UCHI

UCHI TECHNOLOGIES BERHAD

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

ANNUAL REPORT 2009

BREAKING THROUGH BARRIERS

CONTENTS

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

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

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

Highly honour compliance of Malaysian Environmental Laws and other applicable regulations

Incessantly educating employee on environmental awareness and responsibility

ISO 14001 ENVIRONMENTAL POLICY

- Notice of Annual General Meeting 2
- Statement Accompanying Notice of Annual General Meeting 5
- Statement of Proposed Renewal of Authority for Uchi Technologies Berhad to Purchase Its Own Share 6
- Corporate Information 12
- Directors' Profile 13
- Corporate Structure 15
- Financial Highlights 16
- Chairman's Statement 18
- Corporate Social Responsibility Report 20
- Corporate Governance & Other Disclosure 21
- Audit Committee Report 26
- Statement on Internal Control 29
- Nomination Committee Report 30
- Remuneration Committee Report 31
- Financial Statements 33
- List of Properties 82
- Shareholdings Statistics 83
- Proxy Form 87

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at the Burma Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, May 26, 2010 at 3.00 p.m.

A G E N D A

1.	To receive the Audited Financial Statements of the Company for the year ended December 31, 2009 together with the Reports of the Directors and of the Auditors thereon.	**Please refer to Note A**
AS ORDINARY BUSINESS		
2.	To declare a Final Tax Exempt Dividend of 3 sen per share of RM0.20 each for the year ended December 31, 2009.	**Ordinary Resolution 1**
3.	To approve the payment of Directors' Fees of RM446,200 for the year ending December 31, 2010.	**Ordinary Resolution 2**
4.	To note that Mr. Huang, Teng-Yen who retires in accordance with Section 129(6) of the Companies Act, 1965 has given notification that he does not wish to seek re-appointment.	
5.	To re-elect Mr. Ng Hai Suan @ Ooi Hoay Seng retiring under the provision of Article 131 of the Articles of Association of the Company.	**Ordinary Resolution 3**
6.	To re-elect Dr. Heinrich Komesker retiring under the provision of Article 131 of the Articles of Association of the Company.	**Ordinary Resolution 4**
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 5**

AS SPECIAL BUSINESS

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

8. **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, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements 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.

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;

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

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 6**

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

By Order of the Board,

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

April 30, 2010

Penang

Note A :
This Agenda Item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

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 Note on Special Business

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 6 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Twelfth Annual General Meeting, a Final Tax Exempt Dividend of 3 sen per share of RM0.20 each for the year ended December 31, 2009 will be paid on July 19, 2010 to Depositors registered in the Record of Depositors at the close of business on June 30, 2010.

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, 2010 in respect of transfers;

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

By Order of the Board,

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

April 30, 2010

Penang

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

There are no individuals who are standing for election as Directors (excluding Directors standing for re-election) at this forthcoming Annual General Meeting.

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 15, 2009, 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 RM20,551,099 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, 2008.

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 Twelfth (12th) 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 coming Twelfth (12th) 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 April 9, 2010, the Company announced that UCHI is proposing to seek its shareholders' approval at the AGM of UCHI to be convened in 2010 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, Bursa Securities Main Market Listing Requirements (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, 2009 are RM36,202,261 and RM25,289,866 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) a price which is not less than the weighted average market price of the Shares for the five (5) Market Days immediately before the resale; or

(b) a discounted price of not more than five percent (5%) to the weighted average market price of the Shares for the five (5) Market Days immediately before the resale provided that:

  (i) The resale takes place not 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 Renewal of Share Buy-Back Authority, 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, 2009, the Group has a cash and cash equivalent balance of RM124,954,749.

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 26, 2010, the Record of Depositors of the Company showed that 255,336,570 Shares representing approximately 68.82% of the issued and paid-up share capital were held by public shareholders. 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] **68.82%**	[b] **65.75%**

Notes:

[a] As of March 26, 2010.

[b] As of March 26, 2010, the issued and paid-up capital of UCHI is RM75,048,960 comprising 375,244,800 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 37,524,480 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 26, 2010, 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, which generally will have a positive impact on the market price of the Shares of the Company. 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 Proposed Renewal of Share Buy-Back Authority

As of March 26, 2010, the issued and paid-up capital of UCHI is RM75,048,960 comprising 375,244,800 Shares including 4,232,300 Shares held as treasury shares. Assuming that the Company purchases up to 37,524,480 UCHI Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 26, 2010 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 Proposed Renewal of Share Buy-Back Authority (cont'd)

4.3 Directors' and Substantial 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 26, 2010 are as follows:

	Before the Proposed Renewal of Share Buy-Back Authority				After the 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	25.45	–	–	[a]94,433,360	27.96
Kao, Te-Pei also known as Edward Kao	–	–	[b]20,162,060	5.43	–	–	[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	24.60	3,169,700	0.94	[c]91,263,660	27.02
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–	–	–	–	–
Charlie Ong Chye Lee	–	–	–	–	–	–	–	–
Substantial Shareholders								
Eastbow	91,263,660	24.60	–	–	91,263,660	27.02	–	–
Kao, De-Tsan also known as Ted Kao	–	–	[d]91,263,660	24.60	–	–	[d]91,263,660	27.02
Lembaga Tabung Haji	37,346,640	10.07	–	–	37,346,640	11.06	–	–
Employee Provident Fund Board	23,538,400	6.34	–	–	23,538,400	6.97	–	–

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 371,012,500 UCHI Shares excluding 4,232,300 shares held as treasury shares from total issued and paid-up share capital of 375,244,800 ordinary shares of RM0.20 each.

[f] Percentage shareholding computed based on 337,720,320 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. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

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 2009 to February 2010 are as follows:

	Highest (RM)	Lowest (RM)
Year 2009:		
March	1.12	0.80
April	1.28	1.07
May	1.40	1.20
June	1.33	1.10
July	1.47	1.00
August	1.38	1.21
September	1.33	1.22
October	1.48	1.27
November	1.65	1.35
December	1.48	1.34
	Highest (RM)	**Lowest (RM)**
Year 2010:		
January	1.54	1.29
February	1.33	1.17

6. Purchases Made by the Company of its Own Shares in the Financial Year Ended December 31, 2009

There were no share buy back transactions and resale of treasury shares during the financial year ended December 31, 2009.

7. Interested Directors, Substantial Shareholders and Persons Connected to Them

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 considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, your Board 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 forthcoming AGM.

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: 04-2296318
Fax: 04-2282118

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: 04-2288255
Fax: 04-2288355

Registrar

Tricor Investor Services Sdn. Bhd.
(formerly known as Tenaga Koperat Sdn. Bhd.)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-22643883
Fax: 03-22821886

Stock Exchange Listing

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

KAO, DE-TSAN also known as TED KAO

Aged 52, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Managing Director. He was appointed as the Chairman of the Company on November 26, 2001. He is also a member of the Employee Share Option Scheme Committee of Uchitec.

Mr. Ted Kao graduated from the Department of Electrical Engineering, Ming Chi Institute of Technology, Taiwan, which was sponsored by the well known Formosa Plastic Co. Ltd. He started his career with Chain Let Co. Ltd., Taiwan, a bathroom scale manufacturer as a project engineer in 1979. Mr. Ted Kao later resigned and began intensive research on global electronic market. He was engaged by Krups Stiftung Co. (currently known as Robert Krups GmbH & Co. KG), Germany, to design electronic bathroom scales in 1980.

Mr. Ted Kao founded Uchi Electronic Co. Ltd. in Taiwan in 1981.

In 1989, Mr. Ted Kao selected Penang, Malaysia as the manufacturing base and founded Uchi Electronic (M) Sdn. Bhd., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (M) Sdn. Bhd. With his many years of experience in technology development, Mr. Ted Kao has been the mainstay of Uchi Group’s technical and marketing strength.

He sits on the Board of Uchi Optoelectronic (M) Sdn. Bhd., Uchi Electronic (M) Sdn. Bhd., Uchi Industries (M) Sdn. Bhd. and also holds directorships in certain private limited companies.

KAO, TE-PEI also known as EDWARD KAO

Aged 50, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Executive Director. He was appointed as Managing Director of the Company on November 26, 2001. He was appointed to be a member of the Audit Committee on March 29, 2000 and resigned as a member of the Audit Committee on March 1, 2008. Currently, he is a member of the Remuneration Committee and Employee Share Option Scheme Committee of Uchitec.

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

In 1990, Uchi Taipei ceased operations. Mr. Edward Kao moved to Penang and was appointed as a Director of Uchi Electronic (M) Sdn. Bhd., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (M) Sdn. Bhd.

Mr. Edward Kao is responsible for the Group’s overall operation, business development and strategic planning.

He sits on the Board of all companies under the Group and also holds directorships in certain private limited companies.

HUANG, TENG-YEN

Aged 79, 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. 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. In 2006, he joined Hwa Fong Rubber Ind. Co., Ltd. as a Technical Consultant and has been holding the post since then.

He does not hold directorship in any other company.

DR. HEINRICH KOMESKER

Aged 58, 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 69, 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 elected 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 66, 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 57, 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.

