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If you are in any doubt as to the course of action to be taken, please consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

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UNISEM (M) BERHAD

Registration No. 198901006009 (183314-V)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED BONUS ISSUE OF 806,539,555 NEW ORDINARY SHARES IN UNISEM (M) BERHAD (“UNISEM SHARE(S)” OR “SHARE(S)”) (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING UNISEM SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



CIMB Investment Bank Berhad

Registration No. 197401001266 (18417-M)

The Extraordinary General Meeting (“**EGM**”) of Unisem (M) Berhad (“**Company**”) will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) in Malaysia via its TIIH Online website at <https://tiih.online> on Wednesday, 22 September 2021 at 10.30 a.m., or at any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed herein.

If you decide to appoint a proxy or proxies to participate in the EGM, please complete and sign the Proxy Form and deposit it at the Share Registrar’s office of our Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the EGM, or at any adjournment thereof. You also have an option to submit the Proxy Form electronically via the TIIH Online website at <https://tiih.online> before the Proxy Form lodgement cut-off time as mentioned below. For further information on the electronic lodgement of the Proxy Form, kindly refer to the Administrative Guide, available at the website of the Company at <https://www.unisemgroup.com/investor-relations/EGM/circular-EGM2021> and Bursa Malaysia Securities Berhad’s website at www.bursamalaysia.com under “Company Announcements”.

Last day, date and time for lodging the Proxy Form : Monday, 20 September 2021 at 10.30 a.m.

Date and time of the EGM : Wednesday, 22 September 2021 at 10.30 a.m.

This Circular is dated 6 September 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular.

| | | |
|---------------------------|---|---|
| Act | : | Companies Act 2016 |
| Board | : | Board of Directors of Unisem |
| Bonus Share(s) | : | 806,539,555 new Shares to be issued pursuant to the Proposed Bonus Issue |
| Bursa Securities | : | Bursa Malaysia Securities Berhad |
| CIMB or Principal Adviser | : | CIMB Investment Bank Berhad |
| Circular | : | This circular to shareholders of our Company dated 6 September 2021 in relation to the Proposed Bonus Issue |
| COVID-19 | : | Coronavirus disease 2019 |
| Directors | : | The directors of Unisem and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 |
| EGM | : | Extraordinary general meeting |
| Entitled Shareholders | : | Shareholders whose names appear in the Record of Depositors of Unisem at the close of business on the Entitlement Date |
| Entitlement Date | : | 5.00 p.m. on a date to be determined and announced later by our Board on which the names of the shareholders of Unisem must appear in the Record of Depositors of our Company in order to be entitled to receive the Bonus Shares |
| EPS | : | Earnings per Share |
| FPE | : | Financial period ended/ending, as the case may be |
| FYE | : | Financial year ended/ending, as the case may be |
| HT HK | : | Huatian Technology (Hongkong) Industrial Development Co., Limited |
| HT Malaysia | : | Huatian Technology (Malaysia) Sdn Bhd |

DEFINITIONS (Cont'd)

| | | |
|-----------------------------|---|---|
| Jayvest Holdings | : | Jayvest Holdings Sdn Bhd |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities |
| LPD | : | 25 August 2021, being the latest practicable date prior to the printing of this Circular |
| Market Day | : | Any day on which Bursa Securities is open for securities trading |
| NA | : | Net Asset |
| Proposed Bonus Issue | : | Proposed bonus issue of 806,539,555 new Shares on the basis of 1 Bonus Share for every 1 existing Unisem Share held on the Entitlement Date |
| Record of Depositors | : | A record of depositors maintained by Bursa Malaysia Depository Sdn. Bhd. under the Rules of Bursa Malaysia Depository Sdn. Bhd. |
| RM and sen | : | Ringgit Malaysia and sen respectively |
| SCQ Industries | : | SCQ Industries Sdn Bhd |
| TEBP | : | Theoretical ex-bonus share price |
| Tianshui HT | : | Tianshui Huatian Technology Co., Ltd |
| Unisem or Company | : | Unisem (M) Berhad |
| Unisem Group or Group | : | Unisem and its subsidiaries, collectively |
| Unisem Share(s) or Share(s) | : | Ordinary shares in Unisem |
| VWAMP | : | Volume weighted average market price |

DEFINITIONS (*Cont'd*)

All references to “**our Company**” in this Circular are to Unisem and references to “**our Group**” mean our Company and our subsidiaries. References to “**we**”, “**us**” and “**our**” are to our Company and where the context requires, our Company and our subsidiaries.

