



ISO 14001 Environmental Policy

Uchi is committed to preserve environment for future generations through:

- U** utmost effort in implementing and continuously improving our corporate Environmental Management System
- C** ommitment towards preventing pollution, minimizing waste and consumption of natural resources through effective management of our activities, products and services
- H** ighly honour compliance of Malaysian Environmental Laws and other applicable regulations
- I** ncessantly educating employee on environmental awareness and responsibility

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at the Room Laurel II, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Tuesday, May 28, 2002 at 3.00 p.m.

A G E N D A

1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2001 together with the Reports of the Directors and of the Auditors thereon. **(Resolution 1)**
2. To declare a Final Dividend of 6 Sen per share, exempt from Income Tax for the year ended December 31, 2001. **(Resolution 2)**
3. To declare a Special Dividend of 4 Sen per share, exempt from Income Tax for the year ended December 31, 2001. **(Resolution 3)**
4. To declare a Special Dividend of 15 Sen per share, less Income Tax at 28% for the year ended December 31, 2001. **(Resolution 4)**
5. To approve the payment of Directors' fees for the year ended December 31, 2001. **(Resolution 5)**
6. To re-elect Mr. Kao, De-Tsan also known as Ted Kao, a director retiring under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer himself for re-election. **(Resolution 6)**
7. To re-elect the following directors retiring under the provision of Article 136 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election.
 - a) Mdm. Kao Wang, Ying-Ying **(Resolution 7)**
 - b) Mr. Ng Hai Suan @ Ooi Hoay Seng **(Resolution 8)**
8. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"That Mr. Huang, Teng-Yen, a director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting."
(Resolution 9)
9. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 10)**

SPECIAL BUSINESS

10. To consider and if thought fit, to pass the following resolution: -

ORDINARY RESOLUTION

Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Kuala Lumpur Stock Exchange and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange."
(Resolution 11)

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

Notice Of Annual General Meeting (Cont'd)

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By order of the Board

KHOO LAY TATT (MAICSA 7029262)
OW CHOOI KHIM (MIA 12616)
Secretaries

Penang
Date : May 3, 2002

Notes: -

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

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Notes On Special Business

The proposed Resolution No. 11 [Item No.(10)], if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This Authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

NOTICE OF DIVIDENDS ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the following dividends for the year ended December 31, 2001, if approved, will be paid on July 19, 2002 to depositors registered in the Records of Depositors at the close of business on June 28, 2002:-

1. Final Dividend of 6 Sen per share, exempt from Income Tax;
2. Special Dividend of 4 Sen per share, exempt from Income Tax; and
3. Special Dividend of 15 Sen per share, less Income Tax at 28%.

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

- a) shares transferred into the Depositor's Securities Account before 12.30 p.m. on June 28, 2002 in respect of ordinary transfers;
- b) shares bought on Kuala Lumpur Stock Exchange (KLSE) on a cum entitlement basis according to the rules of KLSE.

By Order of the Board,

KHOO LAY TATT (MAICSA 7029262)
OW CHOOI KHIM (MIA 12616)
Secretaries

Penang
Date : May 3, 2002



Statement Accompanying Notice Of Annual General Meeting

1. Fourth Annual General Meeting of Uchi Technologies Berhad :-

Place : Room Laurel II, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang

Date : May 28, 2002

Time : 3.00 p.m.

2. Names of individuals who are standing for re-election as Directors

To re-elect Mr. Kao, De-Tsan also known as Ted Kao, a director retiring under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer himself for re-election.

To re-elect the following directors retiring under the provision of Article 136 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election.

a) Mdm. Kao Wang, Ying-Ying

b) Mr. Ng Hai Suan @ Ooi Hoay Seng

To re-elect Mr. Huang, Teng-Yen, a Director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting.

3. Board Meetings held during the Financial Year Ended December 31, 2001 and Details of Directors' Attendance

Four (4) Board Meetings were held during the financial year ended December 31, 2001. Details of attendance of Directors at the Board Meetings are set out in Page 19 of this Annual Report.

4. Place, date and time of the Board of Directors' Meetings

The information on place, date and time of the Board of Directors' Meetings held during the financial year ended December 31, 2001 are as follows :-

Date	Time	Venue
07.03.2001	10.00 a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
27.08.2001	12.00 noon	Plot 544 Tingkat Perusahaan 4A, FTZ, 13600 Prai
26.11.2001	12.00 noon	Plot 544 Tingkat Perusahaan 4A, FTZ, 13600 Prai
27.11.2001	12.00 noon	Plot 544 Tingkat Perusahaan 4A, FTZ, 13600 Prai

5. Further details of individuals who are standing for re-election as Directors

Further details of the Directors standing for re-election at the Fourth Annual General Meeting are set out in Pages 9 to 10 and their shareholdings information are listed in Page 58 of this Annual Report.

Chairman's Statement

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Uchi Technologies Berhad (Uchitec) completed its Bonus Share Issue Exercise of 1 new Ordinary Share of RM1.00 each for every 10 existing Ordinary Shares of RM1.00 each on July 18, 2001 and launched "Uchi Technologies Berhad Employee Share Option Scheme" on August 8, 2001. As of March 31, 2002, Uchitec had granted Share Options of 5,318,800 Ordinary Shares of RM1.00 each to the employees, of which Share Options of 809,000 Ordinary Shares of RM1.00 had been exercised.

The Board of Directors proposed another Bonus Share Issue Exercise of 2 new Ordinary Shares of RM1.00 each for every 5 existing Ordinary Shares of RM1.00 each in 2002 which was approved by the shareholders on February 8, 2002. The Bonus Share Issue Exercise was completed on March 26, 2002.

Upon completion of the aforesaid 2 for 5 Bonus Share Issue Exercise, Uchitec's share listing is ready to be transferred to the Main Board of the Kuala Lumpur Stock Exchange. Barring unforeseen circumstances, the Board of Directors expects the transfer of listing to the Main Board in May 2002.

FINANCIAL PERFORMANCE

The Group achieved a profit before tax of RM40.8 million for the year 2001, representing an increase of 49% from previous year, whilst turnover improved by 44% over the previous year to RM95 million. These results were attributable to effective cost-cutting measures, production efficiency and customers' growing confidence in outsourcing higher value-added products.

Basic earnings per share improved by 44% to 84.22 Sen, despite the increase in share base from 39,677,978 shares to 44,007,151 shares, arising mainly from the 1 for 10 Bonus Share Issue Exercise.

After tax return on shareholders' fund increased to 32% from 25% and net tangible assets per share increased to RM2.60 from RM2.35 in 2000.

DIVIDENDS

The Board of Directors is pleased to propose a Tax-Exempt Final Dividend of 6 Sen per share, a Tax-Exempt Special Dividend of 4 Sen per share and a Special Dividend of 15 Sen per share, less Income Tax, subject to the shareholders' approval at the forthcoming Annual General Meeting.

These, together with the Tax-Exempt Interim Dividend of 6 Sen per share and the Tax-Exempt Special Dividend of 6 Sen per share, paid on January 31, 2002, result in a total gross dividend paid and payable of 37 Sen per share for the year under review, against 30 Sen gross per share last year.

RESEARCH AND DEVELOPMENT (R&D)

For the year under review, the Group invested approximately RM4.9 million in R & D activities, representing approximately 5% of the Group's turnover. The Group emphasizes on the intellectual property, which will integrate the customers' needs and technology built-up and designs from various industries. The Group will endeavour to present innovative and market-oriented designs, and in certain cases, go beyond the customers' requirements.

COMMITMENT TO STAFF

In recognition of the employees' contribution towards the business of the Group, "Uchi Technologies Berhad Employee Share Option Scheme" was launched. The scheme encourages employees' participation in the Group's equity and motivates employees towards better performance through greater productivity and loyalty.

The Group is working towards the implementation of OHSAS 18001, occupational health and safety management system in furtherance to the Group's commitments towards the staff on continual improvements on the working environment.

FUTURE PROSPECT

The year ahead brings many challenges and opportunities/prospects.

Our relationship with customers is mutually dependent and beneficial. We shall continue to focus on giving the customers our full support with the best of our products and turnkey solutions, and further strengthening our market shares in the niche market and to sustain long-term relationship with our customers.

The Group is in the midst to establish a wholly owned subsidiary company in Dongguan City, Canton Province of the People's Republic of China. This new subsidiary company will provide us with competitive cost as well as enhance our capacity and viability in anticipating customers' risk management requirement.

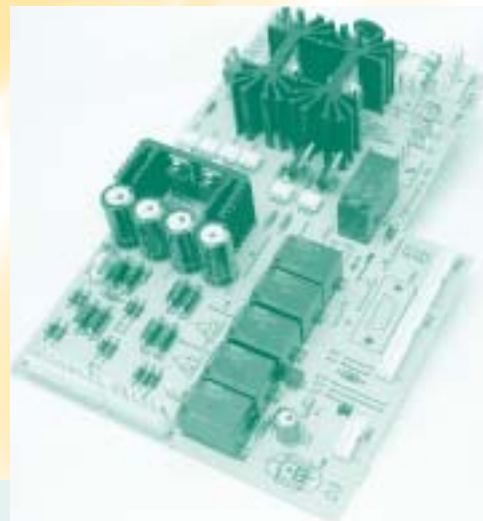
ACKNOWLEDGEMENT

I wish to take this opportunity to extend my sincere thanks to the Board of Directors, Management and staff for their dedication and commitment.

We would like to thank our customers, suppliers, the various government authorities and our shareholders for their unwavering support.