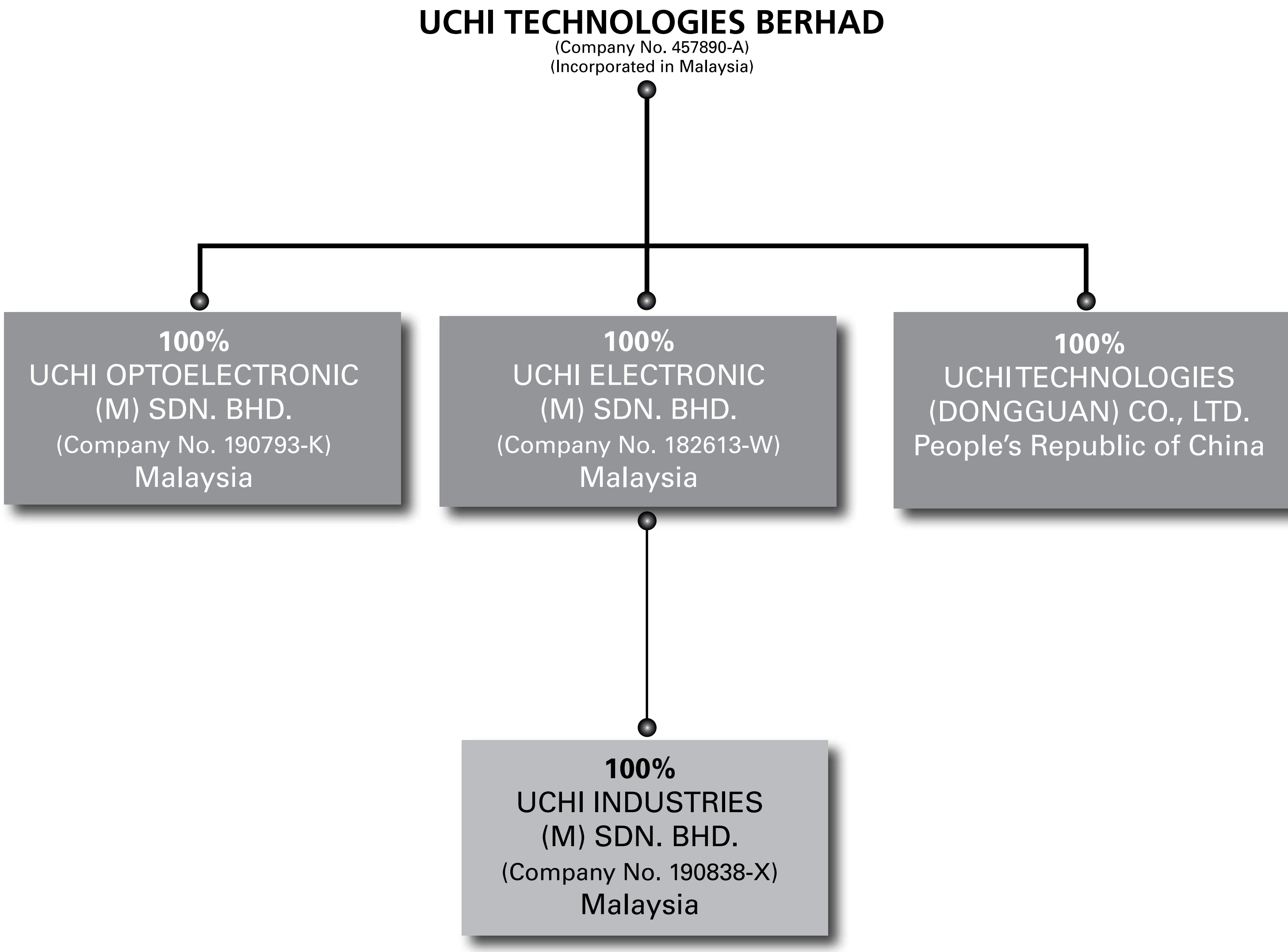
Note:

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.

CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

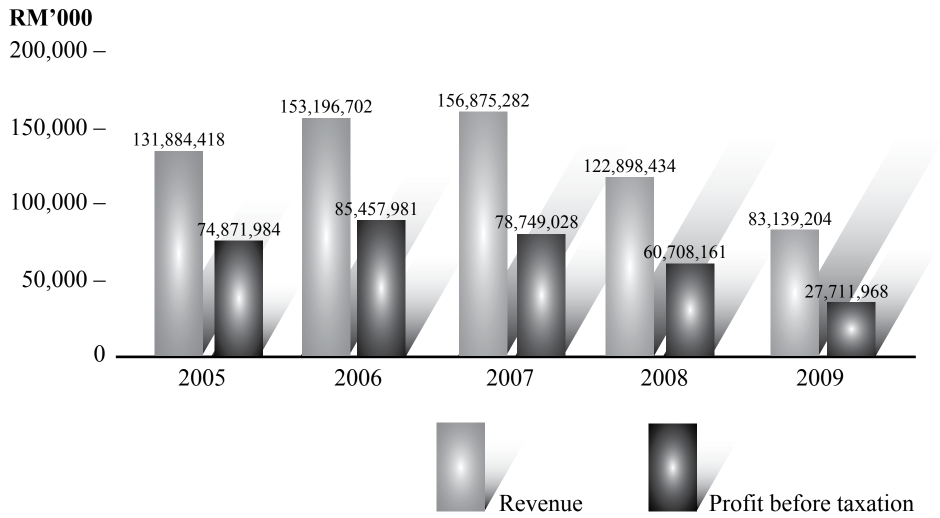
Year ended December 31	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	131,884,418	153,196,702	156,875,282	122,898,434	**83,139,204**
Profit before taxation	74,871,984	85,457,981	78,749,028	60,708,161	**27,711,968**
Profit after taxation	73,578,002	83,887,629	78,228,154	58,748,450	**26,953,506**
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	20	27	20	12	**3**
Amount Paid (net of tax)	71,477,498	98,122,088	74,592,130	44,510,700	**11,130,225**
Dividends proposed in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	**3**
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	**11,130,375** [1]
Total Amount Paid and Payable (net of tax)	71,477,498	98,122,088	74,592,130	44,510,700	**22,260,600** [2]
Total Assets Employed	236,044,791	254,239,321	233,227,470	207,998,993	**189,524,352**
Shareholders' equity	177,847,733	192,772,458	175,720,016	169,056,191	**163,278,731**
Net tangible assets	177,847,733	192,772,458	175,720,016	169,056,191	**163,278,731**
Number of ordinary shares issued and fully paid as of December 31	372,360,800 of RM0.20 each	373,940,800 of RM0.20 each	375,076,800 of RM0.20 each	375,076,800 of RM0.20 each	**375,239,800**[3] **of RM0.20 each**
Proforma weighted average number of shares	368,363,416	373,308,044	374,541,479	371,693,656	**370,931,297**
Net Earnings Per Share (Sen)	19.97	22.47	20.89	15.81	**7.27**
Return on Equity	41.4%	43.5%	44.5%	34.8%	**16.5%**

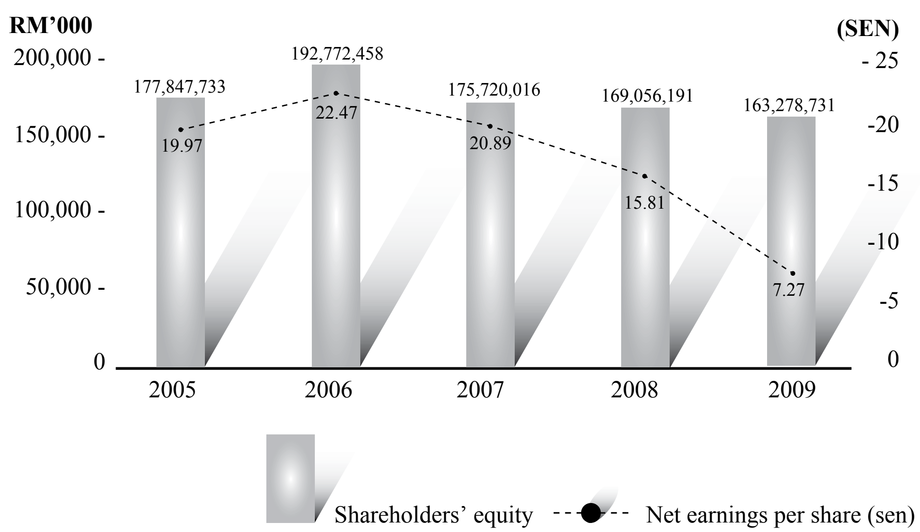
1) Represents approximation of dividend payable base on all ordinary shares in issue as of February 28, 2010. Actual amount of dividend payable shall be determined at the close of business on June 30, 2010 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

2) Summation of dividend paid and dividend proposed.

3) Of the total 375,239,800 issued and fully paid ordinary shares, 4,232,300 shares are held as treasury shares by the Company. As at December 31, 2009, the number of outstanding shares in issue and fully paid is 371,007,500 ordinary shares of RM0.20 each.

FINANCIAL HIGHLIGHTS





Dear Shareholders,

On behalf of the Board of Directors of Uchi Technologies Berhad ("UCHITEC" or "the Group"), I have pleasure to present to you the highlights of the Group's performance for the Financial Year 2009.

At UCHITEC, we believe that Innovation is a necessary tool to progress into the future and overcome challenges. One such challenge for the year 2009 was to complete our energy-savings projects on time for our customers. We are proud to note that the Group rose to the occasion and managed to complete all the projects, meeting customers' requirements on quality and timely delivery with a zero failure rate.

Financial Performance

For the Financial Year ended December 31, 2009, the Group recorded a Revenue of RM83.1 million and Profit Before Taxation of RM27.7 million, a decrease of 32% and 54% respectively compared to the RM122.9 million and RM60.7 million achieved in the previous financial year.

The lower turnover was mainly due to lower sales volume as a result of the global economic slowdown and our transition to being energy-saving compliant. The Group's profitability was further impacted by the recognition of foreign exchange loss upon the termination of a certain forward contract with a bank.

Nevertheless, the Group managed to achieve positive financial results and maintain a strong balance sheet. Funds generated internally from the operations during the year amounted to RM31.3 million against a Profit After Taxation of RM27.0 million.

Positive Operational Endeavours

In an effort to reduce the negative impact on our profit margin, the Group had undertaken various management measures during the financial year 2009 to adjust its cost structure in line with the prevailing sales volume while further streamlining various manufacturing operations and processes. Thanks to these remedial actions, the Group managed to continue to secure a positive operating margin despite a 32% decline in revenue.

The new building for Uchi Technologies (Dongguan) Co., Ltd. ("UCHI Dongguan") at Dongguan City, Guangdong, PRC was completed in April 2009 and commenced operations a month later.

The set up of UCHI Dongguan is an integral risk management strategy to ensure that we are able to provide a continuous stream of supply to meet our customers' demands at all times. In addition to that, the new facility is also set to enhance the Group's flexibility and efficiency in terms of logistics, sourcing and operations.

Innovating Progress

As a technologically-driven organization, UCHITEC continues to place utmost emphasis on our Research & Development (R&D) entity. We continue to allocate 7% of our revenue for R&D endeavours in spite of the unfavourable economic climate.

