

---

**8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE**

---

**8.1 Board of Directors**

**DATO' HAJI ABDUL RASHID BIN NGAH**, *SPMT, DSMT, DPMT, JSM, PJC, PPN, PJK*, aged 61, was appointed to the Board of Directors of UT on 10 March 2000. He obtained his Bachelor of Economics (Hons.) degree from University Malaya in 1970. He is now a member of the Terengganu Legislative Assembly. He was a Terengganu State Executive Councillor (EXCO) from 1978 till November 1999. He has also been the Head of UMNO, Kuala Nerus Division since 1985. Dato' Haji Abdul Rashid is a Director of two listed companies namely Trans Capital Bhd and Promto Bhd. He was on the Board of Yayasan Terengganu from January 1974 to December 1999, Yayasan Islam Terengganu from April 1989 to December 1999 and Yayasan Pembangunan Keluarga Terengganu from April 1986 to December 1999. Dato' Rashid was appointed as director of UO and UE on 11 December 1997 and director of UI on 22 May 1998.

**KAO DE TSAN @ TED KAO**, aged 42, was appointed to the Board of Directors of UT on 10 March 2000. He graduated from the Department of Electrical Engineering, Ming Chi Institute of Technology under a prestigious co-op education system joined with the world-famous Formosa Plastic Co. Ltd in 1978. He started his career with Chain Let Co. Ltd, a bathroom scale manufacturer as a project engineer in 1979. Prompted by the ambition to carve out his career for himself, Mr Kao resigned in 1979 and began intensive research on global electronic market. His diligence, intuition and ingenuity caught the eyes of Krups Stiftung Co. (currently known as Robert Krups GmbH & Co. KG), Germany, which engaged him to design electronic bathroom scales in 1980. At the same time, Mr Kao hit upon an opportunity to design and manufacture a large quantity of Laser Power Supply for Chugai Bogeki America Inc. Thereupon, Mr Kao founded Uchi Electronic Co. Ltd. in Taiwan in 1981 with financial assistance from his relatives and technical help from a couple of friends.

In 1989, with his vision to "Look South", Mr Kao selected Penang as the manufacturing base and founded UE, UO and UI. As the Managing Director, Mr Kao has been the mainstay of the UT Group and the driving force of the marvellous growth in the past years. Being an avid reader of professional publications as well as a frequent flyer world-wide, Mr Kao will keep working together with his strong team, to maintain the upmost level of the UT Group's R&D in order to expand the business in both scope and volume. Mr Kao was appointed as a director of UO and UI on 13 December 1989 and director of UE on 12 June 1989.

**KAO TE PEI**, aged 40, was appointed to the Board of Directors of UT on 10 March 2000. He graduated from the Department of Textile Engineering, St. John's & St. Mary's Institute of Technology in 1980. During his study, Mr Kao actively sought part-time jobs throughout summer/winter vacation at several large factories to gain valuable experience. Upon graduation, Mr Kao joined the army under Reserved Officer Training Course as a Platoon Leader of Logistics, which turned out to be a groundwork for him to become an excellent administrator later. In 1982, Mr Kao joined his elder brother Kao De Tsan in Uchi Electronic Co. Ltd. as an Assistant of Administration until 1984 when he left and worked in ITF Corporation, a well established Japanese trade company, to obtain practical knowledge on large-scale purchasing and export procedure. Upon his timely return to Uchi Taipei in 1986, Mr Kao could handle efficiently these work, already more voluminous and sophisticated than before.

**8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd**

In 1990, after Uchi Electronic Co. Ltd.'s production operations were stopped in Taiwan, Mr Kao moved to Penang to take up the more challenging duty as a Director of UE, UO and UI. After taking Modern Management course for Senior Executives offered by National University of Singapore in 1991, Mr Kao formulated, implemented and streamlined UT Group's Standard Operation Procedure. In addition, his enormous effort with determination and leadership was echoed by unanimously strong support from the staff, resulting in a great success in passing the prestigious ISO Assessment and was awarded ISO 9002 in 1996 and ISO 9001 in 1997 both at the first attempt. With this momentum, Mr Kao's team will keep working for the next aim, ISO 14001, a certification for environmental management system scheduled in 2000. He was appointed as director of UE on 13 September 1991 and director of UO and UI on 2 October 1991. Mr Kao is also a director of Ample Technologies Sdn Bhd, a company involved in the manufacturing of plastic injection mould and plastic injection parts since 1997.

**DATO' HJ. ALWI @ ALI BIN MUHAMAD** *DPMT, ASM, PJC, PJK, BLB*, aged 54, was appointed to the Board of Directors of UT on 10 March 2000. He obtained his Bachelor of Arts (Hons) in Sociology from University Malaya in 1972. He was a District Officer of Setiu from 17 September 1988 to mid 1995 and appointed as Director of the Terengganu Islamic Foundation till December 1999. From 1995 to 1999, Dato' Hj. Alwi was appointed director of Ketengah Jaya Sdn Bhd, YIT-Ketengah Perwira Sdn Bhd, Pelangi Airways Sdn Bhd, WGL Auto Sdn Bhd, KLLT Plastic Industries Sdn Bhd, PTB Securities Holdings Sdn Bhd, Percetakan Yayasan Islam Terengganu Sdn Bhd and YTYI Sdn Bhd. He was appointed as director of UO and UE on 11 December 1997 and director of UI on 22 May 1998.