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

April 8, 2002
Penang



Corporate Information

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BOARD OF DIRECTORS

Chairman

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

Managing Director

Kao, Te-Pei also known as **Edward Kao**

Senior Independent Non-Executive Director

Ng Hai Suan @ Ooi Hoay Seng

Independent Non-Executive Director

Dato' Hong Tok Hiang @ Fang Chok Seong,
DSDK, SMS, AMK, PJK, JP

Non-Independent Non-Executive Director

Huang, Teng-Yen

Kao Wang, Ying-Ying

Chang, Shin-Fang

alternate director to Huang, Teng-Yen

AUDIT COMMITTEE

Chairman

Dato' Hong Tok Hiang @ Fang Chok Seong,
DSDK, SMS, AMK, PJK, JP

Members

Ng Hai Suan @ Ooi Hoay Seng

Kao, Te-Pei also known as **Edward Kao**

COMPANY SECRETARIES

Khoo Lay Tatt (MAICSA 7029262)

Ow Chooi Khim (MIA 12616)

REGISTERED OFFICE

3rd Floor, Wisma Wang
251-A, Jalan Burma, 10350 Penang
Tel : 04-2288155
Fax : 04-2692386

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Southern Bank Berhad
EON Bank Berhad

AUDITORS

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

PRINCIPAL SOLICITORS

Ong & Manecksha
Advocates and Solicitors
Suite 503, 5th Floor, Penang Plaza
Jalan Burma, 10050 Penang
Tel : 04-2275811
Fax : 04-2265366

REGISTRAR

PFA Registration Services Sdn. Bhd.
1301 Level 13, Uptown 1
No. 1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-77254888, 77258046
Fax : 03-77222311

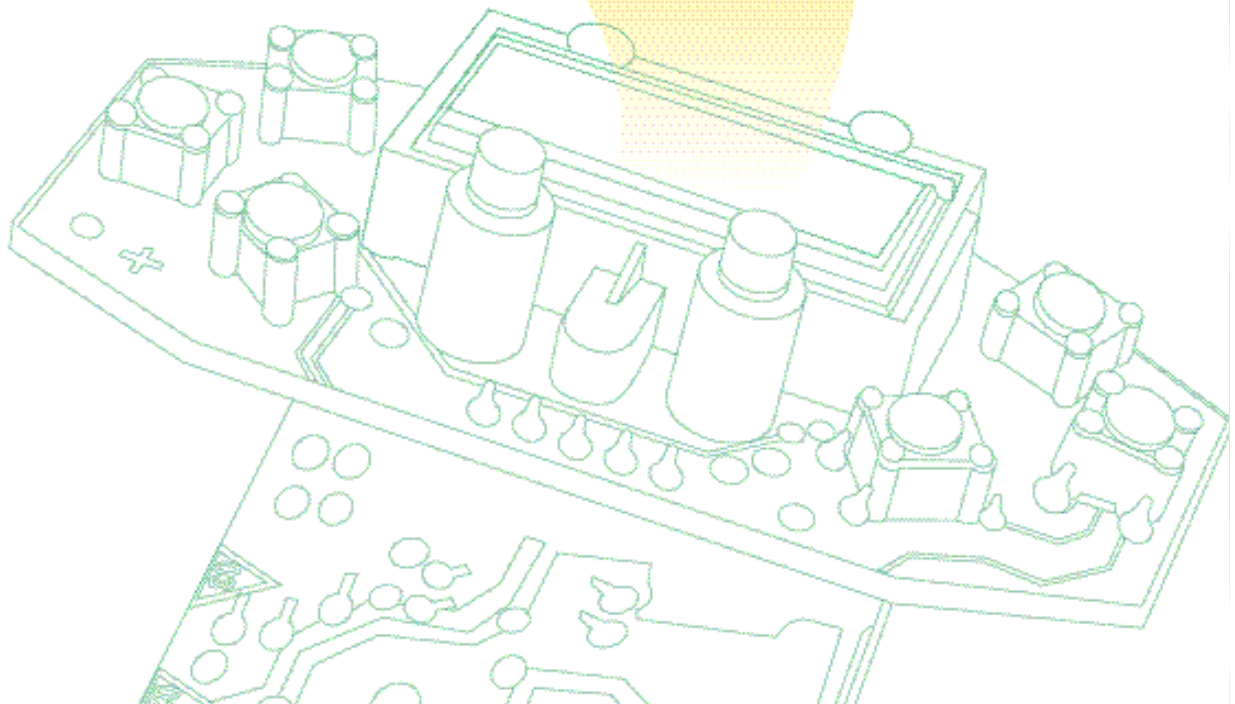
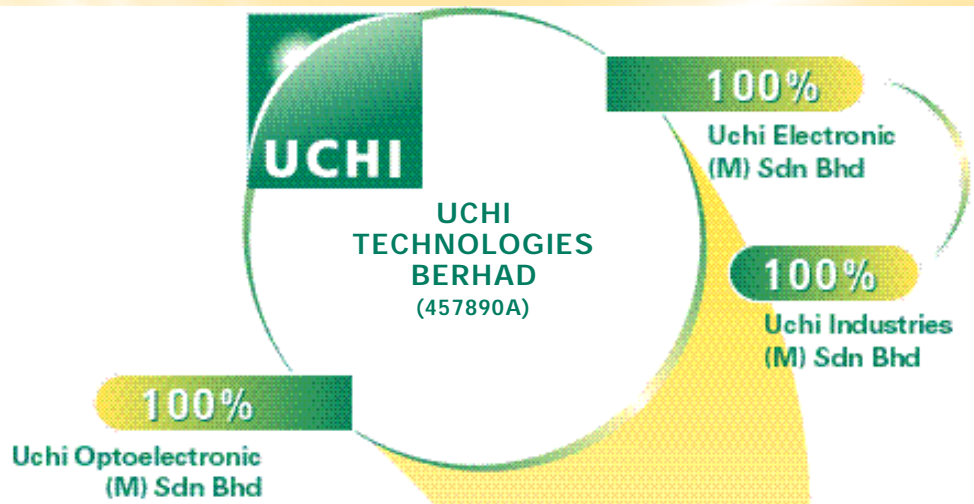
STOCK EXCHANGE LISTING

Second Board of
Kuala Lumpur Stock Exchange



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Corporate Structure



Directors' Profile

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

Aged 44, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Managing Director. He was appointed as the Chairman of the Company on November 26, 2001. He is also a member of the Employee Share Option Scheme Committee of Uchitec.

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

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

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

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

KAO, TE-PEI also known as **EDWARD KAO**

Aged 42, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Executive Director. He was appointed as Managing Director of the Company on November 26, 2001. He is also a member of the Audit Committee, Remuneration Committee and Employee Share Option Scheme Committee of Uchitec.

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

In 1990, after Uchi Electronic Co. Ltd.'s operations ceased in Taiwan, Mr. Edward Kao moved to Penang and appointed as a Director of Uchi Electronic (M) Sdn. Bhd., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (M) Sdn. Bhd.

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

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

HUANG, TENG-YEN

Aged 71, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad on March 28, 2000 as Non-Independent Non-Executive Director.

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

NG HAI SUAN @ OOI HOAY SENG

Aged 61, Malaysian, was appointed to the Board of Uchi Technologies Berhad on August 30, 2001 as Independent Non-Executive Director. He was also appointed as Senior Independent Non-Executive Director of the Company on November 27, 2001. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was a Partner of a firm of Public Accountants and had retired from such a position in the first half of year 2001. Mr. Ooi has thirty over years of experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He holds directorship in a number of other private limited companies.

DATO' HONG TOK HIANG @ FANG CHOK SEONG, DSDK, SMS, AMK, PJK, JP,

Aged 65, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on February 18, 1998 as Independent Non-Executive Director. He was appointed Chairman of the Audit Committee as well as a member of the Nomination Committee and Remuneration Committee.

He was a Kedah State Assemblyman from 1978 to 1990 and a Kedah State Executive Councilor (EXCO) from 1982 to 1990. He was a Malaysia Consul General in Guangzhou, the People's Republic of China from November 1993 to November 1995. Dato' Fang is also involved in various types of business which are involved in timber sawmills, property development, rubber plantation and furniture making from 1958 to present date. He holds directorship in a number of other private limited companies.

KAO WANG, YING-YING

Aged 49, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Huang, Teng-Yen on March 28, 2000. She resigned as the alternate director to Mr. Huang, Teng-Yen on August 30, 2001. She was further re-appointed as Non-Independent Non-Executive Director on August 30, 2001. She is also a member of the Nomination Committee and Remuneration Committee.

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

CHANG, SHIN-FANG

Aged 40, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Kao Chi Kun on March 28, 2000. She resigned as the alternate director to Mr. Kao Chi Kun on August 30, 2001. She was further re-appointed as alternate director to Mr. Huang, Teng-Yen on August 30, 2001

She graduated from the Department of Business Administration of Che Lee College of Business, Taiwan in 1982. From 1988 to 1991, Madam Chang worked as a Shipping Assistant in Amasia International Limited, an American shoe company. Madam Chang holds directorship of a certain private company.

Note:

Mr. Ted Kao and Mr. Edward Kao are brothers. Madam Kao Wang, Ying-Ying and Madam Chang, Shin-Fang are the wives of Mr. Ted Kao and Mr. Edward Kao respectively. Mr. Huang, Teng-Yen is the brother-in-law of Mr. Ted Kao.

Saved as disclosed, none of the other Directors have:

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

Audit Committee Report

(Pursuant to Paragraph 15.16 of the Listing Requirements of the Kuala Lumpur Stock Exchange)

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The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2001.

AUDIT COMMITTEE

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

- Chairman : **Dato' Hong Tok Hiang @ Fang Chok Seong** DSDK, SMS, AMK, PJK, JP
Independent Non-Executive Director
- Member : **Lim Kee Nam**
Independent Non-Executive Director (Resigned on August 30, 2001)
- Member : **Ng Hai Suan @ Ooi Hoay Seng** CA(M), CPA(M)
Senior Independent Non-Executive Director (Appointed on November 26, 2001)
- Member : **Kao, Te-Pei** also known as **Edward Kao**
Managing Director

TERMS OF REFERENCE OF AUDIT COMMITTEE

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

1. Objectives

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

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

2. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, of whom a majority shall be Independent Non-Executive Directors. An Independent Director shall be the one who fulfils the requirements as provided in the Kuala Lumpur Stock Exchange Listing Requirements.

