

## UCHI TECHNOLOGIES BERHAD

(199801001764) (457890-A)

(Incorporated in Malaysia)

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

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### Attendance

As per Attendance List

The Meeting commenced at 2.00 p.m. with the requisite quorum being present.

### Notice

The Notice convening the Meeting was taken as read.

#### **1. CHAIRMAN'S ADDRESS**

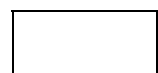
Mr. Charlie Ong Chye Lee, the Chairman of the Company, welcomed the members for their attendance at the Company's Twenty-Fourth Annual General Meeting ("24th AGM") which was conducted live from the broadcast venue at the Conference Room, Uchi Optoelectronic (M) Sdn Bhd, 3097, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Pulau Pinang. The Chairman introduced the Board of Directors to the members and informed that Ms Han Chin Ling was joining the Meeting via video conferencing as she was self-isolating due to Covid-19 concern. He continued to introduce the Company Secretary and the audit partner in charge, Mr Alvin Chang Shu Wei.

The Company Secretary informed the Chairman that the requisite quorum was present and proceeded to inform that the 24<sup>th</sup> AGM was conducted following the Guidelines and FAQs on the Conduct of General Meetings issued by the Securities Commission and quorum could be determined by the number of members logged-in at the start of the meeting. She further notified that visual recording and audio recording were strictly prohibited at the Meeting unless prior written consent was obtained.

The Chairman informed that the Annual Report together with the Notice of Meeting to hold the 24<sup>th</sup> AGM of the Company was issued on 25 April 2022. Before proceeding with the Meeting, Chairman explained to the members on the procedures involved in the Meeting. The Chairman informed that there were a total of nine (9) ordinary resolutions to be tabled for consideration and approval from the shareholders. He informed that the ordinary resolutions required a simple majority of more than 50% votes from those members present in person or by proxies and voting at the Meeting. The Chairman further informed that voting would be by way of poll in line with the Listing Requirements of Bursa Malaysia Securities Berhad and declared that all resolutions in the Notice of the 24th AGM shall be voted by way of electronic polling.

The Chairman notified that the electronic polling would be conducted via remote participation and voting ("RPV") facility by Agriteum Share Registration Services Sdn. Bhd. as the Poll Administrator and Symphony Corporate Services Sdn Bhd had been appointed as the Independent Scrutineers.

Chairman's signature



**1. CHAIRMAN'S ADDRESS (CONTINUED....)**

He also informed that only members and proxies appointed for the Meeting who were virtually participating in the Meeting were allowed to vote, raise questions or seek clarifications which were relevant to the proposed motions in the Agenda. To facilitate the online voting process, the members/proxies were to submit their votes any time from the commencement of the Meeting until the end of the voting session to be announced later.

He continued to highlight that in the event of equality of votes, he as the Chairman, would then exercise his casting vote as provided under Clause 62 of the Constitution of the Company.

The Chairman briefed that the Notice of the Meeting was enclosed under pages 2 to 5 of the Annual Report. It was unanimously agreed that the notice of the meeting be taken as read.

The Chairman then invited members/proxies to leave their questions in the Q&A platform. He explained that questions received would be moderated to avoid repetition and would be answered during the Q&A session in the Meeting. Questions that were not addressed due to lack of time would be answered by email after the Meeting.

The Chairman informed that Ms Lee Phaik Im and Ms Oo Siew Phaik, both shareholders had offered to be proposer and seconder respectively for all the 9 resolutions of the 24<sup>th</sup> AGM.

**2. RECEIVING OF THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Audited Financial Statements ("AFS") for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon, copies of which had been circulated, were tabled before the Meeting.

The Chairman highlighted to all present that the receipt of the AFS was meant for discussion only as the provision of Section 248(2) and 340(1)(a) of the Companies Act 2016 did not require a formal approval of the shareholders and hence, no resolution was put forward for voting.

The Chairman then invited members/proxies to leave their questions in the Q&A platform.

**3. DECLARATION OF FINAL TAX EXEMPT DIVIDEND OF 11 SEN PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2021**

Members were informed that the proposed Ordinary Resolution 1 was to declare final tax exempt dividend of 11 sen per share for the year ended 31 December 2021.

The Chairman then invited members/proxies to leave their questions in the Q&A platform.

Chairman's signature

**4. APPROVAL OF DIRECTORS' FEES OF RM479,200 FOR THE YEAR ENDING 31 DECEMBER 2022**

Members were informed that the next agenda was to approve the payment of Directors' Fees of RM479,200 for the year ending 31 December 2022.

The Chairman continued to invite members/proxies to leave their questions in the Q&A platform.

**5. RE-ELECTION OF MR TAN BOON HOE RETIRING UNDER CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY**

Members were informed that the next agenda was for the re-election of Mr Tan Boon Hoe who retired under Clause 76(3) of the Constitution of the Company.

