UCHI TECHNOLOGIES BERHAD
(199801001764) (457890-A)
(Incorporated in Malaysia)

Soaring Above Pursuing Beyond

Annual Report 2021

ISO 14001 ENVIRONMENTAL POLICY

Uchi is committed to protect 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 to meet interested parties expectations

Incessantly educating employee on environmental awareness and responsibility

CONTENTS

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. 不断体育及培训职员工的环境意识和责任。

ISO 45001 OH&S POLICY

Uchi is committed to prevent work-related injury and ill health and enhance safety and health environment in the Uchi relevant organizational context with the nature of OH&S risks and opportunities through...

- Implementing OH&S Management System to minimize accidents, eliminate hazards and reduce OH&S risk;
- Promote safety and health programme for continual improvement;
- Complying with applicable OH&S legislation and other requirements;
- Educating employees on safety and health awareness and responsibility;
- Promote consultation and participation activities on OH&S matters with employees and relevant outsourcing or contracting representative.

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of the Company will be conducted on a virtual basis through live streaming and online remote voting from the Broadcast Venue at the Conference Room, Uchi Optoelectronic (M) Sdn Bhd, 3097, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Pulau Pinang on Thursday, May 26, 2022 at 2.00 p.m. for the following purposes:

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2021 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 2**

As Ordinary Business

2. To declare a Final Tax Exempt Dividend of 11 sen per share for the year ended December 31, 2021. **Ordinary Resolution 1**

3. To approve the payment of Directors' Fees of RM479,200 for the year ending December 31, 2022. **Ordinary Resolution 2**

4. To re-elect Mr. Tan Boon Hoe retiring under Clause 76(3) of the Constitution of the Company. **Ordinary Resolution 3**

5. To re-elect Mr. Huang, Yen-Chang also known as Stanley Huang retiring under Clause 76(3) of the Constitution of the Company. **Ordinary Resolution 4**

6. To re-elect Ms. Han Chin Ling retiring under Clause 78 of the Constitution of the Company. **Ordinary Resolution 5**

7. To re-appoint Messrs. Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

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

8. **Continuing in Office as an Independent Non-Executive Director**

   "That authority be and is hereby given to Mr. Charlie Ong Chye Lee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

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

   "THAT subject to the provisions under the Companies Act 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares 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 number of issued shares 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 retained profits.

   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

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

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

   (iv) in any other manner as prescribed by the Act and MMLR from time to time.

   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.

   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 8**

10. **Proposed Authority to Grant Options to Ms. Han Chin Ling**

    "THAT the Directors of the Company be and are hereby authorised, on behalf of the Company, at any time and from time to time to offer and to grant to Ms. Han Chin Ling, an Independent Non-Executive Director of the Company, options to subscribe up to a maximum of 1,000,000 new Shares under the Uchi Technologies Berhad Employees' Share Option Scheme 2016 ("ESOS 2016") and to allot and issue from time to time new Shares upon exercise of such options, provided always that :-

    (i) she must not participate in the deliberation or discussion of her own allocation of the number of Options to be offered to her, as well as that of the persons connected with her, under the ESOS 2016; and

    (ii) not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2016 shall be allocated to her, if she, either singly or collectively through persons connected with her (as defined in the Listing Requirements), holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares); and

    subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS 2016 and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time." **Ordinary Resolution 9**

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
Secretaries

April 25, 2022

IMPORTANT NOTICE

To curb the spread of the COVID-19, the Company has in place precautionary measures for the Twenty-Fourth Annual General Meeting ("24th AGM") in order to safeguard the health of attendees at the 24th AGM. You are requested to read and adhere to the Administrative Guide which can be downloaded from the Company's website or announcement via Bursa Securities' website. The Company has the right to impose any other precautionary measures as guided by the guidelines issued by the Government from time to time.

Notes:

1. Proxy

1.1 The 24th AGM will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities to be provided by *AGRITEUM* Share Registration Services Sdn Bhd in Malaysia ("*AGRITEUM* Portal") (Domain Registration No. With MYNIC-D1A400977). Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facilities.

1.2 According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on April 7, 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a virtual general meeting are required to participate in the meeting online.

1.3 For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at May 17, 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

1.4 A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

1.5 A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

1.6 Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

1.7 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

1.8 Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

1.9 The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment, the proxy form must be deposited via *AGRITEUM* Portal. Please refer to the Annexure for further information on electronic submission. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

1.10 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

1.11 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

1.12 Last date and time for lodging this proxy form is 2.00 p.m., May 24, 2022 (Tuesday).

2. **Audited Financial Statements for the financial year ended December 31, 2021**

   This Agenda item is meant for discussion only as the provision of Section 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

3. **Ordinary Resolution 2 – To approve the payment of Directors' Fees of RM479,200 for the year ending December 31, 2022**

   The proposed Ordinary Resolution 2, if passed, will authorise the payment of Directors' Fees for the year ending December 31, 2022 amounting to RM479,200.

   There is no other benefit payable to Directors except the options to subscribe for new shares granted to the Directors under the ESOS 2016 which has previously been approved by the shareholders at the Extraordinary General Meeting held on May 18, 2016.

Explanatory Notes on Special Business:

4. **Ordinary Resolution 7 – Continuing in Office as an Independent Non-Executive Director**

   The Nomination & Remuneration Committee had on November 25, 2021 assessed the independence of Mr. Charlie Ong Chye Lee, who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board recommended that the approval of the shareholders be sought to re-appoint Mr. Charlie Ong Chye Lee as an Independent Non-Executive Director as he possesses the following attributes necessary in discharging his roles and functions as an Independent Non-Executive Director of the Company, i.e.

   (i) He has met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad; and

   (ii) He has vast experience in the industries the Group is involved and as such could provide the Board with a diverse set of experience, expertise and independent judgment; and

   (iii) He consistently challenges the management in an effective and constructive manner; and

   (iv) He actively expresses his views and participates in Board deliberations and decision making in an objective manner; and

   (v) His length of service on the Board does not in any way interfere with his fiduciary duties in exercising due care in the best interest of the Company and minority shareholders.

   Meanwhile, as recommended by the Malaysian Code on Corporate Governance, the Board will be seeking shareholders' approval through a two-tier voting process at the Twenty-Fourth Annual General Meeting to retain Mr. Charlie Ong Chye Lee as an Independent Non-Executive Director as his tenure exceeded 12 years this year.

5. **Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority**

   The proposed Ordinary Resolution 8 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares 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.

6. **Ordinary Resolution 9 – Proposed Authority to Grant Options to Ms. Han Chin Ling**

   The proposed Ordinary Resolution 9 if passed, will allow the Company to offer and grant options to Ms. Han Chin Ling, an Independent Non-Executive Director of the Company, to subscribe up to a maximum of 1,000,000 new Shares under the ESOS 2016 and to allot and issue from time to time new Shares not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the new Shares available under the ESOS 2016 shall be allocated to her, if she, either singly or collective through persons connected (as defined in the Listing Requirements) with her, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company. Please refer to the Circular to Shareholders dated April 25, 2022 for more information.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Twenty-Fourth Annual General Meeting, a Final Tax Exempt Dividend of 11 sen per share for the year ended December 31, 2021 will be paid on July 21, 2022 to Depositors registered in the Record of Depositors at the close of business on June 30, 2022.

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, 2022 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

LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
Secretaries

April 25, 2022

Penang

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

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 25, 2021, 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 number of issued shares of the Company as at the point of purchase and an amount not exceeding the total retained profits of RM45,072,736 of the Company based on the audited financial statements for the financial year ended December 31, 2020.

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 Twenty-Fourth (24th) 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 Twenty-Fourth (24th) 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, 2022, the Company announced that UCHITEC is proposing to seek its shareholders' approval at the AGM of UCHITEC to be convened in 2022 for the renewal of the authority for the purchase by UCHITEC of its own shares (the "Shares") of up to ten per centum (10%) of the total number of issued shares of UCHITEC as at the point of purchase subject to compliance with Section 127 of the Companies Act 2016 (the "Act"), 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 of the Company. The audited retained profits of the Company as of December 31, 2021 is RM 55,371,638.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 127 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 number of issued shares 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, 2021, the Group has a cash and cash equivalent balance of RM 181,855,595.

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 of the Company.

As of March 17, 2022, the Record of Depositors of the Company showed that 322,629,312 Shares representing approximately 71.25% of the total number of issued shares 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 total number of issued shares 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)] 71.25%	[(b)] 68.20%

Notes:

[(a)] As of March 17, 2022.

[(b)] As of March 17, 2022, the total number of issued shares of UCHITEC is 454,892,459 Shares including 2,072,500 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority involves the aggregate purchase of 45,489,246 Shares (being approximately ten per centum (10%) of the total number of issued shares of the Company as of March 17, 2022, 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 of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

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

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

As of March 17, 2022, the total number of issued shares of UCHITEC stands at 454,892,459 Shares including 2,072,500 Shares held as treasury shares. Assuming that the Company purchases up to 45,489,246 UCHITEC Shares representing approximately ten per centum (10%) of its total number of issued shares as of March 17, 2022 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 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 issued 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 share capital of the Company.

4.2 Earnings

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

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

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

4.3 Directors' and Substantial Shareholders' Interests

The effects of the Proposed Renewal of Share Buy-Back Authority on the substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' shareholdings respectively as of March 17, 2022 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 Issued Shares	%[e]	No.of Issued Shares	%[e]	No.of Issued Shares	%[f]	No.of Issued Shares	%[f]
Directors								
Kao, De-Tsan also known as Ted Kao	2,715,000	0.60	[a]86,778,696	19.16	2,715,000	0.66	[a]86,778,696	21.20
Chin Yau Meng	400,400	0.09	[d]230,000	0.05	400,400	0.10	[d]230,000	0.06
Huang, Yen-Chang also known as Stanley Huang	382,470	0.08	-	-	382,470	0.09	-	-
Charlie Ong Chye Lee	895,900	0.20	-	-	895,900	0.22	-	-
Tan Boon Hoe	480,000	0.11	-	-	480,000	0.12	-	-
Lim Tian How	296,200	0.07	-	-	296,200	0.07	-	-
Han Chin Ling	10,000	0.00	-	-	10,000	0.00	-	-
Substantial Shareholders								
Eastbow International Limited ("Eastbow")	83,292,026	18.39	-	-	83,292,026	20.34	-	-
Kao, De-Tsan also known as Ted Kao	2,715,000	0.60	[b]83,292,026	18.39	2,715,000	0.66	[b]83,292,026	20.34
Ironbridge Worldwide Limited ("Ironbridge")	35,327,981	7.80	-	-	35,327,981	8.63	-	-
Kao,Te-Pei also known as Edward Kao	2,585,000	0.57	[c]35,327,981	7.80	2,585,000	0.63	[c]35,327,981	8.63

Notes:

[a] By virtue of his substantial interest in Eastbow and interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016.

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

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

[d] Deemed interested of spouse by virtue of his spouse's interest under Section 59(11)(c) of the Companies Act 2016.

[e] Percentage shareholding computed based on 452,819,959 UCHITEC Shares excluding 2,072,500 Shares held as treasury shares from the total number of issued shares of 454,892,459 Shares.

[f] Percentage shareholding computed based on 409,403,213 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. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

4.4 Net Assets

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

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

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

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

5. Share Prices

The monthly highest and lowest prices of UCHITEC Shares traded on Bursa Securities for the last twelve (12) months from April 2021 to March 2022 are as follows:

	Highest (RM)	Lowest (RM)
Year 2021:		
April	3.35	3.09
May	3.16	2.92
June	3.24	3.03
July	3.15	2.98
August	3.30	3.04
September	3.23	3.07
October	3.20	3.05
November	3.16	3.00
December	3.25	3.05
Year 2022:		
January	3.22	2.88
February	3.16	2.95
March	3.11	2.85

6. Purchase, resale or cancellation of UCHITEC Shares in the preceding 12 months

In the preceding 12 months, there were no repurchased, resold and cancellation of treasury shares.

As at March 17, 2022, total number of Shares held as treasury share was 2,072,500 Shares.

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, 2016 ("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 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
- Chin Yau Meng

Executive Directors
- Kao, De-Tsan also known as Ted Kao
- Huang, Yen-Chang also known as Stanley Huang

Independent Non-Executive Directors
- Tan Boon Hoe
- Lim Tian How
- Han Chin Ling
  (Resigned as the alternate director to Mr. Charlie Ong Chye Lee and appointed as Independent Non-Executive Director on December 1, 2021)

Audit Committee

Chairman
- Tan Boon Hoe

Members
- Lim Tian How
- Han Chin Ling

Nomination & Remuneration Committee

Chairman
- Lim Tian How

Members
- Tan Boon Hoe
- Han Chin Ling

Company Secretaries

- Chew Siew Cheng
  (MAICSA 7019191) (SSM PC NO. 202008001179)

- Lim Choo Tan
  (LS 0008888) (SSM PC NO. 202008000713)

Registered Office

Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang, Malaysia
Tel : 04-2296318
Fax : 04-2282118

Principal Bankers

HSBC Bank Malaysia Berhad
Public Bank Berhad
AmBank (M) Berhad

Auditors

Deloitte PLT
Chartered Accountants
Level 12A, Hunza Tower
163E, Jalan Kelawei
10250 Penang
Tel : 04-2189888
Fax : 04-2189278

Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-27839299
Fax : 03-27839222

Stock Exchange Listing

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

CHIN YAU MENG

Managing Director
Malaysian, aged 61, Male

Mr. Chin Yau Meng was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on March 1, 2018 as Executive Director and became the Managing Director of UCHITEC on June 1, 2018. He is also a member of the Employee Share Option Scheme Committee of UCHITEC.

He holds a Master Degree in Electronic from Queen University of Belfast(UK).

He has vast working experience in manufacturing and supply chain management. He is one of the pioneer staff members, joining Uchi Electronic (M) Sdn. Bhd. (UEM) as a Production Officer in 1990. He later resigned to join Precima Sdn. Bhd. as Production Manager in 1993 and came back to re-join Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1994 as M.I.S. Manager. He was further advanced to Deputy Operation Manager in the same year. With his proven ability and reliability, he was then assigned to head the entire Uchi Technologies (Dongguan) Co., Ltd. (Uchi Dongguan) plant in 2007. Mr. Chin was appointed as an Executive Director of UOM and UEM on January 1, 2007, and Uchi Dongguan on April 8, 2007 respectively.

He is responsible for the development of business strategies and overall performance of the Group to achieve its strategic goals and objectives.

He 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.

KAO, DE-TSAN
also known as TED KAO

Executive Director
Taiwanese, Aged 64, Male

Mr. Ted Kao was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on March 10, 2000 as Managing Director. He became the Chairman of the Company on November 26, 2001 before reassuming the position of Managing Director on September 1, 2012. He is also a member of the Employee Share Option Scheme Committee of UCHITEC. Mr. Ted Kao was re-designated as Executive Director on June 1, 2018 when Mr. Chin Yau Meng assumed the role of Managing Director.

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.

HUANG, YEN-CHANG also known as STANLEY HUANG

Executive Director
Taiwanese, Aged 51, Male

Mr. Stanley Huang was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC), as an alternate director to Mr. Kao, De-Tsan also known as Ted Kao on February 1, 2011 and became as Executive Director of UCHITEC on June 1, 2019. He is also a member of the Employee Share Option Scheme Committee of UCHITEC.

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 UCHITEC as a Task Force Manager. In 2014, he has successfully completed the Outstanding Professional Executive Network (OPEN) Leader course organized by Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan.

Mr. Stanley Huang is responsible to administer the operations of the Group's pursuant to corporate policies, goals and objectives.

He sits on the Board of all companies under the Group and does not hold directorship in any other company.

TAN BOON HOE

Independent Non-Executive Director
Malaysian, Aged 66, Male

Mr. Tan Boon Hoe was appointed to the Board of Directors of Uchi Technologies Berhad on August 1, 2016 as Independent Non-Executive Director. He was also appointed as a member of the Audit Committee on August 1, 2016. On September 1, 2016, he was elected Chairman of the Audit Committee and appointed as a member of Nomination Committee and Remuneration Committee.

He holds a professional degree from the Malaysian Institute of Certified Public Accountants. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He was a former partner of Deloitte Malaysia (formerly known as Deloitte KassimChan) and has more than 35 years of experience in assurance and advisory engagements. He is currently a partner in an accounting practice providing auditing, due diligence, advisory and other related services.

He also holds directorships in two public listed company and in a private limited company.

CHARLIE ONG CHYE LEE

Independent Non-Executive Director
Malaysian, Aged 78, Male

Mr. Charlie Ong Chye Lee 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 was resigned as Chairman of Nomination Committee and Remuneration Committee and a member of the Audit Committee on December 1, 2021.

He practised law in Penang after being called to the Bar in 1970 in Messrs. Mustapha bin Hussain, later Messrs. Mustapha, Jayaraman & Co., then Messrs. Mustapha, 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 & Maneckshа. 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 & Maneckshа.

He holds a directorship in another public limited company.

LIM TIAN HOW

Independent Non-Executive Director
Malaysian, Aged 60, Male

Mr. Lim Tian How was appointed to the Board of Directors of Uchi Technologies Berhad (UCHITEC) on April 2, 2018 as Independent Non-Executive Director. He was appointed a member of the Audit Committee and Nomination & Remuneration Committee. He was redesignated as Chairman of Nomination & Remuneration Committee on December 1, 2021.

He holds a First Class Honors Bachelor degree in Mechanical Engineering from University of Malaya, Kuala Lumpur.

Mr. Lim has vast working experience in the field of research & development (R&D) and manufacturing operation with more than 30 years attached in both consumer and automotive industries. From 1991 to 2003, he worked as a R&D Senior Manager in one of the multinational German companies in Penang i.e. Bosch that has a leading presence in European automotive makers. He then moved to a manufacturing company (an ex-Philips company) in 2004 as General Manager managing both factories in China and Malaysia with a total workforce of approximately 900 employees. In 2010, he joined Bosch Car Multimedia and took up the position of Operations Director of its value stream organization in Penang. In 2016, besides his role as Operations Director, he took up an additional role as Product Engineering Director, of which he assumed the position till December 2019 when he retired. He was then responsible for the entire automotive industry work-cell operations and leading a team of product engineers and specialist in product line development.

He does not hold directorship in any private limited company.

HAN CHIN LING

Independent Non-Executive Director
Malaysian, Aged 39, Female

Ms. Han Chin Ling was appointed to the Board of Directors of Uchi Technologies Berhad on November 6, 2020 as an alternate director to Mr. Charlie Ong Chye Lee and appointed as Independent Non-Executive Director on December 1, 2021. She was appointed a member of the Audit Committee and Nomination & Remuneration Committee.

She practised law in Penang after being called to the Bar in 2007. She did her attachment with Messrs. Ong and Maneckhsha in September 2006 and continued as Chambering Pupil until August 2007 when she became a legal associate. From 2008 to 2014, Ms. Han was a volunteer lawyer at the Bar Council Legal Aid Centre, Penang. In 2013, she was promoted to partner in Messrs. Ong and Maneckhsha, a position she holds until presently.

She does not holds a directorship in another public limited company.

Note:

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 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

KEY SENIOR MANAGEMENT PROFILE

ENG CHIEW MING

Malaysian, aged 57, Male

Mr. Eng graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College in 1989 and holds Engineering Council I (UK).

He started his career as Technical Specialist in National Semiconductor in 1989 and joined Interquartz (M) Sdn. Bhd. as R&D Engineer a year later. In 1991, he was attached to Uchi Electronic (M) Sdn. Bhd. (UEM) as the pioneer R&D Electronic Engineer and promoted to R&D Senior Electronic Engineer upon achieving excellent project management performance in 1994 .He was one of the key staff in R&D to lead and developing new projects with customers. Two years later, he was transferred to Uchi Optoelectronic (M) Sdn. Bhd (UOM) and promoted as Engineering Manager to lead Engineering Department in 1999 based on the technical experience he gained. He was further promoted to Senior Manager of Operation Division in 2003 and transferred to revamp and enhance all R&D activities in 2007 as a Mechatronic Development Division Head. Mr. Eng was appointed as an Executive Director of UOM and UEM on April 2, 2018 and Uchi Technologies (Dongguan) Co., Ltd. On December 12, 2019. He is currently leading a strong technical project team in UCHI Group of Companies on project management for electronic development and mechanical construction design. He is also responsible for the overall functions of the mechatronic development system.

Mr. Eng does not hold any directorship in other public companies and listed issuers.

NYEO TIAM JOO

Malaysian, aged 56, Male

Mr. Nyeo graduated from National Cheng Kung University in Taiwan with a Bachelor Degree in Mechanical Engineering in 1989.

He started his Research and Development career by joining the Tung Kuang Ent. Ltd. , Taiwan, in 1989 as R&D Engineer. In 1992, he headed back to his hometown in Johor, Malaysia to join Sharp Manufacturing Corp. (SHARP) as Assistant Engineer. In the next following year he resigned from SHARP and moved to Penang, Malaysia to join Uchi Electronic (M) Sdn. Bhd. (UEM) as an Engineer. He was soon promoted to Senior Engineer in 1994 and later transferred to Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1996. In year 1999, he was entrusted to lead the Mechanical Department. He was appointed as Deputy Division Head of Mechatronic Development Division in 2007 to oversee all mechanical development and construction design related matters, during which he earned the trust of his customers on the construction design of UCHI's product. Today, he is also the Management Representative related to Environmental Management System and Occupational Safety & Health Management System.

Mr. Nyeo does not hold any directorship in other public companies and listed issuers.

LUONG WEE KONG

Malaysian, aged 48, Male

Mr. Luong holds a Diploma in Electronic & Electrical Engineering from Midas College of Engineering Technology.

He began his career as a Production Repairer in Thomson Audio Electronics (M) Sdn. Bhd. in 1991 and joined Aiwa Electronics (M) Sdn. Bhd. in the position of Production Test Engineer two years later. In 2003, he joined Robert Bosch (M) Sdn. Bhd. as a Production Manager. He later resigned to join Uchi Optoelectronic (M) Sdn. Bhd. (UOM) as a Task Force Manager in 2020. He was further advanced to Mechatronic Manufacturing Division Head in the same year. He has diverse experience in management and operation within manufacturing environment with more than 20 years. He presently leads the whole Mechatronic Manufacturing Division in UOM.

Mr. Luong does not hold any directorship in other public companies and listed issuers.

TAN AI LIN

Malaysian, aged 49, Female

Ms. Tan obtained a Certificate in Business Studies from Olympia College Malaysia in 2000.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) as a non-executive staff in 1991. She had several lateral career experiences throughout her employment in UEM and Uchi Optoelectronic (M) Sdn. Bhd. (UOM) with cross departmental internal transfers among Production, Store, Administration and Sales because of her learning ability. With her interest and humble learning behaviour, she gained a lot of hands-on experiences and internal promotions before moving up to management level in 2010 as an Assistant Manager in UOM, reporting to the Executive Board. She was later promoted as a Department Head cum Assistant to Administration Division Head in 2014 to manage Sales Department. Currently, she holds the position as an Administration Division Head and is also heading the Task Force of Customers' Satisfaction to take care of customers' expectations.

Ms. Tan does not hold any directorship in other public companies and listed issuers.

