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

Annual Report **2013**

Enduring **values** and continuous **growth**

CONTENTS

- 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
- Managing Director's Statement 20
- Corporate Social Responsibility Report 22
- Corporate Governance Statement 23
- Audit Committee Report 31
- Statement of Risk Management & Internal Control 34
- Financial Statements 36
- Additional Disclosure 98
- List of Properties 99
- Analysis of Shareholdings 100
- Proxy Form 103

ISO 14001 ENVIRONMENTAL POLICY

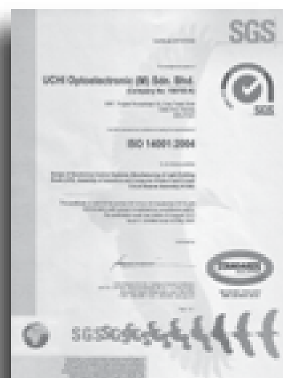
Uchi is committed to preserving the environment for future generations through:

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



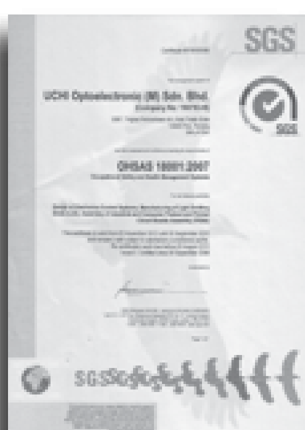
宇琦光电（东莞）有限公司
ISO14001环境方针

遵守法规
防污降耗
持续改进
宣导环保

致力于下一代更加美好的环境，宇琦光电（东莞）有限公司努力在商业活动、产品和服务中承诺：

1. 严格遵守中国环境法规和其他适用的要求。
2. 承诺努力污染预防，通过我们的商业活动、产品和服务的有效管理，尽量减少能资源的浪费和消耗。
3. 竭尽所能，实施并持续改进公司的环境保护管理体系。
4. 不断教育及培训职员工的环境意识和责任。

OHSAS 18001 OHSAS POLICY



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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, May 23, 2014 at 3.00 p.m. for the following purpose:

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2013 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**

AS ORDINARY BUSINESS

2. To declare a Final Tax Exempt Dividend of 6 sen per share of RM0.20 each for the year ended December 31, 2013. **Ordinary Resolution 1**
3. To approve the payment of Directors' Fees of RM359,800 for the year ending December 31, 2014. **Ordinary Resolution 2**
4. To re-elect Mr. Kao, De-Tsan also known as Mr. Ted Kao retiring under the provision of Article 131 of the Articles of Association of the Company. **Ordinary Resolution 3**
5. To re-appoint Mr. Charlie Ong Chye Lee pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting. **Ordinary Resolution 4**
6. To re-appoint Messrs. Deloitte 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 resolutions:

7. **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 as at the point of purchase ("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.

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 resolution of the shareholders of the Company in a general meeting;

whichever occurs first.

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

   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**

8. 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

CHEW SIEW CHENG (MAICSA 7019191)
GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

April 30, 2014

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:

1. 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.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositors) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy or proxies 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.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

6. Only members registered in the Record of Depositors as at May 14, 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes 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 Sixteenth Annual General Meeting, a Final Tax Exempt Dividend of 6 sen per share of RM0.20 each for the year ended December 31, 2013 will be paid on July 24, 2014 to Depositors registered in the Record of Depositors at the close of business on June 30, 2014.

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

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on June 30, 2014 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,

CHEW SIEW CHENG (MAICSA 7019191)
GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

April 30, 2014

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 "UCHITEC") to Purchase Its Own Shares

At the Company's Annual General Meeting ("AGM") held on May 28, 2013, 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 as at the point of purchase and an amount not exceeding the total retained profits of RM47,725,835 and / or share premium account of RM26,625,539 of the Company based on the audited financial statements for the financial year ended December 31, 2012.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing share buy-back by listed companies will lapse at the conclusion of the coming Sixteenth (16th) 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 Sixteenth (16th) 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 8, 2014, the Company announced that UCHITEC is proposing to seek its shareholders' approval at the AGM of UCHITEC to be convened in 2014 for the renewal of the authority for the purchase by UCHITEC 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 UCHITEC as at the point of purchase 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, 2013 are RM49,800,840 and RM27,797,507 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 share 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-over, 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 no earlier than thirty (30) days from the date of purchase; and

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

The Proposed Renewal of Share Buy-Back Authority will allow the Directors to purchase Shares at any time within the abovementioned time period using the funds of the Group. The aforesaid funds will be financed from both internally generated funds of the Group and/or external borrowings, the portion of which to be utilised will depend on the actual number of Shares to be purchased, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed 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, 2013, the Group has a cash and cash equivalent balance of RM111,956,943.

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 28, 2014, the Record of Depositors of the Company showed that 254,941,370 Shares representing approximately 68.80% 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)] 68.80%	[(b)] 65.99%

Notes:

[(a)] As of March 28, 2014.

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

[(b)] As of March 28, 2014, the issued and paid-up capital of UCHITEC is RM75,520,120 comprising 377,600,600 Shares including 7,070,300 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority involves the aggregate purchase of 37,760,060 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 28, 2014, 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 the Proposed Renewal of Share Buy-Back Authority

As of March 28, 2014, the issued and paid-up capital of UCHITEC is RM75,520,120 comprising 377,600,600 Shares including 7,070,300 Shares held as treasury shares. Assuming that the Company purchases up to 37,760,060 UCHITEC Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 28, 2014 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. Effects of the Proposed Renewal of Share Buy-Back Authority (cont'd)

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.

4.3 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 28, 2014 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	%[d]	No.of Shares	%[d]	No.of Shares	%[e]	No.of Shares	%[e]
Directors								
Kao, De-Tsan also known as Ted Kao	-	-	[a]94,433,360	25.49	-	-	[a]94,433,360	27.79
Kao, Te-Pei also known as Edward Kao	-	-	[b]20,162,060	5.44	-	-	[b]20,162,060	5.93
Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	309,700	0.08	-	-	309,700	0.09	-	-
Dr. Heinrich Komesker	200,000	0.05	-	-	200,000	0.06	-	-
Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	133,810	0.04	-	-	133,810	0.04	-	-
Charlie Ong Chye Lee	-	-	-	-	-	-	-	-
Chia Tong Saik	-	-	-	-	-	-	-	-
Substantial Shareholders								
Eastbow	91,263,660	24.63	-	-	91,263,660	26.85	-	-
Kao, De-Tsan also known as Ted Kao	-	-	[c]91,263,660	24.63	-	-	[c]91,263,660	26.85
Lembaga Tabung Haji	37,346,640	10.08	-	-	37,346,640	10.99	-	-
Amanah Trustees Berhad Skim Amanah Saham Bumiputera	23,115,400	6.24	-	-	23,115,400	6.80	-	-

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

4.3 Directors' and Substantial Shareholders' Interests (cont'd)

Notes:

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

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

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

[d] Percentage shareholding computed based on 370,530,300 UCHITEC Shares excluding 7,070,300 shares held as treasury shares from total issued and paid-up share capital of 377,600,600 ordinary shares of RM0.20 each.

[e] Percentage shareholding computed based on 339,840,540 UCHITEC Shares assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full and all shares so purchased are held as treasury shares.

4.4 Net Assets

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

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

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

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

5. Share Prices

The monthly highest and lowest prices of UCHITEC Shares traded on Bursa Securities for the last twelve (12) months from March 2013 to February 2014 are as follows:

	Highest (RM)	**Lowest (RM)**
Year 2013:		
March	1.21	1.16
April	1.29	1.19
May	1.39	1.21
June	1.38	1.23
July	1.36	1.25
August	1.50	1.29
September	1.50	1.32
October	1.47	1.39
November	1.53	1.36
December	1.50	1.34
	Highest (RM)	**Lowest (RM)**
Year 2014:		
January	1.39	1.31
February	1.45	1.20

6. Purchases Made by the Company of its Own Shares in the Financial Year Ended December 31, 2013

The information on the purchases made by the Company of its own shares during the financial year ended December 31, 2013 is set out on Page 98 of this annual report.

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, 2010 ("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 Paragraph 24.1 of Practice Note 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 cum Senior Independent Non-Executive Director
Charlie Ong Chye Lee

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

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

Independent Non-Executive Directors
Dr. Heinrich Komesker
Chia Tong Saik

Non-Independent Executive Directors
Huang, Yen-Chang also known as Stanley Huang
(Alternate Director to Kao, De-Tsan also known as Ted Kao)

Ow Chooi Khim
(Alternate Director to Kao, Te-Pei also known as Edward Kao)

Audit Committee

Chairman
Chia Tong Saik

Members
Charlie Ong Chye Lee
Dr. Heinrich Komesker

Nomination Committee

Chairman
Charlie Ong Chye Lee

Members
Dr. Heinrich Komesker
Chia Tong Saik

Remuneration Committee

Chairman
Charlie Ong Chye Lee

Members
Kao, Te-Pei also known as Edward Kao
Chia Tong Saik

Company Secretaries

Chew Siew Cheng
MAICSA 7019191

Gunn Chit Geok
MAICSA 0673097

Registered Office

Suite 12-02, 12th Floor,
Menara Zurich,
170, Jalan Argyll
10050 Penang
Tel: : 04-2296318
Fax: : 04-2268318

Principal Bankers

HSBC Bank Malaysia Berhad
Deutsche Bank (Malaysia) Berhad

Auditors

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

Registrar

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

KAO, DE-TSAN also known as TED KAO

Aged 56, 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 and was redesignated as Managing Director on September 1, 2012. 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. and also holds directorships in certain private limited companies.

KAO, TE-PEI also known as EDWARD KAO

Aged 54, 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 and was redesignated as Executive Director on September 1, 2012. 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.

DR. HEINRICH KOMESKER

Aged 62, German, was appointed to the Board of Uchi Technologies Berhad on January 1, 2007 as Independent Non-Executive Director. He was appointed to be a member of the Audit Committee and Nomination Committee on March 1, 2008 and June 1, 2010 respectively.

He graduated from Technical University Carolo-Wilhelmina of Braunschweig, Germany and he is a PhD holder. Since January 2014, he is the Managing Director of Atlanta Elektrosysteme GmbH, a German manufacturer of brush-card systems for the automotive industry.

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-centers in Germany, Slovenia and Spain. In May 2003, he became 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. In January 2011, he was appointed as Chief Technical Officer of Medisana AG, a German Specialist for Home Healthcare Products.

He does not hold directorship in any other company.

CHARLIE ONG CHYE LEE

Aged 70, 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. On September 1, 2012, he was appointed as Senior Independent Non-Executive Director of the Company and was elected Chairman of the Board of Directors, Audit Committee, Nomination Committee and Remuneration Committee. He was redesignated as a member of the Audit Committee on August 23, 2013. He retains the chairmanship of the other Committees.

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 in partnership with R J Manecksha 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 another public limited company.

CHIA TONG SAIK

Aged 66, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on January 2, 2013 as Independent Non-Executive Director. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee. On August 23, 2013, he was redesignated as Chairman of the Audit Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a Fellow of The Association of Chartered Certified Accountants (United Kingdom). He served his articleship in Coopers & Lybrand, an international firm of Chartered Accountants from 1972 to 1975 and left the firm as Audit Manager in 1979. He joined Robert Bosch (M) Sdn. Bhd., a multinational corporation as Chief Accountant from 1979 to 1983. He became the Group Financial Controller of Malaysia Aica Berhad, a conglomerate listed on Bursa Malaysia Securities Berhad ("Bursa Securities") from 1983 to 1996. He later became the partner of JB Lau & Associates, a local firm of Public Accountants in 1996 where he remained until his retirement in 2003.

He currently does not hold any directorship in any other company.

HUANG, YEN-CHANG also known as STANLEY HUANG

Aged 43, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Kao, De-Tsan also known as Ted Kao on February 1, 2011.

He graduated in 1994 from Chung Yuan Christian University, Chung-Li, Taiwan with a B.S Degree in Physics. Upon graduation, he served two years in the army. Later, he joined Uchi Optoelectronic (M) Sdn. Bhd. as a Network and System Administrator before he pursued his Master Degree in Computer Science at St Cloud State University, Minnesota, USA. After graduation, he returned to Taiwan and joined Taishin International Bank, Taipei, Taiwan as IT Department Section Head in 2002 and was promoted as Assistant Manager in 2005. In 2007, he joined Uchi Technologies Berhad and currently holds the position as Administration Division Head of Uchi Optoelectronic (M) Sdn. Bhd.

He does not hold directorship in any other company.

OW CHOOI KHIM

Aged 45, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Kao, Te-Pei also known as Edward Kao on April 1, 2011.

She holds a Master degree in Business Administration from the University of South Australia and is also a member of the Malaysia Institute of Accountants. Ms. Ow was with Teoh Yap & Co. in 1993 where she served for a period of 6 months as a practical trainee. Upon graduation she joined Deloitte (formerly known as Deloitte KassimChan) in 1994 as an Audit Assistant and was promoted to Audit Senior. She last held the position of Assistant Audit Manager in Deloitte before she joined Uchi Optoelectronic (M) Sdn. Bhd. as Acting Finance Department Head in 1998. Currently, she holds the position as a Finance Manager of Uchi Technologies Berhad.

She sits on the Board of Uchi Optoelectronic (M) Sdn. Bhd., Uchi Electronic (M) Sdn. Bhd., Uchi Technologies (Dongguan) Co., Ltd. and does not hold directorship in any other company.

Note:
Mr. Ted Kao and Mr. Edward Kao are brothers. Mr. Stanley Huang is the nephew of Mr. Ted Kao.

Saved as disclosed, none of the other Directors have:

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

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

100%

UCHI OPTOELECTRONIC (M) SDN. BHD.
(Company No. 190793-K)
Malaysia

100%

UCHI ELECTRONIC (M) SDN. BHD.
(Company No. 182613-K)
Malaysia

100%

UCHI TECHNOLOGIES (DONGGUAN) CO., LTD.
People's Republic of China

FINANCIAL HIGHLIGHTS
FIVE YEARS FINANCIAL SUMMARY

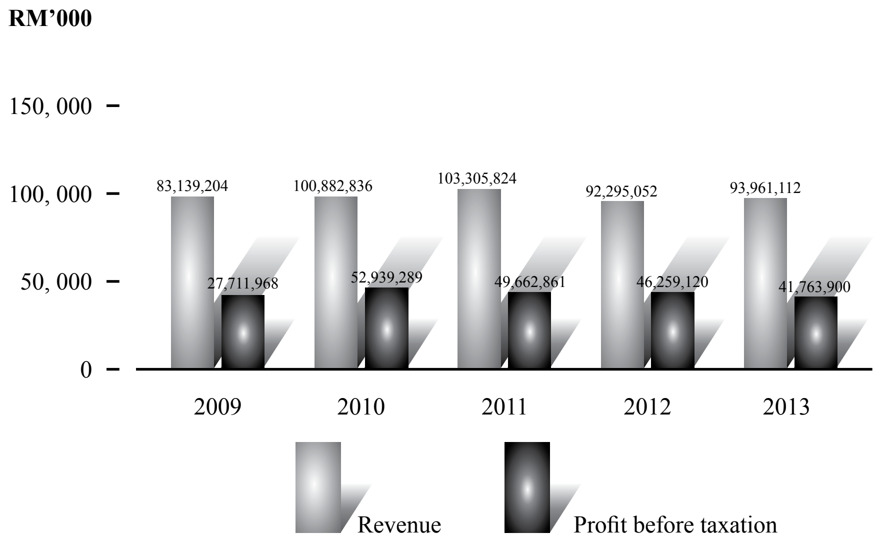
Year ended December 31	2009 RM	2010 RM	2011 RM	2012 RM	2013 RM
Revenue	83,139,204	100,882,836	103,305,824	92,295,052	93,961,112
Profit before taxation	27,711,968	52,939,289	49,662,861	46,259,120	41,763,900
Profit after taxation	26,953,506	52,577,090	48,911,904	44,831,224	39,073,487
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	6	12	12	12	4
Amount Paid (net of tax)	22,267,059	44,386,163	44,332,410	44,333,595	13,450,249
Dividends proposed in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	6
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	22,231,818 [1)]
Total Amount Paid and Payable (net of tax)	22,267,059	44,386,163	44,332,410	44,333,595	35,682,067 [2)]
Total Assets Employed	189,524,352	213,738,266	222,578,223	234,541,742	218,626,207
Shareholders' equity	163,278,731	180,708,316	187,207,291	187,106,623	190,904,593
Net tangible assets	163,278,731	180,708,316	187,207,291	187,106,623	190,904,593
Number of ordinary shares issued and fully paid as of December 31	375,239,800 of RM0.20 each	375,774,200 of RM0.20 each	376,503,200 of RM0.20 each	376,509,200 of RM0.20 each	377,600,600 [3)] of RM0.20 each
Proforma weighted average number of shares	370,931,297	370,750,401	369,407,607	369,436,395	369,587,906
Net Earnings Per Share (Sen)	7.27	14.18	13.24	12.13	10.57
Return on Equity	16.5%	29.1%	26.1%	24.0%	20.5%

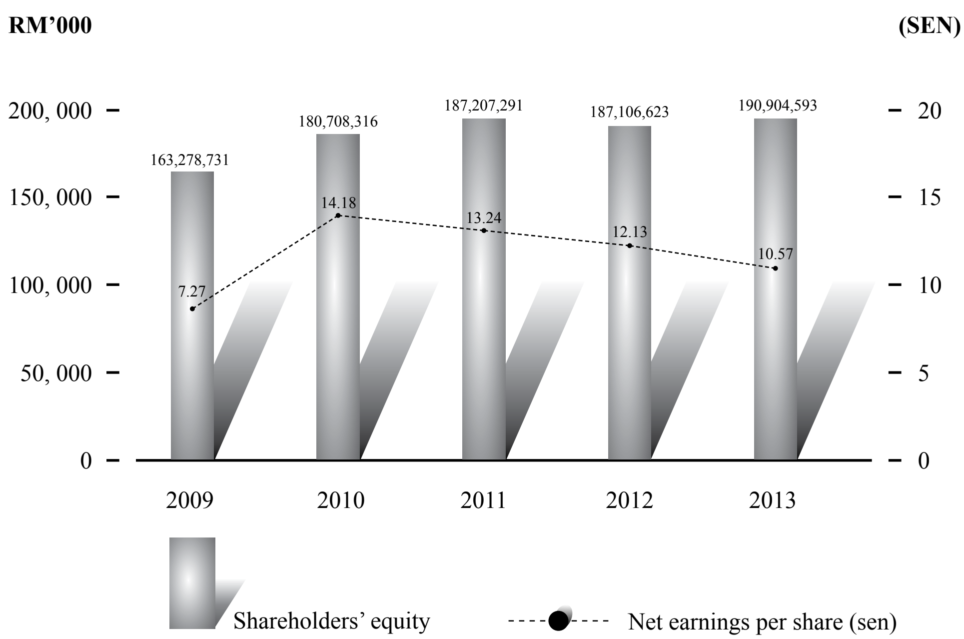
1) Represents approximation of dividend payable base on all ordinary shares in issue as of February 28, 2014. Actual amount of dividend payable shall be determined at the close of business on June 30, 2014 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

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

3) Of the total 377,600,600 issued and fully paid ordinary shares, 7,070,300 shares are held as treasury shares by the Company. As at December 31, 2013, the number of outstanding shares in issue and fully paid is 370,530,300 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 am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the Financial Year 2013.

