000**	840,000
Uchi Electronic (M) Sdn. Bhd.	**480,000**	480,000
Dividends received/receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	**70,800,000**	83,000,000

17. OTHER ASSETS

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Prepaid expenses	**412,038**	513,858	**–**	–
Refundable deposits	**124,095**	132,215	**3,200**	13,760
	536,133	646,073	**3,200**	13,760

18. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short-term deposits	**130,118,254**	145,948,764	**1,076,403**	12,791,444
Cash and bank balances	**5,725,978**	1,936,276	**235,683**	93,690
Bank overdraft	**–**	(94,441)	**–**	–
	135,844,232	147,790,599	**1,312,086**	12,885,134
Less: Short-term deposits held as security value	**(634,669)**	(1,134,669)	**–**	–
	135,209,563	146,655,930	**1,312,086**	12,885,134

Included in short-term deposits of the Group are amounts of RM634,669 (2007: 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	
	2008	2007	2008	2007
	%	%	%	%
Short-term deposits	**3.25 - 4.00**	3.45 - 3.95	**3.80**	3.70 - 3.80

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

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	**118,167,049**	131,701,598	**1,312,086**	12,885,134
United States Dollar	**14,674,469**	14,595,068	**–**	–
Chinese Renminbi	**2,996,723**	1,485,182	**–**	–
Euro	**2,423**	3,808	**–**	–
Other currencies	**3,568**	4,943	**–**	–
	135,844,232	147,790,599	**1,312,086**	12,885,134

19. SHARE CAPITAL

	The Group and the Company			
	2008		2007	
	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	**375,076,800**	**75,015,360**	373,940,800	74,788,160
Issue of shares pursuant to ESOS	**–**	**–**	1,136,000	227,200
At end of year	**375,076,800**	**75,015,360**	375,076,800	75,015,360

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 repurchased 4,232,300 (2007: Nil) of its issued and fully paid ordinary shares from the open market. The average price paid for the ordinary shares repurchased was approximately RM1.79 (2007: Nil) per ordinary share. The repurchase transactions were financed by internally generated funds. Share buybacks have been accounted for under the treasury stock method. When shares are repurchased, they are held as treasury shares at the cost of repurchase and set off against equity in accordance with Section 67A of the Companies Act, 1965.

As of December 31, 2008, out of the total number of 375,076,800 (2007: 375,076,800) of ordinary shares of RM0.20 each issued and paid-up, 4,232,300 (2007: Nil) are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 370,844,500 (2007: 375,076,800).

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

The principal features of the ESOS are as follows:

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

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

(c) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(d) The options granted may be exercised upon giving notice in writing to the Company within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer.

(e) The new ordinary share to be allotted upon any exercise of the ESOS will upon allotment rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends or distributions which may be declared prior to the allotment of these shares.

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:

	2008		2007	
	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	**3.27**	**19,613,500**	3.28	19,789,500
Granted	**1.86**	**1,029,000**	3.21	2,613,500
Forfeited	**3.24**	**(1,965,500)**	3.28	(1,653,500)
Exercised	–	–	3.28	(1,136,000)
At end of year	**3.19**	**18,677,000**	3.27	19,613,500

Out of the outstanding share options, share options to subscribe for 10,035,400 (2007: 6,666,900) 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 RM0.97 to RM3.31 (2007: RM2.87 to RM3.31), and a weighted average remaining contractual life of about 3 years (2007: 4 years).

Share options to subscribe for 18,677,000 (2007: 19,613,500) 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 RM0.1136 (2007: RM0.1801) per ordinary share of RM0.20 each. The significant inputs into the model were as follows:

	2008	2007
Valuation assumptions:		
Expected volatility	**26.39%**	17.04%
Expected dividend yield	**8% - 16%**	7%
Expected option life	**3 years**	4 years
Weighted average share price at date of grant	**RM1.86 per share**	RM3.21 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 (2007: 1¼ years).