The Chairman then invited members/proxies to leave their questions in the Q&A platform.

**6. RE-ELECTION OF MR HUANG, YEN-CHANG ALSO KNOWN AS STANLEY HUANG RETIRING UNDER CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY**

Members were informed that the next agenda was for the re-election of Mr Huang, Yen-Chang also known as Stanley Huang who retired under Clause 76(3) of the Constitution of the Company.

The Chairman proceeded to invite members/proxies to leave their questions in the Q&A platform.

**7. RE-ELECTION OF MS HAN CHIN LING RETIRING UNDER CLAUSE 78 OF THE CONSTITUTION OF THE COMPANY**

Members were informed that the next agenda was for the re-election of Ms Han Chin Ling who retired under Clause 78 of the Constitution of the Company.

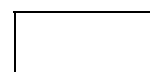
The Chairman then invited members/proxies to leave their questions in the Q&A platform.

**8. RE-APPOINTMENT OF DELOITTE PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION**

Members were informed that the next agenda was on the re-appointment of Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

The Chairman then invited members/proxies to leave their questions in the Q&A platform.

Chairman's signature



**9. CONTINUING IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR FOR MR CHARLIE ONG CHYE LEE**

As the proposed Ordinary Resolution 7 was to approve his continuing in office as an Independent Non-Executive Director, Mr Charlie Ong passed the Chair to Mr Tan Boon Hoe.

Mr Tan Boon Hoe informed the members that the proposed Ordinary Resolution 7 was to seek the approval of the shareholders for Mr Charlie Ong Chye Lee, who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

Members were informed that Mr Charlie Ong had served on the Board of the Company as an Independent Director since year 2008 and he had exceeded the 12th year of service. As the Board intended to retain Mr Charlie Ong as an Independent Director and in line with the Malaysian Code of Corporate Governance, the Board sought for shareholders' approval through a two-tier voting process.

Mr Tan explained that under the two-tier voting process, shareholders' votes would be cast in the following manner:-

- i) Tier 1 shall comprise only the Large Shareholder(s); and
- ii) Tier 2 shall be those shareholders other than Large Shareholder(s).

The details and rationale of the proposed ordinary resolution 7 are as stated on page 5 of the Annual Report.

Mr Tan invited members/proxies to leave their questions in the Q&A platform before passing the Chair back to the Chairman.

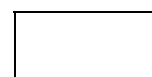
**10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Chairman briefed that the details and rationale of the Proposed Renewal of Share Buy-back Authority were stated on Page 5 and from Pages 8 to 13 of the Annual Report.

Members were informed of the following proposed ordinary resolution 8:-

"THAT subject to the provisions under the Companies Act 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("Uchi Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase ("Proposed Renewal of Share Buy-Back Authority").

Chairman's signature



**10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONTINUED...)**

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Uchi Shares so purchased by the Company in the following manner:

- (i) the Uchi Shares so purchased could be cancelled; or
- (ii) the Uchi Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above; or
- (iv) in any other manner as prescribed by the Act and MMLR from time to time.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

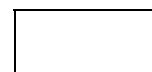
- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- (ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by resolution of the shareholders of the Company in a general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

The Chairman continued to invite members/proxies to leave their questions in the Q&A platform.

Chairman's signature



**11. PROPOSED AUTHORITY TO GRANT OPTIONS TO MS. HAN CHIN LING**

The Chairman then moved on to the proposed Ordinary Resolution 9 on the agenda which was to grant options to Ms Han Chin Ling, an Independent Non-Executive Director of the Company to subscribe up to a maximum of 1,000,000 new shares under the Employees' Share Option Schedule 2016.

The Chairman briefed that the details and rationale of the Proposed Authority To Grant Options to Ms Han Chin Ling were stated under page 5 of the Annual Report and pages 2 to 4 of the Circular to Shareholders dated 25 April 2022.

The Chairman invited members/proxies to leave their questions in the Q&A platform.

**12. QUESTIONS RECEIVED FROM SHAREHOLDERS VIA EMAIL OR AGRITEUM PORTAL**

As the Company did not receive any other notice, the Chairman continued to invite the Company Secretary to read out the questions that the Company received from members prior to the Meeting together with replies from management as per Appendix I attached hereto.

**13. Q&A SESSION**

In the Q&A session, members/proxies were allowed additional 3 minutes to post their questions in the Q&A platform.

The Meeting resumed after a short break of 10 minutes. The Chairman read out the question received from a shareholder and invited the Executive Director, Mr Huang, Yen-Chang also known as Stanley Huang to respond to the question as per Appendix I attached hereto.