All references to “**you**” and “**your**” in this Circular are to our shareholders, unless the context otherwise requires.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any act, law, ordinance, enactment or guideline in this Circular is a reference to that act, law, ordinance, enactment or guideline as amended or re-enacted from time to time.

Any reference to a time of day and date in this Circular is a reference to Malaysian time and date, unless otherwise stated.

Any discrepancies in the figures in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to differ materially from the anticipated results, performance and achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Bonus Issue in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Bonus Issue before voting at the forthcoming EGM.

| Salient information | Description | Reference to Circular |
|--|--|------------------------------|
| Summary of the Proposed Bonus Issue | Our Company propose to undertake a proposed bonus issue of 806,539,555 new Shares on the basis of 1 Bonus Share for every 1 existing Unisem Share held on the Entitlement Date. | Section 2 of this Circular |
| Rationale for the Proposed Bonus Issue | The Proposed Bonus Issue is intended to: (i) allow the shareholders of our Company to increase the number of Shares held in our Company without incurring any additional cost, whilst maintaining their percentage of equity interests; and (ii) improve the marketability and trading liquidity of the Shares on Bursa Securities due to the lower trading price, which serves to attract a broader range of investors to participate in the equity of our Company. | Section 3 of this Circular |
| Approvals required/obtained for the Proposed Bonus Issue | The Proposed Bonus Issue is conditional upon the following approvals being obtained: (i) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 27 August 2021, subject to following conditions: (a) Unisem and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue; (b) Unisem and CIMB to inform Bursa Securities upon the completion of the Proposed Bonus Issue; (c) Unisem and CIMB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and (d) Unisem and CIMB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements. (ii) the shareholders of our Company for the Proposed Bonus Issue at the forthcoming EGM. | Section 6 of this Circular |

| Salient information | Description | Reference to Circular |
|--|---|------------------------------|
| Conditionality of the Proposed Bonus Issue | The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by our Company. | Section 7 of this Circular |
| Interests of Directors, major shareholders, chief executive and/or persons connected | None of the Directors, major shareholders, chief executive and/or persons connected to them has any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements as shareholders of our Company, in which the Bonus Shares are also available to all other Entitled Shareholders. | Section 8 of this Circular |
| Directors' recommendation | <p>Our Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of our Company and our shareholders.</p> <p>Accordingly, our Board recommends that you VOTE IN FAVOUR of the resolution in relation to the Proposed Bonus Issue to be tabled at the forthcoming EGM.</p> | Section 9 of this Circular |

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UNISEM (M) BERHAD

Registration No. 198901006009 (183314-V)
(Incorporated in Malaysia)

Registered Office

Lot No. 9(H)
9th Floor, UBN Tower
10, Jalan P. Ramlee
50250 Kuala Lumpur

6 September 2021

Board of Directors

Mr. John Chia Sin Tet (*Chairman/Group Managing Director*)
Mr. Francis Chia Mong Tet (*Executive Director*)
Mr. Alexander Chia Jhet-Wern (*Executive Director*)
Y.Bhg. Dato' Gregory Wong Guang Seng (*Independent Director*)
Mr. Ang Chye Hock (*Independent Director*)
Mdm. Lim Siew Eng (*Independent Director*)
Mr. Xiao Zhiyi (*Non-Executive Director*)
Mr. Cui Weibing (*Non-Executive Director*)
Mr. Ju Feng (*Non-Executive Director*)
Mdm. Wei Xiaoli (*Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

Proposed Bonus Issue

1. INTRODUCTION

On 30 July 2021, CIMB had, on behalf of our Board, announced that our Company proposes to undertake the Proposed Bonus Issue.

Subsequently on 23 August 2021, CIMB had, on behalf of our Board, announced that the listing application in relation to the Proposed Bonus Issue had been submitted to Bursa Securities.

On 27 August 2021, CIMB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 27 August 2021, approved the listing of and quotation of 806,539,555 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities, subject to conditions as set out in Section 6 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS ISSUE AND TO SEEK YOUR APPROVAL ON THE RESOLUTION IN RELATION TO THE PROPOSED BONUS ISSUE TO BE TABLED AT THE FORTHCOMING EGM OF OUR COMPANY. THE NOTICE OF THE EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THE CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION BY WAY OF POLL IN RELATION TO THE PROPOSED BONUS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of 806,539,555 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Share held by the Entitled Shareholders.