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.

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

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

3. Authority

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

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.

Audit Committee Report (Cont'd)

(Pursuant to Paragraph 15.16 of the Listing Requirements
of the Kuala Lumpur Stock Exchange)

The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

It shall also have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee shall deemed fit and necessary.

4. Meetings

The Committee, be at liberty to determine the frequency of its meetings, which in any event shall not be less than four (4) times a year.

A quorum shall consist of 2 members.

5. Attendance at Meetings

The Accountant and a representative of the external auditors may be invited to attend meetings. The Committee may invite any person to be in attendance to assist in its deliberations.

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

6. Duties

The duties of the Audit Committee include the followings:

- to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- to discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- to review the quarterly and year-end financial statements of the Board, 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;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- to review the external auditor's management letter and management's response;
- to do the following where an internal audit function exists:
 - review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - inform itself of resignations of internal audit staff members and provide the resignation staff member an opportunity to submit his reasons for resigning;
- to consider any related party transactions that may arise within the Company or Group;
- to consider the major findings of internal investigations and management's response;
- to consider other topics as defined by the Board.

7. Reporting

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

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

Audit Committee Report (Cont'd)

(Pursuant to Paragraph 15.16 of the Listing Requirements
of the Kuala Lumpur Stock Exchange)

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AUDIT COMMITTEE MEETING

During the financial year ended December 31, 2001, the Committee met four times with full attendance of all members of the Committee.

At each of the meetings, the Finance Manager was invited to brief the Committee on specific issues. The minutes of the Committee meetings were formally tabled to the Board for its attention and action.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

Summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended December 31, 2001 is as follows:

- Reviewing the audited accounts for the year ended December 31, 2001 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 adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework.
- Reviewing and approving the internal audit plan for year 2001 and monitoring the implementation of the approved audit plan.
- Evaluate and comment on the internal audit function performed by the Sub-Audit Committee.

INTERNAL AUDIT FUNCTION

The Group has established a Sub-Audit Committee (SAC) whose principal responsibilities is to undertake regular and systematic reviews of the system of controls so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group. The SAC is independent of the audit area audited and performed audit assignments with impartiality, proficiency and due professional care.

Summary of activities of the SAC during the year under review is as follows:

- Developed the Group's Risk Assessment and Evaluation Framework
The SAC, together with the Senior Management and Executive Directors of the Group, identified principal risk underlying the Group's business and assessed the adequacy and integrity of the Group's existing internal control systems that mitigate the risks.
The identified risk was then registered in the Risk Assessment and Evaluation Framework and prioritized in accordance with its likelihood of occurrence and magnitude of impact.
- Develop risk-based audit plan
Based on the Risk Assessment and Evaluation Framework, the Sub-Audit Committee developed the internal audit plan for Year 2001, focusing on the areas that are most critical to the health and ultimate success of the Group.
- Performed audit based on the approved audit plan
- Reported to the Audit Committee the internal audit activities, managements' response and results
- Ensure that recommendations to improve controls are followed through by management

Dato' Hong Tok Hiang @ Fang Chok Seong

DSDK, SMS, AMK, PJK, JP

Audit Committee Chairman

April 8, 2002
Penang



Nomination Committee

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

Ng Hai Suan @ Ooi Hoay Seng

Senior Independent Non-Executive Director

Dato' Hong Tok Hiang @ Fang Chok Seong

DSDK, SMS, AMK, PJK, JP

Independent Non-Executive Director

Kao Wang, Ying-Ying

Non-Independent Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

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

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

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

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

2. Authority

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

3. Duties

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

Nomination Committee (Cont'd)

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4. Meetings

The Committee, be at liberty to determine the frequency of its meetings. The quorum shall consist of 2 members.

Directors shall not participate in decisions on their own nomination.

5. Attendance at Meetings

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

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

6. Reporting

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

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



Remuneration Committee

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

Ng Hai Suan @ Ooi Hoay Seng

Senior Independent Non-Executive Director

Dato' Hong Tok Hiang @ Fang Chok Seong

DSDK, SMS, AMK, PJK, JP

Independent Non-Executive Director

Kao, Te-Pei also known as **Edward Kao**

Managing Director

Kao Wang, Ying-Ying

Non-Independent Non-Executive Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

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

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

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

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

2. Authority

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

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

3. Duties

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

Remuneration Committee (Cont'd)

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4. Meetings

The Committee, be at liberty to determine the frequency of its meetings. The quorum shall consist of 2 members.

5. Attendance at Meetings

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

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

6. Reporting

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

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



Corporate Governance & Other Disclosure

(Pursuant to Paragraph 15.26 of the Kuala Lumpur
Stock Exchange Listing Requirements)

The Board of Directors is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of safeguarding shareholders' investment, enhancing shareholders value as well as the interests of other stakeholders.

A. DIRECTORS

The Board

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

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

Board Balance

The Board currently comprises of six (6) members, of which two (2) are Executive Directors and four (4) are Non-Executive Directors, two (2) of whom are independent.

The role of the Independent Non-Executive Directors is particularly important as they provide robust and independent view, advice and true and fair judgement which take into account the long term interest, not only of the Group but also of shareholders, employees and other stakeholders of the Group.

Mr. Ng Hai Suan @ Ooi Hoay Seng was appointed as Senior Independent Non-Executive Director on November 27, 2001.

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 9 and 10 in this Annual Report.

There is a clear division of responsibilities between the Chairman and Managing Director to ensure that there is a balance of responsibility and authority. A formal position description for the Chairman and Managing Director outlining their respective roles and responsibilities are currently being developed.

Board Meetings

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

Corporate Governance & Other Disclosure (Cont'd)
(Pursuant to Paragraph 15.26 of the Kuala Lumpur
Stock Exchange Listing Requirements)

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All conclusion of the Board are duly recorded in the Board minutes. For the record, the Board met four times in this financial year.

Number of Board of Directors' Meetings and number of attendance for each Director for the financial year ended December 31, 2001 are as follows:

No.	Director	Year 2001 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2001 to 31/12/2001	4	4
2.	Kao, Te-Pei also known as Edward Kao	1/1/2001 to 31/12/2001	4	4
3.	Huang, Teng-Yen	1/1/2001 to 31/12/2001	4	2
4.	Dato' Hong Tok Hiang @ Fang Chok Seong, DSDK, SMS, AMK, PJK, JP	1/1/2001 to 31/12/2001	4	4
5.	Ng Hai Suan @ Ooi Hoay Seng	30/8/2001 to 31/12/2001	2	2
6.	Kao Wang, Ying-Ying	30/8/2001 to 31/12/2001	2	2
7.	Chang, Shin-Fang (Alternate Director to Huang, Teng-Yen)	30/8/2001 to 31/12/2001	2	1
8.	Dr. Abdullah Bin Abu Bakar	1/11/2001 to 31/12/2001	2	–*
9.	Dato' Haji Abdul Rashid Bin Ngah, SPMT, DSMT, PJN, DPMT, JSM, PJC, PPN, PJK	1/1/2001 to 30/8/2001	2	1
10.	Dato' Haji Alwi @ Ali Bin Muhamad, DPMT, ASM, PJC, PJK, BLB	1/1/2001 to 28/5/2001	1	1
11.	Kao, Chi-Kun	1/1/2001 to 30/8/2001	2	1
12.	Lim Kee Nam	1/1/2001 to 30/8/2001	2	2
13.	Kao Wang, Ying-Ying (Alternate Director to Huang, Teng-Yen)	1/1/2001 to 30/8/2001	2	2
14.	Chang, Shin-Fang (Alternate Director to Kao, Chi-Kun)	1/1/2001 to 30/8/2001	2	1
15.	Alias Bin Jaafar, (Alternate Director to Dato' Haji Abdul Rashid Bin Ngah)	1/1/2001 to 30/8/2001	2	–
16.	Mat Zaid Bin Ibrahim (Alternate Director to Dato' Haji Alwi @ Ali Bin Muhamad)	1/1/2001 to 28/5/2001	2	–

* Dr. Abdullah Bin Abu Bakar has resigned from the Board on February 1, 2002.

Supply of Information

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

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

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



Corporate Governance & Other Disclosure (Cont'd)

(Pursuant to Paragraph 15.26 of the Kuala Lumpur
Stock Exchange Listing Requirements)

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

Directors' Training

Pursuant to the Listing Requirement of the KLSE, all existing members have completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia, an affiliate company of the KLSE.

Appointments of the Board

During the year under review, new Directors were nominated to the Board by the respective major shareholders and approved by the Board. This function has been taken over by the Nomination Committee with effect from November 27, 2001.

Re-Election

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

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

The Board Committees

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

- i. The Audit Committee
Audit Committee Report is set out on page 11 to 13 of this annual report.
- ii. The Remuneration Committee
- iii. The Nomination Committee
- iv. The ESOS Committee (of which, also comprise of management staff)

The Remuneration Committee and the Nomination Committee were established on November 27, 2001 and did not meet during the financial year ended December 31, 2001.

The ESOS Committee was established on August 8, 2001.

Terms of reference of the Nomination Committee and Remuneration Committee are set out on Pages 14 and 15 and Pages 16 and 17 respectively in this annual report.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the Financial year ended December 31, 2001, the Board was directly responsible for setting up the policy framework and for making recommendations on remuneration packages and benefits extended to all the Directors.

This function has been taken over by the Remuneration Committee with effect from November 27, 2001.

Corporate Governance & Other Disclosure (Cont'd)
(Pursuant to Paragraph 15.26 of the Kuala Lumpur
Stock Exchange Listing Requirements)

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The details of the remuneration of the Directors for the financial year ended December 31, 2001 are as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors	60,000	980,400	91,380	1,131,780
Non-Executive Directors	147,000	40,570	-	187,570
Total	207,000	1,020,970	91,380	1,319,350

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	-	9
RM550,000 to RM600,000	2	-

C. SHAREHOLDERS

Dialogue Between The Company and Investors

The Board values dialogue with investors and recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Managing Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments. However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder.