**DATO' FANG CHOK SEONG**, *DSDK, SMS, AMK, PJK, JP*, aged 63, was appointed to the Board of Directors of UT on 18 February 1998. 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 businesses which are involved in timber sawmills, property development, rubber plantation and furniture making from 1958 to present date. He has been serving on the Boards of Joo Heng Chan Sawmill Sdn Bhd since 1974, H. K. Lamtech Sdn Bhd since 1999, Gala Hill Sdn Bhd since 1991 and Haluan Mewah Sdn Bhd since 1991.

**KAO CHI-KUN**, aged 72, was appointed to the Board of Directors of UT on 28 March 2000. Upon graduation from National Taiwan University with a Bachelor Degree of Science (in Engineering) in 1949, Mr Kao started his career as a high school teacher for one year and then coal gas company laboratory chief for five(5) years. In 1954, Mr Kao opted to enter the international business world and has worked with several companies such as Sales Representative of imported chemical products of Yong Yee Hung Co. Ltd., Sales Manager of San Chuan Chemical Factory and as General Manager of Siang San Enterprise Co. Ltd. up to 1970.

In 1971, Mr Kao co-founded and presided, as the Board Chairman of Sunlux Enterprise Co. Ltd., a manufacturer and exporter of top-coat resin mainly for the plywood factories in Malaysia and Singapore. Mr Kao migrated to Canada in 1977 and worked as a full-time Japanese lecturer at the University of Alberta. He was honored to be the only candidate selected from Canada by the Japanese Foundation to participate in the 1982 Foreign Japanese Teachers Seminar in Tokyo, Japan where he was appointed as the special topic panel discussant. After his retirement from the university in 1992, Mr Kao was appointed director of UE, UO and UI on 11 September 1992 and has been a mentor to the management with his many years of experience in business and multi-lingual proficiency.

---

**8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd**

---

**HUANG TENG-YEN**, aged 69, was appointed to the Board of Directors of UT on 28 March 2000. 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 Toufeng Factory, Taiwan as a technician in 1956. In 1959, he joined Nankang Rubber Tire Corporation Ltd. 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 ex-company, Nankang Rubber Tire Corporation Ltd which is a public listed company and the biggest automobile tyre manufacturing company in Taiwan. Mr Huang was appointed as director of UO, UE and UI on 22 March 1999.

**LIM KEE NAM**, aged 53, was appointed to the Board of Directors of UT on 18 February 1998. He started work in 1968 in Johnson Shoes Bhd, a shoe manufacturing company as Production Supervisor and was promoted to Production Manager in 1971. He joined American International Assurance Co. Ltd as a full time life assurance agent in 1976. Due to his hard work and dedication, he was promoted to District Agency Manager in 1982 till now. Mr Lim was appointed director of AMP Action Sdn Bhd, an investment holding company since March 2000.

**KAO WANG, YING-YING**, aged 47, was appointed to the Board of Directors of UT as an alternate director to Huang, Teng-Yen on 28 March 2000. 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, Mrs Kao is not holding any position in any other company (other than as an alternate director in UT Group) since she shifted to Penang in 1990.

**CHANG, SHIN-FANG**, aged 38, was appointed to the Board of Directors of UT as an alternate director to Kao Chi-Kun on 28 March 2000. 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. Currently, she is not holding any position in any other company (other than as an alternate director in UT Group) since she shifted to Penang in 1991.

**ALIAS BIN JAAFAR, PJK**, aged 44, was appointed to the Board of Directors of UT as an alternate director to Dato' Haji Abdul Rashid bin Ngah on 10 March 2000. Encik Alias is a member of the Malaysian Institute of Accountants. He graduated from University Kebangsaan Malaysia in 1984 with a Bachelor of Accounting (Hons.) degree. He started his career as a secondary school teacher for three years teaching commerce and accounting subjects. In 1984 he joined Lembaga Kemajuan Terengganu Tengah ("KETENGAH") as an Accountant until December 1994. Later he was appointed as an Accountant of YIT till now. Encik Alias is also involved in secretarial jobs for companies where YIT has equity interests. He was appointed as the Secretary of Pelangi Airways Sdn Bhd and Syarikat Percetakan Yayasan Islam Terengganu Sdn Bhd in March 1995 and has been holding the posts since then.