**14. VOTING SESSION**

To facilitate the online voting process, the video of step-by-step voting guide was played on the screen. The Chairman then announced that the proxies registration was closed and called upon the members/proxies to cast their votes. He informed that the voting session would be opened for another 10 minutes and would end at 3.10 p.m.

At 3.10 p.m., the Chairman informed the closure of the online voting session and adjourned the Meeting for 20 minutes to facilitate the counting of the votes.

**15. DECLARATION OF POLL RESULTS**

The Meeting resumed at 3.30 p.m. with the requisite quorum being present.

The Chairman then called the Meeting to order for the declaration of poll results. He informed that the poll voting results had been duly validated by the Independent Scrutineer.

Chairman's signature

**15. DECLARATION OF POLL RESULTS (CONTINUED...)**

The poll voting results were shared to the Meeting on the screen:-

<b>Resolution</b>	<b>VOTED</b>	<b>No. of Shareholders /Unitholders</b>	<b>No. of Shares / Units</b>	<b>% of Shares / Units</b>	<b>Abstain * No. of Shares / Units</b>
<b>Ordinary Resolution 1</b>	<b>FOR</b>	165	258,790,400	99.999807	1,000
	<b>AGAINST</b>	1	500	0.000193	
<b>Ordinary Resolution 2</b>	<b>FOR</b>	140	170,245,732	99.963201	88,483,496
	<b>AGAINST</b>	16	62,672	0.036799	
<b>Ordinary Resolution 3</b>	<b>FOR</b>	158	223,320,260	86.454395	482,000
	<b>AGAINST</b>	7	34,989,640	13.545605	
<b>Ordinary Resolution 4</b>	<b>FOR</b>	157	223,661,470	99.316666	33,591,560
	<b>AGAINST</b>	6	1,538,870	0.683334	
<b>Ordinary Resolution 5</b>	<b>FOR</b>	160	258,771,250	99.996657	12,000
	<b>AGAINST</b>	5	8,650	0.003343	
<b>Ordinary Resolution 6</b>	<b>FOR</b>	158	258,246,630	99.792772	9,000
	<b>AGAINST</b>	6	536,270	0.207228	
<b>Ordinary Resolution 7 – Tier 1</b>	<b>FOR</b>	1	86,007,026	100.000000	0
	<b>AGAINST</b>	0	0	0.000000	
<b>Ordinary Resolution 7 – Tier 2</b>	<b>FOR</b>	149	101,041,732	58.785532	902,900
	<b>AGAINST</b>	14	70,840,242	41.214468	
<b>Ordinary Resolution 8</b>	<b>FOR</b>	155	258,755,878	99.986853	2,000
	<b>AGAINST</b>	10	34,022	0.013147	
<b>Ordinary Resolution 9</b>	<b>FOR</b>	128	155,737,492	60.190031	48,900
	<b>AGAINST</b>	31	103,005,508	39.809969	

Based on the results, the Chairman declared that all the resolutions were carried.

**16. CLOSURE**

Before he closed the Meeting, the Chairman informed that the Management would address those questions which they did not manage to read out during the Meeting via emails. He also thanked all shareholders for their support and participation at the Meeting.

There being no other business to discuss, the Meeting ended at 3.30 p.m. with a vote of thanks to the Chairman.

Signed as a correct record

**CHAIRMAN**

Date:

All Questions and Answers addressed to the Company in relation to the 24<sup>th</sup> AGM are enclosed as Appendix I attached hereto.

## RESPONSES TO AGM QUESTIONS

UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Ee Yih Chin	What is the current status of the application to extend the 5-year pioneer status granted by MITI?
Teh Sun Nee	Referring to Annual Report 2021 (page 90), "A subsidiary, Uchi Optoelectronic (M) Sdn. Bhd. ("UO") has been granted pioneer status by the Ministry of International Trade and Industry ("MITI") under the Promotion of Investments Act, 1986." a) How much earning per share is estimated to reduce when the pioneer status expires by end of year 2022? b) How good is the chances to be able to extend the pioneer status granted from MIDA by end of year 2022?
Kin Leong Wan	How many percentages of PBT will be infected if no more pioneer status tax exempted from MITI? Any further continue of the pioneer status after due on 1/1/23? Any plan?
Chin Yip Liew	Hi, I want check for the Pioneer Tax update as I know 5 years Pioneer Status will expire on 21 Sept 2022. Can I know is the tax already extend? Thanks
Boon Fong Tan	The Pioneer Status of Uchi Optoelectronic will be ended by 2023, will there be any renewal or extension for the Pioneer Status?
Shih Chau Tai	Does the management think there is a good chance to extend the pioneer status tax exemption?
Wai Hing Fong	The pioneer status of Uchi Optoelectronic (M) Sdn. Bhd. is expiring on 1st Jan 2023. What will the board do prior to this?
CY Liew	Can I know update for the tax pioneer that going to expired in 2023? Any update of renewal? Tq
Chan Kwai Kook	With regards to the pioneer status will be lapsed by 31/12/2022, does the subsidiary of the Company has any innovative product model coming up to fulfil continuity benefited from the pioneer status?
Jia Wei Low	For the pioneer tax status, has the same products under Uchi Optoelectronics received recurring pioneer tax exemption? In other words, same technology receive more than 10 years of pioneer tax status?
Ming Sim Lee	Hello, can you please update us on the progress of Uchitec's pioneer status application?
Wilson Wan	How confident level of the group to get the tax exempted approved from government? When the group will get the notice approval or not approved from government?
Kim Ang	Uchi pioneer status (tax exemption) expiry is end 2022, did Uchi apply for extension? What is the chance of getting it? If NOT, what is the impact on profit & margin?



## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Response
<p>Our existing pioneer status products' tax relief period will expire on December 31, 2022. For profit generated from such products commencing January 1, 2023, a 24% corporate tax will be imposed should the new pioneer status not be obtained. We have submitted new pioneer status applications for our latest innovated products, which are currently under review internally by MIDA. We shall update through a public announcement when the results are available.</p>

Shareholder Name	Questions
Ee Yih Chin	<p>During 2013 AGM, the management informed that "Although our accounts show high concentration of one Direct Customer, the decision to appoint Uchi to supply the electronic modules lies with the End Customers and not the Direct Customer"</p> <p>Does it remain so today?</p> <p>Given that most of the sales by the Direct Customer are to private homes, in what sense are End Customers involved?</p>
Roger Fong	<p>Would management be able to share if product innovation is typically determined/driven by the End Customer? Or does Uchi undertake its R&amp;D to initiate new solutions for the End Customer(s)?</p> <p>Further, could management share if any R&amp;D cost is subsidized/reimbursed in the event that a certain product/innovation is scrapped by the End Customer? Thank you</p>

Response
<p>The activities between Uchi, Direct Customers and End Customers remain principally the same. Uchi is an Original Design Manufacturer who designs and manufactures, majorly, electronic modules. We deliver the electronic modules to our technical partners, the Direct Customers, for them to assemble our electronic modules into our End Customer's product as finished goods. End Customers work with Uchi by synergistically adapting our innovations into their end-products to enable their marketing strategies.</p> <p>Our innovated products are tailor-made, feature-rich, firmware-protected, comprehensive solutions that fit only into our customers' patented, market-leading products as various kind of control systems, measuring/processing units, energy control/management systems for both consumer and industrial markets.</p> <p>Uchi's technical competitiveness is based on the collaborative effort of our valued employees based both in Malaysia and China. Such an arrangement allows us to utilize the complementary strengths from our two R&amp;D centers so as to generate better solutions and designs for our customers.</p>

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Ee Yih Chin	<p>Any progress in developing new customers beyond the current two major customers?</p> <p>What are the potential markets where Uchi's R&amp;D capability in electronic module may find application?</p> <p>Have the results of the R&amp;D efforts been patented?</p> <p>If not, would it be technically or economically feasible for the R&amp;D outputs to be imitated, and used in the products offered by competitors to Uchi's customers?</p> <p>What are the current strength in R&amp;D and the number of engineers employed?</p> <p>What is the key feature needed in the electronic module for a cold brew coffee machine?</p>
Chee Hoong Au Yong	Is there any plan for Uchitec to have new product segment/categories in the next 12 months?
Chung Wee Poh	Does UCHITEC have any new products in the life science segment?
Yok Ching Chen	Any new products under R&D or development that could instil future growth and profitability?
Chean Chung Lee	What's the next growth engine of UCHITEC in 3-5 years, and any direction to reduce over-exposure to Europe Market?
Quah Kiat Gin	Currently any exploration on some other product instead of "coffee maker" that used to be known major company revenue?
Melvin Yi Nern Chea	How is the company going to remain it's competitive advantage in the near future?
Eng Kiat Chua	Does the company have any major plan to grow its biotech products division more aggressively so as to make it as successful as its art of living products division?
<b>Response</b>	
<p>Our innovated products are tailor-made, feature-rich, firmware-protected, comprehensive solutions that fit only into our customers' patented, market-leading products as various kind of control systems, measuring/processing units, energy control/management systems for both consumer and industrial markets.</p> <p>Our trusted "neutral" and "sole-supplier" business principles, R&amp;D and manufacturing capabilities, together with the branding and marketing strengths of our customers, are what constitute the mutually beneficial partnerships that Uchi and customers have established through trials and tribulations over the years. Thus, it's not technically nor economically worthwhile for Uchi or our customers to break the partnerships.</p> <p>The development of new customers and product diversification are always on our business roadmap. But we must find the right targets for Uchi, or we may lose the values that make Uchi unique. In the current volatile economic situation, it is equally important to deliver new products to our existing customers as well as to focus on finding new ones. In both cases, we strive to concentrate on R&amp;D activities, so as to maintain our technological/technical competitiveness. We are working on multiple</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

prospective projects in the hope that they will come into fruition. Due to the binding nature of the NDA (Non Disclosure Agreement) signed, we are not allowed to disclose any information for all prospective projects.

