

## 7. INFORMATION ON THE UT GROUP

### 7.1 Incorporation

UT was incorporated in Malaysia under the Companies Act, 1965 on 18 February 1998 as a private limited company under the name of Uchi Technologies Sdn Bhd. The Company was converted to a public limited company on 8 June 1999 and assumed its present name. It was incorporated for the purpose of implementing the restructuring exercise described below to facilitate the subsequent flotation of the UT Group on the Second Board of the KLSE.

The subsidiary companies of UT are as follows:-

Name	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Year of commencement of core business	Principal activity
UO	13.12.1989 Malaysia	5,000,000	100.00	July 1994	Design, research, development and manufacture of miniature data terminals, fuzzy logic controllers, DSIP, control modules for precision weighing scale and PCB assembly
UE	31.5.1989 Malaysia	3,000,000	100.00	December 1989	Trading of complete electric modules and saturated paper for PCB lamination and assembly of electronic components onto PCB
UI	13.12.1989 Malaysia	623,793	100.00	N/A	Property investment holding

UT has no associated companies.

### 7.2 Flotation Scheme

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of UT on the Second Board of the KLSE, UT undertook a restructuring exercise which was approved by the SC on 29 December 1999 and 16 May 2000. The approvals from the MITI and FIC were both obtained on 11 September 1999. The Flotation Scheme involved the following:-

#### (a) Incorporation of Revaluation Surplus

Jones Lang Wootton, an independent firm of professional valuers, carried out a valuation of all landed properties belonging to the UT Group on 26 May 1999 based on the comparative and cost methods. The incorporation of revaluation surplus is as follows:-

- i) incorporation of revaluation surplus amounting to RM2,038,303 in the accounts of UO for the financial year ended 31 December 1999 arising from the revaluation of its landed properties; and
- ii) incorporation of revaluation surplus amounting to RM1,738,515 in the accounts of UI for the financial year ended 31 December 1999 arising from the revaluation of its landed properties.

Further details of the properties owned by the UT Group and the incorporation of revaluation surplus are set out in Section 7.5 of this Prospectus.

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### (b) Special Dividend

UE and UO paid a special dividend of RM17,682,576 to their existing original shareholders on 8 March 2000, being 37% less tax for UE and 157.29% less tax and 224.40% tax exempt for UO out of their respective retained profits based on the audited accounts for the financial year ended 31 December 1999 before the Acquisitions as shown in the following table:-

Name of shareholders	UO (RM)	UE (RM)	Total (RM)
Kao De Tsan	9,454,243	448,000	9,902,243
Kao Te Pei	4,051,818	192,000	4,243,818
YIT	3,376,515	160,000	3,536,515
<b>TOTAL</b>	<b>16,882,576</b>	<b>800,000</b>	<b>17,682,576</b>

### (c) Acquisitions

The unaudited adjusted NTA values for UO, UE Group and UT Group after taking into account the effects of the incorporation of Revaluation Surplus and Special Dividend as set out above are as follows:-

	UO (RM)	UE Group (RM)	UT Group (RM)
Audited NTA as at 31.12.1998	21,973,064	7,095,631	29,068,695
Add :- Revaluation Surplus	2,038,303	1,738,515	3,776,818
Adjusted NTA	<b>24,011,367</b>	<b>8,834,146</b>	<b>32,845,513</b>

#### ▪ Acquisition of UO

Acquisition of the entire issued and paid-up share capital of UO comprising 5,000,000 Shares from its existing shareholders for a purchase consideration of RM24,011,367 based on the adjusted NTA of UO as at 31 December 1998 satisfied by the issuance of 19,056,640 Shares in UT. The new UT Shares were issued at approximately RM1.26 per Share, arrived at on a willing buyer, willing seller basis. The acquisition was completed on 9 March 2000. Details of the acquisition of UO are as follows:-

Shareholders	No. of Shares held in UO	(%)	Share of adjusted NTA (RM)	No. of UT Shares issued
Kao De Tsan	2,800,000	56.00	13,446,366	10,671,718
Kao Te Pei	1,200,000	24.00	5,762,728	4,573,594
YIT	1,000,000	20.00	4,802,273	3,811,328
<b>TOTAL</b>	<b>5,000,000</b>	<b>100.00</b>	<b>24,011,367</b>	<b>19,056,640</b>