On February 6, 2009, share options to subscribe for 504,000 ordinary shares of RM0.20 each offered under the ESOS scheme were granted to employees with an exercise price of RM0.91 per share and will expire on August 7, 2011.

20. RESERVES

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-distributable:				
Share premium	**25,173,116**	25,173,116	**25,173,116**	25,173,116
Revaluation reserve	**2,018,829**	2,098,598	**–**	–
Merger reserve	**–**	–	**6,777,646**	6,777,646
Translation reserve	**295,624**	(671,682)	**–**	–
Share option reserve	**1,810,903**	1,395,706	**1,810,903**	1,395,706
	29,298,472	27,995,738	**33,761,665**	33,346,468

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

Effective January 1, 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by December 31, 2013.

The Company has not made this election. The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings as of December 31, 2008.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade payables	**4,587,266**	9,217,899	**–**	–
Amount owing to directors	**400,000**	924,600	**400,000**	924,600
Other payables	**1,100,279**	772,025	**60,977**	57,727
Accrued expenses	**6,832,705**	5,287,905	**820,508**	299,097
	12,920,250	16,202,429	**1,281,485**	1,281,424

22. TRADE AND OTHER PAYABLES (cont'd)

Analysis of trade and other payables by currencies:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	**7,730,623**	7,132,702	**1,281,485**	1,281,424
United States Dollar	**4,225,771**	7,896,202	**–**	–
Chinese Renminbi	**907,574**	1,026,347	**–**	–
Euro	**17,690**	107,513	**–**	–
Other foreign currencies	**38,592**	39,665	**–**	–
	12,920,250	16,202,429	**1,281,485**	1,281,424

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 60 days (2007: 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	
	2008	2007
	RM	RM
At beginning of year	**2,400,000**	3,000,000
Additional provision	**–**	354,000
Utilisation of provision	**–**	(954,000)
At end of year	**2,400,000**	2,400,000

The Group gives warranty on its products and undertakes to replace defective products. A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. 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, 2008, the Group has bank overdraft and other banking facilities totalling RM41,762,000 (2007: RM33,830,000) 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) Short-term deposits of RM634,669;
iv) Corporate guarantee from a subsidiary company for RM2,250,000; and
v) Corporate guarantee from the Company for RM36,480,000.

The bank borrowings bore interest at a rate of 1% per annum above the lending bank's base lending rate.

The annual effective interest rate of the bank overdraft was 7.75%.

25. DIVIDENDS

	The Group and the Company	
	2008	**2007**
	RM	**RM**
Dividends declared and paid:		
Special final tax exempt dividend of 4 sen per ordinary share of RM0.20 each for 2007	**14,833,780**	–
Final tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2007 and 2006 respectively	**22,250,670**	22,504,608
Special dividend I of 2 sen gross per ordinary share of RM0.20 each, less tax for 2006	**–**	5,476,125
Special tax exempt dividend II of 9 sen per ordinary share of RM0.20 each for 2006	**–**	33,756,912
Dividends declared and payable:		
Interim tax exempt dividend of 6 sen per ordinary share of RM0.20 each, for 2008 and 2007 respectively	**22,250,670**	22,504,608
Special tax exempt interim dividend of 4 sen per ordinary share of RM0.20 each for 2007	**–**	15,003,072
	59,335,120	99,245,325

The directors also proposed a final dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividends if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM22,250,670 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 dividend has 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	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	**23,980**	33,581	**2,250**	12,850
Later than 1 year and not later than 5 years	–	2,250	–	2,250
	23,980	35,831	**2,250**	15,100

27. CAPITAL COMMITMENT

As of December 31, 2008, capital expenditure contracted but not provided for in the financial statements of the Group in respect of construction of factory building located in the People's Republic of China and capital expenditure on property, plant and equipment is approximately RM2,379,000.

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 to manage their exposure on foreign currency receivables and on cash flows generated from sales transactions denominated in foreign currencies.