Consistent Progress

The global economic climate during the year was still wracked by uncertainty; nevertheless, the Group continued to plod steadily forward in our endeavours.

At this juncture, I am pleased to announce that our subsidiary, Uchi Optoelectronic (M) Sdn Bhd ("Uchi Optoelectronic"), was successful in its application for pioneer status for the design & development and manufacture of new products, which will prove to be a significant boost to our income moving forward.

Ever since we started our business in 1989, we have always persevered to exceed customers' expectations in all areas. 2013 was no different. Among others, we unwaveringly pursued technical innovations in order to meet the discerning requirements of our diverse clientele base. We consistently challenge ourselves to keep improving on our own innovations and come up with even better solutions to allow for a shorter design cycle lead time that will ensure increased performance and cost efficiency.

Innovation Stronghold

In 2013, we continued our practice of investing substantially in R&D, further cementing our technological leadership position in the marketplace. Our successful bid for pioneer status will see our product mix expand to include touch screen advanced displays, high precision light measurement (optoelectronic) equipment and mix signal control systems for centrifuge/laboratory equipment. According to the incentive scheme, 100% of the statutory income derived from the design & development and manufacture of these products will be exempted from income tax for a period of five years commencing from the day of production.

As has been our norm through the years, 7% of the Group's revenue has been allocated for our R&D activities. Among others, our R&D equipment and facilities have been upgraded accordingly to improve performance and product quality; we also plan to enhance our competitive edge in R&D excellence by increasing our R&D personnel headcount and forging strategic alliances with technical universities for R&D assistance and intervention to facilitate technology and knowledge transfer that spans across our organisations and beyond.

One of the paragons of our technological capabilities is UCHItecture, an environmentally friendly R&D facility, which officially opened its doors in February 2013. This flexible work environment is designed to increase the Group's R&D capabilities for the benefit of our customers as well as to boost our internal operating efficiency; we are confident that the facility will become a springboard that thrusts us towards greater and more sustainable growth and enhance shareholder value.

Declaration of Dividends

Since 2003, the Group allocates a minimum of 70% of our net profit for dividends as a token of our gratitude for the invaluable support of our shareholders who have maintained their confidence in the strategy and resilience of the Group.

For the financial year under review, the Board of Directors is pleased to declare a final dividend of 6 sen per share tax-exempt, subject to shareholders' approval at the forthcoming Annual General Meeting.

Together with the interim dividends of 1.48 sen gross per share less tax, and 2.52 sen per share tax-exempt that was paid in December 2013, Financial Year 2013 will see a total payout ratio of 91.1%. This is a testament of our sound financial performance and capital management towards enhancing our shareholders' value.

Enhancing Wellbeing

At UCHITEC, we regard it our responsibility to strive for the betterment of our people, the community and the environment.

Through the years, we have created a socially and environmentally conscious business that we continue to nurture today. We keep building on this by consistently designing, introducing and implementing social, educational and health-related programmes and systems to effectively minimise adverse impacts on local communities and environments, all the while upholding environmental, OHSAS and Quality policies.

Not only are we committed in the sustainable development of the environment and our business, but also in building trust and addressing the needs of all stakeholders, including our employees, suppliers, customers and community members, equally.

During the year under review, the Group sponsored several charitable events aimed at raising funds and organised numerous employee activities to promote healthy lifestyles. We have also continued to adhere to the Malaysian Code on Corporate Governance 2012 (MCCG 2012) in support of the government's efforts to consistently recalibrate and enhance the efficacy of the corporate governance framework.

However, arguably the most significant development, particularly in terms of environmental impact, comes from the Group's contribution in the design and manufacture of energy-saving modules for household and office equipment which comply with European eco-design requirements; not only are they equipped with standby and off-mode electrical power consumption of less than 0.5W, but they are also capable of being shut off completely within 15 minutes after ceasing operation in accordance with a new directive that will take effect from January 1, 2015. This is an integral development as the environmental impact of a product is determined right from the start, during the earliest stages of design, and includes the choice of raw materials and natural resources, manufacturing, packaging, transport, disposal and recycling.

Empowering Employees

UCHITEC has always considered our employees to be the backbone that determines the progress of the Group. Consequently, we recognise that our long-term success depends on our capacity to attract, retain and develop our employees to ensure our continued and sustainable growth.

With that in mind, we aim to build and nurture an environment where all levels of employees are treated with respect and trust. This not only allows our people to have a sense of personal commitment to their work and do their best to contribute to the Group's success, but also encourages a healthy work-life balance among our employees.

In accordance with this, Financial Year 2013 will see the Group allocating 2,865,000 options for our employees under our Employee Share Option Scheme (ESOS).

Reinforcing Our Strengths

As I mentioned earlier, R&D is a key determinant in the success of the business. As such, we are dedicated to keep supporting and enhancing our existing product lines even as we continue to develop new innovations and offer cutting-edge products – all the while blazing the trail in the evolution of technology, new processes, cost demands and new applications.

In tandem with that, we will also strive to continually improve our production processes to facilitate more efficient production costs and improved profit margins, as well as enhance our operations to ensure that we meet our goals for environmental sustainability and human resource development. Ultimately, we aim to harness the creative horsepower within and without the organisation to drive more innovation.

In terms of sourcing, we will endeavour to enhance, develop and manage supplier relationship, leveraging supplier capabilities to optimise delivery management, subsequently reducing supply risk exposure, increasing our responsiveness to market changes and cutting down on order fulfilment lead times.

Scale economies and utilisation efficiency play an important role in the productivity ratio. Hence, we aim to encourage positive performance and improved business processes through the elimination of unnecessary time-consuming work that do not have any perceived value in the eyes of the customer and simplifying tasks that are necessary to support product and service quality and sales objectives as well as manage risks more effectively. We will also utilise available technologies more effectively and implement new systems to improve our processes and quality outcomes.

With the implementation of these measures, stakeholders can be confident that the Group will continue to remain profitable with a strong balance sheet, while we honour our commitment to uphold our Dividend Policy.

Acknowledgements

On behalf of the Board of Directors, I want to thank the management and staff for their tireless efforts and contributions in the past year. Their resilience, synergy and dedication to delivering quality are what continue to drive us forward.

Our heartfelt appreciation also goes to our strategic business partners, including our customers, shareholders, associates, vendors, bankers, financiers and government authorities, who maintained their confidence in UCHITEC through the years. This not only illustrates the solid fundamentals of the Group, but also strengthens our resolve in taking on the opportunities and challenges that lie ahead.

I would also like to thank my fellow directors for their invaluable counsel and guidance throughout the year under review. Pursuant to Section 129(6) of the Companies Act, 1965, Mr. Ooi Hoay Seng, one of our directors, had retired after the last Annual General Meeting. Consequently, I take this opportunity to thank him for the guidance and support that he provided during his time on the Board.

Thank you.

CHARLIE ONG CHYE LEE
Chairman

Dear shareholders,

While 2013 continued to present its challenges, UCHITEC has persevered through consistently. In fact, we are pleased to announce that we achieved several significant milestones during this period.

For one, our customer reject rate improved to 0.13% in 2013 (2012: 0.24%), the lowest in the Group's history. This is a testament to our strong commitment to continuously improve our operations and consistently deliver top notch quality to our customers. In addition, Uchi Optoelectronic (M) Sdn. Bhd. ("Uchi Optoelectronic"), one of our subsidiaries, managed to attain pioneer status, which means that the entire statutory income derived from its pioneer status products will not be subjected to income taxes for five years.

Moderate Financial Performance

During the year under review, the Group's revenue did not experience any substantial growth compared to the year before. Our Operating Profit decreased, mainly due to a Depreciation & Amortisation (D&A) increase to RM6.0 million in 2013 (2012: RM3.6 million) that was caused by Uchi Optoelectronic relocating its operations to UCHItecture.

As a result, our Net Profit declined as well. This was further exacerbated by a reduction in unrealised fair value gain on derivative financial instruments arising from the strengthening of the USD year end closing rate to RM3.2815/USD1.00 against the average contracted rate of RM3.2693/USD1.00 for the Forward Contracts entered, which remained outstanding at the end of the reporting period. The Group's tax expenses also increased as a result of the expiry of Uchi Optoelectronics' pioneer status for the design, development and manufacture of mixed signal microprocessor-based applications and system integration products, leading to an increase in the Group's Income Tax.

Income Review

Once again, the Electronic Control Modules segment, particularly the Art-of-Living products (i.e. high-end consumer electrical appliances), was the highest contributor to the Group's income in the year under review at approximately 75%. Meanwhile, Biotechnology products (i.e. laboratory and industrial equipment) and Others, contributed approximately 24% and 1% respectively.

Subsequently, our largest export market is Europe, and 93% of our total revenue is derived from exports to this region.

Expenditure Review

During the year, the Group continued to upgrade our R&D facilities and equipment as part of our endeavours to keep enhancing our R&D strengths. Subsequent to that, an estimated RM9 million was additionally spent on plant & machinery as well as facility upgrades for UCHItecture.

Among the main categories that constitute the bulk of the Group's expenditure for 2013, Material Consumption formed the highest percentage at 54%. This was followed by Employee Benefit Expenses at 25%, D&A at 11%, R&D at 8% and Other Expenses at 2%.

Inspiring Innovations

UCHItecture officially opened its doors a year ago. Wholly funded internally without affecting the Group's Dividend Policy, the RM30 million facility is equipped with a Fast Prototyping Laboratory, QA Reliability Test Room, Clean Room, state-of-the-art equipment, enhanced logistics circulation and assembly area automation.

After a year of warming up to the facility, the UCHItecture is well poised to perform its targeted function, and we are confident that it will prove to be beneficial in facilitating the R&D capabilities of our customers and allowing us to foster closer working relationships with them.

The Group continued to invest heavily in our R&D endeavours in 2013; it therefore gives us great pleasure to announce that we have expanded our R&D product lines that are scheduled to be launched in 2014/2015. In embracing green technology, aside from the new energy-saving compliant projects that will be launched under the Art-of-Living product line, we are also developing inverter technology and its extended application to further improve the energy efficiency and wake-up time of products.

In addition to an earlier European Ecodesign directive that required for standby and off-mode electrical power consumption for household and office equipment to be less than 0.5W by 2013, there is a new directive taking effect from January 1, 2015, which requires household machines to be shut off within 15 minutes after their last operation. We are proud to announce that UCHITEC, being a pioneer in the field, is already capable of fulfilling this new regulation now.

Mitigating Risk

Here at UCHITEC, we are diligent in identifying risk factors to ensure that we have contingency plans ready. In view of that, we have an Enterprise Risk Management (ERM) framework firmly embedded within the Group. The ERM is a core management competency that incorporates a well-structured systematic process to identify business risks and lessen their impact on our operations.

Currently, nearly our entire revenue is concentrated in the European market. To alleviate the risk from this market concentration and facilitate geographical diversity, we have intensified our efforts to exhibit and promote our products at various international exhibitions in Taiwan, Hong Kong and Germany.

Furthermore, as our revenue is billed in US Dollars, we are highly exposed to USD currency fluctuation risks. Consequently, in an endeavour to reduce our exposure to this risk, the Group has entered into foreign currency forward contracts with a Forward Foreign Exchange Contract Management Policy that was approved by the Board of Directors in 2010.

Developing for the Future

As the Group continues to prioritise sustainable development in our business model in our pursuit of excellence, we focus on endeavours that meet the needs of the present without compromising the ability of future generations to fulfil theirs.

In driving our operations towards economic efficiency, social equity and environmental accountability, we have put in place several measures to impute resource productivity from the designing stage, operational risk management, numerous CSR activities and the enforcement of environmental, OHSAS and quality policies.

Let’s not forget our very own UCHItecture. Having made its debut in February last year, the building is an eco-landmark among the Group and our clients. The state-of-the-art facility was specifically designed to suit the local tropical climate as well as environmental and socio-cultural contexts, incorporating green features with a unique 20-degree rotation and multiple block design concepts.

Towards Greater Growth

As we continue to reinforce our strengths, we are confident that our capabilities are in place to seize opportunities and meet challenges head on as they come by. Among others, our formidable R&D team is well equipped with the technology and know-how to offer practical and innovative solutions in the shortest timeframe. The resilience of our operating model also means that we are well prepared for and highly adaptable to any changes.

Not one to rest on our laurels, we committed to keep honing our competitive advantage to ensure that we are able to uphold our solid financial performance and operational excellence to ultimately add value for the benefit of our stakeholders.

Appreciation

On behalf of the Board of Directors, Management and employees of UCHITEC, I would like to extend our sincere gratitude to our valued customers, business partners, vendors, bankers and financiers, investors and other stakeholders for their invaluable support during the year.

My appreciation also goes out to our Board of Directors for its wise counsel. However, it is with a heavy heart that we bid farewell to one of our directors, Mr. Ooi Hoay Seng, who retired from the Board at the conclusion of the last Annual General Meeting. We take this opportunity to thank him for his contributions and wish him well.

And of course, a huge thank you to all our management staff and employees for their unwavering diligence and dedication in taking the Group to greater heights.

Thank you.

KAO, DE TSAN also known as **TED KAO**
Managing Director

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.

For the year ended December 31, 2013, the Group had organized social visits and donations to Eden Handicap Service Centre Berhad, Mount Miriam Cancer Hospital, United Nations Children's Fund – Emergency, Rumah Kanak-Kanak Taman Bakti and Shan Children's Home.

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.

Workplace

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

Uchi Optoelectronic (M) Sdn. Bhd., the main subsidiary company of UCHITEC is an OHSAS 18001 certified company in recognition of the Group'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. and Uchi Technologies (Dongguan) Co., Ltd. are ISO 14001 certified companies in recognition of the Group's commitment in preserving the environment. The Group adopts its Environmental Policy to ensure the environment is preserved for future generation.

The Group adheres to all environmental laws and regulations. Production processes are constantly upgraded and products are improved to meet changing environmental laws and regulations. The European eso-design requirements state that standby and off-mode electrical power consumption for household and office equipment will need to be less than one watt in 2010 and 0.5 watt by 2013, our products have already complied with the latter requirement of less than 0.5 watts since January 1, 2010. In addition, the Group is already capable of fulfilling the new directive taking effect from January 1, 2015, which requires household machines to be shut off within 15 minutes after their last operation. During the year the Group was not penalized for any instance of non-compliance with environmental laws and regulations.

Uchi Optoelectronic (M) Sdn. Bhd.'s Phase III building, UCHItecture, featured a 20-degree rotation and multiple block design concepts and incorporated green feature design specifically to accommodate the local tropical climate, environmental and socio-cultural contexts.

Meanwhile, Uchi Technologies (Dongguan) Co., Ltd. was awarded 2012年度东莞市园林式单位（"2012 Dongguan City Green Award"）by the local authority, recognizes its effort in nurturing and conserving the environment.

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 ("the Board") of Uchi Technologies Berhad ("the Company" or "UCHITEC") 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.

The Board is pleased to present to the shareholders that the Company has adopted the eight (8) principles and twenty-six (26) recommendations of the Malaysian Corporate Governance Code 2012 ("the Code") as the Company governance structure and processes.

