

# UCHI TECHNOLOGIES BERHAD

(Company No. 457890-A)  
 (Incorporated in Malaysia under the Companies Act, 1965)

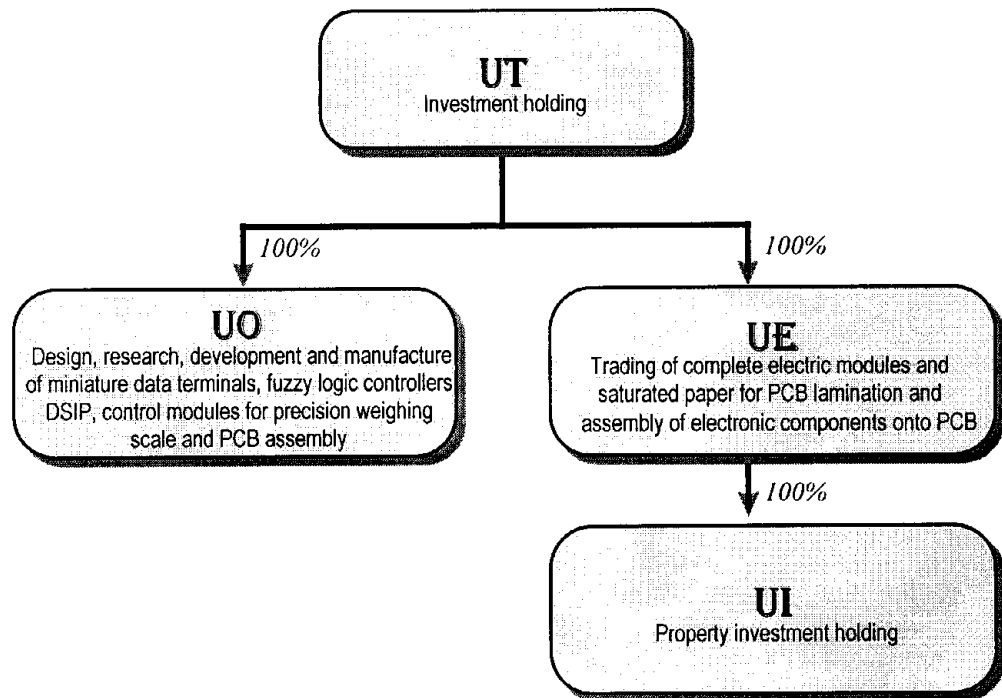
## 1. SUMMARY

The information set out below is derived from, and should be read in conjunction with, the full text of this Prospectus.

### 1.1 Introduction

UT was incorporated in Malaysia under the Companies Act, 1965 on 18 February 1998 under the name Uchi Technologies Sdn Bhd. It was subsequently converted to a public limited company on 8 June 1999 thus assuming its present name.

UT is principally an investment holding company. The UT Group structure and the principal activities of its wholly-owned subsidiaries are depicted below:-



The Group is principally involved in OEM and ODM, specialising in the design of electronic control systems. The electronic control modules are developed and manufactured by the UT Group for MNCs such as Eugster, Moulinex, Krups and Sartorius. These companies are global leaders in electrical and electronic products such as precision weighing scales and household appliances such as coffee makers and microwave ovens.

## 1. SUMMARY ...cont'd

### 1.2 Financial Records

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.

**1. SUMMARY ...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.*

**1.3 Principal Statistics Relating to the IPO**

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text.

<b>SHARE CAPITAL</b>	<b>RM</b>
<i>Authorised</i>	
— 50,000,000 Shares	<u>50,000,000</u>
<i>Issued and fully paid up</i>	
— 34,000,000 Shares	34,000,000
<i>To be issued pursuant to the Public Issue</i>	
— 6,000,000 new Shares	<u>6,000,000</u> <u>40,000,000</u>
 <b>TO BE OFFERED PURSUANT TO THE IPO</b>	 5,280,000
 <b>IPO PRICE PER SHARE</b>	 RM4.80
 <b>PROFORMA GROUP NTA</b>	
Proforma Group NTA based on the audited accounts as at 31 December 1999 (after adjusting for the Flotation Scheme)	RM70,860,000
Proforma Group NTA per ordinary share based on the enlarged issued and paid-up share capital comprising 40,000,000 Shares	RM1.77

**1. SUMMARY ...cont'd**

<b>FORECAST EARNINGS</b>	<b>Year ending 31.12.2000 RM'000</b>	
Consolidated PBT		22,786
Consolidated PAT		18,805
	<b>(A)</b>	<b>(B)</b>
Gross EPS (sen)	57.0	80.0
Net EPS (sen)	47.0	66.0
Gross PE based on the IPO price of RM4.80 per Share (times)	8.4	6.0
Net PE based on the IPO price of RM4.80 per Share (times)	10.2	7.3

(A) The EPS is computed based on the enlarged ordinary shares 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 weighted average number of shares in issue of 28,500,000 Shares.