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

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

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

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Board has a general responsibility for ensuring that the Group keeps accounting records and financial statements, which disclose with reasonable accuracy of the Group's financial position. Efforts are made and independent professional advice are obtained to ensure that such financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provision.

The Statement by Directors pursuant to section 169 of the Companies Act, 1965 is set out in Page 53 of this Annual Report.



Internal Control

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

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

Audit Committee Report incorporating report on internal audit function is set out in Page 13 of this Annual Report.

Relationship with the Auditor

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

The role of Audit Committee in relation to the external auditors is described on Pages 11 to 13 of the Annual Report.

E. OTHER DISCLOSURE

Material Contracts

As of December 31, 2001, there was no existing material contracts outside the ordinary course of business of the Company and 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.

Utilisation of Proceeds

Pursuant to the listing exercise completed on July 19, 2000, the Group raised RM37.525 million, of which RM29.128 million, was approved by the Securities Commission (SC) for investment in capital expenditure and working capital requirement, while the balance of RM8.397 million was allocated for future investment.

Subsequently on February 9, 2001, SC further approved the specific utilization of RM4.695 million out of the said RM8.397 million, authorising the Group to determine the specification and timeframe on utilization of such unutilized proceeds on any usage relevant to the Group's core business.

As of March 31, 2002, approximately RM34 million had been utilized with the remaining balance placed in a fixed deposit account, which expected to be fully utilised by June 2002.

Non-Audit Fee

The total amount of non-audit fee paid and payable to the external auditors by the Group for the year ended 31 December 2001 amounted to RM6,200.

This Statement was collectively approved by the Board on April 15, 2002.

For and on behalf of the Board of Directors
of Uchi Technologies Berhad (457890-A)

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



ISO 9001 Quality Policy

EXCEED CUSTOMERS' EXPECTATIONS THROUGH CONTINUOUS IMPROVEMENT

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

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

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

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ISO 9001 Quality Policy



Directors' Report

The directors of UCHI TECHNOLOGIES BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2001.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 9 to the Financial Statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	<u>The Group</u>	<u>The Company</u>
	RM	RM
Net profit after tax for the year	<u>37,062,651</u>	<u>20,365,823</u>

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

A final dividend of 12 sen per ordinary share, tax exempt, amounting to RM4,800,000 and a special dividend of 18 sen per ordinary share, tax exempt, amounting to RM7,200,000 in respect of the financial year ended December 31, 2000 which was proposed and dealt with in the previous directors' report was declared and paid by the Company during the current financial year.

The directors declared an interim dividend of 6 sen per ordinary share, tax exempt, amounting to RM2,648,760 and a special dividend of 6 sen per ordinary share, tax exempt, amounting to RM2,648,760 in respect of the current financial year.

The directors also proposed a final dividend of 6 sen per ordinary share, tax exempt, a special dividend of 4 sen per ordinary share, tax exempt and a special dividend of 15 sen gross per ordinary share, less tax, in respect of the current financial year. The proposed final and special dividends if payable in respect of all ordinary shares in issue as at the date of the issue of the financial statements would amount to RM9,280,752 and have not been included as liabilities in the financial statements. These dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividends has not yet been determined as at the date of the issue of the financial statements.

RESERVES AND PROVISIONS

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



ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM40,000,000 to RM44,146,000 by way of:

- (a) a bonus issue of 4,000,000 new ordinary shares of RM1 each through capitalisation of RM4,000,000 from the retained profit account on the basis of one new ordinary share of RM1 each for every ten existing ordinary shares of RM1 each held; and
- (b) issues of 146,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme (ESOS) of the Company at an exercise price of RM5.24 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM619,040 was credited to the share premium account.

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

The new ordinary shares issued under the bonus issue were listed and quoted on the Kuala Lumpur Stock Exchange with effect from August 1, 2001.

EMPLOYEES' SHARE OPTION SCHEME

Under the Company's Employees' Share Option Scheme (ESOS) which became effective on August 8, 2001, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible directors and employees of the Company and its subsidiary companies.

The principal features of the ESOS are as follows:

- (a) The total number of shares which may be made available shall not exceed 10% 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:
 - (i) all employees including full-time executive directors of the Group who as at the date of offer are confirmed with at least twelve months of continuous service in the Group; and
 - (ii) all future employees of the Group who do not qualify at the time of implementation of the Scheme will have to complete at least twelve months of continuous service with the Group to be eligible to participate in the ESOS.
- (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 Kuala Lumpur Stock Exchange for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- (d) The options granted may be exercised at anytime within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing to the Company.
- (e) The new ordinary shares of RM1 each to be allocated upon any exercise of the ESOS will upon allotment rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends or distributions which may be declared prior to the allotment of these shares.

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

Exercisable from	Exercise price per ordinary share	No. of options over ordinary shares of RM1 each				Balance as of 31.12.2001
		Balance as of 1.1.2001	Granted	Exercised	Lapsed	
	RM					
August 13, 2001	5.24	-	3,381,000	(146,000)	(21,000)	3,214,000
October 9, 2001	5.16	-	70,000	-	-	70,000
November 9, 2001	5.62	-	63,000	-	-	63,000
December 10, 2001	6.71	-	154,000	-	-	154,000
Total		-	3,668,000	(146,000)	(21,000)	3,501,000

OTHER FINANCIAL INFORMATION

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

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- 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
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- any contingent liability of the Group and of the Company which has arisen since the end of the financial year.



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

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

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the financial year are as follows:

- (a) At an Extraordinary General Meeting held on May 28, 2001, the Company's shareholders approved the increase in the issued and paid-up share capital of the Company by way of a bonus issue of 4,000,000 new ordinary shares of RM1 each through capitalisation of RM4,000,000 from the retained profit on the basis of one new ordinary share of RM1 each for every ten existing ordinary shares of RM1 each held. The new ordinary shares rank *pari passu* with the then existing ordinary shares of the Company;
- (b) At an Extraordinary General Meeting held on May 28, 2001, the Company's shareholders approved the establishment of the Uchi Technologies Berhad's Employees' Share Option Scheme ("ESOS"). The ESOS which was approved by all relevant authorities is administered in accordance with the Bye-Laws under which options will be granted to eligible employees and full-time executive directors of the Company and its subsidiary companies to subscribe for new ordinary shares of RM1 each in the Company provided that the total number of shares to be issued shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the scheme;
- (c) On October 25, 2001, the directors of the Company proposed a bonus issue of up to 19,360,400 new ordinary shares of RM1 each through capitalisation of RM19,360,400 from the retained profit on the basis of two new ordinary shares for every five existing ordinary shares held. The bonus issue is subject to the approval of the shareholders of the Company;
- (d) On December 26, 2001, the Company had obtained approval from the Securities Commission for the proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the Second Board to the Main Board of the Kuala Lumpur Stock Exchange (KLSE). Such transfer is subject to the approval from the KLSE; and
- (e) On November 13, 2001, the directors of the Company proposed an increase in the authorised share capital of the Company from RM50,000,000 comprising 50,000,000 ordinary shares of RM1 each to RM100,000,000 by the creation of an additional 50,000,000 ordinary shares of RM1 each.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 23 to the Financial Statements.

DIRECTORS

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

Kao, De-Tsan also known as Ted Kao	
Kao, Te-Pei also known as Edward Kao	
Dato' Hong Tok Hiang @ Fang Chok Seong, <i>DSDK, SMS, AMK, PJK, JP</i>	
Huang, Teng-Yen	
Ng Hai Suan @ Ooi Hoay Seng	(appointed on August 30, 2001)
Kao Wang, Ying-Ying	(appointed on August 30, 2001)
Chang, Shin-Fang (Alternate to Huang, Teng-Yen)	(appointed on August 30, 2001)
Dr. Abdullah Bin Abu Bakar	(appointed on November 1, 2001; resigned on February 1, 2002)
Dato' Haji Abdul Rashid Bin Ngah, <i>SPMT, DSMT, PJN, DPMT, JSM, PJC, PPN, PJK</i>	(resigned on August 30, 2001)
Dato' Haji Alwi @ Ali Bin Muhamad, <i>DPMT, ASM, PJC, PJK, BLB</i>	(retired on May 28, 2001)
Kao Chi-Kun	(resigned on August 30, 2001)
Lim Kee Nam	(resigned on August 30, 2001)
Kao Wang, Ying-Ying (Alternate to Huang, Teng-Yen)	(resigned on August 30, 2001)
Chang, Shin-Fang (Alternate to Kao Chi-Kun)	(resigned on August 30, 2001)
Alias Bin Jaafar, <i>PJK</i> (Alternate to Dato' Haji Abdul Rashid Bin Ngah)	(resigned on August 30, 2001)
Mat Zaid Bin Ibrahim (Alternate to Dato' Haji Alwi @ Ali Bin Muhamad)	(resigned on May 28, 2001)

DIRECTORS' INTEREST

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

Shares in the Company	No. of ordinary shares of RM1 each			Balance as of 31.12.2001
	Balance as of 1.1.2001/date of appointment	Bought/ Bonus Issue	Sold	
Direct interest:				
Kao, De-Tsan also known as Ted Kao	10,000	1,000	-	11,000
Kao, Te-Pei also known as Edward Kao	1,421,000	454,500	-	1,875,500
Dato' Hong Tok Hiang @ Fang Chok Seong, <i>DSDK, SMS, AMK, PJK, JP</i>	10,001	1,000	-	11,001
Huang, Teng-Yen	10,000	1,000	-	11,000
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	15,343,998	1,534,400	-	16,878,398
Kao, Te-Pei also known as Edward Kao	8,576,000	857,600	-	9,433,600
Ng Hai Suan @ Ooi Hoay Seng	-	100,000	-	100,000

Directors' Report (Cont'd)

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In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company which was implemented on August 8, 2001:

	No. of options over ordinary shares of RM1 each			Balance as of 31.12.2001
	Balance as of 1.1.2001	Granted	Exercised	
Kao, De-Tsan also known as Ted Kao	-	350,000	-	350,000
Kao, Te-Pei also known as Edward Kao	-	350,000	-	350,000

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

None of the other directors in office at the end of financial year held shares or have beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 15 to the Financial Statements.

