



UCHI

Technology at your fingertips...
shaping the future with a touch of innovation.



UCHI TECHNOLOGIES BERHAD

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

ISO 14001 Environmental Policy



Uchi is committed to preserve environment for future generations through:

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

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

Highly honour compliance of Malaysian Environmental Laws and other applicable regulations

Incessantly educating employee on environmental awareness and responsibility

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth 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 25, 2004 at 3.00 p.m.

AGENDA

1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2003 together with the Reports of the Directors and of the Auditors thereon. **(Resolution 1)**
2. To declare a Final Dividend of 2 Sen per share of RM0.20 each less Income Tax at 28% for the year ended December 31, 2003. **(Resolution 2)**
3. To declare a Special Dividend of 5 Sen per share of RM0.20 each exempt from Income Tax for the year ended December 31, 2003. **(Resolution 3)**
4. To approve the payment of Directors' fees for the year ended December 31, 2003. **(Resolution 4)**
5. To re-elect the following directors retiring under the provision of Article 131 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:
 - a. Mdm. Kao Wang, Ying-Ying **(Resolution 5)**
 - b. Mr. Ng Hai Suan @ Ooi Hoay Seng **(Resolution 6)**
6. 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 7)**
7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

8. 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 Malaysia Securities Exchange Berhad (MSEB) 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 MSEB.” **(Resolution 9)**

9. 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)



UCHI

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. 9 [Item No.(8)], if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the 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, 2003, if approved, will be paid on July 19, 2004 to depositors registered in the Records of Depositors at the close of business on June 30, 2004.

1. A Final Dividend of 2 Sen per share of RM0.20 each, less income tax at 28%; and
2. A Special Dividend of 5 Sen per share of RM0.20 each, exempt from income tax.

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

- a. shares transferred into the Depositor's Securities Account before 4.00 p.m. on June 30, 2004 in respect of transfers;
- b. shares bought on Malaysia Securities Exchange Berhad (MSEB) on a cum entitlement basis according to the rules of MSEB.

By Order of the Board,

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

Penang
April 28, 2004

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Sixth Annual General Meeting of Uchi Technologies Berhad:

Place : Room Laurel II, Evergreen Laurel Hotel,
53 Persiaran Gurney, 10250 Penang, Malaysia.
Date : Tuesday, May 25, 2004
Time : 3.00 p.m.

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

To re-elect the following Directors under the provision of Article 131 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, 2003 and Details of Directors' Attendance

Six (6) Board Meetings were held during the financial year ended December 31, 2003. Details of attendance of Directors at the Board Meetings are set out in Page 14 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, 2003 are as follows:

Date	Time	Venue
February 28, 2003	11.00a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
March 1, 2003	09.00a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
May 28, 2003	12.00noon	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
August 28, 2003	11.30a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
November 17, 2003	11.30a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang
December 20, 2003	10.00a.m.	Conference Room, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang

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

Further details of the Director standing for re-election at the Sixth Annual General Meeting are set out in Pages 8 to 9 and their shareholdings information are listed in Page 78 of this Annual Report.

FINANCIAL HIGHLIGHTS

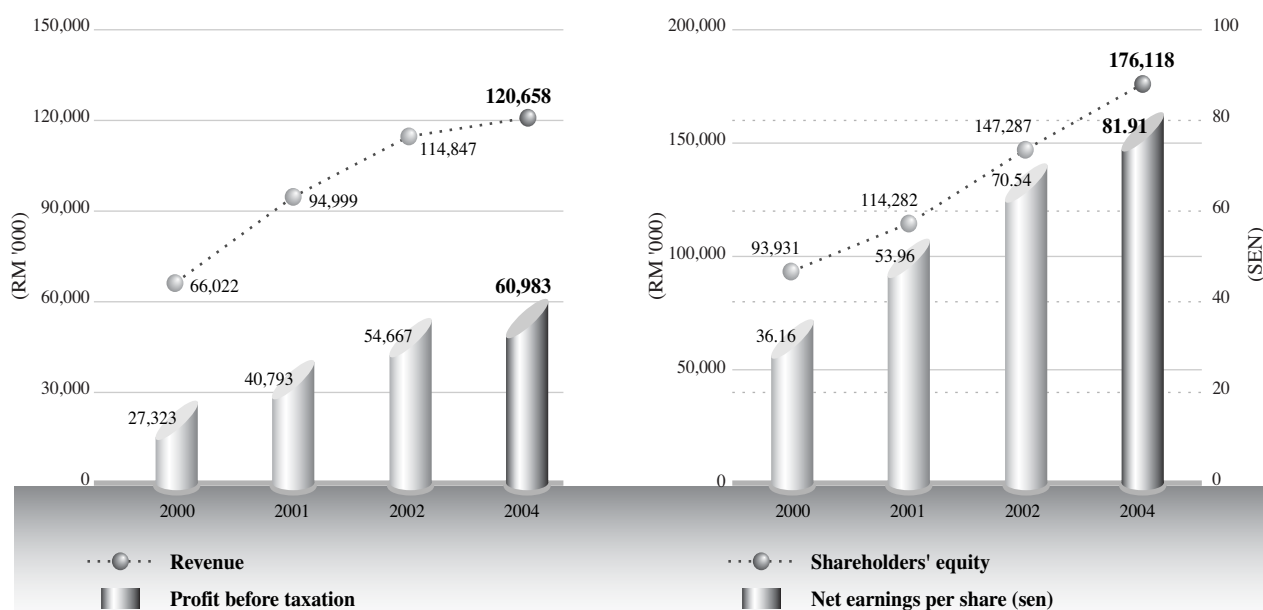
FOUR YEARS FINANCIAL SUMMARY

Year ended December 31	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	66,022,450	94,999,126	114,847,193	120,658,775
Profit before taxation	27,323,738	40,793,435	54,667,732	60,983,313
Profit after taxation	23,150,579	36,883,180	49,055,113	58,571,837
Dividends declared and paid in respect of financial year ended:				
Gross (sen)	30	37	44	** 32
Amount (net of tax)	12,000,000	18,434,301	27,390,621	** 21,968,531
Total Assets Employed	108,364,595	138,925,842	176,930,101	220,941,052
Shareholders' equity	93,931,866	114,282,566	147,287,880	176,118,649
Net tangible assets	92,973,933	113,366,282	147,287,880	176,118,649
Net tangible assets per ordinary share (RM)	2.32	2.57	2.29	2.43
Net Earnings Per Share (Sen)	* 36.16	* 53.96	* 70.54	81.91
Number of ordinary shares issued and fully paid	40,000,000	44,146,000	64,446,600	72,455,560
Weighted average number of shares of RM1.00 each	* 64,026,538	* 68,355,711	* 69,539,385	71,510,179

* Restated to reflect the followings:

- bonus issue of 4,000,000 new ordinary shares of RM1 each on the basis of one new ordinary share of RM1 each for every ten existing ordinary shares of RM1 each held, completed in financial year ended 2001.
- bonus issue of 17,847,600 new ordinary shares of RM1 each on the basis of two new ordinary shares of RM1 each for every five existing ordinary shares of RM1 each held, completed in financial year ended 2002.
- bonus issue of 6,500,960 new ordinary shares of RM1 each on the basis of one new ordinary share of RM1 each for every ten existing ordinary shares of RM1 each held, completed in financial year ended 2003.

** Yet to include the final dividend of 2 sen per share, less income tax and a special dividend of 5 sen per share, exempt from income tax, proposed by the Board for shareholders' approval at the forthcoming Annual General Meeting.



CORPORATE STRUCTURE



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-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, Malaysia.
Tel: 04-228 8155
Fax: 04-269 2386

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Southern Bank Berhad
EON Bank Berhad

AUDITORS

Deloitte KassimChan
Chartered Accountant
4th Floor, Wisma Wang
251-A, Jalan Burma, 10350 Penang, Malaysia.
Tel: 04-228 8255
Fax: 04-228 8355

PRINCIPAL SOLICITORS

Ong & Manecksha
Advocates and Solicitors
Suite 503, 5th Floor, Penang Plaza,
Jalan Burma, 10050 Penang, Malaysia.
Tel: 04-227 5811
Fax: 04-226 5366

REGISTRAR

PFA Registration Services Sdn. Bhd.
1301 Level 13, Uptown 1
No. 1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: 03-7725 4888, 7725 8046
Fax: 03-7722 2311

STOCK EXCHANGE LISTING

Main Board of Malaysia Securities Exchange Berhad
(MSEB)

DIRECTORS' PROFILE

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

Aged 46, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Managing Director. He was appointed as the Chairman of the Company on November 26, 2001. He is also a member of the Employee Share Option Scheme Committee of Uchitec.

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

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

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

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

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

Aged 43, 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

(Uchi Taipei) as an Assistant of Administration. In 1984, he joined ITF Corporation, a well-established Japanese trading company. He returned to Uchi Taipei in 1986.

In 1990, Uchi Taipei ceased operations. Mr. Edward Kao moved to Penang and 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 72, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad on March 28, 2000 as 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 63, Malaysian, was appointed to the Board of Uchi Technologies Berhad on August 30, 2001 as Independent Non-Executive Director. He was then appointed as Senior Independent Non-Executive Director of the Company on November 27, 2001. He was appointed Chairman of the Nomination Committee and Remuneration Committee as well as a member of the Audit Committee.

He is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was a Partner of a firm of Chartered Accountants before his retirement from the firm. Mr. Ooi has thirty over years of experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He holds directorship in a number of other private limited companies and another public listed company in Singapore.

DATO' HONG TOK HIANG @ FANG CHOK SEONG,

DSDK, SMS, AMK, PJK, JP

Aged 66, 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, 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 50, 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-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 42, 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.

CHAIRMAN'S STATEMENT

Turnover shows an improvement of 5% over the previous year, but the Group achieved a profit before tax of RM61 million for the financial year 2003, representing an increase of 11% from previous year. These results were attributable to improved sales mix of higher-margin models and research and development projects. Earnings per share increased to 81.91 Sen from 70.54 Sen recorded previously.

In line with our objective to enhance shareholders' value, the Group's net tangible assets per share rose to RM2.43 as at December 31, 2003, a 6% increase from RM2.29 recorded at the end of the preceding financial year.

The Group is in a net cash position with virtually zero debt. The Group generated RM52 million at the operating level and incurred only a minimal RM2 million in capital expenditure. After paying out dividends of RM27 million, the Group ended financial year 2003 with an additional cash inflow of RM34 million.

BONUS ISSUE

Uchi Technologies Berhad (Uchitec) completed its Bonus Share Issue Exercise of one (1) new Ordinary Share of RM1.00 each for every ten (10) existing Ordinary Shares of RM1.00 each on August 8, 2003.

DIVIDENDS

The Board of Directors is pleased to propose a Final Dividend of 2 Sen per share, less tax and a Special Dividend of 5 Sen per share exempted from income tax, assuming the book closure date of these dividends shall fall after the subdivision of shares under the Proposed Share Split. The proposed final dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

These, together with the Interim Dividend of 6 Sen per share of RM1.00 each, less Income Tax and the Tax-Exempt Special Dividend of 16 Sen per share of RM1.00 each, paid on January 13, 2004, will result in an estimated total net dividend paid and payable of approximately RM45 million for the year under review, against RM27 million last year.

RESEARCH AND DEVELOPMENT (R&D)

The Group has over 35 members in R&D team specializing in software programming, hardware design, system construction and basic research. Basic research consists of a new team established in year 2003 to explore concept realisation and application revolution. The Group plans to increase the R&D work force to 50 members by year 2004.

For the year under review, the Group invested approximately RM6.8 million in R & D activities on a total of 25 projects with a remarkable zero percent failure rate. This represents approximately 6% of the Group's turnover. Approximately 7% of the Group's 2004 turnover is allocated for our annual R&D activities.