28. FINANCIAL INSTRUMENT (cont'd)

As of December 31, 2008, the settlement dates on open forward contracts ranged between 1 and 28 months (2007: 1 and 52 months). The foreign currency amounts to be received and contractual exchange rates of the Group's outstanding contracts were as follows:

Hedged item	Currency to be received	Currency to be paid	RM'000 equivalent	Contractual rate
As of December 31, 2008				
Trade receivable:				
USD1,700,000	Ringgit Malaysia	US Dollar	5,583	1USD = RM3.2839
Future sale of goods over the following 28 months:				
USD52,900,000	Ringgit Malaysia	US Dollar	174,561	1USD = RM3.2998
As of December 31, 2007				
Trade receivable:				
USD3,700,000	Ringgit Malaysia	US Dollar	12,728	1USD = RM3.4400
Future sale of goods over the following 52 months:				
USD49,600,000	Ringgit Malaysia	US Dollar	170,838	1USD = RM3.4443

.

The net unrecognised losses as of December 31, 2008 on open contracts which hedge anticipated future foreign currency sales amounting to RM8,991,000 (2007: net unrecognised gains of RM7,009,950). These net exchange gains and losses are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/ (liabilities) held in non-functional currencies				
Functional currencies	**United States Dollar RM**	**Chinese Renminbi RM**	**Euro RM**	**Others RM**	**Total RM**
As of December 31, 2008					
Ringgit Malaysia	**16,828,276**	**2,541**	**(15,267)**	**(35,024)**	**16,780,526**
Chinese Renminbi	**5,355,579**	**–**	**–**	**–**	**5,355,579**
	22,183,855	**2,541**	**(15,267)**	**(35,024)**	**22,136,105**
As of December 31, 2007					
Ringgit Malaysia	14,928,515	2,949	(103,705)	(34,722)	14,793,037
Chinese Renminbi	6,569,669	–	–	–	6,569,669
	21,498,184	2,949	(103,705)	(34,722)	21,362,706

28. FINANCIAL INSTRUMENT (cont'd)

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 licensed 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 requirements 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. Fair values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2008 are as follows:

	The Group			
	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Other investments - unit trusts and bond funds	**4,697,376**	**4,709,456**	12,331,723	13,347,282
Off balance sheet item				
Foreign currency forward contracts	**–**	**(8,991,000)**	–	7,009,950

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 a forward foreign exchange 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 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, mixed signal microprocessor based application and system integration products.
- trading of complete electric module and saturated paper for PCB lamination.

Inter-segment revenue are based on terms negotiated between the Company and its subsidiary companies.

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated RM
2008					
Revenue					
External sales	–	122,890,480	7,954	–	122,898,434
Inter-segment sales	72,120,000	44,832,826	1,166,112	(118,118,938)	–
Total revenue	72,120,000	167,723,306	1,174,066	(118,118,938)	122,898,434
Results					
Segment results	67,212,723	61,104,089	(208,071)	(72,137,058)	55,971,683
Investment revenue					4,736,478
Profit before tax					60,708,161
Income tax expense					(1,959,711)
Profit for the year					58,748,450
Other information					
Capital additions	46,368	8,641,300	–	–	8,687,668
Depreciation and amortisation	143,416	1,335,506	218,828	–	1,697,750
Non-cash expenses other than depreciation and amortisation	336,802	1,638,096	12,199	–	1,987,097
Assets					
Segment assets	2,558,994	69,326,325	368,767	–	72,254,086
Unallocated corporate assets					135,744,907
Consolidated total assets					207,998,993
Liabilities					
Segment liabilities	23,533,356	13,898,911	138,653	–	37,570,920
Unallocated corporate liabilities					1,371,882
Consolidated total liabilities					38,942,802

29. SEGMENTAL REPORTING (cont'd)

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated 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
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

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, provisions and dividend payable and exclude items such as deferred tax liabilities and bank overdraft.