AUDITORS

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

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

KAO, DE-TSAN also known as **Ted Kao**

KAO, TE-PEI also known as **Edward Kao**

Penang,

March 1, 2002



Report Of The Auditors To The Members Of Uchi Technologies Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2001 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2001 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

Our auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
1836/7/03(J)
Partner

March 1, 2002

Income Statements

For The Year Ended December 31, 2001

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	Note	The Group		The Company	
		2001	2000	2001	2000
		RM	RM	RM	RM
Revenue	21	94,999,126	66,022,450	24,420,000	16,900,000
Other operating income		2,872,013	1,897,316	966,930	529,238
Raw materials used		(34,007,096)	(24,307,817)	-	-
Changes in inventories of finished goods and work in progress		(1,731,675)	1,681,403	-	-
Purchase of trading goods		-	(204,908)	-	-
Staff costs	4	(9,762,706)	(8,027,281)	(1,820,375)	(1,216,884)
Depreciation of property, plant and equipment		(1,637,154)	(1,174,820)	-	-
Other operating expenses		(9,913,471)	(8,538,255)	(192,647)	(148,564)
Profit from operations		40,819,037	27,348,088	23,373,908	16,063,790
Finance costs		(6,131)	(4,879)	-	-
Profit before tax	5	40,812,906	27,343,209	23,373,908	16,063,790
Income tax expense	6	(3,750,255)	(4,173,159)	(3,008,085)	(46,000)
Net profit after tax for the year		37,062,651	23,170,050	20,365,823	16,017,790
Earnings per ordinary share					
Basic	7	84.22 sen	58.40 sen		
Diluted	7	84.06 sen	58.40 sen		

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



Balance Sheets

As Of December 31, 2001

	Note	The Group		The Company	
		2001 RM	2000 RM	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	8	20,281,221	19,253,358	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	9	-	-	26,067,867	26,067,867
OTHER INVESTMENTS	10	15,578,266	5,365,135	-	-
GOODWILL ON CONSOLIDATION	11	487,913	510,091	-	-
CURRENT ASSETS					
Inventories	12	11,013,530	9,145,427	-	-
Trade receivables	13	13,293,820	8,616,941	-	-
Other receivables and prepaid expenses		881,366	921,229	299,411	-
Amount owing by subsidiary companies	9	-	-	38,697,861	20,255,262
Short-term deposits with licensed banks	19	76,398,376	63,553,161	22,337,523	31,929,628
Cash and bank balances		562,979	551,411	49,501	40,341
Total Current Assets		102,150,071	82,788,169	61,384,296	52,225,231
CURRENT LIABILITIES					
Trade payables		3,429,155	2,796,210	-	-
Other payables		688,034	1,410,606	-	-
Accrued expenses		7,900,771	5,628,264	135,845	145,800
Amount owing to directors		321,557	318,400	321,557	318,400
Bank overdraft	14	-	221,604	-	-
Dividend payable		5,303,520	-	5,303,520	-
Tax liabilities		5,782,730	3,000,136	75,000	46,000
Total Current Liabilities		23,425,767	13,375,220	5,835,922	510,200
NET CURRENT ASSETS		78,724,304	69,412,949	55,548,374	51,715,031
		115,071,704	94,541,533	81,616,241	77,782,898
SHARE CAPITAL	15	44,146,000	40,000,000	44,146,000	40,000,000
RESERVES	16	70,925,704	54,541,533	37,470,241	37,782,898
		115,071,704	94,541,533	81,616,241	77,782,898

Statements Of Changes In Equity

For The Year Ended December 31, 2001

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The Group

	Share Capital	Share Premium	Revaluation/ Merger Reserve	Retained Profit	Total
	RM	RM	RM	RM	RM
Balance as of January 1, 2000	26,067,869	-	(16,029,564)	25,628,921	35,667,226
Rights issue of 7,932,131 new ordinary shares of RM1 each at RM1.10 per share	7,932,131	793,213	-	-	8,725,344
Public issue of 6,000,000 new ordinary shares of RM1 each at RM4.80 per share	6,000,000	22,800,000	-	-	28,800,000
Net loss not recognised in the income statements: Listing expenses written off	-	(1,821,087)	-	-	(1,821,087)
Net profit after tax for the year	-	-	-	23,170,050	23,170,050
Balance as of December 31, 2000	40,000,000	21,772,126	(16,029,564)	48,798,971	94,541,533
Bonus issue of 4,000,000 new ordinary shares of RM1 each at par	4,000,000	-	-	(4,000,000)	-
Allotment of 146,000 new ordinary shares of RM1 each at RM5.24 per share pursuant to the ESOS	146,000	619,040	-	-	765,040
Dividends (Note 17)	-	-	-	(17,297,520)	(17,297,520)
Net profit after tax for the year	-	-	-	37,062,651	37,062,651
Balance as of December 31, 2001	44,146,000	22,391,166	(16,029,564)	64,564,102	115,071,704

(FORWARD)

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



Statements Of Changes In Equity (Cont'd)

For The Year Ended December 31, 2001

The Company

	Share Capital	Share Premium	Retained Profit/ (Accumulated Losses)	Total
	RM	RM	RM	RM
Balance as of January 1, 2000	2	-	(7,018)	(7,016)
Allotment of 26,067,867 new ordinary shares of RM1 each at RM1.26 per share in exchange for shares of subsidiary companies	26,067,867	-	-	26,067,867
Rights issue of 7,932,131 new ordinary shares of RM1 each at RM1.10 per share	7,932,131	793,213	-	8,725,344
Public issue of 6,000,000 new ordinary shares of RM1 each at RM4.80 per share	6,000,000	22,800,000	-	28,800,000
Net loss not recognised in the income statements:				
Listing expenses written off	-	(1,821,087)	-	(1,821,087)
Net profit after tax for the year	-	-	16,017,790	16,017,790
Balance as of December 31, 2000	40,000,000	21,772,126	16,010,772	77,782,898
Bonus issue of 4,000,000 new ordinary shares of RM1 each at par	4,000,000	-	(4,000,000)	-
Allotment of 146,000 new ordinary shares of RM1 each at RM5.24 per share pursuant to the ESOS	146,000	619,040	-	765,040
Dividends (Note 17)	-	-	(17,297,520)	(17,297,520)
Net profit after tax for the year	-	-	20,365,823	20,365,823
Balance as of December 31, 2001	44,146,000	22,391,166	15,079,075	81,616,241

Cash Flow Statements

For The Year Ended December 31, 2001

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	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	40,812,906	27,343,209	23,373,908	16,063,790
Adjustments for:				
Allowance for doubtful debts	1,800,000	-	-	-
Depreciation of property, plant and equipment	1,637,154	1,174,820	-	-
Provision for rework and warranty	975,224	-	-	-
Allowance for obsolete inventories	562,696	259,490	-	-
Allowance for diminution in value of quoted investments	160,963	1,362,604	-	-
Property, plant and equipment written off	57,124	257,122	-	-
Amortisation of goodwill on consolidation	22,178	22,178	-	-
Interest expenses	6,131	4,879	-	-
Interest income	(2,277,666)	(1,468,886)	(966,930)	(529,238)
Gross dividends income	(285,991)	(64,104)	(23,340,000)	(16,000,000)
Gain on disposal of property, plant and equipment	(114,809)	(55,416)	-	-
Gain on disposal of quoted investments	-	(196,797)	-	-
Operating profit/ (loss) before working capital changes	43,355,910	28,639,099	(933,022)	(465,448)
(Increase)/ decrease in:				
Inventories	(2,430,799)	(3,658,911)	-	-
Trade receivables	(6,476,879)	(3,013,412)	-	-
Other receivables and prepaid expenses	315,831	(82,319)	(1,000)	287,539
Amount owing by subsidiary companies	-	-	(18,442,599)	(20,255,262)
Increase/ (decrease) in:				
Trade payables	632,945	213,791	-	-
Other payables and accrued expenses	574,711	(16,750,706)	(9,955)	(145,491)
Amount owing to directors	3,157	314,400	3,157	314,400
Cash generated from/ (used in) operations	35,974,876	5,661,942	(19,383,419)	(20,264,262)
Tax refunded	346,552	-	-	-
Tax paid	(1,281,648)	(1,116,170)	(55,885)	-
Net cash generated from/ (used in) operating activities	35,039,780	4,545,772	(19,439,304)	(20,264,262)

(FORWARD)

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



Cash Flow Statements (Cont'd)

For The Year Ended December 31, 2001

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,979,255	1,468,886	668,519	529,238
Proceeds from disposal of property, plant and equipment	359,404	56,300	-	-
Dividends received	275,869	54,402	20,416,800	16,000,000
Purchase of quoted investments	(10,374,094)	(5,059,212)	-	-
Purchase of property, plant and equipment	(2,966,736)	(9,286,078)	-	-
Proceeds from disposal of quoted investments	-	1,665,034	-	-
Net cash (used in)/ generated from investing activities	(10,726,302)	(11,100,668)	21,085,319	16,529,238
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	765,040	-	765,040	-
Dividends paid	(11,994,000)	-	(11,994,000)	-
Short-term deposits held as security value	(20,236)	(138,876)	-	-
Interest paid	(6,131)	(4,879)	-	-
Proceeds from public issue of shares	-	28,800,000	-	28,800,000
Proceeds from rights issue of shares	-	8,725,344	-	8,725,344
Listing expenses paid	-	(1,821,087)	-	(1,821,087)
Net cash (used in)/ generated from financing activities	(11,255,327)	35,560,502	(11,228,960)	35,704,257
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	13,058,151	29,005,606	(9,582,945)	31,969,233
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	62,727,640	33,722,034	31,969,969	736
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 19)	75,785,791	62,727,640	22,387,024	31,969,969

Notes To The Financial Statements

December 31, 2001

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1. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below:

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. All significant inter-company balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The Group adopts both the acquisition and merger methods of consolidation.