Our R&D division made much headway in the year 2009. The Ecodesign requirements in Europe necessitates that standby and off mode electric power consumption for electrical and electronic household and office equipment be less than one watt in 2010 and 0.5 watt by the year 2013. However, we are pleased to report that our current energy-saving products already comply with the year 2013 requirement of less than 0.5 watt.

Overall, our R&D efforts continue to reinforce our technological prowess and capability as we strive to constantly offer more value-added products & services to our customers.

Declaration of Dividends

We would like to thank our shareholders for your support of our Group. Our dividend policy is to distribute a minimum of 70% of the Group's Profit After Taxation as dividend to our shareholders.

I am pleased to announce a recommended final dividend of 3 sen per share for the Financial Year 2009, subject to the approval of our shareholders at the forthcoming Annual General Meeting. The proposed final dividend, together with an interim dividend of 3 sen per share paid on 18 January 2010, represents an 82.6% payout rate against the profit after taxation for the financial year under review.

Responsible Corporate Citizen

The Group's commitment lies in nurturing a caring corporate environment that supports the symbiotic growth between corporation, society and our surroundings. We prioritise promoting environmental-friendly endeavours in our operations, including the development and innovation of energy-saving products in a bid to reduce global warming. Accordingly, we are steadfast in utilizing our R&D prowess to continue developing products with environmental-friendly features.

As a reflection of our dedication towards operational excellence, we have also garnered numerous certifications and awards through the years. These include international-standard certifications such as the ISO 14000 and OHSAS 18000. Most recently, we were ranked third for the KPMG Shareholders' Value Award 2008 (Information, Communications & Technology segment).

We are also pleased to announce that UCHITEC Dongguan is planning to attain an ISO 14001 certification that is scheduled to be completed in 2010.

A Worthy Workforce

The success of UCHITEC depends mainly on our employees, whom we recognize as the Group's greatest asset. For this reason, we constantly strive to cultivate a positive work environment towards enhancing their value for the betterment of both individual and corporation.

Parallel to that, for the Financial Year 2009, the Group has also granted 10,735,300 options to our employees via our Employee Share Option Scheme (ESOS).

Fortifying Our Foundation

Our short-term goals include expanding our existing customer base and enhancing customer satisfaction by striving for shorter product-to-market time as well as product delivery lead time.

Consequently, we look forward to reinforcing our solid foundation by continuing to strengthen our management team and seek opportunities to improve in all areas in terms to achieve optimal operational efficiency.

On a more positive note, UCHITEC sees good opportunities to grow in Revenue and Profit Before Tax for the current year 2010 whilst maintaining a healthy cash flow and balance sheet, barring any unforeseen circumstances.

Acknowledgements

On behalf of the Board of Directors, I would like to express our heartfelt appreciation to our valuable shareholders, business associates, vendors and government authorities for their continued support and contribution to the Group's growth.

A big thank you also goes out to the Management and employees of UCHITEC for their immense dedication and untiring efforts towards the success of the Group. Last, but definitely not least, my gratitude goes to my fellow Directors for their indispensable advice and guidance throughout the year under review.

Thank you.

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

March 31, 2010

Penang

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 August 14, 2009 and November 26, 2009, the Group had organized social visits and donations to Charis Home, an old folks' home and Shan Children's Home, an orphanage, which are located in 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 seven 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 throughout 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 six times in this financial year. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2009 are as follows:

No.	Director	Year 2009 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2009 to 31/12/2009	6	6
2.	Kao, Te-Pei also known as Edward Kao	1/1/2009 to 31/12/2009	6	6
3.	Huang, Teng-Yen	1/1/2009 to 31/12/2009	6	3
4.	Dr. Heinrich Komesker	1/1/2009 to 31/12/2009	6	6
5.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2009 to 31/12/2009	6	6
6.	Charlie Ong Chye Lee	1/1/2009 to 31/12/2009	6	6
7.	Kao Wang, Ying-Ying (Alternate Director to Huang, Teng-Yen)	1/1/2009 to 31/12/2009	6	2

Supply of Information

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

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

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

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

Directors' Training

All existing members have completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia, an affiliate company of the Bursa Securities 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 2009 are, inter-alia, on areas relating to operational management, corporate governance, risk management, and financial reporting.

Conferences, seminars and training programmes attended by Directors in 2009 were in respect of the following areas:

- Understanding International Commercial Terms
- Listing Requirement: Updates
- Convergence with IFRS
- Expand Your Business Horizons-Add Value to your Current Range of Services
- Corporate Governance Guide: Towards Boardroom Excellence
- Transfer Pricing in M'sia & Tax Cases & Public Rulings
- Forensic Accounting & Fraud Control
- Introduction to Financial Instrument FRS 132, FRS 139 & FRS 7
- Customer Complaint Analysis & Management
- Quality and Risk Management

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

  The ESOS Committee was established on August 7, 2006 and was empowered to act, execute, enter into any transaction pertaining thereto for and on behalf of the Company in such manner deemed fit by it and in accordance with the Bye-Laws of ESOS, regulations and guidelines in force from time to time.

  During the financial year ended December 31, 2009, the Company granted Share Options of 10,735,300 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2009, balance number of Share Options available for allotment was 27,947,300 Ordinary Shares of RM0.20 each.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the financial year ended December 31, 2009, 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, 2009 are as follows:

Category	Fees	Salaries & Other Emoluments	Benefits in Kind	Equity-settled Share-based Payment	Total
	RM	RM	RM	RM	RM
Executive Directors	122,400	878,560	60,000	124,730	1,185,690
Non-Executive Directors	323,800	–	–	125,568	449,368
Total	446,200	878,560	60,000	250,298	1,635,058

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	–	1
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	3
RM550,000 to RM600,000	1	–
RM600,001 to RM650,000	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 the Bursa Securities;
- Ensured the financial statements presents a true and fair view of the state of affairs of the Group and of the Company at the end of financial year, their results and cash flows for the financial year;
- Ensured accounting estimates included in the financial statements are reasonable and prudent; and
- Ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

The Directors approved the audited financial statements for the year ended December 31, 2009 on March 30, 2010.

Internal Control

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

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis.

Statement on Internal Control incorporating report on internal audit function is set out on 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-Back

The Company did not undertake any share buy-back during the financial year ended December 31, 2009.

Options, Warrants or Convertible Securities

A total of 163,000 options were exercised during the financial year in respect of the Company's employee share option scheme (ESOS).

The Company did not issue any convertible securities or warrants 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 subsidiary, directors or management by the relevant regulatory bodies.

Material Contracts or Loans

As of December 31, 2009, there was no existing material contract or loan outside the ordinary course of business of the Company and its subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous year.

Profit Estimate, Forecast or Projection

There were no profit estimate, forecast or projection or unaudited results released which differ by 10 percent or more from the audited results.

Profit Guarantee

There was no profit guarantee given in respect of the Company.

Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended December 31, 2009.

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, 2009 amounted to RM32,000.

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, 2009.

Revaluation Policy on Landed Properties

Revaluation policy on landed properties is disclosed in Note 3-Significant Accounting Policies of Notes to the Financial Statements on page 52 of this annual report.

The collective approval by the Board on this Statement was tabled on March 31, 2010.

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

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

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2009.

AUDIT COMMITTEE

The Audit Committee was established by a resolution of the Board on March 31, 2000. The Committee comprised of the following:

Chairman:	Ng Hai Suan @ Ooi Hoay Seng CA (M), CPA (M) *Senior Independent Non-Executive Director*
Members:	Dr. Heinrich Komesker *Independent Non-Executive Director*
	Charlie Ong Chye Lee *Independent Non-Executive Director*

TERMS OF REFERENCE OF AUDIT COMMITTEE

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

1. Objectives

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

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

2. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, 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 re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal, if any;
- to discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- to review the quarterly and year-end financial statements of the Company, focusing particularly on:
    - any changes in accounting policies and practices;
    - significant adjustments arising from the audit;
    - the going concern assumption;
    - compliance with accounting standards and other legal requirements; and
    - significant and unusual events;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- to review the external auditors' management letter and management's response;
- to do the following where an internal audit function exists;
    - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
    - review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not, appropriate action is taken on the recommendations of the internal audit function;
    - review any appraisal or assessment of the performance of members of the internal audit function;
    - approve any appointment or termination of senior staff members of the internal audit function;
    - review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning;
- to consider any related party transactions that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to review the allocation of options during the year under the "Uchi Technologies Berhad Employee Share Option Scheme" (ESOS) to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS;
- to consider the major findings of internal investigations and management's response; and
- to consider other topics as defined by the Board.

7. Reporting

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

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

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2009, the Committee met six times with full attendance of all members of the Committee. The minutes of the Committee meetings were formally tabled to the Board for its attention and action.

Summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended December 31, 2009 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, 2009 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 materializing;
- The Group's ability to reduce the incidence of risks that may materialize and their impact on the business; and
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

SYSTEM OF INTERNAL CONTROL

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

- Operating procedures that set out the policies, procedures and practices adopted in the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements;
- The organizational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated;
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks;
- Financial results, which includes key performance indicators are reviewed quarterly by the Board and the Audit Committee;
- Executive Directors and Head of Departments meet regularly to discuss operational, corporate, financial and key management issues; and
- Effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

INTERNAL AUDIT FUNCTION

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

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

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

The internal audit 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.

The total cost incurred for internal audit function for the financial year ended December 31, 2009 was approximately RM45,000.

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 31, 2010.

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

Huang, Teng-Yen
Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

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

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

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

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

2. Authority

The Committee is authorized to assess and propose new nominees for the Board and further empowered to assess the existing directors on an on-going basis. The actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.

3. Duties

- To propose new nominees for the Board of Directors;
- The Committee shall also consider candidates for directorships proposed by the Managing Director/Directors and within the bounds of practicality by any other senior executive or any director or shareholder;
- To make recommendations to the Board of Directors to fill seats on Board Committee;
- To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board; and
- To carry out annually the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

4. Meetings

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

Directors shall not participate in decisions on their own nomination.