YEW AH PENG

Malaysian, aged 57, Female

Ms. Yew graduated from University of Technology Malaysia in 1989 with a Bachelor Degree in Electrical Engineering.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) as an Engineer in 1990 after obtaining her degree. She was recognised for her performance with several promotions before she reached management level as an Assistant Engineering Manager in 1995. She was later appointed as Special Assistant to the Managing Director (MD) of Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1998. She took on Internal Quality Audit Lead Auditor and Customer Satisfaction Task Force roles to periodically audit the conformity of customers' requirements. In 1999, she was promoted to R&D Manager to supervise the running of projects in the R&D Department. Ms. Yew has vast technical knowledge and experience, which she always shares during technical training. She is also well-versed in software programming.

Ms. Yew does not hold any directorship in other public companies and listed issuers.

OO SIEW PHAIK

Malaysian, aged 60, Female

Ms. Oo graduated with a Bachelor Degree in Chinese Literature from National Chung Hsin University, Taiwan, in 1988.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) in 1989 as Engineering Secretary. Her enthusiasm for learning about management information systems led to her being assigned an Engineer position in 1994. One year later, she had proven her mettle and was entrusted with the role of Assistant Management Information Systems (M.I.S.) Manager before she was transferred to Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1996. Her performance and diligence earned her yet another promotion in 1998 to her current position of M.I.S. Manager. Ms. Oo is now responsible for the overall management information systems of the Group. She is proficient in the Manufacturing Resource Planning system in UCHI Group of Companies and also oversees the documentation control system of ISO management systems. Today, she is also an Assistant Management Representative related to the Quality Management System.

Ms. Oo does not hold any directorship in other public companies and listed issuers.

KEOH LAY BIN

Malaysian, aged 58, Female

Ms. Keoh graduated with a Bachelor of Business Administration from Central State University, USA, in 1987.

She joined Uchi Electronic (M) Sdn. Bhd. (UEM) as the Personnel Officer cum Secretary in 1992. She subsequently advanced to Chief Administration Officer and, thereafter, Assistant Administration Manager in 1995. With her many years of exposure in administrative management, she was promoted to Administration Manager of Uchi Optoelectronic (M) Sdn. Bhd. (UOM) in 1998. She was also involved in the investor relationship activities of Uchi Technologies Berhad from 1997 to 2016 and oversaw sales activities from 1995 to 2013. Ms. Keoh is now focusing on human resource planning, training and development and the overall functions of the Administration Department as well as providing administrative support duties to UOM'S Executive Board.

Ms. Keoh does not hold any directorship in other public companies and listed issuers.

ONG PEK SEE

Malaysian, Aged 39, Female

Ms. Ong was appointed as Finance Manager of the Company on October 1, 2019. She graduated from the University of Tunku Abdul Rahman in 2005 with a Bachelor of Commerce (Honours) Accounting.

Upon graduation, she joined Uchi Technologies Berhad in 2005 as an Assistant Account. She was recognized for her performance with several promotions before she reached management level as Head of Accounts in 2011. She gained experience in the areas of financial management, budget planning, preparation of management accounts and financial reports. Ms. Ong is now responsible for the Group's financial reporting and corporate planning.

Ms. Ong does not hold any directorship in other public companies and listed issuers.

Note:

None of the Key Senior Management 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 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

CORPORATE STRUCTURE

UCHI TECHNOLOGIES BERHAD
Registration No. 199801001764 (457890-A)
(Incorporated in Malaysia)

100%

UCHI OPTOELECTRONIC (M) SDN. BHD.
Registration No. 198901013483 (190793-K)
Malaysia

100%

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

100%

UCHI ELECTRONIC (M) SDN. BHD.
Registration No. 198901005305 (182613-W)
Malaysia

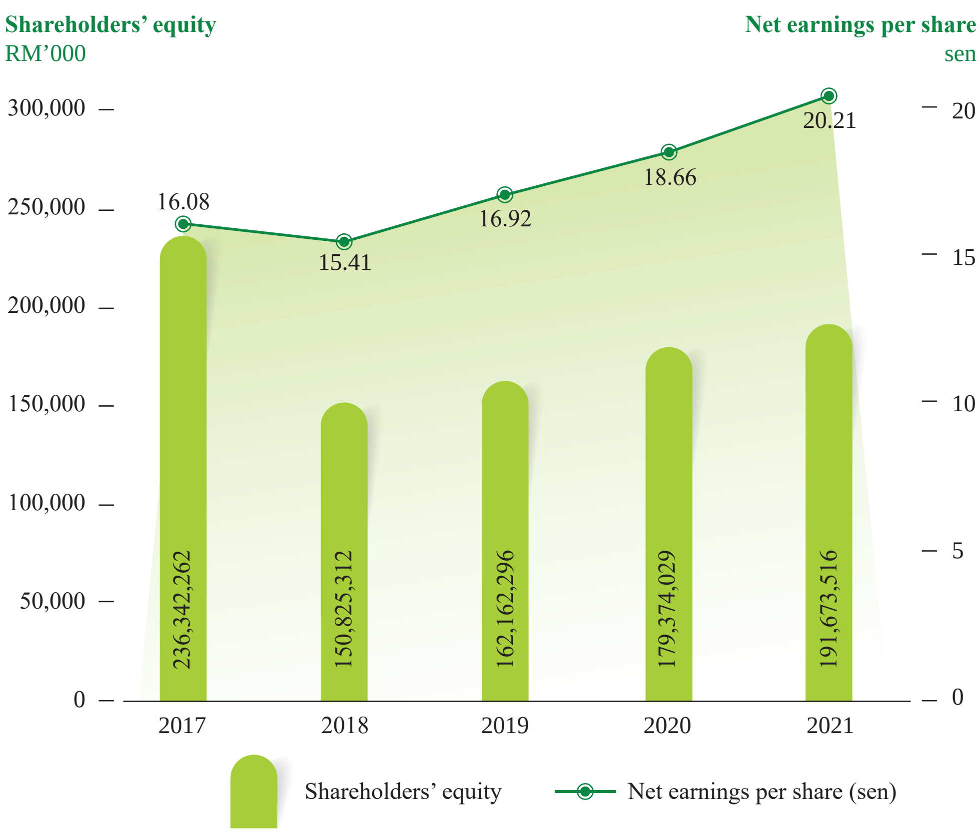
Year ended December 31	2017 RM	2018 RM	2019 RM	2020 RM	2021 RM
Revenue	136,585,426	139,967,107	156,673,264	155,256,154	168,509,475
Profit before taxation	72,147,880	72,542,695	79,044,680	84,648,568	92,170,456
Profit after taxation	70,501,046	69,009,027	75,948,000	83,826,608	91,436,741
Dividends declared and paid in respect of financial year ended:					
Dividend per share (Sen)	25	14	16	17.0	9.0
Amount Paid (net of tax)	111,848,867	62,816,860	71,857,610	76,861,973	40,753,796
Dividends proposed in respect of financial year ended:					
Dividend per share (Sen)	not applicable	not applicable	not applicable	not applicable	11.0
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	49,810,195 [1)]
Total Amount Paid and Payable (net of tax)	111,848,867	62,816,860	71,857,610	76,861,973	90,563,991 [2)]
Total Assets Employed	342,921,030	219,000,152	230,091,836	251,610,847	272,151,490
Shareholders' equity	236,342,262	150,825,312	162,162,296	179,374,029	191,673,516
Net tangible assets	236,342,262	150,825,312	162,162,296	179,374,029	191,673,516
Number of ordinary shares issued and fully paid as of December 31 (unit)	449,185,759	450,755,159	451,182,559	453,498,659	454,892,459 [3)]
Proforma weighted average number of shares (unit)	438,309,557	447,898,867	448,782,303	449,245,520	452,360,801
Net Earnings Per Share (Sen)	16.08	15.41	16.92	18.66	20.21
Return on Equity	29.8%	45.8%	46.8%	46.7%	47.7%

1) Represents approximation of dividend payable base on all ordinary shares in issue as of February 28, 2022. Actual amount of dividend payable shall be determined at the close of business on June 30, 2022 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 454,892,459 issued and fully paid ordinary shares, 2,072,500 shares are held as treasury shares by the Company. As at December 31, 2021, the number of outstanding shares in issued and fully paid is 452,819,959 ordinary shares.


Revenue
RM'000
Profit before taxation
RM'000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
136,585,426
72,147,880
139,967,107
72,542,695
156,673,264
79,044,680
155,256,154
84,648,568
168,509,475
92,170,456
2017
2018
2019
2020
2021
Revenue
Profit before taxation


Shareholders' equity
RM'000
Net earnings per share
sen
300,000
250,000
200,000
150,000
100,000
50,000
0
20
15
10
5
0
16.08
15.41
16.92
18.66
20.21
236,342,262
150,825,312
162,162,296
179,374,029
191,673,516
2017
2018
2019
2020
2021
Shareholders' equity
Net earnings per share (sen)

Dear valued 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 2021.

The past year has been a time of great hardship and loss for many. As Malaysia entered the third wave of COVID-19 in October 2020, it had looked to us that FY2021 would be marked by the pressures of a complicated international economic environment and persistent challenges from a pandemic. Business sentiment in FY2021 remained cautious as the global economy faced an untold number of challenges. Working together, UCHITEC ensured business continuity and timely delivery for our customers, and managed to chart tolerable profit despite adverse conditions.

Financial performance

During FY2021, the Group was able to register a record growth in revenue of 10% in USD. Due to the strengthening of the Ringgit Malaysia against USD, this translated to a 9% revenue growth in Ringgit Malaysia, from RM155.3 million in 2020 to RM168.5 million in the year under review. The Group achieved a net profit of RM91.4 million for FY2021 which represented an increase of 9% compared to RM83.8 million in the previous year.

The Group delivered a strong net cash flow from operating activities that amounted to RM98.3 million in FY2021, an increase from RM85.7 million in FY2020. Despite an increase in dividend payment from RM71.9 million in 2020 to RM76.9 million in 2021, the Group still registered an increase in cash and cash equivalent from RM156.7 million in the previous year to RM181.9 million in 2021.

Staying the course towards sustainable growth

We are committed to running a long-term sustainable business focussed on meaningful innovation that enables a better, safer and more sustainable world. In the year under review, the Group continued to meet critical customer needs, safeguard the health and safety of our employees, and ensure business continuity. As we move forward, we are conscious of our responsibility towards society and of the need to continue to inculcate sustainability in the way we do business. In spite of the challenges of an uncertain global economy, the Group will strive to unlock value by pursuing strategic alternatives to strengthen our long-term strategy.

In addition to creating business value for our customers, we recognise the importance of creating shared value for society as a whole. At UCHITEC, we create value by designing, introducing and implementing social, educational or health-related programmes and systems which are constructive in minimising damage to local communities and the environment in which we operate. Not only are these activities benchmarked against international environmental and quality policies, they are implemented in compliance with OHSAS standards. Building trust among employees, suppliers, customers, and community members are among our top priorities so that the concerns of all stakeholders involved can be addressed equally.

As part of our efforts to align our business operations with broader environmental, social, and governance goals, the Group continues to work closely with state councils, enterprises, and non-profit organisations to give back to local communities. Throughout the year, the Group supported several fund-raising events in aid of charities. Among our long-term undertakings is the River Rehabilitation Campaign in collaboration with Majlis Perbandaran Seberang Perai (MPSP). The campaign which commenced in 2015 involves monitoring and maintaining the water quality of the river at one of our manufacturing sites. To nurture a culture that embraces a green environment, employees engage in planting activities at UCHITEC's premises.

Strong corporate governance has always been at the heart of our business, and we maintain high standards as set out in the Malaysia Code on Corporate Governance (MCCG). At UCHITEC, we recognise that ethical behaviour, accountability, transparency and sustainability are imperative in the governance of the Company and are committed to embracing these principles in order to ensure long-term value for all our stakeholders. UCHITEC is confident that our commitment to uphold good corporate governance will contribute towards growth and positive sustainable performance.

Inspired by our aspiration to expand and innovate, we continue to invest approximately 7% of our revenue in research and development each year. Our aim is to ensure that our products meet customers' requirements for continuous supply and to provide high-quality products and innovative solutions to our customers around the world. Our focus is to create solutions that empower our customers and their end-users to reduce their environmental impact. We achieve this by delivering solutions at the earliest stage of design where factors such as the use of raw materials and natural resources, manufacturing, packaging, transport, disposal and recycling are all critical determinants of environmental impact.

In support of Malaysia's National Policy on climate change, UCHITEC is proud to sustain a long-term initiative to preserve the environment by generating renewable energy. Installed in December 2016, our Grid-Connected Photovoltaic Power System (PV System) has resulted in a commendable reduction in our CO_2 emissions by an estimated 484 tons in 2021 and has contributed to an income of RM451,951 from electricity generated using solar energy.

In 2021, we worked hard to maintain the trust and support of our customers, partners and stakeholders. We have stepped up efforts to foster a stronger value chain, build up supply continuity, and uphold our competitive edge. Together, we will drive advancements in technology, promote sustainability and create greater value for our customers and the global community.

Investing in our people for shared success

Our people remain our key success factor, and their energy and passion make us unique. It is through their hard work and commitment to supporting our customers that UCHITEC has delivered strong operational performance in 2021. As the world was dealt with a second year of impact from the COVID-19 pandemic, we are proud of the dedication and perseverance of our team at UCHITEC as they continued to take care of themselves, each other and their families, and delivered with unwavering dedication to our customers. The ability of our people to remain resilient and to continue executing in a very demanding environment has been remarkable.

The long-term success of the Company depends on its capacity to attract, develop and retain employees. We have come out of 2021 in a strong position and this would not have been possible without the dedication and determination of our people at UCHITEC. To ensure this continuity, the Company aims to build and sustain an environment where its people have a sense of personal commitment to their work and continue to give their best to promote the Company's success. On a personal level, the Company encourages a healthy work-life balance and emphasise a work environment built on respect and trust at all levels.

Our goal is to ensure everyone at the Company knows we are listening and we will respond such that UCHITEC remains a place where everyone can grow, thrive and be proud to work even through the most challenging of times.

In 2021, the Group allocated 98,500 options to our employees under the Uchi Technologies Berhad Employees' Share Option Scheme 2016.

On September 29, 2021, our Board of Directors announced that the Group's Employee Share Option Scheme (ESOS) that commenced in 2016 and which was due to expire in November 2021 would be extended for five years from November 8, 2021.

Declaration of dividends

Since 2003, UCHITEC has consistently delivered in its commitment to distribute at least 70% of net profit as dividend. For the Financial Year 2021, the Board of Directors is pleased to declare a final dividend of 11 sen per share tax exempt, subject to shareholders' approval at the forthcoming Annual General Meeting.

Together with the interim dividends of 9 sen per share tax exempt paid in January 2022, the total dividend declared for 2021 is 20 sen (2020: 17 sen), which is equivalent to a pay-out ratio of 99%.

The Edge Billion Ringgit Club Corporate Awards

At UCHITEC, we are proud that not only are we able to steer the Company through this challenging period, we also gained recognition for our achievements. For the second year in a row, UCHITEC claimed The Edge Billion Ringgit Club award for highest return on equity (ROE) over three years for the industrial products and services sector in 2021. We are honoured by this award and will continue to capitalise on our strength in consistency.

Working together for shared success

During this climate of uncertainty, we are cautiously optimistic of once again delivering a consistent financial performance and solid balance sheet in the coming year. Even as we continue to deal with the drawn-out effects of the COVID-19 pandemic, we now have to be prepared and vigilant in monitoring new concerns and challenges resulting from the ongoing Russia-Ukraine war and be prepared to mitigate quickly with appropriate responses.

As a technology driven company, research and development is the mainstay of UCHITEC. As such, we continue to train the spotlight on our research and development entity as we consistently strive to develop new products and improve existing ones. As we stride steadily and purposefully toward achieving our corporate goals, we also prioritise human development and vendor relationship management to optimise our performance and, ultimately, maximise stakeholder value.

Acknowledgements

On December 1, 2021 we were delighted to welcome Ms. Han Chin Ling as an independent non-executive director on the Board of Directors of Uchi Technologies Berhad. Previous to this, Ms. Han was appointed an alternate director to the Chairman on November 6, 2020. Ms. Han brings with her a wealth of experience and is an invaluable addition to the Board.

On behalf of the Board, I would like to take this opportunity to thank all our stakeholders for their continued support and trust in our Company. I also want to express my gratitude to our management and employees for their commitment, resourcefulness and hard work over the past 12 months. A big thank you to our shareholders, valued business partners and associates, customers, vendors, bankers, lawyers, financiers and government authorities for their support and trust through another year of often difficult working circumstances due to the pandemic. As always, I am grateful to my fellow directors on the Board for their counsel.

Our strategic focus and commitment to improvement remain undiminished at UCHITEC. Energised by our purpose and sustained by the resilience and agility we have witnessed over the past year, I am confident in UCHITEC's aptitude to continue delivering sustained value for our stakeholders.

Thank you.
CHARLIE ONG CHYE LEE
Chairman

Overview

Uchi Technologies Berhad ("UCHITEC" or "the Group") is primarily an Original Design Manufacturer (ODM) that specialises in the design, research, development and manufacture of electronic control systems which includes software development, hardware design and system construction. UCHITEC takes pride in being a one-stop solutions provider with a wide spectrum of services that range from research and development, tools design and set up, and engineering support to the production of finished electronic control systems.

UCHITEC is an investment holding company with three 100%-owned operating subsidiaries, namely, Uchi Optoelectronic (M) Sdn. Bhd. (UOM), Uchi Electronic (M) Sdn. Bhd. (UEM) and Uchi Technologies (Dongguan) Co., Ltd. (Uchi Dongguan).

UCHITEC has two operating sites:

a) UOM situated in Malaysia is the main operating plant; and
b) Uchi Dongguan situated in Dongguan City, GuangDong Province of China, is the assembly arm of UOM.

As the main subsidiary, UOM is principally involved in the design, research, development and manufacture of electronic control modules while UEM and Uchi Dongguan are the assembly arms of UOM. Both UOM and Uchi Dongguan are ISO9001, ISO14001 and ISO45001 OH&S certified companies.

Subsidiaries at a glance:

	Malaysia	China
Land Area ('000)	139.9 sq. ft.	208.7 sq. ft.
Built-up Area ('000)	148.1 sq. ft.	161.1 sq. ft.
Manpower Strength	210 head count	50 head count
Capacity Utilisation	>85%	<75%

Focus on our customers

UCHITEC's foundation is built on a strong focus on innovation to grow the partnerships it has with its customers. The ability to maintain a track record of successfully driving cost efficiency and providing viable and innovative solutions for our customers are important competitive assets at UCHITEC.

From multinational companies that produce high-end household and commercial appliances to market leaders of laboratory and industrial instruments, UCHITEC's customers rely on our exceptional electronic control systems which are designed and developed in-house to meet the needs of their finished products.

Our range of products, which include fully-automated coffee machines, precision weighing scales, centrifuges and deep freezers, passes the RoHS (Restriction of Hazardous Substances) compliance and conform to European eco-design requirements and the stringent EU energy regulation. By incorporating a standby and off mode with an electrical power consumption of less than 0.5 watts, our products have the capability to shut off completely within 15 minutes after operation is ceased. Most of the products in this category are also equipped with a zero-watt power consumption feature when in standby mode.

From the time our business was established in 1989, our ultimate goal has always been to exceed our customers' expectations. We do this by providing customers with innovative technical solutions and striving to bring to fruition the ideas they put forth to us. We make it our goal to replace existing options with better solutions, challenging even our own previous solutions so as to afford better cost efficiency and performance. Besides innovation, speed is another of our unique competencies. As such, we consistently find ways to shorten our design cycle lead time in order to deliver more competent solutions.

Financial Review

UCHITEC delivered a stronger performance in 2021 even as the world faced myriad challenges brought about by the COVID-19 pandemic. The Group reported a revenue of USD40.8 million for the financial year under review which translated to a double-digit growth of 10% over FY2020's performance of USD37.1 million. This can be attributed in part to the COVID-19 pandemic which set in motion home-based lifestyles, as well as virus/vaccine research and storage. This led to a rise in demand for both of our product groups.

In the first half of 2021, we anticipated a low-single digit revenue growth in USD as reported in UCHITEC's 2020 Annual Report. During the second half of 2021, we revised and announced that the Group expected a high single-digit revenue growth in USD.

Furthermore, the depreciation of USD against RM (2021: RM4.1337/ USD1.00; 2020: RM4.1822/ USD1.00) resulted in a 9% increase in the Group's revenue in RM for the FY2021 to RM168.5 million compared to the previous year (FY2020: RM155.3 million).

The Group's Operating Profit increased from RM80.0 million (51.5% margin) in 2020 to RM88.9 million (52.8% margin) in 2021. The improvement in operating profit margin can be associated with a better product margin mix.

In line with the Group's revenue growth, we achieved a net profit of RM91.4 million in FY2021, representing an increase of 9% as compared to RM83.8 million in the previous financial year.

The net cash generated from operations remained in excess of RM98.3 million, representing 110.6% of operating profit. Cash and cash equivalents increased from RM156.7 million in 2020 to RM181.9 million in 2021. However, the Group's cash conversion cycle increased to 72 days in 2021 (2020: 42 days). This can be attributed primarily to a decrease in the number of payable days to 67 days (2020: 95 days). In 2020, the Group recorded a high quarterly purchase generated in the last quarter of the year under review. As the average credit period granted to the Group for trade purchases ranges from 30 to 60 days, the bulk of purchases made in the last quarter of FY2020 were within the payment term.

The Group remains financially strong and has been funded on internally generated funds since its listing in 2000. The Group continues to be debt-free with a solvency ratio of 1.21 times (2020: 1.25 times) and liquidity ratio of 2.80 times (2020: 2.78 times). The Group has sufficient cash flow to meet both its short-term and long-term liabilities.

Approximately over 97% of our products are sold to the European market, while the remaining is sold to the US, Japan, China and India. Switzerland maintains its position as the highest contributor of our export market.

Financial Review (cont'd)

Comparison of revenue distribution breakdown by percentage of revenue via country in 2021 and 2020:

Country	2021	2020
Switzerland	44%	43%
Portugal	43%	42%
Germany	7%	9%
United Kingdom	3%	3%
China	1%	1%
USA	1%	1%
Others	1%	1%
Total	100%	100%

The revenue analysis by product group in 2021 compared to the preceding year remained the same across all product groups. The highest contribution at 86% comes from the Art-of-Living product group due to the strong global demand for household and professional fully automatic coffee machines. The contribution from Biotechnology products stood at 13%. Products in this category include electronic control systems such as high precision weighing scales, centrifuges, pipettes and deep freezers. Meanwhile, products in the Others category made up the balance of 1%.

Operations Review

In the year under review, material consumption remained the Group's highest expenditure at 63%, followed by employee benefit expense at 21%, depreciation and amortisation at 7%, research and development at 3%, provision for rework at 2% and other expenses at 4%.