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### ▪ Acquisition of UE

Acquisition of the entire issued and paid-up share capital of UE comprising 3,000,000 Shares from its existing shareholders for a purchase consideration of RM8,834,146 based on the adjusted consolidated NTA of UE Group as at 31 December 1998 satisfied by the issuance of 7,011,227 Shares in UT. The new UT Shares were issued at approximately RM1.26 per Share, arrived at on a willing buyer, willing seller basis. The acquisition was completed on 9 March 2000. Details of the acquisition of UE Group are as follows:-

Shareholders	No of Shares held in UE	(%)	Share of adjusted consolidated NTA (RM)	No of UT Shares issued
Kao De Tsan	1,680,000	56.00	4,947,122	3,926,287
Kao Te Pei	720,000	24.00	2,120,195	1,682,694
YIT	600,000	20.00	1,766,829	1,402,246
<b>TOTAL</b>	<b>3,000,000</b>	<b>100.00</b>	<b>8,834,146</b>	<b>7,011,227</b>

The new Shares issued pursuant to the Acquisitions rank pari passu in all respects with the existing ordinary shares of UT. The shares in UO and UE were acquired free from any encumbrances, liens and charges and with all rights attaching thereto.

### (d) Nomination of UT Shares

Pursuant to the Acquisitions of UO and UE, Kao De Tsan nominated 11,764,274 Shares to EIL and Kao Te Pei nominated 5,041,832 Shares to IWL representing 29.41% and 12.60% respectively of the enlarged issued and paid-up capital of UT. EIL and IWL are investment holding companies which are wholly-owned by Kao De Tsan and Kao Te Pei respectively. The shares were transferred to EIL and IWL without any consideration on 9 March 2000 for estate planning purposes.

Name of shareholders	No. of Shares held in UT before Nomination	No. of UT Shares nominated	No. of Shares held in UT after Nomination
Kao De Tsan	14,598,005	(11,764,274)	2,833,731
Kao Te Pei	6,256,288	(5,041,832)	1,214,456
EIL	-	11,764,274	11,764,274
IWL	-	5,041,832	5,041,832

### (e) Rights Issue

Upon completion of the Acquisitions and nomination of UT Shares, UT carried out a Rights Issue of 7,932,131 new Shares at an issue price of RM1.10 per Share on the basis of approximately three(3) new Shares for every ten(10) existing Shares held based on the share capital of 26,067,869 Shares after the Acquisitions. The Rights Issue was completed on 10 March 2000 and all shares issued pursuant to the Rights Issue rank pari passu in all respects with the then existing shares of the Company.

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**(f) IPO**

UT will issue 6,000,000 new Shares or 15% of its enlarged issued and paid-up share capital at an issue price of RM4.80 per Share pursuant to the Public Issue. The Offerors will also offer 5,280,000 Shares representing 13.2% of the enlarged issued and paid-up share capital of UT at an offer price of RM4.80 per Share.

**(g) Listing**

Upon completion of the Flotation Scheme, UT will seek admission to the Official List for the listing of and quotation for its enlarged issued and paid-up share capital of 40,000,000 Shares on the Second Board of the KLSE.

**7.3 *History and Business Overview***

Kao De Tsan's interest in electronic design prompted him to establish Uchi Electronic Co. Ltd., Taiwan in 1981. He was joined by his brother, Kao Te Pei in 1982. Together with other partners, the two Kao brothers started off the company by designing a control module for electronic bathroom scales for their first customer, Krups. Subsequently, the company moved on to develop control modules for electronic slicers and mixers. Eventually, the company designed and developed control modules for coffee makers. At that time, the company was also developing Switching Power Supply, a voltage converter for bar coding system for Symbol Technologies Inc.

With their vision to "Look South", the Kao brothers decided to set up a manufacturing base in Penang in 1989. The Group commenced operations in December 1989 at its factory in 187, Jalan Sungai Pinang, Georgetown. Subsequently the Group shifted to Prai Industrial Estate, Penang in 1996 when business expanded. At that time, the Group had already established a good customer base with long-standing relationships.