---

**8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd**


---

**MAT ZAID BIN IBRAHIM**, aged 37, was appointed to the Board of Directors of UT as an alternate director to Dato' Haji Alwi @ Ali bin Muhamad on 10 March 2000. He graduated from the University of Technology Malaysia with a Bachelor (Hons.) in Property Management in 1986. He started working with YIT in 1990 as an Assistant Director (Investment) where he is in charge of YIT's investment and has been holding the post since then. Currently, he also sits on the Board of PTB Securities Sdn Bhd, the broking arm of Permodalan Terengganu Berhad since his appointment in August 1997.

Saved as disclosed above, none of the directors hold any other directorships.

### 8.2 *Management Team*

**YEAP MOON KUAN**, age 48, joined UT Group as the Operations Manager in 1998. He obtained a Diploma in Management from the Malaysian Institute of Management in 1986. Prior to joining UT Group, Mr Yeap was serving as the Executive Director of Formula Electronic Sdn Bhd, a company employing over 1,800 employees, involved in the manufacture of telecommunication equipment from 1989 to 1997. He also served as Deputy General Manager in Ample Technologies Sdn Bhd, a company that specialises in the design and fabrication of plastic injection moulds and manufacture of plastic parts for ten(10) months in 1998. In these roles Mr Yeap's experience included the development of strategic business plans, improving the productivity and profitability of the operation. His extensive experience of having worked in a high volume manufacturing concerns prepared him well for his current position. Mr Yeap has overall responsibilities for operation and works closely with the Engineering Department to ensure that continuous improvement in quality and optimum efficiency of the system is achieved. Mr Yeap's close rapport with customers also ensures that Customers Responsiveness and Satisfaction objectives are being met.

**CHIN YAU MENG**, age 40, has been with UT Group since 1990. He currently holds the position of Deputy Operations Manager cum Logistics Manager in the Group. He holds a Masters degree in Electronics from the Queen University of Belfast (UK). Mr Chin's previous working experience as Production Manager with Precima Sdn Bhd from 1993 to 1994 further equipped him to take on the challenges at UT Group. His previous responsibilities include developing plans and monitoring them to meet the operation's objectives of production efficiency and yield improvement. Mr Chin's previous experience compliments his current responsibility of controlling Production and Logistic departments.

**OO SIEW PHAIK**, age 38, joined UT Group in 1989 as the Engineering Secretary and in 1994 was promoted to the position of Engineer. In 1995, she was entrusted with the responsibility of Assistant Management Information Systems Manager. Her performance and diligence earned her yet another promotion in 1998 to her current position of Management Information Systems Manager. Ms Oo now has overall responsibility for the Management Information Systems of the Group. She graduated from National Chung Hsin University, Taiwan with a Bachelor of Chinese Literature in 1988.

**YEW AH PENG**, age 35, a Bachelor of Electrical Engineering graduate from University of Technology Malaysia joined UT Group as an Engineer in 1990. She was promoted to Senior Engineer and subsequently to Assistant Engineering Manager in 1995. Her appointment as Special Assistant to the Managing Director in 1998, enlarges her scope of responsibility. She also assists the Internal Quality Audit Lead auditor and the Customer Satisfaction Task Force Manager in conducting weekly audits to ensure that customers' requirements are met. In 1999, she was promoted to R & D Manager to monitor the status of the project running in the R & D department. Ms Yew also shares her knowledge by conducting technical training.

---

**8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd**

---

**TAN YEW HOCK**, age 34, joined UT Group as an Engineer in 1991. He was promoted to Senior Engineer in 1994 and was transferred to UO in 1996. In his capacity as Senior Engineer and Project Leader, Mr Tan oversees the R&D of new products, designs and tooling. His close interface with customers ensures that product specifications are in compliance with customer's needs. This requires Mr Tan to define test requirements and methodologies, closely monitors test results both in-house as well as customizes parts at suppliers. Mr Tan is a Bachelor of Science graduate from Cheng Kung University in Taiwan. Mr Tan was promoted to Electronic Group Manager in 1999.

**ENG CHIEW MING**, age 35, graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College in 1989. He joined UT Group as an Engineer in 1991. He was promoted to Senior Engineer in 1994 and two years later was transferred to UO. In his capacity as Senior Engineer and project leader, Mr Eng develops and co-ordinates the R&D projects. His other responsibilities involve evaluating customers change requests and prepare testing guides for production. He is also entrusted with the development of technicians and provides the necessary training. In 1999, he was promoted as an Engineering Manager. Mr Eng is currently in-charge of leading a team of engineers and technicians in product testing and process development and maintenance and the overall function of the engineering and operating system.

**KEOH LAY BIN**, age 36, joined the UT Group as the Personnel Officer cum Secretary in 1992. Her subsequent advancements to Chief Administration Officer, then to Assistant Administration Manager in 1995, provided her with the necessary experience for the promotion to Administration Manager in 1998. A Bachelor of Business Administration graduate from Central State University, USA in 1987, Ms Keoh is in-charge of human resources planning, training and development and the overall functions of the Administration Department.