Subsidiary companies are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

When the acquisition method is adopted, the excess of the purchase consideration over the fair value of the net assets of the subsidiary company at the date of acquisition is included in the consolidated financial statements as goodwill on consolidation. The goodwill on consolidation is amortised evenly on a straight-line method over a period of 25 years. The results of the subsidiary company acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal.

Acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves/ deficits in the consolidated financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the merger method except for the financial statements of the indirect subsidiary company which are consolidated under the acquisition method.

Revenue and Revenue Recognition

Revenue of the Group represents gross invoiced values of sales less returns and discounts.

Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services.

Sales revenue are recognised upon delivery of products and when the risks and rewards of ownership has passed. Dividend income is recognised when the shareholder's right to receive payment is established. Other revenue are recognised on an accrual basis.



Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing on the transaction dates and, where settlement of liabilities and receivables has not yet taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. All foreign exchange gains and losses are taken up in the income statements.

Income Tax

The tax effects of transactions are generally recognised, using the liability method, when such transactions enter into determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to a net deferred tax debit, the tax effects are recognised generally on actual realisation.

Research and Development Expenses

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

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various property, plant and equipment at the following annual rates:

	Rates
Leasehold land	1.96%
Buildings	1.96% - 2%
Plant and machinery	12%
Fire-fighting and security system	12%
Air-conditioning system	12%
Furniture and fittings	12%
Office equipment	12%
Electrical installation	10%
Motor vehicles	20%

The Group carried its short leasehold land and certain buildings at revalued amount. These assets shall be revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued property differs materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in the carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained profit account.

Notes To The Financial Statements (Cont'd)

December 31, 2001

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Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost under the acquisition method or at nominal value of the shares issued in exchange for shares in subsidiary companies acquired under the merger method as applicable.

Investments in subsidiary companies are only written down when the directors consider that there is a permanent diminution in the value of the investments.

Other investments in quoted shares, unit trusts and bond funds are stated at cost.

Allowance for diminution in value of investments is made when the directors consider that there is a permanent diminution in the value of the long-term investments.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location. Cost of work-in-progress and finished goods consists of cost of raw materials, direct labour and an appropriate proportion of factory overheads. Allowance is made for obsolete, slow moving or defective items, where appropriate.

Receivables

Bad debts are written off while allowance for doubtful debt is made based on estimates of possible losses which may arise due to non-collection of certain receivable accounts.

Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation and when a reliable estimate of the amount can be made.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, bank overdraft, demand deposits and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4. GENERAL INFORMATION

	The Group		The Company	
	2001	2000	2001	2000
Number of directors and employees at end of year:				
Directors	8	12	8	12
Employees	403	379	5	4

Staff costs include directors' remuneration, salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.

The Company's registered office and principal place of business are at 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Georgetown, Penang, Malaysia and Plot 544, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Penang, Malaysia respectively.

5. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
After charging:				
Research and development expenses	4,939,554	3,624,504	-	-
Allowance for doubtful debts	1,800,000	-	-	-
Directors' remuneration:				
Fee	207,000	98,710	207,000	80,000
Other emoluments	1,020,970	923,644	1,020,970	858,400
Estimated value of non-cash benefits	91,380	76,150	91,380	76,150
Provision for rework and warranty	975,224	-	-	-
Allowance for obsolete inventories	562,696	259,490	-	-
Allowance for diminution in value of quoted investments	160,963	1,362,604	-	-
Rental of hostel	90,243	6,000	-	-
Property, plant and equipment written off	57,124	257,122	-	-
Audit fee:				
Current	39,100	42,100	10,000	10,000
(Over)/ underprovision in prior years	(3,000)	400	-	300
Amortisation of goodwill on consolidation	22,178	22,178	-	-
Interest on bank overdraft	6,131	4,879	-	-
Realised loss on foreign exchange	1,195	155,657	-	-
And crediting:				
Interest on short-term deposits	2,277,666	1,468,886	966,930	529,238
Gross dividends from unit trusts quoted in Malaysia	238,087	-	-	-
Realised gain on foreign exchange	170,568	-	-	-
Gain on disposal of property, plant and equipment	114,809	55,416	-	-
Gross dividends from shares quoted in Malaysia	47,904	64,104	-	-
Gain on disposal of quoted investments	-	196,797	-	-
Gross dividends from subsidiary companies	-	-	23,340,000	16,000,000

Included in research and development expenses are director's emoluments of Nil (2000: RM66,006).

Notes To The Financial Statements (Cont'd)

December 31, 2001

UCHI TECHNOLOGIES BERHAD
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6. INCOME TAX EXPENSE

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Estimated tax payable:				
Current	4,239,213	4,152,278	2,998,200	46,000
(Under)/ overprovision in prior years	(488,958)	32,881	9,885	-
Reversal of deferred tax liabilities (Note 18)	-	(12,000)	-	-
	3,750,255	4,173,159	3,008,085	46,000

The Group's income tax expenses for 2001 and 2000 reflect effective tax rates which are lower than the statutory income tax rate due mainly to the pioneer status granted by the Ministry of International of Trade and Industry to one of its subsidiary companies for the production and sales of timer, printer, computing scale and industrial controllers.

Under this incentive, 70% of that subsidiary company's statutory income derived from the production of timer, printer, computing scale and industrial controllers are exempted from income tax for a period of five years from May 1, 2000 to April 30, 2005.

The Company's income tax expenses for 2001 and 2000 reflect effective tax rates which are lower than the statutory income tax rate due mainly to the dividend income from subsidiary companies are exempted from tax.

7. EARNINGS PER ORDINARY SHARE

	The Group	
	2001	2000
	RM	RM
Net profit attributable to ordinary shareholders	37,062,651	23,170,050
	2001	2000
	Units	Units
Number of shares in issue as of January 1	40,000,000	26,067,869
Effect of bonus issue	4,000,000	4,000,000
Effect of the exercise of ESOS	7,151	-
Effect of rights issue	-	6,610,109
Effect of public issue	-	3,000,000
Weighted average number of ordinary shares in issue	44,007,151	39,677,978
Basic earnings per ordinary share (sen)	84.22	58.40

	The Group	
	2001	2000
	Units	Units
Weighted average number of ordinary share in issue	44,007,151	39,677,978
ESOS:		
No. of unissued shares	1,276,113	-
No. of shares that would have been issued at fair value	(1,191,584)	-
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	44,091,680	39,677,978
Fully diluted earnings per ordinary share (sen)	84.06	58.40

Comparative figures of the basic and fully diluted earnings per ordinary share have been restated to reflect the bonus issue during the financial year.

8. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost Unless Stated Otherwise	Beginning of year	Additions	Disposals	End of year
	RM	RM	RM	RM
2001:				
Short leasehold land				
At 1999 valuation	4,700,000	-	-	4,700,000
Buildings				
At 1999 valuation	2,400,000	-	-	2,400,000
At cost	7,028,079	271,350	-	7,299,429
Plant and machinery	5,776,507	2,346,604	(450,886)	7,672,225
Fire fighting and security system	202,827	-	-	202,827
Air-conditioning system	280,520	-	-	280,520
Furniture and fittings	385,854	20,942	-	406,796
Office equipment	1,158,013	224,383	(1,380)	1,381,016
Electrical installation	196,839	-	-	196,839
Motor vehicles	1,262,878	103,457	(188,961)	1,177,374
	23,391,517	2,966,736	(641,227)	25,717,026
2000	14,898,917	9,286,078	(793,478)	23,391,517

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Accumulated Depreciation	Beginning of year	Additions	Disposals	End of year
	RM	RM	RM	RM
2001:				
Short leasehold land				
At 1999 valuation	184,464	92,234	-	276,698
Buildings				
At 1999 valuation	94,123	47,064	-	141,187
At cost	61,074	144,696	-	205,770
Plant and machinery	2,080,257	885,995	(153,097)	2,813,155
Fire fighting and security system	81,138	24,340	-	105,478
Air-conditioning system	217,056	33,662	-	250,718
Furniture and fittings	194,125	48,114	-	242,239
Office equipment	481,599	155,020	(69)	636,550
Electrical installation	125,636	19,750	-	145,386
Motor vehicles	618,687	186,279	(186,342)	618,624
	4,138,159	1,637,154	(339,508)	5,435,805
2000	3,498,811	1,174,820	(535,472)	4,138,159
			2001	2000
			RM	RM
Net Book Value:				
Short leasehold land				
At 1999 valuation			4,423,302	4,515,536
Buildings				
At 1999 valuation			2,258,813	2,305,877
At cost			7,093,659	6,967,005
Plant and machinery			4,859,070	3,696,250
Fire fighting and security system			97,349	121,689
Air-conditioning system			29,802	63,464
Furniture and fittings			164,557	191,729
Office equipment			744,466	676,414
Electrical installation			51,453	71,203
Motor vehicles			558,750	644,191
			20,281,221	19,253,358

As of December 31, 2001, the unexpired lease period of the Group's short leasehold land is 48 years.

The short leasehold land and certain buildings were revalued in 1999 based on the report of an independent firm of professional valuers using open market value on the existing use basis. The tax effects relating to the increase in the carrying values of the revalued property are not disclosed or provided for as there is no intention to dispose of these assets in the foreseeable future.