The Group has invested approximately RM6.0 million in machinery to date. The annual Group production capacity and output value for the past five(5) years are as follows:-

	1995 (RM'000)	1996 (RM'000)	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)
Production capacity	40,000	40,000	40,000	40,000	40,000
Production output	19,870	21,258	23,696	37,623	48,156

**(i) Principal Products and Services**

The Group serves a wide base of MNCs, in the consumer and industrial electrical and electronic appliances industries such as Sartorius which is principally involved in manufacturing of precision machine and commercial scales in addition to Eugster, Moulinex and Krups which are principally involved in household appliance manufacture.

UT's core business is in OEM and ODM, specialising in the design of electronic control systems. Under OEM, UT Group engages in contract manufacturing activities whereby it assembles electronic components onto PCBs used in consumer and industrial electrical and electronic appliances.

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However with ODM, UT Group forges technical partnerships with its customers. UT Group designs and develops electronic control modules in-house and eventually manufactures and assembles components into semi-finished parts and control modules which its customers will insert into their finished products. UT Group develops the software programming, hardware design and system construction of these ODM products. As such, the name "UCHI" is printed on most of the microprocessors and PCBs.

The Group, however, is moving towards producing end-products and recently has ventured into developing and manufacturing a new range of products, the DSIP, which are sound processing devices.

DSIP enhances reproduction for fuller, cleaner, undiluted sound with sharp mid-tones, crisp trebles and powerful bass. DSIP maintains the phase relation of signal frequency while enhancing bass and treble output. With this processor, the system compensates for tones lost as sound travels through air for incredible improvement of headphones, earphones and speakers. This economical product covers a wide range of applications - from improving the earphones for the compact disc player to fuller, crisper sound for home theater systems. With this system, the home-user can enjoy the sound effect of a more expensive system with affordable costs.

The DSIP was officially launched in the second quarter of 1999 in the overseas market and was introduced to the local market in August 1999. The DSIP is supplied to distributors such as CBC Co. Ltd in Japan, Betron AG in Europe, Top Alliance SARL in France, Sound Science Inc. in the United States of America and Goldwyn Technology Ltd. in Hong Kong. On 13 October 1999, UT Group has through its distributor, Goldwyn Technology Ltd obtained the 1999 Hong Kong Electronic Industries Association Award for the DSIP in the consumer electronics group for outstanding, innovative and technological products.

(ii) Principal Markets

Most of the UT Group's customers are MNCs located overseas and its products are exported directly or indirectly to its customers which are located primarily in Europe namely Switzerland, Germany and France. Currently, approximately 90% of their products are sold to the European market whilst the remaining 10% is sold to other countries located in Japan, the United States of America, Taiwan, Singapore, China, Mexico and Hong Kong. For the past five(5) years, UT Group exports approximately 100% of its products.

The Group has established a reputation of being creative, innovative, reliable, quality conscious and always strives to improve quality and efficiency and continuously making investments into new technologies.

The demand for the Group's products are generally dependent on a few key industries within the consumer and industrial electronics sectors.

(iii) R&D

UT's primary goal in R&D is to achieve technological breakthrough and exceed customers expectation by research, innovation and developing high grade, market orientated with optimal cost efficient products. The Group shares with its customers the expertise and technology built-up from various industries in terms of research results.

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The R&D division has been headed by Mr Kao De Tsan since it was established in 1990. UT Group's 18-member R&D team works very actively and closely in continuous projects with its customers from different industries ie. fully automatic coffee machines, semi-automatic coffee machines, high precision weighing instruments, household products, healthcare products, audio products etc. Hence the broad exposure to different industries enable the R&D team to combine different designs and technological concepts and advise customers with more competent and unique proposals. For the financial year ended 31 December 1999, the Group spent approximately RM3.7 million on R&D expenses or 7.1% of total Group's turnover. The Group allocates approximately RM4.4 million for the annual R&D budget.

(iv) Product Quality

UO was certified as a ISO 9002 company on 12 January 1996 for conformance to specified requirements during production, installation and servicing, and subsequently became a ISO 9001 registered company on 17 January 1997 which includes conformance to specified requirements for design activity. The Group's product quality is further reflected in its customer base, which consists of leading international suppliers of advanced technology who demand high quality and reliability, at all times. Its products are made to the quality specifications set out by its customers and are tested by its quality assurance team.