A. THE BOARD CHARTER

Board Charter was established and made available on the Company website, outlining a framework designed to:

- enable the Board to provide strategic guidance for the Company and effective oversight of the management; and
- clarify the respective roles and responsibilities of Board members and the management in order to facilitate the Board and the management accountability to both the Company and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

The Board reviews and assesses the adequacy of Board Charter from time to time, as required, to ensure compliance with any relevant rules and regulations promulgated by the regulatory body.

B. DIRECTORS

The Responsibilities of the Board and Management

The Board explicitly assumes the following principal duties and responsibilities as follows:

- Reviewing and adopting a strategic plan for the Group; and
- Overseeing the conduct of the Group's businesses and evaluate whether the businesses are being properly managed; and
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks; and
- To conduct and review succession planning, including appointing, training, evaluating, fixing the compensation of and where appropriate, replacing senior management; and
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Whilst, the management is responsible to:

- Recommend the Company's corporate strategy to the Board for approval and upon approval, implement the corporate strategy;
- Assume day-to-day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- Achieve the performance targets set by the Board;
- Develop, implement and manage the Company's risk management and internal control framework;
- Develop, implement and update the Company's policies, procedures and systems;
- Be alert to relevant trends in the industry and the Company's operating environment;
- Provide sufficient and relevant information to the Board to enable the Board to effectively discharge its responsibilities;
- Act as a conduit between the Board and the Company; and
- Manage the Company's human, physical and financial resources to achieve the Company's objectives.

The Board may, by resolution, delegate its authority to the Board Committees and/or the management, whom shall at all times to the direction and control of the Board.

Matters which are specifically reserved for the Board's approval are defined in the Board Charter which includes issuance of new securities, appointment of Board members, establishment of Board Committee, their membership and authority, approval of dividends, corporate governance principles and policies, approval of major capital expenditure, capital management, and acquisitions and divestitures, calling of meetings and any other specific matters nominated by the Board from time to time.

Board Balance

The Board must ensure that at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors.

The Board currently comprises of five (5) Directors, of which two (2) are Executive Directors and three (3) are Independent Non-Executive Directors.

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.

B. DIRECTORS (cont'd)

Board Balance (cont'd)

There is clear division of responsibilities between the Chairman and Managing Director where the position of Chairman and Managing Director are held by different individuals and the Chairman is an independent and non-executive director. The Chairman, Mr. Charlie Ong Chye Lee, an Independent Non-Executive Director is responsible for effective functioning of the Board and for formulating general Company policies and making strategic business decisions. The Managing Director, Mr. Kao, De-Tsan also known as Ted Kao is responsible for the execution of these decisions and the day-to-day management, operation and administration of the business.

The roles of individual Board members are stipulated in the Board Charter. 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. Charlie Ong Chye Lee was appointed as Senior Independent Non-Executive Director on September 1, 2012. Through whom, stakeholders may convey their concerns pertaining to the Group via charles.ong6288@gmail.com.

The Board's standards for determining the independence of a Director is set forth in the Board Charter. It has also stipulated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

Summary of tenure of service of Independent Directors currently sit on Board are as follows:

Name of Directors	Date of Appointment	Tenure of Service as of March 31, 2014
Dr. Heinrich Komesker	January 1, 2007	7 years 3 months
Charlie Ong Chye Lee	July 1, 2008	5 years 9 months
Chia Tong Saik	January 2, 2013	1 year 3 months

The Nomination Committee is authorized to assess the independence of the Independent Directors in accordance to the Boards Independence Standards annually. Based on the assessment in 2013, the Board is generally satisfied that all the Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

Board Meetings

The Chairman is responsible for ensuring Board effectiveness and the Board meets at least four times a year, with additional meetings convened as necessary. It has a formal time schedule that is pre-determined in advance. The Agenda and Board papers for each meeting are circulated at least one week in advance before each meeting to the Board members. It has a formal schedule of matters reserve to it, which includes strategy and policy issues, major investments, financial decisions and the annual plan. The Board and its committees are supplied with all necessary information to enable them to discharge their responsibilities efficiently and effectively.

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

B. DIRECTORS (cont'd)

Board Meetings (cont'd)

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2013 are as follows:

No.	Director	Year 2013 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2013 to 31/12/2013	4	4
2.	Kao, Te-Pei also known as Edward Kao	1/1/2013 to 31/12/2013	4	4
3.	Dr. Heinrich Komesker	1/1/2013 to 31/12/2013	4	4
4.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2013 to 28/5/2013	2	2
5.	Charlie Ong Chye Lee	1/1/2013 to 31/12/2013	4	4
6.	Chia Tong Saik	2/1/2013 to 31/12/2013	4	4
7.	Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	1/1/2013 to 31/12/2013	4	4
8.	Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	1/1/2013 to 31/12/2013	4	4

Supply of Information

The Board has unrestricted access to the management and employees of the Company to acquire 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.

Qualified and Competent Company Secretaries

The Board acquires corporate secretarial services from a professional secretarial firm to assist the Board of Directors in discharging its duties and responsibilities.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.

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 Chairman, with the assistance of the management, provides new Directors with an initial orientation in order to familiarize them with their responsibilities as Directors under the relevant rules and regulations, and with the Company and its strategic plans, business environment, significant financial, accounting and risk management issues, compliance programs, Code of Conduct, the management and internal and independent auditors.

The Nomination Committee review and recommend, as appropriate, director orientation and continuing education programs for members of the Board. The management is responsible to source and provide the available continuing education programmes to the Directors as well as to arrange for the Director's attendance at these training programmes.

The Directors are encouraged to attend various training programmes and seminars to ensure that they are kept abreast on various issues pertaining to the industry and business environment within which the Company operates, particularly in areas of corporate governance and regulatory compliance.

B. DIRECTORS (cont'd)

Directors' Training (cont'd)

Training programmes and seminars attended by Members of the Board in 2013 are, inter-alia, on areas relating to operational management, corporate governance, risk management, and financial reporting:

- Entrepreneur Development Seminar
- Advocacy Sessions on Corporate Disclosure for Directors
- Getting the Goods & Service Tax Essentials Right
- Corporate Governance Trends Conference: What is Boards Role in a Turbulent Age
- Backdrop Currency War Seminar
- Understanding Goods & Service Tax in Malaysia
- Introduction to Human Resource Practices
- Silicon Defect Analysis Method
- Bi-directional AC Switch Concept

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, who 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 decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.

The Board has set forth Directors qualification and the Board's expectation towards its Board members in the Board Charter, among others, the Directors are required to commit sufficient time and energy to satisfy the requirements of the Board and Board Committee membership particularly in terms of:

- Attendance and participation in Board meetings and annual general meetings

- Preparation prior to each meeting

- Availability to management upon request to provide advice and counsel

- Attending continuing education programmes to update knowledge and enhance their skills.

To ensure that the Directors have ample time to focus and fulfill their roles and responsibilities effectively, the Board has imposed in the Board Charter that Directors may serve on the boards of other public companies provided that the directorships shall not be more than five (5) and these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a Board member.

Directors are required to advise the Chairman in writing in advance of accepting an invitation to serve on the Board of another public company and to declare their directorship semi-annually.

For the year ended December 31, 2013, the Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meeting summarises on page 25 of this 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.

B. DIRECTORS (cont'd)

The Board Committees

The following committees are established to assist the Board in the discharge of its duties:

i. The Audit Committee

The composition and terms of reference of this Committee together with its report are presented on pages 31 to 33 of this annual report.

ii. The Remuneration Committee

The Remuneration Committee was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised mainly of Non-Executive Directors, namely:

Chairman : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

Members : Chia Tong Saik
Independent Non-Executive Director

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

A primary purpose of the Committee is to ensure that the remuneration package of members of the Board and Board Committee are internally equitable, externally competitive, motivates the Board towards the achievement of business objectives and align their focus on the long-term business of the Company.

For the year ended December 31, 2013, the Remuneration Committee reviewed and recommended to the Board the Remuneration Committee Charter and the remuneration package and other benefits extended to all Directors. Remuneration packages of Directors was 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.

The remuneration package of the members of the Board and Board Committee is as follows:

- **Salary and Benefits-in-Kind**
  The Executive Directors are entitled to a fixed component of remuneration package which includes a monthly salary, employer contributions to the Employee Provident Fund, benefits-in-kind such as the provision of accommodation allowance and medical coverage; and performance-based bonus.
- **Fee**
  The Board, based on the fixed sum as authorized by the Company's shareholders, determines fees payable to all Directors after considering comparable industry rate and the level of responsibilities undertaken by the Directors.
- **Equity-settled Share-based Payment**
  All Directors of the Company are eligible to participate in the Employee Share Option Scheme 2006. Upon shareholders' approval, the Board is authorized to grant share options to the Directors.

The details of the remuneration of the Directors for the financial year ended December 31, 2013 are as follows:

Category	Fees	Salaries & Other Emoluments	Benefits-in-Kind	Total
	RM	RM	RM	RM
Executive Directors	132,400	1,085,601	60,000	1,278,001
Non-Executive Directors	259,800	-	-	259,800
Total	392,200	1,085,601	60,000	1,537,801

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	-	1
RM50,001 to RM100,000	-	3
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	1	-
RM300,001 to RM350,000	1	-
RM600,001 to RM650,000	1	-

B. DIRECTORS (cont'd)

The Board Committees (cont'd)

iii. The Nomination Committee

The Nomination Committee was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised exclusively of Non-Executive Directors, a majority of whom are independent, namely:

Chairman: Charlie Ong Chye Lee
Senior Independent Non-Executive Director

Member: Dr. Heinrich Komesker
Independent Non-Executive Director

Chia Tong Saik
Independent Non-Executive Director

Summary of activities of the Nomination Committee in 2013 are as follows:

- Identified and made recommendation to the Board of Directors the nominees qualified to become Board members and Board Committee members after taken into consideration the qualifications and desirable characteristic of directors and director's independent standards set forth in the Board Charter and such other factors as it deems appropriate.
- Reviewed the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors brought to the Board.
- Assessed the Company's compliance with applicable laws and regulations relating to corporate governance and recommended to the Board.
- Reviewed and reassessed the adequacy of the terms of reference of Nomination Committee and established Nomination Committee Charter which incorporating the criteria for recruitment and annual assessment and recommended to the Board to modify it. Nomination Committee Charter was established and adopted.
- Assessed the contribution of each individual Director in terms of skills, experience and other qualities, attendance in all Board meetings, Board Committee meetings and annual meeting of shareholders, willingness to rigorously prepare prior to each meeting, level of participation in the meeting, willingness to make himself/herself available to management upon required to provide advice and counsel, willing to develop a broad knowledge of both critical issues affecting the Company (including industry, technology and market specific information), ability to exercise independent judgment at all times, demonstration of high professionalism and integrity in decision-making process.

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

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

Upon the recommendation by the ESOS Committee and in pursuant to the Bye-Law 18.1 of the ESOS 2006's Bye-Laws, the Board of Directors extended the expiry of the ESOS 2006 for another five years commencing August 8, 2011.

During the financial year ended December 31, 2013, the Company granted Share Options of 2,865,000 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2013, balance number of Share Option available for allotment was 35,926,100 Ordinary Shares of RM0.20 each.

The aggregate maximum allocation of share options to Directors and senior management of the Group shall not exceed 50% of the Share Options available under the ESOS 2006. As of December 31, 2013, the actual allocation of Share Options to Directors and senior management was 43%.

The detail of Share Options granted to and exercised by the Directors during the year under review are presented on page 41 of this annual report.

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. 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.

All Directors, the management and external auditors were in attendance to respond to shareholders' questions during the meeting. The Board also shared with the shareholders the Company responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

C. SHAREHOLDERS (cont'd)

Corporate Website

The Company maintains a corporate website at www.uchi.net which provides all relevant information about UCHITEC and is accessible by the public. This corporate website enhances the investor relation function by including share price information, all announcement made via Bursa LINK, annual reports as well as the corporate governance structure of the Company.

Corporate Disclosure Policy

The Company adopted Corporate Disclosure Policy to ensure informative, timely and accurate disclosure of material information concerning the Company to the public. UCHITEC recognizes that individual investors deserve the same access to material information as institutional shareholders and analysts, and is committed to providing fair and equal access to such information through broadly disseminated disclosure.

This Corporate Disclosure Policy deals with how UCHITEC and its employees handle material non-public information. It applies to all directors, officers and employees of UCHITEC and its operating subsidiaries (collectively, the "Employees") and insiders (as defined in the Listing Requirement of Bursa Malaysia Securities Berhad).

This disclosure policy does not apply to communications in the ordinary course of business not involving material information.

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.

For the year ended December 31, 2013, the Directors, in discharging their responsibilities, 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, 2013 on March 28, 2014.

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 and sound framework 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 risk management and internal audit function is set out on pages 34 & 35 of this annual report.

Relationship with the Auditor

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

The Board adopted the Auditors' Independence Policy and assessed the independence of Messrs. Deloitte as external auditors against the said Policy which include reviewing the level of non-audit services to be rendered by Deloitte to the Company.

The Audit Committee is satisfied with Deloitte's technical competency and audit independence and recommended to the Board the re-appointment of Deloitte as auditors of the Company.

The re-appointment of Deloitte as auditors of the Company is subject to shareholders' approval at the forthcoming annual general meeting.

COMPLIANCE STATEMENT

The Board is satisfied that the Company fully complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

The collective approval by the Board on this Statement was tabled on March 28, 2014.

For and on behalf of the Board of Directors of

Uchi Technologies Berhad (Company No.: 457890-A)

CHARLIE ONG CHYE LEE
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, 2013.

AUDIT COMMITTEE

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

Chairman : Chia Tong Saik
Independent Non-Executive Director

Members : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

Dr. Heinrich Komesker
Independent Non-Executive Director

TERMS OF REFERENCE

1. Objectives

The Audit Committee is appointed by the Board to assist the Board in the oversight of:

- The integrity of the financial statements of the Company;
- The independent auditors' qualification and independence;
- The quality of the audit conducted by the internal and external auditors;
- The adequacy of the Company's control environment;
- The compliance by the Company with legal and regulatory requirements and observance of a proper code of conduct; and
- The Company's policies and practices with respect to major risk exposure.

2. Composition

The Audit Committee shall be appointed by the Board of Directors on the recommendation of the Nomination Committee 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.

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.

No Director may serve as member of the Audit Committee if such Director serves on the audit committee of more than two (2) other public companies unless the Board determines that such simultaneous service would not impair such director's ability to serve effectively on the Audit Committee.

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.

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 advices 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.

The Senior Finance Manager and representatives of the internal and external auditors should normally attend meeting. 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.

Operation of the Committee meeting is stipulated in the Board Charter.

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.

5. Audit Committee Responsibilities

The Committee's responsibility is to oversee the financial reporting process and practices of the Company and to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community to ensure the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements. The Audit Committee members are not expected to conduct field work or other types of technical reviews to assure themselves of the quality of work performed. The Committee shall be entitled to rely upon the integrity of the Company's financial executive management and the independent auditors. Should financial executive management or the independent auditors become aware that information provided to the Committee cannot be relied upon, that party has the responsibility to promptly report such findings to the Audit Committee and the Board of Directors.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

- Review and reassess the adequacy of this Charter annually, and when considered necessary, make recommendations to the Board to modify it;
- Review the adequacy and effectiveness of risk management and internal control system of the Group annually and when necessary, recommend for enhancement;
- Review the independence of external auditors in accordance with the Independent Policy adopted by the Board of Directors and recommend the appointment and re-appointment of the external auditors, the compensation and any questions of resignation or dismissal, if any;
- Discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- Review and discuss the quarterly financial statements and audited financial statements of the Company, with the Management and the independent auditors, 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;
- Discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, including resolution of disagreements between management and the independent auditors regarding financial reporting (in the absence of management where necessary);
- Review the external auditors' management letter and management's response;
- 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 the internal audit function;
    - approve any appointment or termination of the internal audit function;
    - review the resignation of internal audit function and its reasons for resigning;
- Consider any related party transactions that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- Review the allocation of options during the year under the Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006") 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 2006;
- Consider the major findings of internal investigations and management's response; and
- Consider other topics as defined by the Board.

6. Reporting

The Audit Committee shall report to the Board on its activities through presentations during the next Board meeting and/or by submission of the Minutes of the Audit Committee meetings to the Board.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2013, the Committee met six times with full attendance of all members of the Committee, of which the Audit Committee met the external auditors twice without the management's presence. 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, 2013 is as follows:

- Recommended the reappointment/appointment of the independent auditors and agreed on 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, 2013 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 fix their remuneration;

- Reviewed the implementation of the suggestion for improvement of internal control recommended by the independent auditors and internal audit team; and

- Reviewed the allocation of options during the year under the ESOS 2006 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 2006.

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.

RISK MANAGEMENT & INTERNAL CONTROL SYSTEM

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.

Salient features of the framework of risk management and 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;
- 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; and
- The Group is strongly committed to an environment of sound governance, sound internal controls and a culture that will safeguard stakeholders' interest and the Group's assets.

Code of Ethics

The Directors and employees continue to adhere to the Code of Ethics of UCHITEC codified in the Employees' Handbook. The principles on which this Code rely are those that concern transparency, integrity, accountability and civic social responsibility.

This Code is formulated to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:

- to establish standard of ethical conduct for Directors and employees based on acceptable belief and values that one upholds; and
- to uphold the spirit of social responsibility and accountability of the Group in line with the legislations, regulations and guidelines governing it.