The basis of 1 Bonus Share for every 1 existing Share was determined after taking into consideration, amongst others, the following:

- (i) potential adjustments to the share price of Unisem Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged number of issued shares in our Company after the Proposed Bonus Issue.

As at the LPD, the issued share capital of our Company is RM1,041,630,377.50 comprising 806,539,555 Unisem Shares and we do not hold any treasury shares. Upon completion of the Proposed Bonus Issue, the issued share capital of our Company will remain at RM1,041,630,377.50 while the number of issued shares will increase to 1,613,079,110 Unisem Shares.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time. The Entitlement Date for the Proposed Bonus Issue will be determined and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue.

There will be an adjustment to the market price of Unisem Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue. For illustrative purposes, based on the 5-day VWAMP of Unisem Shares up to and including 20 August 2021 (being the market day immediately preceding the submission of the application to Bursa Securities) of RM8.51, the TEBP of Unisem Shares is RM4.26.

Further, pursuant to Paragraph 6.30(1A) of the Listing Requirements, the share price adjusted for the Proposed Bonus Issue shall not be less than RM0.50 based on the daily VWAMP of Unisem Shares for the 3-month period up to and including the date immediately preceding the submission of the application to Bursa Securities.

Based on the daily VWAMP of Unisem Shares for the 3-month period up to and including 20 August 2021 (being the market day immediately preceding the submission of the application to Bursa Securities) which ranged between RM6.81 and RM9.23, the TEBP of Unisem Shares ranged between RM3.41 and RM4.62. Accordingly, our Board confirms that the Proposed Bonus Issue is in compliance with Paragraph 6.30(1A) of the Listing Requirements.

For illustrative purpose, based on Unisem share price of RM8.51 per Share (which was computed based on the 5-day VWAMP of Unisem Shares up to and including 20 August 2021) and assuming 1,000 Unisem Shares held by a shareholder, the effect of the Proposed Bonus Issue on the Shares held by the shareholder is as follows:

| | <u>No. of Shares held</u> | <u>Share price / TEBP</u> | <u>Total Value</u> |
|---------------------------------|-------------------------------|---------------------------|--------------------|
| Before the Proposed Bonus Issue | 1,000 | RM8.510 | RM8,510 |
| After the Proposed Bonus Issue | 2,000 | *RM4.255 | RM8,510 |

Note:

* Computed based on the number of shares held before the Proposed Bonus Issue multiplied by the share price of Unisem Shares and divided by the number of shares held after the Proposed Bonus Issue ($1,000 * RM8.510 / 2,000 = RM4.255$).

2.2 No capitalisation of reserves

The Proposed Bonus Issue shall be implemented without capitalisation of the retained earnings or reserves of our Company and that the Bonus Shares shall be issued as fully paid shares at nil consideration. The Proposed Bonus Issue will not raise any funds for our Company.

For avoidance of doubt, the Proposed Bonus Issue will increase the number of Unisem Shares in issue but the value of the issued share capital of our Company will remain the same.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares at the date of allotment of the Bonus Shares, save and except that the Bonus Shares will not be entitled to participate in any rights, allotments, dividends, and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the Bonus Shares.

2.4 Listing of and quotation for the Bonus Shares

Bursa Securities had vide its letter dated 27 August 2021, approved the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 6 of this Circular.

The Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day after the Entitlement Date.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE

Our Board has considered that the Proposed Bonus Issue is an appropriate avenue to reward shareholders for their continuous support to our Group. The Proposed Bonus Issue is intended to:

- (i) allow the shareholders of our Company to increase the number of Shares held in our Company without incurring any additional cost, whilst maintaining their percentage of equity interests; and
- (ii) improve the marketability and trading liquidity of the Shares on Bursa Securities due to the lower trading price, which serves to attract a broader range of investors to participate in the equity of our Company.