Similar to FY2020, approximately 100% of UCHITEC's revenue was denominated in USD and about 30% of this revenue is allocated for payables in USD-natural hedge. The remaining 70% was exposed to currency fluctuation and was managed via a Forward Contract Management Policy which was approved by the Board of Directors in 2010. In 2021, UCHITEC sold forward a total contracted sum of USD29.0 million (2020: USD23.2 million) at an average rate of RM4.1651/ USD1.00 (2020: RM4.1792/ USD1.00) while the average transaction rate was RM4.1337/ USD1.00 (2020:4.1822/ USD1.00).

The FY2021 marked the second year of the coronavirus pandemic which continued to unsettle world trade and present a variety of challenges. From repeated lockdowns that affected the economic outlook to disrupted supply chains that caused fluctuations in the price of materials and semiconductor chip shortage, these circumstances hindered the Group's efforts and inevitably weakened its delivery performance compared to the previous year.

To mitigate these setbacks, the Group adopted a balanced approach of managing adaptability and maintaining agility. Firstly, although the pandemic had slowed down the production and transportation of goods from suppliers since FY2020, the inventory holdings built in advance by the Group provided some buffer to alleviate these delays and disruptions. Secondly, to minimise delays that could affect our on-time delivery performance, we communicated closely with our customers to understand the priority of their product demands so that we could take that into consideration when rescheduling our production plan. This adaptability and agility enabled us to catch up when there were delays and to deliver what our customers need without compromising their production and sales schedule.

UCHITEC has always invested strongly in research and development. It is through innovation that we are able to improve our customers' experience, improve cost efficiency and remain competitive. We have consistently allocated 7% of our revenue for research and development activities, bringing total expenses to RM4.2 million in 2021 (2020: RM4.0 million).

We have a number of projects in our research and development pipeline; these consist mainly of electronic control systems for both the Art-of-Living Product Group and the Biotechnology Product Group. Before reaching the market, our products go through various stages of the research and development cycle, namely, basic research pre-development, concept evaluation, software programming, circuitry design, system construction, hardware design, tooling design, prototype development and evaluation, design confirmation, pilot run, troubleshooting and finally, mass production. Each of these stages is important and we will continue to invest and innovate to ensure we deliver products that satisfy market demands.

In 2021, RM0.51 million (2020: RM0.68 million) was spent in capital expenditure to support research and development, and to upgrade and enhance our production facilities.

Although the global marketplace constantly presents many challenges, UCHITEC is committed to ensuring that we have effective contingency plans to mitigate the possible risks. One of the ways the Group ensures it is risk-ready is by having a resilient operating model that is highly adaptable to changes. The Enterprise Risk Management (ERM) framework acts as the Group's core management competency that incorporates a well-structured systematic process to identify business risks and lessen their impact on the operation of our companies. By making those impacts clear to our company, industry, and geography, our management is guided by ERM principles to govern the actions of their operating personnel pertaining to risk and ensure internal control systems are in place and effectively monitored. The ERM framework was continuously scrutinised and reviewed throughout the year to identify risks following changes to the business and market environment.

Delivering value at every opportunity

As the COVID-19 pandemic stretches into its third year, its impact is still palpable especially in the areas of logistics and transportation as well as in the field of semiconductors where the current market has been experiencing a prolonged shortage of chips. The Russia-Ukraine war and the renewed extensive lockdowns in various provinces in China in March and April of 2022 have also raised new concerns in terms of supply chain disruptions and/or geopolitical instability.

In addition to the factors mentioned above, among others, the rise of global inflation may further create a more complicated economic landscape for many industries, people and countries. Nonetheless, an increasing number of countries have begun to lift their COVID-19 restrictions and are moving towards the trend of treating the coronavirus as an endemic disease akin to the flu.

Amid these severe challenges to the world economy, we remain cautiously optimistic in anticipating the revenue in USD to grow by a low-teen percentage year-over-year in FY2022 as per our announcement at the end of February 2022. This is supported by the growing demand of our products and services. We do not expect significant changes in revenue trends from our principal geographical areas nor any major alterations in product group contribution. As we continue to focus on our principal business, we are targeting a modest estimate of 40% operating profit margin at the rate of RM3.90/ USD1.00, in view of the factors mentioned.

UCHITEC will continue to carry out thorough risk assessments on the potential impact of these circumstances and implement both short- and long-term responses to mitigate any possibility of business disruption to its operations. We will also monitor the current situation closely for any new developments so that we are vigilant and proactive in preventing potential threats. While many things remain beyond our control, we will focus on managing aspects that are within our control to cope with the complex circumstances of facing the unknown.

Research and development is key to success in our business. To drive effectiveness and efficiency, UCHITEC continues to invest in research and development to stay ahead and focused on our innovation capabilities. Our research and development team provides ongoing support and enhancements for existing products and ensures that our innovation grows together with our commitment to environmental sustainability and human resource development. It is also through improving production processes that we are able to manage production costs more effectively and increase our profit margins. UCHITEC encourages creativity and innovation from inside and outside its organisation and is open to new ideas, processes, and applications. There are several projects that will be launched in 2022; however, due to customer confidentiality clauses, we will only be able to disclose details of these projects later at the appropriate time.

The Group is also introducing activities for material cost reduction so that we can optimise workforce efficiency, reduce overheads and remove non-value-added activities. At this stage, we are re-engineering our existing production process to improve efficiency, and finding ways to increase capacity and eliminate wastage.

At UCHITEC, we continually develop, manage and leverage the performance relationship with our suppliers and attune our antennae to changes in the political and economic climate as well as other possible disruptions. We also leverage on supplier capabilities, conduct performance management reviews, reduce supply risk exposure, increase responsiveness to market changes and shorten order fulfilment lead times.

It is our practice to review and enhance our buffer stocks scheme to mitigate the effects of material price fluctuation and supply shortages. The company continually looks for alternative sources of supply and diversifies its sourcing base by exploring suppliers from different countries or regions in South-east Asia.

At UCHITEC, initiatives to increase productivity and strengthen our management effectiveness and efficiency are of paramount importance. We encourage positive performance and improved business processes by eliminating unnecessary work that consumes time without adding value in the eyes of the customers; simplifying tasks that contribute to product quality, achievement of sales objectives and effective management of risks; and utilising available technologies as well as implementing new systems to improve overall processes and ensure quality outcomes.

For the Group's 2022 capital expenditure requirements, we will be budgeting an estimated RM7 million for normal wear and tear as well as facility replacement. Additionally, 7% of our revenue has been allocated for research and development.

To sum up, the ultimate goal of UCHITEC is to enhance its shareholders' value and to create a socially and environmentally conscious business. The coronavirus has had a severe impact on most, if not all, countries and economies. All aspects of society have been altered, from how we work with our customers and vendors to how we operate as a business. We have all experienced challenging times both on a personal level and as a business entity, but at UCHITEC, we believe that we have the right strategy in place by being adaptable and agile while delivering value at every opportunity.

Appreciation

To our customers, business associates, vendors, bankers, lawyers, advisors, financiers, investors and relevant authorities: we truly value your contribution, cooperation and support over the years. Our gratitude also goes out to our shareholders—thank you for your exceptional trust and support in all our endeavours. I would like to express my thanks to all our employees who have shown remarkable resilience, resourcefulness and commitment this past year. We can look back on the year and be proud of what we have accomplished in difficult circumstances. With the COVID-19 pandemic far from over, but certainly more manageable, we have demonstrated that UCHITEC is more resilient and united than ever.

CHIN YAU MENG
Managing Director

ABOUT THIS STATEMENT
INTRODUCTION AND SCOPE

The Board of Directors ("Board") of Uchi Technologies Berhad ("UCHITEC" or "the Group") is pleased to present this Sustainability Statement ("Statement") for the financial year ended December 31, 2021 ("FY2021") which discusses the business sustainability of UCHITEC including from the environmental, social and governance aspects.

This Statement is prepared in accordance with the Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Main LR) and guided by the Sustainability Reporting Guide and Toolkits (Second Edition) issued by Bursa Securities.

The Statement will cover the business operation of three of its subsidiaries, namely Uchi Optoelectronic (Malaysia) Sdn. Bhd. (UOM), Uchi Electronic (Malaysia) Sdn. Bhd. (UEM) and Uchi Technologies (Dongguan) Co., Ltd (Uchi Dongguan), as these subsidiaries contribute approximately 100% of the Group's total revenue. The boundaries of this scope help ascertain the sustainability topics that affect the Group's business strategy and how performance can be improved in the short, medium and long term.

HOW WE CREATE VALUE
OPERATING LANDSCAPE

UCHITEC has a strong, demonstrable commitment to sustainability. Although the COVID-19 pandemic impacted our performance in FY2021, we have not wavered in our commitment to sustainability. We are determined to play our part in pioneering new solutions for sustainable development as our strategic framework for purposeful growth.

In order to shape our business responsibly and increase our economic success, we will look at how we can best work with our customers and stakeholders to contribute to a sustainable recovery from the COVID-19 pandemic and its economic impacts. We place a clear focus on creating more value for our customers, our employees, our shareholders, as well as for the communities in which we operate.

OUR SUSTAINABILITY INITIATIVES
GOVERNANCE IN SUSTAINABILITY MANAGEMENT

The Group's sustainability governance is led by our Board of Directors who ensures that a culture of sustainability is distributed, integrated, and embedded across our diverse business functions. The Board also ensures that the means are in place for each department and site to deploy all related sustainability programmes. In terms of sustainability, good governance enables the Board to consider and manage business strategy, taking into account all material risks faced by the organisation and capitalising on any opportunity available to the organisation.

The Executive Committee (EXCOM) directly assists and reports to the Board on matters concerning the effective implementation of sustainability-related strategies which complement or are integrated with business strategies. The EXCOM's primary role is to oversee the day-to-day sustainability management of all UCHITEC's subsidiary companies.

Reporting to the EXCOM is the Management Committee (MANCOM) whose function is to implement the Company's sustainability initiatives and oversee the daily management of sustainability matters in business operations.

In addition, the MANCOM is responsible for the discussion and alignment of the sustainability strategies within the organisation. This includes setting targets and performance indicators; overseeing the sustainable performance of the respective subsidiaries, as well as serving as a forum to gather input from each department or function and reporting to a higher governance level on the overall operational management of sustainability matters. It is also the responsibility of MANCOM to oversee the conduct of materiality assessment processes, such as stakeholder engagement processes and the identification of material sustainability matters to ensure that robust measures are in place.

MANAGING OUR BUSINESS WITH STAKEHOLDERS IN MIND

A stakeholder is essentially an individual or a group that influences or is affected by our Group and our activities. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies. We have always been guided by our aim to meet our stakeholders' expectations and generate long-term benefits for them in terms of business sustainability and value creation.

The table below lists the needs of our different stakeholder groups and how we have engaged and addressed their needs.

No.	Stakeholder	Engagement Objective	Engagement Methods
1.	Investors/Financiers	• Shareholders' value creation • Corporate governance	• Corporate website • Investor relationship channel • Quarterly financial results • Annual report • Annual General Meeting • Whistle Blowing Policy • Corporate Disclosure Policy
2.	Employee	• Job satisfaction • Working environment • Career advancement • Occupational safety and health	• Employee handbook • Training and development • Appraisal and performance review • Anti-Bribery and Corruption briefing • Sports and recreation programme • Occupational safety and health programme
3.	Government	• License to operate • Regulatory compliance	• Updates on rules and regulations • Consultation with authorities • Attendance at relevant seminars and conferences • Site visit and meeting • Member of the Federation of Malaysia Manufacturers
4.	Media	• Meaningful communication	• Press release
5.	Local Community/Society	• Environmental impact • Social impact	• Participation in local community and activities • Donation • Pay attention to polluting emissions and effluents
6.	Customers	• Customer satisfaction • Product quality • Sustaining a long-term relationship • Technical advancement	• Customer satisfaction survey • Customer periodic visit and audit • Real-time production status updates
7.	Suppliers	• Continuous supply • Forge strategic partnerships • Supplier performance review	• Supplier code of conduct • Regular supplier performance evaluation • Supplier selection via pre-qualification and registration

MATERIAL SUSTAINABILITY MATTERS

The Materiality Assessment Process (MAP) at UCHITEC involves the application of various tools to identify, categorise and prioritise sustainable matters according to its materiality to reflect significant Environmental, Social and Governance (ESG) impacts on our business, and to substantively influence the assessments and decisions of our stakeholders.

Through an analysis of internal and external sources, the Group identifies possible sustainability issues that may affect the organisation's value. A comprehensive yet objective purview enables us to be responsive to our stakeholders' expectations and safeguard our business from adverse impacts.

Internal sources include our Board or Board Committee reports and meeting minutes; our business strategies (short and medium-term goals, objectives and policies); internal analyses of megatrends that are relevant to the Group, such as talent management and cyber security; the business model of our organisation; and risk management assessments and our risk register that involves identifying significant risks via the organisation's enterprise risk management system.

The Group also uses external sources such as sustainability issues or concerns raised by stakeholders; stakeholder feedback, complaints, interests and expectations; topics and emerging trends such as climate change reported by industry and peers; relevant regulations and laws as well as international agreements or commitments which could impact business strategy or raise stakeholder concerns; standards and sustainability-related ratings or rankings such as the FTSE4Good Bursa Malaysia Index; Bursa Malaysia's Sustainability Reporting Guide; media reviews (including social media); and external peer reviews.

Based on existing policies and practices, we have identified and prioritised the material sustainability matters which affect our business operations and stakeholders. The 12 sustainability matters of importance to our external and internal stakeholders were further categorised into sustainability themes as follows:

Our Business Performance
- Financial Performance
- Customer Satisfaction
- Technical and Tactical Proficiency
- Corporate Governance and Ethical Business Behaviour

Our People
- Human and Labour Rights
- Employee Learning and Development
- Employee Well-being, Health and Safety
- Workforce Diversity

Our Environmental Management
- Environmental Compliance
- Energy Management
- Waste Management

Our Outreach
- Community

Our Business Performance

We have formulated sustainability practices which aim to generate long-term benefits to all stakeholders in terms of business continuity and value creation.

- **Financial Performance**

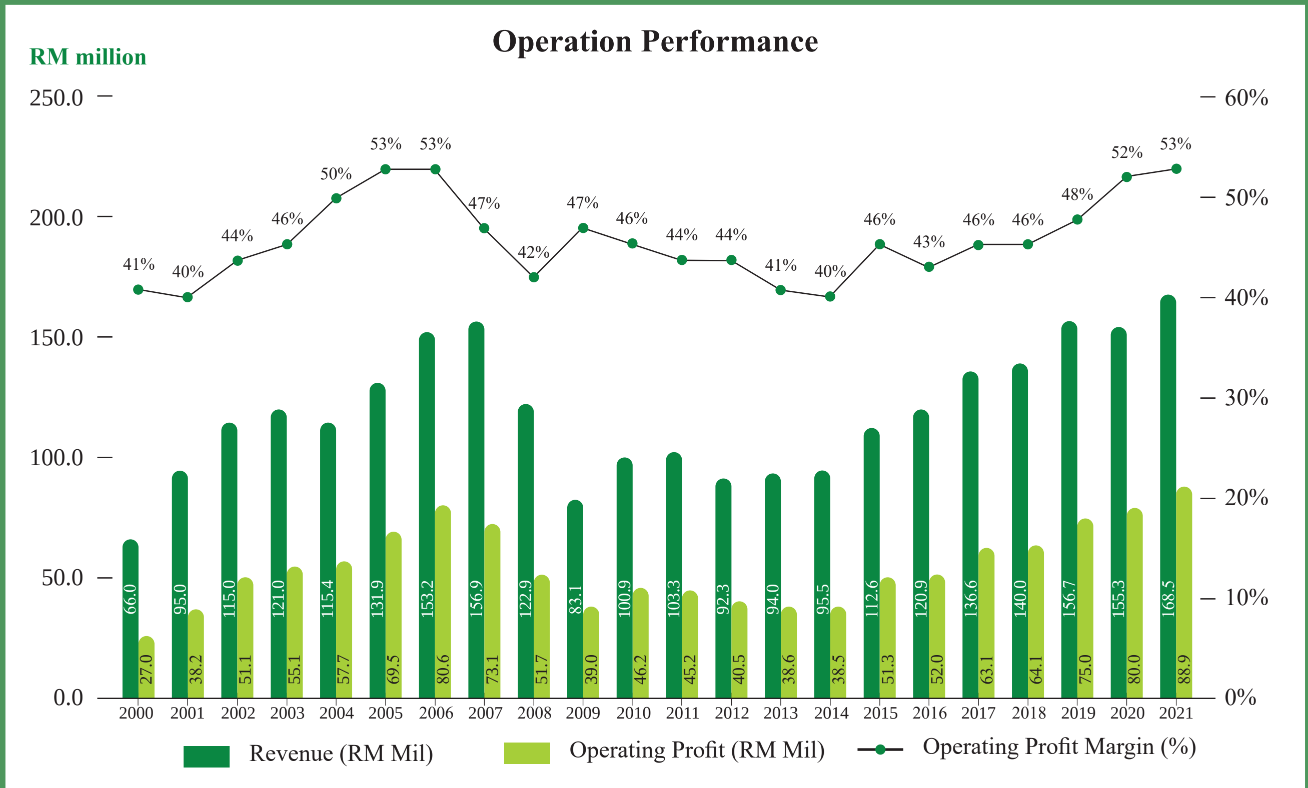
We acknowledge that, in many ways, our FY2021 performance was impacted by the COVID-19 pandemic; however, the Group's commitment to sustainability is more important now than ever. By ensuring that we have an effective quality management system in place, UCHITEC is in a favourable position to increase its operational efficiency within its sustainability strategy. Despite having to deal with the rapid challenges of the pandemic, we have been able to adapt to new situations including those that deal with sustainability. We continue to uphold a quality management system that incorporates a formalised set of policies, processes, procedures and responsibilities that are required for planning and executing strategies.

For the year 2021, UCHITEC delivered an increase in revenue by 10% in USD and 9% in RM as compared to 2020. In line with the revenue growth, the Group achieved a net profit of RM91.4 million in 2021, representing an increase of 9% as compared to RM83.8 million in 2020. A detailed analysis of our key operational risks and mitigating controls is disclosed in the Management Discussion and Analysis section of this annual report.

- **Financial Performance (cont'd)**

In the year under review, the Group recorded an average Operating Margin of 45% despite experiencing unfavourable circumstances such as an uncertain business environment across the globe, foreign currency fluctuations and technical challenges in the industry. Guided by the Group's managements systems and operational efficiency, we have consistently been able to uphold our dividend policy of allocating at least 70% of the Group's Profit After Taxation since 2003.

The Group remains committed to delivering a solid financial performance. Our ability to manage the dynamic and demanding environment over the last two years demonstrates the robustness of our strategy in ensuring that every area of our business is conducted optimally. By embracing the right opportunities, and mitigating risks through sound risk management and operating systems, we create long-term value for our shareholders and customers while contributing to a more climate neutral value chain.



- **Customer Satisfaction**

UCHITEC is committed to helping its customers solve complex challenges and supporting our customers in creating tomorrow's breakthrough innovations. At UCHITEC, Total Customer Satisfaction is our business priority, and we will continue to work hard to "Exceed Customers' Expectations through Continuous Improvement."

We strive to build strong relationships with our customers across several countries. We do this by helping our customers add value to their products and offering services that help them achieve their own sustainability objectives. In line with UCHITEC's ISO9001 Quality Policy, it is our pledge to:

- provide products and services that fully meet the expectations of interested parties via a balanced approach and with on-time and defect-free delivery;
- improve our products and services through employee training and development, and implement a Plan-Do-Check-Action (PDCA) cycle; and
- commit to the continuous implementation of ISO9001 Quality Management System and adhere to applicable requirements.

On average, UCHITEC scored 7.01/10.00 in 2021 (2020: 7.78/10.00) on the customer satisfaction index. The assessment criteria encompass product lead time, product delivery, product quality, customer complaint handling and product packaging.

- **Technical and Tactical Proficiency**

In an era of rapid change and technological advancement, we must innovate and harness new developments - not only to ensure that we stay ahead of the curve, but to enable us to add value for our customers. As our customers' partner in innovation, our technical and tactical proficiency has a considerable impact on their business. We provide innovative solutions to our customers, help them to be the first to launch a new product feature and ultimately, capture the market share.

Our aim to provide fast, innovative and profitable responses to our customers is deeply ingrained in our corporate culture. This is demonstrated in our Vision, Mission, Strength, Development Strategy and Development Goals.

Our Vision
We pledge to be the first-line partner for exclusive innovative solutions.

Our Mission
To achieve technological breakthroughs and exceed customers' expectations by providing innovative solutions and cost-effective manufacturing services.

Our Strength
A Technical Partner to walk you to the top.

Development Strategy
To be a strategic technical partner that cannot be omitted and will remain as a market leader. Total customer satisfaction is our purpose of existence and devotion in innovation derived from the founders is our motivation for continuous breakthrough.

Development Goals
We provide our customers with comprehensive solutions, transforming their ideas/concepts into products through product design, design verification, design approval, process engineering and manufacturing before delivery. Speed and innovation are our competencies.

UCHITEC's goal is to achieve breakthroughs in technology and innovation that meet and exceed the expectations of our customers. To succeed in this, we integrate sustainability in our strategy and in everything we do. By developing a sustainable consumer experience and increasing efficiency through consistent research and innovation, we aim to continue developing high grade, market-oriented and cost-efficient products that support our sustainability goals and profitable growth.

The research and development team has been headed by Mr. Kao, De-Tsan since it was established in 1990. The team is involved in synergistic collaborations with our customers from diverse industries that range from consumer to industrial products. This broad exposure to different industries enables our research and development team to utilise the competencies and technological concepts derived from their research efforts in creating more innovative and efficient proposals.

As a business that operates in a niche market, our strategy in staying ahead is by regarding our customers as our competitors. We provide our customers with innovative turnkey technical solutions that are more appealing than their current options. We are able to secure orders from our customers by exploiting innovations to ensure that we deliver compelling solutions and services.

Technical proficiency and tactical proficiency are emphasised with equal importance at UCHITEC. When we have the expert knowledge to operate our equipment and use it efficiently, it means that we have the technical proficiency to tackle our customers' technical issues and provide prompt troubleshooting advice. On the other hand, tactical proficiency allows us to put together our experience and skills in order to use our judgement, initiative, decisiveness and enthusiasm to achieve the desired results. A combination of technical proficiency and tactical proficiency takes us from simply knowing what something is to understanding why it is important and how to employ it for the best possible results in a given situation or environment.

Driven by our technical and tactical savvy, our customers continue to rate us favourably in relation to technical competency. Our customers assess our technical competency using these criteria: product design lead time, quality of product design, and ability to fulfil customers' design requirements and exceed customers' expectations with innovative ideas or designs.

We achieved a better customer rating of 9.05/10.00 in 2021 compared to 8.90/10.00 in 2020. In addition, the research and development team recorded a 100% (2020: 100%) success rate on project launching.

New product design and development is crucial in growing our core business. As we continue to invest in the future, we will formulate better ways to deliver our innovative solutions to maintain the technical and tactical proficiency of the Group. Our focus will remain on increasing our capability to continually revise our designs and range of products.

- **Corporate Governance and Ethical Business Behaviour**

At the marketplace, responsible business is integral to our corporate governance practices. At UCHITEC, in addition to accountability for our responsible business strategy and integrity in our practices, we ensure that our business' ethical values will not be compromised when striving for our corporate goals.