Currently, our R&D is headed by Mr. Ted Kao, with a team of around 40 head counts.

Thank you.

Shareholder Name	Questions
Ee Yih Chin	<p>Page 25 of AR mentions that revenue has increased due to "COVID-19 pandemic which set in motion home-based lifestyles, as well as virus/vaccine research and storage".</p> <p>As Covid-19 becomes endemic, has the management seen signs of softening demand for 2022?</p>
Teh Sun Nee	<p>Referring to Annual Report 2021 (page 27), "Amid these severe challenges to the world economy, we remain cautiously optimistic in anticipating the revenue in USD to grow by a low-teens percentage year-over-year in FY2022 as per our announcement at the end of February 2022."</p> <p>Are the following creating a positive or negative impact to this anticipation:</p> <ul style="list-style-type: none"> <li>a) pro-long Ukraine-Russia war</li> <li>b) accelerating global inflation and interest rate hike</li> </ul> <p>Is the demand of product likely to outgrow the above two factors?</p>
Response	
<p>The war in Ukraine, along with other prolonged events like supply chain disruptions, lockdowns, pressure against globalization, geopolitical conflicts caused by Covid-19 and others, poses additional challenges for the global economy harming growth and putting upward pressure on inflation when inflation is already at high levels. The rise of global inflation may further create a more complicated economic landscape for many industries, people and countries.</p> <p>For the time being, the Group is taking up these challenges in good hands and mitigating their impacts to the best of our ability. We are also working very closely with our customers to meet their needs. Thus, we remain cautiously optimistic to maintain the revenue in USD terms to grow by a low-teens percentage year-over-year in FY2022. However, we shall stay vigilant and will respond swiftly as the events are still evolving and may not be going away anytime soon.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Ee Yih Chin	<p>Has Uchi Dongguan been affected by the recent lockdown in China?</p> <p>Are production loading interchangeable between Uchi Dongguan and UEM, such that operation would not be disrupted by the local situation?</p>
Response	
<p>Uchi Dongguan was established for the Group to utilize, among others, the complementary production capacity between the said factory and the factory in Penang. Currently, the order loading in our Dongguan factory is relatively lower than that in Penang. In the case of disruption caused by lockdowns in China, we will make further necessary adjustments.</p>	

Shareholder Name	Questions
Ee Yih Chin	<p>As reported under Management Discussion &amp; Analysis, the manpower strength in Malaysia has reduced from 260 in 2019 to 210 in 2021.</p> <p>What are the reasons for the manpower reduction?</p>
Response	
<p>Manpower will fluctuate to reflect capacity requirements and labour supply conditions.</p> <p>The reduction of manpower from 2019 to 2021 was primarily due to process efficiency improvements as well as the prolonged and aggravating issue of the local manpower supply shortages.</p>	