End-products utilising control modules manufactured by the UT Group have been awarded safety approvals required for mass production which include Underwriters Laboratories ("UL") Inc. from United States of America, Community Europe ("CE") of Europe, Canadian Standards Association ("CSA") of Canada and Japan Industrial Standard ("JIS") from Japan. These high technical standards guarantee an optimum rationalisation of production while constant inspection procedures ensure the high quality of products.

#### 7.4 *Information on Subsidiary Companies*

##### **UO**

UO was incorporated on 13 December 1989 in Malaysia as a private limited company under the Companies Act, 1965.

The principal activities of UO are design, research, development and manufacture of miniature data terminals, fuzzy logic controllers, DSIP, control modules for precision weighing scale and PCB assembly. UO commenced operations in July 1994 with the sub-assembly of printed circuit boards. In 1995, UO commenced to manufacture miniature data terminals and fuzzy logic controllers mainly for coffee makers and precision weighing scales.

The operations of UO are strategically located at Plot 544 Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai measuring 140,083 square feet with a built-up area of 33,144 square feet. The factory has six(6) production lines with four(4) lines running a single 8-hour shift and two(2) lines running two(2) shifts of 8 hours each.

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The electronic control modules developed and manufactured by UO are used in the end-products such as:-

End Product	Customer	Country of Origin	Brand Name
Fully Automatic Espresso Coffee Maker	Eugster	Switzerland	KRUPS JURA AEG
Semi Automatic Coffee Maker	Eugster	Switzerland	JURA NESPRESSO (Nestle group) MOULINEX KITCHENAID (Whirlpool Group) AEG PHILIPS BRAUN KRUPS KRUPS
	Krups Vistar S.A. DE C.V.	Germany Mexico	KRUPS KRUPS
Microwave Oven	Moulinex	France	MOULINEX
Battery Charger for Battery Packs	Symbol Technologies, Inc	United States of America	SYMBOL
Auto Shut-Off Steam Iron	Philips Singapore Pte. Ltd.	Singapore	PHILIPS
Remote Controller for Car Stereo	Robert Bosch (M) Sdn Bhd	Malaysia	BLAUPUNKT
Precision Weighing Scale	Sartorius Globaltec Corporation	Germany United States of America	SARTORIUS ACCULAB

The present authorised share capital of UO is RM6,000,000 divided into 6,000,000 Shares, of which 5,000,000 shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of Shares	Consideration	Total (RM)
13.12.1989	3	Cash	3
11.3.1991	599,997	Cash	600,000
7.10.1991	17,797	Cash	617,797
19.01.1994	3,162,203	Cash	3,780,000
23.5.1994	1,220,000	Cash	5,000,000

The financial records of UO based on its audited accounts for the five(5) financial years ended 31 December 1995 to 1999 are set out below:-

	31.12.1995 RM'000	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	20,612	21,543	24,302	38,711	50,446
Profit before charging depreciation and interest	3,719	4,311	7,521	10,216	18,634
Depreciation	(352)	(601)	(779)	(772)	(767)
Net interest income/(expense)	(8)	53	166	443	679
PBT	3,359	3,763	6,908	9,887	18,546
Taxation	(730)	(817)	(353)	(980)	664
PAT	2,629	2,946	6,555	8,907	19,210
No of shares in issue ('000)	5,000	5,000	5,000	5,000	5,000
Gross EPS (RM)	0.67	0.75	1.38	1.98	3.71
Net EPS (RM)	0.53	0.59	1.31	1.78	3.84
Gross dividend rate (%)	-	-	-	80.00	381.69

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**Notes :**

- a) *In 1997, PBT increased by 84% as compared to 1996. This was mainly due to gain on foreign exchange arising from the appreciation of USD against RM as 96% of the total sales were directly exported and only 40% of raw materials were imported from overseas.*

*Turnover in 1998 increased significantly by 59% as compared to 1997. This was due to the appreciation of USD against RM in 1998 and the introduction of new product, i.e., control modules. However, PBT only increased by 43% as compared to 1997. This was due to the realised loss on foreign exchange of RM3.9 million (1997 : RM1.2 million) which arose from the utilisation of forward foreign currency contracts entered into at the lower rates as compared to the actual exchange rates at the sales transaction dates.*