The Board has continuously aimed to promote a sound governance through policies which comply with the latest regulatory requirements and the principles of best practices. These include our Code of Ethics, Whistle Blowing Policy, and Anti-bribery and Corruption Policy which are made available on the Company website at www.uchi.net. The importance of these policies were communicated to all the directors and employees to ensure that our core values are recognised and upheld by all in the Company.

Code of Ethics

UCHITEC is committed to the highest standards of ethical business conduct. The principles on which this Code rely are those that concern transparency, integrity, accountability and civic social responsibility.

Whistle Blowing Policy

UCHITEC has put in place a Whistle Blowing Policy for preventing and detecting defalcations, misappropriations and other irregularities.

Anti-bribery and Corruption Policy

UCHITEC has established an Anti-Bribery and Corruption Policy that outlines UCHITEC's commitment toward its ethical business practices complying with the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.

Corporate Governance and Compliance

The Board is committed to uphold the highest standards of corporate governance conduct, sustainability governance and best practices as laid out in the Main Market Listing Requirements (MMLR) of Bursa Malaysia and Malaysia Code on Corporate Governance. Corporate Governance Policies are elaborated in the Corporate Governance Statement on page 37 to 45 of this annual report.

Our People

At UCHITEC, our people are integral to our business and our success. We strive to create a safe, diverse and inclusive environment where our employees are treated fairly and with respect and are empowered to succeed and grow.

- **Human and Labour Rights**

Basic human rights shall be universally protected by any responsible business. Our human rights practices are clearly stated in our Code of Conduct and Employee Handbook and all employees are expected to adhere to these high standards that enshrines the following:

Humane Treatment	**Child or Forced Labour Prohibition**
Anti-harassment	**Equal Employment Opportunity and Non-discrimination**
Availability of Grievance Mechanism	**Anti-Bribery and Anti-Corruption**
Occupational Safety and Health	**Working hour do not exceed maximum hour set by local regulation**
Wages adheres to the Minimum Wages Order 2020	

- **Human and Labour Rights (cont'd)**

We will not tolerate the use of child or forced labour under no circumstances. We have never employed any children below the age set by Children and Young Persons (Employment) Act 1966 and Children and Young Persons (Employment) (Amendment) Act 2010. None of the employees have been employed by our company through the various forms of debt bondage or human trafficking such as restrictions on freedom of movement and withholding of wages or identity documents.

Our employment and hiring practices do not discriminate against any individual differences. Employees are to be treated equally with regard to employment, pay rates, training and development, promotions and career progression of employees.

We maintain a working environment with zero-tolerance towards unethical labour practices. Accordingly, we strictly prohibit conduct that constitutes or that could lead to or contribute to harassment based on age, race, gender, religion, nationality, marital status, pregnancy, disability or sexual orientation. The Sexual Harassment Policy is available to all our employees and we ensure that our employees are briefed and aware of this policy. We do not abide with any conduct of discrimination or harassment when dealing with employees, customers or supplier in our company.

During the year, no case has been reported for forced or child labour, discrimination or harassment incidents.

- **Employee Learning and Development**

The Group is committed to its social responsibilities at the workplace via compliance and respect to human rights which includes employment of employees under fair and equitable terms as well as offering equal opportunity for career advancement based on performance. Continuous learning and development programmes were carried out throughout the year to equip the employees with relevant skills, knowledge and experience which would enhance the individual employees' competency and eventually add value to the Group. These include:

Career mapping and succession planning for selected departments to develop the employee capability and to facilitate employee career growth.

Competency assessment to assess employee needs of training.

Annual performance evaluation for all employees at all levels.

Annual training calendar and budget set for both in-house and external trainings for all departments.

We also place great importance on 'On-the-Job' training ("OJT") as we believe that our workforce will be able to gain more from first-hand technical experiences. Because of this, we have traditionally offered more hours of OJT than classroom training.

- **Employee Well-being, Health and Safety**

The welfare of our employees is closely monitored to avoid any violation to labour laws and to protect their human rights.

We adhere to the Employment Act 1955, which is the main legislation on labour matters in Malaysia. We provide competitive remuneration packages and benefits to attract good talent. In addition to a competitive package, we also offer the Employee Share Option Scheme ("ESOS") as a long-term incentive plan to motivate employees to work towards better performance through greater productivity and loyalty.

The benefits and privileges provided to our permanent full-time employees are as follows:

Statutory Benefits
- Adhere to minimum wages
- Statutory contributions such as EPF, SOCSO, EIS and HRDF
- Overtime payments
- Public holidays

Leave Provision
- Annual leave
- Medical leave
- Maternity leave
- Paternity leave
- Marriage leave
- Compassionate leave
- Exam leave

Facilities
- Car park
- Canteen
- Gymnasium
- Badminton court
- Personal lockers
- Prayer rooms
- First aid room

- **Employee Well-being, Health and Safety (cont' d)**

Employment Benefits
- ESOS
- Overtime compensation
- Subsidised meal coupon
- Outpatient medical benefits
- Group hospitalisation & surgical insurance
- Group personal accident insurance
- Group term life insurance
- Transportation to/from work
- Telecommuting / work from home (for applicable roles)
- Flexible working hours (for applicable roles)
- Annual dinner/ gathering/ events
- Wedding congratulatory gift
- New-born baby gift
- Employee birthday gift
- Christmas gift
- Festival hi-tea (no arrangement during COVID)
- Annual trip
- Long service award
- Outstanding performance award

Uchi Optoelectronic (M) Sdn. Bhd. ("UOM") and Uchi Technologies (Dongguan) Co., Ltd. (Uchi Dongguan) are both ISO 45001:2018 certified companies in line with the Group's commitment towards enhancing the overall occupational health and safety management system for its employees. The Group's Occupational Safety and Health Policy promotes a work environment that is safe and healthy so that hazards are eliminated and occupational health and safety risks are minimised. To safeguard employees and instill the values and knowledge essential to a safe and healthy workplace, we continuously carry out first aid training, fire drills and plant evacuation exercises.

The COVID-19 pandemic has posed a threat to the health and safety of communities and individuals. We have responded swiftly in following government guidance and regulations in order to protect our employees from the spread of COVID-19. The Company implemented precautionary measures across work premises and issued SOPs to guide employees. We continue to enforce strict rules on workforce segregation, social distancing, data corrections for contact tracing and scheduled sanitation. Other measures implemented at our facilities include scanning the temperature of employees and visitors, placing hand sanitisers at common areas, and providing masks and test kits to all employees.

The Group participated in the Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS) and paid for the cost to ensure all employees are vaccinated.

At UCHITEC, we want to empower our people to succeed and grow. Although we were unable to organise our regular recreational activities like a badminton open, bowling competition or annual trip in 2021, we managed to hold an annual appreciation event for all our valued employees. Despite the many changes we faced at the workplace as a result of the COVID-19 pandemic, we will continue to nurture a safe and healthy work environment and maintain a culture that embraces the best practices of occupational safety and health requirements.

- **Workforce Diversity**

To uphold our commitment as an ethical and socially responsible employer, we strive to promote diversity amongst our employees. This inculcates a healthy culture where employees are recognised and valued for their diverse skills, experiences and background. When employees feel supported and empowered, the Group is able to innovate and grow further while maintaining its competitive position in the industry. Presently, our workforce has a male to female ratio of 4:6, with 84 male employees and 129 female employees. Our commitment in fostering diversity is practiced across all levels of the Group. Starting from the top, female representatives make up 40.0% of the Board and key senior management of the Group; this is beyond the stipulated requirements in the Malaysian Code of Corporate Governance ("MCCG").

The Group's recruitment process is based solely on merit and the qualification of the candidates while our remuneration policy assures that no pay distinctions are made in regard to gender or ethnicity.

Our Environmental Management

At UCHITEC, we are committed to reducing the environmental impact of our operations and products and helping our customers do the same while delivering sustainable value to society. The Group adheres to all environmental laws and regulations and ensures that production processes are constantly upgraded and products improved to meet changing environmental laws and regulations.

- **Environmental Compliance**

Uchi Optoelectronic (M) Sdn. Bhd. ("UOM") and Uchi Technologies (Dongguan) Co., Ltd. (Uchi Dongguan) are both ISO 14001 certified companies in recognition of the Group's commitment in preserving the environment, while Uchi Dongguan was honoured with the "2012 Dongguan City Green Award" in recognition of its effort in nurturing and conserving the environment.

At the workplace, our Go Green Campaign encourages our employees to plant vegetables and fruits within the premises of the Group. Our initiatives also include UCHItecture, our very own green building, and a River Rehabilitation Campaign that involves the cleaning up of a nearby river using effective-microorganism mud balls.

Our Environmental Management (cont'd)

- **Environmental Compliance (cont'd)**

  The Group engages a certified independent testing laboratory to measure the air pollutant level on a routine basis to monitor and comply with the Environmental Quality (Clean Air) Regulation 2014.

- **Energy Management**

  Carbon emissions play a significant role in climate change. Therefore, we strive to reduce our carbon footprint as an on-going initiative to reduce electricity consumption and combat climate change.

  UCHItecture is our very own green building designed specifically to accommodate the tropical climate and blend with the local environmental and socio-cultural contexts. In line with the Group's commitment to uphold green practices, a Grid-Connected Photovoltaic Power System was installed in December 2016 which has helped generate renewable energy and reduce our carbon emission by more than 500 tons each year. In FY2022, solar panels will be installed on the roof of the Uchi Dongguan factory building.

- **Waste Management**

  Waste management is sometimes overlooked in an organisation but at UCHITEC, we take into consideration the use of chemicals in our manufacturing processes and ensure that proper protocol is adhered. We have implemented protocols such as Work Procedure and Waste Handling, Emergency Preparedness and Response, and Scheduled Waste and Chemical Handling Work Instruction to ensure the practice of responsible waste disposal.

  We have zero tolerance for non-compliance; as such, we always ensure our compliance with the Department of Environment's (DOE) requirements on scheduled waste management which includes on-time waste disposal. We have also put in place a designated area for scheduled waste storage.

  Industrial scraps and salvageable material are either sold to licensed scrap vendors or recycled or reused in the production line to minimise waste to the environment.

  Other initiatives include encouraging employees to go paperless at the workplace such as using electronic means to share and store documents, reducing printing or photocopying, and printing on both sides of paper. Waste segregation is carried out by using different bins for plastic, paper and other waste in and around our office areas. Recycling guidelines are shared at the workplace and reusable options are encouraged.

Our Outreach

The corporate social responsibility ("CSR") vision of UCHITEC is founded on a culture of caring and responsible citizens. Our CSR philosophy integrates our social responsibilities into our business strategies for the sustainable growth of the Company.

- **Community**

  UCHITEC routinely supports our local communities by engaging in charitable partnerships, team events, local fundraisers and more. For the year ended December 31, 2021 the Group was unable to carry out social visits due to the various COVID-19 movement control orders. Nevertheless, we organised donations to several establishments including Persekutuan Kebajikan Anak-anak Yatim Islam Pulau Pinang, Pertubuhan Rumah Kebajikan Seri Cahaya Pulau Pinang, The Salvation Army, Evershine Old Folks Home, Pusat Jagaan Warga Emas Intan and Persatuan Kebajikan Kanak-kanak Cacat Yee Ran Jing Sheh. In addition, the Group donated five units of Benefusion eSP Syringe Pump and one unit of Benefusion eVP Infusion Pump to Hospital Pulau Pinang. We have accepted five interns who are undergoing their internship programmes in the Mechatronic Development Department and the Engineering Department.

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 ensuing paragraphs summarizing the Company's corporate governance practices during the financial year ended December 31, 2021 with reference to the application of the Principles set out in the Malaysian Corporate Governance Code ("MCCG"). The detailed application for each practice as set out in the Code is disclosed in the Corporate Governance Report ("CG Report") which is available on the corporate website: www.uchi.net.

A. BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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, Board committees, individual directors 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; and
- identify issues and decisions reserved for the Board.

The Board reviewed and assessed the adequacy of Board Charter in November 2021 and resolved that the Board Charter is in compliance with relevant rules and regulations promulgated by the regulatory body.

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 be under the direction and control of the Board. The delegation could be for authorization of expenditure, approval of credit facilities and for other corporate actions. The thresholds for the identified authorities will depend upon the operating requirements of the Company.

A. BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. Board Responsibilities (cont'd)

The Responsibilities of the Board and Management (cont'd)

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.

Chairman and Managing Director

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 together with the MD and the members of the Board for formulating general Company policies and making strategic business decisions. The Managing Director, Mr. Chin Yau Meng 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.

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.

Board Meetings

The Chairman is responsible for ensuring Board effectiveness and The Board met four times in this financial year. A formal time schedule was pre-determined in advance. The Agenda and Board papers for each meeting were circulated at least one week in advance before each meeting to the Board members to enable the Directors to review the papers in preparation for the meeting and 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 also discussed, reviewed and decided the financial decision and annual plans, changes to Board or management and control structure of the Group, including strategies, key policies, procedures and authority limits. The Board and its committees were 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 and circulated. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

Number of Board of Directors' meetings and number of attendances for each Director for the financial year ended December 31, 2021 are as follows:

No.	Director	Year 2021 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2021 to 31/12/2021	4	4
2.	Chin Yau Meng	1/1/2021 to 31/12/2021	4	4
3.	Huang, Yen-Chang also known as Stanley Huang	1/1/2021 to 31/12/2021	4	4
4.	Charlie Ong Chye Lee	1/1/2021 to 31/12/2021	4	4
5.	Tan Boon Hoe	1/1/2021 to 31/12/2021	4	4
6.	Lim Tian How	1/1/2021 to 31/12/2021	4	4
7.	Han Chin Ling *	1/1/2021 to 31/12/2021	4	4

* Resigned as Alternate Director to Mr. Charlie Ong Chye Lee and appointed as Independent Non-Executive Director on December 1, 2021.

A. BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I . Board Responsibilities (cont'd)

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.

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.

Code of Ethics

UCHITEC is committed to the highest standards of ethical business conduct. The Directors and employees continue to adhere to the Code of Ethics of UCHITEC codified in the Employees' Handbook. The Code of Conduct and Ethics for the Directors is also available on the group website. 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.

Whistle Blowing Policy

UCHITEC has put in place a Whistle Blowing Policy to provide an avenue for all employees 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 Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.

Anti-bribery and Corruption Policy

The Group had established an Anti-Bribery and Corruption Policy that outlines UCHITEC's commitment toward its ethical business practices complying with the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. UCHITEC takes zero-tolerance to corruption and bribery, and UCHITEC is committed to carried out all of its business practice with transparency, accountability and integrity. The Group communicates the Anti-bribery and Corruption Policy to all employees and business associate to ensure good standards of ethical behavior flow through all levels of the Group to prevent unethical practices and consequently, support the delivery of long-term sustainable success of the Group.

II. Board Composition

For the financial year 2021, the Board comprised of seven (7) Directors, of which three (3) are Executive Directors and four (4) are Independent Non-Executive Directors. The present composition of the Board meets the requirements as stipulated in Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad as half of its members are Independent Directors and the Chairman of the Board is an Independent Non-Executive Director.

The Board's standards for determining the independence of a Director is set forth in the Board Charter. The Nomination & Remuneration Committee (NRC) is authorized to assess the independence of the Independent Directors in accordance to the Boards Independence Standards annually. Based on the assessment in 2021, 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 and minority shareholders.

Tenure of Independent Director

It has also stipulated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Should the Board intend to retain the Director as Independent after he/she has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval through a two tier voting process at general meeting.

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

Name of Directors	Date of Appointment	Tenure of Service as of March 31, 2022
Charlie Ong Chye Lee	July 1, 2008	13 years 9 months
Tan Boon Hoe	August 1, 2016	5 years 8 months
Lim Tian How	April 2, 2018	4 years
Han Chin Ling	December 1, 2021	4 months

A. BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Tenure of Independent Director (cont'd)

Mr. Charlie Ong Chye Lee's tenure on the Board has reached a cumulative term of twelve (12) years on June 30, 2020. The NRC, with Mr. Charlie Ong Chye Lee abstaining from the deliberation of his own assessment, has assessed his independence and is satisfied with the following attributes necessary in discharging his roles and functions as an Independent Non-Executive Director of the Company, i.e.

- He has met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad; and
- He has vast experience in the industries the Group is involved and as such could provide the Board with a diverse set of experience, expertise and independent judgment; and
- He consistently challenges the management in an effective and constructive manner; and
- He actively expresses his views and participates in Board deliberations and decision making in an objective manner; and
- His length of service on the Board does not in any way interfere with his fiduciary duties in exercising due care in the best interest of the Company and minority shareholders.

After considering the NRC's justification and recommendation, the Board intends to seek the shareholders' approval through a two tier voting process at this forthcoming Annual General Meeting to retain Mr. Charlie Ong Chye Lee as an Independent Non-Executive Director of the Company.

Effectiveness of the Board, Board Committee and Individual Directors

The NRC was established to undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The NRC was chaired by Mr. Lim Tian How, Independent Non-Executive Director and comprised exclusively of Independent Non-Executive Directors, namely:

Chairman	:	Lim Tian How *Independent Non-Executive Director*
Members	:	Tan Boon Hoe *Independent Non-Executive Director*
		Han Chin Ling *Independent Non-Executive Director*

Summary of activities of the NRC in 2021 are as follows:

- reviewed the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors brought to the Board;
- reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Constitution;
- reviewed and recommended to the Board the appointment of Director in accordance with the Board Charter;
- reviewed and recommended to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and to seek shareholders' approval through a two tier voting process at the forthcoming AGM;
- assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment;
- assessed the Company's compliance with applicable laws and regulations relating to corporate governance;
- 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;
- reviewed and assessed the annual performance of the Board Committee and the effectiveness of the Board as a whole;
- reviewed and reassessed the adequacy of the Nomination & Remuneration Committee Charter including the evaluation criteria of recruitment and assessment of Directors.

The assessment was administered using a set of questionnaires that contains both quantitative and open-ended questions, based on a self and peer rating assessment model. Further insights were gathered from respective Directors in order to corroborate the findings from the questionnaires. The outcome arising from the evaluation process was reviewed by the NRC and subsequent recommendations have been made to the Board for further improvement.

A. BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Effectiveness of the Board, Board Committee and Individual Directors (cont'd)

For the year under review, the NRC reported that the Board is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and the composition of the Board has a balance mix of executive, non-executive and independent members. The NRC also expressed that the Board Committees and individual Directors were able to discharge their duties and responsibilities in an adequate and proper manner.

The Board is satisfied with the existing board structure, effectiveness and the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

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 NRC, 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 Director's 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; and
- Attending continuing education programmes to update knowledge and enhances 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.

Diversification Policy

UCHITEC endeavours to provide a diversified and equal opportunity work environment throughout the Company i.e. free of discrimination of any form irrespective of an individual's gender, race, age and religion. As such, the evaluation of the suitability of Board composition is purely based on the candidates' competency, skills, character, time, commitment, knowledge, experience and other qualities in meeting the needs of the Company.

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 15 to 17 of this annual report.

The Board through the NRC does consider gender diversity as part of its future selection and appointment of directors and key senior management.

The Board has set its target to achieve at least 20% of women directors and key senior management for 2021. During the year, there was 40% women representation on the board and key senior management.

Re-Election

In accordance with the Company's Constitution, 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 who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years are required to submit themselves for re-appointment annually in accordance with the recommendations of the MCCG accordingly.

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.

A. BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Directors' Training (cont'd)

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 NRC 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.

In 2021, all the Board members had attended / participated in one or more of the following training programmes / conferences / seminars / workshops on areas relating to operational management, corporate governance, risk management, and financial reporting:

- MCCG – Revision 2021: Key Impact & How You Can Transform for Better;
- 2022 Malaysian Budget;
- The New Way of Working (WOW) in E&E Industry;
- How technology can improve business valuation processes;
- Compare and contrast asset accounting - PPE, IP, inventories, biological assets and financial assets; and
- ISQM 1 & ISA 220 (Revised).

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.

III. Remuneration

The NRC is also responsible 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, 2021, the NRC reviewed and recommended to the Board the Nomination & 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:

- 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.

- Salary and Other Emoluments
  The Executive Directors are entitled to a fixed component of remuneration package which includes a monthly salary, employer contributions to the Employee Provident Fund and performance-based bonus.

- Benefits-in-Kind
  Benefits-in-Kind consists of fringe benefits provided to Executive Directors such as the provision of accommodation allowance and medical coverage.

- Share-Based Payment
  Share-based payment is the fair value arising from the granting of share options to Directors. All Directors of the Company are eligible to participate in the Employee Share Option Scheme. Upon shareholders' approval, the Board is authorized to grant share options to the Directors.

Specific disclosure of Director's remuneration and key senior management's remuneration in relation to Practice 8.1 and 8.2 of the MCCG are provided in the CG Report.

The Employee Share Option Scheme ("ESOS") Committee (whose members include some 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 By-Laws of ESOS, regulations and guidelines in force from time to time.

Upon expiration of ESOS 2006 on August 7, 2016, a new ESOS ("Uchi Technologies Berhad ESOS 2016" or "ESOS 2016") was launched on November 8, 2016.

A. BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration (cont'd)

The Employee Share Option Scheme ("ESOS") Committee (whose members include some management staff) (cont'd)

The maximum number of new shares which may be issued and allotted pursuant to the exercise of ESOS 2016 shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid up share capital of the Company.

Upon the recommendation by the ESOS Committee and in pursuant to the Bye-Law 19.2 of the ESOS 2016, the Board of Directors extended the expiry of the ESOS 2016 for another 5 years commencing November 8, 2021.

During the financial year ended December 31, 2021, the Company granted total share options of 98,500 ordinary shares to eligible employees. As of December 31, 2021, balance number of share options available for allotment under ESOS 2016 was 7,923,900 ordinary shares.

The aggregate maximum allocation of share options to Directors and key senior management of the Group shall not exceed 70% of the Share Options available under the ESOS 2016. As of December 31, 2021, the actual allocation of share options to Directors and key senior management was 40%.

The details of share options granted to and exercised by the Directors during the year under review are presented on page 56 of this annual report.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee consists solely of independent non-executive directors and is chaired by Mr. Tan Boon Hoe, who is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountant.

Deriving from the annual performance evaluation carried out by the NRC, the Board is satisfied that the Audit Committee is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and were able to discharge their duties and responsibilities in an adequate and proper manner.

In 2021, Audit Committee members attended / participated in conferences / seminars on areas relating to Corporate Governance, MCCG – Revision 2021, latest development on MFRS and 2022 Malaysian Budget.

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 which stipulated that external auditors must remain independent of the Company both in fact as well as in appearance. Generally, external auditors' independence is impaired when the external auditors provide services which:

- Create a mutual or conflicting interest between the external auditors and the Company;
- Result in the external auditors functioning in the role of management;
- Place the external auditors in the position of auditing its own work;
- Place the external auditors in the position of being an advocate for the Company.

Taking into account the auditors' statement on independence and the Audit Committee's own enquiries, the Audit Committee is satisfied with the suitability, objectivity and independence of Deloitte PLT as external auditors and recommended to the Board the re-appointment of Deloitte PLT as auditors of the Company.