Shareholder Name	Questions
Ee Yih Chin	<p>Page 26 of AR mentions that R&amp;D is 3% of expenditure, implying about RM2.4m.</p> <p>It also mentions about 7% revenue has been allocated to R&amp;D, implying RM11.8m out of RM168.5m revenue for 2021.</p> <p>But the AR also mentions R&amp;D expense is RM4.2m in 2021.</p> <p>What are the amounts of R&amp;D expensed versus capitalized during 2021?</p>
Response	
<p>With R&amp;D being one of the major pillars of the Group's operations, we continue to allocate 7% of our revenue for research and development budget. If the situation requires, the Board could allocate even more depending on the actual situation and plans.</p> <p>The total R&amp;D expenses incurred during FY2021 amounted to RM4.2 million. The 3% mentioned in the question is exclusive of R&amp;D employees' benefits, and the details are elaborated on page 91 of 2021 Annual Report. In practice, all the research and development costs are recognized as expenses but not capitalized.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Ee Yih Chin	<p>Page 31 of AR mentions that UCHITEC scored 7.01 out of 10.00 in 2021 customer satisfaction index. This is a bigger drop from the previous few years where the score has been maintained at around 7.7 to 7.8 range.</p> <p>What are the reasons for the drop?</p> <p>Is a return to previous years level expected in 2022?</p> <p>Note 27 of AR has shown additional provision for rework and warranty have increased to RM1,476,773 in 2021 (RM767,357 in 2020).</p> <ol style="list-style-type: none"> <li>a) What are the main reasons for the increase in provision?</li> <li>b) Any higher customer return experienced recently?</li> <li>c) What is the customer reject rate in 2021 (in 2020 it was a commendable 0.13%)?</li> </ol>
<b>Response</b>	
<p>While our customer rating dropped slightly to 7.01 (Category: Good)/10.00 in 2021 from 7.78 (Category: Good)/10.00 in 2020, this was primarily due to the product lead time, as well as the quality and price increment issues stemming from repeated lockdowns that tremendously disrupted supply chains.</p> <p>The provision for rework and warranty was increased due to quality concerns raised from the customer's side on portions of certain urgent shipments. As a result, our rejection rate increased to 0.31% of FY2021.</p> <p>The Group has in place continuous quality improvement initiatives and is confident that we will be able to navigate through the unprecedented challenges.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Ee Yih Chin	<p>Page 34 and 54 of AR highlight that the Board has extended the expiry date of Employee Share Option Scheme from 2021 to 2026.</p> <p>Over 6 million options granted in 2016, priced at RM1.57, remain unexercised before original expiry date in 2021. Could option holders have expected the company would extend the expiry date anyway?</p> <p>What is the implied cost of extending those options?</p> <p>Are the options forfeited immediately when an employee leaves the company?</p>
Response	
<p>The decision to extend the Employee Share Option Scheme from 2021 to 2026 was made by the Board on September 29, 2021 and an announcement was made to Bursa Securities on the same day. The option holders would have been aware of the extension after the announcement was made.</p> <p>In accordance with MFRS 2 Share-based Payment, no additional cost is required to be recognised on the extension of the duration of ESOS 2016.</p> <p>Termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the option shall be automatically terminated on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier.</p>	

Shareholder Name	Questions
Ee Yih Chin	<p>Note 23 mentions that "On February 4, 2022, share options to subscribe for 19,601,900 ordinary shares offered under ESOS scheme were granted to employees with an exercise price of RM2.95 per share".</p> <p>a) What is the implied cost of the options granted in 2022?</p> <p>b) How many employees have been granted with options?</p>
Response	
<p>The fair value of the share options granted on the grant date was approximately RM4.7 million. This cost would be recognised in the income statement over the vesting period of 5 years. About RM1.6 million of this cost is recognised in the income statement for the financial year ending 31.12.2022.</p> <p>In accordance with the By-Law 4.1 of the Employee Share Option Scheme 2016, subject to the discretion of the ESOS Committee, only Eligible Persons (Employee and Director) who fulfil the conditions shall be eligible to participate in the Scheme. The number of persons, including directors, granted with the options is 157.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Ler Yong Jie	Hi Management, are you considering the acquisition of other businesses or company to increase company revenue and profit?
Response	
Uchi doesn't rule out the possibility for any healthy M&A activities in which our stakeholders' rights and benefits will be protected or further enhanced. Currently, there are no M&A proposals on our company's horizon.	

Shareholder Name	Questions
Seng Tong Goh	What is the impact to the profit line if USD/MYR continue remain at 4.35 and above?
Chin Yip Liew	What is target growth for 2022 since USD to MYR 4.4 now.
Response	
<p>The group enters into foreign currency forward contracts to manage the risk associated with anticipated sales and purchase transactions. Almost 100% of Uchitec's revenue was denominated in USD and approximately 30% of this revenue is allocated for payables in USD natural hedge. The remaining 70% was exposed to currency fluctuation and was managed via Forward Contract Management Policy which was approved by the Board of Directors in 2010.</p> <p>In addition to exchange rate, we are closely monitoring for all the various cost increases caused by subsequent events following Covid-19 which may have further impact on the profit line. For the time being, barring any unforeseeable circumstances, the Group is confident to maintain our Operating Profit Margin (OPM) of at least 40% if USD is no less than 3.9.</p>	