OPERATION IN PEOPLE'S REPUBLIC OF CHINA

Uchi Technologies (Dongguan) Co., Ltd. (UTD) commenced commercial operation in March 2003 and hired 200 employees. Uchitec invested a total amount of approximately RM3 million in UTD. In line with the recovery of global market, there are concerns on rising component price. The Group expects UTD to actively involve in procurement of an increasing number of components so as to improve price competitiveness.

PROPOSED SHARE SPLIT

On January 5, 2004, the Board of Directors proposed a subdivision of up to 75,594,116 ordinary share of RM1.00 each into up to 377,970,580 new ordinary shares of RM0.20 each on the basis of five (5) new ordinary shares of RM0.20 each for every one (1) existing ordinary share of RM1.00 each held ('Proposed Share Split'). The Proposed Share Split is conditional upon approvals being obtained from the relevant authorities and the shareholders at the forthcoming Extraordinary General Meeting.

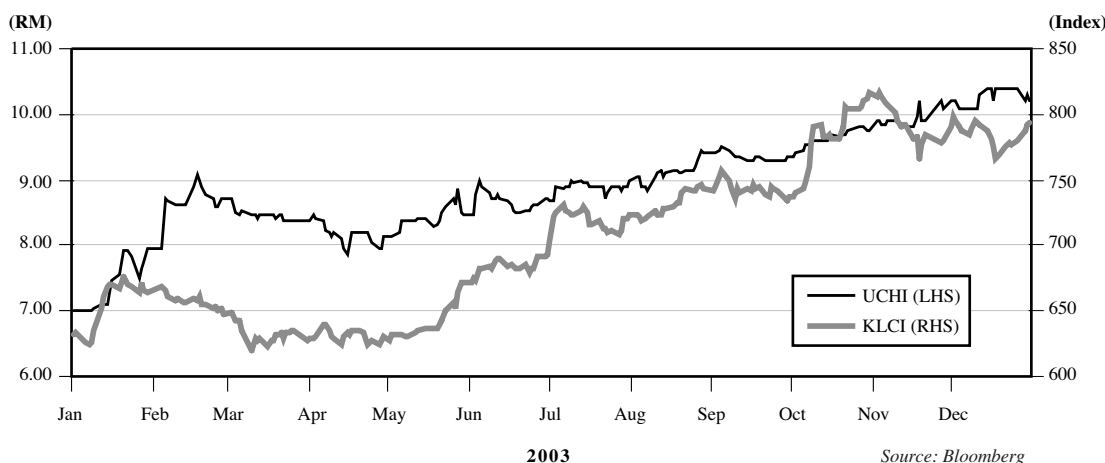
The Proposed Share Split will make the Company's shares more affordable to shareholders and investors and further improve its liquidity and marketability.

RECOGNITION

It's our great pleasure to note that Uchitec had performed well in Year 2003. We believe this reflects shareholders' growing confidence in Uchitec, driven by strong earnings growth and generous dividend payout ratio.

COMMITMENT TO STAFF

During the year under review, Uchitec granted 486,000 Share Options under "Uchi Technologies Berhad Employee Share Option Scheme" to eligible employee in recognition of the employees' contribution towards the business of the Group. This



In the KPMG/The Edge Shareholder Value Awards 2002 held on August 7, 2003, Uchi Technologies Berhad was ranked number two among the top 75 listed companies by shareholders' creation value and also won the highest rank in the Information, Communications and Technology sector. This award recognizes the Company's effort in maximizing the wealth of shareholders using economic profit as a percentage of invested capital.

On December 11, 2003, Uchi Optoelectronic (M) Sdn. Bhd., a subsidiary of Uchitec was ranked number 204 on the First 250 of the second annual Deloitte Touche Tohmatsu Asia Pacific Technology Fast 500, a ranking of the most dynamic and fast growing technology companies in Asia Pacific. Rankings are based on three-year percentage revenue growth. Uchi Optoelectronic (M) Sdn. Bhd.'s turnover grew 75% during this period.

scheme encourages employees' participation in the Company's equity and motivates employees towards better performance through greater productivity and loyalty.

MOVING FORWARD

The year ahead is a period of transition for the Group to lay and further strengthen the foundations to propel the Group into the new phase of growth.

The re-tooling undertaken by one of the customers, as a preventive measure to avoid potential health risk will cause impact to the growth in revenue for financial year 2004. However, the Group expects growth in the fully automatic coffee machines and weighing scale sector to mitigate this impact. At present, fully automatic coffee machine penetration rate in Europe is still low and we believe that the significant growth potential is beneficial to the Group.

CHAIRMAN'S STATEMENT (cont'd)

The Group also explores the development in health and biotechnology sectors as our target for further growth in the near future.

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

Penang
March 31, 2004

CORPORATE GOVERNANCE & OTHER DISCLOSURE

(Pursuant to Paragraph 15.26 of the Malaysia Securities Exchange Berhad Listing Requirements)



UCHI

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

A. DIRECTORS

THE BOARD

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

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

BOARD BALANCE

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

The Board members have a wide range of business, financial and technical skills and experience. This mixture of skills and experience is vital to the success of the Group. The profiles and credentials of the members of the Board are provided on pages 8 & 9 of this annual report.

There is clear division of responsibilities between the Chairman and Managing Director. The Chairman is responsible for effective functioning of the Board and for formulating general Company policies and making strategic business decisions sanctioned by the Board of Directors. The Managing Director is responsible for the execution of these decisions and the day-to-day management of the business.

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

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

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 responsibilities efficiently and effectively.

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

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Malaysia Securities Exchange Berhad Listing Requirements)

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2003 are as follows:

No.	Director	Year 2003 Period of Directorship	Total No. of Meetings	Attendance
1	Kao, De-Tsan also known as Ted Kao	1/1/2003 to 31/12/2003	6	6
2	Kao, Te-Pei also known as Edward Kao	1/1/2003 to 31/12/2003	6	6
3	Huang, Teng-Yen	1/1/2003 to 31/12/2003	6	3
4	Dato' Hong Tok Hiang @ Fang Chok Seong, DSDK, SMS, AMK, PJK, JP	1/1/2003 to 31/12/2003	6	6
5	Ng Hai Suan @ Ooi Hoay Seng	1/1/2003 to 31/12/2003	6	6
6	Kao Wang, Ying-Ying	1/1/2003 to 31/12/2003	6	6
7	Chang, Shin-Fang (Alternate Director to Huang, Teng-Yen)	1/1/2003 to 31/12/2003	6	5

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.

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

DIRECTORS' TRAINING

All existing members have completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia, an affiliate company of the MSEB during the calendar year 2002.

Pursuant to the Practice Note No 15/2002 on Continuing Education Programme (CEP) issued by the MSEB, the Directors have up to December 31, 2004 to accumulate a total minimum of 72 CEP points for the calendar year 2003 and 2004.

APPOINTMENTS OF THE BOARD

The appointment of any additional Directors is made as and when it is deemed necessary by the Board, with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee, details of which are set out on pages 24 & 25 of this annual report.

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Malaysia Securities Exchange Berhad Listing Requirements)



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

The composition and terms of reference of this Committee together with its report are presented on pages 19 to 21 of this annual report.

ii. The Remuneration Committee

The composition and terms of reference of this Committee are presented on pages 26 to 27 of this annual report.

iii. The Nomination Committee

The composition and terms of reference of this Committee are presented on pages 24 to 25 of this annual report.

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

The ESOS Committee was established on August 8, 2001 and was empowered to act, execute, enter into any transaction pertaining thereto for and on behalf of the Company in such manner deemed fit by it and in accordance with the Bye-Laws of ESOS, regulations and guidelines in force from time to time.

During the financial year ended December 31, 2003, the Company granted Share Options of 486,000 Ordinary Shares of RM1.00 each to eligible employees. As of December 31, 2003, balance number of Share Option available for allotment was 2,229,000.

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors	81,600	1,414,880	60,000	1,556,480
Non-Executive Directors	167,200	39,000	–	206,200
Total	248,800	1,453,880	60,000	1,762,680

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	–	3
RM50,001 to RM100,000	–	2
RM750,001 to RM800,000	2	–

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Malaysia Securities Exchange Berhad Listing Requirements)

B. DIRECTORS' REMUNERATION

THE LEVEL AND MAKE-UP OF REMUNERATION

For the financial year ended December 31, 2003, the Remuneration Committee was responsible for setting up the policy framework and for making recommendations to the Board on remuneration packages and other benefits extended to all the Directors.

The details of the remuneration of the Directors for the financial year ended December 31, 2003 are as follows:

C. SHAREHOLDERS

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board values dialogue with investors and recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Managing Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments. 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 aims to present a clear and meaningful assessment of the Company's financial positions and their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the annual financial statements, quarterly result announcements as well as the Chairman's statement and review of the operations in the annual report.

The Board, assisted by the Audit Committee, ensures that in presenting the financial statements and quarterly announcements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

RESPONSIBILITY STATEMENT

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

In discharging their responsibilities, the Directors, with the assistance of the Audit Committee:

- Reviewed the appropriateness of the accounting policies used and consistency in its application;
- Ensured accounting and other records are properly kept to enable the preparation of financial statements with reasonable accuracy;
- Reviewed the presentation of the financial statements with the external auditors to ensure that the financial statements are prepared in accordance with the approved accounting standards, the provision of the Companies Act, 1965 and the Listing Requirements of the MSEC;

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Malaysia Securities Exchange Berhad Listing Requirements)

- Ensured the financial statements presents a true and fair view of the state of affairs of the Group and of the Company at the end of financial year, their results and cash flows for the financial year;
- Ensured accounting estimates included in the financial statements are reasonable and prudent; and
- Ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

The Directors approved the financial statements for the year ended December 31, 2003 on March 1, 2004.

INTERNAL CONTROL

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

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

Statement on Internal Control incorporating report on internal audit function is set out on pages 22 & 23 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 19 to 21 of this annual report.

E. OTHER DISCLOSURE

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

SHARE BUYBACKS

The Company does not have a share buyback programme in place.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

A total of 1,508,000 options were exercised during the financial year in respect of the Company's employee share option scheme (ESOS).

The Company did not issue any convertible securities or warrants.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

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

IMPOSITION OF SANCTIONS/PENALTIES

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

MATERIAL CONTRACTS OR LOANS

As of December 31, 2003, there was no existing material contracts or loans outside the ordinary course of business of the Company and its subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous year.

PROFIT ESTIMATE, FORECAST OR PROJECTION

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

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Malaysia Securities Exchange Berhad Listing Requirements)

PROFIT GUARANTEE

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

UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended December 31, 2003.

NON-AUDIT FEE

The total amount of non-audit fee paid and payable to the external auditors by the Group for the year ended December 31, 2003 amounted to RM7,300.

RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

The Company did not incur any significant recurrent related party transactions of revenue / trading nature during the financial year ended December 31, 2003.

REVALUATION POLICY ON LANDED PROPERTIES

Revaluation policy on landed properties is disclosed in Note 3-Significant Accounting Policies of Notes to the Financial Statements on pages 45 to 47 of this annual report.

The collective approval by the Board on this Statement was tabled on March 29, 2004.

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

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

AUDIT COMMITTEE REPORT



UCHI

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2003.

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 : **Ng Hai Suan @ Ooi Hoay Seng**
CA(M), CPA(M)
Senior Independent Non-Executive Director

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 Malaysia Securities Exchange Berhad 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, ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

3. AUTHORITY

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

The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.

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

AUDIT COMMITTEE REPORT (cont'd)

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

4. MEETINGS

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

The quorum shall consist of two (2) members.