The re-appointment of Deloitte PLT as auditors of the Company is subject to shareholders' approval at the forthcoming Annual General Meeting.

II. Risk Management and Internal Control Framework

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. The Board is assisted in this regard by the Audit Committee in overseeing the Company's risk management and internal control framework and policies.

Audit Committee Report and Statement on Risk Management & Internal Control incorporating report on risk management review, internal audit function and conclusion of the review are set out from page 46 to 50 of this annual report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

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 Executive Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments.

The annual report, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

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.

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.

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 Requirements of Bursa Malaysia Securities Berhad).

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

II. Conduct of General Meeting

The notice of the Twenty-Third Annual General Meeting (AGM) held on May 25, 2021 was dispatched to the shareholders on April 21, 2021, which is more than 28 days before the AGM, so as to ensure the shareholders are given sufficient notice and time to go through the Annual Report and make the necessary attendance and voting arrangement.

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 Twenty-Third Annual General Meeting held on May 25, 2021.

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 2016 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.

D. ACCOUNTABILITY AND AUDIT (cont'd)

Responsibility Statement (cont'd)

For the year ended December 31, 2021, 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, 2016 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, 2021 on March 22, 2022.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has fared well during the financial year in application of the corporate practices recommended under the MCCG. The collective approval by the Board on this Statement was tabled on March 22, 2022.

For and on behalf of the Board of Directors of

Uchi Technologies Berhad

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, 2021.

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 : Tan Boon Hoe
Independent Non-Executive Director

Members : Lim Tian How
Independent Non-Executive Director

Han Chin Ling
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 statement 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 & Remuneration 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 be 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 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 2016 ("ESOS 2016") 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 2016;
- 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, 2021, the Committee met seven times with full attendance from all members except for Ms. Han Chin Ling who was appointed as a member of the Committee on December 1, 2021. 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, 2021 is as follows:

- Reviewed the adequacy of Audit Committee Charter;

- Recommended the re-appointment of the external auditors and agreed on their remuneration;

- Reviewed the external auditors' audit plan and scope of works for the year, assessed the independence and objectivity of the external auditors and discussed the results of the annual audit and audit report with the external auditors;

- Reviewed the audited financial statements for the year ended December 31, 2021 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 internal auditors' audit reports and considered the audit issues, recommendations and the management's written response;

- Reviewed with the Company's management and the internal auditors' on the adequacy and effectiveness of risk management and internal control system of the Group;

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

- Reviewed and assessed 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; and

- Reviewed the allocation of options during the year under the ESOS 2016 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 2016.

INTERNAL AUDIT FUNCTION

In respect of the financial year ended December 31, 2021, the internal audit team had carried out internal audit reviews on the following area according to the internal audit plan which has been approved by the Audit Committee:

- Inventory management – raw material and work in progress
- Fixed asset management

The review was conducted to assess the adequacy and effectiveness of the Group's system of internal control and its compliance with the Group's policies and procedures. Reports, including where relevant, action plans agreed with the operational level management, are circulated to the Management, and are tabled at the Audit Committee meeting.

The total cost incurred for internal audit function for the financial year ended December 31, 2021 was approximately RM45,000.

The Board of Directors ("Board") of Uchi Technologies Berhad ("UCHITEC" or "the Group") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended December 31, 2021, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers ("the Guidelines"), in this annual report. This statement outlines the nature and state of the internal controls of the Group.

Board Responsibility

The Board acknowledges the importance of maintaining a sound internal control system and a robust risk management framework for good corporate governance; with the objective of safeguarding the shareholders' investment, the interest of customers, regulators, and the Group's assets. The Board affirms its overall responsibility for the Group's system of risk management and internal control which is vital to managing principal risk which may impede the achievement of the Group's corporate and business objectives. This responsibility includes reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organizational, operation and compliance controls.

However, 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.

Management Responsibility

The Management is responsible for implementing the Board's framework, policies and procedures on risk and control by identifying, assessing monitoring and reporting risks and internal control; as well as taking proper actions to address the risks.

RISK MANAGEMENT REVIEW

The Board regards risk management as an integral part of business operations and continuously update and identify the various risk factors that could have a potentially significant impact on the Group's mid to long term business objectives. Arising from this, a risk-based internal audit plan was developed and approved by the Audit Committee.

The Board was assisted by the Management Team in ensuring that there is an on-going and systematic risk management process undertaken to identify, assess and evaluate principal risks. The Management Team comprised the Executive Directors as well as Division Heads, Department Heads and Managers of the subsidiaries. The Management Team had identified and evaluated the significant risks faced by the Group against a defined risk appetite and ensured that appropriate risk treatments were established to mitigate those risks affecting the achievement of the Groups business objectives.

The Board throughout the current financial year, has also identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency and profitability at its Board meeting.

KEY RISK MANAGEMENT & INTERNAL CONTROL PROCESSES

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

- Code of Ethics which sets out the principles to guide Directors' and employees' conduct to the highest standards of personal and corporate integrity;

- Fraud Policy which 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;

- Whistle Blowing Policy which outlines the Group's commitment towards enabling the employees to raise concerns in a responsible manner regarding any wrongdoings or malpractices without being subject to victimization or discriminatory treatment, and to have such concerns properly investigated. All the disclosures made under the Policy will be handled with strict confidence. The Policy promotes a culture of honesty, openness and transparency within the Group;

- Anti-bribery and corruption Policy sets out the policies and procedures on the Group's commitment to conduct its business in an honest, ethical, and transparent manner. The Group adopts a zero-tolerance approach towards bribery and corruption;

- 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 operating procedures are regularly assessed, reviewed and revised to maintain their effectiveness and continue to support the Groups business activities;

- The Board has established a formal organizational structure with well-defined lines of reporting as well as a clear responsibility and accountability within the Group. The Group has also sets out roles and responsibilities, appropriate authority limits and a structured review and approval procedures in order to enhance the decision-making process and the internal control system of the Group;

- The main subsidiaries of the Group, namely Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Technologies (Dongguan) Co., Ltd. are ISO9001:2015, ISO14001:2015, and ISO45001 OH&S certified. With these certifications, annual surveillance audits are conducted by independent external ISO auditors particularly to ensure compliance with ISO procedures or manual;

- 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;

KEY RISK MANAGEMENT & INTERNAL CONTROL PROCESSES (cont'd)

- Financial results, which includes key performance indicators are reviewed quarterly by the Board and the Audit Committee;

- Executive Directors are closely involved in the daily operations and are responsible for the business performance of the respective business. Executive Directors and Head of Departments meet regularly to discuss operational, corporate, financial and key management issues. Significant issues are brought to the attention of the Board; and

- Effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). The internal audit engagement by KPMG is headed by an Executive Director, namely, Dato' Ooi Kok Seng. Dato' Ooi is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Dato' Ooi has accumulated over 30 years of experience in a wide range of audit, risk and internal audit work.

All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

There was a total of 6 personnel which were deployed by KPMG for the internal audit work during the financial year ended December 31, 2021. All the personnel possess tertiary qualifications and the level of expertise and professionalism is as follows:

Expertise category	Percentage of total auditors
Bachelor degree	50%
Professional (ACCA, CPA, CIA, etc)	50%

The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practices Framework for Internal Auditing issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

The internal audit 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.

KPMG reported to the Audit Committee that while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

CONCLUSION

The Board has received assurance from the Management, including the Managing Director and the Finance Manager, 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.

For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

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 is satisfied 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.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the 2021 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement was approved by the Board on March 22, 2022.

FINANCIAL STATEMENTS

ISO 9001 QUALITY POLICY

Uchi Optoelectronic (M) Sdn Bhd believes that "Exceed Customers' Expectations Through Continuous Improvement" is the key to sustain success in business.

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

Products and services which fully meeting interested parties expectations in a balance approach with on time and defect free delivery; and

Product and services improvement through employees training and development and implementation of Plan Do Check Action (PDCA) cycle.

Continuous commitment to implement ISO9001 Quality Management System and satisfy applicable requirements.

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, 2021.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The information on the name, principal activities, place of incorporation and percentage of issued share capital held by the Company in each subsidiary are as follows:

Name of companies	Principal activities	Place of incorporation	Percentage of issued share capital held by the Company
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%
Uchi Optoelectronic (M) Sdn. Bhd.	Design, research, development and manufacture of real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipment, touch screen advance display, high precision light measurement (optoelectronic) equipment, mixed signal control system for centrifuge/ laboratory equipment, mixed signal microprocessor based application and system integration products.	Malaysia	100%
Uchi Technologies (Dongguan) Co., Ltd.	Design, research, development, manufacture and trading of electronic modules.	People's Republic of China	100%

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit for the year	91,436,741	94,057,709

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

	RM
Final tax exempt dividend of 9.5 sen per ordinary share, in respect of the financial year ended December 31, 2020, declared on February 24, 2021 and paid on July 22, 2021.	43,005,011
Interim tax exempt dividend of 9 sen per ordinary share, in respect of the financial year ended December 31, 2021, declared on November 25, 2021 and paid on January 25, 2022.	40,753,796
	83,758,807

DIVIDENDS (cont'd)

The directors have also proposed a final tax exempt dividend of 11 sen per ordinary share, in respect of the current financial year. The proposed tax exempt dividend if payable in respect of all ordinary shares in issue as at the date of the financial statements would amount to RM49,810,195 and has not been included as a liability in the financial statements. The dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividend has yet to be determined as at the date of this Directors' Report.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 453,498,659 ordinary shares to 454,892,459 ordinary shares by way of issuance of 1,393,800 new ordinary shares, amounting to RM2,479,332, for cash pursuant to the Employees' Share Options Scheme ("ESOS") of the Company at exercise prices ranging from RM1.57 to RM2.78 per ordinary share.

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

The Company has not repurchased or resold any treasury shares during the financial year.

EMPLOYEES' SHARE OPTIONS SCHEME

On November 8, 2016, the Company implemented an Employees' Share Options Scheme ("ESOS") for a period of 5 years. During the year, the Company had extended the ESOS for another period of 5 years commencing from November 8, 2021 on the same terms and conditions as mentioned in the ESOS By-Laws. The extended share options are exercisable at any time within the option period up to November 2026.

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 Berhad for the five preceding market days prior to the date of offer.

(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 shall upon allotment and issuance, 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.

EMPLOYEES' SHARE OPTIONS SCHEME (cont'd)

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 RM	Balance as at 1.1.2021	Granted	Exercised	Forfeited	Balance as at 31.12.2021
November 8, 2016	November 7, 2026	1.57	7,124,600	-	(959,400)	(5,000)	6,160,200
February 8, 2017	November 7, 2026	1.67	200,100	-	(55,400)	-	144,700
March 8, 2017	November 7, 2026	1.66	59,200	-	(10,200)	-	49,000
May 23, 2017	November 7, 2026	1.57	100,000	-	(100,000)	-	-
September 8, 2017	November 7, 2026	2.11	115,800	-	-	-	115,800
October 6, 2017	November 7, 2026	2.47	51,500	-	(24,400)	-	27,100
November 8, 2017	November 7, 2026	2.78	48,000	-	(17,000)	-	31,000
December 8, 2017	November 7, 2026	3.19	35,000	-	-	-	35,000
February 8, 2018	November 7, 2026	2.43	189,500	-	(39,800)	-	149,700
April 6, 2018	November 7, 2026	2.26	16,000	-	-	(10,000)	6,000
May 8, 2018	November 7, 2026	2.52	90,000	-	-	-	90,000
May 25, 2018	November 7, 2026	2.72	235,000	-	(155,000)	-	80,000
July 6, 2018	November 7, 2026	2.55	120,000	-	-	-	120,000
August 8, 2018	November 7, 2026	2.86	44,000	-	-	-	44,000
December 7, 2018	November 7, 2026	2.89	71,000	-	-	(21,000)	50,000
January 8, 2019	November 7, 2026	2.45	75,000	-	(25,000)	-	50,000
February 8, 2019	November 7, 2026	2.57	84,000	-	(7,600)	-	76,400
April 8, 2019	November 7, 2026	2.75	45,000	-	-	-	45,000
May 8, 2019	November 7, 2026	2.82	136,000	-	-	(120,500)	15,500
August 16, 2019	November 7, 2026	2.77	150,000	-	-	-	150,000
September 6, 2019	November 7, 2026	2.81	6,000	-	-	-	6,000
November 8, 2019	November 7, 2026	2.80	43,000	-	-	(3,000)	40,000
December 6, 2019	November 7, 2026	2.82	45,000	-	-	-	45,000
January 8, 2020	November 7, 2026	2.80	7,500	-	-	-	7,500
February 7, 2020	November 7, 2026	2.62	80,200	-	-	-	80,200
August 7, 2020	November 7, 2026	2.51	37,000	-	-	-	37,000
September 8, 2020	November 7, 2026	2.85	195,500	-	-	(37,000)	158,500
October 8, 2020	November 7, 2026	2.58	14,500	-	-	(14,500)	-
November 6, 2020	November 7, 2026	2.60	14,500	-	-	-	14,500
December 8, 2020	November 7, 2026	2.76	4,000	-	-	-	4,000
February 8, 2021	November 7, 2026	2.95	-	16,400	-	(6,700)	9,700
March 8, 2021	November 7, 2026	3.42	-	3,700	-	-	3,700
May 7, 2021	November 7, 2026	3.12	-	71,200	-	-	71,200
September 8, 2021	November 7, 2026	3.14	-	7,200	-	-	7,200
			9,436,900	98,500	(1,393,800)	(217,700)	7,923,900

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that there were 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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 would 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 of the Group and of the Company, 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 liabilities 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 financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chin Yau Meng
Kao, De-Tsan also known as Ted Kao
Huang, Yen-Chang also known as Stanley Huang
Charlie Ong Chye Lee
Tan Boon Hoe
Lim Tian How
Han Chin Ling (appointed on December 1, 2021)
(alternate to Charlie Ong Chye Lee *)

* Ms. Han Chin Ling resigned as the alternate director to Mr. Charlie Ong Chye Lee on December 1, 2021.

DIRECTORS (cont'd)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Direct subsidiaries	Directors of the subsidiaries
Uchi Electronic (M) Sdn. Bhd.	Chin Yau Meng Kao, De-Tsan also known as Ted Kao Huang, Yen-Chang also known as Stanley Huang Eng Chiew Ming
Uchi Optoelectronic (M) Sdn. Bhd.	Chin Yau Meng Kao, De-Tsan also known as Ted Kao Huang, Yen-Chang also known as Stanley Huang Eng Chiew Ming
Uchi Technologies (Dongguan) Co., Ltd.	Huang, Yen-Chang also known as Stanley Huang Chin Yau Meng Eng Chiew Ming

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 59 of the Companies Act, 2016 are as follows:

	No. of ordinary shares			
	Balance as at 1.1.2021/ date of appointment	Bought	Sold	Balance as at 31.12.2021
Direct interest:				
Kao, De-Tsan also known as Ted Kao	2,715,000	-	-	2,715,000
Huang, Yen-Chang also known as Stanley Huang	382,470	-	-	382,470
Charlie Ong Chye Lee	895,900	-	-	895,900
Tan Boon Hoe	380,000	100,000	-	480,000
Chin Yau Meng	400,400	-	-	400,400
Lim Tian How	151,200	155,000	(10,000)	296,200
Han Chin Ling	10,000	-	-	10,000
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	86,778,696	-	-	86,778,696
Chin Yau Meng	230,000	-	-	230,000

In addition to the above, the following directors are deemed to have an 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 option over ordinary shares			
	Balance as at 1.1.2021	Granted	Exercised	Balance as at 31.12.2021
Kao, De-Tsan also known as Ted Kao	380,000	-	-	380,000
Huang, Yen-Chang also known as Stanley Huang	411,200	-	-	411,200
Tan Boon Hoe	100,000	-	(100,000)	-
Chin Yau Meng	478,000	-	-	478,000
Lim Tian How	155,000	-	(155,000)	-

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed below) 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 except that certain directors received remuneration from related corporations in their capacities as directors or executives of those related corporations.

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive directors of the Company:				
Fee	**157,200**	157,200	**157,200**	157,200
Contributions to Employees' Provident Fund	**187,542**	162,188	**106,440**	90,707
Benefits-in-kind	**60,000**	60,000	**30,000**	30,000
Other emoluments	**1,364,343**	1,255,415	**663,627**	614,805
Non-executive directors of the Company:				
Fee	**291,083**	236,400	**291,083**	236,400
Other emoluments	**12,778**	30,401	**12,778**	30,401
	2,072,946	1,901,604	**1,261,128**	1,159,513
Executive directors of a subsidiary:				
Fee	**24,000**	24,000	**-**	-
Contributions to Employees' Provident Fund	**22,672**	22,222	**-**	-
Other emoluments	**188,361**	195,406	**-**	-
	2,307,979	2,143,232	**1,261,128**	1,159,513

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.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors’ liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year amounted to RM15,778.

There was no indemnity given to or insurance effected for officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS’ REMUNERATION

The amount paid/ payable as remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2021, are RM119,299 and RM57,750, respectively.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of the significant event during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

CHIN YAU MENG

KAO, DE-TSAN also known as TED KAO

Penang,

March 22, 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

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 at December 31, 2021, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at December 31, 2021, and of their financial performance and their 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, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter is addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter (cont'd)

Key Audit Matter	How The Matter Was Addressed In The Audit
Determination of income tax under pioneer status	
Uchi Optoelectronic (M) Sdn. Bhd. ("UO"), a subsidiary of the Company, has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act, 1986. Under this incentive, upon certain terms and conditions being fulfilled, 100% of the UO's statutory income derived from the design, development and manufacture of real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipment, will be exempted from income tax for a period of five years commencing from January 1, 2018. Due to the said terms and conditions of the pioneer status, management exercises significant judgement in determining the status of fulfilment of the terms and conditions of the pioneer status granted to UO in their assessment of the Group's current and deferred tax. The significant management judgement on income taxes is disclosed in Note 4 to the financial statements. The current and deferred tax of the Group are disclosed in Notes 9 and 16 to the financial statements.	We obtained an understanding of the terms and conditions of the pioneer status granted to UO. We obtained appropriate evidence to support the commencement date of the pioneer status. We obtained and evaluated management's assessment of their fulfilment of those terms and conditions relating to the pioneer status granted to UO. Specifically, we assessed the current stage of fulfilment by UO of those terms and conditions with reference to audit enquiries and evidence obtained during audit of the financial statements of UO. We then evaluated the appropriateness of the current and deferred tax computations of the Group, which were prepared by management based on the status of the fulfilment of the terms and conditions of the pioneer status granted to UO. We also engaged our internal tax specialist to assist in evaluating the appropriateness of the provisional tax computation of the Group, which was prepared by management based on the status of the fulfilment of the terms and conditions of the pioneer status granted to UO. We have duly evaluated the work of the internal tax specialist on the provisional tax computation. We further assessed the appropriateness of the pioneer status disclosures in the financial statements of the Group. We obtained specific representations from management and the board of directors as to the matters above.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended December 31, 2021.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ALVIN CHANG SHU-WEI
Partner – 03480/01/2024 J
Chartered Accountant

Penang,

March 22, 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	5	**168,509,475**	155,256,154	**96,642,841**	76,484,049
Investment income	6	**2,197,277**	2,573,829	**929,618**	1,566,226
Other gains and losses	7	**968,597**	2,380,438	**33**	(16)
Raw materials consumed		**(51,467,788)**	(46,479,859)	**-**	-
Changes in inventories of finished goods and work-in-progress		**1,581,687**	(127,283)	**-**	-
Employee benefit expenses	8	**(16,576,938)**	(16,205,249)	**(2,910,925)**	(2,807,794)
Depreciation and amortisation expenses		**(5,747,684)**	(6,393,978)	**-**	-
Other expenses		**(7,291,739)**	(6,355,484)	**(416,744)**	(379,883)
Finance costs		**(2,431)**	-	**-**	-
Profit before tax		**92,170,456**	84,648,568	**94,244,823**	74,862,582
Tax expenses	9	**(733,715)**	(821,960)	**(187,114)**	(306,790)
Profit for the year attributable to owners of the Company	10	**91,436,741**	83,826,608	**94,057,709**	74,555,792
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**2,071,394**	1,401,633	**-**	-
Total comprehensive income for the year, net of tax attributable to owners of the Company		**93,508,135**	85,228,241	**94,057,709**	74,555,792
Earnings per share	11				
Basic (sen per share)		**20.21**	18.66		
Diluted (sen per share)		**20.07**	18.54		

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

STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2021

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	12	**36,732,236**	40,789,392	**-**	-
Investment property	13	**6,471,227**	6,706,973	**-**	-
Right-of-use assets	14	**6,245,825**	6,196,058	**-**	-
Investments in subsidiaries	15	**-**	-	**53,941,612**	53,929,412
Deferred tax assets	16	**245,307**	249,885	**152,000**	145,000
Total non-current assets		**49,694,595**	53,942,308	**54,093,612**	54,074,412
Current assets					
Inventories	17	**26,066,926**	15,279,070	**-**	-
Trade and other receivables	18	**11,466,063**	18,834,165	**87,772,530**	56,651,335
Current tax assets		**246,303**	718,720	**79,770**	12,611
Other financial assets	26	**351,005**	3,246,261	**-**	-
Other assets	19	**2,471,003**	2,867,134	**1,980**	2,050
Short-term deposits	20	**179,351,096**	152,914,622	**38,937,249**	50,345,810
Cash and bank balances	21	**2,504,499**	3,808,567	**25,292**	48,564
Total current assets		**222,456,895**	197,668,539	**126,816,821**	107,060,370
Total assets		**272,151,490**	251,610,847	**180,910,433**	161,134,782
Equity and liabilities					
Capital and reserves					
Share capital	22	**77,063,781**	74,584,449	**77,063,781**	74,584,449
Treasury shares	22	**(3,295,223)**	(3,295,223)	**(3,295,223)**	(3,295,223)
Reserves	23	**12,037,997**	9,929,388	**9,858,621**	9,821,406
Retained earnings	24	**105,866,961**	98,155,415	**55,371,638**	45,072,736
Total equity attributable to owners of the Company		**191,673,516**	179,374,029	**138,998,817**	126,183,368
Non-current liability					
Deferred tax liabilities	16	**1,113,951**	1,096,653	**-**	-
Current liabilities					
Trade and other payables	25	**35,808,074**	35,873,578	**1,157,820**	1,094,452
Dividend payable	29	**40,753,796**	33,856,962	**40,753,796**	33,856,962
Current tax liabilities		**4,234**	5,625	**-**	-
Lease liabilities	28	**49,654**	-	**-**	-
Provision for rework and warranty	27	**2,748,265**	1,404,000	**-**	-
Total current liabilities		**79,364,023**	71,140,165	**41,911,616**	34,951,414
Total liabilities		**80,477,974**	72,236,818	**41,911,616**	34,951,414
Total equity and liabilities		**272,151,490**	251,610,847	**180,910,433**	161,134,782