5. Attendance at Meetings

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

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to 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, 2009 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*
	Kao, Te-Pei also known as Edward Kao *Managing Director*
	Huang, Teng-Yen *Non-Executive Director*

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

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

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

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

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

2. Authority

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

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

3. Duties

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

4. Meetings

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

5. Attendance at Meetings

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

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

6. Reporting

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

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

SUMMARY OF ACTIVITIES

The Committee met twice (2) during the financial year ended December 31, 2009 and the details of attendance of each member are as follows:

	February 25, 2009	November 25, 2009
Ng Hai Suan @ Ooi Hoay Seng	1	1
Charlie Ong Chye Lee	1	1
Kao, Te-Pei also known as Edward Kao	1	1
Huang, Teng-Yen	–	1

The Committee reviewed and recommended 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, 2009 is summarized on Page 23 of this annual report.

FINANCIAL STATEMENTS

- Directors' Report 34
- Independent Auditors' Report 39
- Income Statements 40
- Balance Sheets 41
- Statements of Changes in Equity 42
- Cash Flow Statements 45
- Notes to the Financial Statements 47
- Statement by Directors 81
- Declaration by The Officer Primarily Responsible for the Financial Management of the Company 81

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

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)

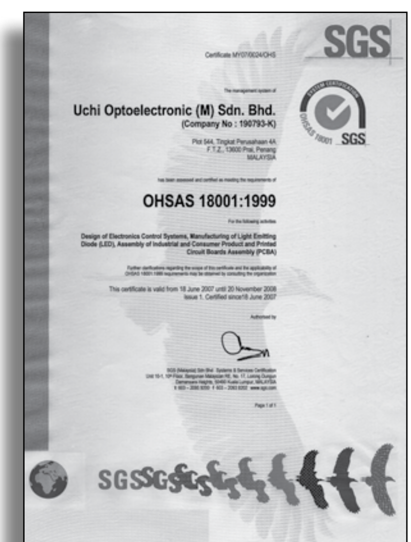
This certificate is valid from 23 January 2006 until 17 December 2008
Issue 1. Certified since 23 January 2006

Authorised by

ISO/IEC GUIDE 62 : 1996
QS 18112006 CB 04

Page 1 of 1

OHSAS 18001 OHSAS POLICY



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.

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, 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 12 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Profit for the year	**26,953,506**	**49,032,992**

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 except as follows:

a) lower sales volume in consequence of the transition to energy saving compliant products; and
b) the recognition of foreign currency forward contracts' loss of RM8,870,460 upon termination of certain open contract with a bank.

DIVIDENDS

An interim dividend of 6 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM22,250,670 in respect of the financial year ended December 31, 2008 which was declared and dealt with in the previous directors' report was 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 RM22,260,030, in respect of the financial year ended December 31, 2008 which was proposed and dealt with in the previous directors' report was declared and paid by the Company during the current financial year.

The directors declared an interim dividend of 3 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM11,130,225, in respect of the current financial year. The interim dividend had been paid in January 2010.

The directors also proposed a final dividend of 3 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 RM11,130,375 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

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM75,015,360 divided into 375,076,800 ordinary shares of RM0.20 each to RM75,047,960 divided into 375,239,800 ordinary shares of RM0.20 each by way of issuance of 163,000 new ordinary shares of RM0.20 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at exercise prices ranging from RM0.91 to RM0.97 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM116,750 was credited to the share premium account.

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

The Company has not issued any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the 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 names 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 names 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	**Balance as of 1.1.2009**	**Granted**	**Exercised**	**Balance as of 31.12.2009**
Chin Yau Meng	1,200,000	600,000	–	1,800,000
Eng Chiew Ming	800,000	400,000	–	1,200,000
Keoh Lay Bin	500,000	250,000	–	750,000
Lim Chin Kok	800,000	400,000	–	1,200,000
Nyeo Tiam Joo	600,000	300,000	–	900,000
Oo Siew Phaik	500,000	250,000	–	750,000
Ow Chooi Khim	1,150,000	600,000	–	1,750,000
Yong Koay Tang	800,000	400,000	–	1,200,000

The options granted may be exercised in a staggered basis within the period of 5 years up to August 2011. The option price for the ordinary shares under the Employees' Share Option Scheme ("ESOS") ranges between RM0.91 to RM3.31 per ordinary share.

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

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 1.1.2009	Bought	Transfer	Balance as of 31.12.2009
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	–	–	91,263,600

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 1.1.2009	Granted	Expired/ Exercised	Balance as of 31.12.2009
Kao, De-Tsan also known as Ted Kao	1,560,000	975,000	–	2,535,000
Kao, Te-Pei also known as Edward Kao	1,560,000	975,000	–	2,535,000
Huang, Teng-Yen	400,000	250,000	–	650,000
Ng Hai Suan @ Ooi Hoay Seng	1,000,000	500,000	–	1,500,000
Dr. Heinrich Komesker	800,000	500,000	–	1,300,000
Kao Wang, Ying-Ying	–	–	–	–
Charlie Ong Chye Lee	–	1,000,000	–	1,000,000

The options granted may be exercised in a staggered basis within the period of 5 years up to August 2011. The option price for the ordinary shares under the Employees' Share Option Scheme ("ESOS") ranges between RM0.91 to RM3.31 per ordinary share.

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

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 30, 2010

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, 2009 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 40 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 Financial Reporting 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 Financial Reporting 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, 2009 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

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

(c) the auditor's reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
Partner – 1836/07/11 (J)
Chartered Accountant

March 30, 2010

Penang

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

		The Group		The Company	
	Note	2009	2008	2009	2008
		RM	RM	RM	RM
Revenue	5	**83,139,204**	122,898,434	**52,357,471**	72,120,000
Investment revenue		**3,251,903**	4,736,478	**229,115**	147,142
Other gains and losses		**(14,597,400)**	6,086,283	**–**	19,972
Raw materials used		**(24,945,882)**	(45,988,215)	**–**	–
Changes in inventories of finished goods and work-in-progress		**(2,271,015)**	(3,017,330)	**–**	–
Employee benefits expense	6	**(9,467,300)**	(14,866,011)	**(3,062,863)**	(3,910,575)
Depreciation of property, plant and equipment		**(1,992,876)**	(1,511,732)	**(94,759)**	(94,075)
Amortisation of prepaid lease payments		**(191,831)**	(186,018)	**–**	–
Finance cost		**(4)**	–	**–**	–
Other expenses		**(5,212,831)**	(7,443,728)	**(373,268)**	(853,491)
Profit before tax	7	**27,711,968**	60,708,161	**49,055,696**	67,428,973
Income tax expense	8	**(758,462)**	(1,959,711)	**(22,704)**	(522,827)
Profit for the year		**26,953,506**	58,748,450	**49,032,992**	66,906,146
Earnings per share					
Basic	9	**7.27 sen**	15.81 sen		
Diluted	9	**7.26 sen**	15.81 sen		

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

BALANCE SHEETS
AS OF DECEMBER 31, 2009

	Note	The Group 2009	The Group 2008	The Company 2009	The Company 2008
		RM	RM	**RM**	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**31,528,258**	28,083,227	**178,891**	273,650
Prepaid lease payments	11	**8,052,581**	8,289,729	**–**	–
Investment in subsidiary companies	12	**–**	–	**52,986,691**	49,877,880
Other investments	13	**400,000**	4,697,376	**–**	–
Deferred tax assets	14	**233,000**	237,000	**37,000**	37,000
Total non-current assets		**40,213,839**	41,307,332	**53,202,582**	50,188,530
Current assets					
Inventories	15	**10,228,267**	15,678,155	**–**	–
Trade and other receivables	16	**13,323,245**	13,940,864	**63,507,469**	93,173,894
Other assets	17	**360,910**	536,133	**2,000**	3,200
Current tax assets		**443,342**	692,277	**334,106**	596,032
Short-term deposits	18	**122,531,654**	130,118,254	**33,117,418**	1,076,403
Cash and bank balances	18	**2,423,095**	5,725,978	**68,227**	235,683
Total current assets		**149,310,513**	166,691,661	**97,029,220**	95,085,212
Total assets		**189,524,352**	207,998,993	**150,231,802**	145,273,742
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	**75,047,960**	75,015,360	**75,047,960**	75,015,360
Reserves	20	**29,730,935**	29,298,472	**34,454,766**	33,761,665
Retained earnings	21	**66,086,373**	72,328,896	**36,202,261**	20,551,099
Less: Treasury shares, at cost	19	**(7,586,537)**	(7,586,537)	**(7,586,537)**	(7,586,537)
Total equity		**163,278,731**	169,056,191	**138,118,450**	121,741,587
Non-current liabilities					
Deferred tax liabilities	14	**1,289,688**	1,271,882	**–**	–
Current liabilities					
Trade and other payables	22	**11,125,708**	12,920,250	**983,127**	1,281,485
Provision for rework and warranty	23	**2,700,000**	2,400,000	**–**	–
Dividend payable		**11,130,225**	22,250,670	**11,130,225**	22,250,670
Current tax liabilities		**–**	100,000	**–**	–
Total current liabilities		**24,955,933**	37,670,920	**12,113,352**	23,532,155
Total liabilities		**26,245,621**	38,942,802	**12,113,352**	23,532,155
Total equity and liabilities		**189,524,352**	207,998,993	**150,231,802**	145,273,742

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	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
Balance as of January 1, 2009	75,015,360	25,173,116	2,314,453	1,810,903	72,328,896	(7,586,537)	169,056,191
Surplus on revaluation of building	–	–	198,129	–	–	–	198,129
Deferred tax liabilities arising on revaluation of building	–	–	(49,533)	–	–	–	(49,533)
Exchange difference on translation of net investment in a foreign subsidiary company	–	–	(327,351)	–	–	–	(327,351)
Transfer of revaluation surplus	–	–	(81,883)	–	81,883	–	–
Share-based payment forfeited	–	–	–	(112,343)	112,343	–	–
Net income recognised directly in equity	–	–	(260,638)	(112,343)	194,226	–	(178,755)
Profit for the year	–	–	–	–	26,953,506	–	26,953,506
Total recognised income and expense	–	–	(260,638)	(112,343)	27,147,732	–	26,774,751
Allotment of 163,000 new ordinary shares of RM0.20 each at RM0.91 to RM0.97 per share pursuant to the ESOS	32,600	116,750	–	–	–	–	149,350
Recognised of share-based payment	–	–	–	688,694	–	–	688,694
Dividends (Note 25)	–	–	–	–	(33,390,255)	–	(33,390,255)
Balance as of December 31,2009	75,047,960	25,289,866	2,053,815	2,387,254	66,086,373	(7,586,537)	163,278,731