5. ATTENDANCE AT MEETINGS

The external auditors may be invited to attend the 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 auditors, the audit fee and any questions of resignation or dismissal, if any;
- to discuss with the external auditors on their audit plan;
- to review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements;

- to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- to review the external auditors' management letter and management's response;
- to do the following where an internal audit function exists;
 - review the adequacy of the scope, functions 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;
 - review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning;
- to consider any related party transactions that may arise within the Company or Group;
- 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 procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

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

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2003, the Committee met five times with full attendance of all members of the Committee. The minutes of the Committee meetings were formally tabled to the Board for its attention and action.

Summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended December 31, 2003 is as follows:

- Recommended the reappointment / appointment of the independent auditors and their remuneration;
- Reviewed the independent auditors' audit plan and the adequacy of the scope of work for the year;
- Reviewed the audited financial statements for the year ended December 31, 2003 and the un-audited quarterly financial results of the Group
- Reported and recommended to the Board to approve the annual financial statements and un-audited quarterly financial results.

- Reviewed the independent auditors' audit reports and considered the audit issues, recommendations and the management's written response;
- Reviewed with the Company's management and the independent auditors the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls;
- Reviewed the adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework; and
- Reviewed the report on internal audit performed by the independent auditors.

DATO' HONG TOK HIANG @ FANG CHOK SEONG

DSDK, SMS, AMK, PJK, JP
Audit Committee Chairman

Penang
March 29, 2004

STATEMENT OF INTERNAL CONTROL

The Board of Directors is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risk of failure to achieve business objectives, and to provide only reasonable and not absolute assurance against material misstatement or loss.

In line with the guidance for directors on internal control stipulated in the 'Statement on Internal Control: Guidance for Directors of Public Listed Companies', the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board further confirms that this process is regularly reviewed by the Board.

ENTERPRISE RISK MANAGEMENT

The Board regards risk management as an integral part of business operations. The Board undertakes to identify potential risks faced by the Group through a risk assessment and evaluation framework, where the following factors are considered:

- The nature and extent of risks facing the Group;
- The extent and categories of risk which it regards as acceptable for the Group to bear;
- The likelihood of the risks concerned materializing;
- The Group's ability to reduce the incidence of risks that may materialize and their impact on the business; and
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

SYSTEM OF INTERNAL CONTROL

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

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

INTERNAL AUDIT FUNCTION

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

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

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

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

- Review and appraise the soundness, adequacy and application of accounting, financial and other controls promoting effective control in the Company at reasonable cost;
- Ascertain the effectiveness of management in identifying principal risk and to manage risks through appropriate systems of internal control set-up by the Company;
- Appraise the effectiveness of administration and financial controls applied and the reliability and integrity of data that is produced within the Company;

- Ascertain the extent of compliance with established policies, procedures and statutory requirements;
- Review the Company's system of internal controls so as to ensure that it provides a reasonable assurance that assets are properly safeguarded;
- Carry out investigation and special reviews requested by Management and / Audit Committee, if necessary; and
- Review operations as a whole from the viewpoint of economy and productivity, with which resources are employed and making cost effective recommendations to Management.

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

WEAKNESS IN INTERNAL CONTROL THAT RESULTS IN MATERIAL LOSS

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

This Statement is made in accordance with the resolution of the Board of Directors dated March 29, 2004.

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:

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

Member : **Dato’ Hong Tok Hiang @ Fang Chok Seong**
DSDK, SMS, AMK, PJK, JP
Independent Non-Executive Director

Kao Wang, Ying-Ying
Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

The Committee is governed by the following terms of reference:

1. COMPOSITION

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

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

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

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

2. AUTHORITY

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

3. DUTIES

- To propose new nominees for the Board of Directors;

The Committee shall also consider candidates for directorships proposed by the Managing Director / Directors and within the bounds of practicality by any other senior executive or any director or shareholder.

- To make recommendations to the Board of Directors to fill seats on Board Committee;
- To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board; and
- To carry out annually the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

4. MEETINGS

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

Directors shall not participate in decisions on their own nomination.

5. ATTENDANCE AT MEETINGS

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

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

6. REPORTING

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

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

SUMMARY OF ACTIVITIES

The Committee met twice during the financial year ended December 31, 2003 with full attendance of the Committee. Summary of the activities are as follows:

- reviewed the mix of skills of experience and other qualities, including core competencies, of the Board members ; and
- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director

NG HAI SUAN @ OOI HOAY SENG

Nomination Committee Chairman

Penang

March 29, 2004

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:

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

Member : **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-Executive Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

The Committee is governed by the following terms of reference:

1. COMPOSITION

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

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

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

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

2. AUTHORITY

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

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

3. DUTIES

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

4. MEETINGS

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

5. ATTENDANCE AT MEETINGS

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

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

6. REPORTING

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

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

SUMMARY OF ACTIVITIES

The Committee met once during the financial year ended December 31, 2003 with full attendance of the Committee to review and recommend to the Board the remuneration of each of the Executive Directors, taken into consideration the responsibilities, the contribution and performance of each individual Director.

The Executive Directors play no part in determining their own remuneration packages whilst the remuneration packages of Non-Executive Directors, which is reflective of their experiences, and level of responsibilities, are determined collectively by the Board.

The remuneration of the Directors for the financial year ended December 31, 2003 is summarized on Page 15 of this annual report.

NG HAI SUAN @ OOI HOAY SENG
Remuneration Committee Chairman

Penang
March 29, 2004



OHSAS 18001 OHSAS Policy

Uchi is committed to enhance safety and health environment through...

Implementing OH&S Management System to minimise accidents;

Promote safety and health programme for continual improvement;

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

Educating employees on safety and health awareness and responsibility.



ISO 9001 Quality Policy

Exceed Customers' Expectations
Through Continuous Improvement

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

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

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

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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, 2003.

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 10 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 except that one of its subsidiary companies commenced designing, developing and manufacturing of additional products, microprocessor based application and system integration.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Net profit after tax for the year	<u>58,571,837</u>	<u>43,342,938</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

An interim dividend of 6 sen gross per ordinary share, less tax, amounting to RM2,784,093 and a special interim dividend of 16 sen per ordinary share, tax exempt, amounting to RM10,311,456 in respect of the financial year ended December 31, 2002 which were declared and dealt with in the previous directors' report were paid by the Company during the current financial year.

A final dividend of 22 sen per ordinary share, tax exempt, amounting to RM14,295,072, in respect of the financial year ended December 31, 2002 which were proposed and dealt with in the previous directors' report were declared and paid by the Company during the current financial year.

The directors declared an interim dividend of 6 sen gross per ordinary share, less tax, amounting to RM3,130,086 and a special interim dividend of 26 sen per ordinary share, tax exempt, amounting to RM18,838,445 in respect of the current financial year.

The directors also proposed a final dividend of 2 sen gross per ordinary share, less tax and a special dividend of 5 sen per ordinary share, tax exempt, in respect of the current financial year. The proposed dividends if payable in respect of all ordinary shares in issue as at the date of the issue of the financial statements, after taking into consideration the proposed share split as mentioned in Note 28 to the financial statements, would amount to RM23,360,958 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 have 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 RM64,446,600 to RM72,455,560 by way of:

- a. a bonus issue of 6,500,960 new ordinary shares of RM1 each through capitalisation of RM6,500,960 from the share premium 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 1,508,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM3.36 to RM8.61 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM5,132,100 was credited to the share premium account.

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

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

EMPLOYEES' SHARE OPTION SCHEME

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 share options offered under the scheme 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 Malaysia Securities Exchange Berhad for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- d. The options granted may be exercised 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.

DIRECTORS' REPORT (cont'd)

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

Exercisable from	Exercise price per ordinary share RM	No. of options over ordinary shares of RM1 each				Balance as of 31.12.2003
		Balance as of 1.1.2003	Granted	Exercised	Lapsed	
August 13, 2001	3.41*	2,168,600	188,260**	(966,000)	(1,000)	1,389,860
October 9, 2001	3.36*	16,800	1,080**	(9,000)	–	8,880
November 9, 2001	3.66*	12,200	60**	(10,000)	(1,600)	660
December 10, 2001	4.37*	95,600	9,060**	(36,000)	–	68,660
February 10, 2002	4.55*	221,600	17,960**	(42,000)	–	197,560
March 8, 2002	5.30*	122,200	6,420**	(112,000)	(880)	15,740
April 11, 2002	5.96*	56,000	3,500**	(38,000)	–	21,500
May 10, 2002	6.11*	83,000	2,600**	(45,000)	(21,000)	19,600
June 10, 2002	6.15*	42,000	1,200**	(42,000)	–	1,200
July 12, 2002	6.11*	7,000	–	(7,000)	–	–
August 19, 2002	6.00*	7,000	400**	(7,000)	–	400
October 8, 2002	5.37*	106,000	7,500**	(72,000)	–	41,500
November 11, 2002	5.90*	47,000	2,900**	(35,000)	–	14,900
December 10, 2002	6.23*	21,000	1,100**	(18,000)	–	4,100
February 10, 2003	7.49*	–	115,400**	(2,000)	–	113,400
March 10, 2003	7.73*	–	15,400**	(7,000)	–	8,400
April 10, 2003	7.46*	–	15,400**	(5,000)	–	10,400
May 9, 2003	7.44*	–	56,100**	(19,000)	–	37,100
June 10, 2003	7.89*	–	53,900**	(9,000)	–	44,900
July 10, 2003	7.92*	–	53,900**	(13,000)	–	40,900
August 10, 2003	8.13	–	14,000	(2,000)	–	12,000
September 10, 2003	8.53	–	91,000	(11,000)	–	80,000
October 10, 2003	8.61	–	57,000	(1,000)	–	56,000
November 10, 2003	8.90	–	35,000	–	–	35,000
December 10, 2003	9.02	–	7,000	–	–	7,000
Total		3,006,000	756,140	(1,508,000)	(24,480)	2,229,660

* The exercise price was adjusted for the bonus issue of 6,500,960 new ordinary shares of RM1 each during the year.

** Inclusive of adjustment made on share options granted due to alteration in capital structure of the Company by way of bonus issue.

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

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

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

- a. which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- d. not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the financial year are as follows:

- a. During the financial year, the Company invested an additional RM1,911,986 in a wholly owned subsidiary company, Uchi Technologies (Dongguan) Co., Ltd.. The Company's equity interest in Uchi Technologies (Dongguan) Co., Ltd. remains unchanged.
- b. At an Extraordinary General Meeting held on May 28, 2003, the Company's shareholders approved the increase in the issued and paid-up share capital of the Company from RM64,446,600 to RM70,947,560 by way of bonus issue of 6,500,960 new ordinary shares of RM1 each through capitalisation of RM6,500,960 from the share premium account 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.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 28 to the Financial Statements.

DIRECTORS' REPORT (cont'd)

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, DSDK, SMS, AMK, PJK, JP
 Huang, Teng-Yen
 Ng Hai Suan @ Ooi Hoay Seng
 Kao Wang, Ying-Ying
 Chang, Shin-Fang (Alternate to Huang, Teng-Yen)

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 31.12.2003
	Balance as of 1.1.2003	Bought/ Bonus Issue	Sold	
Direct interest:				
Kao, De-Tsan also known as Ted Kao	211,400	128,140	(339,540)	–
Kao, Te-Pei also known as Edward Kao	1,075,700	213,570	(1,289,270)	–
Dato' Hong Tok Hiang @ Fang Chok Seong, DSDK, SMS, AMK, PJK, JP	21,401	2,140	–	23,541
Huang, Teng-Yen	15,400	1,540	–	16,940
Ng Hai Suan @ Ooi Hoay Seng	70,000	7,000	–	77,000
Chang, Shin-Fang (Alternate to Huang, Teng-Yen)	1,800,000	1,469,270	–	3,269,270
Kao Wang, Ying-Ying	–	339,540	–	339,540
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	23,629,757	2,362,975	–	25,992,732
Kao, Te-Pei also known as Edward Kao	12,207,039	670,703	(5,500,000)	7,377,742
Ng Hai Suan @ Ooi Hoay Seng	240,000	24,000	–	264,000

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 31.12.2003
	Balance as of 1.1.2003	Granted	Exercised	
Kao, De-Tsan also known as Ted Kao	294,000	29,400*	(107,000)	216,400
Kao, Te-Pei also known as Edward Kao	297,000	29,700*	(106,000)	220,700

* Adjustment made on share options granted due to alteration in capital structure of the Company by way of bonus issue.