<b>FORECAST DIVIDEND</b>	<b>Year ending 31.12.2000</b>
Tax exempt Dividend per share (sen)	12.0
Dividend yield based on the IPO price of RM4.80 per Share (%)	2.5
Net Dividend cover based on the issued and paid-up share capital of 40,000,000 Shares (times)	3.9

## 2. CORPORATE INFORMATION

### BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Dato' Haji Abdul Rashid Bin Ngah, <i>SPMT, DSMT, PJM, DPMT, JSM, PJC, PPN, PJK (Chairman)</i>	A194, Kampung Seberang Takir 21300 Kuala Terengganu	Company Director	Malaysian
Kao De Tsan <i>(Managing Director)</i>	3-E, Jalan Tunku Abdul Rahman 10350 Penang	Company Director	Taiwanese
Kao Te Pei <i>(Executive Director)</i>	47-2-2, Gurney Ville Jalan Cantonment 10250 Penang	Company Director	Taiwanese
Dato' Haji Alwi @ Ali Bin Muhamad, <i>DPMT, ASM, PJC, PJK, BLB (Non-Executive Director)</i>	479C, Kampung Losong Megat Husin 21000 Kuala Terengganu	Company Director	Malaysian
Dato' Fang Chok Seong, <i>DSDK, SMS, AMK, PJK, JP (Independent Non-Executive Director)</i>	2288, Jalan Mahkota 05100 Alor Setar Kedah Darul Aman	Company Director	Malaysian
Kao Chi-Kun <i>(Non-Executive Director)</i>	14721-48, Ave. Edmonton Alberta, T6H 5N1 Canada	Company Director	Canadian
Huang, Teng-Yen <i>(Non-Executive Director)</i>	3F1, No. 10, Alley 20 Lane 12, Pa The Road Sec 3, Sung-Shan Area Taipei Taiwan, R.O.C.	Company Director	Taiwanese
Lim Kee Nam <i>(Independent Non-Executive Director)</i>	20, Jalan Sungai Ara 3 Desa Ara 11900 Bayan Lepas Penang	Company Director	Malaysian
Kao Wang, Ying-Ying <i>(alternate Director to Huang, Teng-Yen)</i>	3-E Jalan Tunku Abdul Rahman 10350 Penang	Company Director	Taiwanese
Chang, Shin-Fang <i>(alternate Director to Kao Chi-Kun)</i>	47-2-2, Gurney Ville Jalan Cantonment 10250 Penang	Company Director	Taiwanese
Alias bin Jaafar, <i>PJK (alternate Director to Dato' Haji Abdul Rashid bin Ngah)</i>	376-1 Jalan Sultan Omar 20300 Kuala Terengganu	Company Director	Malaysian
Mat Zaid bin Ibrahim <i>(alternate Director to Dato' Haji Alwi @ Ali Bin Muhamad)</i>	E608 Taman Setia Durian Burong 20050 Kuala Terengganu	Company Director	Malaysian

### AUDIT COMMITTEE

Name	Responsibility	Directorship
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

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**2. CORPORATE INFORMATION ...cont'd**