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, 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
Balance as of January 1, 2009	**2,018,829**	**295,624**	**2,314,453**
Surplus on revaluation of building	**198,129**	**–**	**198,129**
Deferred tax liabilities arising on revaluation of building	**(49,533)**	**–**	**(49,533)**
Exchange difference on translation of net investment in a foreign subsidiary company	**–**	**(327,351)**	**(327,351)**
Transfer of revaluation surplus	**(81,883)**	**–**	**(81,883)**
Net income recognised directly in equity	**66,713**	**(327,351)**	**(260,638)**
Balance as of December 31, 2009	**2,085,542**	**(31,727)**	**2,053,815**

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

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, 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
Balance as of January 1, 2009	**75,015,360**	**25,173,116**	**6,777,646**	**1,810,903**	**20,551,099**	**(7,586,537)**	**121,741,587**
Share-based payment forfeited	**–**	**–**	**–**	**(8,425)**	**8,425**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**	**49,032,992**	**–**	**49,032,992**
Total recognised income and expense	**–**	**–**	**–**	**(8,425)**	**49,041,417**	**–**	**49,032,992**
Allotment of 163,000 new ordinary shares of RM0.20 each at RM0.91 to RM0.97 per share pursuant to the ESOS	**32,600**	**116,750**	**–**	**–**	**–**	**–**	**149,350**
Recognition of share-based payment:							
Recognised in income statement	**–**	**–**	**–**	**495,752**	**–**	**–**	**495,752**
Included in investment in subsidiary companies	**–**	**–**	**–**	**89,024**	**–**	**–**	**89,024**
Dividends (Note 25)	**–**	**–**	**–**	**–**	**(33,390,255)**	**–**	**(33,390,255)**
Balance as of December 31, 2009	**75,047,960**	**25,289,866**	**6,777,646**	**2,387,254**	**36,202,261**	**(7,586,537)**	**138,118,450**

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit for the year	**26,953,506**	58,748,450	**49,032,992**	66,906,146
Adjustments for:				
Depreciation of property, plant and equipment	**1,992,876**	1,511,732	**94,759**	94,075
Provision for rework and warranty	**1,422,208**	–	–	–
Expense recognised in income statement in respect of equity-settled share-based payment	**688,694**	542,076	**495,752**	363,531
Income tax expense	**758,462**	1,959,711	**22,704**	522,827
Allowance for obsolete inventories	**445,514**	451,241	–	–
Unrealised loss/(gain) on foreign exchange	**230,822**	(695,290)	–	–
Amortisation of prepaid lease payments	**191,831**	186,018	–	–
Loss/(gain) on disposal of property, plant and equipment	**14,485**	408,730	–	(19,499)
Interest income	**(3,251,903)**	(4,600,185)	**(229,115)**	(147,142)
Allowance for doubtful debts no longer required	**(380,198)**	(1,500,000)	–	–
Gain on disposal of other investments	**(106,713)**	(694,321)	–	–
Allowance for diminution in value of other investments no longer required	**(2,624)**	(83,971)	–	–
Inventories written-off	–	585,050	–	–
Gross dividends income	–	(136,293)	**(50,150,000)**	(70,800,000)
	28,956,960	56,682,948	**(732,908)**	(3,080,062)
Movements in working capital:				
Decrease/(increase) in:				
Inventories	**5,004,374**	5,789,048	–	–
Trade and other receivables	**789,081**	7,660,483	**(250,000)**	–
Other assets	**175,223**	109,940	**1,200**	10,560
Decrease in:				
Trade and other payables	**(1,843,894)**	(2,845,891)	**(299,473)**	(3,189)
Cash from/(used in) operations	**33,081,744**	67,396,528	**(1,281,181)**	(3,072,691)
Tax refunded	**339,039**	389,705	**339,039**	43,835
Rework and warranty costs paid	**(1,122,208)**	–	–	–
Tax paid	**(976,293)**	(1,709,157)	**(62,317)**	(73,907)
Net cash from/(used in) operating activities	**31,322,282**	66,077,076	**(1,004,459)**	(3,102,763)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of other investments	**4,406,713**	8,412,639	–	–
Interest received	**3,278,054**	4,962,677	**79,697**	504,701
Proceeds from disposal of property, plant and equipment	**2,239**	21,640	–	19,500
Purchase of property, plant and equipment	**(5,573,683)**	(8,687,668)	–	(46,368)
Additions to prepaid lease payments	**(3,192)**	–	–	–
Dividends received from other investments	–	136,293	–	–
Dividends received from a subsidiary company	–	–	**50,112,500**	70,592,000
Net repayment of amount owing by subsidiary companies	–	–	**30,065,843**	10,838,124
Purchase of investment in a subsidiary company	–	–	**(3,019,787)**	(8,202,825)
Net cash from investing activities	**2,110,131**	4,845,581	**77,238,253**	73,705,132

(FORWARD)

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
CASH FLOWS USED IN FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	**149,350**	–	**149,350**	–
Dividends paid	**(44,509,585)**	(74,588,880)	**(44,509,585)**	(74,588,880)
Short-term deposits released as security	**634,669**	500,000	**–**	–
Payments for shares buy-back	**–**	(7,586,537)	**–**	(7,586,537)
Net cash used in financing activities	**(43,725,566)**	(81,675,417)	**(44,360,235)**	(82,175,417)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(10,293,153)**	(10,752,760)	**31,873,559**	(11,573,048)
Effect of foreign exchange rate changes	**38,339**	(693,607)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**135,209,563**	146,655,930	**1,312,086**	12,885,134
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)	**124,954,749**	135,209,563	**33,185,645**	1,312,086

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 30, 2010.

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 Financial Reporting 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.

At the date of authorisation of issue of these financial statements, the FRSs, IC Interpretations and amendments to FRSs and IC Interpretations which were in issue but not yet effective are as listed below.

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) (a)
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) (b)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) (d)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations) (a)
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) (b)
FRS 3	Business Combinations (Revised in 2010) (b)
FRS 4	Insurance Contracts (a)
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) (b)
FRS 7	Financial Instruments: Disclosures (a)
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition) (a)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) (d)
FRS 8	Operating Segments (c)
FRS 101	Presentation of Financial Statements (Revised in 2009) (a)
FRS 123	Borrowing Costs (Revised) (a)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) (a)
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) (b)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and Transitional Provision Relating to Compound Instruments) (a)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) (e)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of accounting (cont'd)

FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) [b]
FRS 139	Financial Instruments: Recognition and Measurement [a]
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition and embedded derivatives and revised FRS 3 and revised FRS 127) [a]
Improvements to FRSs (2009) [a]	
IC Interpretation 9	Reassessment of Embedded Derivatives [a]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives) [a]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3) [b]
IC Interpretation 10	Interim Financial Reporting and Impairment [a]
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions [a]
IC Interpretation 12	Service Concession Arrangements [b]
IC Interpretation 13	Customer Loyalty Programmes [a]
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction [a]
IC Interpretation 15	Agreements for the Construction of Real Estate [b]
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation [b]
IC Interpretation 17	Distributions of Non-cash Assets to Owners [b]

[a] Effective for annual periods beginning on or after January 1, 2010.
[b] Effective for annual periods beginning on or after July 1, 2010.
[c] Effective for annual periods beginning on or after July 1, 2009.
[d] Effective for annual periods beginning on or after January 1, 2011.
[e] Effective for annual periods beginning on or after March 1, 2010.

Consequential amendments were also made to various FRSs as a result of these new/ revised FRSs.

The directors anticipate that the abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group and the Company in the period of initial application except for the changes arising from the adoption of the following:

(a) FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

(b) FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Group identifies two sets of segments (business and geographical) using a risks-and-rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

(c) FRS 101 Presentation of Financial Statements (Revised in 2009)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's and the Company's financial statements as this change affects only the presentation of the Group's and the Company's financial statements.

(d) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of accounting (cont'd)

By virtue of the exemption provided in paragraph 103AB of FRS 139 and paragraph 44AB of FRS 7, the impact of applying FRS 139 and FRS 7 on the financial statements of the Company upon initial application of these standards as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

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 value of sales less returns 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 generally 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% - 4.50%
Plant and machinery	9% - 18%
Fire-fighting and security system	12% - 18%
Air-conditioning system	12% - 18%
Furniture and fittings	12% - 18%
Office equipment	12% - 18%
Electrical installation	10% - 18%
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 the 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 building 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 building 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 reviewed 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.

There are no critical accounting judgements made by management in the process of applying the Group's accounting policies that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

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

The key assumptions made 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 discussed below:

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Sales of goods:				
Manufacturing	**83,129,030**	122,617,766	–	–
Trading	**10,174**	280,668	–	–
Dividend income from subsidiary companies	–	–	**50,150,000**	70,800,000
Management fee	–	–	**2,207,471**	1,320,000
	83,139,204	122,898,434	**52,357,471**	72,120,000

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Employees' provident fund contributions	**622,091**	936,948	**223,345**	341,459
Equity-settled share-based payment	**688,694**	542,076	**495,752**	363,531
Other employee benefits expense	**8,156,515**	13,386,987	**2,343,766**	3,205,585
	9,467,300	14,866,011	**3,062,863**	3,910,575

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

6. EMPLOYEE BENEFITS EXPENSE (cont'd)

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Executive directors of the Company:				
Fee	**122,400**	125,400	**122,400**	125,400
Employees' provident fund contributions	**114,560**	217,600	**114,560**	217,600
Equity-settled share-based payment	**124,730**	94,530	**124,730**	94,530
Other emoluments	**764,000**	1,408,000	**764,000**	1,408,000
Benefits-in-kind	**60,000**	60,000	**60,000**	60,000
Non-executive directors of the Company:				
Fee	**323,800**	312,800	**323,800**	312,800
Equity-settled share-based payment	**125,568**	81,900	**125,568**	81,900
	1,635,058	2,300,230	**1,635,058**	2,300,230