4. IMPACT OF THE COVID-19 PANDEMIC TO OUR GROUP

The outbreak of COVID-19 in early 2020 and the various movement control measures or lockdown implemented globally have deeply impacted the global economic activities and consumer behavior. The operations of our plants in Ipoh, Malaysia and Chengdu, China were impacted by the COVID-19 pandemic at the beginning of 2020 but both have resumed to its normal capacity since May 2020. On 25 July 2021 the operations of our plants in Ipoh were suspended due to the enhanced movement control order (“EMCO”) imposed by the government in the area where we operate. The EMCO was lifted and we resumed operations on 6 August 2021. Notwithstanding the government-imposed lockdowns and restrictions in business operations, our Group has recorded a revenue growth of approximately 15%, representing an increase from RM1.12 billion in FYE 31 December 2019 to RM1.29 billion in FYE 31 December 2020. The net profit of our Group from continuing operations has also increased from RM79.0 million in FYE 31 December 2019 to RM142.6 million in FYE 31 December 2020, registering a growth of approximately 81%.

In the first half of FYE 31 December 2021 or FPE 30 June 2021, our Group has recorded an improved performance due to higher demand and increase in average selling prices for our products. Revenue of our Group has increased to RM776.2 million in FPE 30 June 2021 from RM565.2 million in FPE 30 June 2020 while the net profit of our Group from continuing operations for the FPE 30 June 2021 was RM100.5 million compared to RM39.2 million in FPE 30 June 2020.

On the whole, the World Semiconductor Trade Statistics forecasted that the worldwide semiconductor market will increase by 19.7% in 2021 which corresponds to a market size of US\$527 billion. For 2022, the global semiconductor market is projected to further grow by 8.8% to USD\$573 billion, with all regions expected to continue to show positive growth rates.

Premised on the above, our Board is cautiously optimistic that the outlook of our Group remains satisfactory for the remaining calendar year 2021. Our Board and management will continue to focus on growing our customers base and enhancing our market position by building strengths in radio frequency, analog and micro-electro-mechanical systems to support the growing end-market segments in 5G, Internet of Things and power management. Our plants will also be streamlined to complement each other with greater emphasis on productivity and innovation.

In the mid-to-long term, our Board expects the prospects of our Group to improve on the back of a healthy balance sheet and the anticipated growth in revenue and earnings from the capacity expansion at our facilities in Ipoh, Malaysia and Chengdu, China.

(Sources: Unisem (M) Berhad Management, WSTS Semiconductor Market Forecast Spring 2021)

5. EFFECTS OF THE PROPOSED BONUS ISSUE

The proforma effects of the Proposed Bonus Issue on issued share capital, substantial shareholders' shareholdings of our Company, and the NA per Share, gearing and EPS of our Group are as follows:

5.1 Issued share capital

For illustration purposes, the proforma effects of the Proposed Bonus Issue on the share capital of our Company are as follows:

| | <u>No. of Shares</u> | <u>RM 000</u> |
|---|-----------------------------|-------------------------|
| Issued share capital as at the LPD | 806,539,555 | 1,041,630 |
| To be issued pursuant to the Proposed Bonus Issue | <u>806,539,555</u> | <u>(1)-</u> |
| Enlarged issued share capital after the Proposed Bonus Issue | <u>1,613,079,110</u> | <u>1,041,630</u> |

Note:

(1) *The Bonus Shares shall be issued as fully paid shares at no consideration and without capitalisation of our Company's reserves.*

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5.2 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholders of our Company as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of our Company. However, the number of Shares held by the substantial shareholders will increase proportionately as a result of the Proposed Bonus Issue.

| | As at the LPD | | | | After the Proposed Bonus Issue | | | |
|----------------------------|---------------|-------|----------------------------|-------|--------------------------------|-------|----------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| HT Malaysia | 387,178,254 | 48.00 | - | - | 774,356,508 | 48.00 | - | - |
| HT HK | - | - | ⁽³⁾ 387,178,254 | 48.00 | - | - | ⁽³⁾ 774,356,508 | 48.00 |
| Tianshui HT | - | - | ⁽⁴⁾ 387,178,254 | 48.00 | - | - | ⁽⁴⁾ 774,356,508 | 48.00 |
| Jayvest Holdings | 87,597,085 | 10.86 | ⁽⁵⁾ 7,134,300 | 0.88 | 175,194,170 | 10.86 | ⁽⁵⁾ 14,268,600 | 0.88 |
| John Chia Sin Tet | 62,326,125 | 7.73 | ⁽⁶⁾ 152,365,413 | 18.89 | 124,652,250 | 7.73 | ⁽⁶⁾ 304,730,826 | 18.89 |
| The Estate of Soo Yut Kuan | - | - | ⁽⁷⁾ 94,731,385 | 11.75 | - | - | ⁽⁷⁾ 189,462,770 | 11.75 |