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<b>COMPANY SECRETARY</b>	Khoo Lay Tatt (MAICSA 7029262) H10-4 Rifle Range Flats 11400 Ayer Itam Penang
<b>REGISTERED OFFICE</b>	3rd Floor, Wisma Wang 251-A Jalan Burma 10350 Penang
<b>REGISTRARS &amp; TRANSFER OFFICE</b>	PFA Registration Services Sdn Bhd Level 13, Uptown 1 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan
<b>ISSUING HOUSE</b>	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur
<b>PRINCIPAL BANKERS</b>	Arab-Malaysian Merchant Bank Berhad Suites 01&03, 2 <sup>nd</sup> Floor, Menara Penang Garden 42-A Jalan Sultan Ahmad Shah 10050 Penang  Ban Hin Lee Bank Berhad Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang  EON Bank Berhad Ground Floor Wisma Wang 251-A Jalan Burma 10350 Penang  HSBC Bank Malaysia Berhad 1 Downing Street 10300 Penang  Malayan Banking Berhad 2741-2743 Taman Inderawasih Jalan Chain Ferry 13600 Prai
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	Kassim Chan & Co. Public Accountants 4th Floor Wisma Wang 251-A Jalan Burma 10350 Penang

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**2. CORPORATE INFORMATION ...cont'd**

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**SOLICITORS**

Ong & Manecksha  
Advocates & Solicitors  
Suite 503, 5th Floor  
Penang Plaza, Jalan Burma  
10050 Penang

**VALUERS**

Jones Lang Wootton  
(Proprietor : Singham Sulaiman Sdn Bhd)  
2nd Floor, Standard Chartered Bank Chambers  
2 Lebuhr Pantai  
10300 Penang

**ADVISER AND MANAGING  
UNDERWRITER**

Arab-Malaysian Merchant Bank Berhad  
22nd Floor, Bangunan Arab-Malaysian  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

**UNDERWRITERS**

Arab-Malaysian Merchant Bank Berhad  
22nd Floor, Bangunan Arab-Malaysian  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

Arab-Malaysian Securities Sdn Bhd  
15<sup>th</sup> Floor, Bangunan Arab-Malaysian  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

Hwang-DBS Securities Berhad  
Level 2, 3, 4, 7 & 8  
Wisma Sri Pinang  
60 Green Hall  
10200 Penang

Mercury Securities Sdn Bhd  
2<sup>nd</sup> Floor, Wisma UMNO  
Lorong Bagan Luar Dua  
12000 Butterworth  
Penang

UT Securities Sdn Bhd  
12<sup>th</sup> Floor, Mayban Trust Building  
3 Penang Street  
10200 Penang

**LISTING SOUGHT**

Second Board of the KLSE

### 3. INVESTMENT CONSIDERATIONS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the following investment considerations:-

- ***Customer Dependency***

UT Group is dependent on a few major customers, namely Sartorius, Eugster and Krups, and their contribution to turnover for the past five(5) years is as follows:-

	1995	1996	1997	1998	1999
Contribution to turnover	54%	83%	85%	80%	83%

General supply agreements were entered into between the UT Group and Sartorius, Eugster and Krups on 16 March 1995, 6 January 2000 and 15 February 2000 respectively. Terms of these general supply agreements include procedures for order, delivery, payment of goods, in addition to quality assurance. The Directors of UT Group have no reason to believe that the business relationship between the UT Group and these customers will be disrupted, in the immediate term or otherwise. This is evidenced from the continuous and steadily increasing orders obtained from these customers. In fact, certain customers have indicated that their production is highly dependent upon UT Group and would experience difficulties if UT Group ceased supply to them.

In addition, UT Group's businesses are highly dependent on overseas markets as approximately 100% of its sales are derived from overseas markets. No assurance can be given that any significant changes to these markets will not have a material effect on its performance. However, the Group exports its manufactured products to developed countries including Germany, Switzerland, France, the United States of America and Japan thus reducing its dependence on any single export market. The Group's risk is also mitigated to a certain extent by its mode of operations on a "build-to-order" basis, whereby it manufactures in response to specific customers' orders.

To mitigate these business risks, UT continually seeks to diversify its export markets and customer base.

- ***Technological Changes***

UT Group is subject to technological changes in the electrical and electronics industry which may render its existing products or services uncompetitive or obsolete. UT's success in the industry will ultimately depend on its ability to identify, develop and adopt new products or new production processes. The Group's R&D work force has largely been successful in fulfilling customer design requirements enabling the Group to produce products with consistently high quality and in greater volume. This has enabled UT Group to maintain existing customers and attract new customers. The Group will continue to explore new areas of business to add depth to its manufacturing capabilities.