Fraud and Whistle Blowing Policy

It is the management responsibilities to facilitate the development of controls, which will aid in the detection and prevention of fraud, misappropriations and other unethical behaviour in the workplace. All employees are obligated to support the management's effort to effectively minimize fraud risk. As such, Fraud Policy was established with the intention to promote consistent organisation behaviour by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations.

Nonetheless, UCHITEC has introduced Whistle Blowing Policy to provide an avenue for all employees of the Group and stakeholders, to raise their concern about illegal or immoral conduct or behaviour in the Group to the Administrator without fear of reprisal. Informants are assured that their identity is kept confidential and their concern will be acted upon. Mr. Charlie Ong Chye Lee, the Senior Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.

INTERNAL AUDIT FUNCTION

The Board appointed in-house audit team and a professional services firm (collectively known as "internal audit team") to assist the Audit Committee in discharging its duties and responsibilities in relation to internal audit function. The internal audit team reported directly to the Audit Committee.

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.

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.

The total cost incurred for internal audit function for the financial year ended December 31, 2013 was approximately RM99,016.

CONCLUSION

In line with the guidance for directors on risk management and internal control stipulated in the 'Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers', the Board confirms that there is an ongoing and effective process for identifying, evaluating and managing the risk management and internal control of the Group to safeguard the Group's assets and stakeholders' interest. The Board further confirms that this process is regularly reviewed by the Board.

The Board has received assurance from the management, headed by the Managing Director that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Company.

This Statement is made in accordance with the resolution of the Board of Directors dated March 28, 2014.

FINANCIAL STATEMENTS

ISO 9001 QUALITY POLICY

Exceed Customers' Expectations Through Continuous Improvement

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

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

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

Directors' Report	37
Independent Auditors' Report	42
Statements of Profit or Loss and Other Comprehensive Income	44
Statements of Financial Position	45
Statements of Changes in Equity	46
Statements of Cash Flows	48
Notes to the Financial Statements	50
Supplementary Information - Disclosure on Realised and Unrealised Profits	96
Statement by Directors	97
Declaration by The Director Primarily Responsible for the Financial Management of the Company	97

宇琦光电（东莞）有限公司
ISO9001

质量方针：
满足顾客需求，持续不断改善

质量目标：
全部顾客满意是我们的首要目标

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, 2013.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group	The Company
	RM	RM
Profit for the year	39,073,487	41,219,088

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

An interim dividend of 5 sen per ordinary share, tax exempt, amounting to RM18,471,955 in respect of the financial year ended December 31, 2012 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 7 sen per ordinary share, tax exempt, amounting to RM25,861,640 in respect of the financial year ended December 31, 2012 which was proposed and dealt with in the previous directors' report was declared and paid by the Company during the current financial year.

During the current financial year, interim dividends of 1.48 sen gross per ordinary share, less tax, and 2.52 sen per ordinary share, tax exempt, totaling RM13,450,249 were declared and paid in respect of the current financial year.

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 current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM75,301,840 divided into 376,509,200 ordinary shares of RM0.20 each to RM75,520,120 divided into 377,600,600 ordinary shares of RM0.20 each by way of issuance of 1,091,400 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 RM1.33 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM1,171,968 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.

TREASURY SHARES

During the financial year, the Company purchased 200 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM352 and it has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was RM1.76 per share. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

EMPLOYEES' SHARE OPTION SCHEME

On August 8, 2006, the Company implemented an ESOS for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006. The Company had extended the ESOS for another period of 5 years commencing August 8, 2011 on the same terms and conditions as mentioned in the By-Laws. The extended share options are exercisable at any time within the option period up to August 7, 2016.

The principal features of the ESOS are as follows:

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

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

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

(d) The options granted may be exercised upon giving notice in writing to the Company within a period of 5 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.

The share options granted and exercised during the financial year are as follows:

				No. of options over ordinary shares			
Granted on	**Expiry date**	**Exercise price per ordinary share**	**Balance as of 1.1.2013**	**Granted**	**Exercised**	**Lapsed/ forfeited**	**Balance as of 31.12.2013**
		RM					
August 8, 2006	August 8, 2016	3.28	13,515,500	-	-	(1,037,500)	12,478,000
November 8, 2006	August 8, 2016	3.17	35,000	-	-	-	35,000
February 8, 2007	August 8, 2016	3.21	443,000	-	-	-	443,000
May 8, 2007	August 8, 2016	3.31	471,000	-	-	-	471,000
May 28, 2007	August 8, 2016	3.29	800,000	-	-	-	800,000
August 8, 2007	August 8, 2016	2.99	79,500	-	-	-	79,500
November 8, 2007	August 8, 2016	2.87	66,000	-	-	-	66,000
February 6, 2008	August 8, 2016	2.11	75,000	-	-	-	75,000
May 8, 2008	August 8, 2016	2.29	130,000	-	-	-	130,000
August 8, 2008	August 8, 2016	1.92	425,500	-	-	-	425,500
November 7, 2008	August 8, 2016	0.97	6,500	-	-	-	6,500
February 6, 2009	August 8, 2016	0.91	133,500	-	(74,500)	-	59,000
May 8, 2009	August 8, 2016	1.32	27,000	-	-	-	27,000
May 15, 2009	August 8, 2016	1.33	1,000,000	-	-		1,000,000
August 7, 2009	August 8, 2016	1.33	8,187,400	-	(289,700)	(518,700)	7,379,000
November 6, 2009	August 8, 2016	1.38	10,000	-	-	-	10,000
February 8, 2010	August 8, 2016	1.31	8,430,600	-	(591,700)	(33,800)	7,805,100
May 7, 2010	August 8, 2016	1.41	90,000	-	-	(40,000)	50,000
August 6, 2010	August 8, 2016	1.34	320,000	-	-	(22,000)	298,000
November 8, 2010	August 8, 2016	1.34	140,000	-	-	(15,000)	125,000
February 8, 2011	August 8, 2016	1.30	538,000	-	(40,000)	(35,000)	463,000

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

Granted on	Expiry date	Exercise price per ordinary share	Balance as of 1.1.2013	No. of options over ordinary shares Granted	Exercised	Lapsed/ forfeited	Balance as of 31.12.2013
		RM					
May 6, 2011	August 8, 2016	1.40	135,000	-	-	(25,000)	110,000
August 8, 2011	August 8, 2016	1.33	146,500	-	-	-	146,500
November 8, 2011	August 8, 2016	1.22	185,000	-	-	(40,000)	145,000
February 8, 2012	August 8, 2016	1.20	377,000	-	-	(25,000)	352,000
May 8, 2012	August 8, 2016	1.23	20,000	-	-	(10,000)	10,000
August 8, 2012	August 8, 2016	1.20	380,000	-	-	(130,000)	250,000
November 8, 2012	August 8, 2016	1.19	45,000	-	(5,000)	-	40,000
February 8, 2013	August 8, 2016	1.15	-	1,430,000	(90,500)	(117,500)	1,222,000
May 8, 2013	August 8, 2016	1.24	-	190,000	-	(10,000)	180,000
May 28, 2013	August 8, 2016	1.35	-	1,000,000	-	-	1,000,000
August 7, 2013	August 8, 2016	1.31	-	10,000	-	-	10,000
November 8, 2013	August 8, 2016	1.48	-	235,000	-	-	235,000
			36,212,000	2,865,000	(1,091,400)	(2,059,500)	35,926,100

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 60,000. The names of option holders who have been granted options for 60,000 or more to subscribe ordinary shares of RM0.20 each during the financial year are as follows:

Name of grantee	Exercisable from	Exercise price per ordinary share	No. of options over ordinary shares Granted	Exercised	Balance as of 31.12.2013
		RM			
Goh Peek Goon	February 8, 2013	1.15	500,000	-	500,000
Huan Swee Peng	February 8, 2013	1.15	100,000	-	100,000
Loh Soong Kong	February 8, 2013	1.15	100,000	-	100,000
Tan Meng Heng	February 8, 2013	1.15	100,000	(25,000)	75,000
Oh Chun Boon	February 8, 2013	1.15	130,000	(32,500)	97,500
Ong Pek See	February 8, 2013	1.15	100,000	(25,000)	75,000
Neoh Kok Lam	May 8, 2013	1.24	60,000	-	60,000
Chia Tong Saik	May 28, 2013	1.35	1,000,000	-	1,000,000
Pan Guo Xin	November 8, 2013	1.48	80,000	-	80,000

The options granted may be exercised in a staggered basis within the option period up to August 7, 2016. The option prices for the ordinary shares under the ESOS ranges between RM0.91 to RM3.31 per ordinary share.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position 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.

OTHER STATUTORY INFORMATION (cont'd)

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
Dr. Heinrich Komesker
Charlie Ong Chye Lee
Chia Tong Saik
Huang, Yen-Chang also known as Stanley Huang
(Alternate to Kao, De-Tsan also known as Ted Kao)
Ow Chooi Khim
(Alternate to Kao, Te-Pei also known as Edward Kao)
Ng Hai Suan @ Ooi Hoay Seng (retired on May 28, 2013)

DIRECTORS' INTERESTS

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 1.1.2013	Bought	Sold	Balance as of 31.12.2013
Direct interest:				
Dr. Heinrich Komesker	200,000	-	-	200,000
Huang, Yen-Chang also known as Stanley Huang	309,700	309,700	(309,700)	309,700
Ow Chooi Khim	83,810	50,000	-	133,810

DIRECTORS' INTERESTS (cont'd)

	No. of ordinary shares of RM0.20 each			
	Balance as of 1.1.2013	Bought	Sold	Balance as of 31.12.2013
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	3,400,000	(3,400,000)	20,162,060

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 1.1.2013	Granted	Exercised	Balance as of 31.12.2013
Kao, De-Tsan also known as Ted Kao	3,510,000	-	-	3,510,000
Kao, Te-Pei also known as Edward Kao	3,510,000	-	-	3,510,000
Dr. Heinrich Komesker	1,300,000	-	-	1,300,000
Charlie Ong Chye Lee	1,000,000	-	-	1,000,000
Chia Tong Saik	-	1,000,000	-	1,000,000
Huang, Yen-Chang also known as Stanley Huang	700,000	-	(309,700)	390,300
Ow Chooi Khim	2,350,000	-	(50,000)	2,300,000

By virtue of his interest in the shares of the Company, Mr. Kao, De-Tsan also known as Ted Kao is also deemed to have an interest in the shares of the subsidiaries of the Company to the extent that the Company 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 the directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

KAO, DE-TSAN also known as TED KAO

KAO, TE-PEI also known as EDWARD KAO

Penang,

March 28, 2014

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 statements of financial position of the Group and of the Company as of December 31, 2013 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of financial statements that give a true and fair view 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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 subsidiaries, have been properly kept in accordance with the provisions of the Act;

(b) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements 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 those purposes; and

(c) our auditor's reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, 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.

DELOITTE
AF 0080
Chartered Accountants

LEE CHENG HEOH
Partner – 2225/04/14 (J)
Chartered Accountant

March 28, 2014

Penang

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	The Group 2013 RM	The Group 2012 RM	The Company 2013 RM	The Company 2012 RM
Revenue	5	**93,961,112**	92,295,052	**42,393,560**	52,310,314
Investment income	6	**3,338,604**	4,058,381	**2,482,851**	2,212,137
Other income		**12,148**	-	**-**	-
Other gains and losses	7	**(26,318)**	2,025,848	**8**	14,372
Raw materials consumed		**(31,425,626)**	(28,846,400)	**-**	-
Changes in inventories of finished goods and work-in-progress		**1,638,466**	(405,802)	**-**	-
Employee benefits expense	8	**(13,824,645)**	(14,201,626)	**(2,565,976)**	(2,871,240)
Depreciation and amortisation expenses		**(5,992,706)**	(3,596,171)	**(11,112)**	(17,505)
Other expenses		**(5,917,135)**	(5,070,162)	**(458,852)**	(312,525)
Profit before tax		**41,763,900**	46,259,120	**41,840,479**	51,335,553
Income tax expense	9	**(2,690,413)**	(1,427,896)	**(621,391)**	(467,331)
Profit for the year attributable to owners of the Company	10	**39,073,487**	44,831,224	**41,219,088**	50,868,222
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**2,593,128**	(622,315)	**-**	-
Total comprehensive income for the year, net of tax		**41,666,615**	44,208,909	**41,219,088**	50,868,222
Earnings per share	11				
Basic (sen per share)		**10.57**	12.13		
Diluted (sen per share)		**10.56**	12.13		

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

STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2013

	Notes	The Group 2013	The Group 2012	The Company 2013	The Company 2012
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	**65,540,674**	69,345,035	**5,245**	16,396
Investment property	13	**8,357,195**	-	**-**	-
Prepaid lease payments on leasehold land	14	**7,137,902**	6,951,434	**-**	-
Investments in subsidiaries	15	**-**	-	**53,495,577**	53,483,262
Deferred tax assets	16	**201,306**	188,090	**96,000**	111,000
Total non-current assets		**81,237,077**	76,484,559	**53,596,822**	53,610,658
Current assets					
Inventories	17	**13,346,125**	10,811,644	**-**	-
Trade and other receivables	18	**7,392,617**	10,724,741	**23,822,414**	43,614,119
Other financial assets	19	**-**	506,237	**-**	-
Current tax assets		**3,866,228**	287,706	**-**	238,337
Other assets	20	**827,217**	1,322,435	**2,000**	2,897
Short-term deposits	21	**110,049,486**	131,444,248	**76,098,829**	71,200,958
Cash and bank balances	22	**1,907,457**	2,960,172	**114,296**	32,432
Total current assets		**137,389,130**	158,057,183	**100,037,539**	115,088,743
Total assets		**218,626,207**	234,541,742	**153,634,361**	168,699,401
Equity and liabilities					
Capital and reserves					
Share capital	23	**75,520,120**	75,301,840	**75,520,120**	75,301,840
Treasury shares	23	**(11,240,770)**	(11,240,418)	**(11,240,770)**	(11,240,418)
Reserves	24	**34,985,280**	31,355,101	**38,516,464**	37,479,413
Retained earnings	25	**91,639,963**	91,690,100	**49,800,840**	47,725,835
Total equity attributable to owners of the Company		**190,904,593**	187,106,623	**152,596,654**	149,266,670
Non-current liabilities					
Deferred tax liabilities	16	**1,268,567**	1,164,476	**-**	-
Current liabilities					
Trade and other payables	26	**24,606,667**	26,963,125	**948,623**	960,776
Other financial liabilities	19	**895,456**	-	**-**	-
Dividend payable		**-**	18,471,955	**-**	18,471,955
Current tax liabilities		**100,924**	15,563	**89,084**	-
Provision for rework and warranty	27	**850,000**	820,000	**-**	-
Total current liabilities		**26,453,047**	46,270,643	**1,037,707**	19,432,731
Total liabilities		**27,721,614**	47,435,119	**1,037,707**	19,432,731
Total equity and liabilities		**218,626,207**	234,541,742	**153,634,361**	168,699,401

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

The Group

	Share capital	Treasury shares	Share premium	Equity-settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM	RM
Balance at January 1, 2012	75,300,640	(11,240,095)	26,620,919	4,173,926	1,275,649	91,076,252	187,207,291
Profit for the year	-	-	-	-	-	44,831,224	44,831,224
Other comprehensive income for the year, net of income tax	-	-	-	-	(622,315)	-	(622,315)
Total comprehensive income for the year	-	-	-	-	(622,315)	44,831,224	44,208,909
Issue of ordinary shares under employee share option plan	1,200	-	4,620	-	-	-	5,820
Buy-back of ordinary shares	-	(323)	-	-	-	-	(323)
Recognition of share-based payments	-	-	-	17,626	-	-	17,626
Share-based payments forfeited	-	-	-	(115,324)	-	115,324	-
Payments of dividends (Note 28)	-	-	-	-	-	(44,332,700)	(44,332,700)
Balance at December 31, 2012	75,301,840	(11,240,418)	26,625,539	4,076,228	653,334	91,690,100	187,106,623
Balance at January 1, 2013	**75,301,840**	**(11,240,418)**	**26,625,539**	**4,076,228**	**653,334**	**91,690,100**	**187,106,623**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**39,073,487**	**39,073,487**
Other comprehensive income for the year, net of income tax	**-**	**-**	**-**	**-**	**2,593,128**	**-**	**2,593,128**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,593,128**	**39,073,487**	**41,666,615**
Issue of ordinary shares under employee share option plan	**218,280**	**-**	**1,171,968**	**-**	**-**	**-**	**1,390,248**
Buy-back of ordinary shares	**-**	**(352)**	**-**	**-**	**-**	**-**	**(352)**
Recognition of share-based payments	**-**	**-**	**-**	**53,348**	**-**	**-**	**53,348**
Share-based payments forfeited	**-**	**-**	**-**	**(188,265)**	**-**	**188,265**	**-**
Payments of dividends (Note 28)	**-**	**-**	**-**	**-**	**-**	**(39,311,889)**	**(39,311,889)**
Balance at December 31, 2013	**75,520,120**	**(11,240,770)**	**27,797,507**	**3,941,311**	**3,246,462**	**91,639,963**	**190,904,593**