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 19 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, 2004

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, 2003 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, 2003 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 incorporated in Malaysia 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

LEE CHENG HEOH

2225/04/04(J)

Partner

Penang,

March 1, 2004

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003



UCHI

	Note	The Group		The Company	
		2003	2002	2003	2002
		RM	RM	RM	RM
Revenue	4	120,658,775	114,847,193	48,080,000	38,580,000
Other operating income		5,937,594	4,310,434	1,608,485	1,188,505
Raw materials used		(40,989,811)	(45,656,821)	–	–
Changes in inventories of finished goods and work-in-progress		(795,231)	1,983,060	–	–
Staff costs	5	(11,544,768)	(10,695,173)	(3,171,298)	(1,940,603)
Depreciation of property, plant and equipment		(1,689,842)	(1,586,644)	(11,972)	(4,617)
Amortisation of goodwill on consolidation		–	(41,649)	–	–
Impairment loss for goodwill on consolidation		–	(874,635)	–	–
Other operating expenses		(10,593,367)	(7,611,170)	(636,232)	(231,331)
Profit from operations		60,983,350	54,674,595	45,868,983	37,591,954
Finance costs		(37)	(6,863)	–	–
Profit before tax	6	60,983,313	54,667,732	45,868,983	37,591,954
Income tax expense	7	(2,411,476)	(5,612,619)	(2,526,045)	(2,094,751)
Net profit after tax for the year		58,571,837	49,055,113	43,342,938	35,497,203
Earnings per ordinary share					
Basic	8	81.91 sen	70.54 sen		
Diluted	8	80.65 sen	69.37 sen		

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

BALANCE SHEETS

AS OF DECEMBER 31, 2003

	Note	The Group		The Company	
		2003	2002	2003	2002
		RM	RM	RM	RM
PROPERTY, PLANT AND EQUIPMENT	9	19,744,460	19,704,444	59,469	41,902
INVESTMENT IN SUBSIDIARY COMPANIES	10	–	–	29,295,236	27,383,250
OTHER INVESTMENTS	11	13,587,807	13,305,541	–	–
DEFERRED TAX ASSETS	21	421,000	–	–	–
CURRENT ASSETS					
Inventories	12	11,295,554	10,373,622	–	–
Trade receivables	13	20,629,742	12,055,368	–	–
Other receivables and prepaid expenses	14	2,410,942	2,438,765	658,885	527,830
Tax recoverable		141,862	63,190	79,589	63,190
Amount owing by subsidiary companies	10	–	–	40,158,360	50,706,311
Short-term deposits	24	151,841,547	116,720,540	67,429,515	35,825,786
Cash and bank balances		868,138	2,268,631	118,383	199,087
Total Current Assets		187,187,785	143,920,116	108,444,732	87,322,204
CURRENT LIABILITIES					
Trade payables	15	6,218,869	5,266,499	–	–
Other payables and accrued expenses	16	10,738,077	4,546,155	500,883	161,191
Provision for rework and warranty	17	4,000,000	3,500,000	–	–
Amount owing to directors	18	575,000	405,000	575,000	405,000
Dividend payable		21,983,395	13,110,805	21,983,395	13,110,805
Bank overdraft	25	88,553	–	–	–
Tax liabilities		50,000	1,600,253	–	6,715
Total Current Liabilities		43,653,894	28,428,712	23,059,278	13,683,711
NET CURRENT ASSETS		143,533,891	115,491,404	85,385,454	73,638,493
		177,287,158	148,501,389	114,740,159	101,063,645
SHARE CAPITAL	19	72,455,560	64,446,600	72,455,560	64,446,600
RESERVES	20	103,663,089	82,841,280	42,284,599	36,617,045
SHAREHOLDERS' EQUITY		176,118,649	147,287,880	114,740,159	101,063,645
DEFERRED TAX LIABILITIES	21	1,168,509	1,213,509	–	–
		177,287,158	148,501,389	114,740,159	101,063,645

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2003



UCHI

The Group

	Share Capital RM	Share Premium RM	Revaluation/ Merger Reserve RM	Translation Reserve RM	Retained Profit RM	Total RM
Balance as of January 1, 2002						
As previously stated	44,146,000	22,391,166	(16,029,564)	–	64,564,102	115,071,704
Prior year adjustments (Note 22)	–	–	(570,725)	–	(218,413)	(789,138)
Restated balances	44,146,000	22,391,166	(16,600,289)	–	64,345,689	114,282,566
Bonus issue of 17,847,600 new ordinary shares of RM1 each at par	17,847,600	(17,847,600)	–	–	–	–
Allotment of 2,453,000 new ordinary shares of RM1 each at RM3.69 to RM6.72 per share pursuant to the ESOS	2,453,000	7,829,800	–	–	–	10,282,800
Net loss not recognised in the income statements:						
Share issue expenses	–	(100,269)	–	–	–	(100,269)
Net profit after tax for the year	–	–	–	–	49,055,113	49,055,113
Dividends (Note 23)	–	–	–	–	(26,232,330)	(26,232,330)
Balance as of December 31, 2002						
As previously stated	64,446,600	12,273,097	(16,029,564)	–	87,811,256	148,501,389
Prior year adjustments (Note 22)	–	–	(570,725)	–	(642,784)	(1,213,509)
Restated balances	64,446,600	12,273,097	(16,600,289)	–	87,168,472	147,287,880
Bonus issue of 6,500,960 new ordinary shares of RM1 each at par	6,500,960	(6,500,960)	–	–	–	–
Allotment of 1,508,000 new ordinary shares of RM1 each at RM3.36 to RM8.61 per share pursuant to the ESOS	1,508,000	5,132,100	–	–	–	6,640,100
Share issue expenses	–	(42,921)	–	–	–	(42,921)
Exchange difference on translation of net investment in foreign subsidiary company	–	–	–	(74,644)	–	(74,644)
Net loss not recognised in the income statements	–	(42,921)	–	(74,644)	–	(117,565)

(FORWARD)

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Share Capital RM	Share Premium RM	Revaluation/ Merger Reserve RM	Translation Reserve RM	Retained Profit RM	Total RM
Net profit after tax for the year	–	–	–	–	58,571,837	58,571,837
Dividends (Note 23)	–	–	–	–	(36,263,603)	(36,263,603)
Balance as of December 31, 2003	72,455,560	10,861,316	(16,600,289)	(74,644)	109,476,706	176,118,649

The Company

	Share Capital RM	Share Premium RM	Retained Profit RM	Total RM
Balance as of January 1, 2002	44,146,000	22,391,166	15,079,075	81,616,241
Bonus issue of 17,847,600 new ordinary shares of RM1 each at par	17,847,600	(17,847,600)	–	–
Allotment of 2,453,000 new ordinary shares of RM1 each at RM3.69 to RM6.72 per share pursuant to the ESOS	2,453,000	7,829,800	–	10,282,800
Net loss not recognised in the income statements: Share issue expenses	–	(100,269)	–	(100,269)
Net profit after tax for the year	–	–	35,497,203	35,497,203
Dividends (Note 23)	–	–	(26,232,330)	(26,232,330)
Balance as of December 31, 2002	64,446,600	12,273,097	24,343,948	101,063,645
Bonus issue of 6,500,960 new ordinary shares of RM1 each at par	6,500,960	(6,500,960)	–	–
Allotment of 1,508,000 new ordinary shares of RM1 each at RM3.36 to RM8.61 per share pursuant to the ESOS	1,508,000	5,132,100	–	6,640,100
Net loss not recognised in the income statements: Share issue expenses	–	(42,921)	–	(42,921)
Net profit after tax for the year	–	–	43,342,938	43,342,938
Dividends (Note 23)	–	–	(36,263,603)	(36,263,603)
Balance as of December 31, 2003	72,455,560	10,861,316	31,423,283	114,740,159

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003



UCHI

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	60,983,313	54,667,732	45,868,983	37,591,954
Adjustments for:				
Depreciation of property, plant and equipment	1,689,842	1,586,644	11,972	4,617
Provision for rework and warranty	516,851	1,071,495	–	–
Allowance for doubtful debts	270,000	530,000	–	–
Allowance for obsolete inventories	112,473	–	–	–
Interest expenses	37	6,863	–	–
Interest income	(4,394,381)	(3,118,864)	(1,608,485)	(1,172,334)
Gross dividend income	(636,529)	(654,765)	(47,000,000)	(37,500,000)
Allowance for diminution in value of other investments no longer required	(282,266)	–	–	–
Gain on disposal of property, plant and equipment	(105,499)	(29,688)	–	–
Allowance for obsolete inventories no longer required	(97,745)	(452,619)	–	–
Impairment loss for goodwill on consolidation	–	874,635	–	–
Allowance for diminution in value of other investments	–	279,746	–	–
Amortisation of goodwill on consolidation	–	41,649	–	–
Loss on disposal of other investments	–	15,750	–	–
Property, plant and equipment written off	–	56	–	–
Operating profit/(loss) before working capital changes	58,056,096	54,818,634	(2,727,530)	(1,075,763)
(Increase)/decrease in:				
Inventories	(936,660)	1,092,527	–	–
Trade receivables	(8,844,374)	708,452	–	–
Other receivables and prepaid expenses	709,005	(687,051)	(4,000)	–
Increase/(decrease) in:				
Trade payables	952,370	1,837,344	–	–
Other payables and accrued expenses	6,191,922	(1,173,600)	339,692	25,346
Amount owing to directors	170,000	83,443	170,000	83,443
Cash generated from/(used in) operations	56,298,359	56,679,749	(2,221,838)	(966,974)
Tax paid	(4,486,727)	(9,827,729)	(29,159)	(126,226)
Rework and warranty charges paid	(16,851)	(371,495)	–	–
Net cash generated from/(used in) operating activities	51,794,781	46,480,525	(2,250,997)	(1,093,200)

(FORWARD)

CASH FLOW STATEMENTS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2003

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,713,199	2,230,024	1,481,430	943,915
Dividends received from other investments	616,855	638,700	–	–
Proceeds from disposal of property, plant and equipment	105,500	30,100	–	–
Purchase of property, plant and equipment	(1,740,711)	(1,079,385)	(29,539)	(46,519)
Proceeds from disposal of other investments	–	2,045,000	–	–
Purchase of other investments	–	(67,771)	–	–
Dividends received from a subsidiary company	–	–	44,480,000	35,400,000
Decrease/(increase) in amount owing by subsidiary companies	–	–	10,547,951	(12,008,450)
Purchase of investment in a subsidiary company	–	–	(1,911,986)	(1,315,383)
Net cash generated from investing activities	2,694,843	3,796,668	54,567,856	22,973,563
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	6,640,100	10,282,800	6,640,100	10,282,800
Dividends paid	(27,391,013)	(18,425,045)	(27,391,013)	(18,425,045)
Share issue expenses	(42,921)	(100,269)	(42,921)	(100,269)
Short-term deposits held as security value	(42,262)	(52,358)	–	–
Interest paid	(37)	(6,863)	–	–
Net cash used in financing activities	(20,836,133)	(8,301,735)	(20,793,834)	(8,242,514)
Exchange translation differences	(63,792)	–	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,589,699	41,975,458	31,523,025	13,637,849
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	117,761,249	75,785,791	36,024,873	22,387,024
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	151,350,948	117,761,249	67,547,898	36,024,873

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003



UCHI

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 10. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except that one of its subsidiary companies commenced designing, developing and manufacturing of additional products, microprocessor based application and system integration.