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	
	2009	2008	2009	2008
	RM	RM	RM	RM
After charging:				
Foreign currency forward contracts' cancellation loss	**8,870,460**	–	–	–
Loss on foreign exchange:				
Realised	**5,563,310**	–	–	–
Unrealised	**230,822**	–	–	–
Research and development expenses	**3,381,121**	4,421,767	–	–
Provision for rework and warranty	**1,422,208**	–	–	–
Allowance for obsolete inventories	**445,514**	451,241	–	–
Audit fee:				
Current	**64,453**	65,969	**16,000**	14,000
Underprovision in prior years	**8,000**	–	**4,000**	–
Rental of:				
Premises	**30,312**	169,723	–	–
Hostels	**25,878**	25,115	**3,484**	10,650
Loss on disposal of property, plant and equipment	**14,485**	428,229	–	–
Inventories written–off	–	585,050	–	–
And crediting:				
Interest on short-term deposits	**3,251,903**	4,600,185	**229,115**	147,142
Allowance for doubtful debts no longer required	**380,198**	1,500,000	–	–
Gain on disposal of other investments	**106,713**	694,321	–	–
Allowance for diminution in value of other investments no longer required	**2,624**	83,971	–	–
Gain on foreign exchange:				
Realised	–	3,918,239	–	473
Unrealised	–	695,290	–	–
Gross dividends from unit trusts	–	136,293	–	–
Gain on disposal of property, plant and equipment	–	19,499	–	19,499

8. INCOME TAX EXPENSE

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Current tax expense	**905,764**	1,782,413	**98,913**	352,913
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences in current year	**(27,727)**	91,978	–	–
Change in tax rate	–	5,000	–	–
	(27,727)	96,978	–	–
	878,037	1,879,391	**98,913**	352,913
(Over)/underprovision of tax expense in prior years	**(119,575)**	80,320	**(76,209)**	169,914
Income tax expense	**758,462**	1,959,711	**22,704**	522,827

The Group is operating in the jurisdictions of Malaysia and the People's Republic of China. The corporate income tax rate for Malaysia for the year of assessment 2009 is 25% (2008: 26%).

The applicable statutory income tax rate of the foreign subsidiary company incorporated in the People's Republic of China is 25 % (2008: 25%). 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. This subsidiary company started to make taxable profit in 2008.

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

8. INCOME TAX EXPENSE (cont'd)

The numerical reconciliations between tax expense applicable to profit before tax at the statutory tax rate and income tax expense at the effective tax rate is as follows:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Profit before tax	**27,711,968**	60,708,161	**49,055,696**	67,428,973
Tax amount at statutory income tax rate of 25% (2008: 26%)	**6,928,000**	15,784,000	**12,264,000**	17,531,500
Tax effects on non-deductible/(non-taxable) items:				
Non-deductible expenses	**665,194**	1,219,391	**334,913**	1,021,413
Tax exempt income for pioneer products	**(6,140,885)**	(14,680,000)	**–**	–
Tax exempt dividend income	**–**	–	**(12,500,000)**	(18,200,000)
Other non-taxable income	**(363,076)**	(757,000)	**–**	–
Effect of change in tax rate	**–**	5,000	**–**	–
Net deferred tax assets not recognised	**9,804**	308,000	**–**	–
Utilisation of previously unrecognised deferred tax assets	**(221,000)**	–	**–**	–
	878,037	1,879,391	**98,913**	352,913
(Over)/underprovision of tax expense in prior years	**(119,575)**	80,320	**(76,209)**	169,914
Income tax expense	**758,462**	1,959,711	**22,704**	522,827

As of December 31, 2009, 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 authority are as follows:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Unused reinvestment allowances	**1,236,000**	1,236,000	–	–
Unused tax capital allowances	**662,000**	882,000	–	–
Unused tax losses	**87,000**	174,000	–	–

During the financial year, the estimated amount of tax savings included in net income of the Group as a result of the realisation of unused tax losses is RM43,000 (2008: RM50,000).

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	
	2009	**2008**
	RM	**RM**
Profit attributable to ordinary equity holders of the Company	**26,953,506**	58,748,450

	2009	2008
	Units	Units
Number of ordinary shares at beginning of year	**375,076,800**	375,076,800
Effect of share options exercised during the year	**86,797**	–
Effect of shares bought back and held as treasury shares	**(4,232,300)**	(3,383,144)
Weighted average number of ordinary shares in issue	**370,931,297**	371,693,656
Basic earnings per share (sen)	**7.27**	15.81

	2009	**2008**
	Units	**Units**
Weighted average number of ordinary shares	**370,931,297**	371,693,656
Employee share options:		
Weighted average number of unissued shares	**430,690**	23,292
Weighted average number of shares that would have been issued at fair value	**(352,155)**	(14,309)
Adjusted weighted average number of ordinary shares in issue or issuable	**371,009,832**	371,702,639
Diluted earnings per share (sen)	**7.26**	15.81

10. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Buildings at 2009 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/ Revaluation										
Balance as of January 1, 2009	10,315,200	8,844,337	–	63,003	132,045	1,032,188	150,195	1,402,935	13,753,199	35,693,102
Additions	5,900	398,269	–	7,500	117,762	284,549	580	–	4,759,123	5,573,683
Disposals	–	(29,914)	–	(7,140)	(6,382)	(13,099)	–	–	–	(56,535)
Transfer	15,265,251	–	541,779	873,038	–	–	2,045,550	–	(18,725,618)	–
Revaluations	(895,200)	–	–	–	–	–	–	–	–	(895,200)
Translation reserve	(425,432)	(40,726)	(15,099)	(24,448)	(1,675)	(7,920)	(57,008)	(3,896)	213,296	(362,908)
Balance as of December 31, 2009	24,265,719	9,171,966	526,680	911,953	241,750	1,295,718	2,139,317	1,399,039	–	39,952,142
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)

Cost unless stated otherwise	Buildings at 2009 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, 2009	1,001,052	4,942,244	–	26,904	44,351	459,377	85,316	1,050,631	–	7,609,875
Charge for the year	546,322	943,324	54,565	97,639	22,527	151,165	50,682	126,652	–	1,992,876
Disposals	–	(18,580)	–	(5,931)	(5,420)	(9,880)	–	–	–	(39,811)
Revaluations	(1,093,329)	–	–	–	–	–	–	–	–	(1,093,329)
Translation reserve	(9,036)	(25,232)	(1,521)	(2,657)	(281)	(2,970)	(993)	(3,037)	–	(45,727)
Balance as of December 31, 2009	445,009	5,841,756	53,044	115,955	61,177	597,692	135,005	1,174,246	–	8,423,884

(FORWARD)

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

Cost unless stated otherwise	Buildings at 2009 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, 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, 2009	23,820,710	3,330,210	473,636	795,998	180,573	698,026	2,004,312	224,793	–	31,528,258
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, 2009/December 31, 2009	12,803	146,266	378,351	537,420
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, 2009	7,204	67,104	189,462	263,770
Charge for the year	1,536	17,552	75,671	94,759
Balance as of December 31, 2009	8,740	84,656	265,133	358,529
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, 2009	4,063	61,610	113,218	178,891
Balance as of December 31, 2008	5,599	79,162	188,889	273,650

The buildings of the Group were revalued by the directors on May 26, 2009 based on valuations carried out by an independent firm of professional valuers except for a building with carrying value of RM14,524,629 as of December 31, 2009. The directors were of the opinion that the carrying value of this building on May 26, 2009 approximates its fair value as the construction of this particular building was just completed in April 2009. The valuations were based on open market value on existing use basis and depreciated replacement cost method of valuation.

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

	The Group	
	2009	**2008**
	RM	**RM**
Cost	**24,595,800**	9,750,081
Less: Accumulated depreciation	**(2,420,277)**	(1,910,043)
Carrying amounts	**22,175,523**	7,840,038

11. PREPAID LEASE PAYMENTS

	The Group	
	2009	**2008**
	RM	**RM**
Short leasehold land:		
At beginning of year	**8,289,729**	8,043,580
Additions	**3,192**	–
Amortisation during the year	**(191,831)**	(186,018)
Translation reserve	**(48,509)**	432,167
At end of year	**8,052,581**	8,289,729

As of December 31, 2009, the unexpired lease periods of the Group's short leasehold land are 45 and 40 years respectively.

The short leasehold land was revalued by the directors on May 26, 2004 based on a valuation carried out by 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	
	2009	**2008**
	RM	**RM**
Unquoted shares, at cost	**57,407,491**	54,298,680
Less: Accumulated impairment losses	**(4,420,800)**	(4,420,800)
	52,986,691	49,877,880

During the financial year, the Company invested an additional RM3,019,787 (2008: RM8,202,825) 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 RM89,024 (2008: RM144,397) 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. In 2008, there was 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 amounting to RM155,871.

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership 2009	Percentage of Ownership 2008
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	Design, research and development, manufacture 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 2009 RM	The Group 2008 RM
At cost:		
Investments in unit trusts	**400,000**	4,700,000
Less: Allowance for diminution in value of unit trusts	–	(2,624)
	400,000	4,697,376
Market value of unit trusts	**421,534**	4,709,456

14. DEFERRED TAX

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deferred tax liabilities	**1,289,688**	1,271,882	**–**	–
Deferred tax assets	**(233,000)**	(237,000)	**(37,000)**	(37,000)
Net position	**1,056,688**	1,034,882	**(37,000)**	(37,000)

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

	The Group	
	2009	2008
	RM	RM
At beginning of year	**1,271,882**	1,302,904
Transfer to income statements (Note 8)	**(31,727)**	(31,022)
Amount charged to equity	**49,533**	–
At end of year	**1,289,688**	1,271,882

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

A deferred tax income of RM31,727 (2008: 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 RM81,883 (2008: 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	
	2009	2008	2009	2008
	RM	RM	RM	RM
At beginning of year	**237,000**	365,000	**37,000**	37,000
Transfer from/(to) income statements (Note 8)	**(4,000)**	(128,000)	**–**	–
At end of year	**233,000**	237,000	**37,000**	37,000

The deferred tax assets are in respect of the following:

	Deferred Tax Assets/ (Liabilities)			
	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Tax effects of temporary differences arising from:				
Property, plant and equipment	**(227,000)**	(199,000)	**(23,000)**	(23,000)
Provision for rework and warranty	**126,000**	119,000	**–**	–
Unused capital allowances	**155,000**	–	**–**	–
Unused tax losses	**22,000**	–	**–**	–
Receivables	**45,000**	51,000	**–**	–
Others	**112,000**	266,000	**60,000**	60,000
	233,000	237,000	**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, 2009, 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	
	2009	**2008**
	RM	**RM**
Tax effects of temporary differences arising from:		
Property, plant and equipment	–	(63,000)
Inventories	**148,000**	150,000
Others	**52,000**	63,000
Unused tax capital allowances	–	221,000
Unused tax losses	–	43,000
	200,000	414,000

15. INVENTORIES

	The Group	
	2009	**2008**
	RM	**RM**
Raw materials	**7,198,918**	10,104,619
Work-in-progress	**1,839,829**	2,521,786
Finished goods	**1,189,520**	3,051,750
	10,228,267	15,678,155

The cost of inventories recognised as an expense in the Group's financial statements during the financial year is RM38,643,072 (2008: RM61,155,817).