*In 1999, turnover increased by 30% and PBT increased by 87% as compared to 1998. This was due to the increase in demand of household products and control modules by existing customers and also the introduction of new product, i.e., DSIP. The increase in PBT was due to the decrease in realised loss on foreign exchange from RM3.9 million in 1998 to RM151,000 in 1999 resulted from the pegging of RM against the USD at USD1.00 : RM3.80.*

- b) *There were no EI or exceptional items in respect of all the financial years under review.*
- c) *The effective tax rates for the financial years under review from 1995 to 1998 were lower than the respective statutory tax rates as UO was granted pioneer status by the Malaysian Industrial Development Authority whereby 70% of its statutory income from the production and sale of miniature data terminals and fuzzy logic controllers 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 mainly consist of deferred tax assets relating to certain provisions 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.*

- d) *The net EPS for the respective years under review has been calculated based on the PAT divided by the weighted average number of shares in issue during the respective financial years under review.*

UO was acquired by UT on 9 March 2000 and had 317 employees as at 31 May 2000. It has no subsidiary or associated companies.

**UE**

UE was incorporated on 31 May 1989 under its present name in Malaysia as a private limited company under the Companies Act, 1965.

Previously, UE assembled electrical components onto PCBs, LEDs, coffee makers, coffee makers (semi-finished) and precision weighing scales. During the financial year 1996, UE has ceased the manufacturing of LEDs, coffee makers, coffee makers (semi-finished) and precision weighing scale as it diverted its operations into trading activities. Presently, UE's principal activities are the trading of complete electric modules and saturated paper for PCB lamination and the assembly of electronic components onto PCBs. The assembly of electronic components is a subcontract service provided to UO. UE charges UO based on man hours for the subcontract service provided as UE uses the same production space as UO.



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The authorised share capital of UE is RM5,000,000 comprising 5,000,000 Shares, of which 3,000,000 shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of Shares	Consideration	Total (RM)
31.5.1989	2	Cash	2
7.8.1989	500,000	Cash	500,002
31.10.1991	500,000	Cash	1,000,002
14.5.1992	974,000	Bonus Issue	1,974,002
14.5.1992	26,000	Cash	2,000,002
25.9.1992	999,998	Cash	3,000,000

The financial records of UE based on its audited accounts for the financial year ended 31 October 1995, period from 1 November 1995 to 31 December 1996 and three(3) financial years ended 31 December 1997 to 1999 are as follows:-

	31.10.1995	1.11.1995 to		31.12.1998	31.12.1999
	RM'000	31.12.1996	31.12.1997	RM'000	RM'000
Turnover	16,947	7,669	7,711	4,534	4,650
Profit/(Loss) before charging depreciation and interest	1,935	4,045	831	(259)	768
Depreciation	(806)	(570)	(131)	(126)	(103)
Net interest income	11	144	54	535	264
PBT	1,140	3,619	754	150	929
Taxation	(127)	1	(1,047)	27	(95)
Profit/(Loss) after taxation before EI	1,013	3,620	(293)	177	834
EI	(27)	-	-	-	-
Profit/(Loss) after taxation after EI	986	3,620	(293)	177	834
Weighted average no of ordinary shares in issue ('000)	3,000	3,000	3,000	3,000	3,000
Gross EPS (RM)	0.38	1.21	0.25	0.05	0.31
Net EPS (RM)	0.34	1.21	(0.10)	0.06	0.28
Gross dividend rate (%)	-	-	63.33	10.00	37.00

### Notes:

- a) In 1996, UE changed its financial year end from 31 October to 31 December.
- b) In 1996, UE's turnover decreased by 55% as a result of the change of UE's principal activity from manufacturing activities to trading activities. However, UE's PBT increased by more than 100% which was contributed by 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.

In 1997, there was no significant change in turnover as compared to 1996. However, PBT decreased from RM3.6 million in 1996 to RM754,000 in 1997 as the gain on disposal of landed property in 1996 was non-recurring item.