**NYEO TIAM JOO**, age 34, graduated from Cheng Kung University in Taiwan with a Bachelors degree in Mechanical Engineering. He joined UE as an Engineer in 1993 and was promoted to Senior Engineer in 1994. His lateral transfer to UO in 1996 puts him in charge of co-ordinating R&D projects. He was then promoted to Mechanical Group Manager in 1999. His main responsibilities include the supervisory of the Engineers and Technicians in the Mechanical group, to evaluate and provide final approval for the design done by Engineers as well as for tooling release, carrying out of construction design, performing first shots and sample measurements and preparing test reports and CNC samples, if required.

**YONG KOAY TANG**, age 48, is currently the Quality Assurance Manager for UT Group. He joined UT Group in 1994. He obtained a Diploma in Electronic Engineering at Feng Chia College of Engineering and Business, Taiwan in 1978. From 1980 to 1981, Mr Yong worked in Texas Instruments (M) Sdn Bhd as an Electronic Test Technician. Mr Yong's previous work experience also includes his 9 years tenure at Hewlett Packard (M) Sdn Bhd from 1981 to 1990 as Technical Specialist. In that position, he was involved with electronic technical drawings and the training of technicians and operations staff. He joined Silitek Corporation (M) Sdn Bhd in 1991, a company producing computers and communications products, as the Manufacturing and Quality Assurance Section Head. Mr Yong is presently responsible for quality assurance, quality surveys, implementing quality management systems and the department's budgets. In addition as UT Group is ISO 9001 certified, Mr Yong is responsible for the monitoring of systems to ensure compliance with ISO 9001 requirements.

**8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd**

**LIEW SIN HAUR**, age 29, joined UT Group in 1996 as the Quality Assurance Engineer. He holds a Diploma in Business Technology Education Council of Mechanical Engineering from Tunku Abdul Rahman College. He has varied work experience, first as Sales Executive in Industry Precision Equipment (M) Sdn Bhd from 1993 to 1994 and subsequent employment with Silitek Corporation (M) Sdn Bhd as a Quality Assurance Engineer in 1994, conducting reliability test and failure analysis. Having experience working with customers and understanding quality requirements, Mr Liew is currently the Acting Head of Production Department. He plans and control production activities and leads a team of production supervisors in meeting the company's objectives.

**OW CHOOI KHIM**, age 31, joined UT Group in May 1998. She is currently the Acting Head of the Finance Department. She graduated with a Bachelor Degree in Accounting from University Utara Malaysia in 1994. She is also a member of the Malaysian Institute of Accountants. Ms Ow was with Teoh Yap & Co. in 1993 where she served for a period of 6 months as a practical trainee. Upon graduation she joined Kassim Chan & Co. in 1994 as an Audit Assistant and was promoted to Senior Audit Assistant. She last held the position of Assistant Manager before leaving Kassim Chan & Co in 1998. As Acting Head of the Finance Department, she is responsible for overseeing all areas of finance, which includes tax matters.

**8.3 Employees**

Currently, the UT Group employs a total workforce of 340 employees as at 31 May 2000. The employees enjoy a cordial relationship with the management and do not belong to any unions.

**8.4 Audit Committee**

UT has set up an Audit Committee on 29 March 2000 which comprises the following Board members:-

<b>Name</b>	<b>Responsibility</b>	<b>Directorship</b>
Dato' Fang Chok Seong	Chairman of the Committee	Independent Non-Executive Director
Lim Kee Nam	Member of the Committee	Independent Non-Executive Director
Kao Te Pei	Member of the Committee	Executive Director

The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal accounting controls, review of the scope of internal audit procedures, review of balance sheets and profit and loss accounts and nomination of Auditors.

**8.5 Family Relationship**

Kao Chi-Kun is the father of Kao De Tsan and Kao Te Pei. Kao Wang, Ying-Ying and Chang, Shin-Fang are the wives of Kao De Tsan and Kao Te Pei respectively. Huang Teng-Yen is the brother-in-law of Kao De Tsan.

Save as disclosed, none of the other Directors and Management Team of the Group are related to each other.

---

**9. INDUSTRY OVERVIEW**

---

**■ Overall Malaysian Economy**

The Malaysian economy, which contracted by 7.5% in 1998, is expected to turn around with a 4.3% growth in real GDP in 1999, rising marginally to 5% in 2000. The recovery was largely the result of a series of measures including the adoption of an expansionary fiscal policy, an easing of monetary policy as well as the adoption of selective exchange controls since 1 September 1998 to insulate the Malaysian economy from externally generated risks and vulnerability in order to restore stability, revive economic activities and strengthen the resilience of the economy.

The turnaround in real GDP growth has been accompanied by a further strengthening of the balance of payments and the lower rate of inflation. The benchmark index of the Kuala Lumpur Stock Exchange and market capitalisation have more than doubled since 1 September 1998, resulting in a positive wealth effect for the economy. This coupled with higher disposable income and a prevailing regime of low interest rates has led to a recovery in private consumption, lending further support to the impact of the fiscal stimulus already underway in reviving the growth of the economy.