Shareholder Name	Questions
Boon Fong Tan	What is the impact of recent surge of commodities/raw materials to the company?
Response	
For the time being, the prolonged material price hike does not impose major impacts on our profit margin. Not only do we review our cost constantly, but our costing policy has always been considered to accommodate various cost increases as well as exchange rates fluctuations. When the situation arises, we do also adjust our selling prices to ensure our internal targets in different aspects can be achieved.	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Eng Kiat Chua	Can you explain the financial impact on the company in the Europe market with the current high inflation and supply chain issues caused by the prolonged Russia-Ukraine war? Does the company foresee any reduction in the sales orders in the near future?
Song Yun Chua	Understand that disruption in logistics and shortage of semiconductor chips have affected our company in FY2021 (page 26 of the annual report). Does management see these disruptions getting better or worse over the past few months of this year? Thank you.  Will the Ukraine war impact the demand for our company's products, considering that over 97% of our products are sold to the European market (page 25 of the annual report)? Thank you.
Chee Hoong Au Yong	Is there earning impact to Uchitec in terms of the following topic - USD strengthening, minimum wage increase, supply chain disruption?
Chung Wee Poh	Good afternoon gentlemen. Congratulations on sustaining a very strong set of results despite the macro and geopolitical headwinds. I am David Poh, a long-term shareholder. My questions:  1. How does the management assess and address the threat of the Russo-Ukraine war which may impact the EU consumer sentiment which is a main market for UCHITEC's clients?  2. Does the management see any concerns on rising inflation on UCHITEC's margins?
Chong Ghee Chew	Does the Russia Ukraine war affect the future order?
Darren Ng	Will Uchitec's supply chain be disrupted by the Ukraine-Russia war?
Zui Khai Lee	Hi, does the orderbook (as well as seeking of raw material) affected by the logistic issue? how does the management mitigate this?
Teng Sin Ling	What is major impact of Geopolitical conflict & high interest rate in Europe currently? What strategies implement on it?
Kin Leong Wan	What is the affection degree Europe business from the Ukraine Russia war?
Response	
<p>There are a few questions concerning chip shortages, supply chain disruptions, Russo-Ukrainian war impacts, etc. The board will take this opportunity to update the info for these concerns.</p> <p>It was supposed to be the year the world economy recovered from the shock of Covid-19, but the already volatile world economy has only been further exacerbated by subsequent events such as the Russo-Ukrainian war, rise of global inflation, prolonged lockdowns, supply chain</p>	



## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

disruption, geopolitical conflicts and even the pressure against globalization. The local economy is further under pressure from issues like minimum wage hikes and the aggravating labor supply situation.

For the time being, the Group is taking up these challenges by mitigating their impacts to the best of our ability by exercising more strategic plannings, building up more safety buffer stocks, more OTs, re-scheduling priorities of product, adjusting order loading between our manufacturing arms, the list is of course not exhaustive. But the most important thing is that we work very closely with our customers to meet their needs. Thus, we remain cautiously optimistic to maintain the revenue in USD terms to grow by a low-teens percentage for the year 2022. However, the above-mentioned subsequent challenges are still evolving and may not be going away anytime soon, it is important that we shall stay vigilant and to respond swiftly to these challenges. Thank you.

Shareholder Name	Questions
Ben Lee	What is the biggest mistake UCHI make in 2021 in your view? What is the biggest challenge in 2022 ahead for UCHI?
Darren Ng	I too want to know "What is the biggest mistake UCHI make in 2021 in your view? What is the biggest challenge in 2022 ahead for UCHI?"
Response	
<p>Thank you for your question.</p> <p>The biggest challenge in 2022 is the war in Ukraine, along with other prolonged events like supply chain disruptions, lockdowns, pressure against globalization, geopolitical conflicts caused by Covid-19 and others, poses additional challenges for the global economy harming growth and putting upward pressure on inflation when inflation is already at high levels. The rise of global inflation may further create a more complicated economic landscape for many industries, people and countries.</p> <p>For the time being, the Group is taking up these challenges in good hands and mitigating their impacts to the best of our ability. We are also working very closely with our customers to meet their needs. Thus, we remain cautiously optimistic to maintain the revenue in USD terms to grow by a low-teens percentage year-over-year in FY2022. However, we shall stay vigilant and will respond swiftly as the events are still evolving and may not be going away anytime soon.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Muhammad Shahir Shuhaidi	Are there any plans in granting bonus share or dividends to shareholders in the nearest future ?
Teh Peng Tin	When the company going to reward shareholder with bonus issue? Please reply
Eng Kiat Chua	With the strong financial position, apart from paying a good dividend, does the company have any plan for bonus issue to further rewards its shareholders?
Response	
<p>Thank you for your question.</p> <p>Bonus issue will dilute our EPS which may not be attractive to many prospective shareholders. However, we do not rule out the possibility of bonus issue. But, for the time being, we are adhering to the dividend policy which will distribute at least 70% of our net income.</p>	

Shareholder Name	Questions
Sun Nee Teh	May I know how does the company forecast the revenue growth? Is it by order received from the customer or by other method? Please elaborate. Thanks.
Response	
<p>Thank you for your question.</p> <p>Our revenue growth is forecasted based on order received and forecast from customer.</p>	