29. SEGMENTAL REPORTING (cont'd)

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	
	2008	**2007**
	RM	**RM**
European countries	**114,621,519**	148,321,810
United States	**3,446,560**	4,279,368
Asia Pacific countries	**4,830,355**	4,274,104
	122,898,434	156,875,282

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	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Malaysia	**44,308,084**	53,440,536	**1,278,864**	1,495,976
People's Republic of China	**27,946,002**	20,005,889	**7,408,804**	5,464,823
	72,254,086	73,446,425	**8,687,668**	6,960,799

STATEMENT BY DIRECTORS

DECEMBER 31, 2008

The directors of UCHI TECHNOLOGIES BERHAD state that, in their opinion, the accompanying balance sheets and the 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 Malaysian Accounting Standards Board 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, 2008 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 25, 2009

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 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 25, 2009	)	**OW CHOOI KHIM**

Before me,

KARUPAYEE KAMALAM A/P R. MOTTAI
Commissioner For Oaths

LIST OF PROPERTIES
DECEMBER 31, 2008

Location	Description	Tenure/Date of Expiry of Lease	Age (Years)	Land Area/ Built–up Area (Sq. Ft.)	Net Book Value at 31.12.2008 (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	2,294,561	26.5.2004
(Tingkat Perusahaan 4A Perai FTZ Phase II, Perai)	Factory Building - Phase I	60 years leasehold expiring on 1.1.2050	14	33,144	2,269,955	26.5.2004
	- Phase II		8	92,864	7,044,193	–
Registered Beneficial Owner: **UCHI INDUSTRIES (M) SDN. BHD.**						
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah Pulau Pinang (Tingkat Perusahaan 4A Perai FTZ Phase II, Perai)	Vacant Industrial Land	60 years leasehold expiring on 6.12.2049	–	140,178	2,018,854	26.5.2004
Registered Beneficial Owner: **UCHI TECHNOLOGIES (DONGGUAN) CO., LTD.**						
Lot No. 1905010100037 Information Industrial Park Xi Hu Area, ShiLong Town Dongguan City, People's Republic of China	Vacant Industrial Land	48 years leasehold expiring on 26.2.2054	–	208,671	3,976,314	–

ANALYSIS OF SHAREHOLDINGS

Share Capital
Authorised : RM 100,000,000.00
Issued and Fully Paid-Up : RM 74,168,900.00 +
Class of Shares : Ordinary shares of RM0.20 each with equal voting rights

+ The issued and paid-up capital is as per Record of Depositors as of March 20, 2009 exclusive of 4,232,300 Shares held as treasury shares

Size of Holdings			No. of Holders	%	No. of Shares	%
1	–	99	78	1.65	3,732	0.00
100	–	1,000	879	18.64	759,285	0.20
1,001	–	10,000	2,560	54.27	12,986,270	3.50
10,001	–	100,000	1,013	21.48	30,279,640	8.17
100,001	–	18,542,224(*)	184	3.90	187,824,173	50.65
18,542,225	and	above(**)	3	0.06	138,991,400	37.48
Total			**4,717**	**100.00**	**370,844,500**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	**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	27,140,440	7.32	–	–
Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Skim Amanah Saham Bumiputera]	20,587,300	5.55	–	–
Total	**138,991,400**	**37.48**	**91,263,660**	**24.61**

Deemed interest by virtue of his substantial interest in Eastbow International Limited.

SHAREHOLDINGS STATISTICS (cont'd)