All these positive developments have broadened the base of the economic recovery and provided a stronger foundation for the economy to return to the path of strong and sustainable growth in the next millennium.

*(Source: Economic Report 1999/2000)*

**■ Manufacturing Sector**

The economic recovery in 1999 was led by the strong rebound in the performance of the manufacturing sector. The sector registered an average growth of 11.9% for the first eleven(11) months of 1999 from the 13.7% contraction experienced in 1998. Growth was particularly strong in the second half of 1999. Exports of manufactured goods had amounted to RM237.0 billion for the first eleven(11) months of 1999 (1998: RM232.8 billion) whereby one of the major contributors were electrical and electronic products (RM165.6 billion).

With the turn into the new millennium, the manufacturing sector is expected to remain a strong contributor to the sustained recovery and growth of the Malaysian economy. It is expected that the manufacturing sector will continue to assume an important role in the knowledge-based economy provided that the sector is able to take advantage of the opportunities and move into higher value-added products and services.

*(Source: Malaysian Industrial Development Authority - Report on the Performance of the Manufacturing Sector 1999 dated 25 January 2000)*

**■ The Electrical and Electronics Industry**

Production in the electrical, electronics and machinery industry recorded a strong growth of 8.1% during the first eight months of 1999, in line with the upsurge of global demand for semiconductors. Output of the semiconductor and other electronics sub-sector increased significantly by 14.6%, boosted by the increase in global demand for computer and other automated appliances as business strive to attain the Y2K compliance.

*(Source: Economic Report 1999/2000)*

## 10. FINANCIAL INFORMATION

### 10.1 Profit Record

The following table has been extracted from the Accountants' Report in Section 11 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The summarised proforma consolidated profit and loss accounts of the UT Group for the five(5) financial years ended 31 December 1999 as set out below for illustrative purposes only, have been prepared on the assumption that the Group had been in existence throughout the years under review.

	31.12.1995	31.12.1996	31.12.1997	31.12.1998	31.12.1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	30,280	27,556	30,990	41,499	51,532
Profit before gain on disposal of landed property	6,107	5,036	8,343	9,894	19,352
Gain on disposal of landed property	-	3,300	-	-	-
Profit after gain on disposal of landed property before charging depreciation and interest	6,107	8,336	8,343	9,894	19,352
Depreciation	(1,187)	(1,034)	(920)	(908)	(914)
Net interest income	-	201	220	978	943
PBT	4,920	7,503	7,643	9,964	19,381
Taxation	(855)	(816)	(1,400)	(954)	568
PAT before EI	4,065	6,687	6,243	9,010	19,949
EI	(27)	-	-	-	-
PAT after EI	4,038	6,687	6,243	9,010	19,949
No. of Shares in issue ('000 shares) *	34,000	34,000	34,000	34,000	34,000
Gross EPS (RM)	0.14	0.22	0.22	0.29	0.57
Net EPS (RM) **	0.12	0.20	0.18	0.26	0.59

\* Based on the issued and paid-up share capital of 34,000,000 shares of RM1.00 each after the acquisition of subsidiary companies and rights issue.

\*\* Based on PAT before EI

#### Notes:

- The audited accounts of UO and UE Group for all the financial years under review are included in the proforma consolidated profit and loss accounts.
- The above results are arrived at after making adjustments for intercompany transactions.
- The proforma consolidated profit and loss accounts have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the subsidiary companies.
- In 1996, the increase of Group's PBT by 52.5% as compared to 1995 despite the decrease in turnover was mainly due to the gain of approximately RM3.3 million arising from the disposal of land known as Lot Nos. 1150, 1151, 1169, 1173, Seksyen 9-W, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang with premises No. 187, Jalan Sungai Pinang, 10150 Penang by UE.

In 1998, the Group's turnover increased by 34% as compared to 1997. This was mainly due to the appreciation of the USD against the RM in 1998 and the introduction of new product, i.e., control modules. The Group's PBT in 1998 only increased by 30% as compared to the 34% increase in sales. This was due to the realised loss on foreign exchange of RM4,641,000 (1997 : RM1,250,000) which arose from the utilisation of forward foreign currency contracts entered into at the lower rates as compared to the actual exchange rates used to record the sales transaction.

In 1999, the increase in the Group's PBT by 94.5% was due to the increase in demand of household products and control modules by UO's existing customers and also the introduction of new product, DSIP by UO. The decrease in realised loss on foreign exchange resulted from the pegging of RM against the USD at USD1.00:RM3.80 also contributed to the increase in the Group's PBT.