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**3. INVESTMENT CONSIDERATIONS... cont'd**

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▪ ***Dependence on Key Personnel***

UT Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its Executive Directors and management team especially its founders Kao De Tsan and Kao Te Pei. The loss of any key member of the Executive Directors and management team could adversely affect the Group's continued ability to compete in the electronic industry in a limited period of time. However, one of the strengths of UT Group is the large number of long serving key personnel. This is evident from the past service track record of the management team with an average of seven(7) years of service with the Group. Efforts are presently being made to groom the younger members of the management team to ensure a smooth transition, should any changes occur.

▪ ***Control by Substantial Shareholders***

UT has three(3) controlling shareholders, namely Kao De Tsan, Kao Te Pei and YIT who will control approximately 75% of the Company's issued and paid up capital after the IPO. As a result, these substantial shareholders will be able to effectively influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

▪ ***Competition***

While no assurance is given that UT Group will be able to maintain its existing customer base, it is pertinent to note that the Group has been able to chart continued growth in its business. This is the result of the Group's continued effort in providing high quality products to its existing customers as well as attracting new ones. The fact that UO has been conferred ISO9002 and ISO9001 certification on quality management systems from SGS Yarsley International Certification Services Limited since January 1996 and 1997 respectively attests to the Group's commitment to quality.

Many of UT's customers such as Sartorius, Eugster, Moulinex and Krups are world leaders in their fields whose selection processes for OEM and ODM are based on stringent criteria foremost of which are proven track records in manufacturing high quality products, management capability, engineering support facilities, delivery dependability and sustainable competitive pricing. In addition, the customers' dependence and trust on the OEM's and ODM's ability to produce high quality products are essential to safeguard its reputation in the market place. All these competitive advantages to the Group are barriers for new prospective entrants in the business.

To the best knowledge of the directors, UT Group is currently the sole ODM supplier in Asia who provides such a unique manufacturing and R&D service in terms of products currently developed by the Group and supplied to its customers and there is no single competitor who is providing the same range of services as the UT Group.

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**3. INVESTMENT CONSIDERATIONS... cont'd**


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- ***Profit Forecast***

This Prospectus contains certain forecasts for UT Group that are based on assumptions which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecasts that are contained herein.

- ***Business Risks***

The Group is principally involved in OEM and ODM, specialising in the design of electronic control systems. As an OEM, the Group manufactures its products according to the clients' design and specifications. In this respect, UT Group may experience competition from new competitors in the market in future. In addition it is exposed to the risk of price fluctuations and stronger bargaining powers of larger buyers. However, UT Group is a proactive entity that endeavours to come up with up-to-date products demanded by its customers. The Group is also enhancing its production capabilities to achieve better quality and economies of scale to remain competitive and to continue to be a leading player in the market.

- ***Foreign Exchange Fluctuations***

Almost 100% of UT Group's manufacturing turnover is derived from export sales, which are mainly transacted in USD. As for raw material used, UT Group will only import from overseas if not available locally. The percentages of the Group's purchases manufactured locally and overseas for the past five years are as follows:-

	1995	1996	1997	1998	1999
Purchases manufactured overseas	75%	49%	42%	49%	52%
Purchases manufactured locally	25%	51%	58%	51%	48%

The purchases manufactured overseas are primarily from Taiwan, Singapore, Japan and Hong Kong. Accordingly, any fluctuations in foreign exchange may have an effect on UT's results. On 1 September 1998, the Malaysian Ringgit was pegged at RM3.80/USD. Whilst this measure may negate the risk of adverse currency fluctuations, it is uncertain as to how long the peg will be maintained.

- ***Supply and Prices of Raw Materials***

The Group enjoys cordial relationships with its raw material suppliers which include Jessen Paper Ware Corporation, Nissei Sangyo (S) Pte. Ltd., Matsushita Electric Works (Asia Pacific) Pte. Ltd., Yosun Singapore Pte. Ltd. and Grand Circuit Industry Sdn Bhd. Nonetheless, this does not provide any assurance that any significant changes to the supply and prices of raw material will not have a material effect on its performance. However, the risk is reduced as the Group is not too dependent on any single supplier as it obtains its raw materials from a large number of suppliers.

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**3. INVESTMENT CONSIDERATIONS... cont'd**

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- ***No Prior Market for the Shares***

Prior to this IPO, there has been no public market for UT's shares. There can be no assurance that an active market for UT's shares will develop upon its listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The IPO price of RM4.80 for the IPO shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies involved in businesses similar to that of the Group and prevailing market conditions. There can be no assurance that the IPO price will correspond to the price at which UT's share will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for UT's shares will develop and continue upon or subsequent to its listing.