The Company

	Share capital RM	Treasury shares RM	Share premium RM	Merger reserve RM	Equity-settled employee benefits reserve RM	Retained earnings RM	Total RM
Balance at January 1, 2012	75,300,640	(11,240,095)	26,620,919	6,777,646	4,173,926	41,159,800	142,792,836
Profit for the year	-	-	-	-	-	50,868,222	50,868,222
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	50,868,222	50,868,222
Issue of ordinary shares under employee share option plan	1,200	-	4,620	-	-	-	5,820
Buy-back of ordinary shares	-	(323)	-	-	-	-	(323)
Recognition of share-based payments:							
Recognised in profit or loss	-	-	-	-	6,346	-	6,346
Included in investments in subsidiaries	-	-	-	-	(73,531)	-	(73,531)
Share-based payments forfeited	-	-	-	-	(30,513)	30,513	-
Payments of dividends (Note 28)	-	-	-	-	-	(44,332,700)	(44,332,700)
Balance at December 31, 2012	75,301,840	(11,240,418)	26,625,539	6,777,646	4,076,228	47,725,835	149,266,670
Balance at January 1, 2013	**75,301,840**	**(11,240,418)**	**26,625,539**	**6,777,646**	**4,076,228**	**47,725,835**	**149,266,670**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**41,219,088**	**41,219,088**
Other comprehensive income for the year, net of income tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**41,219,088**	**41,219,088**
Issue of ordinary shares under employee share option plan	**218,280**	**-**	**1,171,968**	**-**	**-**	**-**	**1,390,248**
Buy-back of ordinary shares	**-**	**(352)**	**-**	**-**	**-**	**-**	**(352)**
Recognition of share-based payments:							
Recognised in profit or loss	**-**	**-**	**-**	**-**	**20,574**	**-**	**20,574**
Included in investments in subsidiaries	**-**	**-**	**-**	**-**	**12,315**	**-**	**12,315**
Share-based payments forfeited	**-**	**-**	**-**	**-**	**(167,806)**	**167,806**	**-**
Payments of dividends (Note 28)	**-**	**-**	**-**	**-**	**-**	**(39,311,889)**	**(39,311,889)**
Balance at December 31, 2013	**75,520,120**	**(11,240,770)**	**27,797,507**	**6,777,646**	**3,941,311**	**49,800,840**	**152,596,654**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash flows from operating activities				
Profit for the year	**39,073,487**	44,831,224	**41,219,088**	50,868,222
Adjustments for:				
Depreciation and amortisation of non-current assets	**5,992,706**	3,596,171	**11,112**	17,505
Income tax expense recognised in profit or loss	**2,690,413**	1,427,896	**621,391**	467,331
Unrealised loss/ (gain) arising on financial liabilities/assets designated as at fair value through profit or loss	**895,456**	(506,237)	**-**	-
Unrealised loss/ (gain) on foreign exchange	**226,422**	145,384	**(12)**	25
Provision for rework and warranty	**168,420**	170,320	**-**	-
Expense recognised in respect of equity-settled share-based payments	**53,348**	17,626	**20,574**	6,346
Property, plant and equipment written off	**22,537**	2	**-**	-
Loss/ (gain) on disposal of property, plant and equipment	**9,047**	50,567	**39**	(14,397)
Investment income recognised in profit or loss	**(3,338,604)**	(4,058,381)	**(2,482,851)**	(2,212,137)
Reversal of impairment loss on trade receivables	**(109,748)**	(192,536)	**-**	-
Reversal of inventories written down	**(27,934)**	(282,037)	**-**	-
Impairment loss recognised on trade receivables	**-**	138,052	**-**	-
Provision for rework and warranty no longer required	**-**	(530,000)	**-**	-
Gross dividend income from a subsidiary	**-**	-	**(40,000,000)**	(50,000,000)
	45,655,550	44,808,051	**(610,659)**	(867,105)
Movements in working capital:				
Increase in inventories	**(2,308,275)**	(880,074)	**-**	-
Decrease/ (increase) trade and other receivables	**3,962,836**	(677,089)	**16,398**	19,504
Decrease/ (increase) in other assets	**510,265**	(223,474)	**897**	-
(Decrease)/ increase in trade and other payables	**4,480,121**	5,873,131	**(12,153)**	(41,041)
Increase in other financial liabilities/ assets	**506,237**	(944,433)	**-**	-
Cash generated from/ (used in) operations	**52,806,734**	47,956,112	**(605,517)**	(888,642)
Income taxes refunded	**438,044**	5,903	**362,364**	-
Income taxes paid	**(6,526,705)**	(1,251,340)	**(641,334)**	(464,916)
Rework and warranty costs paid	**(138,420)**	(170,320)	**-**	-
Net cash generated by/ (used in) operating activities	**46,579,653**	46,540,355	**(884,487)**	(1,353,558)

	Notes	The Group 2013 RM	The Group 2012 RM	The Company 2013 RM	The Company 2012 RM
Cash flows from investing activities					
Interest received		**3,328,244**	4,256,869	**2,273,200**	2,102,768
Proceeds from disposal of property, plant and equipment		**110,878**	118,759	**-**	19,500
Payments for property, plant and equipment	26	**(16,671,598)**	(26,042,842)	**-**	-
Dividend received from a subsidiary		**-**	-	**40,000,000**	50,000,000
Repayments by subsidiaries		**-**	-	**19,984,958**	2,336,405
Net cash (used in)/ generated by investing activities		**(13,232,476)**	(21,667,214)	**62,258,158**	54,458,673
Cash flows from financing activities					
Proceeds from issue of equity shares		**1,390,248**	5,820	**1,390,248**	5,820
Dividends paid to owners of the Company		**(57,783,844)**	(44,332,410)	**(57,783,844)**	(44,332,410)
Payments for buy-back of shares		**(352)**	(323)	**(352)**	(323)
Net cash used in financing activities		**(56,393,948)**	(44,326,913)	**(56,393,948)**	(44,326,913)
Net (decrease)/ increase in cash and cash equivalents		**(23,046,771)**	(19,453,772)	**4,979,723**	8,778,202
Cash and cash equivalents at the beginning of the year		**134,404,420**	154,041,071	**71,233,390**	62,455,213
Effects of exchange rates changes on the balances of cash held in foreign currencies		**599,294**	(182,879)	**12**	(25)
Cash and cash equivalents at the end of the year	29	**111,956,943**	134,404,420	**76,213,125**	71,233,390

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The registered office of the Company is located at Suite 12-02, 12th Floor, Menara Zurich, 170, Jalan Argyll, 10050 Penang, Malaysia.

The principal place of business of the Company is located at 3097, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Penang, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on March 28, 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Application of new and revised Malaysian Financial Reporting Standards

New and revised MFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2013.

Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group and the Company have applied the amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to MFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group and the Company do not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In November 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising MFRS 10 Consolidated Financial Statements, MFRS 11 Joint Arrangements, MFRS 12 Disclosure of Interests in Other Entities, MFRS 127 (IAS 27 as revised by IASB in May 2011) Separate Financial Statements and MFRS 128 (IAS 28 as revised by IASB in May 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group and the Company have applied for the first time MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as revised by IASB in May 2011) and MFRS 128 (IAS 28 as revised by IASB in May 2011) together with the amendments to MFRS 10, MFRS 11 and MFRS 12 regarding the transitional guidance.

Impact of the application of MFRS 10

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements and Issues Committee Interpretation ("IC Int.") 112 Consolidation – Special Purpose Entities. MFRS 10 changes the definition of control such that an investor has control over an investee when:

(a) it has power over the investee;
(b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
(c) has the ability to use its power to affect its returns.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Impact of the application of MFRS 10 (cont'd)

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in MFRS 10 to explain when an investor has control over an investee. Some guidance included in MFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of MFRS 11

MFRS 11 replaces MFRS 131 Interests in Joint Ventures, and the guidance contained in a related interpretation, IC Int. 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in MFRS 128 (IAS 28 as revised by IASB in May 2011). MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under MFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, MFRS 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under MFRS 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Impact of the application of MFRS 12

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of MFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

The application of these new and revised standards does not have a significant impact on the Group's and the Company's financial statements.

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current year. MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of MFRS 13 is broad; the fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transactions that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to MFRS 101 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to MFRS 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to MFRS 101 Presentation of Financial Statements
(as part of the Annual Improvements to MFRSs 2009 - 2011 Cycle issued in July 2012)

The Annual Improvements to MFRSs 2009 - 2011 have made a number of amendments to MFRSs. The amendments specify that a third statement of financial position is required when (a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and (b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

The application of the amendments to MFRS 101 has not had any material impact on these financial statements.

MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

MFRS 119 (IAS 19 as amended by IASB in June 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a 'net interest' amount under MFRS 119 (IAS 19 as amended by IASB in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, MFRS 119 (IAS 19 as amended by IASB in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of MFRS 119 (IAS 19 as amended by IASB in June 2011).

The application of MFRS 119 has not had any material impact on these financial statements.

Standards and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) [(a)]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) [(a)]
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) [(a)]
IC Int. 21	Levies [(b)]
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures [(a)]

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Standards and IC Interpretations in issue but not yet effective (cont'd)

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities [b]
Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) [c]
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) [b]
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets) [b]
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) [b]

Amendments to MFRS contained in the document entitled Annual Improvements to MFRSs 2010–2012 Cycle [c]

Amendments to MFRS contained in the document entitled Annual Improvements to MFRSs 2011–2013 Cycle [c]

[a] The mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual periods beginning on or after January 1, 2015 has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139. The effective date of MFRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the MFRS 9 is available for early adoption.
[b] Effective for annual periods beginning on or after January 1, 2014.
[c] Effective for annual periods beginning on or after July 1, 2014.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of March 1, 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after January 1, 2015 instead of on or after January 1, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. However, this mandatory effective date has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139 (see below). MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduce new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9:

(a) All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors do not anticipate that the application of MFRS 9 and these amendments to MFRS 9 and MFRS 7 will have a significant impact on the Group's and the Company's financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

MFRS 9 Financial Instruments: Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

This Standard introduces a new general hedge accounting model. The new general hedge accounting model will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. However, entities that apply MFRS 9 will have an accounting policy choice under the standard as to whether to apply the hedge accounting model in MFRS 139 or MFRS 9. This accounting policy choice will be revisited when macro hedging project is near to its finalisation.

The principal changes introduced as compared to the general hedge accounting model under MFRS 139 are as follows:

(a) the qualifying criteria for hedge accounting is now based on a more principles-based approach;
(b) increased eligibility of hedging instruments;
(c) increased eligibility of hedged items;
(d) accounting for the time value component of options and forward contracts with less volatility in profit or loss; and
(e) modification and discontinuation of hedging relationships.

In addition to the new chapter on hedge accounting, two other important changes were made to MFRS 9:

(a) Reporting of changes in fair value of an entity's own debts

MFRS 9 (IFRS 9 as issued by IASB in October 2010) requires an entity to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss to be presented in other comprehensive income rather than in profit or loss. This requirement can only be applied when MFRS 9 is adopted.

The amendment now allows entities to elect to early adopt the aforementioned requirement without applying the other requirements in MFRS 9 (i.e. an entity can continue to apply MFRS 139 and yet, be able to adopt this new presentation requirement).

(b) Removal of the mandatory effective date of MFRS 9

The MASB have decided to remove the mandatory effective date (i.e. January 1, 2015) from MFRS 9. The new date shall be determined when the impairment phase is closer to completion.

The directors are currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Group's and the Company's financial statements cannot be determined now until the process is complete.

IC Interpretation 21

IC Interpretation 21 provides guidance on when to recognise a liability for a levy imposed by the government, both for levies which are accounted for in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain:

(a) the obligating event that gives rise to a liability to pay a levy is the activity which triggers the payment of the levy;
(b) the liability is recognised progressively if the obligating event occurs over a period of time;
(c) if an obligating event is triggered on reaching a minimum threshold, the liability is recognised when that minimum is reached.

The directors do not anticipate that the application of IC Interpretation 21 will have a significant impact on the Group's and the Company's financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

The amendments to MFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

(a) obtain funds from one or more investors for the purpose of providing them with professional investment management services;
(b) commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to MFRS 12 and MFRS 127 to introduce new disclosure requirements for investment entities.

The directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". MFRS 132 requires retrospective application upon adoption.

The directors do not anticipate that the application of these amendments to MFRS 132 will have a significant impact on the Group's and the Company's financial statements as the Group and the Company do not have any financial assets and financial liabilities that qualify for offset.

Amendments to MFRS 136

The amendments rectify some of the unintended consequences of consequential amendments to MFRS 136 arising from MFRS 13 Fair Value Measurements. The requirement to disclose recoverable amounts of assets (or cash-generating units) is now restricted to periods in which an impairment loss is recognised or reversed. Additional disclosures are required about fair value measurement when the recoverable amounts of impaired assets is based on fair value less costs of disposal. The amendments introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where the recoverable amount, based on fair value less costs of disposal, is determined using a present value technique.

The directors do not anticipate that the application of the amendments to MFRS 136 will have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 139

The amendment was issued in response to changes in laws and regulations in some jurisdictions for over-the counter derivatives, requiring many of them to be transacted with a central counterparty or entity acting in a similar capacity. It allows the continuation of hedge accounting when a derivative is novated to a central counterparty and certain conditions are met.

The directors do not anticipate that the application of the amendments to MFRS 139 will have a significant impact on the Group's and the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(c) Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

(a) has power over the investee;
(b) is exposed, or has rights, to variable returns from its involvement with the investee; and
(c) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

(a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(b) potential voting rights held by the Company, other vote holders or other parties;
(c) rights arising from other contractual arrangements; and
(d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and basis of consolidation (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries 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.

MFRS 1 provides the option to apply MFRS 3 Business combinations prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after January 1, 2011. However, there are no business combinations occurring after January 1, 2006.

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 statements of comprehensive income.

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 subsidiaries are consolidated under the merger method except for the financial statements of Uchi Technologies (Dongguan) Co., Ltd. which are consolidated under the purchase method.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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.

(b) Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Other income

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

Short-term employee benefits

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

Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payments (cont'd)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Taxation

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

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for 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 the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;

(b) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(c) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Research and development expenses

Research and development expenses are charged to the profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at deemed costs, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2.5% & 4.5%
Plant and machinery	9% - 50%
Fire-fighting and security system	12% & 18%
Air-conditioning system	12% & 18%
Furniture and fittings	12% & 18%
Office equipment	12% - 50%
Electrical installation	9% & 10%
Motor vehicles	18% & 20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property

Investment property, comprising building, is held for long-term to earn rental and/ or for capital appreciation or both, and is not occupied by the Group.

Investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on a straight-line method of 2.5%.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in which the property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the first-in, first-out method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

(b) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 31.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(d) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

(d) Impairment of financial assets (cont'd)

For all other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or
(ii) default or delinquency in interest or principal payments; or
(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
(iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods of 30 to 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(e) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments issued by the Group and the Company

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) 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 issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments issued by the Group and the Company (cont'd)

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

(d) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income. Fair value is determined in the manner described in Note 31.

(e) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(f) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments, foreign exchange contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 19.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Treasury shares

Shares bought back are retained as treasury shares under the treasury stock method. Shares repurchased and held as treasury shares are accounted for at the cost of repurchase and set off against equity. Where such treasury shares are subsequently sold or reissued, the net consideration received is included in shareholders' equity.

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 statements of comprehensive income on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits, bank overdrafts 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.

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, the directors are 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.

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

A subsidiary has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act, 1986 for the design, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment and mixed signal control system for centrifuge/ laboratory equipment. Under this incentive, upon certain terms and conditions fulfilled, 100% of the subsidiary's statutory income derived from the production of the abovementioned products will be exempted from income tax for a period of five years commencing from the production day (the commencement date of the tax free period). As of December 31, 2013, the commencement date of the tax free period has not been fixed yet by the MITI.

The directors expect that the tax free period for abovementioned products should commence in January 2013. Accordingly, no income taxes and deferred tax was recognised in respect of the statutory income derived from the production of the abovementioned products during the financial year ended/ as of December 31, 2013.

5. REVENUE

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Sale of goods:				
Manufacturing	**93,952,033**	92,288,898	**-**	-
Trading	**9,079**	6,154	**-**	-
Dividend income from a subsidiary	**-**	-	**40,000,000**	50,000,000
Management fee	**-**	-	**2,393,560**	2,310,314
	93,961,112	92,295,052	**42,393,560**	52,310,314

6. INVESTMENT INCOME

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest income on short-term deposits	**3,338,604**	4,058,381	**2,482,851**	2,212,137

The following is an analysis of investment income by category of asset:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest income for financial assets not designated as at fair value through profit or loss:				
Loans and receivables (including cash and bank balances)	**3,338,604**	4,058,381	**2,482,851**	2,212,137

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Net foreign exchange gain/ (loss)	**1,260,697**	(1,021,769)	**47**	(25)
Reversal of impairment loss on trade receivables	**109,748**	192,536	**-**	-
Reversal of inventories written down	**27,934**	282,037	**-**	-
Net (loss)/ gain arising on financial liabilities/ assets designated as at fair value through profit or loss	**(1,426,821)**	2,677,603	**-**	-
Property, plant and equipment written off	**(22,537)**	(2)	**-**	-
(Loss)/ gain on disposal of property, plant and equipment	**(9,047)**	(50,567)	**(39)**	14,397
Impairment loss recognised on trade receivables	**-**	(138,052)	**-**	-
Others	**33,708**	84,062	**-**	-
	(26,318)	2,025,848	**8**	14,372

8. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Post employment benefits:				
Defined contribution plan	**984,833**	948,856	**267,948**	287,883
Equity-settled share-based payments	**53,348**	17,626	**20,574**	6,346
Other employee benefits	**12,786,464**	13,235,144	**2,277,454**	2,577,011
Total employee benefits expense	**13,824,645**	14,201,626	**2,565,976**	2,871,240

The employees of the Group and of the Company are required by law to make contributions to the Employees Provident Fund ("EPF"), a post-employment plan. The Group and the Company are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and of the Company with respect to the retirement benefit plan is to make the specified contributions.