Shareholder Name	Questions
Kai Tzen Young	Are there any actions taken to improve the Company's ESG score/ performance?
Response	
<p>Thank you for your question.</p> <p>Please refer to annual report page 28~36 for our sustainability practices. Meanwhile, the board is fully aware of and acknowledged the Environment, Social and Governance issues, we are taking the guidelines to facilitate for our target.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Roger Fong	Could management also share if there are any automation initiatives (if possible) taken in light of any future reduction in workforce from 210.
Response	
<p>Thank you for your question.</p> <p>As an ODM company doing business in a niche market, Uchi has never been short on challenges or competition in our 30-plus-year history, and we have been maintaining a reputable track records of our performance. This is a collective effort resulting from (A) the leadership of the company which has been always advancing for improvement in terms of R&amp;D competitiveness and operation efficiency and (B) the support of all the stakeholders, i.e., employees, customers, shareholders, among others.</p> <p>In addition to striving for operation efficiency and technical competitiveness, we also work closely with our customers, we believe that our current level of automation and internal upgrading plans are pertinent, efficient and suitable for Uchi to face challenges.</p>	

Shareholder Name	Questions
Quah Kiat Gin	May I know the current revenue ratio for Home living product vs Biomedical product is at what level?
Response	
<p>Thank you for your question.</p> <p>The revenue analysis by product group in 2021 compared to the preceding year remained the same across all product groups. The highest contribution at 86% comes from the Art of- Living product group due to the strong global demand for household and professional fully automatic coffee machines. The contribution from Biotechnology products stood at 13%.</p>	

Shareholder Name	Questions
Teng Sin Ling	Can management to share Uchi succession plan in 2022?
Response	
<p>Thank you for your question.</p> <p>We have succession plan for each level of hierarchy in the company, the board also reviews the plan regularly in its strategy business meetings, so to ensure the sustainability of the human resources and the grow of the company.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Melvin Yi Nern Chea	Good afternoon management, is there any plan to buy back share?
Response	
<p>Thank you for your question.</p> <p>This is the reason the company needs the Share Buy-Back authority approved by the shareholders, but we must be very prudent in deciding when is the right time to buy our own shares. Announcement will be made immediately once we have exercised Share Buy-Back.</p>	

Shareholder Name	Questions
Thoh YH	<p>AR page 27 “For the Group’s 2022 capital expenditure requirements, we will be budgeting an estimated RM7 million for normal wear and tear as well as facility replacement”</p> <p>Is there any impacted dividend payout as compared annual capex from the past is &lt;1million usually.</p>
Response	
<p>Thank you for your question.</p> <p>It will not impact the announced dividend payout if the resolution is approved by shareholders.</p>	

Shareholder Name	Questions
Chuan Hooi Lau	May I know, what is the company's future outlook?
Teng Sin Ling	What is expected CAGR of net profit for next 2 years?
Response	
<p>Thank you for your question.</p> <p>As the outlook is forward looking information, which is highly susceptible to the actual impact from the event of the volatile world economy. It might be misleading to give out a number as indication. However, based on the trends of our customer's demand for the past decade—the result of a strong partnership between Uchi and our customer—there have been positive signs of the partnership's success. Thus, at this moment, in this specific perspective, we are cautiously optimistic in our belief of future revenue growth, and we strive to maintain our Operating Profit Margin (OPM) of at least 40% if USD is no less than 3.9.</p>	

## RESPONSES TO AGM QUESTIONS

### UCHI TECHNOLOGIES BHD 24<sup>TH</sup> AGM HELD ON 26 May 2022

Shareholder Name	Questions
Te Seng Whatt @ Tay Seng Whatt	Please give us some e vouchers/e wallet for attending this RPV. Tq.
Teh Peng Tin	Would the board kindly consider giving shareholder with e-voucher for attending today's meeting
Ng Seng Hock	Any door gifts for shareholders who have taken their time to attend today's virtual online AGM?
Chuan Hooi Lau	Will the board consider giving door gift such as e-voucher or e-wallets for those participating in this AGM as a token of appreciation?
Response	
<p>We take note of the request.</p> <p>It has been Uchi's practice to not provide e-vouchers, food vouchers or e-wallets for attending virtual AGMs. Nevertheless, the Company has rewarded shareholders by providing good dividends in FY2021 as evidenced by the highest cash dividend pay-out ratio of 99% amounting to RM90.6 million.</p>	

Shareholder Name	Questions
Amit Khindriya	I Would like to request that all future AGMs have option for shareholder to attend virtually.
Song Yun Chua	Can the board please consider to continue to hold AGM/EGM via virtual meetings for future years, so that shareholders who live in the other states will be easier to participate? Thank you.
Response	
Thank you for your idea/proposal, we will put all opinions/proposals into consideration.	

Shareholder Name	Questions
Chew Fong Chong	How much is the cost for this virtual AGM? How much is the cost for a physical meeting?
Teh Peng Tin	How much does the company spend on this virtual Agm ?
Elwin How Say Keong	What is the cost of AGM on zoom meeting?
Response	
<p>Thank you for your question.</p> <p>In the interest of all related parties, we are unable to disclose as it might create inconveniences.</p>	