Notes:

- (1) Based on the issued share capital of our Company of 806,539,555 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of our Company of 1,613,079,110 Shares after the Proposed Bonus Issue.
- (3) Deemed interest through HT Malaysia pursuant to Section 8 of the Act.
- (4) Deemed interest through HT Malaysia and HT HK pursuant to Section 8 of the Act.
- (5) Deemed interest through SCQ Industries pursuant to Section 8 of the Act.
- (6) Deemed interest through Jayvest Holdings, Lancar Indah Sdn Bhd, SCQ Industries, his son and nominee companies/pledged securities accounts pursuant to Section 8 and Section 59(11)(c) of the Act.
- (7) Deemed interest through Jayvest Holdings and SCQ Industries pursuant to Section 8 of the Act.

5.3 NA per Share and gearing

For illustration purposes, based on our latest audited consolidated financial statements as at 31 December 2020, the proforma effects of the Proposed Bonus Issue on the NA per Share and gearing of our Group are as follows:

| | Audited as at 31 December 2020 | After the Proposed Bonus Issue |
|--|---|---|
| | RM 000 | |
| Share capital | 876,118 | 876,118 |
| Treasury shares | (15,888) | (15,888) |
| Capital reserve | 49,868 | 49,868 |
| Foreign currency translation reserve | 162,428 | 162,428 |
| Retained earnings | 700,270 | ⁽²⁾ 700,060 |
| Equity attributable to owners of the Company / NA | 1,772,796 | 1,772,586 |
| Non-controlling interests | - | - |
| Total equity | 1,772,796 | 1,772,586 |
| No. of ordinary shares (including treasury shares) (000) | 806,540 | 1,613,079 |
| NA per share (RM) | 2.20 | 1.10 |
| Total borrowings | 207,400 | 207,400 |
| Gearing (times) ⁽¹⁾ | 0.12 | 0.12 |

Notes:

(1) Computed based on total borrowings divided by NA.

(2) The estimated expenses of approximately RM210,000 relating to the Proposed Bonus Issue are expensed off in the income statement of our Company.

5.4 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2021, save for the dilution in the EPS of our Group as a result of the increase in the number of Shares in issue arising from the Proposed Bonus Issue.

5.5 Convertible securities

As at the LPD, our Company does not have any existing convertible securities.

5.6 Material commitments

Save as disclosed below, as at 31 July 2021, there are no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results/position of our Group:

| | |
|-------------------------------|---------------|
| | RM 000 |
| Property, plant and equipment | 358,491 |

5.7 Contingent liabilities

Save as disclosed below, as at 31 July 2021, there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results/position of our Group:

| | |
|--|---------------|
| | RM 000 |
| Withholding tax payable ⁽¹⁾ | 21,104 |

Note:

- (1) *Withholding tax payable arising from dividends received from a wholly-owned foreign subsidiary. The withholding tax will become payable when our Company disposes its interest in the investment of the said subsidiary by way of share transfer, share buy-back or liquidation.*

6. APPROVALS REQUIRED

The Proposed Bonus Issue is conditional upon the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 27 August 2021, subject to following conditions:

| Conditions | Status of compliance |
|---|-----------------------------|
| (a) Unisem and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue; | To be complied |
| (b) Unisem and CIMB to inform Bursa Securities upon the completion of the Proposed Bonus Issue; | To be complied |
| (c) Unisem and CIMB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and | To be complied |
| (d) Unisem and CIMB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements. | To be complied |

- (ii) the shareholders of our Company for the Proposed Bonus Issue at the forthcoming EGM.

7. CONDITIONALITY OF THE PROPOSED BONUS ISSUE

Save for the Proposed Bonus Issue, there is no other corporate exercise that has been announced but not yet completed as at the LPD.

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by our Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSON CONNECTED

None of the Directors, major shareholders, chief executive and/or persons connected to them has any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements as shareholders of our Company, in which the Bonus Shares are also available to all other Entitled Shareholders.

9. DIRECTORS' RECOMMENDATION

Our Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of our Company and our shareholders.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution in relation to the Proposed Bonus Issue to be tabled at the forthcoming EGM.

10. TIMEFRAME FOR COMPLETION / IMPLEMENTATION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Bonus Issue is expected to be completed in the fourth quarter of calendar year 2021.