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

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Executive directors of the Company:				
Fee	**156,400**	132,400	**132,400**	132,400
Contribution to employees provident fund	**136,509**	102,689	**136,509**	102,689
Benefits-in-kind	**60,000**	60,000	**60,000**	60,000
Other emoluments	**949,092**	689,798	**949,092**	689,798
Non-executive directors of the Company:				
Fee	**259,800**	257,600	**259,800**	257,600
Executive directors of a subsidiary:				
Fee	**24,000**	-	**-**	-
Contribution to employees provident fund	**19,092**	-	**-**	-
Other emoluments	**154,193**	-	**-**	-
	1,759,086	1,242,487	**1,537,801**	1,242,487

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

9. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss

Income tax expense comprises:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Current tax expense in respect of the current year:				
Malaysian	**2,583,378**	1,002,571	**617,000**	550,925
Foreign	**10,080**	15,046	**-**	-
Adjustments recognised in the current year in relation to the current tax expense of prior year	**2,042**	(4,948)	**(10,609)**	(24,594)
	2,595,500	1,012,669	**606,391**	526,331
Deferred tax expense relating to the origination and reversal of temporary differences	**94,913**	415,227	**15,000**	(59,000)
Total income tax expense	**2,690,413**	1,427,896	**621,391**	467,331

9. INCOME TAX EXPENSE (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

The total tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before tax	**41,763,900**	46,259,120	**41,840,479**	51,335,553
Tax expense calculated using the Malaysian statutory income tax rate of 25% (2012: 25%)	**10,441,000**	11,565,000	**10,460,000**	12,834,000
Effect of expenses that are not deductible in determining taxable profit	**1,145,371**	621,320	**172,000**	157,925
Effect of revenue that is exempt from taxation	**(7,082,000)**	(10,481,000)	**-**	-
Effect of income that are not taxable in determining taxable profit	**(51,000)**	(272,476)	**(10,000,000)**	(12,500,000)
Effect of double deduction of expenses	**(5,000)**	-	**-**	-
Deferred tax not recognised on pioneer activity	**(1,760,000)**	-	**-**	-
	2,688,371	1,432,844	**632,000**	491,925
Adjustments recognised in the current year in relation to the current tax expense of prior year	**2,042**	(4,948)	**(10,609)**	(24,594)
Income tax expense recognised in profit or loss	**2,690,413**	1,427,896	**621,391**	467,331

The Group is operating in the jurisdictions of Malaysia and People's Republic of China. The applicable domestic statutory income tax rates are 25% (2012: 25%) for Malaysia and 25% (2012: 25%) for People's Republic of China. The applicable tax rate of 25% (2012: 25%) used in the above numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

The Malaysian Budget 2014 announced on October 25, 2013 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected rates.

A subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") for the design, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipments and mixed signal control system for centrifuge/ laboratory equipments. Under this incentive, upon certain terms and conditions fulfilled, 100% of the subsidiary'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 the production day (the commencement date of the tax free period). As of December 31, 2013, the commencement date of the tax free period has not been fixed yet by the MITI.

The directors expect that the tax free period for abovementioned products should commence in January 2013. Accordingly, no income taxes and deferred tax was recognised in respect of the statutory income derived from the production of the abovementioned products during the financial year ended/ as of December 31, 2013.

As of December 31, 2013, the approximate amounts of unused tax losses, unused tax capital allowances and unused reinvestment allowances of the Group which are available for set off against future taxable income are as follows:

	The Group	
	2013	2012
	RM	RM
Unused tax losses	**87,000**	87,000
Unused tax capital allowances	**19,000**	72,000
Unused reinvestment allowances	**1,236,000**	1,236,000

The above tax benefits are subject to agreement by the tax authority.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
After charging:				
Depreciation of property, plant and equipment	**5,579,761**	3,423,337	**11,112**	17,505
Research and development expenses	**4,382,762**	3,625,290	**-**	-
Loss arising on financial liabilities designated as at fair value through profit or loss:				
Unrealised	**895,456**	-	**-**	-
Realised	**531,365**	-	**-**	-
Depreciation of investment property	**235,746**	-	**-**	-
Loss on foreign exchange:				
Unrealised	**226,422**	145,384	**-**	25
Realised	**-**	876,385	**-**	-
Amortisation of prepaid lease payments on leasehold land	**177,199**	172,834	**-**	-
Provision for rework and warranty	**168,420**	170,320	**-**	-
Audit fee:				
Current year	**93,335**	95,311	**41,800**	43,000
Overprovision in prior year	**(2,450)**	-	**(1,200)**	-
Advisor fee paid to a former director	**56,000**	-	**56,000**	-
And crediting:				
Gain on foreign exchange:				
Realised	**1,487,119**	-	**35**	-
Unrealised	**-**	-	**12**	-
Gain arising on financial assets designated as at fair value through profit or loss:				
Realised	**-**	2,171,366	**-**	-
Unrealised	**-**	506,237	**-**	-
Provision for rework and warranty no longer required	**-**	530,000	**-**	-

11. EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	The Group	
	2013	2012
Profit for the year attributable to owners of the Company (RM)	**39,073,487**	44,831,224
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	**369,587,906**	369,436,395
Basic earnings per share (sen)	**10.57**	12.13

11. EARNINGS PER SHARE (cont'd)

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	The Group	
	2013	**2012**
	RM	**RM**
Profit for the year attributable to owners of the Company	**39,073,487**	44,831,224

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	The Group	
	2013	**2012**
	Unit	**Unit**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**369,587,906**	369,436,395
Shares deemed to be issued for no consideration in respect of employee share options	**260,089**	1,196
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**369,847,995**	369,437,591

	The Group	
	2013	**2012**
Diluted earnings per share (sen)	**10.56**	12.13

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	The Group	
	2013	**2012**
	Unit	**Unit**
Weighted average number of unissued shares in respect of employee share options	**24,780,527**	35,753,825

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost										
Balance at January 1, 2013	5,167,266	48,189,247	16,903,189	1,575,845	3,522,475	698,914	1,833,681	4,320,177	2,343,383	84,554,177
Transfer to investment property	-	(9,429,858)	-	-	-	-	-	-	-	(9,429,858)
Additions	-	77,742	8,179,270	-	-	403,932	160,734	8,097	154,547	8,984,322
Disposals/ write-off	-	-	(354,761)	(600)	-	(60,014)	(114,157)	-	(129,718)	(659,250)
Currency translation differences	-	1,553,991	264,293	53,865	89,047	7,727	42,443	204,761	44,746	2,260,873
Balance at December 31, 2013	5,167,266	40,391,122	24,991,991	1,629,110	3,611,522	1,050,559	1,922,701	4,533,035	2,412,958	85,710,264
Balance at January 1, 2012	5,167,266	26,584,093	12,520,924	529,170	946,872	281,069	1,556,013	2,156,228	2,071,008	51,812,643
Additions	-	21,981,263	4,702,258	1,059,800	2,597,175	421,005	368,274	2,213,735	386,608	33,730,118
Disposals/ write-off	-	-	(252,168)	-	-	(1,314)	(80,631)	-	(103,352)	(437,465)
Currency translation differences	-	(376,109)	(67,825)	(13,125)	(21,572)	(1,846)	(9,975)	(49,786)	(10,881)	(551,119)
Balance at December 31, 2012	5,167,266	48,189,247	16,903,189	1,575,845	3,522,475	698,914	1,833,681	4,320,177	2,343,383	84,554,177

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

	Freehold land	Buildings	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation										
Balance at January 1, 2013	-	3,229,633	7,628,689	341,172	616,178	163,634	1,221,809	701,674	1,306,353	15,209,142
Transfer to investment property	-	(836,917)	-	-	-	-	-	-	-	(836,917)
Charge for the year	-	1,334,777	2,370,165	224,822	478,527	122,972	314,986	410,193	323,319	5,579,761
Disposals/ write-off	-	-	(327,922)	(264)	-	(43,182)	(31,430)	-	(113,990)	(516,788)
Currency translation differences	-	275,575	216,190	39,402	65,545	5,856	33,396	67,965	30,463	734,392
Balance at December 31, 2013	-	4,003,068	9,887,122	605,132	1,160,250	249,280	1,538,761	1,179,832	1,546,145	20,169,590
Balance at January 1, 2012	-	2,280,043	6,507,900	243,652	440,643	124,704	983,721	511,594	1,087,564	12,179,821
Charge for the year	-	989,133	1,327,934	103,280	185,285	40,328	301,985	199,343	276,049	3,423,337
Disposals/ write-off	-	-	(159,494)	-	-	(420)	(57,479)	-	(50,744)	(268,137)
Currency translation differences	-	(39,543)	(47,651)	(5,760)	(9,750)	(978)	(6,418)	(9,263)	(6,516)	(125,879)
Balance at December 31, 2012	-	3,229,633	7,628,689	341,172	616,178	163,634	1,221,809	701,674	1,306,353	15,209,142
Net book value										
Balance at December 31, 2013	**5,167,266**	**36,388,054**	**15,104,869**	**1,023,978**	**2,451,272**	**801,279**	**383,940**	**3,353,203**	**866,813**	**65,540,674**
Balance at December 31, 2012	5,167,266	44,959,614	9,274,500	1,234,673	2,906,297	535,280	611,872	3,618,503	1,037,030	69,345,035

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

The Company

	Furniture and fittings	Office equipment	Motor vehicles	Total
	RM	RM	RM	RM
Cost				
Balance at January 1, 2013	12,803	138,305	334,718	485,826
Addition	-	-	-	-
Disposals/ write-off	(5,758)	-	-	(5,758)
Balance at December 31, 2013	7,045	138,305	334,718	480,068
Balance at January 1, 2012	12,803	138,305	372,995	524,103
Addition	-	-	-	-
Disposals/ write-off	-	-	(38,277)	(38,277)
Balance at December 31, 2012	12,803	138,305	334,718	485,826
Accumulated depreciation				
Balance at January 1, 2013	12,214	122,498	334,718	469,430
Charge for the year	550	10,562	-	11,112
Disposals/ write-off	(5,719)	-	-	(5,719)
Balance at December 31, 2013	7,045	133,060	334,718	474,823
Balance at January 1, 2012	11,438	108,959	364,702	485,099
Charge for the year	776	13,539	3,190	17,505
Disposals/ write-off	-	-	(33,174)	(33,174)
Balance at December 31, 2012	12,214	122,498	334,718	469,430
Net book value				
Balance at December 31, 2013	-	5,245	-	5,245
Balance at December 31, 2012	589	15,807	-	16,396

13. INVESTMENT PROPERTY

	The Group 2013 RM	The Group 2012 RM
At cost:		
Balance at beginning of the year	**-**	-
Transfer from property, plant and equipment	**9,429,858**	-
Balance at end of the year	**9,429,858**	-
Accumulated depreciation:		
Balance at beginning of the year	**-**	-
Transfer from property, plant and equipment	**(836,917)**	-
Charge for the year	**(235,746)**	-
Balance at end of the year	**(1,072,663)**	-
Net	**8,357,195**	-

The Group's investment property, comprising building, is held under leasehold interest.

Detail of the Group's investment property and information about the fair value hierarchy as of December 31, 2013 are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Fair value as of December 31, 2013 RM
The Group				
2013:				
Building	**-**	**9,640,000**	**-**	**9,640,000**

There was no transfer between Levels 1 and 2 during the year.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out at the date by an independent valuer which has appropriate qualifications and recent experience in the valuation of properties in relevant location. The fair value was determined based on open market value.

Direct operating expenses incurred by the Group on the investment property which did not generate rental income during the financial year is RM235,746.

14. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group 2013 RM	The Group 2012 RM
Short leasehold land		
Balance at beginning of the year	**6,951,434**	7,216,202
Amortisation during the year	**(177,199)**	(172,834)
Currency translation differences	**363,667**	(91,934)
Balance at end of the year	**7,137,902**	6,951,434

As of December 31, 2013, the unexpired lease periods of the Group's short leasehold land are 37 and 41 years.

15. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	RM	RM
Unquoted equity shares, at cost	**57,916,377**	57,904,062
Less: Accumulated impairment losses	**(4,420,800)**	(4,420,800)
	53,495,577	53,483,262

Included in the cost of investments in subsidiaries during the year is a deduction of RM12,315 (2012: charge of RM73,531) representing the recognition of equity-settled share-based payments for share options granted to/ forfeited from subsidiaries' employees to acquire ordinary shares of the Company.

Details of the Company's subsidiaries as at the end of the reporting period are as follows:

	Principal activities	Place of incorporation	Proportion of ownership interest	
Direct subsidiaries			**2013**	**2012**
Uchi Electronic (M) Sdn. Bhd.	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination.	Malaysia	**100%**	100%
Uchi Optoelectronic (M) Sdn. Bhd.	Design, research, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipments, mixed signal control system for centrifuge/ laboratory equipments, mixed signal microprocessor based application and system integration products.	Malaysia	**100%**	100%
Uchi Technologies (Dongguan) Co., Ltd.*	Design, research, development, manufacture and trading of electronic modules.	People's Republic of China	**100%**	100%
Indirect subsidiaries				
Uchi Industries (M) Sdn. Bhd.	Wound up under members' voluntary winding up on June 21, 2013	Malaysia	**-**	100%

* Audited by Deloitte for purposes of consolidation.

16. DEFERRED TAX ASSETS/ (LIABILITIES)

The Group

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	RM	RM	RM	RM
2013:				
Deferred tax assets				
Provision for rework and warranty	**205,000**	**-**	**-**	**205,000**
Inventories	**1,890**	**55,356**	**(1,246)**	**56,000**
Unused tax losses	**22,000**	**-**	**-**	**22,000**
Unused capital allowances	**18,000**	**(13,000)**	**-**	**5,000**
Trade receivables	**41,000**	**(41,000)**	**-**	**-**
Others	**870,200**	**(533,178)**	**5,284**	**342,306**
	1,158,090	**(531,822)**	**4,038**	**630,306**
Deferred tax liabilities				
Property, plant and equipment	**(1,462,000)**	**411,207**	**-**	**(1,050,793)**
Gain on revaluation of properties	**(672,476)**	**25,702**	**-**	**(646,774)**
	(2,134,476)	**436,909**	**-**	**(1,697,567)**
Net	**(976,386)**	**(94,913)**	**4,038**	**(1,067,261)**
2012:				
Deferred tax assets				
Provision for rework and warranty	88,700	116,300	-	205,000
Inventories	38,819	(36,929)	-	1,890
Unused tax losses	22,000	-	-	22,000
Unused capital allowances	32,000	(14,000)	-	18,000
Trade receivables	46,090	(5,090)	-	41,000
Others	138,410	731,790	-	870,200
	366,019	792,071	-	1,158,090
Deferred tax liabilities				
Property, plant and equipment	(229,000)	(1,233,000)	-	(1,462,000)
Gain on revaluation of properties	(698,178)	25,702	-	(672,476)
	(927,178)	(1,207,298)	-	(2,134,476)
Net	(561,159)	(415,227)	-	(976,386)

16. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

The Company

	Opening balance RM	Recognised in profit or loss RM	Closing balance RM
2013:			
Deferred tax asset			
Accrued expenses	**115,000**	**(14,000)**	**101,000**
Deferred tax liability			
Property, plant and equipment	**(4,000)**	**(1,000)**	**(5,000)**
Net	**111,000**	**(15,000)**	**96,000**
2012:			
Deferred tax asset			
Accrued expenses	61,000	54,000	115,000
Deferred tax liability			
Property, plant and equipment	(9,000)	5,000	(4,000)
Net	52,000	59,000	111,000

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax assets	**201,306**	188,090	**96,000**	111,000
Deferred tax liabilities	**(1,268,567)**	(1,164,476)	**-**	-
	(1,067,261)	(976,386)	**96,000**	111,000

As of December 31, 2013, deferred tax has not been recognised in respect of the temporary differences relating to pioneer activity, for which 100% of the statutory income will be exempted from income tax and the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised will be Nil:

	The Group	
	2013 RM	2012 RM
Gross amount of temporary differences arising from:		
Property, plant and equipment	**8,531,000**	-
Provision for rework and warranty	**(30,000)**	-
Others	**(1,460,000)**	-
Net	**7,041,000**	-

17. INVENTORIES

	The Group	
	2013	2012
	RM	RM
Raw materials	**8,371,364**	7,536,194
Work-in-progress	**1,914,202**	2,321,120
Finished goods	**3,060,559**	954,330
	13,346,125	10,811,644

The cost of inventories recognised as an expense during the financial year is RM43,070,056 (2012: RM44,517,376).