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

The Group

			Non-distributable		Distributable	
	Share capital	Treasury shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM
Balance at January 1, 2021	**74,584,449**	**(3,295,223)**	**3,043,760**	**6,885,628**	**98,155,415**	**179,374,029**
Profit for the year	-	-	-	-	**91,436,741**	**91,436,741**
Other comprehensive income for the year, net of income tax	-	-	-	**2,071,394**	-	**2,071,394**
Total comprehensive income for the year	-	-	-	**2,071,394**	**91,436,741**	**93,508,135**
Issue of ordinary shares under employees' share options scheme	**2,479,332**	-	-	-	-	**2,479,332**
Recognition of share-based payments	-	-	**70,827**	-	-	**70,827**
Share-based payments forfeited	-	-	**(33,612)**	-	**33,612**	-
Dividends (Note 29)	-	-	-	-	**(83,758,807)**	**(83,758,807)**
Balance at December 31, 2021	**77,063,781**	**(3,295,223)**	**3,080,975**	**8,957,022**	**105,866,961**	**191,673,516**
Balance at January 1, 2020	70,829,238	(3,295,223)	2,813,132	5,483,995	86,331,154	162,162,296
Profit for the year	-	-	-	-	83,826,608	83,826,608
Other comprehensive income for the year, net of income tax	-	-	-	1,401,633	-	1,401,633
Total comprehensive income for the year	-	-	-	1,401,633	83,826,608	85,228,241
Issue of ordinary shares under employees' share options scheme	3,755,211	-	-	-	-	3,755,211
Recognition of share-based payments	-	-	268,095	-	-	268,095
Share-based payments forfeited	-	-	(37,467)	-	37,467	-
Dividends (Note 29)	-	-	-	-	(72,039,814)	(72,039,814)
Balance at December 31, 2020	74,584,449	(3,295,223)	3,043,760	6,885,628	98,155,415	179,374,029

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

The Company

			← Non-distributable	→	Distributable	
	Share capital	Treasury shares	Merger reserve	Equity-settled employee benefits reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM
Balance at January 1, 2021	**74,584,449**	**(3,295,223)**	**6,777,646**	**3,043,760**	**45,072,736**	**126,183,368**
Profit for the year	-	-	-	-	**94,057,709**	**94,057,709**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	**94,057,709**	**94,057,709**
Issue of ordinary shares under employees' share options scheme	**2,479,332**	-	-	-	-	**2,479,332**
Recognition of share-based payments:						
Recognised in profit or loss	-	-	-	**25,015**	-	**25,015**
Included in investments in subsidiaries	-	-	-	**12,200**	-	**12,200**
Share-based payments forfeited	-	-	-	-	-	-
Dividends (Note 29)	-	-	-	-	**(83,758,807)**	**(83,758,807)**
Balance at December 31, 2021	**77,063,781**	**(3,295,223)**	**6,777,646**	**3,080,975**	**55,371,638**	**138,998,817**
Balance at January 1, 2020	70,829,238	(3,295,223)	6,777,646	2,813,132	42,540,163	119,664,956
Profit for the year	-	-	-	-	74,555,792	74,555,792
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	74,555,792	74,555,792
Issue of ordinary shares under employees' share options scheme	3,755,211	-	-	-	-	3,755,211
Recognition of share-based payments:						
Recognised in profit or loss	-	-	-	103,025	-	103,025
Included in investments in subsidiaries	-	-	-	144,198	-	144,198
Share-based payments forfeited	-	-	-	(16,595)	16,595	-
Dividends (Note 29)	-	-	-	-	(72,039,814)	(72,039,814)
Balance at December 31, 2020	74,584,449	(3,295,223)	6,777,646	3,043,760	45,072,736	126,183,368

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit for the year	**91,436,741**	83,826,608	**94,057,709**	74,555,792
Adjustments for:				
Depreciation and amortisation of non-current assets	**5,747,684**	6,393,978	**-**	-
Tax expenses recognised in profit or loss	**733,715**	821,960	**187,114**	306,790
Provision for rework and warranty	**1,476,113**	767,357	**-**	-
Unrealised loss on foreign exchange	**705,674**	786,052	**10**	12
Equity-settled share-based payments	**70,827**	268,095	**25,015**	103,025
Impairment loss recognised on trade receivables	**89,426**	82,221	**-**	-
Inventories written down	**73,328**	10,998	**-**	-
Property, plant and equipment written off	**40,546**	3,032	**-**	-
Unrealised gain arising on financial assets designated as at fair value through profit or loss	**(351,005)**	(3,246,261)	**-**	-
Investment income recognised in profit or loss	**(2,197,277)**	(2,573,829)	**(929,618)**	(1,566,226)
Reversal of inventories written down	**(11,919)**	(343,074)	**-**	-
Gain on disposal of property, plant and equipment	**(48,345)**	(322,004)	**-**	-
Reversal of provision for rework and warranty no longer required	**-**	(167,996)	**-**	-
Reversal of impairment loss on trade receivables	**(82,221)**	(44,393)	**-**	-
Gross dividend income from a subsidiary	**-**	-	**(95,000,000)**	(75,000,000)
Finance costs	**2,431**	-	**-**	-
Operating cash flows before changes in working capital	**97,685,718**	86,262,744	**(1,659,770)**	(1,600,607)
Movements in working capital:				
(Increase)/ Decrease in inventories	**(10,737,178)**	1,633,683	**-**	-
Decrease/ (Increase) in trade and other receivables	**8,163,904**	(5,392,989)	**-**	6,683
Decrease/ (Increase) in other assets	**408,713**	(99,106)	**70**	(50)
Decrease in other financial assets	**3,246,261**	928,778	**-**	-
(Decrease)/ Increase in trade and other payables	**(128,958)**	4,981,725	**67,353**	256,584
Cash generated from/ (used in) operating activities	**98,638,460**	88,314,835	**(1,592,347)**	(1,337,390)
Income tax refunded	**706,102**	207,682	**-**	187,657
Income tax paid	**(942,758)**	(2,056,021)	**(261,274)**	(360,058)
Rework and warranty costs paid	**(131,848)**	(767,357)	**-**	-
Net cash from/ (used in) operating activities	**98,269,956**	85,699,139	**(1,853,621)**	(1,509,791)
Cash flows from investing activities				
Interest received	**1,555,926**	2,809,484	**666,729**	1,816,456
Proceeds from disposal of property, plant and equipment	**59,383**	335,167	**-**	-
Purchase of property, plant and equipment	**(512,912)**	(683,483)	**-**	-
Dividend received from a subsidiary	**-**	-	**95,000,000**	75,000,000
Advances to subsidiaries	**-**	-	**(30,862,290)**	(20,307,373)
Net cash from investing activities	**1,102,397**	2,461,168	**64,804,439**	56,509,083

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash flows from financing activities				
Proceeds from issue of equity shares	**2,479,332**	3,755,211	**2,479,332**	3,755,211
Dividends paid to owners of the Company	**(76,861,973)**	(71,866,107)	**(76,861,973)**	(71,866,107)
Repayment of lease liabilities	**(43,247)**	-	**-**	-
Interest paid	**(2,431)**	-	**-**	-
Net cash used in financing activities	**(74,428,319)**	(68,110,896)	**(74,382,641)**	(68,110,896)
Net increase/ (decrease) in cash and cash equivalents	**24,944,034**	20,049,411	**(11,431,823)**	(13,111,604)
Cash and cash equivalents at the beginning of the year	**156,723,189**	136,929,328	**50,394,374**	63,505,990
Effects of exchange rate changes on the balances of cash held in foreign currencies	**188,372**	(255,550)	**(10)**	(12)
Cash and cash equivalents at the end of the year (Note 30)	**181,855,595**	156,723,189	**38,962,541**	50,394,374

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 information on the name, principal activities, place of incorporation and percentage of issued share capital held by the Company in each subsidiary is as disclosed in Note 15.

The registered office of the Company is located at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, 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 22, 2022.

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 requirements of the Companies Act, 2016 in Malaysia.

Adoption of new and revised MFRSs

In the current year, the Group and the Company have adopted the following new and revised amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of these new and revised amendments to MFRSs have not had any material impact on the disclosures or on the amounts reported in the financial statements.

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

New and revised standards in issue but not yet effective

The Group and the Company have not applied the following new and revised amendments to MFRSs that have been issued but are not yet effective:

Amendments to MFRS 3	References to the Conceptual Framework [a]
Amendments to MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use [a]
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract [a]
Annual improvements to MFRS Standards 2018-2020	Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 9 *Financial Instruments*, MFRS 16 *Leases* and MFRS 141 *Agriculture* [a]
MFRS 17	Insurance Contracts [b]
Amendments to MFRS 17	Insurance Contracts [b]
Amendments to MFRS 17	Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* - Comparative Information [b]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 *Financial Instruments* [b]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current [b]
Amendments to MFRS 101 and MFRS Practice Statements 2	Disclosure of Accounting Policies [b]
Amendments to MFRS 108	Definition of Accounting Estimates [b]
Amendments to MRFS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [b]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [c]

[a] Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.
[b] Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.
[c] Effective date deferred to a date to be announced by MASB.

The directors anticipate that the above-mentioned new and revised amendments to MFRSs will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these new and revised amendments to MFRSs will have no material impact on the financial statements of the Group and the Company in the period of initial application.

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 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of accounting (cont'd)

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.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

i) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date (see below); and

iii) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and basis of consolidation (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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 acquisition method.

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 a 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 at 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 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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. Equity-settled share-based payments for options granted to employees of the subsidiaries during the year are included in the cost of investments in subsidiaries.

Revenue recognition

The Group recognises revenue from sale of goods. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

(a) Sale of goods

The Group's sale of goods include real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipment, touch screen advance display, high precision light measurement (optoelectronic) equipment and mix signal control system for centrifuge laboratory equipment.

For sale of goods, revenue is recognised when control of the goods has transferred to the customer depending on the shipping term agreed with its customers. The shipping term of the Group's sales comprise of Ex Works ("EXW"), Free Carrier ("FCA"), Cost, Insurance and Freight ("CIF"), and Free on Board ("FOB") terms. A receivable is recognised by the Group when the control of the goods is transferred as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers have a right of return for defective products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

(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.

Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Group and the Company make contributions to the Employees' Provident Fund ("EPF"), a defined contribution pension scheme for the operations in Malaysia.

For the Group's operations in the People's Republic of China ("PRC"), pursuant to the relevant regulations in PRC, the subsidiary participates in a local municipal government retirement benefits scheme ("the Scheme"). The subsidiary is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits.

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits (cont'd)

(c) Share-based payment

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 23.

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 before tax" 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 and the Company'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 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 to settle the carrying amount of their assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

(b) Deferred tax (cont'd)

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 their current tax assets and liabilities on a net basis.

(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.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held and the effects of all dilutive potential ordinary shares.

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 Group and 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 disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to 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).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies (cont'd)

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 profit or loss in the period in which they are incurred.

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 accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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% per annum.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

The Group and the Company as a lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as water dispensers and photocopy machines). For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or a rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

The Group and the Company as a lessee (cont'd)

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for identified impairment loss as described in the 'Impairment of tangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, MFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 in the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of 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 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.

(a) Financial assets

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.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item (Note 6).

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group and the Company always recognise lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group and the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

(i) Significant increase in credit risk (cont'd)

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company consider a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collateral held by the Group and the Company).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;
b. a breach of contract, such as a default or past due event (see (ii) above);
c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e. the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

(iv) Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16 *Leases*.

For a financial guarantee contract, as the Group and the Company are required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the end of the current reporting period, except for assets for which simplified approach was used.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

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 continues to control the transferred asset, the Group and the Company recognise its 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 recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition of financial assets (cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(b) Financial liabilities and equity

(i) 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 arrangements and the definitions of a financial liability and an equity instrument.

(ii) 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 Group's and 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 Group's and the Company's own equity instruments.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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 (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(ii) 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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(b) Financial liabilities and equity (cont'd)

(iii) Financial liabilities (cont'd)

(ii) Derecognition of financial liabilities (cont'd)

When the Group and the Company exchange with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group and the Company account for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

(c) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 26.

Derivatives are initially recognised at fair value at the date the derivative contracts are 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.

Treasury shares

Where the Company reacquires its own equity share capital, the consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in 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.

Segment information

For management purpose, the Group is organised into operating segments based on their business segment which is regularly reviewed by the Group's chief operation decision officer for the performance of the respective segments under their charge. The segment chief operation officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

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 of 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.

a) Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Income taxes

The management exercises significant judgement in determining the status of fulfilment of the terms and conditions of the pioneer status granted to a subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. in their assessment of current and deferred tax of the Group. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details of the income tax are disclosed in Note 9.

b) Key sources of estimation uncertainty

The key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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:

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2 to 40 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, the future depreciation charge could be revised.

(ii) Provision for rework and warranty

The Group will assess the provision made for estimated rework and warranty claims in respect of products sold which are still under warranty at the end of each reporting period. The Group estimates the related provision for future rework and warranty claims based on historical information of the cost incurred for the rework and warranty claims. Further details of the provision for rework and warranty are disclosed in Note 27.

5. REVENUE

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contracts with customers:				
Sale of goods	**168,509,475**	155,256,154	**-**	-
Management fee	**-**	-	**1,642,841**	1,484,049
Revenue from other source:				
Dividend income from a subsidiary	**-**	-	**95,000,000**	75,000,000
	168,509,475	155,256,154	**96,642,841**	76,484,049

Disaggregation of the Group's and the Company's revenue from contracts with customers:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Segment revenue				
Sale of goods	**168,509,475**	155,256,154	**-**	-
Management fee	**-**	-	**1,642,841**	1,484,049
Timing of revenue recognition				
At a point in time				
Sale of goods	**168,509,475**	155,256,154	**-**	-
Management fee	**-**	-	**1,642,841**	1,484,049

6. INVESTMENT INCOME

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income on short-term deposits	**2,197,277**	2,573,829	**929,618**	1,566,226

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income for financial assets not designated as at fair value through profit or loss:				
Financial assets measured at amortised cost (including cash and bank balances)	**2,197,277**	2,573,829	**929,618**	1,566,226

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net gain/ (loss) on foreign exchange	**2,339,552**	(1,397,230)	**33**	(16)
Reversal of impairment loss on trade receivables	**82,221**	44,393	**-**	-
Gain on disposal of property, plant and equipment	**48,345**	322,004	**-**	-
Reversal of inventories written down	**11,919**	343,074	**-**	-
Net (loss)/ gain arising from financial assets designated as at fair value through profit or loss	**(2,036,883)**	1,982,626	**-**	-
Impairment loss recognised on trade receivables	**(89,426)**	(82,221)	**-**	-
Inventories written down	**(73,328)**	(10,998)	**-**	-
Property, plant and equipment written off	**(40,546)**	(3,032)	**-**	-
Others	**726,743**	1,181,822	**-**	-
	968,597	2,380,438	**33**	(16)

8. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Contributions to Employees' Provident Fund	**1,172,813**	1,161,661	**284,467**	263,060
Equity-settled share-based payments	**70,827**	268,095	**25,015**	103,025
Other employee benefits	**15,333,298**	14,775,493	**2,601,443**	2,441,709
Total employee benefit expenses	**16,576,938**	16,205,249	**2,910,925**	2,807,794

The Group and the Company are required by law to make contributions to the Employees' Provident Fund ("EPF"), a post-employment benefit plan for the operations in Malaysia. For the Group's operations in the People's Republic of China, the subsidiary participates in a local municipal government retirement benefits scheme. The Group and the Company are required to contribute a specified percentage of payroll costs to the retirement benefit schemes 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.

8. EMPLOYEE BENEFIT EXPENSES (cont'd)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Executive directors of the Company:				
Fee	**157,200**	157,200	**157,200**	157,200
Contributions to Employees' Provident Fund	**187,542**	162,188	**106,440**	90,707
Benefits-in-kind	**60,000**	60,000	**30,000**	30,000
Other emoluments	**1,364,343**	1,255,415	**663,627**	614,805
Non-executive directors of the Company:				
Fee	**291,083**	236,400	**291,083**	236,400
Other emoluments	**12,778**	30,401	**12,778**	30,401
	2,072,946	1,901,604	**1,261,128**	1,159,513
Executive directors of a subsidiary:				
Fee	**24,000**	24,000	**-**	-
Contributions to Employees' Provident Fund	**22,672**	22,222	**-**	-
Other emoluments	**188,361**	195,406	**-**	-
	2,307,979	2,143,232	**1,261,128**	1,159,513

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

9. TAX EXPENSES

Tax expenses recognised in profit or loss

Tax expenses comprise:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Current tax expenses:				
Malaysian	**694,548**	956,993	**192,733**	347,447
Foreign	**4,163**	3,540	**-**	-
Deferred tax expenses:				
Relating to origination and reversal of temporary differences	**107,278**	13,548	**-**	-
Adjustments recognised in the current year in relation to prior year:				
Current tax	**8,726**	(18,121)	**1,381**	(657)
Deferred tax	**(81,000)**	(134,000)	**(7,000)**	(40,000)
Tax expenses	**733,715**	821,960	**187,114**	306,790

9. TAX EXPENSES (cont'd)

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before tax	**92,170,456**	84,648,568	**94,244,823**	74,862,582
Tax expense calculated using the Malaysian statutory income tax rate of 24% (2020: 24%)	**22,121,000**	20,316,000	**22,620,000**	17,967,000
Effect of expenses that are not deductible in determining taxable profit	**721,213**	526,644	**372,733**	380,447
Effect of revenue that is exempted from taxation	**(22,960,000)**	(19,680,000)	**-**	-
Effect of income that is not taxable in determining taxable profit	**(77,264)**	(809,203)	**(22,800,000)**	(18,000,000)
Deferred tax not recognised on pioneer activity	**1,001,040**	620,640	**-**	-
	805,989	974,081	**192,733**	347,447
Adjustments recognised in the current year in relation to prior year:				
Current tax	**8,726**	(18,121)	**1,381**	(657)
Deferred tax	**(81,000)**	(134,000)	**(7,000)**	(40,000)
Tax expenses recognised in profit or loss	**733,715**	821,960	**187,114**	306,790

The Group is operating in the jurisdictions of Malaysia and the People's Republic of China. The applicable domestic statutory income tax rates are 24% (2020: 24%) for Malaysia and 25% (2020: 25%) for the People's Republic of China. The applicable tax rate of 24% (2020: 24%) 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.

Tax expense recognised in other comprehensive income

	The Group	
	2021	2020
	RM	RM
Deferred tax		
Translation of foreign operations	**4,402**	2,913

A subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. ("UO") has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act, 1986. Under this incentive, upon certain terms and conditions being fulfilled, 100% of the UO's statutory income derived from the design, development and manufacture of real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipments, will be exempted from income tax for a period of five years commencing from January 1, 2018 (the commencement date of the tax free period).

9. TAX EXPENSES (cont'd)

As at December 31, 2021, the approximate amounts of unused reinvestment allowances of the Group which are available to be offset against future taxable income are as follows:

	The Group	
	2021	**2020**
	RM	**RM**
Unused reinvestment allowances#	**1,236,000**	1,236,000

The unused reinvestment allowances of RM1,236,000 will expire in the financial year ending December 31, 2026.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
After charging:				
Depreciation of:				
Property, plant and equipment	**5,230,788**	5,929,249	**-**	-
Investment property	**235,746**	235,746	**-**	-
Research and development expenses:				
Employee benefit expenses	**2,256,802**	2,116,638	**-**	-
Others*	**1,953,108**	1,882,448	**-**	-
Realised loss arising from financial assets designated as at fair value through profit or loss	**2,387,888**	1,263,635	**-**	-
Loss on foreign exchange:				
Unrealised	**705,674**	786,052	**10**	12
Realised	**-**	611,178	**-**	4
Provision for rework and warranty*	**1,476,113**	767,357	**-**	-
Amortisation of right-of-use assets	**281,150**	228,983	**-**	-
Audit fee	**119,299**	113,550	**57,750**	55,000
Interest expense on lease liabilities	**2,431**	-	**-**	-
And crediting:				
Unrealised gain arising from financial assets designated as at fair value through profit or loss	**351,005**	3,246,261	**-**	-
Reversal of provision for rework and warranty no longer required*	**-**	167,996	**-**	-
Realised gain on foreign exchange	**3,045,226**	-	**43**	-

* Included in other expenses

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	
	2021	**2020**
Profit for the year attributable to owners of the Company (RM)	**91,436,741**	83,826,608
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	**452,360,801**	449,245,520
Basic earnings per share (sen)	**20.21**	18.66

Diluted earnings per share

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

	The Group	
	2021	**2020**
	RM	**RM**
Profit for the year attributable to owners of the Company	**91,436,741**	83,826,608

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	
	2021	**2020**
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	**452,360,801**	449,245,520
Shares deemed to be issued for no consideration in respect of employees' share options (unit)	**3,340,240**	2,932,582
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	**455,701,041**	452,178,102
Diluted earnings per share (sen)	**20.07**	18.54

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	
	2021	**2020**
	Unit	**Unit**
Weighted average number of unissued shares in respect of employees' share options	**1,958**	88,018

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RM	Plant and machinery RM	Fire-fighting and security system RM	Air conditioning system RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Total RM
Cost									
Balance at January 1, 2021	41,047,940	35,656,773	1,717,467	3,687,012	1,152,581	3,883,008	4,922,818	1,753,257	93,820,856
Additions	76,680	146,581	2,969	-	2,125	263,294	21,263	-	512,912
Disposals/ Write-off	-	(310,359)	(1,300)	-	(5,305)	(26,058)	-	(228,544)	(571,566)
Currency translation differences	1,264,575	178,974	43,024	71,640	7,969	43,361	169,436	18,732	1,797,711
Balance at December 31, 2021	**42,389,195**	**35,671,969**	**1,762,160**	**3,758,652**	**1,157,370**	**4,163,605**	**5,113,517**	**1,543,445**	**95,559,913**
Balance at January 1, 2020	40,192,387	36,988,959	1,688,363	3,675,331	1,146,125	3,814,125	4,797,697	2,183,950	94,486,937
Additions	-	356,768	-	-	1,685	56,943	10,748	257,339	683,483
Disposals/ Write-off	-	(1,811,260)	-	(36,838)	(580)	(17,277)	-	(701,892)	(2,567,847)
Currency translation differences	855,553	122,306	29,104	48,519	5,351	29,217	114,373	13,860	1,218,283
Balance at December 31, 2020	41,047,940	35,656,773	1,717,467	3,687,012	1,152,581	3,883,008	4,922,818	1,753,257	93,820,856

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

The Group

	Buildings RM	Plant and machinery RM	Fire-fighting and security system RM	Air conditioning system RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Total RM
Accumulated depreciation									
Balance at January 1, 2021	14,452,901	24,088,343	1,615,273	3,492,514	1,064,071	2,999,114	4,177,825	1,141,423	53,031,464
Charge for the year	1,506,468	2,855,883	33,357	80,119	47,814	291,476	232,292	183,379	5,230,788
Disposals/ Write-off	-	(269,346)	(1,299)	-	(5,299)	(25,552)	-	(218,487)	(519,983)
Currency translation differences	658,419	117,374	38,660	64,384	6,818	34,763	148,769	16,221	1,085,408
Balance at December 31, 2021	**16,617,788**	**26,792,254**	**1,685,991**	**3,637,017**	**1,113,404**	**3,299,801**	**4,558,886**	**1,122,536**	**58,827,677**
Balance at January 1, 2020	12,595,668	22,530,531	1,460,454	3,172,644	949,277	2,720,899	3,845,318	1,689,562	48,964,353
Charge for the year	1,453,660	3,276,313	128,640	313,153	110,909	272,084	232,187	142,303	5,929,249
Disposals/ Write-off	-	(1,796,815)	-	(36,831)	(576)	(15,544)	-	(701,886)	(2,551,652)
Currency translation differences	403,573	78,314	26,179	43,548	4,461	21,675	100,320	11,444	689,514
Balance at December 31, 2020	14,452,901	24,088,343	1,615,273	3,492,514	1,064,071	2,999,114	4,177,825	1,141,423	53,031,464
Net book value									
Balance at December 31, 2021	**25,771,407**	**8,879,715**	**76,169**	**121,635**	**43,966**	**863,804**	**554,631**	**420,909**	**36,732,236**
Balance at December 31, 2020	26,595,039	11,568,430	102,194	194,498	88,510	883,894	744,993	611,834	40,789,392

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

The Company

	Furniture and fittings RM	Office equipment RM	Total RM
Cost			
Balance at January 1, 2021	7,045	89,083	96,128
Addition	-	-	-
Disposals/ Write-off	(1,220)	-	(1,220)
Balance at December 31, 2021	**5,825**	**89,083**	**94,908**
Balance at January 1, 2020	7,045	92,833	99,878
Addition	-	-	-
Disposals/ Write-off	-	(3,750)	(3,750)
Balance at December 31, 2020	7,045	89,083	96,128
Accumulated depreciation			
Balance at January 1, 2021	7,045	89,083	96,128
Charge for the year	-	-	-
Disposals/ Write-off	(1,220)	-	(1,220)
Balance at December 31, 2021	**5,825**	**89,083**	**94,908**
Balance at January 1, 2020	7,045	92,833	99,878
Charge for the year	-	-	-
Disposals/ Write-off	-	(3,750)	(3,750)
Balance at December 31, 2020	7,045	89,083	96,128
Net book value			
Balance at December 31, 2021	**-**	**-**	**-**
Balance at December 31, 2020	-	-	-

13. INVESTMENT PROPERTY

	The Group	
	2021	**2020**
	RM	**RM**
At cost		
Balance at beginning/ end of the year	**9,429,858**	9,429,858
Accumulated depreciation		
Balance at beginning of the year	**(2,722,885)**	(2,487,139)
Charge for the year	**(235,746)**	(235,746)
Balance at end of the year	**(2,958,631)**	(2,722,885)
Net	**6,471,227**	6,706,973

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

Details of the Group's investment property and information about the fair value hierarchy is as follows:

	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
The Group				
December 31, 2021:				
Building	**-**	**-**	**9,780,000**	**9,780,000**
December 31, 2020:				
Building	-	-	9,780,000	9,780,000

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

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out as at December 31, 2021 by an independent valuer who has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The fair value was determined based on open market value.