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Trade receivables	**11,534,775**	12,827,757	–	–
Less: Allowance for doubtful debts	**(119,802)**	(500,000)	–	–
	11,414,973	12,327,757	–	–
Interest receivable	**1,586,194**	1,612,345	**177,022**	27,604
Amounts owing by subsidiary companies	–	–	**63,080,447**	93,146,290
Other receivables	**322,078**	762	**250,000**	–
	13,323,245	13,940,864	**63,507,469**	93,173,894

16. TRADE AND OTHER RECEIVABLES (cont'd)

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
United States Dollar	**11,534,774**	12,827,757	**–**	–
Ringgit Malaysia	**1,907,521**	1,612,345	**63,507,469**	93,173,894
Chinese Renminbi	**752**	762	**–**	–
	13,443,047	14,440,864	**63,507,469**	93,173,894

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 60 days (2008: 30 to 60 days).

The amount owing by subsidiary companies are as follows:

	The Company	
	2009	2008
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	**60,633,510**	90,725,192
Uchi Electronic (M) Sdn. Bhd.	**2,441,839**	2,416,000
Uchi Technologies (Dongguan) Co., Ltd.	**5,098**	5,098
	63,080,447	93,146,290

The amounts owing by subsidiary companies arose mainly from advances which 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	
	2009	2008
	RM	RM
Management fee received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**2,181,489**	840,000
Uchi Electronic (M) Sdn. Bhd.	**25,982**	480,000
Dividends received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**50,150,000**	70,800,000

17. OTHER ASSETS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Prepaid expenses	**200,497**	412,038	**–**	–
Refundable deposits	**160,413**	124,095	**2,000**	3,200
	360,910	536,133	**2,000**	3,200

18. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Short-term deposits	**122,531,654**	130,118,254	**33,117,418**	1,076,403
Cash and bank balances	**2,423,095**	5,725,978	**68,227**	235,683
	124,954,749	135,844,232	**33,185,645**	1,312,086
Less: Short-term deposits held as security	**–**	(634,669)	**–**	–
	124,954,749	135,209,563	**33,185,645**	1,312,086

Included in short-term deposits of the Group are amounts of Nil (2008: RM634,669) 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	
	2009	2008	2009	2008
	%	%	%	%
Short-term deposits	**2.40 - 3.50**	3.25 - 4.00	**2.40 - 2.70**	3.80

The above short-term deposits are maturing within January 2010 to January 2011.

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Ringgit Malaysia	**109,782,566**	118,167,049	**33,185,645**	1,312,086
United States Dollar	**14,092,194**	14,674,469	**–**	–
Chinese Renminbi	**1,072,471**	2,996,723	**–**	–
Euro	**2,430**	2,423	**–**	–
Other currencies	**5,088**	3,568	**–**	–
	124,954,749	135,844,232	**33,185,645**	1,312,086

19. SHARE CAPITAL

	The Group and the Company			
	2009		2008	
	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**	375,076,800	75,015,360
Issue of shares pursuant to ESOS	**163,000**	**32,600**	–	–
At end of year	**375,239,800**	**75,047,960**	375,076,800	75,015,360

At the Annual General Meeting held on May 15, 2009, the Company's shareholders renewed the Company's authority 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 issued and paid-up ordinary share capital of the Company was increased from RM75,015,360 divided into 375,076,800 ordinary shares of RM0.20 each to RM75,047,960 divided into 375,239,800 ordinary shares of RM0.20 each by way of issuance of 163,000 new ordinary shares of RM0.20 each for cash pursuant to the Company's ESOS at exercise prices ranging from RM0.91 to RM0.97 per ordinary share.

The premium arising from the shares issued pursuant to the ESOS of RM116,750 was credited to the share premium account.

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

During the financial year, the Company repurchased Nil (2008: 4,232,300) of its issued and fully paid ordinary shares from the open market. The average price paid for the ordinary shares repurchased was approximately Nil (2008: RM1.79) 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, 2009, out of the total number of 375,239,800 (2008: 375,076,800) of ordinary shares of RM0.20 each issued and paid-up, 4,232,300 (2008: 4,232,300) are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 371,007,500 (2008: 370,844,500).

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

19. SHARE CAPITAL (cont'd)

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.

Movements in the outstanding shares options for ordinary shares of RM0.20 each granted to the Group's employees/directors and their related weighted average exercise prices are as follows:

	2009		**2008**	
	Weighted average exercise price RM/share	**Share options for ordinary shares of RM0.20 each**	**Weighted average exercise price RM/share**	**Share options for ordinary shares of RM0.20 each**
At start of year	**3.19**	**18,677,000**	3.27	19,613,500
Granted	**1.31**	**10,735,300**	1.86	1,029,000
Forfeited	**3.09**	**(1,302,000)**	3.24	(1,965,500)
Exercised	**0.92**	**(163,000)**	–	–
At end of year	**2.49**	**27,947,300**	3.19	18,677,000

Out of the outstanding share options, share options to subscribe for 18,047,100 (2008: 10,035,400) 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 RM0.91 to RM3.31 (2008: RM0.97 to RM3.31), and a weighted average remaining contractual life of about 2 years (2008: 3 years).

Share options to subscribe for 27,947,300 (2008: 18,677,000) 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 RM0.0795 (2008: RM0.1136) per ordinary share of RM0.20 each. The significant inputs into the model were as follows:

	2009	**2008**
Valuation assumptions:		
Expected volatility	**45.96%**	26.39%
Expected dividend yield	**15% - 21%**	8% - 16%
Expected option life	**2 years**	3 years
Weighted average share price at date of grant	**RM 1.31 per share**	RM 1.86 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 (2008: 1¼ years).

On February 8, 2010, share options to subscribe for 10,288,400 ordinary shares of RM0.20 each offered under the ESOS scheme were granted to employees with an exercise price of RM1.31 per share and will expire on August 7, 2011.

20. RESERVES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Non-distributable:				
Share premium	**25,289,866**	25,173,116	**25,289,866**	25,173,116
Revaluation reserve	**2,085,542**	2,018,829	**–**	–
Merger reserve	**–**	–	**6,777,646**	6,777,646
Translation reserve	**(31,727)**	295,624	**–**	–
Share option reserve	**2,387,254**	1,810,903	**2,387,254**	1,810,903
	29,730,935	29,298,472	**34,454,766**	33,761,665

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.

The merger reserve represents the difference between the cost of investment in subsidiary companies and the nominal value of shares issued as 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, 2009.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade payables	**4,921,512**	4,587,266	**–**	–
Amount owing to directors	**200,000**	400,000	**200,000**	400,000
Other payables	**2,614,363**	1,100,279	**62,092**	60,977
Accrued expenses	**3,389,833**	6,832,705	**721,035**	820,508
	11,125,708	12,920,250	**983,127**	1,281,485

22. TRADE AND OTHER PAYABLES (cont'd)

Analysis of trade and other payables by currencies:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**4,358,015**	7,730,623	**983,127**	1,281,485
United States Dollar	**5,795,230**	4,225,771	**–**	–
Chinese Renminbi	**938,667**	907,574	**–**	–
Euro	**20,593**	17,690	**–**	–
Other foreign currencies	**13,203**	38,592	**–**	–
	11,125,708	12,920,250	**983,127**	1,281,485

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 60 days (2008: 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	
	2009	**2008**
	RM	**RM**
At beginning of year	**2,400,000**	2,400,000
Additional provision	**1,422,208**	–
Rework and warranty costs incurred	**(1,122,208)**	–
At end of year	**2,700,000**	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

As of December 31, 2009, the Group has bank overdraft and other banking facilities totalling RM39,362,000 (2008: RM41,762,000) which are generally covered by corporate guarantees from the Company for RM36,480,000 (2008: RM36,480,000). As of December 31, 2009, the Group did not utilise the bank overdraft facility.

The bank overdraft facility bear interest at a rate of 1% (2008: 1%) per annum above the lending bank's base lending rate.

The effective interest rate of the bank overdraft as of December 31, 2009 is 6.55%.

25. DIVIDENDS

	The Group and the Company	
	2009	2008
	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 2008 and 2007 respectively	**22,260,030**	22,250,670
Dividends declared and payable:		
Interim tax exempt dividend of 3 sen and 6 sen per ordinary share of RM0.20 each, for 2009 and 2008 respectively	**11,130,225**	22,250,670
	33,390,255	59,335,120

The directors also proposed a final dividend of 3 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 RM11,130,375 and has not been included as liabilities in the financial statements. This dividend 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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Not later than 1 year	–	23,980	–	2,250

27. 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.

27. FINANCIAL INSTRUMENTS (cont'd)

i. Foreign currency risk (cont'd)

As of December 31, 2009, the settlement dates on open forward contracts ranged between 1 and 16 months (2008: 1 and 28 months). The foreign currency amounts to be received and contractual exchange rates of the Company'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, 2009				
Trade receivable:				
Nil	Nil	Nil	Nil	Nil
Future sale of goods over the following 16 months:				
USD19,000,000	Ringgit Malaysia	US Dollar	62,840	1USD = RM3.3074
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

The net unrecognised losses as of December 31, 2009 on open contracts which hedge anticipated future foreign currency sales amounted to RM4,479,900 (2008: net unrecognised losses of RM8,991,000). 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 Company that are not denominated in its functional currency are as follows:

	Net financial assets/ (liabilities) held in non-functional currencies				
Functional currency	**United States Dollar RM**	**Chinese Renminbi RM**	**Euro RM**	**Others RM**	**Total RM**
As of December 31, 2009					
Ringgit Malaysia	**20,328,266**	**1,112**	**(18,163)**	**(8,115)**	**20,303,100**
Chinese Renminbi	**2,256,875**	**–**	**–**	**–**	**2,256,875**
	22,585,141	**1,112**	**(18,163)**	**(8,115)**	**22,559,975**
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

27. FINANCIAL INSTRUMENTS (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 has a significant concentration of credit risk as most of the sales are made through a few major customers.