The tentative timeline for the implementation of the Proposed Bonus Issue is as follows:

| Tentative timing | Events |
|-------------------------|---|
| 22 September 2021 | <ul style="list-style-type: none">• EGM |
| End September 2021 | <ul style="list-style-type: none">• Announcement of Entitlement Date |
| Early October 2021 | <ul style="list-style-type: none">• Entitlement Date |
| Early October 2021 | <ul style="list-style-type: none">• Listing of and quotation for the Bonus Shares |

11. EGM

An EGM, the notice of which is set out in this Circular, will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via its TIIH Online website at <https://tiih.online> on Wednesday, 22 September 2021 at 10.30 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Bonus Issue.

If you are unable to attend or vote via remote voting and participation at the EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions provided thereon as soon as possible, to the Share Registrar's office of our Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or by electronic lodgement via the TIIH Online website at <https://tiih.online>, not less than 48 hours before the time set for the EGM or any adjournment thereof.

12. Further Information

You are advised to refer to the Appendix set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board of
UNISEM (M) BERHAD

JOHN CHIA SIN TET
Chairman/Group Managing Director

ADDITIONAL INFORMATION

1. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Unisem Shares as traded on Bursa Securities for the past 12 months up to and including the LPD are set out in the table below:

| | <u>High</u> | <u>Low</u> |
|--|-------------|------------|
| | <u>RM</u> | <u>RM</u> |
| <u>2020</u> | | |
| August | 4.00 | 2.79 |
| September | 3.84 | 3.05 |
| October | 5.38 | 3.56 |
| November | 6.25 | 4.96 |
| December | 7.01 | 5.53 |
| <u>2021</u> | | |
| January | 8.70 | 5.91 |
| February | 9.27 | 8.33 |
| March | 9.43 | 7.03 |
| April | 8.53 | 7.60 |
| May | 7.93 | 6.69 |
| June | 7.73 | 7.10 |
| July | 8.53 | 7.22 |
| The last transacted price on 29 July 2021 (being the last trading day prior to the announcement of the Proposed Bonus Issue) | | 8.23 |
| The last transacted price on the LPD | | 8.70 |

(Source: Bloomberg)

2. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular. Our Board confirmed that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in the Circular misleading.

3. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

CIMB, being the Principal Adviser for the Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references to it in the form and context in which it appears in this Circular.

CIMB, its related and associated companies, as well as its holding company CIMB Group Holdings Berhad, and the subsidiaries and associated companies of its holding company (“**CIMB Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and fund management and credit transaction services businesses. CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role set out in this Circular.

In addition, in the ordinary course of business, any member of CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the business of CIMB Group generally acting independently of each other, and accordingly, there may be situations where parts of CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Company and/or our affiliates.

CIMB is of the view that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser for the Proposed Bonus Issue is mitigated by the following:

- (i) CIMB is a licensed investment bank and its appointment as the Principal Adviser to Unisem for the Proposed Bonus Issue is in the ordinary course of its business and CIMB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to Unisem for the Proposed Bonus Issue;
- (ii) the Corporate Finance division of CIMB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of “Chinese Wall” policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (iii) the conduct of CIMB Group in its banking business is regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013, the Capital Markets and Services Act 2007 and CIMB Group’s internal controls and checks.

Accordingly, CIMB has confirmed that there is no conflict of interest which exists or is likely to exist in its role as the Principal Adviser for the Proposed Bonus Issue.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against our Company or our subsidiaries or of any material facts likely to give rise to any proceedings which may materially and adversely affect the position or the business of our Company or our subsidiaries.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of our Company at Lot No. 9(H), 9th Floor UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) our constitution;
- (ii) our audited consolidated annual financial statements for the past two FYE 31 December 2019 and 31 December 2020;
- (iii) our latest unaudited quarterly financial statements for the FPE 30 June 2021; and
- (iv) the letter of consent and declaration of conflict of interest referred to in Section 3 of this Appendix.