- ***Sensitivity of Political and Economic Factors***

Adverse developments in the political and economic conditions in Malaysia and other countries which UT Group has business links, directly or indirectly could materially and adversely affect the financial prospects of the Group. Other uncertainties include risks of war, expropriation, nationalisation or nullification of existing contracts, changes in interest and foreign exchange rates and methods of taxation and currency exchange controls.

Although UT seeks to limit these business risks, no assurance can be given that any changes to these factors will not have a material effect on the Group's businesses. Save as disclosed above and apart from the normal commercial risk, the Group is not vulnerable to any specific factors or events.

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#### 4. STATUTORY INFORMATION

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This Prospectus is dated 10 June 2000.

Approval-in-principle from the KLSE for admission to the Official List and for the listing of and quotation for the entire enlarged issued and fully paid-up share capital of UT on the Second Board of the KLSE was obtained on 5 June 2000. These Shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

**Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39 (1)(j) of the Companies Act, 1965, KLSE has prescribed UT as a prescribed security. In consequence thereof, the shares issued/offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.**

An applicant who presently has a CDS Account should state his CDS Account number in the Application. Where an applicant does not presently have a CDS Account, he should state in the Application Form or Electronic Share Application his preferred ADA Code.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by UT. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of UT since the date hereof.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe or to buy any IPO shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

***If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.***

## 5. PARTICULARS OF THE IPO

### 5.1 Share Capital

<b>Authorised</b>	
— 50,000,000 Shares	RM50,000,000
<b>Issued and fully paid-up</b>	
— 34,000,000 Shares	RM34,000,000
<b>To be issued pursuant to the Public Issue</b>	
— 6,000,000 Shares	RM 6,000,000
	RM40,000,000
<b>To be Offered for Sale</b>	
— 5,280,000 Shares	RM5,280,000

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Issue Shares to be issued pursuant to this Prospectus will rank pari passu in all respect with the existing Shares of the Company including voting rights and rights to all dividends that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and the whole of any surplus in the event of the liquidation of the Company.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representatives shall have one vote for each Share held.

The details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:-

Date of allotment	No. of Shares	Consideration	Total (RM)
18.2.1998	2	Subscriber's shares	2
9.3.2000	26,067,867	Acquisitions	26,067,869
10.3.2000	7,932,131	Rights Issue	34,000,000

### 5.2 Details of the IPO

The Public Issue and Offer for Sale of an aggregate of 11,280,000 Shares at an IPO price of RM4.80 per Share is payable in full on application upon such terms and conditions as set out in this Prospectus.

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**5. PARTICULARS OF THE IPO... cont'd**


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The 11,280,000 Shares arising from the IPO will be allocated and allotted in the following manner:-

- (i) 1,685,000 of the Offer Shares and 80,000 of the Public Issue Shares have been reserved for eligible Directors and employees of the UT Group;
- (ii) 5,200,000 of the Offer Shares have been reserved for YIT and Bumiputra investors approved by MITI; and
- (iii) 4,315,000 of the Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, cooperatives and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, cooperatives and institutions.

The Public Issue Shares and Offer Shares represent 15.0% and 13.2% respectively of the enlarged issued and paid-up share capital of UT of 40,000,000 Shares.

The Shares in respect of paragraph (i) and (iii) have been fully underwritten. The Offer Shares in respect of paragraph (ii) are not underwritten. Any Shares as stipulated in paragraph (i) above not subscribed by the eligible Directors and employees of the UT Group will be made available to the Malaysian public. Any underwritten shares not subscribed by the Malaysian public will be taken up by the underwriters.

### **5.3 Purposes of the IPO**

The purposes of the IPO are as follows:-

- (i) to provide an opportunity for Malaysian investors and institutions and the eligible employees and Directors of the UT Group to participate in the equity and continuing growth of the UT Group;
- (ii) to provide UT Group with flexibility in its choice of financing alternatives for future expansion and enable it to enter into ventures to enhance its profitability in the future and to facilitate UT Group to achieve its objectives;
- (iii) to obtain a listing and quotation for UT's entire issued and paid-up share capital of 40,000,000 Shares on the Second Board of the KLSE; and
- (iv) to enable UT Group to comply with the National Development Policy requirements with regards to Bumiputra equity participation.