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, 2009 are as follows:

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Other investments - unit trusts and bond funds	**400,000**	**421,534**	4,697,376	4,709,456
Off balance sheet item				
Foreign currency forward contracts	**–**	**(4,479,900)**	–	(8,991,000)

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.

28. 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 sales 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
2009					
Revenue					
External sales	–	83,129,030	10,174	–	83,139,204
Inter-segment sales	52,357,471	21,715,781	1,106,779	(75,180,031)	–
Total revenue	52,357,471	104,844,811	1,116,953	(75,180,031)	83,139,204
Results					
Segment results	48,754,461	24,225,676	96,328	(48,616,400)	24,460,065
Investment revenue					3,251,903
Profit before tax					27,711,968
Income tax expense					(758,462)
Profit for the year					26,953,506
Other information					
Capital expenditure	–	5,576,875	–	–	5,576,875
Depreciation and amortisation	144,100	1,821,940	218,667	–	2,184,707
Non-cash expenses other than depreciation and amortisation	495,752	2,301,137	4,833	–	2,801,722
Assets					
Segment assets	2,645,656	63,060,480	210,220	–	65,916,356
Unallocated corporate assets					123,607,996
Consolidated total assets					189,524,352
Liabilities					
Segment liabilities	12,114,552	12,775,567	65,814	–	24,955,933
Unallocated corporate liabilities					1,289,688
Consolidated total liabilities					26,245,621

28. SEGMENTAL REPORTING (cont'd)

	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 expenditure	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

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.

28. 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	
	2009	**2008**
	RM	**RM**
European countries	**76,408,813**	114,621,519
United States	**3,611,501**	3,446,560
Asia Pacific countries	**3,118,890**	4,830,355
	83,139,204	122,898,434

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 expenditure	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Malaysia	**40,111,853**	44,308,084	**372,770**	1,278,864
People's Republic of China	**25,804,503**	27,946,002	**5,204,105**	7,408,804
	65,916,356	72,254,086	**5,576,875**	8,687,668

STATEMENT BY DIRECTORS
DECEMBER 31, 2009

The directors of UCHI TECHNOLOGIES BERHAD state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting 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, 2009 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 30, 2010

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

I, **OW CHOOI KHIM**, the officer primarily responsible for the financial management of **UCHI TECHNOLOGIES BERHAD,** do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed **OW CHOOI KHIM**)
at **GEORGETOWN** in the State of **PENANG**)
on March 30, 2010) **OW CHOOI KHIM**

Before me,

KARUPAYEE KAMALAM A/P R. MOTTAI
Commissioner For Oaths

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2009 (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	–	139,944	2,239,920	26.5.2004
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building -Phase I	60 years leasehold expiring on 1.1.2050	15	33,144	2,417,716	26.5.2009
	-Phase II		9	92,864	6,878,365	–
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	–	139,926	1,969,513	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	Industrial Land	48 years leasehold expiring on 26.2.2054	–	208,671	3,843,148	–
No.22 Yuangang East Road, Information Industrial Zone, Xi Hu, ShiLong Town, Dongguan City, People's Republic of China	Factory Building	48 years leasehold expiring on 26.2.2054	1	161,124	14,524,629	26.5.2009

SHAREHOLDINGS STATISTICS
MARCH 26, 2010

ANALYSIS OF SHAREHOLDINGS

Share capital

Authorised	: RM100,000,000.00
Issued and paid-up	: RM74,202,500 *
Class of Shares	: Ordinary shares of RM0.20 each
Voting Rights	: One voting right for one ordinary share

* The issued and paid-up capital is as per Record of Depositors as at March 26, 2010, exclusive of 4,232,300 treasury shares bought back.

Size of Holdings			No of Holders	%	No. of Shares	%
Less	than	100 shares	92	1.83	4,436	0.00
100	–	1,000 shares	851	16.94	727,439	0.20
1,001	–	10,000 shares	2,770	55.15	14,406,620	3.88
10,001	–	100,000 shares	1,128	22.46	34,181,755	9.21
100,001	–	18,550,624	179	3.56	172,243,550	46.43
18,550,625	and	above	3	0.06	149,448,700	40.28
Total			**5,023**	**100.00**	**371,012,500**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Eastbow International Limited	91,263,660	24.60	–	–
Kao, De-Tsan also known as Ted Kao	–	–	91,263,660 #	24.60
Lembaga Tabung Haji	37,346,640	10.07	–	–
Employees Provident Fund	23,538,400	6.34	–	–

Deemed interested by virtue of his substantial shareholding in Eastbow International Limited

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

No.	Name	No. of Shares	%
1.	Eastbow International Limited	91,263,660	24.60
2.	Lembaga Tabung Haji	37,346,640	10.07
3.	Employees Provident Fund Board	20,838,400	5.62
4.	Amanahraya Trustees Berhad [Skim Amanah Saham Bumiputera]	13,309,600	3.59
5.	Ironbridge Worldwide Limited	13,172,710	3.55
6.	Valuecap Sdn. Bhd.	12,108,800	3.26
7.	Permodalan Nasional Berhad	10,054,900	2.71
8.	Amanahraya Trustees Berhad [Amanah Saham Wawasan 2020]	8,630,500	2.33
9.	Amanahraya Trustees Berhad [Amanah Saham Malaysia]	7,850,500	2.12
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB for Koo Kow Kiang @ Ko Keck Ting (PB)]	7,446,000	2.01
11.	Kumpulan Wang Persaraan (Diperbadankan)	6,262,800	1.69
12.	Chang, Shin-Fang	5,739,350	1.55
13.	Malaysia Nominees (Tempatan) Sendirian Berhad [Great Eastern Life Assurance (Malaysia) Berhad (DR)]	5,632,700	1.52
14.	Cartaban Nominees (Asing) Sdn. Bhd. [Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)]	4,307,800	1.16
15.	HSBC Nominees (Asing) Sdn. Bhd. [Sumitomo T&B NY For Asia Oceania Dividend Yield Stock Mother Fund]	3,700,000	1.00
16.	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	3,517,100	0.95
17.	Amanahraya Trustees Berhad [Public Islamic Dividend Fund]	3,242,200	0.87
18.	Kao Wang, Ying-Ying	3,169,700	0.85
19.	Cartaban Nominees (Asing) Sdn. Bhd. [SSBT Fund J728 For SPDR S&P Emerging Asia Pacific ETF]	2,891,700	0.78
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB Bank for Koo Kow Kiang @ Ko Keck Ting (MY0646)]	2,274,000	0.61
21.	Cartaban Nominees (Asing) Sdn. Bhd. [SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF)]	1,897,800	0.51
22.	Cartaban Nominees (Asing) Sdn. Bhd. [Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)]	1,867,000	0.50
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. [Exempt AN for American International Assurance Berhad]	1,644,500	0.44
24.	Malaysia Nominees (Tempatan) Sendirian Berhad [Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)]	1,543,700	0.42
25.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.40
26.	Takaful Ikhlas Sdn. Bhd.	1,380,000	0.37

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

No.	Name	No. of Shares	%
27.	HSBC Nominees (Asing) Sdn. Bhd. [Sumitomo T&B NY for Sumitomo Mitsui Asia-Oceania Dividend Yield Stock Fund]	1,357,400	0.36
28.	Chang, Shin-Fang	1,250,000	0.34
29.	Mayban Nominees (Tempatan) Sdn. Bhd. [Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja (N14011980810)]	1,200,000	0.32
30.	HSBC Nominees (Tempatan) Sdn. Bhd. [HSBC (M) Trustee Bhd for Prudential Equity Income Fund (4801)]	1,100,000	0.30
	Total	**277,499,460**	**74.80**

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Kao, De-Tsan also known as Ted Kao	–	–	94,433,360 *	25.45
Kao, Te-Pei also known as Edward Kao	–	–	20,162,060 **	5.43
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–
Dr. Heinrich Komesker	200,000	0.05	–	–
Huang, Teng-Yen	184,700	0.05	–	–
Charlie Ong Chye Lee	–	–	–	–
Kao Wang, Ying-Ying (Alternate Director to Huang, Teng-Yen)	3,169,700	0.85	91,263,660 ***	24.60

* Deemed interested by virtue of his substantial shareholding in Eastbow International Limited and interest of spouse by virtue of Section 134(12) (c) of the Companies Act, 1965.

** Deemed interested by virtue of his substantial shareholding in Ironbridge Worldwide Limited and interest of spouse by virtue of Section 134(12) (c) of the Companies Act, 1965.

*** 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 TWELFTH ANNUAL GENERAL MEETING of the Company to be held at the Burma Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, May 26, 2010 at 3.00 p.m. and at any adjournment thereof.

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

	Ordinary Resolutions	**For**	**Against**
1	To declare a Final Tax Exempt Dividend of 3 sen per share of RM0.20 each for the year ended December 31, 2009.		
2	To approve the payment of Directors' Fees of RM446,200 for the year ending December 31, 2010.		
3	To re-elect Mr. Ng Hai Suan @ Ooi Hoay Seng, a Director retiring under the provision of Article 131 of the Articles of Association of the Company.		
4	To re-elect Dr. Heinrich Komesker, a Director retiring under the provision of Article 131 of the Articles of Association of the Company.		
5	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6	To renew the share buy-back authority.		

Signed this : _____________________ day of ____________________ 2010. 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.

fold here

fold here

STAMP
HERE

The Secretary

UCHI TECHNOLOGIES BERHAD (457890-A)

Suite 12-02, 12th Floor, Menara MAA,
170, Jalan Argyll, 10050 Penang,
Malaysia

fold here

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

Plot 544, Tingkat Perusahaan 4A
Free Trade Zone, 13600 Prai, Malaysia
Tel: 604-399 0035
Fax: 604-399 0034
E-mail: info@uo.uchi.net