---

**10. FINANCIAL INFORMATION...cont'd**


---

- e) *The EI in 1995 represents UE's losses incurred arising from flood which is net of insurance claim of RM515,167. There were no extraordinary items for other financial years under review.*
- Except for the gain on disposal of landed property in 1996, there were no exceptional items for other financial years under review.*
- f) *The provision for taxation from 1995 to 1998 shows an effective tax rate which is lower than the statutory tax rate. This was mainly due to UO which was granted pioneer status by the Malaysian Industrial Development Authority whereby 70% of UO's statutory income from the production and sale of miniature data terminal and fuzzy logic controller are exempted from income tax for a period of 5 years commencing from 1 March 1995.*
- Taxation for the financial year ended 31 December 1999 consists of deferred tax assets relating to certain provision for expenses which will only be allowable for tax deduction purposes upon actual payment/realisation.*
- No provision for taxation on chargeable income is made in 1999 as the tax on chargeable income earned by a company in financial year 1999 is waived.*
- g) *The net EPS for the respective financial years under review has been calculated based on the proforma PAT and before EI and divided by the issued and paid-up share capital of 34,000,000 Shares after the acquisitions of the shares of subsidiary companies, UE Group and UO and the rights issue of 7,932,131 ordinary shares but before the public issue of 6,000,000 new ordinary shares.*

**10.2 Working Capital, Borrowings and Contingent Liabilities**
**(i) Working Capital**

The Directors of UT are of the opinion that, after taking into account the cashflow forecast, banking facilities available and gross proceeds from the Rights and Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

**(ii) Borrowings**

Other than bank guarantees of approximately RM118,000, the Group does not have any bank overdrafts, liabilities under acceptance (other than normal trading bills), acceptance credits, hire purchase commitments as at 31 May 2000 (being the last practicable date prior to the printing of this Prospectus).

**(iii) Contingent Liabilities and Capital Commitments**

As at 31 May 2000 (being the last practicable date prior to the printing of this Prospectus),

- a) the Group does not have any contingent liabilities; and
- b) the Group has capital commitments of approximately RM5.9 million for the construction of new factory and approximately RM880,000 for the purchase of machinery, motor vehicles and upgrading of information technology resources.

Saved as disclosed above and in the Accountants' Report in Section 11 of this Prospectus, the Group does not have any loan capital (including term loans) outstanding, or created but unissued nor any mortgages or charges or contingent liabilities.

**10. FINANCIAL INFORMATION...cont'd****10.3 Consolidated Profit Forecast**

The Directors of UT forecast that barring unforeseen circumstances, the consolidated PBT and PAT of UT Group for the year ending 31 December 2000 will be as follows:-

	<b>Forecast for the year ending 31.12.2000 RM'000</b>	
Consolidated PBT		22,786
Taxation		(3,981)
Consolidated PAT		<u>18,805</u>
	<b>(A)</b>	<b>(B)</b>
Gross EPS (sen)	57.0	80.0
Net EPS (sen)	47.0	66.0
Gross PE ratio (times)	8.4	6.0
Net PE ratio (times)	10.2	7.3

(A) The EPS is computed based on the IPO price of RM4.80 and the enlarged ordinary share in issue of 40,000,000 Shares after taking into account the Rights Issue and Public Issue.

(B) The EPS is computed based on the IPO price of RM4.80 and the weighted average number of shares in issue of 28,500,000 Shares.

The principal bases and assumptions upon which the above consolidated profit forecast has been made are set out below:-

1. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the Group and the business of the Group's major customers and suppliers.
2. There will be no significant changes in the present legislation or government regulations, rates and bases of duties, levies and taxes which will or may affect the activities of the Group or the market in which the Group operates.
3. There will be no significant fluctuations in foreign currency exchange and inflation rates from their present levels.
4. There will be no significant changes in the sales pricing policies and prices of raw materials, labour and overhead.
5. There will be no major breakdown or disruption of manufacturing facilities, major industrial disputes or any abnormal factors or changes, both domestic and overseas, which will adversely affect the Group's operations.
6. There will be no significant changes in the present management structure, operating and accounting policies adopted by the Group.
7. Existing financial facilities will remain available and that the level of interest rates will not change materially from those presently prevailing.

---

**10. FINANCIAL INFORMATION...cont'd**

---

8. There will be no material acquisitions or disposals of fixed assets or investments other than those that have been budgeted for. The acquisition of fixed assets before the proposed public issue will be financed through internal funds from the companies in the Group.
9. There will be no material changes in the principal activities and structure of the Group.
10. The current trend of increasing demand of the Group's products will be maintained.
11. The Group will continue to maintain the current profit margins on its products.
12. A subsidiary of the Company, UO is eligible to claim for pioneer status under the Promotion of Investments Act, 1986 for the production and sales of miniature data terminals and fuzzy logic controllers up to 29 February 2000. Such products are not eligible for extension of pioneer status.
13. The rights issue of 7,932,131 new ordinary shares of RM1.00 each at an issue price of RM1.10 per share on the basis of approximately 3 new ordinary shares for every 10 existing ordinary shares held was completed on 10 March 2000. The public issue of 6,000,000 new ordinary shares of RM1.00 at an offer price of RM4.80 per share will be completed in June 2000. The proceeds of the rights issue and public issue will be used to pay for listing expenses, research and development expenditure, purchase of fixed assets and for working capital.
14. The acquisition of the subsidiary companies, UO and UE will be accounted for using the merger method of consolidation.
15. The Company will propose dividends of 12%, tax exempt for the year ending 31 December 2000 and the dividends will be paid in the following year in which they are proposed.
16. Income taxes on profit of the Group's operations for the year ending 31 December 2000 are computed based on statutory income tax rate of 28%.