### **5.4 Basis of Arriving at the IPO Price**

The IPO price of RM4.80 per Share was determined and agreed upon by the Company, the Offerors and Arab-Malaysian as Adviser and Managing Underwriter based on various factors including the following:-

- (i) the forecast net PE multiple computed on the weighted average number of shares in issue of 28,500,000 Shares and enlarged ordinary shares in issue of 40,000,000 Shares respectively is approximately 7.3 and 10.2 times based on the forecast net EPS of approximately 66.0 sen and 47.0 sen respectively and the IPO price of RM4.80 per Share;
- (ii) the future plans of the UT Group as outlined in Section 7.6 of this Prospectus; and

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**5. PARTICULARS OF THE IPO... cont'd**


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- (iii) the proforma consolidated NTA per Share of UT as at 31 December 1999 of RM1.77 per Share.

### 5.5 *Proceeds of the Offer for Sale*

The gross proceeds of the Offer for Sale of RM25.3 million shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by the Company. The Offerors shall bear all expenses such as brokerage, underwriting commission, stamp duty (if any), registration and share transfer fees if any, relating to the Offer.

### 5.6 *Proceeds of the Rights Issue and Public Issue*

The gross proceeds of RM37.5 million accruing to the UT Group from the Rights Issue and Public Issue will be utilised as follows:-

	<i>Notes</i>	<b>RM'000</b>
Working capital		11,250
Future investment	<i>(a)</i>	8,397
Construction of new factory	<i>(b)</i>	5,815
R&D expenditure	<i>(c)</i>	4,400
Purchase of machinery and equipment	<i>(d)</i>	4,189
Listing expenses	<i>(e)</i>	1,800
Upgrading of information technology resources	<i>(f)</i>	580
Purchase of office furniture and fittings	<i>(g)</i>	419
Renovation of existing building	<i>(h)</i>	400
Purchase of motor vehicles	<i>(i)</i>	275
<b>TOTAL</b>		<b>37,525</b>

#### Notes:-

#### *(a) Future Investment*

This amount will be set aside for future investment and expansion of the Company which has yet to be identified. Specific approval of the SC will be sought before undertaking any investments.

#### *(b) Construction of New Factory*

The Group proposes to use RM5.8 million of the proceeds to part finance the construction of a factory at a site measuring approximately 1.5 acres next to UO's existing factory in Plot 544, Tingkat Perusahaan 4A, Kawasan Perindustrian Bebas, Seberang Prai Tengah, Pulau Pinang. The total construction cost of the factory is estimated at approximately RM7.3 million and the balance of the construction cost will be funded by internal generated funds. The factory will consist of a three(3) storey building with a built-up area of approximately 80,000 square feet. Construction commenced in September 1999 and is estimated to take approximately ten(10) months to complete with approximately 80% completed to date. All final assembly work will be transferred to the new factory whereas the existing factory will be used for storage and sub-assembly work. When completed, the two factories will be able to increase the Group's capacity from an estimated annual production output of RM40 million annually to RM160 million annually.

**5. PARTICULARS OF THE IPO... cont'd***(c) R&D Expenditure*

The RM4.4 million allocated for R&D expenditure will be utilised as follows:-

	<b>RM'000</b>
Purchase of tooling	1,364
Manpower	1,276
Development cost	924
Purchase of sample	352
Others	440
Purchase of jig and fixture	44
<b>TOTAL</b>	<b>4,400</b>

*(d) Purchase of Machinery and Equipment*

The following machinery and equipment are proposed to be purchased by the UT Group for its new factory:-