MARCH 20, 2009

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	27,140,440	7.32
3.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Skim Amanah Saham Bumiputera]	20,587,300	5.55
4.	Valuecap Sdn. Bhd.	13,461,600	3.63
5.	Ironbridge Worldwide Limited	13,172,710	3.55
6.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Amanah Saham Wawasan 2020]	12,682,500	3.42
7.	Employees Provident Fund Board	12,629,000	3.41
8.	Cartaban Nominees (Asing) Sdn. Bhd. [Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)]	8,413,000	2.27
9.	Cartaban Nominees (Asing) Sdn. Bhd. [SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF)]	8,054,400	2.17
10.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Amanah Saham Malaysia]	7,850,500	2.12
11.	Kumpulan Wang Persaraan (Diperbadankan)	7,293,100	1.97
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB For Koo Kow Kiang @ Ko Keck Ting (PB)]	6,689,000	1.80
13.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Sekim Amanah Saham Nasional]	5,903,200	1.59
14.	Chang, Shin-Fang	5,739,350	1.55
15.	HSBC Nominees (Asing) Sdn. Bhd. [Sumitomo T&B NY For Asia Oceania Dividend Yield Stock Mother Fund]	3,700,000	1.00
16.	Kao Wang, Ying-Ying	3,169,700	0.85
17.	Cartaban Nominees (Asing) Sdn. Bhd. [Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)]	3,109,000	0.84
18.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Amanah Saham Didik]	2,869,700	0.77
19.	Malaysia Nominees (Tempatan) Sdn. Bhd. [Great Eastern Life Assurance (Malaysia) Berhad (DR)]	2,702,800	0.73
20.	Citigroup Nominees (Asing) Sdn. Bhd. [Exempt AN for Mellon Bank (ABNAMRO MELLON)]	2,557,700	0.69
21.	Mayban Nominees (Tempatan) Sdn. Bhd. [Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja (N14011980810)]	2,500,000	0.67

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	%
22.	MCIS Zurich Insurance Bhd.	2,360,100	0.64
23.	United Overseas Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Koo Kow Kiang @ Ko Keck Ting (MJK)]	1,821,000	0.49
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. [Exempt AN for American International Assurance Berhad]	1,644,500	0.44
25.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.40
26.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. [Public Islamic Dividend Fund]	1,409,400	0.38
27.	HSBC Nominees (Asing) Sdn. Bhd. [Exempt AN For JPmorgan Chase Bank, National Association (U.K.)]	1,380,300	0.37
28.	Takaful Ikhlas Sdn. Bhd.	1,380,000	0.37
29.	HSBC Nominees (Asing) Sdn. Bhd. [Sumitomo T&B NY for Sumitomo Mitsui Asia-Oceania Dividend Yield Stock Fund]	1,321,000	0.36
30.	Mayban Nominees (Tempatan) Sdn. Bhd. [Etiqa Insurance Berhad (Life Par Fund)]	1,317,000	0.36
	Total	**275,621,960**	**74.32**

SHAREHOLDINGS STATISTICS (cont'd)

MARCH 20, 2009

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
Huang, Teng-Yen	184,700	0.05	–	–
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–
Kao Wang, Ying-Ying	3,169,700	0.85	91,263,660[3)]	24.61
Dr. Heinrich Komesker	200,000	0.05	–	–
Charlie Ong Chye Lee	–	–	–	–
Total	**3,554,400**	**0.95**	**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 ELEVENTH ANNUAL GENERAL MEETING of the Company to be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, May 15, 2009 at 3p.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, 2008 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, 2008.		
3	To approve the payment of Directors' Fees of RM446,200.00 for the year ending December 31, 2009.		
4	To re-elect Mr. Kao, Te-Pei also known as Edward Kao, a Director retiring under the provision of Article 131 of the Articles of Association of the Company.		
5	To re-elect Mr. Charlie Ong Chye Lee, a Director retiring under the provision of Article 136 of the Articles of Association of the Company.		
6	To consider and if thought fit, to pass the following ordinary resolution pursuant to Section 129(6) of the Companies Act, 1965: "That Mr. Huang, Teng-Yen, a Director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting."		
7	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
8	To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
9	To renew the share buy-back authority.		
10	To grant Share Options to Mr. Charlie Ong Chye Lee		

Signed this: _________________day of _________________ 2009. 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, Suite 12-02, 12th Floor, Menara MAA, 170 Jalan Argyll, 10050 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)

Suite 12-02, 12th floor, Menara MAA,
170, Jalan Argyll, 10500 Penang,
Malaysia

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

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