---

**10. FINANCIAL INFORMATION...cont'd**

---

**10.4 Auditors' Letter on the Consolidated Profit Forecast of the UT Group for the Financial Year Ending 31 December 2000**

(Prepared for inclusion in this Prospectus)

Kassim Chan & Co  
4<sup>th</sup> Floor Wisma Wang  
251-A Jalan Burma  
10350 Penang

7 June 2000

The Board of Directors  
Uchi Technologies Berhad  
3<sup>rd</sup> Floor, Wisma Wang  
251-A Jalan Burma  
10350 Penang

Dear Sirs,

**CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2000**

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Uchi Technologies Berhad ("**the Company**") and its subsidiary companies ("**the Group**"), for which the Directors are solely responsible, for the year ending December 31, 2000 set out in the Prospectus to be dated 10 June 2000, in connection with the Offer for Sale of 5,280,000 ordinary shares of RM1.00 each as well as Public Issue of 6,000,000 new ordinary shares of RM1.00 each at an offer price of RM4.80 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

**KASSIM CHAN & CO.**  
AF 0080  
Public Accountants

**OOI HOAY SENG**  
297/3/02(J/PH)  
Partner

---

**10. FINANCIAL INFORMATION...cont'd**


---

**10.5 Dividend Forecast**

On the basis of the consolidated profit forecast and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of UT Group anticipate that they will be in a position to propose, based on the enlarged issued share capital or RM40,000,000, a tax exempt dividend of 12% for the financial year ending 31 December 2000.

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group while leaving adequate reserves for the future growth of UT Group.

The intended appropriation of the consolidated profit for the financial year ending 31 December 2000 will be as follows :

	<b>Forecast for the year ending 31.12.2000 RM'000</b>
Consolidated PBT	22,786
Less : Taxation	(3,981)
Consolidated PAT	18,805
Less : Proposed dividend	(4,800)
Consolidated retained profit for the year	14,005
Tax exempt dividend per share (sen)	12.0
Tax exempt dividend yield (%)	2.5
Net dividend cover (times)	3.9

**10. FINANCIAL INFORMATION...cont'd****10.6 Proforma Consolidated Balance Sheets of the UT Group**

(Prepared for inclusion in this Prospectus)

The Proforma Consolidated Balance Sheets of UT as set out below have been prepared for illustrative purposes only to show the effect on the audited balance sheets of UT and its subsidiary companies as at December 31, 1999 on the assumptions that the following events had been completed on that date.

	<u>Proforma I</u>	<u>Proforma II</u>	<u>Proforma III</u>	
	Per Audited Balance Sheet of UT at 31.12.1999 RM'000	After Revaluation of Properties, Special Dividends and Acquisition of Subsidiaries by UT RM'000	After Proforma I and Rights Issue RM'000	After Proforma II and Public Issue RM'000
FIXED ASSETS	-	11,400	11,400	11,400
QUOTED INVESTMENT	-	3,137	3,137	3,137
GOODWILL ON CONSOLIDATION	-	532	532	532
CURRENT ASSETS				
Stocks	-	5,746	5,746	5,746
Trade debtors	-	5,604	5,604	5,604
Other debtors, deposits and prepayments	287	895	895	895
Tax recoverable	-	3	3	3
Short-term deposits with licensed banks	-	34,420	34,420	34,420
Cash and bank balances	1	394	9,119	36,119
Total Current Assets	288	47,062	55,787	82,787
CURRENT LIABILITIES				
Trade creditors	-	2,582	2,582	2,582
Other creditors and accruals	291	6,107	6,107	6,107
Due to a director	4	4	4	4
Bank overdraft	-	76	76	76
Proposed dividend	-	17,683	17,683	17,683
Total Current Liabilities	295	26,452	26,452	26,452
NET CURRENT (LIABILITIES)/ ASSETS	(7)	20,610	29,335	56,335
DEFERRED TAXATION	-	(12)	(12)	(12)
NET ASSETS EMPLOYED	(7)	35,667	44,392	71,392
SHARE CAPITAL	#	26,068	34,000	40,000
SHARE PREMIUM	-	-	793	21,793
RETAINED PROFIT	(7)	9,599	9,599	9,599
NET CAPITAL EMPLOYED	(7)	35,667	44,392	71,392
NTA	(7)	35,135	43,860	70,860
NTA PER SHARE (RM)	(3,500)	1.35	1.29	1.77

Note:

# = RM2

---

**10. FINANCIAL INFORMATION...cont'd**

---

**NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS****1. Basis of Preparation**

The Proforma Consolidated Balance Sheets together with the notes thereon have been prepared based on accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements of Uchi Technologies Berhad ("UT") and its subsidiaries. They have been prepared based on the combined audited balance sheets of UT and its subsidiary companies as at 31 December 1999 and on the assumption that the following transactions have been effected on 31 December 1999:

**Proforma I**

Proforma I incorporates the following effects:-

- a) Revaluation of landed properties held as fixed assets by Uchi Industries (M) Sdn Bhd ("UI") and Uchi Optoelectronic (M) Sdn. Bhd. ("UO") and the incorporation of the revaluation surpluses of RM1,738,515 and RM2,038,303 into the accounts of UI and UO respectively. The revaluation surpluses were then fully offset with merger deficit arising from the merging of results of the Company and its subsidiaries.
- b) Special dividend of RM800,000 and RM16,882,576 proposed by Uchi Electronic (M) Sdn. Bhd. ("UE") and UO respectively in the financial year ended 31 December 1999.
- c) Acquisition of the following subsidiaries by UT:-
  - i. An acquisition of 3,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Uchi Electronic (M) Sdn. Bhd. Group ("UE Group") by UT for a total purchase consideration of RM8,834,146 to be satisfied by the issuance of 7,011,227 new ordinary shares of RM1.00 each in UT at an issue price of RM1.26 per new ordinary share;
  - ii. An acquisition of 5,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Uchi Optoelectronic (M) Sdn. Bhd. ("UO") by UT for a total purchase consideration of RM24,011,367 to be satisfied by the issuance of 19,056,640 new ordinary shares of RM1.00 each in UT at an issue price of RM1.26 per new ordinary share.

The issue price of RM1.26 per new ordinary share is arrived at on a willing buyer, willing seller basis.

Pursuant to the Acquisition of UE and UO, Kao De Tsan nominated 11,764,274 Shares to Eastbow International Limited (EIL) and Kao Te Pei nominated 5,041,832 Shares to Ironbridge Worldwide Limited (IWL). EIL and IWL are investment holding companies which are wholly-owned by Kao De Tsan and Kao Te Pei respectively. This nomination of UT shares does not have any effect on the proforma consolidated balance sheet of UT.

---

**10. FINANCIAL INFORMATION...cont'd**


---

**Proforma II**

Proforma II incorporates the effects of Proforma I and a Rights Issue of 7,932,131 new ordinary shares of RM1.00 each in UT at an issue price of RM1.10 per ordinary share (“Rights Issue”) on the basis of approximately three new shares for every ten shares held.

**Proforma III**

Proforma III incorporates the effects of Proforma II and a Public Issue of 6,000,000 new ordinary shares of RM1.00 each in UT at an offer price of RM4.80 per ordinary share (“Public Issue”).

2. The movements of the issued and paid-up share capital, share premium, cash and bank balances, retained profit, revaluation reserve and merger reserve of UT after taking into account the above transactions are as follows:

	Share capital RM'000	Share premium RM'000	Cash and bank balances RM'000	Retained Profit RM'000	Revaluation Reserve RM'000	Merger Reserve RM'000
Per audited balance sheet of UT at 31 December 1999	#	-	1	(7)	-	-
New share issue in exchange for shares of subsidiary companies	26,068	6,778	-	-	-	-
Acquisition of subsidiaries	8,000	-	393	25,636	2,038	24,846
Consolidation elimination after acquiring subsidiary companies shares	(8,000)	(6,778)	-	(16,030)	(2,038)	(24,846)
Proforma I	26,068	-	394	9,599	-	-
Rights Issue	7,932	793	8,725	-	-	-
Proforma II	34,000	793	9,119	9,599	-	-
Public Issue	6,000	22,800	28,800	-	-	-
Listing expenses	-	(1,800)	(1,800)	-	-	-
Proforma III	40,000	21,793	36,119	9,599	-	-

Note:

# = RM2



---

**10. FINANCIAL INFORMATION...cont'd**

---

**10.7 Auditors' Letter on the Proforma Consolidated Balance Sheets**  
(Prepared for inclusion in this Prospectus)

Kassim Chan & Co  
4<sup>th</sup> Floor Wisma Wang  
251-A Jalan Burma  
10350 Penang

7 June 2000

The Board of Directors  
Uchi Technologies Berhad  
3<sup>rd</sup> Floor, Wisma Wang  
251-A Jalan Burma  
10350 Penang

Dear Sirs,

**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 1999**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Uchi Technologies Berhad as at December 31, 1999, together with the notes and assumptions thereto, for which the Directors are solely responsible as set out in the Prospectus to be dated 10 June 2000 in connection with the Offer for Sale of 5,280,000 ordinary shares of RM1.00 each as well as the Public Issue of 6,000,000 new ordinary shares of RM1.00 each at an offer price of RM4.80 per share and the listing of and quotation for the entire enlarged issued and paid-up share capital of Uchi Technologies Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets, which are provided for illustrative purposes, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully,

**KASSIM CHAN & CO.**  
AF 0080  
Public Accountants

**OOI HOAY SENG**  
297/3/02(J/PH)  
Partner