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 (MASB).

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on March 1, 2004.

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.

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.

The Group adopts both the acquisition and merger methods of consolidation.

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. Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount. 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 MASB 21, Business Combinations, 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 Uchi Technologies (Dongguan) Co., Ltd. and Uchi Industries (M) Sdn. Bhd. which are consolidated under the acquisition method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 have passed. Dividend income is recognised when the shareholder's right to receive payment is established. Other revenue are recognised on an accrual basis.

Income Tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefits of part or all of the deferred tax asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the income statements, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and liabilities on a net basis.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates approximating those prevailing on the transaction dates or, 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. Gains or losses arising from foreign currency conversions are taken up in the income statements.

For the purpose of consolidation, the financial statements of a foreign subsidiary company has been translated into Ringgit Malaysia as follows:

Assets and liabilities	-	at closing rate
Issued capital	-	at historical rate
Revenue and expenses	-	at average rate

Exchange differences due to such currency translation are dealt with through translation reserve account under shareholders equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the operations are disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The principal closing rates used in translation of foreign currency amounts and the financial statements of a foreign entity are as follows:

	<u>2003</u>	<u>2002</u>
	RM	RM
1 United States Dollar	3.80	3.80
1 Singapore Dollar	2.23	2.19
1 Euro	4.77	3.94
100 Chinese Renminbi	45.87	46.72

Employee Benefits

i. Short term benefits

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

ii. Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses in the income statements as incurred.

iii. Equity compensation benefits

The Uchi Technologies Berhad Employees' Share Option Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

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

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:

	<u>Rates</u>
Leasehold land	1.96%
Buildings	1.96%-2%
Plant and machinery	9%-18%
Fire-fighting and security system	12%
Air-conditioning system	12%-18%
Furniture and fittings	8%-18%
Office equipment	12%-18%
Electrical installation	10%
Motor vehicles	18%-20%

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

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.

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

Where there is an indication of impairment in the value of the assets, the carrying amounts of the investments are assessed and written down immediately to its recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location. The cost of finished goods and work-in-progress consists of the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Provisions are made for the estimated liability on products still under warranty at the end of the financial year. These provisions are estimated, having regard to service warranty costs experienced over the last few years. Other warranty costs are accrued as and when the liability arises.

Cash and Cash Equivalents

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

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Financial Instruments

Financial instruments carried on the balance sheets include short-term deposits, cash and bank balances, investments, receivables and payables. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

4. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Sales of manufactured goods	120,535,117	114,436,619	–	–
Sales of trading goods	123,658	410,574	–	–
Gross dividend from a subsidiary company	–	–	47,000,000	37,500,000
Management fee	–	–	1,080,000	1,080,000
	120,658,775	114,847,193	48,080,000	38,580,000

5. GENERAL INFORMATION

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Staff costs:				
Employees' provident fund	868,895	780,244	252,379	177,477
Other staff costs	10,675,873	9,914,929	2,918,919	1,763,126
	11,544,768	10,695,173	3,171,298	1,940,603
Number of directors and employees at end of year:				
Directors	7	7	7	7
Employees	585	531	18	5

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2003

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6. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
After charging:				
Research and development expenses	6,836,956	4,550,940	–	–
Directors' remuneration:				
Fee	248,800	207,000	248,800	207,000
Employees' provident fund	186,880	144,000	186,880	144,000
Other emoluments	1,267,000	990,000	1,267,000	990,000
Estimated value of non-cash benefits	60,000	46,800	60,000	46,800
Provision for rework and warranty	516,851	1,071,495	–	–
Allowance for doubtful debts	270,000	530,000	–	–
Rental of premises	133,186	116,182	2,400	–
Allowance for obsolete inventories	112,473	–	–	–
Audit fee:				
Current	40,100	39,100	11,000	10,000
Special	10,000	–	–	–
Interest on bank overdraft	37	6,863	–	–
Allowance for diminution in value of other investments	–	279,746	–	–
Loss on disposal of other investments	–	15,750	–	–
Realised loss on foreign exchange	–	6,015	130,897	–
Property, plant and equipment written off	–	56	–	–
And crediting:				
Interest on short-term deposits	4,394,381	3,118,864	1,608,485	1,172,334
Gross dividends from unit trusts	544,266	582,465	–	–
Allowance for diminution in value of other investments no longer required	282,266	–	–	–
Gain on disposal of property, plant and equipment	105,499	29,688	–	–
Allowance for obsolete inventories no longer required	97,745	452,619	–	–
Gross dividends from shares quoted in Malaysia	92,263	72,300	–	–
Realised gain on foreign exchange	25,052	–	–	16,171

7. INCOME TAX EXPENSE

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Current tax:				
Current year	3,319,674	5,636,842	2,550,000	2,157,941
Overprovision in prior years	(442,198)	(20,223)	(23,955)	(63,190)
Deferred tax (Note 21):				
Recognition of previously unrecognised deferred tax assets	(567,000)	–	–	–
Reversal of deferred tax liabilities	(45,000)	(4,000)	–	–
Decrease in deferred tax assets relating to origination and reversal of temporary differences in current year	146,000	–	–	–
	2,411,476	5,612,619	2,526,045	2,094,751

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

7. INCOME TAX EXPENSE (cont'd)

One of the subsidiary companies was granted pioneer status by the Ministry of International of Trade and Industry for the production and sales of the following products:

Products	Production Day
Timer, printer, computing scale and industrial controllers	May 1, 2000
Design, development and manufacture of microprocessor based application and system integration	January 1, 2003

Under this incentive, 70% and 100% of that subsidiary company's statutory income derived from the production of the abovementioned products respectively will be exempted from income tax for the period of five years commencing from the production day (the commencement date of tax free period).

The government enacted a change in the corporate income tax rate such that small and medium scale companies with paid-up capital of RM2.5 million and below are subject to income tax at the rate of 20% on chargeable income of up to RM100,000 with effect from the year of assessment 2003. For chargeable income in excess of RM100,000, the corporate income tax rate is at 28%.

The numerical reconciliations between tax expenses and the product of accounting profit multiplied by the applicable tax rates are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Accounting profit	60,983,313	54,667,732	45,868,983	37,591,954
Tax amount on accounting profit at statutory income tax rate of 28% in Malaysia	17,186,000	15,355,000	12,843,000	10,526,000
Tax amount on accounting loss at statutory income tax rate of 20% in Malaysia	(13,000)	-	-	-
Tax amount on accounting loss at statutory income tax rate of 24% in People's Republic of China	(110,000)	(3,000)	-	-
	17,063,000	15,352,000	12,843,000	10,526,000
Tax effect on non-deductible/(non-taxable) items:				
Non-allowable expenses	1,088,674	715,842	284,000	32,941
Tax exempt income for pioneer products	(14,539,000)	(10,687,000)	-	-
Other non-taxable income	(348,000)	(173,000)	(10,640,000)	(8,405,000)
Overprovision of current tax expense in prior years	(442,198)	(20,223)	(23,955)	(63,190)
Net deferred tax income not recognised	156,000	425,000	63,000	4,000
Recognition of previously unrecognised deferred tax assets	(567,000)	-	-	-
Income tax expense	2,411,476	5,612,619	2,526,045	2,094,751

7. INCOME TAX EXPENSE (cont'd)

As of December 31, 2003, the approximate amount of carryforward tax losses, unabsorbed capital allowances and unutilised reinvestment allowances of the Group and of the Company are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Carryforward tax losses	275,000	–	–	–
Unabsorbed capital allowances	510,000	116,000	45,000	–
Unutilised reinvestment allowances	1,234,000	1,234,000	–	–

The above carryforward tax losses for a subsidiary company in People's Republic of China will be expired in 2008.

8. EARNINGS PER ORDINARY SHARE

	The Group	
	2003	2002
	RM	RM
Net profit attributable to ordinary shareholders	58,571,837	49,055,113
	2003	2002
	Units	Units
Number of shares in issue as of January 1	64,446,600	44,146,000
Effect of bonus issue	6,500,960	24,348,560
Effect of the exercise of ESOS	562,619	1,044,825
Weighted average number of ordinary shares in issue	71,510,179	69,539,385
Basic earnings per ordinary share (sen)	81.91	70.54
Weighted average number of ordinary shares in issue	71,510,179	69,539,385
ESOS:		
No. of unissued shares	2,016,508	2,746,957
No. of shares that would have been issued at fair value	(898,487)	(1,574,225)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	72,628,200	70,712,117
Fully diluted earnings per ordinary share (sen)	80.65	69.37

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

9. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost Unless Stated Otherwise	Beginning of year RM	Additions RM	Disposals RM	Translation reserve RM	End of year RM
2003:					
Short leasehold land					
At 1999 valuation	4,700,000	–	–	–	4,700,000
Buildings					
At 1999 valuation	2,400,000	–	–	–	2,400,000
At cost	7,302,233	20,990	–	–	7,323,223
Plant and machinery	8,059,385	1,373,527	–	(10,647)	9,422,265
Fire fighting and security system	202,827	–	–	–	202,827
Air-conditioning system	280,520	14,739	–	(26)	295,233
Furniture and fittings	408,104	18,381	–	(20)	426,465
Office equipment	1,465,146	219,224	–	(280)	1,684,090
Electrical installation	295,234	32,000	–	–	327,234
Motor vehicles	1,550,672	61,850	(276,518)	(109)	1,335,895
	26,664,121	1,740,711	(276,518)	(11,082)	28,117,232
2002	25,717,026	1,079,385	(132,290)	–	26,664,121

Accumulated Depreciation	Beginning of year RM	Charge for the year RM	Disposals RM	Translation reserve RM	End of year RM
2003:					
Short leasehold land					
At 1999 valuation	368,933	92,235	–	–	461,168
Buildings					
At 1999 valuation	188,251	47,064	–	–	235,315
At cost	351,277	146,254	–	–	497,531
Plant and machinery	3,665,290	910,484	–	(205)	4,575,569
Fire fighting and security system	124,114	12,685	–	–	136,799
Air-conditioning system	278,836	1,598	–	(2)	280,432
Furniture and fittings	281,275	29,257	–	(2)	310,530
Office equipment	796,777	169,670	–	(10)	966,437
Electrical installation	169,214	28,475	–	–	197,689
Motor vehicles	735,710	252,120	(276,517)	(11)	711,302
	6,959,677	1,689,842	(276,517)	(230)	8,372,772
2002	5,435,805	1,586,644	(62,772)	–	6,959,677

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003



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

The Company

Cost Unless Stated Otherwise	Beginning	Additions	Disposals	End of year
	of year			
	RM	RM	RM	RM
2003:				
Office equipment	8,617	27,619	–	36,236
Motor vehicle	37,902	–	–	37,902
Furniture and fittings	–	1,920	–	1,920
	46,519	29,539	–	76,058
2002	–	46,519	–	46,519

Accumulated Depreciation	Beginning	Charge for	Disposals	End of year
	of year	the year		
	RM	RM	RM	RM
2003:				
Office equipment	827	4,276	–	5,103
Motor vehicle	3,790	7,581	–	11,371
Furniture and fittings	–	115	–	115
	4,617	11,972	–	16,589
2002	–	4,617	–	4,617