In 1998, UE's turnover decreased by 41% as it had reduced the manufacturing of its old products and diverted to trading activities. UE's PBT decreased by 80% as compared to 1997. It was mainly due to the realised loss on foreign exchange of RM741,000 (1997 : RM150,000) which arose from the utilisation of forward foreign currency contracts entered into at the lower rates as compared to the actual exchange rates at sales transaction dates.

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The increase in PBT in 1999 was due to the decrease in loss on foreign exchange as a result of the pegging of RM against USD at USD1.00 : RM3.80.

- c) Included in 1997's taxation was an underprovision for taxation for 1994, 1995 and 1996 amounting to RM393,658, RM232,091 and RM234,791 respectively. The underprovision for taxation was due to certain claim for double deduction for R&D expenditures and reinvestment allowance being disallowed by the tax authority. Besides, included in 1996's taxation was an overprovision for taxation for 1994 and 1995 amounting to RM234,000 and RM37,000 respectively. Should the above under/(over) provision for taxation be adjusted to the respective year, the effective tax rates for the financial year ended 31 October 1995, 14 months ended 31 December 1996 and year ended 31 December 1997 will be lower than the statutory tax rate. The lower effective tax rates for 1995 and 1996 were mainly due to utilisation of unabsorbed capital allowances and claim of reinvestment allowances. The lower effective tax rate for 1997 was mainly due to unrealised gain on foreign exchange amounting to RM430,000 which was non-taxable for income tax purposes.

Included in 1998's taxation was an overprovision for taxation for 1997 amounting to RM115,000. Should the overprovision be adjusted to 1997, the effective tax rate for the financial year ended 31 December 1998 will be higher than the statutory tax rate due to realisation of gain on foreign exchange amounting to RM430,000 which related to 1997 and certain expenses were not allowable for income tax purposes.

The 1999's taxation of RM95,000 represented underprovision for taxation from 1993 to 1997. 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.

- d) The EI in 1995 represented 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.

- e) The net earnings/(loss) per ordinary share for the respective financial period/years under review has been calculated based on the profit/(loss) after taxation before EI divided by the weighted average number of shares in issue during the respective financial period/years under review.

UE was acquired by UT on 9 March 2000 and had 23 employees as at 31 May 2000. It has a wholly-owned subsidiary company, UI but no associated companies.

### UI

UI was incorporated on 13 December 1989 under its present name in Malaysia as a private limited company under the Companies Act, 1965 and is currently dormant. Currently, UI owns a piece of vacant industrial land measuring 140,178 square feet at Seberang Perai Tengah, Free Industrial Zone, Phase II, Prai, Penang. The lease for the land expires on 6 December 2049 and is intended for future expansion of the Group's operations.

The authorised share capital of UI is RM650,000 comprising 650,000 Shares, of which 623,793 shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of Shares	Consideration	Total (RM)
13.12.1989	3	Cash	3
11.3.1991	599,997	Cash	600,000
7.10.1991	23,793	Cash	623,793

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The financial records of UI based on its audited accounts for the past five(5) financial years ended 31 December 1995 to 1999 are as follows:-

	31.12.1995 RM'000	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	-	-	-	-	-
Loss before charging depreciation and interest	(42)	(7)	(12)	(63)	(20)
Depreciation	(10)	(10)	(10)	(10)	(44)
Net interest expense	-	-	-	-	-
Loss before taxation	(52)	(17)	(22)	(73)	(64)
Taxation	-	-	-	-	-
Net loss	(52)	(17)	(22)	(73)	(64)
Weighted average no of ordinary shares in issue ('000)	624	624	624	624	624
Gross EPS (RM)	(0.08)	(0.03)	(0.04)	(0.12)	(0.10)
Net loss per share (RM)	(0.08)	(0.03)	(0.04)	(0.12)	(0.10)
Gross Dividend per share (%)	-	-	-	-	-

**Notes:**

- a) *UI owns a piece of industrial land and has not commenced commercial operations since its incorporation on 13 December 1989. Accordingly, no turnover were generated for the financial years under review;*
- b) *The loss before taxation for all the financial years under review were primarily due to operating expenses incurred, which consist mainly of amortisation of long leasehold land and administrative charges;*
- c) *There were no EI or exceptional items in respect of all the financial years under review; and*
- d) *The net loss per ordinary share for the respective years under review has been calculated based on the loss after taxation divided by the weighted average number of shares in issue during the respective financial years under review.*

Currently, UI does not have any employees. It has no subsidiary or associated companies.