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade receivables	**6,499,121**	9,930,721	**-**	-
Less: Allowance for doubtful debts	**(28,304)**	(138,052)	**-**	-
	6,470,817	9,792,669	**-**	-
Amount owing by subsidiaries	**-**	-	**23,087,473**	43,072,431
Interest receivable	**891,289**	880,929	**706,056**	496,405
Other receivables	**30,511**	51,143	**28,885**	45,283
	7,392,617	10,724,741	**23,822,414**	43,614,119

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
United States Dollar	**6,470,491**	9,789,334	**-**	-
Ringgit Malaysia	**920,500**	929,547	**23,822,414**	43,614,119
Chinese Renminbi	**1,626**	5,860	**-**	-
	7,392,617	10,724,741	**23,822,414**	43,614,119

The average credit periods granted to trade receivables on sale of goods range from 30 to 45 days (2012: 30 to 60 days). No interest is charged on trade receivables outstanding balance. Allowance for doubtful debts are recognised against trade receivables over credit period based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty, or dispute over quality issues on the products sold and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

18. TRADE AND OTHER RECEIVABLES (cont'd)

Ageing of past due but not impaired trade receivables:

	The Group	
	2013	**2012**
	RM	**RM**
1 to 30 days	**327**	277,252
31 to 60 days	**1,934,184**	187,798
More than 60 days	**12,642**	96,497
Total	**1,947,153**	561,547

Movement in the allowance for doubtful debts:

	The Group	
	2013	**2012**
	RM	**RM**
Balance at beginning of the year	**138,052**	192,536
Impairment losses recognised	**-**	138,052
Impairment losses reversed	**(109,748)**	(192,536)
Balance at end of the year	**28,304**	138,052

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The allowance for doubtful debts on trade receivables are made for individually impaired receivables relating to dispute over quality issues on products sold. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables:

	The Group	
	2013	**2012**
	RM	**RM**
31 to 60 days	**15,730**	-
61 to 90 days	**-**	53,203
91 to 120 days	**12,574**	84,849
Total	**28,304**	138,052

The amount owing by subsidiaries are as follows:

	The Company	
	2013	**2012**
	RM	**RM**
Uchi Optoelectronic (M) Sdn. Bhd.	**23,056,552**	43,068,145
Uchi Electronic (M) Sdn. Bhd.	**30,921**	4,286
	23,087,473	43,072,431

The amounts owing by subsidiaries arose mainly from advances which are unsecured, interest free and repayable on demand.

19. OTHER FINANCIAL LIABILITIES/ ASSETS

	The Group	
	2013	2012
	RM	RM
Financial (liabilities)/ assets carried at fair value through profit or loss:		
Derivative financial instruments:		
Foreign currency forward contracts	**(895,456)**	506,237

The Group uses foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Foreign currency forward contracts are used to hedge the Group's sales denominated in United States Dollar for which firm commitments existed at the reporting date.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from swap points matching maturities of the contracts.

20. OTHER ASSETS

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Prepayments	**647,727**	930,153	**-**	-
Deposits	**179,490**	392,282	**2,000**	2,897
	827,217	1,322,435	**2,000**	2,897

21. SHORT-TERM DEPOSITS

The currency exposure profile of short-term deposits is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Ringgit Malaysia	**95,876,049**	108,464,403	**76,098,829**	71,200,958
United States Dollar	**11,088,319**	20,770,795	**-**	-
Chinese Renminbi	**3,085,118**	2,209,050	**-**	-
	110,049,486	131,444,248	**76,098,829**	71,200,958

The short-term deposits of the Group carry interests at rates ranging from 2.86% to 3.6% (2012: 2.65% to 3.85%) per annum and will mature within January 2014 to July 2014. The short-term deposits of the Company carry interests at rates ranging from 3.15% to 3.55% (2012: 2.8% to 3.85%) per annum and will mature in January 2014 and July 2014.

22. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Chinese Renminbi	**965,971**	1,940,915	**-**	-
Ringgit Malaysia	**799,440**	868,358	**113,611**	31,791
United States Dollar	**106,480**	105,727	**685**	641
Euro	**32,904**	40,320	**-**	-
Swiss Franc	**2,513**	-	**-**	-
Other foreign currencies	**149**	4,852	**-**	-
	1,907,457	2,960,172	**114,296**	32,432

23. SHARE CAPITAL

	The Company			
	2013		**2012**	
	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 the year	**376,509,200**	**75,301,840**	376,503,200	75,300,640
Issue of shares pursuant to ESOS	**1,091,400**	**218,280**	6,000	1,200
At end of the year	**377,600,600**	**75,520,120**	376,509,200	75,301,840

At the Annual General Meeting held on May 28, 2013, 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 RM75,301,840 divided into 376,509,200 ordinary shares of RM0.20 each to RM75,520,120 divided into 377,600,600 ordinary shares of RM0.20 each by way of issuance of 1,091,400 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 RM1.33 per ordinary share.

The premium arising from the shares issued pursuant to the ESOS of RM1,171,968 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 200 (2012: 200) of its issued and fully paid ordinary shares from the open market. The average price paid for the ordinary shares repurchased was approximately RM1.76 (2012: RM1.62) 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, 2013, out of the total number of 377,600,600 (2012: 376,509,200) of ordinary shares of RM0.20 each issued and paid-up, 7,070,300 (2012: 7,070,100) are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 370,530,300 (2012: 369,439,100).

24. RESERVES

	The Group		The Company	
	2013	2012	**2013**	**2012**
	RM	RM	**RM**	**RM**
Non-distributable reserves:				
Share premium	**27,797,507**	26,625,539	**27,797,507**	26,625,539
Equity-settled employee benefits reserve	**3,941,311**	4,076,228	**3,941,311**	4,076,228
Foreign currency translation reserve	**3,246,462**	653,334	**-**	-
Merger reserve	**-**	-	**6,777,646**	6,777,646
	34,985,280	31,355,101	**38,516,464**	37,479,413

The share premium arose from the issue of shares at a premium, net of share issue expenses and bonus issue.

The equity-settled employee benefits reserve relates to share options granted by the Company to employees under the employee share option plan.

On August 8, 2006, the Company implemented an Employees' Share Option Scheme ("ESOS") for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006. The Company had extended the ESOS for another period of 5 years commencing August 8, 2011 on the same terms and conditions as mentioned in the By-Laws. The extended share options are exercisable at any time within the option period up to August 7, 2016.

The principal features of the ESOS are as follows:

(a) The total number of shares 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 5 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.

Share options are conditional on the employee confirmation of service. The share options are exercisable in a staggered basis within the option period up to August 7, 2016. The Group or the Company have 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 companies in the Group.

24. RESERVES (cont'd)

The following share based payments arrangements were in existence during the current and prior years:

Options series	Expiry date	Fair value at grant date RM	Exercise price RM	Number
The Group				
Granted on:				
August 8, 2006	August 8, 2016	0.1443	3.28	13,515,500
November 8, 2006	August 8, 2016	0.1463	3.17	35,000
February 8, 2007	August 8, 2016	0.1409	3.21	443,000
May 8, 2007	August 8, 2016	0.1444	3.31	471,000
May 28, 2007	August 8, 2016	0.1517	3.29	800,000
August 8, 2007	August 8, 2016	0.1475	2.99	79,500
November 8, 2007	August 8, 2016	0.0950	2.87	66,000
February 6, 2008	August 8, 2016	0.1475	2.11	75,000
May 8, 2008	August 8, 2016	0.1535	2.29	130,000
August 8, 2008	August 8, 2016	0.0855	1.92	425,500
November 7, 2008	August 8, 2016	0.0431	0.97	6,500
February 6, 2009	August 8, 2016	0.0678	0.91	133,500
May 8, 2009	August 8, 2016	0.1033	1.32	27,000
May 15, 2009	August 8, 2016	0.0722	1.33	1,000,000
August 7, 2009	August 8, 2016	0.0670	1.33	8,187,400
November 6, 2009	August 8, 2016	0.0847	1.38	10,000
February 8, 2010	August 8, 2016	0.1339	1.31	8,430,600
May 7, 2010	August 8, 2016	0.0993	1.41	90,000
August 6, 2010	August 8, 2016	0.0193	1.34	320,000
November 8, 2010	August 8, 2016	0.0087	1.34	140,000
February 8, 2011	August 8, 2016	0.0030	1.30	538,000
May 6, 2011	August 8, 2016	0.0045	1.40	135,000
August 8, 2011	August 8, 2016	0.0203	1.33	146,500
November 8, 2011	August 8, 2016	0.0308	1.22	185,000
February 8, 2012	August 8, 2016	0.0368	1.20	377,000
May 8, 2012	August 8, 2016	0.0639	1.23	20,000
August 8, 2012	August 8, 2016	0.0282	1.20	380,000
November 8, 2012	August 8, 2016	0.0329	1.19	45,000
February 8, 2013	August 8, 2016	0.0146	1.15	1,430,000
May 8, 2013	August 8, 2016	0.0595	1.24	190,000
May 28, 2013	August 8, 2016	0.0002	1.35	1,000,000
August 7, 2013	August 8, 2016	0.0228	1.31	10,000
November 8, 2013	August 8, 2016	0.0056	1.48	235,000
				39,077,000

The weighted average fair value of the share options granted during the financial year is RM0.0186 (2012: RM0.0478). Options were priced using the binominal option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 1¼ years.

24. RESERVES (cont'd)

Options series	Grant date share price	Exercise price	Expected volatility	Option life	Dividend yield	Risk free interest rate
	Inputs into the model					
	RM	RM				
The Group						
2013:						
Granted on:						
February 8, 2013	**1.16**	**1.15**	**16.43%**	**3 years**	**10%**	**3%**
May 8, 2013	**1.30**	**1.24**	**16.43%**	**3 years**	**10%**	**3%**
May 28, 2013	**1.32**	**1.35**	**16.43%**	**3 years**	**9%**	**3%**
August 7, 2013	**1.33**	**1.31**	**16.43%**	**3 years**	**9%**	**3%**
November 8, 2013	**1.47**	**1.48**	**16.43%**	**3 years**	**8%**	**3%**
2012:						
Granted on:						
February 8, 2012	1.21	1.20	20.27%	4 years	10%	3%
May 8, 2012	1.28	1.23	20.27%	4 years	10%	3%
August 8, 2012	1.19	1.20	20.27%	4 years	10%	3%
November 8, 2012	1.19	1.19	20.27%	4 years	10%	3%

The following reconciles the share options outstanding at the beginning and end of the year:

	The Group			
	2013		2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		RM		RM
Balance at beginning of the year	**36,212,000**	**2.16**	36,573,500	2.17
Granted during the year	**2,865,000**	**1.25**	972,000	1.20
Forfeited during the year	**(2,059,500)**	**2.29**	(1,327,500)	1.76
Exercised during the year	**(1,091,400)**	**1.27**	(6,000)	0.97
Balance at end of the year	**35,926,100**	**2.11**	36,212,000	2.16

The following share options were exercised during the financial year:

	2013	2012	Exercise date	Share price at exercise date
	Number exercised			RM
The Group				
Granted on:				
November 7, 2008	**-**	6,000	June 30, 2012	0.97
February 6, 2009	**74,500**	-	June 30, 2013	0.91
August 7, 2009	**289,700**	-	September 30, 2013	1.33
February 8, 2010	**591,700**	-	November 30, 2013	1.31
February 8, 2011	**40,000**	-	October 31, 2013	1.30
November 8, 2012	**5,000**	-	December 31, 2013	1.19
February 8, 2013	**90,500**	-	December 31, 2013	1.15
	1,091,400	6,000		

24. RESERVES (cont'd)

Out of the outstanding share options, share options to subscribe for 33,411,600 (2012: 35,376,700) ordinary shares of RM0.20 each under the ESOS scheme were exercisable at the end of the year.

The share options outstanding at year end had exercise prices ranging from RM0.91 to RM3.31 (2012: RM0.91 to RM3.31), and a weighted average remaining contractual life of 3 years (2012: 4 years).

Share options to subscribe for 35,926,100 (2012: 36,212,000) ordinary shares of RM0.20 each under the ESOS scheme are exercisable within the option period up to August 7, 2016.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

The merger reserve represents the difference between the cost of investments in subsidiaries and the nominal value of shares issued as consideration.

On February 7, 2014, share options to subscribe for 561,000 ordinary shares of RM0.20 each offered under ESOS scheme were granted to employees with an exercise price of RM1.35 per share.

25. RETAINED EARNINGS

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Distributable reserve:				
Retained earnings	**91,639,963**	91,690,100	**49,800,840**	47,725,835

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous full imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies with Section 108 tax credit are given an irrevocable option to disregard the tax credit or to continue to utilise such tax credits until the tax credits are fully utilised or upon the expiry of the 6 years transitional period on December 31, 2013, whichever is earlier. During the transitional period, the Section 108 tax credit will be reduced by any tax credits utilised and any tax paid will not be added to this account.

The Company had not previously made the irrevocable option to disregard the Section 108 tax credits. Accordingly, the Company will be under the single tier system upon the expiry of the transitional period on December 31, 2013. Any remaining balance of the Section 108 tax credits as of that date shall be disregarded.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade payables	**6,103,949**	8,526,157	**-**	-
Amount owing to directors	**190,000**	190,000	**190,000**	190,000
Other payables	**9,872,846**	4,200,861	**-**	-
Accrued expenses	**8,439,872**	14,046,107	**758,623**	770,776
	24,606,667	26,963,125	**948,623**	960,776

26. TRADE AND OTHER PAYABLES (cont'd)

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
United States Dollar	**13,944,306**	12,546,104	**-**	-
Ringgit Malaysia	**9,481,667**	13,238,632	**948,623**	960,776
Chinese Renminbi	**1,179,657**	1,095,225	**-**	-
Other foreign currencies	**1,037**	83,164	**-**	-
	24,606,667	26,963,125	**948,623**	960,776

The average credit periods granted to the Group for trade purchases range from 30 to 60 days (2012: 30 to 60 days). No interest is charged on trade payables outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The amount owing to directors represent directors' remuneration payable.

Other payables comprise mainly amounts outstanding for ongoing costs.

Included in accrued expenses of the Group is an amount of Nil (2012: RM7,687,276) which comprise of liabilities for purchase of property, plant and equipment.

27. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2013	2012
	RM	RM
Balance at beginning of the year	**820,000**	1,350,000
Additional provision	**168,420**	170,320
Rework and warranty costs incurred	**(138,420)**	(170,320)
Provision no longer required	**-**	(530,000)
Balance at end of the year	**850,000**	820,000

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. 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. These amounts have not been discounted for the purposes of measuring the provision for rework and warranty, because the effect is not material.

28. DIVIDENDS

	The Group and the Company	
	2013	2012
	RM	RM
Declared and paid:		
Final dividend of 7 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2012	**25,861,640**	-
Interim dividends of 1.48 sen gross per ordinary share, less tax, and 2.52 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2013	**13,450,249**	-
Final dividend of 7 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2011	**-**	25,860,745
Declared and payable:		
Interim dividend of 5 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2012	**-**	18,471,955
	39,311,889	44,332,700

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Short-term deposits	**110,049,486**	131,444,248	**76,098,829**	71,200,958
Cash and bank balances	**1,907,457**	2,960,172	**114,296**	32,432
	111,956,943	134,404,420	**76,213,125**	71,233,390

30. BANKING FACILITIES

As of December 31, 2013, the Group has unutlised banking facilities totalling RM117,820,000 (2012: RM117,172,000) covered by corporate guarantees from the Company for RM38,622,000 (2012: RM37,192,000).

31. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's overall strategy remains unchanged from 2012.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

b. Categories of financial instruments

	2013	**2012**
	RM	**RM**
The Group		
Financial assets		
Cash and bank balances	**1,907,457**	2,960,172
Short-term deposits	**110,049,486**	131,444,248
Financial assets carried at fair value through profit or loss	**-**	506,237
Loans and receivables	**7,392,617**	10,724,741
Financial liabilities		
Financial liabilities carried at fair value through profit or loss	**895,456**	-
Trade and other payables	**24,606,667**	26,963,125
The Company		
Financial assets		
Cash and bank balances	**114,296**	32,432
Short-term deposits	**76,098,829**	71,200,958
Loans and receivables	**23,822,414**	43,614,119
Investments carried at cost	**53,495,577**	53,483,262
Financial liabilities		
Trade and other payables	**948,623**	960,776

31. FINANCIAL INSTRUMENTS (cont'd)

c. Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including market risk, foreign currency risk, interest rate 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.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

i. Market risk management

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the raw materials used in the operations.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

ii. Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group's activities expose it primarily to the financial risk of change in foreign currency exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on foreign currency sales.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group	
	2013	**2012**
	RM	**RM**
Assets		
United States Dollar	**17,665,290**	30,665,856
Euro	**32,904**	40,320
Swiss Franc	**2,513**	-
Chinese Renminbi	**1,394**	1,390
Others	**149**	4,852
Liabilities		
United States Dollar	**13,944,306**	12,546,104
Chinese Renminbi	**53,544**	-
Others	**1,037**	83,164

	The Company	
	2013	**2012**
	RM	**RM**
Assets		
United States Dollar	**685**	641

31. FINANCIAL INSTRUMENTS (cont'd)

c. Financial risk management objectives and policies (cont'd)

ii. Foreign currency risk management (cont'd)

The following table details the sensitivity analysis when the RM strengthens 10% (2012: 10%) against the relevant foreign currencies. 10% (2012: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2012: 10%) change in foreign currency rates. A positive number below indicates an increase in profit and a negative number indicates a decrease in profit where the RM strengthens 10% (2012: 10%) against the relevant currency.