The historical costs of the leasehold land and building which were revalued are as follows:

	2001	2000
	RM	RM
Cost	3,728,691	3,728,691
Less: Accumulated depreciation	(617,337)	(546,728)
Net book value at end of year	<u>3,111,354</u>	<u>3,181,963</u>

Certain property, plant and equipment of the Group with a total carrying value of RM16,054,233 (2000: RM17,050,594) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 14.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2001	2000
	RM	RM
Unquoted shares, at cost	<u>26,067,867</u>	<u>26,067,867</u>

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership	
			2001	2000
<u>Direct holdings</u>				
Uchi Optoelectronic (M) Sdn. Bhd.	Malaysia	Design, research, development and manufacture of miniature data terminals, fuzzy logic controllers, control modules for precision weighing scale, dynamic sound improvement processor, PCB assembly, timer, printer, computing scales and industrial controller	100%	100%
Uchi Electronic (M) Sdn. Bhd.	Malaysia	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination	100%	100%
<u>Indirect holdings</u>				
Uchi Industries (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%

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The amount owing by subsidiary companies are as follows:

	The Company	
	2001	2000
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	35,559,178	20,148,804
Uchi Electronic (M) Sdn. Bhd.	3,138,683	106,458
	38,697,861	20,255,262

The amounts owing by subsidiary companies arose mainly from management fee and dividends receivable.

The financial statements of the Company reflect the following significant intercompanies transactions which are based on terms negotiated between the Company and its related companies:

	The Company	
	2001	2000
	RM	RM
With Subsidiary Companies		
Management fee received/ receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	600,000	500,000
Uchi Electronic (M) Sdn. Bhd.	480,000	400,000
Dividends received/ receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	19,500,000	16,000,000
Uchi Electronic (M) Sdn. Bhd.	3,840,000	-

10. OTHER INVESTMENTS

	The Group	
	2001	2000
	RM	RM
At cost:		
Investments in shares quoted in Malaysia	3,936,119	3,936,119
Investments in unit trusts quoted in Malaysia	5,650,548	3,276,454
Investments in bond funds quoted in Malaysia	8,000,000	-
	17,586,667	7,212,573
Less: Allowance for diminution in value:		
Shares quoted in Malaysia	1,776,724	1,671,537
Unit trusts quoted in Malaysia	231,677	175,901
	(2,008,401)	(1,847,438)
	15,578,266	5,365,135
Market value of:		
Shares quoted in Malaysia	2,182,413	2,272,100
Unit trusts quoted in Malaysia	5,418,871	3,100,553
Bond funds quoted in Malaysia	8,123,188	-
	15,724,472	5,372,653

11. GOODWILL ON CONSOLIDATION

	The Group	
	2001	2000
	RM	RM
Goodwill arising on consolidation	554,447	554,447
Less: Amortisation		
At beginning of year	44,356	22,178
Amortisation during the year	22,178	22,178
At end of year	(66,534)	(44,356)
	487,913	510,091

12. INVENTORIES

	The Group	
	2001	2000
	RM	RM
At cost:		
Raw materials	9,122,692	4,960,218
Work-in-progress	41,633	2,733,201
Finished goods	3,200,679	2,240,786
	12,365,004	9,934,205
Less: Allowance for obsolete inventories	(1,351,474)	(788,778)
	11,013,530	9,145,427

Certain inventories of the Group with a carrying value of RM10,984,121 (2000: RM9,115,132) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 14.

13. TRADE RECEIVABLES

	The Group	
	2001	2000
	RM	RM
Trade receivables	15,093,820	8,616,941
Less: Allowance for doubtful debts	(1,800,000)	-
	13,293,820	8,616,941

Notes To The Financial Statements (Cont'd)

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14. BANK OVERDRAFT - Secured

As of December 31, 2001, the Group has bank overdraft and other banking facilities totalling RM16.67 million which are generally secured as follows:

- (i) Legal charge over certain of the Group's short leasehold land and building;
- (ii) Debenture over certain of the Group's fixed and floating assets;
- (iii) Fixed deposits of RM1,175,564;
- (iv) Corporate guarantee from a subsidiary company for RM2.25 million;
- (v) Joint and several guarantees by certain directors of the Group; and
- (vi) Promissory note for RM1.45 million by certain directors of the Group.

Subsequent to December 31, 2001, the Group's banking facilities have been revised to RM12.33 million.

The bank borrowings bear interest at rate of 1% per annum above the lending banks' base lending rates and 1% above the Bank Negara's funding rate.

15. SHARE CAPITAL

	The Group and the Company			
	2001		2000	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM1 each:				
Authorised:				
At beginning of year	50,000,000	50,000,000	100,000	100,000
Created during the year	-	-	49,900,000	49,900,000
At end of year	50,000,000	50,000,000	50,000,000	50,000,000
Ordinary shares of RM1 each:				
Issued and fully paid:				
At beginning of year	40,000,000	40,000,000	2	2
Bonus issue	4,000,000	4,000,000	-	-
ESOS	146,000	146,000	-	-
Issue in exchange for shares of subsidiary companies	-	-	26,067,867	26,067,867
Rights issue	-	-	7,932,131	7,932,131
Public issue	-	-	6,000,000	6,000,000
At end of year	44,146,000	44,146,000	40,000,000	40,000,000

During the financial year, the issued and paid up share capital of the Company was increased from RM40,000,000 to RM44,146,000 by way of:

- (i) a bonus issue of 4,000,000 new ordinary shares of RM1 each through capitalisation of an amount of RM4,000,000 from the retained profit account on the basis of one new ordinary share for every ten existing ordinary shares held; and
- (ii) issues of 146,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme (ESOS) of the Company at an issue price of RM5.24 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM619,040 was credited to the share premium account.

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

Under the Company's ESOS which became effective on August 8, 2001, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible directors and employees of the Company and its subsidiary companies.

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

Exercisable from	No. of options over ordinary shares of RM1 each				Balance as of 31.12.2001
	Balance as of 1.1.2001	Granted	Exercised	Lapsed	
August 13, 2001	-	3,381,000	(146,000)	(21,000)	3,214,000
October 9, 2001	-	70,000	-	-	70,000
November 9, 2001	-	63,000	-	-	63,000
December 10, 2001	-	154,000	-	-	154,000
Total	-	3,668,000	(146,000)	(21,000)	3,501,000

The principal features of the ESOS are as follows:

- (a) The total number of shares which may be made available shall not exceed 10% 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:
 - (i) all employees including full-time executive directors of the Group who as at the date of offer are confirmed with at least twelve months of continuous service in the Group; and
 - (ii) all future employees of the Group who do not qualify at the time of implementation of the Scheme will have to complete at least twelve months of continuous service with the Group to be eligible to participate in the ESOS.
- (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 Kuala Lumpur Stock Exchange for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- (d) The options granted may be exercised at anytime within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing to the Company.
- (e) The new ordinary shares of RM1 each to be allocated upon any exercise of the ESOS will upon allotment rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends or distributions which may be declared prior to the allotment of these shares.

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16. RESERVES

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Non-distributable:				
Share premium	22,391,166	21,772,126	22,391,166	21,772,126
Revaluation reserve	2,038,303	2,038,303	-	-
Merger deficit	(18,067,867)	(18,067,867)	-	-
	6,361,602	5,742,562	22,391,166	21,772,126
Distributable:				
Retained profit	64,564,102	48,798,971	15,079,075	16,010,772
	70,925,704	54,541,533	37,470,241	37,782,898

The share premium arose from the issue of shares at premium, net of listing expenses written off.

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of the Group's leasehold land and certain buildings as disclosed in Note 8.

The merger deficit represents the difference between the nominal value of shares issued as consideration plus the cash consideration and the nominal value of the shares of those subsidiary companies transferred to the Company.

Distributable reserves are those available for distribution by way of dividends. Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the retained profit of the Company is available for distribution by way of cash dividends without incurring additional tax liability.

17. DIVIDENDS

	The Group and the Company	
	2001	2000
	RM	RM
Dividends declared and paid:		
Final dividend of 12 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2000	4,800,000	-
Special dividend of 18 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2000	7,200,000	-
Dividends declared and payable:		
Interim dividend of 6 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2001	2,648,760	-
Special dividend of 6 sen per ordinary share, tax exempt, in respect of the financial year ended December 31, 2001	2,648,760	-
	17,297,520	-

The directors also proposed a final dividend of 6 sen per ordinary share, tax exempt, a special dividend of 4 sen per ordinary share, tax exempt and a special dividend of 15 sen gross per ordinary share, less tax, in respect of the current financial year. The proposed final and special dividends if payable in respect of all ordinary shares in issue as at the date of the issue of the financial statements would amount to RM9,280,752 and have not been included as liabilities in the financial statements. These dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividends has not yet been determined as at the date of the issue of the financial statements.

18. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Balance at beginning of year	-	12,000	-	-
Transfer to income statements (Note 6)	-	(12,000)	-	-
Balance at end of year	-	-	-	-

As mentioned in Note 3, the tax effects of timing differences which give rise to net deferred tax debit are recognised generally on actual realisation. As of December 31, 2001, the amount of deferred taxation, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	Deferred Tax Asset/ (Liability)			
	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and equipment	(1,133,000)	(7,400)	-	-
Tax effect of unabsorbed capital allowances	2,000	-	-	-
Tax effect of other timing differences	2,017,000	60,500	20,000	38,000
	886,000	53,100	20,000	38,000
Tax effect in respect of other tax benefit: Unutilised reinvestment allowance	346,000	-	-	-
	1,232,000	53,100	20,000	38,000

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19. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Cash and bank balances	562,979	551,411	49,501	40,341
Short-term deposits with licensed banks	76,398,376	63,553,161	22,337,523	31,929,628
Bank overdraft	-	(221,604)	-	-
	76,961,355	63,882,968	22,387,024	31,969,969
Less: short-term deposits held as security value	(1,175,564)	(1,155,328)	-	-
	75,785,791	62,727,640	22,387,024	31,969,969

The short-term deposits held as security value are pledged to the banks to secure banking facilities obtained by the Group.