The building is valued by reference to current estimates of construction costs to erect equivalent buildings, taking into consideration similar accommodation in terms of size and construction. Appropriate adjustments are then made for factors of age, obsolescence and existing physical condition of the building.

The building valued using this method is categorised as level 3 in the fair value hierarchy. The significant unobservable inputs for this category of assets are the replacement cost per square meter of RM835 per square meter (2020: RM835 per square meter). It is further depreciated by 8% (2020: 8%) after taking consideration of the building condition and other relevant factors.

Direct operating expenses incurred by the Group on its investment property which did not generate rental income during the financial year is RM409,870 (2020: RM388,915).

14. RIGHT-OF-USE ASSETS

The Group

	Leasehold land RM	Buildings RM	Total RM
2021:			
Cost			
At January 1	**9,163,259**	**-**	**9,163,259**
Addition during the year	**-**	**92,901**	**92,901**
Currency translation difference	**317,264**	**-**	**317,264**
At December 31	**9,480,523**	**92,901**	**9,573,424**
Accumulated amortisation			
At January 1	**2,967,201**	**-**	**2,967,201**
Charge for the year	**234,700**	**46,450**	**281,150**
Currency translation difference	**79,248**	**-**	**79,248**
At December 31	**3,281,149**	**46,450**	**3,327,599**
Net carrying amount			
At December 31	**6,199,374**	**46,451**	**6,245,825**
2020:			
Cost			
At January 1	8,948,387	-	8,948,387
Currency translation difference	214,872	-	214,872
At December 31	9,163,259	-	9,163,259
Accumulated amortisation			
At January 1	2,689,456	-	2,689,456
Charge for the year	228,983	-	228,983
Currency translation difference	48,762	-	48,762
At December 31	2,967,201	-	2,967,201
Net carrying amount			
At December 31	6,196,058	-	6,196,058

The unexpired lease periods of the Group's short-term leasehold land are 29 and 33 years (2020: 30 and 34 years) respectively.

The Group and the Company lease certain office equipment such as water dispensers and photocopy machines, which qualify as low-value assets. The Group and the Company have elected to apply the recognition exemption and thus, did not recognise right-of-use assets and lease liabilities for these leases.

15. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021	**2020**
	RM	**RM**
Unquoted equity shares, at cost	**58,362,412**	58,350,212
Less: Accumulated impairment losses	**(4,420,800)**	(4,420,800)
	53,941,612	53,929,412

Included in the cost of investments in subsidiaries during the year is a charge of RM12,200 (2020: RM144,198) representing the recognition of equity-settled share-based payments for share options granted to 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:

Direct subsidiaries	**Principal activities**	**Place of incorporation**	**Proportion of ownership interest**	
			2021	**2020**
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 real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipment, touch screen advance display, high precision light measurement (optoelectronic) equipment, mixed signal control system for centrifuge/laboratory equipment, 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%

* Audited by Deloitte PLT for consolidation purposes only.
\# The financial statements of the subsidiary is audited by auditors other than auditors of the Company.

16. DEFERRED TAX ASSETS/ (LIABILITIES)

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets	**245,307**	249,885	**152,000**	145,000
Deferred tax liabilities	**(1,113,951)**	(1,096,653)	**-**	-
	(868,644)	(846,768)	**152,000**	145,000

Movement in deferred tax assets/ (liabilities) is as follows:

The Group

	Opening balance	Recognised in profit or loss (Note 9)	Recognised in other comprehensive income (Note 9)	Closing balance
	RM	RM	RM	RM
2021:				
Deferred tax assets				
Accrued expenses	**183,000**	**(6,000)**	**-**	**177,000**
Provision for rework and warranty	**65,000**	**14,000**	**-**	**79,000**
Inventories	**6,121**	**(1,980)**	**156**	**4,297**
Others	**358,764**	**(72,000)**	**4,246**	**291,010**
	612,885	**(65,980)**	**4,402**	**551,307**
Deferred tax liabilities				
Property, plant and equipment	**(992,793)**	**14,000**	**-**	**(978,793)**
Gain on revaluation of properties	**(466,860)**	**25,702**	**-**	**(441,158)**
	(1,459,653)	**39,702**	**-**	**(1,419,951)**
Net	**(846,768)**	**(26,278)**	**4,402**	**(868,644)**

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

The Group

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Recognised in other comprehensive income (Note 9) RM	Closing balance RM
2020:				
Deferred tax assets				
Accrued expenses	142,000	41,000	-	183,000
Provision for rework and warranty	67,000	(2,000)	-	65,000
Inventories	7,333	(1,250)	38	6,121
Unused tax capital allowances	31,000	(31,000)	-	-
Others	272,889	83,000	2,875	358,764
	520,222	89,750	2,913	612,885
Deferred tax liabilities				
Property, plant and equipment	(997,793)	5,000	-	(992,793)
Gain on revaluation of properties	(492,562)	25,702	-	(466,860)
	(1,490,355)	30,702	-	(1,459,653)
Net	(970,133)	120,452	2,913	(846,768)

The Company

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Closing balance RM
2021:			
Deferred tax asset			
Accrued expenses	**145,000**	**7,000**	**152,000**
2020:			
Deferred tax asset			
Accrued expenses	105,000	40,000	145,000

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

As at December 31, 2021, deferred tax (assets)/ liabilities have not been recognised in respect of the temporary differences relating to pioneer activity:

	The Group	
	2021	2020
	RM	RM
Gross amount of temporary differences arising from:		
Property, plant and equipment	**9,989,000**	11,431,000
Accrued expenses	**(8,996,000)**	(7,575,000)
Provision for rework and warranty	**(2,593,000)**	(1,268,000)
Inventories	**(547,000)**	(67,000)
Others	**(138,000)**	(635,000)
Net	**(2,285,000)**	1,886,000

17. INVENTORIES

	The Group	
	2021	2020
	RM	RM
At cost:		
Raw materials	**19,625,460**	10,438,250
Work-in-progress	**3,375,643**	2,647,626
Finished goods	**3,065,823**	2,193,194
	26,066,926	15,279,070

The cost of inventories recognised as an expense during the financial year is RM65,053,044 (2020: RM61,452,552).

The cost of inventories recognised as an expense included RM73,328 (2020: RM10,998) in respect of write-down of inventories to net realizable value, and has been reduced by RM11,919 (2020: RM343,074) in respect of the reversal of such write-downs.

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade receivables	**10,966,950**	18,973,576	**-**	-
Less: Loss allowance	**(486,248)**	(479,043)	**-**	-
	10,480,702	18,494,533	**-**	-
Amount owing by subsidiaries	**-**	-	**87,398,590**	56,540,284
Interest receivable	**977,537**	336,186	**373,940**	111,051
Other receivables	**7,824**	3,446	**-**	-
	11,466,063	18,834,165	**87,772,530**	56,651,335

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
United States Dollar	**10,493,226**	18,361,950	**-**	-
Ringgit Malaysia	**918,410**	471,601	**87,772,530**	56,651,335
Chinese Renminbi	**54,427**	614	**-**	-
	11,466,063	18,834,165	**87,772,530**	56,651,335

The average credit periods granted to trade receivables on sale of goods range from 21 to 60 days (2020: 21 to 60 days). No interest is charged on the outstanding balance of trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

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 analysis of trade receivables:

	The Group	
	2021	**2020**
	RM	**RM**
Neither past due nor impaired	**8,666,654**	16,294,257
1 to 30 days past due but not impaired	**1,613,281**	1,956,638
31 to 60 days past due but not impaired	**200,767**	243,638
	1,814,048	2,200,276
Impaired	**486,248**	479,043
Total	**10,966,950**	18,973,576

Movement in the allowance for doubtful debts:

	The Group	
	2021	**2020**
	RM	**RM**
Balance at beginning of the year	**479,043**	441,215
Impairment loss recognised	**89,426**	82,221
Reversal of impairment loss no longer required	**(82,221)**	(44,393)
Balance at end of the year	**486,248**	479,043

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	
	2021	**2020**
	RM	**RM**
1 to 30 days	**-**	71,231
31 to 60 days	**54,953**	-
61 to 90 days	**-**	10,990
91 to 120 days	**34,473**	-
More than 120 days	**396,822**	396,822
Total	**486,248**	479,043

18. TRADE AND OTHER RECEIVABLES (cont'd)

The amount owing by subsidiaries is as follows:

	The Company	
	2021	2020
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	**87,388,848**	56,540,284
Uchi Electronic (M) Sdn. Bhd.	**9,742**	-
Total	**87,398,590**	56,540,284

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

19. OTHER ASSETS

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Prepayments	**2,366,328**	2,762,389	**-**	-
Deposits	**104,675**	104,745	**1,980**	2,050
	2,471,003	2,867,134	**1,980**	2,050

20. SHORT-TERM DEPOSITS

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	**112,312,665**	92,433,742	**38,937,249**	50,345,810
United States Dollar	**54,589,631**	48,809,180	**-**	-
Chinese Renminbi	**12,448,800**	11,671,700	**-**	-
	179,351,096	152,914,622	**38,937,249**	50,345,810

The short-term deposits of the Group earn interest at rates ranging from 1.69% to 2.28% (2020: 1.50% to 2.30%) per annum and have maturity periods ranging between 1 to 12 months (2020: 1 to 12 months).

The short-term deposits of the Company earn interest at rates ranging from 1.80% to 2.28% (2020: 1.50% to 2.30%) per annum and have maturity periods ranging between 3 to 12 months (2020: 1 to 9 months).

21. CASH AND BANK BALANCES

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**1,422,739**	1,168,057	**24,454**	47,755
Chinese Renminbi	**764,049**	1,264,523	**-**	-
United States Dollar	**306,886**	1,363,767	**838**	809
Euro	**9,309**	10,720	**-**	-
Swiss Franc	**959**	956	**-**	-
Other foreign currencies	**557**	544	**-**	-
	2,504,499	3,808,567	**25,292**	48,564

22. SHARE CAPITAL

	The Company			
	2021		**2020**	
	No. of shares	**RM**	**No. of shares**	**RM**
Issued and fully paid:				
Ordinary shares:				
At beginning of the year	**453,498,659**	**74,584,449**	451,182,559	70,829,238
Issue of shares pursuant to Employees' Share Options Scheme ("ESOS")	**1,393,800**	**2,479,332**	2,316,100	3,755,211
At end of the year	**454,892,459**	**77,063,781**	453,498,659	74,584,449

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 453,498,659 ordinary shares to 454,892,459 ordinary shares by way of issuance of 1,393,800 new ordinary shares, amounting to RM2,479,332, for cash pursuant to the Employees' Share Options Scheme ("ESOS") of the Company at exercise prices ranging from RM1.57 to RM2.78 per ordinary share.

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

As at December 31, 2021, out of the total number of 454,892,459 (2020: 453,498,659) ordinary shares issued and paid-up, 2,072,500 (2020: 2,072,500) are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid is 452,819,959 (2020: 451,426,159).

23. RESERVES

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-distributable reserves:				
Equity-settled employee benefits reserve	**3,080,975**	3,043,760	**3,080,975**	3,043,760
Foreign currency translation reserve	**8,957,022**	6,885,628	**-**	-
Merger reserve	**-**	-	**6,777,646**	6,777,646
	12,037,997	9,929,388	**9,858,621**	9,821,406

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

On November 8, 2016, the Company implemented an Employees' Share Options Scheme ("ESOS") for a period of 5 years. During the year, the Company had extended the ESOS for another period of 5 years commencing from November 8, 2021 on the same terms and conditions as mentioned in the ESOS By-Laws. The extended share options are exercisable at any time within the option period up to November 2026.

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.

(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 shall upon allotment and issuance, 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's confirmation of service. The share options are exercisable in a staggered basis within the period of 5 years and have a contractual term of five years. The Group and the Company have no legal or constructive obligation to repurchase or to 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.

23. RESERVES (cont'd)

The following share based payments arrangements were in existence as of the end of the reporting period:

Options series	Expiry date	Fair value at grant date RM	Exercise price RM	Number
The Group				
Granted on:				
November 8, 2016	November 7, 2026	0.1963	1.57	6,160,200
February 8, 2017	November 7, 2026	0.1716	1.67	144,700
March 8, 2017	November 7, 2026	0.1712	1.66	49,000
September 8, 2017	November 7, 2026	0.3305	2.11	115,800
October 6, 2017	November 7, 2026	0.3724	2.47	27,100
November 8, 2017	November 7, 2026	0.3879	2.78	31,000
December 8, 2017	November 7, 2026	0.3359	3.19	35,000
February 8, 2018	November 7, 2026	0.3900	2.43	149,700
April 6, 2018	November 7, 2026	0.3811	2.26	6,000
May 8, 2018	November 7, 2026	0.4608	2.52	90,000
May 25, 2018	November 7, 2026	0.3498	2.72	80,000
July 6, 2018	November 7, 2026	0.3881	2.55	120,000
August 8, 2018	November 7, 2026	0.4140	2.86	44,000
December 7, 2018	November 7, 2026	0.1731	2.89	50,000
January 8, 2019	November 7, 2026	0.2264	2.45	50,000
February 8, 2019	November 7, 2026	0.2553	2.57	76,400
April 8, 2019	November 7, 2026	0.2823	2.75	45,000
May 8, 2019	November 7, 2026	0.2439	2.82	15,500
August 16, 2019	November 7, 2026	0.2722	2.77	150,000
September 6, 2019	November 7, 2026	0.2813	2.81	6,000
November 8, 2019	November 7, 2026	0.2007	2.80	40,000
December 6, 2019	November 7, 2026	0.1817	2.82	45,000
January 8, 2020	November 7, 2026	0.0990	2.80	7,500
February 7, 2020	November 7, 2026	0.1322	2.62	80,200
August 7, 2020	November 7, 2026	0.1072	2.51	37,000
September 8, 2020	November 7, 2026	0.0466	2.85	158,500
November 6, 2020	November 7, 2026	0.0092	2.60	14,500
December 8, 2020	November 7, 2026	0.0032	2.76	4,000
February 8, 2021	November 7, 2026	0.0180	2.95	9,700
March 8, 2021	November 7, 2026	-	3.42	3,700
May 7, 2021	November 7, 2026	0.0688	3.12	71,200
September 8, 2021	November 7, 2026	0.0260	3.14	7,200
				7,923,900

23. RESERVES (cont'd)

The weighted average fair value of the share options granted during the financial year is RM0.0546 (2020: RM0.0442). 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.

	Inputs into the model					
Options series	**Grant date share price RM**	**Exercise price RM**	**Expected volatility**	**Option life**	**Dividend yield**	**Risk free interest rate**
The Group						
2021:						
Granted on:						
February 8, 2021	**2.91**	**2.95**	**39.94%**	**1 year**	**6%**	**1.85%**
March 8, 2021	**3.16**	**3.42**	**39.94%**	**1 year**	**5%**	**1.85%**
May 7, 2021	**3.04**	**3.12**	**39.94%**	**1 year**	**5%**	**1.85%**
September 8, 2021	**3.14**	**3.14**	**39.94%**	**1 year**	**5%**	**1.85%**
2020:						
Granted on:						
January 8, 2020	2.79	2.80	19.53%	2 years	5%	2.86%
February 7, 2020	2.68	2.62	19.53%	2 years	5%	2.86%
April 13, 2020	2.20	2.13	19.53%	2 years	7%	2.86%
August 7, 2020	2.55	2.51	19.53%	2 years	6%	2.86%
September 8, 2020	2.64	2.85	19.53%	2 years	6%	2.86%
October 8, 2020	2.60	2.58	19.53%	2 years	6%	2.86%
November 6, 2020	2.57	2.60	19.53%	1 year	6%	2.86%
December 8, 2020	2.72	2.76	19.53%	1 year	6%	2.86%

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

	The Group			
	2021		2020	
	Number of options	**Weighted average exercise price RM**	**Number of options**	**Weighted average exercise price RM**
Balance at beginning of the year	**9,436,900**	**1.80**	11,787,250	1.73
Granted during the year	**98,500**	**3.10**	383,200	2.73
Exercised during the year	**(1,393,800)**	**1.78**	(2,316,100)	1.62
Forfeited during the year	**(217,700)**	**2.77**	(417,450)	1.83
Balance at end of the year	**7,923,900**	**1.79**	9,436,900	1.80

23. RESERVES (cont'd)

The following share options were exercised during the financial year:

	Number exercised 2021	Exercise Date	Exercise price RM
The Group			
November 8, 2016	123,300	January 26, 2021	1.57
November 8, 2016	299,100	February 23, 2021	1.57
February 8, 2017	23,000	February 23, 2021	1.67
February 8, 2019	2,000	February 23, 2021	2.57
November 8, 2016	189,200	March 23, 2021	1.57
February 8, 2017	4,200	March 23, 2021	1.67
October 6, 2017	24,400	March 23, 2021	2.47
November 8, 2017	17,000	March 23, 2021	2.78
February 8, 2018	29,300	March 23, 2021	2.43
January 8, 2019	25,000	March 23, 2021	2.45
February 8, 2019	5,600	March 23, 2021	2.57
November 8, 2016	129,000	April 23, 2021	1.57
March 8, 2017	10,200	April 23, 2021	1.66
February 8, 2018	10,500	April 23, 2021	2.43
November 8, 2016	48,000	May 25, 2021	1.57
February 8, 2017	24,000	May 25, 2021	1.67
November 8, 2016	38,000	June 23, 2021	1.57
February 8, 2017	1,400	June 23, 2021	1.67
May 23, 2017	100,000	June 23, 2021	1.57
May 25, 2018	155,000	June 23, 2021	2.72
November 8, 2016	28,000	September 24, 2021	1.57
February 8, 2017	2,800	September 24, 2021	1.67
November 8, 2016	104,800	December 23, 2021	1.57
	1,393,800		

Out of the outstanding share options, share options to subscribe for 7,923,900 (2020: 8,631,960) ordinary shares under the ESOS scheme were exercisable at the end of the year.

The share options outstanding as at year end had exercise prices ranging from RM1.57 to RM3.42 (2020: RM1.57 to RM3.19), and a weighted average remaining contractual life of 1 to 5 years (2020: 1 to 2 years). The share options to subscribe for 7,923,900 (2020: 9,436,900) ordinary shares under the ESOS scheme are exercisable within the option period up to November 7, 2026.

On February 4, 2022, share options to subscribe for 19,601,900 ordinary shares offered under ESOS scheme were granted to employees with an exercise price of RM2.95 per share.

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.

24. RETAINED EARNINGS

The entire retained earnings of the Company as of the end of the reporting period are available for the distribution as single-tier dividends to the shareholders of the Company.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Trade payables	**11,101,161**	11,683,100	**-**	-
Amount owing to directors	**480,000**	480,000	**258,000**	258,000
Amount owing to a subsidiary	**-**	-	**-**	3,984
Other payables	**10,733,194**	12,156,504	**-**	-
Accrued expenses	**13,493,719**	11,553,974	**899,820**	832,468
	35,808,074	35,873,578	**1,157,820**	1,094,452

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
United States Dollar	**19,831,171**	20,749,306	**-**	-
Ringgit Malaysia	**14,280,789**	13,610,800	**1,157,820**	1,094,452
Chinese Renminbi	**1,696,114**	1,489,304	**-**	-
Euro	**-**	24,168	**-**	-
	35,808,074	35,873,578	**1,157,820**	1,094,452

The average credit periods granted to the Group for trade purchases range from 30 to 60 days (2020: 30 to 60 days). No interest is charged on the outstanding balance of trade payables.

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 represents directors' remuneration payable.

As at December 31, 2020, the amount owing to a subsidiary, Uchi Electronic (M) Sdn. Bhd., arose mainly from unsecured advances which are interest free and are repayable on demand.

Other payables comprise mainly of amounts outstanding for ongoing costs.

26. OTHER FINANCIAL ASSETS

	The Group	
	2021	**2020**
	RM	**RM**
Financial assets carried at fair value through profit or loss:		
Derivative financial instruments:		
Foreign currency forward contracts	**351,005**	3,246,261

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 Dollars for which firm commitments existed at the end of the reporting period.