	The Group	
	2013	**2012**
	RM	**RM**
Impact on profit or loss:		
United States Dollar	**(372,098)**	(1,811,975)
Euro	**(3,290)**	(4,032)
Swiss Franc	**(251)**	-
Chinese Renminbi	**5,215**	(139)
Others	**89**	7,831

	The Company	
	2013	**2012**
	RM	**RM**
Impact on profit or loss:		
United States Dollar	**(69)**	(64)

For a 10% (2012: 10%) weakening of the RM against the relevant currency, it would have had equal but opposite effect on the above currencies to the amounts shown above.

iii. Interest rate risk management

The Group's and the Company's exposure to changes in interest rates relates primarily to the Group's and the Company's short-term deposits. It has no significant interest-bearing financial assets or liabilities other than the short-term deposits. The short-term deposits are placed with reputable banks. The Group and the Company do not use derivative financial instruments to hedge its risk.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

iv. Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. The trade receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management. The Group places its cash and cash equivalents with a number of major and high credit rating commercial banks.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

31. FINANCIAL INSTRUMENTS (cont'd)

c. Financial risk management objectives and policies (cont'd)

iv. Credit risk management (cont'd)

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2013		2012	
	RM	% of total	RM	% of total
By country:				
Europe	**6,117,441**	**95**	9,127,576	93
Asia Pacific	**353,376**	**5**	652,330	6
United States of America	**-**	**-**	12,763	1
	6,470,817	**100**	9,792,669	100

Further details of credit risks on trade and other receivables are disclosed in Note 18.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 30 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The maturity profile of other financial assets and financial liabilities (non-interest bearing and non-derivative) are repayable on demand or within one year.

Further details of derivative financial instruments are disclosed in Note 19, including foreign currency forward contracts.

vi. Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

d. Foreign currency forward contracts

It is the policy of the Group to enter into foreign currency forward contracts to cover specific foreign currency payments and receipts. The Group also enters into foreign currency forward contracts to manage the risk associated with anticipated sales and purchase transactions. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following table details the foreign currency forward contracts outstanding as at the end of the reporting date:

The Group

Outstanding contract	Average exchange rate	Foreign currency	Contract value	Fair value (loss)/ gain
		USD	RM	RM
2013:				
Sell USD				
Less than 3 months	**3.22**	**2,800,000**	**9,010,920**	**(211,865)**
3 to 6 months	**3.25**	**6,200,000**	**20,129,600**	**(399,738)**
6 to 9 months	**3.30**	**5,200,000**	**17,149,540**	**(155,825)**
9 to 12 months	**3.31**	**3,400,000**	**11,249,740**	**(128,028)**

31. FINANCIAL INSTRUMENTS (cont'd)

d. Foreign currency forward contracts (cont'd)

Outstanding contract	Average exchange rate	Foreign currency	Contract value	Fair value (loss)/gain
		USD	RM	RM
2012:				
Sell USD				
Less than 3 months	3.15	5,000,000	15,734,680	389,761
3 to 6 months	3.14	1,400,000	4,400,640	82,702
6 to 9 months	3.25	200,000	649,660	26,759
9 to 12 months	3.13	900,000	2,820,200	7,015

e. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and liabilities.

i. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

	The Group	
	2013	2012
	RM	RM
Foreign currency forward contracts:		
Fair value:		
(Liability)/asset	**(895,456)**	506,237

Fair value hierarchy	Level 2
Valuation technique and key input	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Significant unobservable input	Not applicable
Relationship of unobservable input to fair value	Not applicable

There was no transfer between Levels 1 and 2 in the period.

ii. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

32. RELATED PARTY TRANSACTIONS

The details of transactions between the Company and subsidiaries are disclosed below.

	The Company	
	2013	2012
	RM	RM
Dividend income received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**40,000,000**	50,000,000
Management fee received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**2,366,924**	2,288,235
Uchi Electronic (M) Sdn. Bhd.	**26,636**	22,079

33. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under MFRS 8 Operating Segments are therefore as follows:

a. investment holding (includes management services);
b. manufacturing of touch screen advance display, high precision light measurement (optoelectronic) equipments, mixed signal control system for centrifuge/ laboratory equipments, mixed signal microprocessor based application, system integration products and electronic modules; and
c. trading of complete electric module and saturated paper for PCB lamination.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
2013:					
Revenue					
External sales	**-**	**93,952,033**	**9,079**	**-**	**93,961,112**
Inter-segment sales	**42,393,560**	**3,186**	**1,122,943**	**(43,519,689)**	**-**
Total revenue	**42,393,560**	**93,955,219**	**1,132,022**	**(43,519,689)**	**93,961,112**
Results					
Segment profit	**39,357,618**	**39,046,997**	**27,799**	**(39,980,800)**	**38,451,614**
Investment income					**3,338,604**
Other gains and losses					**(26,318)**
Profit before tax					**41,763,900**
Income tax expense					**(2,690,413)**
Profit for the year					**39,073,487**
2012:					
Revenue					
External sales	-	92,288,898	6,154	-	92,295,052
Inter-segment sales	52,310,314	2,346	845,120	(53,157,780)	-
Total revenue	52,310,314	92,291,244	851,274	(53,157,780)	92,295,052
Results					
Segment profit	49,100,508	40,896,443	46,840	(49,868,900)	40,174,891
Investment revenue					4,058,381
Other gains and losses					2,025,848
Profit before tax					46,259,120
Income tax expense					(1,427,896)
Profit for the year					44,831,224

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without investment revenue, other gains and losses, finance costs and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

33. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Consolidated RM
2013:				
Assets				
Segment assets	**856,482**	**103,333,318**	**319,387**	**104,509,187**
Unallocated corporate assets				**114,117,020**
Consolidated total assets				**218,626,207**
Liabilities				
Segment liabilities	**948,623**	**25,257,127**	**146,373**	**26,352,123**
Unallocated corporate liabilities				**1,369,491**
Consolidated total liabilities				**27,721,614**
2012:				
Assets				
Segment assets	3,674,958	97,475,633	1,471,107	102,621,698
Unallocated corporate assets				131,920,044
Consolidated total assets				234,541,742
Liabilities				
Segment liabilities	956,490	26,560,577	266,058	27,783,125
Unallocated corporate liabilities				19,651,994
Consolidated total liabilities				47,435,119

For the purposes of monitoring segment performance and allocating resources between segments:

a. all assets are allocated to reportable segments except for short-term deposits, deferred tax assets and current tax assets; and
b. all liabilities are allocated to reportable segments except for dividend payable, current tax liabilities and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated RM
2013:					
Other information					
Capital expenditure	**-**	**8,984,322**	**-**	**-**	**8,984,322**
Depreciation and amortisation	**11,112**	**6,017,779**	**432**	**(36,617)**	**5,992,706**
Non-cash expenses other than depreciation and amortisation	**20,601**	**1,327,444**	**35,398**	**(8,213)**	**1,375,230**
2012:					
Other information					
Capital expenditure	-	33,730,118	-	-	33,730,118
Depreciation and amortisation	17,505	3,576,451	2,215	-	3,596,171
Non-cash expenses other than depreciation and amortisation	6,371	515,578	2	-	521,951

33. SEGMENT INFORMATION (cont'd)

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	The Group	
	2013	2012
	RM	RM
Touch screen advance display, high precision light measurement (optoelectronic) equipment and mix signal control system for centrifuge/ laboratory equipments	**75,810,698**	-
Mixed signal microprocessor based application and system integration products	**18,023,675**	92,151,914
Others	**126,739**	143,138
	93,961,112	92,295,052

Geographical information

The Group operates in two principal geographical areas, Malaysia (country of domicile) and People's Republic of China.

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are detailed below:

	The Group	
	2013	2012
	RM	RM
Europe	**87,299,839**	88,952,723
Asia Pacific	**5,956,410**	2,759,778
United States of America	**704,863**	582,551
	93,961,112	92,295,052

Information about the Group's non-current assets by locations are detailed below:

	The Group	
	2013	2012
	RM	RM
Malaysia	**61,945,553**	57,920,185
People's Republic of China	**19,090,218**	18,376,284
	81,035,771	76,296,469

Non-current assets exclude deferred tax assets and financial instruments.

Information about major customers

Revenue from external customers contributing more than 10% of the total revenue from the manufacturing segment are as follows:

	The Group	
	2013	2012
	RM	RM
Customer A	**64,906,281**	72,857,222
Customer B	**13,771,865**	8,934,279
	78,678,146	81,791,501

34. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFIT

On March 25, 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group as of December 31, 2013 into realised and unrealised profits, pursuant to the directive, is as follows:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
Realised	**106,335,330**	107,769,436	**49,704,840**	47,614,860
Unrealised	**998,463**	1,411,366	**96,000**	110,975
	107,333,793	109,180,802	**49,800,840**	47,725,835
Less: Consolidation adjustments	**(15,693,830)**	(17,490,702)	**-**	-
Total retained earnings as per statements of financial position	**91,639,963**	91,690,100	**49,800,840**	47,725,835

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS
DECEMBER 31, 2013

The directors of **UCHI TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of 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, 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 34, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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 28, 2014

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

I, **OW CHOOI KHIM**, the director primarily responsible for the financial management of **UCHI TECHNOLOGIES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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 28, 2014)

OW CHOOI KHIM

Before me,

DATO' DR. CHELVARAI @ SELVARAJOO A/L ERULANDY, DBBS, PHD (Hons)
Commissioner For Oaths

Share Buy-Back

During the financial year ended December 31, 2013, the Company purchased 200 of its issued share capital from the open market using internally generated funds and held as treasury shares.

Month	No. of Shares	Unit Cost	Total Cost*
		RM	RM
June	100	1.33	174
November	100	1.37	178
Total	**200**		**352**

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

Total number of shares bought back and held as treasury shares as at December 31, 2013 is 7,070,300 shares.

Options, Warrants or Convertible Securities

A total of 1,091,400 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, 2013, 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, 2013.

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, 2013 amounted to RM31,950.

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, 2013.

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2013 (RM)	Date of Acquisition / 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	-	139,926	1,732,960	26.5.2004
(Plot 544, Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Investment Property -Phase I	60 years leasehold expiring on	19	33,144	2,208,486	31.12.2013
	-Phase II	1.1.2050	13	92,864	6,148,709	31.12.2013
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 6.12.2049	-	139,944	1,605,209	26.5.2004
(3097, Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building	60 years leasehold expiring on 6.12.2049	2	148,145	21,291,218	1.12.2012
Geran (First Grade) 4262, (No.22 Lebuhraya Rose, 10350 Penang) Lot 207 Seksyen 1, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang.	Land	Freehold	-	18,242	5,167,266	1.12.2011
(No. 22 Lebuhraya Rose, 10350 Penang)	2 Storey R&D Building		3		1,916,667	1.12.2011
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	3,799,733	22.12.2006
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	5	161,124	13,180,169	26.5.2009

ANALYSIS OF SHAREHOLDINGS
As at March 28, 2014

Share capital

Authorised	:	RM100,000,000.00
Issued and paid-up	:	RM75,520,120 *
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 28, 2014, exclusive of 7,070,300 treasury shares bought back.

Size of holdings			No of holders	%	No. of shares	%
Less	than	100 shares	96	1.51	4,579	0.00
100	–	1,000 shares	811	12.78	687,571	0.19
1,001	–	10,000 shares	3,633	57.24	19,781,247	5.34
10,001	–	100,000 shares	1,544	24.33	47,074,125	12.70
100,001	–	18,526,514	260	4.09	151,257,078	40.82
18,526,515	and	above	3	0.05	151,725,700	40.95
Total			**6,347**	**100.00**	**370,530,300**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	No. of shares	%	No. of shares	%
Eastbow International Limited	91,263,660	24.63	-	-
Kao, De-Tsan also known as Ted Kao	-	-	91,263,660 #	24.63
Lembaga Tabung Haji	37,346,640	10.08	-	-
Amanahraya Trustees Berhad [Skim Amanah Saham Bumiputera]	23,115,400	6.24	-	-

\# 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	24.63
2.	Lembaga Tabung Haji	37,346,640	10.08
3.	Amanahraya Trustees Berhad [Skim Amanah Saham Bumiputera]	23,115,400	6.24
4.	Ironbridge Worldwide Limited	16,572,710	4.47
5.	Amanahraya Trustees Berhad [Public Islamic Select Treasures Fund]	15,423,100	4.16
6.	CITIGroup Nominees (Tempatan) Sdn Bhd [Exempt AN for AIA Bhd]	10,122,200	2.73
7.	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	7,592,700	2.05
8.	Bekal Sama Sdn Bhd	6,000,000	1.62
9.	HSBC Nominees (Asing) Sdn Bhd [SMTBUSA for Asia Oceania Dividend Yield Stock Mother Fund]	6,000,000	1.62
10.	Kao Wang, Ying-Ying	3,169,700	0.86
11.	AMSEC Nominees (Tempatan) Sdn Bhd [AMTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)]	2,955,800	0.80
12.	Amanahraya Trustees Berhad [Public Strategic SmallCAP Fund]	2,844,600	0.77
13.	Chang, Shin-Fang	2,339,350	0.63
14.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd [Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-CAP Fund]	2,133,900	0.58
15.	CIMSEC Nominees (Tempatan) Sdn Bhd [CIMB for Koo Kow Kiang @ Ko Keck Ting (PB)]	2,100,000	0.57
16.	Zulkifli Bin Hussain	1,609,500	0.43
17.	Wong Ah Tim @ Ong Ah Tin	1,600,000	0.43
18.	CITIGroup Nominees (Asing) Sdn Bhd [CBNY for DFA Emerging Markets Small CAP Series]	1,476,400	0.40
19.	Malaysia Nominees (Tempatan) Sdn Bhd [Malaysian Trustees Berhad for KAF Vision Fund (00-10033-000)]	1,370,000	0.37
20.	Amanahraya Trustees Berhad [MIDF Amanah Strategic Fund]	1,360,000	0.37
21.	Amanahraya Trustees Berhad [Public Savings Fund]	1,330,700	0.36
22.	Maybank Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Su Tiing Uh]	1,252,200	0.34
23.	Chang, Shin-Fang	1,250,000	0.34
24.	CITIGroup Nominees (Asing) Sdn Bhd [CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc]	1,048,100	0.28
25.	Hong Leong Assurance Berhad [As Beneficial Owner (Life Par)]	1,040,000	0.28
26.	HLIB Nominees (Tempatan) Sdn Bhd [Hong Leong Fund Management Sdn Bhd For Hong Leong Assurance Bhd (Life)]	972,800	0.26
27.	HLIB Nominees (Tempatan) Sdn Bhd [Hong Leong Fund Management Sdn Bhd For Hong Leong Foundation]	972,800	0.26
28.	Quarry Lane Sdn Bhd	900,000	0.24
29.	Norinne Ira Dewal Binti Md Ali	870,000	0.23
30.	Md Ali Bin Md Dewal	850,000	0.23
	Total	246,882,260	66.63

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Kao, De-Tsan also known as Ted Kao	-	-	94,433,360 *	25.49
Kao, Te-Pei also known as Edward Kao	-	-	20,162,060 **	5.44
Dr. Heinrich Komesker	200,000	0.05	-	-
Charlie Ong Chye Lee	-	-	-	-
Chia Tong Saik	-	-	-	-
Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	309,700	0.08	-	-
Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	133,810	0.04	-	-

* 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.

UCHI TECHNOLOGIES BERHAD (457890-A)
(Incorporated in Malaysia)

PROXY FORM

#CDS account no. of authorised nominee

I/We ____________________ (name of shareholder as per NRIC, in capital letters)
NRIC No. __________ (new) __________ (old)/ID No./Company No. __________
of ____________________
____________________ (full address) being a member(s) of the abovenamed Company, hereby appoint ____________________ (name of proxy as per NRIC, in capital letters)
NRIC No. __________ (new) __________ (old) or failing him/her ____________________
(name of proxy as per NRIC, in capital letters) NRIC No. __________ (new) __________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Friday, May 23, 2014 at 3.00 p.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

Resolutions			For	Against
Resolution 1	-	Declaration of Final Tax Exempt Dividend of 6 sen per share of RM0.20 each		
Resolution 2	-	Approval of Directors' Fee of RM359,800		
Resolution 3	-	Re-election of Mr. Kao, De-Tsan also known as Mr. Ted Kao		
Resolution 4	-	Re-appointment of Mr. Charlie Ong Chye Lee		
Resolution 5	-	Re-appointment of Messrs. Deloitte as Auditors and to authorise the Directors to determine their remuneration		
Resolution 6	-	Renewal of share buy-back authority		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this __________ day of __________ 2014

Number of shares held	

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:

	No. of shares	**Percentage**
Proxy 1		%
Proxy 2		%

____
Signature/Common Seal of Appointer

Contact No. of Shareholder/Proxy __________

NOTES:

1. 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.

2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy or proxies 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.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

6. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.

7. Even though the proxy form has clearly instructed that the votes are to be marked with "X", those proxy forms which are indicated with "√" by the shareholder in the spaces provided to show how the votes are to be cast will also be accepted.

8. Only members registered in the Record of Depositors as at May 14, 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

Applicable to shares held through a nominee account.

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The Secretaries
UCHI TECHNOLOGIES BERHAD (457890-A)

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

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

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