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Net Book Value:				
Short leasehold land				
At 1999 valuation	4,238,832	4,331,067	–	–
Buildings				
At 1999 valuation	2,164,685	2,211,749	–	–
At cost	6,825,692	6,950,956	–	–
Plant and machinery	4,846,696	4,394,095	–	–
Fire fighting and security system	66,028	78,713	–	–
Air-conditioning system	14,801	1,684	–	–
Furniture and fittings	115,935	126,829	1,805	–
Office equipment	717,653	668,369	31,133	7,790
Electrical installation	129,545	126,020	–	–
Motor vehicles	624,593	814,962	26,531	34,112
	19,744,460	19,704,444	59,469	41,902

As of December 31, 2003, the unexpired lease period of the Group's short leasehold land is 46 years.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

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

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

	<u>2003</u>	<u>2002</u>
	RM	RM
Cost	3,728,691	3,728,691
Less: Accumulated depreciation	(758,557)	(687,947)
Net book value at end of year	<u>2,970,134</u>	<u>3,040,744</u>

Certain property, plant and equipment of the Group with a total carrying value of RM14,040,122 (2002: RM15,043,342) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 25.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>The Company</u>	
	<u>2003</u>	<u>2002</u>
	RM	RM
Unquoted shares, at cost	<u>29,295,236</u>	<u>27,383,250</u>

The subsidiary companies are as follows:

	<u>Country of incorporation</u>	<u>Principal Activity</u>	<u>Percentage of Ownership</u>	
			2003	2002
Direct holdings				
Uchi Optoelectronic (M) Sdn. Bhd.	Malaysia	Design, research, development and manufacture of miniature data terminals, fuzzy logic controllers, controlled modules for precision weighing scale, dynamic sound improvement processor, PCB assembly, timer, printer, computing scales, industrial controllers and microprocessor based application and system integration	100%	100%
Uchi Electronic (M) Sdn. Bhd.	Malaysia	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination	100%	100%
Uchi Technologies (Dongguan) Co., Ltd.	People's Republic of China	Manufacturing and trading of electronic modules	100%	100%

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

	Country of incorporation	Principal Activity	Percentage of Ownership	
			2003	2002
Indirect holdings				
Uchi Industries (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%

The amount owing by subsidiary companies are as follows:

	The Company	
	2003	2002
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	33,170,012	42,298,761
Uchi Electronic (M) Sdn. Bhd.	6,988,348	8,407,434
Uchi Technologies (Dongguan) Co., Ltd.	–	116
	40,158,360	50,706,311

The amounts owing by subsidiary companies arose mainly from management fee receivable, dividends receivable and interest free advances which are unsecured and with no fixed repayment term.

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

	The Company	
	2003	2002
	RM	RM
Management fee received/receivable:		
Uchi Optoelectronic (M) Sdn. Bhd.	600,000	600,000
Uchi Electronic (M) Sdn. Bhd.	480,000	480,000
Dividends received:		
Uchi Optoelectronic (M) Sdn. Bhd.	47,000,000	37,500,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2003

11. OTHER INVESTMENTS

	The Group	
	2003	2002
	RM	RM
At cost:		
Investments in shares quoted in Malaysia	3,875,369	3,875,369
Investments in unit trusts	3,718,319	3,718,319
Investments in bond funds	8,000,000	8,000,000
	15,593,688	15,593,688
Less: Allowance for diminution in value:		
Shares quoted in Malaysia	1,546,377	2,023,937
Unit trusts	321,936	264,210
Bond funds	137,568	-
	(2,005,881)	(2,288,147)
	13,587,807	13,305,541
Market value of:		
Shares quoted in Malaysia	2,538,845	1,896,388
Unit trusts	3,396,383	3,454,109
Bond funds	7,862,432	8,182,235
	13,797,660	13,532,732

12. INVENTORIES

	The Group	
	2003	2002
	RM	RM
At cost:		
Raw materials	7,127,782	5,381,996
Work-in-progress	2,879,009	3,086,690
Finished goods	1,288,763	1,904,936
	11,295,554	10,373,622
At net realisable value:		
Raw materials	652,810	665,109
Less: Allowance for obsolete inventories	(652,810)	(665,109)
	-	-
Work-in-progress	112,473	-
Less: Allowance for obsolete inventories	(112,473)	-
	-	-
Finished goods	148,300	233,746
Less: Allowance for obsolete inventories	(148,300)	(233,746)
	-	-
	11,295,554	10,373,622

12. INVENTORIES (cont'd)

Certain inventories of the Group with a carrying value of RM8,560,901 (2002: RM10,359,243) are pledged to certain local banks as securities for banking facilities granted to a subsidiary company as mentioned in Note 25.

13. TRADE RECEIVABLES

	The Group	
	2003	2002
	RM	RM
Trade receivables	23,229,742	14,385,368
Less: Allowance for doubtful debts	(2,600,000)	(2,330,000)
	20,629,742	12,055,368

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranges from 30 to 60 days (2002: 30 to 60 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM2,600,000 (2002: RM2,330,000).

The currency of the trade receivables is in United States Dollar.

14. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other receivables	3,530	695,115	-	-
Interest receivables	1,868,433	1,187,251	653,885	526,830
Prepaid expenses	492,572	524,187	-	-
Refundable deposits	46,407	32,212	5,000	1,000
	2,410,942	2,438,765	658,885	527,830

Analysis of other receivables by currencies:

	The Group	
	2003	2002
	RM	RM
Ringgit Malaysia	-	695,115
Chinese Renminbi	3,530	-
	3,530	695,115

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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15. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The average credit period granted to the Group for trade purchases ranges from 30 to 60 days (2002: 30 to 60 days).

Analysis of trade payables by currencies:

	The Group	
	2003	2002
	RM	RM
Ringgit Malaysia	1,104,313	1,350,243
United States Dollar	4,100,892	3,670,716
Euro	825,270	230,801
Chinese Renminbi	147,436	–
Singapore Dollar	2,660	14,723
Other foreign currencies	38,298	16
	6,218,869	5,266,499

16. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other payables	6,155,693	1,267,059	9,778	25,174
Accrued expenses	4,582,384	3,279,096	491,105	136,017
	10,738,077	4,546,155	500,883	161,191

Other payables comprise mainly amounts outstanding for ongoing costs.

Analysis of other payables and accrued expenses by currencies:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Ringgit Malaysia	5,952,720	3,862,144	500,883	161,191
United States Dollar	4,655,896	598,399	–	–
Chinese Renminbi	118,634	77,661	–	–
Euro	9,769	–	–	–
Singapore Dollar	1,057	3,094	–	–
Other foreign currencies	1	4,857	–	–
	10,738,077	4,546,155	500,883	161,191

17. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2003	2002
	RM	RM
At beginning of year	3,500,000	2,800,000
Additions	516,851	1,071,495
Less: Utilised	(16,851)	(371,495)
At end of year	4,000,000	3,500,000

The Group gives warranty on its products and undertake to replace defective products. The provision for rework and warranty represents management's best estimates of the Group's liability under the warranties granted on its products.

18. AMOUNT OWING TO DIRECTORS

The amount owing to the directors represent directors' remuneration payable to them.

19. SHARE CAPITAL

	The Group and the Company			
	2003		2002	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM1 each:				
Authorised:				
At beginning of year	100,000,000	100,000,000	50,000,000	50,000,000
Created during the year	–	–	50,000,000	50,000,000
At end of year	100,000,000	100,000,000	100,000,000	100,000,000
Ordinary shares of RM1 each:				
Issued and fully paid:				
At beginning of year	64,446,600	64,446,600	44,146,000	44,146,000
Bonus issue	6,500,960	6,500,960	17,847,600	17,847,600
ESOS	1,508,000	1,508,000	2,453,000	2,453,000
At end of year	72,455,560	72,455,560	64,446,600	64,446,600

During the financial year, the issued and paid up share capital of the Company was increased from RM64,446,600 to RM72,455,560 by way of:

- i. a bonus issue of 6,500,960 new ordinary shares of RM1 each through capitalisation of an amount of RM6,500,960 from the share premium account on the basis of one new ordinary share of RM1 each for every ten existing ordinary shares of RM1 each held; and
- ii. issues of 1,508,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM3.36 to RM8.61 per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

19. SHARE CAPITAL (cont'd)

The resultant premium arising from the shares issued pursuant to the ESOS of RM5,132,100 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	Exercise price per ordinary share RM	No. of options over ordinary shares of RM1 each				Balance as of 31.12.2003
		Balance as of 1.1.2003	Granted	Exercised	Lapsed	
August 13, 2001	3.41*	2,168,600	188,260**	(966,000)	(1,000)	1,389,860
October 9, 2001	3.36*	16,800	1,080**	(9,000)	–	8,880
November 9, 2001	3.66*	12,200	60**	(10,000)	(1,600)	660
December 10, 2001	4.37*	95,600	9,060**	(36,000)	–	68,660
February 10, 2002	4.55*	221,600	17,960**	(42,000)	–	197,560
March 8, 2002	5.30*	122,200	6,420**	(112,000)	(880)	15,740
April 11, 2002	5.96*	56,000	3,500**	(38,000)	–	21,500
May 10, 2002	6.11*	83,000	2,600**	(45,000)	(21,000)	19,600
June 10, 2002	6.15*	42,000	1,200**	(42,000)	–	1,200
July 12, 2002	6.11*	7,000	–	(7,000)	–	–
August 19, 2002	6.00*	7,000	400**	(7,000)	–	400
October 8, 2002	5.37*	106,000	7,500**	(72,000)	–	41,500
November 11, 2002	5.90*	47,000	2,900**	(35,000)	–	14,900
December 10, 2002	6.23*	21,000	1,100**	(18,000)	–	4,100
February 10, 2003	7.49*	–	115,400**	(2,000)	–	113,400
March 10, 2003	7.73*	–	15,400**	(7,000)	–	8,400
April 10, 2003	7.46*	–	15,400**	(5,000)	–	10,400
May 9, 2003	7.44*	–	56,100**	(19,000)	–	37,100
June 10, 2003	7.89*	–	53,900**	(9,000)	–	44,900
July 10, 2003	7.92*	–	53,900**	(13,000)	–	40,900
August 10, 2003	8.13	–	14,000	(2,000)	–	12,000
September 10, 2003	8.53	–	91,000	(11,000)	–	80,000
October 10, 2003	8.61	–	57,000	(1,000)	–	56,000
November 10, 2003	8.90	–	35,000	–	–	35,000
December 10, 2003	9.02	–	7,000	–	–	7,000
Total		3,006,000	756,140	(1,508,000)	(24,480)	2,229,660

* The exercise price was adjusted for the bonus issue of 6,500,960 new ordinary shares of RM1 each during the year.

** Inclusive of adjustment made on share options granted due to alteration in capital structure of the Company by way of bonus issue.

19. SHARE CAPITAL (cont'd)

The principal features of the ESOS are as follows:

- a. The total number of share options offered under the scheme 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 Malaysia Securities Exchange Berhad for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- d. The options granted may be exercised 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.

20. RESERVES

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Non-distributable:				
Share premium	10,861,316	12,273,097	10,861,316	12,273,097
Revaluation reserve	1,467,578	1,467,578	-	-
Merger deficit	(18,067,867)	(18,067,867)	-	-
Translation reserve	(74,644)	-	-	-
	(5,813,617)	(4,327,192)	10,861,316	12,273,097
Distributable:				
Retained profit	109,476,706	87,168,472	31,423,283	24,343,948
	103,663,089	82,841,280	42,284,599	36,617,045

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

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of the Group's leasehold land and certain buildings as disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2003

20. RESERVES (cont'd)

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.