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

27. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2021	**2020**
	RM	**RM**
Balance at beginning of the year	**1,404,000**	1,571,996
Additional provision	**1,476,113**	767,357
Reversal of provision no longer required	**-**	(167,996)
Rework and warranty costs paid	**(131,848)**	(767,357)
Balance at end of the year	**2,748,265**	1,404,000

The Group provides a 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 warranty 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. LEASE LIABILITIES

	2021	**2020**
	RM	**RM**
Current – Amount due for settlement within 12 months	**49,654**	-
Maturity analysis:		
Not later than 1 year	**49,654**	-

28. LEASE LIABILITIES (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	January 1, 2021 RM	Addition RM	Cash flows RM	December 31, 2021 RM
Lease liabilities	-	92,901	(43,247)	49,654

29. DIVIDENDS

	The Group and the Company	
	2021 RM	2020 RM
Declared and paid:		
Second interim tax exempt dividend of 8.5 sen per ordinary share, in respect of the financial year ended December 31, 2019, declared on February 26, 2020 and paid on July 21, 2020.	-	38,182,852
Final tax exempt dividend of 9.5 sen per ordinary share, in respect of the financial year ended December 31, 2020, declared on February 24, 2021 and paid on July 22, 2021.	**43,005,011**	-
Interim tax exempt dividend of 7.5 sen per ordinary share, in respect of the financial year ended December 31, 2020, declared on November 25, 2020 and paid on January 26, 2021.	**-**	33,856,962
Declared and payable:		
Interim tax exempt dividend of 9 sen per ordinary share, in respect of the financial year ended December 31, 2021, declared on November 25, 2021.	**40,753,796**	-
	83,758,807	72,039,814

The directors have also proposed a final tax exempt dividend of 11 sen per ordinary share, in respect of the current financial year. The proposed tax exempt dividend if payable in respect of all ordinary shares in issue as at the date of the financial statements would amount to RM49,810,195 and has not been included as a liability in the financial statements. The dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividend has yet to be determined as at the date of this Directors' Report.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term deposits	**179,351,096**	152,914,622	**38,937,249**	50,345,810
Cash and bank balances	**2,504,499**	3,808,567	**25,292**	48,564
	181,855,595	156,723,189	**38,962,541**	50,394,374

31. BANKING FACILITIES

As at December 31, 2021, the Group has unutilised banking facilities of RM116,100,000 (2020: RM115,600,000) covered by corporate guarantees from the Company for RM35,620,000 (2020: RM35,620,000).

32. 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 to achieve an optimal capital structure, the Group may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on the 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 2020.

b. Categories of financial instruments

	2021 RM	2020 RM
The Group		
Amortised cost		
Financial assets		
Cash and bank balances	**2,504,499**	3,808,567
Short-term deposits	**179,351,096**	152,914,622
Trade and other receivables	**11,466,063**	18,834,165
Deposits	**104,675**	104,745
Financial liabilities		
Trade and other payables	**35,808,074**	35,873,578
Dividend payable	**40,753,796**	33,856,962
Lease liabilities	**49,654**	-
Fair value through profit or loss		
Financial asset		
Derivative financial instruments	**351,005**	3,246,261
The Company		
Amortised cost		
Financial assets		
Cash and bank balances	**25,292**	48,564
Short-term deposits	**38,937,249**	50,345,810
Trade and other receivables	**87,772,530**	56,651,335
Deposits	**1,980**	2,050
Financial liabilities		
Trade and other payables	**1,157,820**	1,094,452
Dividend payable	**40,753,796**	33,856,962

32. 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	
	2021	**2020**
	RM	**RM**
Assets		
United States Dollar	**65,389,743**	68,534,897
Euro	**9,309**	10,720
Swiss Franc	**959**	956
Chinese Renminbi	**301**	283
Other foreign currencies	**557**	544
Liabilities		
United States Dollar	**19,831,171**	20,749,306
Chinese Renminbi	**256,219**	128,046
Euro	**-**	24,168

32. FINANCIAL INSTRUMENTS (cont'd)

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

ii. Foreign currency risk management (cont'd)

	The Company	
	2021	**2020**
	RM	**RM**
Assets		
United States Dollar	**838**	809

The following table details the sensitivity analysis when the RM strengthens 6% (2020: 11%) against the relevant foreign currencies. 6% (2020: 11%) 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 period end for a 6% (2020: 11%) 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 6% (2020: 11%) against the relevant currency.

	The Group	
	2021	**2020**
	RM	**RM**
Impact on profit or loss:		
United States Dollar	**(2,733,514)**	(5,256,415)
Euro	**(559)**	1,479
Swiss Franc	**(58)**	(105)
Chinese Renminbi	**15,355**	14,054
Other foreign currencies	**(33)**	(60)

	The Company	
	2021	**2020**
	RM	**RM**
Impact on profit or loss:		
United States Dollar	**(50)**	(89)

For a 6% (2020: 11%) 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 the reporting period.

32. FINANCIAL INSTRUMENTS (cont'd)

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

iv. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

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:

	2021		**2020**	
	RM	**% of total**	**RM**	**% of total**
By country:				
Europe	**10,406,655**	**99**	18,254,547	99
Asia Pacific	**-**	**-**	239,986	1
United States of America	**74,047**	**1**	-	-
	10,480,702	**100**	18,494,533	100

For trade receivables, the Group has applied the simplified approach in MFRS 9 *Financial Instruments* to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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 financial liabilities. Note 31 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 26, including foreign currency forward contracts as detailed in item (d) below.

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.

32. FINANCIAL INSTRUMENTS (cont'd)

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.

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 gain
		USD	RM	RM
2021:				
Sell USD				
Less than 3 months	**4.18**	**6,900,000**	**28,858,599**	**13,355**
3 to 6 months	**4.21**	**6,600,000**	**27,806,822**	**125,165**
6 to 9 months	**4.23**	**5,000,000**	**21,164,707**	**132,192**
9 to 12 months	**4.25**	**2,600,000**	**11,047,910**	**80,293**
2020:				
Sell USD				
Less than 3 months	4.33	5,400,000	23,355,635	1,616,194
3 to 6 months	4.23	5,700,000	24,093,420	1,077,596
6 to 9 months	4.14	4,800,000	19,850,953	418,201
9 to 12 months	4.11	2,500,000	10,278,794	134,270

e. Fair value measurements

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

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

Some of the Group's financial assets and financial liabilities 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	
	2021	2020
	RM	RM
Foreign currency forward contracts:		
Fair value:		
Assets	**351,005**	3,246,261

32. FINANCIAL INSTRUMENTS (cont'd)

e. Fair value measurements (cont'd)

i. Financial assets and financial liabilities that are measured at fair value on a recurring basis (cont'd)

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 during the financial year.

ii. 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 short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

33. RELATED PARTY TRANSACTIONS

The following details of transactions between the Group and the Company with related parties were carried out under terms and conditions negotiated amongst the related parties.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Dividend income received from:				
Uchi Optoelectronic (M) Sdn. Bhd.	**-**	-	**95,000,000**	75,000,000
Management fee received from:				
Uchi Optoelectronic (M) Sdn. Bhd.	**-**	-	**1,609,920**	1,455,107
Uchi Electronic (M) Sdn. Bhd.	**-**	-	**32,921**	28,942

The amount owing by related parties, included in receivables arose mainly from management fee charges. The credit period granted to related parties is 60 days (2020: 60 days).

34. 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 real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipment, 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 RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated RM
2021:					
Revenue					
External sales	-	168,509,475	-	-	168,509,475
Inter-segment sales	96,642,841	-	915,988	(97,558,829)	-
Total revenue	96,642,841	168,509,475	915,988	(97,558,829)	168,509,475
Results					
Segment profit	93,315,172	87,834,924	(213,291)	(91,929,792)	89,007,013
Investment income					2,197,277
Other gains and losses					968,597
Finance costs					(2,431)
Profit before tax					92,170,456
Tax expenses					(733,715)
Profit for the year					91,436,741

34. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Consolidated RM
2020:					
Revenue					
External sales	-	155,256,154	-	-	155,256,154
Inter-segment sales	76,484,049	-	907,756	(77,391,805)	-
Total revenue	76,484,049	155,256,154	907,756	(77,391,805)	155,256,154
Results					
Segment profit	73,296,372	78,890,691	(169,213)	(72,323,549)	79,694,301
Investment income					2,573,829
Other gains and losses					2,380,438
Profit before tax					84,648,568
Tax expenses					(821,960)
Profit for the year					83,826,608

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.

Segment assets and liabilities

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Consolidated RM
2021:				
Assets				
Segment assets	**401,212**	**91,774,042**	**133,530**	**92,308,784**
Unallocated corporate assets				**179,842,706**
Consolidated total assets				**272,151,490**
Liabilities				
Segment liabilities	**1,157,820**	**37,262,874**	**185,299**	**38,605,993**
Unallocated corporate liabilities				**41,871,981**
Consolidated total liabilities				**80,477,974**

34. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities (cont'd)

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Consolidated RM
2020:				
Assets				
Segment assets	161,666	97,375,913	190,041	97,727,620
Unallocated corporate assets				153,883,227
Consolidated total assets				251,610,847
Liabilities				
Segment liabilities	1,094,452	35,947,409	235,717	37,277,578
Unallocated corporate liabilities				34,959,240
Consolidated total liabilities				72,236,818

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
2021:					
Other information					
Capital expenditure	**-**	**512,912**	**-**	**-**	**512,912**
Depreciation and amortisation	**-**	**5,747,684**	**-**	**-**	**5,747,684**
Non-cash expenses other than depreciation and amortisation	**25,025**	**2,415,078**	**906**	**14,905**	**2,455,914**
2020:					
Other information					
Capital expenditure	-	683,483	-	-	683,483
Depreciation and amortisation	-	6,393,978	-	-	6,393,978
Non-cash expenses other than depreciation and amortisation	103,025	1,807,590	3,042	4,098	1,917,755

34. 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	
	2021	**2020**
	RM	**RM**
Real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipment	**164,943,707**	149,630,331
Touch screen advance display, high precision light measurement (optoelectronic) equipment and mix signal control system for centrifuge laboratory equipment	**2,340,252**	3,922,648
Others	**1,225,516**	1,703,175
	168,509,475	155,256,154

Geographical information

The Group operates in two principal geographical areas, Malaysia (country of domicile) and the 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 as disclosed below:

	The Group	
	2021	**2020**
	RM	**RM**
Europe	**163,054,903**	151,178,109
Asia Pacific	**4,304,220**	3,205,752
United States of America	**1,150,352**	872,293
	168,509,475	155,256,154

Information about the Group's non-current assets by geographical area are as disclosed below:

	The Group	
	2021	**2020**
	RM	**RM**
Malaysia	**36,890,666**	41,046,122
The People's Republic of China	**12,558,622**	12,646,301
	49,449,288	53,692,423

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

34. SEGMENT INFORMATION (cont'd)

Information about major customers

Revenue from major external customers from the manufacturing segment are as follows:

	The Group	
	2021	**2020**
	RM	**RM**
Customer A	**132,106,907**	119,722,104
Customer B	**13,159,280**	14,682,935
	145,266,187	134,405,039

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation in March 2020 declared the Coronavirus disease outbreak ("COVID-19") as a global pandemic. A series of precautionary and control measures have been and continues to be implemented across the world. These measures and policies have significantly disrupted many business operations around the world.

The directors of the Group have assessed the overall impact of the situation on the Group's operations and financial position and concluded that there are no material adverse effects on the financial statements for the financial year ended December 31, 2021.

Given the outbreak continues to evolve, it is not possible to estimate the full impact of the outbreak's short-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses. Hence, the directors of the Group will continue to monitor the development of these events and assess and react actively to its impact on the financial position and operating results of the Group.

STATEMENT BY DIRECTORS

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 requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2021 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

CHIN YAU MENG

KAO, DE-TSAN also known as TED KAO

Penang,

March 22, 2022

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

I, **ONG PEK SEE**, the officer 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 **ONG PEK SEE** at

GEORGETOWN in the State of **PENANG**

on March 22, 2022.

Before me,
TAN CHENG KUAN (No. P195)

Commissioner For Oaths

1. **Share Buy-Back**

During the financial year ended December 31, 2021, the Company has not repurchased or resold any treasury shares.

Total number of shares bought back and held as treasury shares as at December 31, 2021 is 2,072,500 shares.

2. **Options, Warrants or Convertible Securities**

A total of 1,393,800 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.

3. **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

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

4. **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.

5. **Material Contracts or Loans**

As of December 31, 2021, 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.

6. **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.

7. **Profit Guarantee**

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

8. **Utilisation of Proceeds**

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended December 31, 2021.

9. **Audit and 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, 2021 are as follows:

	The Company	**The Group**
	RM	**RM**
Audit Fee	57,750	119,299
Non-Audit Fee	15,810	71,112
Total	**73,560**	**190,411**

10. **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, 2021.

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2021 (RM)	Date of Acqusition / 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	1,348,014	26.5.2004
(Plot 544, Tingkat erusahaan 4A, Perai FTZ Phase II, Perai)	Investment Property -Phase I	60 years leasehold expiring on 1.1.2050	27	33,144	1,864,742	31.12.2021
	-Phase II		21	92,864	4,606,485	31.12.2021
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	1,116,446	26.5.2004
(3097 Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building	60 years leasehold expiring on 6.12.2049	10	148,145	16,679,021	01.12.2012
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	3,734,914	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	13	161,124	9,092,386	26.5.2009

ANALYSIS OF SHAREHOLDINGS
As at March 17, 2022

Share capital

Total number of issued shares	: 452,819,959 (*exclusive of 2,072,500 treasury shares)*
Class of Shares	: Ordinary shares
Voting Rights	: One voting right for one ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS[(a)]

Size of shareholdings	No of shareholders	%	No. of issued shares	%
Less than 100 shares	230	2.10	8,692	0.00
100 - 1,000 shares	2,390	21.79	1,681,887	0.37
1,001 - 10,000 shares	6,026	54.94	25,124,786	5.55
10,001 -100,000 shares	1,988	18.12	53,753,954	11.87
100,001 - 22,640,996 shares	332	3.03	253,630,633	56.01
22,640,997 shares and above	2	0.02	118,620,007	26.20
TOTAL	**10,968**	**100.00**	**452,819,959**	**100.00**

SUBSTANTIAL SHAREHOLDERS[(b)]

	Direct		Indirect	
Name of Shareholders	No. of issued shares	%	No. of issued shares	%
Eastbow International Limited	83,292,026	18.39	-	-
Kao, De-Tsan also known as Ted Kao	2,715,000	0.60	[(c)] 83,292,026	18.39
Ironbridge Worldwide Limited	35,327,981	7.80	-	-
Kao, Te-Pei also known as Edward Kao	2,585,000	0.57	[(d)] 35,327,981	7.80

[a)] Based on Record of Depositors as at March 17, 2022.
[b)] Based on the Register of Substantial Shareholders of the Company as of March 17, 2022, pursuant to Chapter 9, Appendix 9C (23) (a) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
[c)] Deemed interested by virtue of his substantial shareholding in Eastbow International Limited.
[d)] Deemed interested by virtue of his substantial shareholding in Ironbridge Worldwide Limited.

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	No. of issued shares	%	No. of issued shares	%
Kao, De-Tsan also known as Ted Kao	2,715,000	0.60	[1)]86,778,696	19.16
Chin Yau Meng	400,400	0.09	[2)]230,000	0.05
Charlie Ong Chye Lee	895,900	0.20	-	-
Tan Boon Hoe	480,000	0.11	-	-
Lim Tian How	296,200	0.07	-	-
Huang, Yen-Chang also known as Stanley Huang	382,470	0.08	-	-
Han Chin Ling	10,000	0.00	-	-

[1)] Deemed interested by virtue of his substantial shareholding in Eastbow International Limited and interest of spouse by virtue of Section 59(11)(c) of the Companies Act, 2016.
[2)] Deemed interest of spouse by virtue of Section 59(11)(c) of the Companies Act, 2016.

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	83,292,026	18.39
2	Ironbridge Worldwide Limited	35,327,981	7.80
3	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	18,281,270	4.04
4	HLB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Ng Yong Yin]	12,852,500	2.84
5	Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board]	10,542,000	2.33
6	Bekal Sama Sdn Bhd	10,000,000	2.21
7	Amanahraya Trustees Berhad [Public Islamic Select Treasures Fund]	9,375,020	2.07
8	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad [Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund]	8,548,800	1.89
9	Cartaban Nominees (Asing) Sdn Bhd [SSBT Fund J6S6 For Asia Oceania Dividend Yield Stock Mother Fund]	8,018,030	1.77
10	Kumpulan Wang Persaraan (Diperbadankan)	7,004,100	1.54
11	Hong Leong Assurance Berhad [As Beneficial Owner (Life PAR)]	5,528,180	1.22
12	Zulkifli Bin Hussain	5,145,500	1.14
13	Pertubuhan Keselamatan Sosial	4,320,600	0.95
14	Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board (Amundi)]	4,264,300	0.94
15	HSBC Nominees (Asing) Sdn Bhd [SEB AB for Evli Emerging Frontier Fund]	4,198,800	0.93
16	Kao Wang, Ying-Ying	3,486,670	0.77
17	Citigroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (MIDF ABSR EQ)]	3,257,500	0.72
18	Cartaban Nominees (Asing) Sdn Bhd [SSBT Fund WTAU For Wisdomtree Emerging Markets Smallcap Dividend Fund]	2,892,100	0.64
19	Amanahraya Trustees Berhad [Public Strategic Smallcap Fund]	2,819,000	0.62
20	Amanahraya Trustees Berhad [PB Smallcap Growth Fund]	2,796,700	0.62
21	Kao De-Tsan @ Ted Kao	2,715,000	0.60
22	Chang, Shin-Fang	2,573,285	0.57
23	Kao,Te-Pei @ Edward Kao	2,525,000	0.56
24	Cartaban Nominees (Tempatan) Sdn Bhd [PAMB for Prulink Equity Income Fund]	2,500,000	0.55
25	Citigroup Nominees (Asing) Sdn Bhd [CBLDN for Pohjola Bank Plc (Client Ac-Eur)]	2,500,000	0.55
26	Citigroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)]	2,478,300	0.55
27	Hong Leong Assurance Berhad [As Beneficial Owner (Unitlinked OP)]	2,358,800	0.52
28	HSBC Nominees (Asing) Sdn Bhd [HSBC-FS I For Asean Growth Fund (Manufacturers L)]	2,254,720	0.50
29	Maybank Nominees (Tempatan) Sdn Bhd [Mtrustee Bhd For Nomura TNB RBTF (EQ) (433137)]	1,938,700	0.43
30	Citigroup Nominees (Tempatan) Sdn Bhd [Urusharta Jamaah Sdn. Bhd. (Nomura 2)]	1,911,700	0.42
	Total	**265,706,582**	**58.68**

UCHI TECHNOLOGIES BERHAD

(199801001764) (457890-A)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of shares held	

I/We ____ Tel: ________________

[Full name in block, NRIC/Passport/Company No.]

of ____

____

being member(s) of **Uchi Technologies Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be conducted on a virtual basis through live streaming and online remote voting from the Broadcast Venue at the Conference Room, Uchi Optoelectronic (M) Sdn Bhd, 3097, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Pulau Pinang on Thursday, May 26, 2022 at 2.00 p.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	**Resolution**	**For**	**Against**
Declaration of Final Tax Exempt Dividend	Ordinary Resolution 1		
Approval of Directors' Fees	Ordinary Resolution 2		
Re-election of Mr. Tan Boon Hoe	Ordinary Resolution 3		
Re-election of Mr. Huang, Yen-Chang also known as Stanley Huang	Ordinary Resolution 4		
Re-election of Ms. Han Chin Ling	Ordinary Resolution 5		
Re-appointment of Messrs. Deloitte PLT as Auditors	Ordinary Resolution 6		
Continuing in office for Mr. Charlie Ong Chye Lee	Ordinary Resolution 7		
Renewal of Share Buy-Back Authority	Ordinary Resolution 8		
Authority to grant options to Ms. Han Chin Ling	Ordinary Resolution 9		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ______________ day of ______________________ 2022.

____

Signature*
Member

* *Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. *The Twenty-Fourth Annual General Meeting ("24th AGM") will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities to be provided by AGRITEUM Share Registration Services Sdn Bhd in Malaysia ("AGRITEUM Portal") (Domain Registration No. With MYNIC-D1A400977). Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on April 7, 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a virtual general meeting are required to participate in the meeting online.*
3. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at May 17, 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
4. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
5. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
6. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

7. *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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment, the proxy form must be deposited via AGRITEUM Portal. Please refer to the Annexure for further information on electronic submission. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging this proxy form is 2.00 p.m., May 24, 2022 (Tuesday).*
13. *Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.*

(1) fold here

STAMP
HERE

The Secretaries

UCHI TECHNOLOGIES BERHAD

(199801001764) (457890-A)

Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang, Malaysia

(2) fold here

This page is intentionally left blank.

ELECTRONIC SUBMISSION OF PROXY FORM VIA *AGRITEUM* PORTAL

Dear Shareholders,

We are pleased to inform that you as a shareholder can have the option to submit proxy forms by electronic means through our ***AGRITEUM*** Portal at www.agriteum.com.my ("E-proxy").

Our ***AGRITEUM*** Portal provides an online submission for shareholders to submit electronically the proxy form. Once you have successfully submitted your E-proxy form, you are no longer required to complete and submit the physical proxy form to the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

To assist you on how to use ***AGRITEUM*** Portal E-proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as a user in www.agriteum.com.my ("***AGRITEUM*** Portal")

    - Click **<<Login/Register>>** followed by **<<Register New User>>** to register as a new user.
    - Complete the registration by filling up the information required and upload a clear copy of your MyKAD (both front and back page) or Passport.
    - Read and agree to the terms & conditions and thereafter submit your registration.
    - Please enter a valid email address in order for you to receive the verification email from the ***AGRITEUM*** Portal.
    - Please verify your email address before the link expire in **one (1) hour** from your registration.
    - Your registration will be verified and approved by the ***AGRITEUM*** Portal. Once approved, an email notification will be sent to you.
    - If you have already registered an account with ***AGRITEUM*** Portal, you are not required to register again.

2. Proceed with submission of E-proxy

    - After the release of the Notice of the Meeting by the Company, login ***AGRITEUM*** Portal with your user name (ie email address) and password.
    - Click "**E-PROXY LODGEMENT**" and select the company name for the submission of the E-proxy Form.
    - Fill up the E-proxy form by inserting your CDS account, number of shares for your proxy(s) to vote on behalf.
    - Appoint your proxy(s) or chairman and insert the required details of your proxy(s) and indicate your voting instruction.
    - Review & confirm your proxy(s) appointment.
    - Read and agree to the terms & conditions and thereafter submit your E-proxy Form.
    - An email notification will send to you to acknowledge the submission.

Should you need assistance on our E-proxy submission, please contact us. Thank you

AGRITEUM Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel. No.: 04-2282321
Fax No.: 04-2272391
Email: agriteumsrs@gmail.com

UCHI TECHNOLOGIES BERHAD
(199801001764) (457890-A)
(Incorporated in Malaysia)

3097, Tingkat Perusahaan 4A,
Free Trade Zone,
13600 Prai, Pulau Pinang,
Malaysia.
Tel : 604-399 0035
Fax : 604-399 0034
E-mail : info@uo.uchi.net