20. LEASE COMMITMENTS

As of the end of the financial year, non-cancellable long-term lease commitments in respect of rental of hostels are as follows:

	The Group	
	2001	2000
	RM	RM
2001	-	6,120
2002	9,720	-

21. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Sales of manufactured goods	94,399,189	65,305,150	-	-
Sales of trading goods	599,937	717,300	-	-
Gross dividends from subsidiary companies	-	-	23,340,000	16,000,000
Management fee	-	-	1,080,000	900,000
	94,999,126	66,022,450	24,420,000	16,900,000

22. SEGMENTAL INFORMATION

Analysis by Activities

The analysis of the Group's operations by activities is as follows:

	Turnover	Profit/ (loss) before tax	Total Assets Employed
	RM	RM	RM
2001			
Manufacturing	94,399,189	40,521,306	98,701,880
Trading	599,937	320,888	14,996,428
Others	-	(29,288)	24,799,163
	94,999,126	40,812,906	138,497,471
2000			
Manufacturing	65,305,150	27,121,862	65,642,938
Trading	717,300	222,119	8,147,027
Others	-	(772)	34,126,788
	66,022,450	27,343,209	107,916,753

Information on geographical segments are not presented as the Group operates predominantly in Malaysia.

23. SUBSEQUENT EVENTS

Subsequent to December 31, 2001:

(a) the shareholders of the Company have approved the following:

- (i) a bonus issue of up to 19,360,400 new ordinary shares of RM1 each on the basis of two new ordinary shares for every five existing ordinary shares held, by capitalising RM19,360,400 from the share premium account. Such bonus issue has not been allotted as at the date of the issue of the financial statements; and
- (ii) to increase the authorised share capital of the Company from RM50,000,000 comprising 50,000,000 ordinary shares of RM1 each to RM100,000,000 by the creation of an additional 50,000,000 ordinary shares of RM1 each.

The above proposed bonus issue has been approved by the Securities Commission on December 26, 2001. However, it is subject to the approval of the Kuala Lumpur Stock Exchange.

b) 449,000, 10,000, and 14,000 new ordinary shares of RM1 each are allotted for cash pursuant to the ESOS at an exercise price of RM5.24, RM5.16 and RM5.62 respectively.



List Of Properties

Registered Beneficial Owner / Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft)	Net Book Value at 31.12.2001 (RM)	Date of Last Revaluation
Uchi Optoelectronic (M) Sdn. Bhd.	Industrial Land	60 years leasehold expiring on 1.1.2050		140,083	2,310,577	26.5.1999
<p>HS (D) 4360/PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)</p>						
Uchi Optoelectronic (M) Sdn. Bhd.	Factory Building	60 years leasehold expiring on 1.1.2050				
<p>HS (D) 4360/PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)</p>						
			7	33,144	2,258,813	26.5.1999
			1	92,864	7,093,659	-
Uchi Industries (M) Sdn. Bhd.	Vacant Industrial Land	60 years leasehold, expiring on 6.12.2049		140,178	2,112,725	26.5.1999
<p>HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)</p>						

Shareholdings Statistics

As At April 1, 2002

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ANALYSIS OF SHAREHOLDINGS

Share Capital

Authorised	:	RM 100,000,000.00
Issued and Fully Paid Up	:	RM 62,656,600.00
Class of Shares	:	Ordinary shares of RM 1.00 each with equal voting rights

Size of Shareholdings	No. of Holders		No. of Shares		%	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1 - 999	187	1	40,840	140	0.06	0.00
1,000 - 10,000	906	21	2,166,160	100,480	3.46	0.16
10,001 - 100,000	111	35	3,201,284	1,306,900	5.11	2.09
100,001 and above	24	10	13,494,739	39,674,156	21.54	63.32
Directors' Shareholdings	1	3	15,401	2,656,500	0.02	4.24
Total	1,229	70	18,918,424	43,738,176	30.19	69.81

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares held		No. of Shares held	
	Direct	%	Indirect	%
Eastbow International Limited	23,629,757	37.71	-	-
Ironbridge Worldwide Limited	13,207,039	21.08	-	-
Yayasan Islam Terengganu	5,047,419	8.06	-	-
Kao, De-Tsan also known as Ted Kao	15,400	0.02	23,629,757*	37.71
Kao, Te-Pei also known as Edward Kao	2,625,700	4.19	13,207,039+	21.08
Total	44,525,315	71.06	36,836,796	58.79

* By virtue of his substantial interest in Eastbow International Limited.

+ By virtue of his substantial interest in Ironbridge Worldwide Limited.



Shareholdings Statistics (Cont'd)

As At April 1, 2002

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Eastbow International Limited	23,629,757	37.71
2	Ironbridge Worldwide Limited	13,207,039	21.08
3	Yayasan Islam Terengganu	5,047,419	8.06
4	Kao, Te-Pei also known as Edward Kao	2,625,700	4.19
5	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Skim Amanah Saham Bumiputera	1,650,000	2.63
6	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	1,352,000	2.16
7	Citicorp Nominees (Asing) Sdn Bhd Qualifier: TNTC for Government of Singapore Re Investment Corporation Pte Ltd	1,190,700	1.90
8	Universal Trustee (Malaysia) Berhad Qualifier: Alliance First Fund	682,220	1.09
9	Permodalan Nasional Berhad	660,000	1.05
10	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for Phileo Equityextra Fund (990405)	447,000	0.71
11	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Malaysian Trustees Berhad for Alliance Vision Fund (00-10033-000)	441,000	0.70
12	Citicorp Nominees (Asing) Sdn Bhd Qualifier: American International Assurance Company Limited (P Core)	440,860	0.70
13	HSBC Nominees (Asing) Sdn Bhd Qualifier: HSBC Trustee (S) Ltd for Pheim Apec Growth Fund Limited	420,000	0.67
14	Tan Booi Charn	418,600	0.67
15	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pheim Asset Management Sdn Bhd for Empat Nombor Ekor (Selangor) Sdn Bhd	329,000	0.53
16	Universal Trustee (Malaysia) Berhad Qualifier: Alliance First Fund	269,780	0.43
17	Citicorp Nominees (Asing) Sdn Bhd Qualifier: American International Assurance Company Limited (AIA Equity Fd)	228,200	0.36
18	Citicorp Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Susy Ding (471873)	217,000	0.35

Shareholdings Statistics (Cont'd)

As At April 1, 2002

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No.	Name of Shareholders	No. of Shares	%
19	Foo Toon Swee	174,000	0.28
20	Universal Trustee (Malaysia) Berhad Qualifier: TA Islamic Fund	170,800	0.27
21	Koh Yoke Chai	168,000	0.27
22	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pheim Asset Management Sdn Bhd for Empat Nombor Ekor (Selangor) Sdn Bhd	168,000	0.27
23	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pheim Asset Management Sdn Bhd for Magnum Corporation Bhd	168,000	0.27
24	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd for OSK-UOB Equity Trust (3175)	161,000	0.26
25	Oh Lay Leng	157,920	0.25
26	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pheim Asset Management Sdn Bhd for Hong Leong Assurance Bhd (Life)	154,000	0.25
27	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier: Pheim Asset Management Sdn Bhd for Hong Leong Assurance Bhd (General)	154,000	0.25
28	Ooi Swee Aik	140,000	0.22
29	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd for Pheim Emerging Companies Balanced Fund (4033)	140,000	0.22
30	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd for OSK-UOB KidSave Trust (3621)	140,000	0.22
	Total	55,151,995	88.02



Shareholdings Statistics (Cont'd)

As At April 1, 2002

DIRECTOR'S SHAREHOLDINGS

Name of Directors	No. of Shares held		No. of Shares held	
	Direct	%	Indirect	%
Kao, De-Tsan also known as Ted Kao	15,400	0.02	23,629,757*	37.71
Kao, Te-Pei also known as Edward Kao	2,625,700	4.19	13,207,039 ⁺	21.08
Dato' Hong Tok Hiang @ Fang Chok Seong	15,401	0.02	-	-
Huang, Teng-Yen	15,400	0.02	-	-
Ng Hai Suan @ Ooi Hoay Seng	-	-	140,000 [#]	0.22
Kao Wang, Ying-Ying	-	-	-	-
Chang, Shin-Fang	-	-	-	-

* By virtue of his substantial interest in Eastbow International Limited.

+ By virtue of his substantial interest in Ironbridge Worldwide Limited.

Deemed interest by virtue of section 122A of the Companies Act, 1965 held through Mr. Ooi Swee Aik.

Proxy Form

No. of shares held

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



I/We, _____ of _____
being a Member of the above Company hereby appoint _____

_____ or failing him, _____ of _____

or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us on my/our behalf at the **FOURTH ANNUAL GENERAL MEETING** of the Company to be held at the Room Laurel II, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on **TUESDAY, MAY 28, 2002 at 3.00 p.m.** and at any adjournment thereof.

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

Resolutions	For	Against
1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2001 together with the Reports of the Directors and of the Auditors thereon.		
2. To declare a Final Dividend of 6 Sen per share, exempt from Income Tax for the year ended December 31, 2001.		
3. To declare a Special Dividend of 4 Sen per share, exempt from Income Tax for the year ended December 31, 2001.		
4. To declare a Special Dividend of 15 Sen per share, less Income Tax at 28% for the year ended December 31, 2001.		
5. To approve the payment of Directors' fees for the year ended December 31, 2001.		
6. To re-elect Mr. Kao, De-Tsan also known as Ted Kao, a director retiring under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer himself for re-election.		
7. To re-elect Mdm. Kao Wang, Ying-Ying, a director retiring under the provision of Article 136 of the Articles of Association of the Company, and who, being eligible offer herself for re-election.		
8. To re-elect Mr. Ng Hai Suan @ Ooi Hoay Seng, a director retiring under the provision of Article 136 of the Articles of Association of the Company, and who, being eligible offer himself for re-election.		
9. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:- "That Mr. Huang, Teng-Yen, a director who retires in compliance with Section 129(2) of the Companies Act, 1965 after having attained the age of seventy years, be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting."		
10. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
11. <u>Special Business</u> <u>Ordinary Resolution</u> To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		

Signed this _____ day of _____ 2002

Signature of Member : _____

Notes:-

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

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

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POSTAGE



The Secretary
UCHI TECHNOLOGIES BERHAD (457890-A)
3rd Floor, Wisma Wang,
251-A, Jalan Burma,
10350 Penang.

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