21. DEFERRED TAX

	The Group	
	2003	2002
	RM	RM
Deferred tax liabilities	1,168,509	1,213,509
Deferred tax assets	(421,000)	–
	747,509	1,213,509

The movement for the year in the Group's deferred tax liabilities was as follows:

	The Group	
	2003	2002
	RM	RM
At beginning of year		
As previously stated	–	–
Prior year adjustments (Note 22)	1,213,509	1,217,509
Restated balances	1,213,509	1,217,509
Transfer to income statements (Note 7)	(45,000)	(4,000)
At end of year	1,168,509	1,213,509

The deferred tax liabilities are in respect of the following:

	Deferred Tax (Assets)/Liabilities	
	2003	2002
	RM	RM
Tax effect of temporary differences between tax capital allowances and depreciation of property, plant and equipment	277,000	239,000
Tax effect in respect of:		
Unabsorbed tax capital allowances	(130,000)	(32,000)
Revaluation surplus	1,057,509	1,057,509
Other temporary differences	(36,000)	(51,000)
	1,168,509	1,213,509

21. DEFERRED TAX (cont'd)

The movement for the year in the Group's deferred tax assets was as follows:

	The Group	
	2003	2002
	RM	RM
At beginning of year	-	-
Transfer (from)/ to income statements (Note 7):		
Recognition of previously unrecognised deferred tax assets	(567,000)	-
Deferred tax assets relating to origination and reversal of temporary differences in current year	146,000	-
At end of year	(421,000)	-

The deferred tax assets are in respect of the following:

	Deferred Tax (Assets)/Liabilities	
	2003	2002
	RM	RM
Tax effect of temporary differences between tax capital allowances and depreciation of property, plant and equipment	419,000	-
Tax effect in respect of:		
Allowance for doubtful debts	(281,000)	-
Allowance for obsolete inventories	(92,000)	-
Provision for rework and warranty	(425,000)	-
Other temporary differences	(42,000)	-
	(421,000)	-

As mentioned in Note 3, the tax effects of temporary differences which give rise to net deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. As of December 31, 2003, the amount of deferred tax assets, calculated at applicable tax rate, which is not recognised in the financial statements, is as follows:

	Deferred Tax (Assets)/ Liabilities			
	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Tax effect of temporary differences between tax capital allowances and depreciation of property, plant and equipment	8,000	393,000	8,000	-
Tax effect in respect of:				
Carryforward tax losses	(66,000)	-	-	-
Unabsorbed capital allowances	(13,000)	-	(13,000)	-
Allowance for doubtful debts	-	(295,000)	-	-
Allowance for obsolete inventories	(27,000)	(114,000)	-	-
Provision for rework and warranty	-	(444,000)	-	-
Other temporary differences	(92,000)	(141,000)	(92,000)	(34,000)
	(190,000)	(601,000)	(97,000)	(34,000)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

22. PRIOR YEAR ADJUSTMENTS

During the financial year, the Group changed its accounting policy on the recognition of deferred tax liabilities on revaluation surplus arising from the revaluation of property, plant and equipment and also the recognition of deferred tax asset in respect of reinvestment allowances to comply with MASB 25, Income Taxes.

Previously, the tax effects relating to the increase in the carrying values of the revalued properties were not provided for as there were no intention to dispose of the assets in the foreseeable future, whereas the tax effect in respect of reinvestment allowances in excess of the normal tax capital allowances was recognised as deferred tax assets and was used to reduce the deferred tax liabilities. Upon adoption of MASB 25, the Group is required to recognise deferred tax liabilities in respect of asset revaluations and not to recognise reinvestment allowances as deferred tax asset. The effect of the change for not recognising reinvestment allowances as deferred tax asset is to reduce net profit for the current financial year by RM346,000.

These accounting changes have been accounted for retrospectively and the effects on prior years have been taken up as prior year adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting changes:

	As previously reported	Adjustments	As restated
	RM	RM	RM
The Group			
Financial year ended December 31, 2002:			
Income statements:			
Amortisation of goodwill on consolidation	22,178	19,471	41,649
Impairment loss for goodwill on consolidation	465,735	408,900	874,635
Profit before tax	55,096,103	(428,371)	54,667,732
Income tax expense	5,616,619	(4,000)	5,612,619
Net profit after tax for the year	49,479,484	(424,371)	49,055,113
Basic earnings per ordinary share	78.49 sen	(7.95 sen)*	70.54 sen*
Diluted earnings per ordinary share	77.06 sen	(7.69 sen)*	69.37 sen*
As of December 31, 2002:			
Balance sheets:			
Revaluation reserve	2,038,303	(570,725)	1,467,578
Retained profit at end of year	87,811,256	(642,784)	87,168,472
Deferred tax liabilities	-	1,213,509	1,213,509
As of December 31, 2001:			
Balance sheets:			
Goodwill on consolidation	487,913	428,371	916,284
Revaluation reserve	2,038,303	(570,725)	1,467,578
Retained profit at end of year	64,564,102	(218,413)	64,345,689
Deferred tax liabilities	-	1,217,509	1,217,509

* The basic and fully diluted earnings per ordinary share have also been restated to reflect the bonus issue during the financial year.

23. DIVIDENDS

	The Group and the Company	
	2003	2002
	RM	RM
Dividends declared and paid:		
Final tax exempt dividend of 22 sen (2002: 6 sen) per ordinary share, for 2002 and 2001 respectively	14,295,072	3,789,456
Special tax exempt dividend of 4 sen per ordinary share, for 2001	–	2,526,304
Special dividend of 15 sen gross per ordinary share, less tax, for 2001	–	6,821,021
Dividends declared and payable:		
Interim dividend of 6 sen gross per ordinary share, less tax, for 2003 and 2002 respectively	3,130,086	2,784,093
Special tax exempt interim dividend of 26 sen (2002: 16 sen) per ordinary share, for 2003 and 2002 respectively	18,838,445	10,311,456
	36,263,603	26,232,330

The directors also proposed a final dividend of 2 sen gross per ordinary share, less tax and a special dividend of 5 sen per ordinary share, tax exempt, in respect of the current financial year. The proposed dividends if payable in respect of all ordinary shares in issue as at the date of the issue of the financial statements, after taking into consideration the proposed share split as mentioned in Note 28 to the financial statements, would amount to RM23,360,958 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 have not yet been determined as at the date of the issue of the financial statements.

24. 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	
	2003	2002	2003	2002
	RM	RM	RM	RM
Short-term deposits with licensed banks	94,322,612	80,589,234	47,264,912	23,425,926
Short-term deposits with finance companies	57,518,935	36,131,306	20,164,603	12,399,860
	151,841,547	116,720,540	67,429,515	35,825,786
Cash and bank balances	868,138	2,268,631	118,383	199,087
Bank overdraft	(88,553)	–	–	–
	152,621,132	118,989,171	67,547,898	36,024,873
Less: short-term deposits held as security value	(1,270,184)	(1,227,922)	–	–
	151,350,948	117,761,249	67,547,898	36,024,873

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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24. CASH AND CASH EQUIVALENTS (cont'd)

The effective interest rates are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	%	%	%	%
Short-term deposits with licensed banks	1.71 - 4.05	3.20 - 4.05	3.00 - 4.05	3.20 - 4.05
Short-term deposits with finance companies	2.85 - 4.05	3.20 - 4.05	2.85 - 4.05	3.20 - 4.05

The above short-term deposits are maturing within January 2004 to June 2005.

Analysis of short-term deposits by currencies:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Ringgit Malaysia	150,135,793	103,800,540	67,429,515	35,825,286
United States Dollar	950,000	12,920,000	–	–
Chinese Renminbi	755,754	–	–	–
	151,841,547	116,720,540	67,429,515	35,825,286

Analysis of cash and bank balances by currencies:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Ringgit Malaysia	342,602	546,797	118,383	199,087
United States Dollar	396,803	1,683,543	–	–
Chinese Renminbi	122,012	32,642	–	–
Euro	4,185	3,780	–	–
Singapore Dollar	440	–	–	–
Other foreign currencies	2,096	1,869	–	–
	868,138	2,268,631	118,383	199,087

25. BANKING FACILITIES - Secured

As of December 31, 2003, the Group has bank overdraft and other banking facilities totalling RM14.83 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 RM1,270,184;
- iv. Corporate guarantee from a subsidiary company for RM2.25 million; and
- v. Corporate guarantee from the Company for RM7.48 million.

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

The annual average effective interest rate of the bank overdraft is ranging from 7.0% - 7.4% (2002: 7.4%).

26. 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		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Not later than 1 year	136,169	3,600	12,000	-
Later than 1 year and not later than 5 years	13,930	-	-	-
	150,099	3,600	12,000	-

27. CONTINGENT LIABILITY - Unsecured

The Company is contingently liable for guarantees given to local banks up to RM7.48 million in respect of banking facilities granted to certain subsidiary companies.

28. SUBSEQUENT EVENTS

Subsequent to December 31, 2003:

- a. The Company proposed a share split on the basis that every ordinary share of RM1.00 each of the Company be sub-divided into five (5) ordinary shares of RM0.20 each. The proposed share split is subject to the approval of the members of the Company.
- b. The Company allotted 94,000 new ordinary shares of RM1 each for cash pursuant to the ESOS at exercise prices ranging from RM3.41 to RM9.02 per share.

29. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposures to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on sales transactions denominated in foreign currencies.

ii. Interest rate risk

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

iii. Market risk

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the raw materials used in the operations. For marketable securities, the Group monitors fluctuations in market prices to establish suitable cut loss procedures.

iv. Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group also ensures a number of customers so as to limit high credit concentration in a customer or customers from a particular market.

v. Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

vi. Cash flow risk

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

b. Financial Assets

The Group's principal financial assets are cash and bank balances, demand deposits, trade and other receivables and equity investments.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

29. FINANCIAL INSTRUMENTS (cont'd)

c. Financial Liabilities and Equity Instruments

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

Significant financial liabilities include trade and other payables, provision for rework and warranty and bank overdraft.

Bank overdraft is recorded at the proceeds received. Finance charges are accounted for on accrual basis.

Equity instruments are recorded at the proceeds received.

d. Foreign Currency Forward Contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts. Gains and losses on foreign exchange contracts designated as hedges of identified exposure are offset against the foreign exchange gains and losses on the hedged financial assets and liabilities.

Where the instrument is used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

At the balance sheet date, the Group had contracted to sell/ (buy) the following amounts under forward contracts:

	2003	2002	Average Exchange Rate per unit of Ringgit Malaysia	
	RM	RM	2003	2002
			RM	RM
US Dollar	37,634,800	20,930,000	3.8057 and 3.814	3.8055 and 3.809
Euro	–	(475,000)	–	3.349
	37,634,800	20,455,000		

All of these contracts mature within four months of the balance sheet date.

The net deferred gain arising on such contracts as of December 31, 2003 of approximately RM138,200 will be recognised in the underlying transactions in the first and second quarter of 2004.

e. Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

DECEMBER 31, 2003

29. FINANCIAL INSTRUMENTS (cont'd)

f. Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2003 are as follows:

	Note	The Group Carrying Amount RM	Fair Value RM
Financial assets			
Other investments - quoted shares, unit trusts and bond funds	11	13,587,807	13,797,660
Off Balance Sheet Item			
Foreign Currency Forward Contracts		-	37,773,000

The fair value of foreign currency forward contracts are calculated by reference to the current rate for contracts with similar maturity profiles.

The fair values of other financial assets and financial liabilities approximate their carrying amounts, because of the short maturity of these instruments.