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### 7.5 Properties

The properties owned by the UT Group which have been valued by Jones Lang Wootton on 26 May 1999 based on the comparison and cost methods are set out below:-

Registered/ Beneficial owner	Title/Location	Tenure/Date of expiry of lease	Description/ Existing use	Land area/ Built-up area	Net book value as at 31.12.1998 (RM)	Net book value as at 31.12.1999 (RM)	Market value (RM)	Value approved by SC (RM)	Approved revaluation surplus (RM)
UO	HS (D) 4360/ PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	60 years leasehold, expiring on 1.1.2050	Vacant Industrial Land	140,083 sq. ft.	504,405	2,406,863	2,455,000	2,455,000	1,950,595
UO	HS (D) 4360/ PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Plot 544, Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	60 years leasehold expiring on 1.1.2050 (Age of building is approximately 5 years)	Main Floor Area Ancillary Floor Area	Built-up area 27,844 sq. ft. <u>5,300 sq. ft.</u> <u>33,144 sq. ft.</u>	2,312,292	2,352,941	2,400,000	2,400,000	87,708
UI	HS (D) 4319 PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang (Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	60 years leasehold expiring on 6.12.2049	Vacant Industrial Land	140,178 sq. ft.	506,485	2,200,908	2,245,000	2,245,000	1,738,515

The revaluation surplus has been incorporated in the accounts of UO and UI respectively for the financial year ended 31 December 1999. The Valuers' Letter on the properties is set out in Section 13 of this Prospectus.

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**7. INFORMATION ON THE UT GROUP... cont'd**


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**7.6 Future Plans of the Group**

The Group's R&D department strives to continuously develop further on existing projects and supplies customers with solutions most suited to the changes in technology, process, materials and components. The experience the Group gained from production and feedback from the market is used to continuously make improvements on existing products. This builds up its customer confidence in the Group with the knowledge that the Group is constantly trying to improve on existing designs, thus allowing its customers to concentrate on other areas of their expertise.

Following the launch of DSIP, the Group is planning to further produce new products in the near future including the following:-

- **SIDS Monitoring System**

Sudden Infant Death Syndrome is a medical disorder which claims the lives of thousands of young children between one(1) week to one year of age. The infant's death is caused by sudden functional disorder of an infant's heart while the infant is sound asleep whereby the infant may lose its life if it is not awoken within a certain time. It is nearly impossible to predict when it will happen. The only prevention is to wake the infant immediately when functional disorder occurs and to send it for medical diagnosis.

SIDS monitoring system is a device designed to detect the breath motion of an infant. By using a very sensitive motion sensor, the device detects the breath motion of an infant without any physical contact with the infant's body. A built-in time-out control will allow parents to adjust the monitoring frequency according to the age of the infant and advice of doctors.

The monitoring system provides a remote radio receiver which will allow mothers to monitor the condition of their infants whilst they perform their daily house work.

It is expected that the SIDS Monitoring System will be manufactured based on ODM basis. UT Group is planning to launch the product in the first quarter of 2001.

- **Oxygen Meter**

When the oxygen level in the air falls below a certain level, a person may feel dizzy, sleepy, tired and even fall unconscious. This situation can occur when air-conditioning systems are used or ventilation is not good.

The Oxygen Meter device was specially designed to help detect the oxygen level in a room. With a special solid state sensor, the unit can detect and display the oxygen level of the surrounding area. An alarm can be set by the user to determine the minimum oxygen level they wish to have. The alarm will trigger when the oxygen level falls below the level determined.

The Oxygen Meter can be used widely in any air-conditioned room such as offices, classrooms, residential houses, cinemas, any factories and any vehicles. With the Oxygen Meter device, it is possible to reduce the accident rate and improve work efficiency.

It is expected that the Oxygen Meter will be manufactured based on ODM basis. UT Group is planning to launch the product by the second quarter of 2001.

Currently, the UT Group does not hold any patents or trademarks as they manufacture products on an ODM and OEM basis. Nonetheless, they plan to do so for its own products in the future.