<b>Description</b>	<b>Country of Origin</b>	<b>Purpose</b>	<b>Total (RM'000)</b>
Smoke absorber, In-circuit tester, wave soldering machine	Singapore	Equipment for PCB assembly	867
Aluminium Wedge Bonder	Hong Kong	A more versatile and accurate machine to bond chip devices to PCB	807
Automatic Solder Printer	United States of America	To dispense solder paste on PCB with better accuracy and efficiency. To be used together with the placement machine	478
Finishing Goods Transferring System	Singapore	An integrated conveyor system to minimise handling and to achieve a higher throughput	433
Material supplies conveyor system	Singapore	To transfer materials from store to production.	305
Electrovert Reflow Oven with forced convection heating module, forced convection air cooling module, conveyor module and computer controls	United States of America	A more advanced oven to control temperature profile for soldering and curing of epoxy. Use with the placement machine	299
Mainframe with surge module and power quality test generator and Burst generator, Surge generator, Power transient generator with Window software	Singapore	Laboratory testing equipment	225
Coordinate Measure machine	Malaysia	QA testing equipment	187
Automatic loader, inspection conveyor and automatic unloader	Singapore	Handling equipment	179
Test chamber	Malaysia	QA testing equipment	150
Logic Analyser, 100MHz and 500MHz Scope, Arbitrary Function Generator and Frequency counter	Malaysia	Testing equipment	102
Forklift Truck equipped with micro computerised transistor chopper system, hydraulic service / mechanical parking braices and electrical drive motor, hydraulic and steering motor	Japan	Loading and unloading of raw materials and finished goods	98
Air compressor system	Malaysia	To supply pressurised air	59
		<b>TOTAL</b>	<b>4,189</b>



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**5. PARTICULARS OF THE IPO... cont'd**


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The new machinery and equipment will be purchased once the certificate of occupancy is obtained for the new factory. The new factory space together with the new machinery and equipment will be able to increase the Group's capacity from an estimated annual production output of RM40 million per annum to RM160 million per annum.

(e) Listing Expenses

The expenses and fees incidental to the listing of and quotation for the entire issued and paid-up ordinary shares of UT on the Second Board of the KLSE including the underwriting commission, brokerage fees, advisers' fees, authorities' fees and other costs associated with the IPO will total approximately RM1.8 million.

(f) Upgrading of Information Technology Resources

The Group proposes to use approximately RM580,000 for modernisation of the current information technology system and to upgrade the current operations system to Syteline 4.0, a total enterprise resource planning application software.

(g) Purchase of Office Furniture and Fittings

The Group proposes to use RM419,000 of the proceeds to purchase office furniture and fittings for the new factory.

(h) Renovation of existing building

The Group proposes to use approximately RM400,000 to mainly renovate the existing production area located at ground floor into a storage area.

(i) Purchase of Motor Vehicles

The Group proposes to use RM275,000 to purchase motor vehicles for transportation of its goods, factory operators and quality control inspector to perform inspection at vendors' premises which include a truck, a passenger van and two(2) passenger cars.

**5.7 Underwriting Commission and Brokerage**

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite 6,080,000 IPO Shares to be offered to the Malaysian public and Directors and employees of the UT Group. Underwriting commission is payable by the Company and Offerors for the 6,000,000 Public Issue Shares and 80,000 Offer Shares respectively at 2.25% of the IPO price of RM4.80 per Share for the Malaysian public and 1.75% of the IPO price of RM4.80 per Share for Directors and employees of the UT Group.

Brokerage is payable by the Company for the Public Issue Shares and the Offerors for the Offer Shares at the rate of 1% of the IPO price of RM4.80 per Share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

## 6. MORATORIUM ON SHARES

In approving UT's Flotation Scheme, the SC imposed a condition that the substantial shareholders of UT are not allowed to sell, transfer or assign their shares in UT amounting to 45% of the enlarged share capital of 40,000,000 Shares for a period of one(1) year from the date of admission of the Company to the Official List of the Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign their shares in UT subject to a maximum of one third per annum (on a straight line basis) of their respective shareholdings in the Company which are under moratorium.

The shareholdings of substantial shareholders after the IPO under moratorium as imposed by the KLSE are set out below:-

Shareholder	Shareholding after IPO	% of the enlarged issued and paid-up share capital	No. of Shares under moratorium	% of the enlarged issued and paid-up share capital
EIL	15,343,998	38.36	9,231,015	23.08
IWL	6,576,000	16.44	3,956,150	9.89
YIT	8,000,000	20.00	4,812,835	12.03
<b>TOTAL</b>	<b>29,919,998</b>	<b>74.80</b>	<b>18,000,000</b>	<b>45.00</b>

The restriction which has been fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates and notices of allotment representing the shareholdings of the aforesaid shareholders which are under moratorium to ensure that UT's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The endorsement to be incorporated on these share certificates and notices of allotment are as follows:-

"The shares comprised are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("the Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."