30. SEGMENTAL REPORTING

Business Segments

For management purposes, the Group is organised into the following operating divisions:

- investment holding (includes management services)
- manufacturing of miniature data terminals, fuzzy logic controllers, controlled modules for precision weighing scale, dynamic sound improvement processor, PCB assembly, timer, printer, computing scales, industrial controllers and microprocessor based application and system integration
- trading of complete electric module and saturated paper for PCB lamination
- others (dormant)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2003

UCHI

30. SEGMENTAL REPORTING (cont'd)

The Group

	Investment holding	Manufacturing	Trading	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
2003						
Revenue						
External sales	–	120,535,117	123,658	–	–	120,658,775
Inter-segment sales	48,080,000	23,581,213	2,665,587	–	(74,326,800)	–
Total revenue	48,080,000	144,116,330	2,789,245	–	(74,326,800)	120,658,775
Results						
Profit/(loss) from operations	45,868,983	62,352,534	252,356	(63,899)	(47,426,624)	60,983,350
Finance costs	–	(37)	–	–	–	(37)
Impairment loss	–	–	(551,859)	–	551,859	–
Profit/(loss) before tax	45,868,983	62,352,497	(299,503)	(63,899)	(46,874,765)	60,983,313
Tax (expense)/income	(2,526,045)	(2,425,812)	20,381	–	2,520,000	(2,411,476)
Profit/(loss) after tax	43,342,938	59,926,685	(279,122)	(63,899)	(44,354,765)	58,571,837
Other information						
Capital additions	29,539	2,290,485	24,357	–	(603,670)	1,740,711
Depreciation and amortisation	11,972	1,272,594	361,184	44,092	–	1,689,842
Assets						
Segment assets	137,719,848	158,270,198	31,927,333	2,024,544	(109,563,733)	220,378,190
Income tax assets	79,589	421,000	62,273	–	–	562,862
Consolidated total assets	137,799,437	158,691,198	31,989,606	2,024,544	(109,563,733)	220,941,052
Liabilities						
Segment liabilities	23,059,278	72,742,948	25,997,405	282,760	(78,478,497)	43,603,894
Income tax liabilities	–	620,725	111,000	486,784	–	1,218,509
Consolidated total liabilities	23,059,378	73,363,673	26,108,405	769,544	(78,478,497)	44,822,403

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2003

30. SEGMENTAL REPORTING (cont'd)

The Group

	Investment holding	Manufacturing	Trading	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
2002						
Revenue						
External sales	–	114,436,619	410,574	–	–	114,847,193
Inter-segment sales	38,580,000	–	8,683,661	–	(47,263,661)	–
Total revenue	38,580,000	114,436,619	9,094,235	–	(47,263,661)	114,847,193
Results						
Profit/(loss) from operations	37,591,954	55,412,333	261,936	(63,745)	(38,527,883)	54,674,595
Finance costs	–	(6,863)	–	–	–	(6,863)
Impairment loss	–	–	(870,040)	–	870,040	–
Profit/(loss) before tax	37,591,954	55,405,470	(608,104)	(63,745)	(37,657,843)	54,667,732
Income tax expense	(2,094,751)	(5,532,787)	(85,081)	–	2,100,000	(5,612,619)
Profit/(loss) after tax	35,497,203	49,872,683	(693,185)	(63,745)	(35,557,843)	49,055,113
Other information						
Capital additions	46,519	1,029,551	397,246	–	(393,931)	1,079,385
Depreciation and amortisation	4,617	1,251,041	286,894	960,376	–	2,502,928
Assets						
Segment assets	114,684,166	125,421,887	31,668,506	2,068,636	(96,976,284)	176,866,911
Income tax assets	63,190	–	–	–	–	63,190
Consolidated total assets	114,747,356	125,421,887	31,668,506	2,068,636	(96,976,284)	176,930,101
Liabilities						
Segment liabilities	13,676,996	55,220,985	25,343,277	262,953	(67,675,752)	26,828,459
Income tax liabilities	6,715	2,155,357	164,906	486,784	–	2,813,762
Consolidated total liabilities	13,683,711	57,376,342	25,508,183	749,737	(67,675,752)	29,642,221

30. SEGMENTAL REPORTING (cont'd)

Geographical segments

The Group's trading activity is located in Malaysia and manufacturing activity is located in Malaysia and People's Republic of China.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2003	2002
	RM	RM
United States	411,735	776,137
European countries	120,247,040	114,071,056
	120,658,775	114,847,193

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located.

	Carrying amount of segment assets		Capital additions	
	2003	2002	2003	2002
	RM	RM	RM	RM
Malaysia	215,881,107	175,549,340	573,709	1,035,765
People's Republic of China	5,059,945	1,380,761	1,167,002	43,620
	220,941,052	176,930,101	1,740,711	1,079,385

STATEMENT BY DIRECTORS

The directors of UCHI TECHNOLOGIES BERHAD state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2003 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the directors,

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

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

Penang,
March 1, 2004

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

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

Subscribed and solemnly declared by)

the abovenamed OW CHOOI KHIM)

at GEORGETOWN in the State of PENANG)

on March 1, 2004)

OW CHOOI KHIM

Before me,

GM GOVINDASAMY
Commissioner For Oaths

LIST OF PROPERTIES



Location	Description	Tenure/Date of Expiry of Lease	Age (Years)	Land Area/ Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2003 (RM)	Date of Last Revaluation
Registered Beneficial Owner: Uchi Optoelectronic (M) Sdn. Bhd.						
HS (D) 4360/PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 1.1.2050	–	140,083	2,214,291	26.5.1999
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building -Phase I	60 years leasehold expiring on 1.1.2050	9	33,144	2,164,685	26.5.1999
	-Phase II		3	92,864	6,825,692	–
Registered Beneficial Owner: Uchi Industries (M) Sdn. Bhd.						
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Vacant Industrial Land	60 years leasehold expiring on 6.12.2049	–	140,178	2,024,541	26.5.1999
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)						

SHAREHOLDINGS STATISTICS

AS OF MARCH 29, 2004

ANALYSIS OF SHAREHOLDINGS

Share Capital

Authorised : RM 100,000,000.00

Issued and Fully Paid Up : RM 72,562,560.00

Class of Shares : Ordinary shares of RM 1.00 each with equal voting rights

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	82	4.69	4,548	0.01
100 – 1,000	469	26.82	271,591	0.37
1,001 – 10,000	948	54.20	2,731,980	3.77
10,001 – 100,000	188	10.75	5,901,671	8.13
100,001 – 3,628,127(*)	60	3.43	32,425,496	44.69
3,628,128 and above (**)	2	0.11	31,227,274	43.03
TOTAL	1,749	100.00	72,562,560	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares held	%	No. of Shares held	%
	Direct		Indirect	
Eastbow International Limited	25,992,732	35.82	–	–
Ironbridge Worldwide Limited	5,234,542	7.21	–	–
Kao, De-Tsan also known as Ted Kao	–	–	25,992,732*	35.82
Kao, Te-Pei also known as Edward Kao	–	–	5,234,542+	7.21
TOTAL	31,227,274	43.03	31,227,274	43.03

* 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 OF MARCH 29, 2004



UCHI

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name of Shareholders	No. of Shares held	%
1	Eastbow International Limited	25,992,732	35.82
2	Ironbridge Worldwide Limited	5,234,542	7.21
3	HSBC Nominees (Asing) Sdn Bhd Qualifier: BOB HK for Arisaig Asean Fund Limited	3,561,000	4.91
4	Chang Shin-Fang	3,049,270	4.20
5	Employees Provident Fund Board	1,637,160	2.26
6	AM Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (A/C 1)	1,481,030	2.04
7	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: HSBC (M) Trustee Bhd For OSK-UOB Small Cap Opportunity Unit Trust (3548)	1,322,400	1.82
8	AMMB Nominees (Tempatan) Sdn Bhd Qualifier: Amtrustee Berhad for Pacific Pearl Fund (5/1-9)	1,289,500	1.78
9	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Investment Management Sdn Bhd For Kumpulan Wang Simpanan Pekerja (N14011980810)	1,200,000	1.65
10	Lembaga Tabung Haji	1,078,600	1.49
11	Universal Trustee (Malaysia) Berhad Qualifier: Alliance First Fund	1,014,900	1.40
12	AMMB Nominees (Tempatan) Sdn Bhd Qualifier: Amtrustee Berhad for Pacific Dividend Fund (5/27-2)	888,800	1.22
13	Universal Trustee (Malaysia) Berhad Qualifier: Mayban Unit Trust Fund	805,000	1.11
14	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for Balanced Returns Fund (N14011980060)	800,000	1.10
15	Amanah Raya Berhad Qualifier: AMITTIKAL	719,300	0.99
16	Citicorp Nominees (Asing) Sdn Bhd Qualifier: American International Assurance Company Limited (P Core)	692,846	0.95
17	DB (Malaysia) Nominee (Asing) Sdn Bhd Qualifier: UBS AG	664,640	0.92
18	BHLB Trustee Berhad Qualifier: TA Small Cap Fund	635,600	0.88
19	AM Nominees (Tempatan) Sdn Bhd Qualifier: Pertubuhan Keselamatan Sosial	626,640	0.86
20	AM Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (A/C 2)	505,750	0.70

SHAREHOLDINGS STATISTICS (cont'd)

AS OF MARCH 29, 2004

TOP THIRTY SECURITIES ACCOUNT HOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares held	%
21	BHLB Trustee Berhad Qualifier: Pacific Recovery Fund	480,700	0.66
22	Cartaban Nominees (Asing) Sdn Bhd Qualifier: SSBT Fund D26J For Emerging Markets Global Small Capitalization Fund (TEMMUF)	461,200	0.64
23	AM Nominees (Tempatan) Sdn Bhd Qualifier: Ammerchant Bank Berhad	419,800	0.58
24	Universal Trustee (Malaysia) Berhad Qualifier: TA Islamic Fund	410,000	0.56
25	BHLB Trustee Berhad Qualifier: TA Growth Fund	391,200	0.54
26	Cheong Siew Chyuan	390,600	0.54
27	AM Nominees (Tempatan) Sdn Bhd Qualifier: AMFinance Berhad	387,000	0.53
28	Citicorp Nominees (Asing) Sdn Bhd Qualifier: Mellon Bank, N.A. for Howard Hughes Medical Institute	354,200	0.49
29	Kao Wang, Ying-Ying	339,540	0.47
30	MCIS Zurich Insurance Berhad	325,470	0.45
	TOTAL	57,159,420	78.77

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Shares held		%	
	Direct	Indirect		
Kao, De-Tsan also known as Ted Kao	–	25,992,732*	–	35.82
Kao, Te-Pei also known as Edward Kao	–	5,234,542+	–	7.21
Dato' Hong Tok Hiang@ Fang Chok Seong	23,541	–	0.03	–
Huang, Teng-Yen	16,940	–	0.02	–
Ng Hai Suan @ Ooi Hoay Seng	100,000	270,000#	0.14	0.37
Kao Wang, Ying-Ying	339,540	–	0.47	–
Chang Shin-Fang	3,269,270	–	4.51	–

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

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

By virtue of his substantial interest in Richfield Sdn. Bhd. and deemed interest by virtue of Section 122A of the Companies Act, 1965 held through Mr. Ooi Swee Aik.

PROXY FORM

Number of shares held

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

_____ or failing him, _____
of _____

or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us on my/our behalf at the SIXTH ANNUAL GENERAL MEETING of the Company to be held at Room Laurel II, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Tuesday, May 25, 2004 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, 2003 together with the Reports of the Directors and of the Auditors thereon.		
2. To declare a Final Dividend of 2 Sen per share of RM0.20 each less Income Tax at 28% for the year ended December 31, 2003.		
3. To declare a Special Dividend of 5 Sen per share of RM0.20 each exempt from Income Tax for the year ended December 31, 2003.		
4. To approve the payment of Directors' fees for the year ended December 31, 2003.		
5. To re-elect Mdm. Kao Wang, Ying-Ying, a director retiring under the provision of Article 131 of the Articles of Association of the Company.		
6. To re-elect Mr. Ng Hai Suan @ Ooi Hoay Seng, a director retiring under the provision of Article 131 of the Articles of Association of the Company.		
7. 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."		
8. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
9. <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 _____ 2004

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, Malaysia.

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UCHI TECHNOLOGIES BERHAD (457890-A)

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