NOTICE OF EXTRAORDINARY GENERAL MEETING

UNISEM (M) BERHAD

198901006009 (183314-V)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Unisem (M) Berhad (“**Unisem**” or the “**Company**”) will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) in Malaysia via its TIH Online website at <https://tjih.online> (Domain registration number with MYNIC: D1A282781) on Wednesday, 22 September 2021 at 10.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the following ordinary resolution, with or without modification:

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF 806,539,555 NEW ORDINARY SHARES IN UNISEM (M) BERHAD (“UNISEM SHARE(S)” OR “SHARE(S)”) (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING UNISEM SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”)

“**THAT** subject to the approvals of all relevant regulatory authorities for the listing of and quotation for **806,539,555** Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad, the Board of Directors (“**Board**”) be and is hereby authorised to issue 806,539,555 Bonus Shares in the share capital of the Company on the basis of 1 Bonus Share for every 1 existing Unisem Share held by shareholders of the Company whose names appear in the Record of Depositors of the Company (“**Entitled Shareholders**”) as at the close of business on the date to be determined and announced later by the Board (“**Entitlement Date**”);

THAT the Bonus Shares shall be issued as fully paid, at nil consideration and without capitalisation of the Company’s retained earnings or reserves;

THAT the Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares in the Company, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments, and/or other forms of distribution that may be declared, made or paid to shareholders prior to the Entitlement Date;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company’s Common Seal in accordance with the Company’s Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Bonus Issue of Shares with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company.”

BY ORDER OF THE BOARD

CHIN HOCK YEE (LS 8922) (SSM PC No. 201908003237)
KUAN HUI FANG (MIA16876) (SSM PC No. 202008001235)
Company Secretaries

Kuala Lumpur
6 September 2021

Notes:

1. IMPORTANT NOTICE

The EGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via its TIIH Online website at <https://tiih.online>. Members are to attend, speak (including posing questions to the Board of Directors of Unisem via real time submission of typed texts) and vote (collectively, "**Participate**") remotely at this EGM via Remote Participation and Voting ("**RPV**") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.

According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

2. A member entitled to participate via RPV at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Only members whose names appear in the Record of Depositors as at 14 September 2021 are entitled to participate via RPV at the EGM of the Company to be held on 22 September 2021.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds, with ordinary shares of the Company standing to the credit of the said securities account to attend, participate and vote remotely via RPV at the EGM.
5. Where a member is an exempt authorised nominee (as defined under the SICDA) which holds ordinary share in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.
8. The instrument appointing a proxy either in writing or in electronic form shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for further information on electronic submission of proxy form.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or adjourned general meeting at which the person named in the appointment proposes to vote.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote by way of a poll.



PROXY FORM

UNISEM (M) BERHAD

198901006009 (183314-V)
(Incorporated in Malaysia)

I/We _____ NRIC/Company/Passport No. _____

of _____

being a Member/Members of Unisem (M) Berhad hereby appoint _____

_____ NRIC/ Passport No. _____

of _____

and _____

NRIC/Passport No. _____ of _____

or failing him, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at <https://tiah.online> on Wednesday, 22 September 2021 at 10.30 a.m. and at any adjournment thereof, and to vote as indicated with \surd in respect of the following resolution. (If you do not do so, the proxy will vote or abstain from voting at his discretion):

| | | FOR | AGAINST |
|---------------------|----------------------|-----|---------|
| ORDINARY RESOLUTION | PROPOSED BONUS ISSUE | | |

Dated this _____ day of _____, 2021.

| | |
|--------------------|--|
| CDS ACCOUNT NO. | |
| NO. OF SHARES HELD | |
| TEL. NO. | |

Signature/Common Seal

Notes:

- The EGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at <https://tiah.online>. Members are to attend, speak (including posing questions to the Board of Directors of Unisem via real time submission of typed texts) and vote (collectively, "Participate") remotely at this EGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
- A member entitled to participate via RPV at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Only members whose names appear in the Record of Depositors as at 14 September 2021 are entitled to participate via RPV at the EGM of the Company to be held on 22 September 2021.
- Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds, with ordinary shares of the Company standing to the credit of the said securities account to attend, participate and vote remotely via RPV at the EGM.
- Where a member is an exempt authorised nominee (as defined under the SICDA) which holds ordinary share in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.
- The instrument appointing a proxy either in writing or in electronic form shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiah.online> not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for further information on electronic submission of proxy form.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the meeting or adjourned general meeting at which the person named in the appointment proposes to vote.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of EGM will be put to vote by way of a poll.

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Unisem (M) Berhad
Extraordinary General Meeting

**Affix
Stamp**

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD [197101000970 (11324-H)]

The Share Registrar for

UNISEM (M) BERHAD [198901006009 (183314-V)]

Unit 32-01, Level 32

Tower A, Vertical Business Suite

Avenue 3 , Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

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