

Corporate Governance Overview Statement

The Board of Directors (the “Board”) of Unisem (M) Berhad (“Unisem” or the “Company”) is pleased to present this Corporate Governance Overview Statement, delineating the corporate governance framework adopted by Unisem and its subsidiaries (collectively referred to as the “Group”). This statement provides a concise overview of the Group’s corporate governance practices, highlighting key focus areas and outlining future priorities for ongoing governance enhancement.

The Board is committed to furnish stakeholders with an informative and comprehensive disclosure detailing the integration of corporate governance best practices into the fabric of the Group’s overall decision-making processes. In line with this commitment, a detailed Corporate Governance Report, structured according to the updated prescribed format, is provided. This report offers a thorough account of the application of the Group’s corporate governance practices in accordance with the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 31 December 2023.

For your convenience, the Corporate Governance Report can be accessed on our corporate website, www.unisemgroup.com and is also available via announcement on the website of Bursa Malaysia Securities Berhad. Both the Corporate Governance Overview Statement and the Corporate Governance Report are prepared in compliance with paragraph 15.25 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (“MMLR”), and they are presented with reference to the guidance outlined in Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad.

It is recommended to read this Corporate Governance Overview Statement in conjunction with the other statements in this Integrated Annual Report, such as the Statement on Risk Management and Internal Control, the Audit & Risk Management Committee Report, and the Sustainability Report. This holistic approach ensures a comprehensive understanding, as certain corporate governance elements may be further clarified in the respective statements or reports.

Corporate Governance Approach

The Board acknowledges that a well-defined corporate governance structure is essential for the effective execution of strategies and business plans, vigilant performance monitoring, and the prudent management of risks. For the financial year ended 31 December 2023, the Board also ensures that Unisem, as a Large Company¹, also reports its corporate governance commitment authentically based on prescribed regulatory guidelines.

The Group’s approach to corporate governance is based on the following principles:

- Cultivating a strong Group culture with a keen emphasis on integrity.
- Contributing to the prosperity of stakeholders rather than exploiting them, achieved through an understanding of stakeholder needs.
- Embracing a “substance over form” approach to corporate governance by meaningfully adopting practices that embody the underlying objectives behind them.
- Recognising that excellence in corporate governance is not a one-size-fits-all solution, and therefore, conducting thorough critical reviews before establishing corporate governance systems, policies, and procedures.
- Identifying opportunities to implement or update corporate governance systems, policies, and procedures to enhance both strategic and tactical decision-making.

Acknowledging that enhancing corporate governance is an ongoing process, the Board ensures regular reviews of the Group’s corporate governance framework. This practice aims to maintain its relevance, currency, and alignment with the objectives and commitments of the Group.

¹ Large Companies are companies on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies’ financial year.

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Summary of Corporate Governance Practices

For the financial year ended 31 December 2023, Unisem adhered to all practices outlined in the MCGG, with the exception of the following:

- Practice 1.3 (Demarcation of the Board Chairman and Managing Director roles); and
- Practice 5.2 (Board to comprise a majority of Independent Directors).

These exceptions are made with due consideration of the organisation's distinctive circumstances, and the Group remains committed to robust corporate governance practices while maintaining flexibility to align with its operational needs and strategic objectives.

Unisem has provided meaningful explanations for its departures from the above Practices, leveraging the flexibility accorded by the application principles of the MCGG. Where applicable, Unisem is committed to on-going efforts to implement the above Practices within a reasonable timeframe.

The explanations provided on the said departures are supplemented with a description on the alternative practices in place to achieve the Intended Outcome, measures that Unisem has taken or intends to take and the timeframe for review or adoption of the relevant Practices. For more detailed information on Unisem's application of each individual MCGG practice, please refer to the Corporate Governance Report available on our corporate website at <https://www.unisemgroup.com/company-info/corporate-governance/> and through an announcement on the website of Bursa Malaysia Securities Berhad.

A summary of Unisem's corporate governance practices, in accordance with the MCGG, is presented in the following pages of this Corporate Governance Overview Statement.

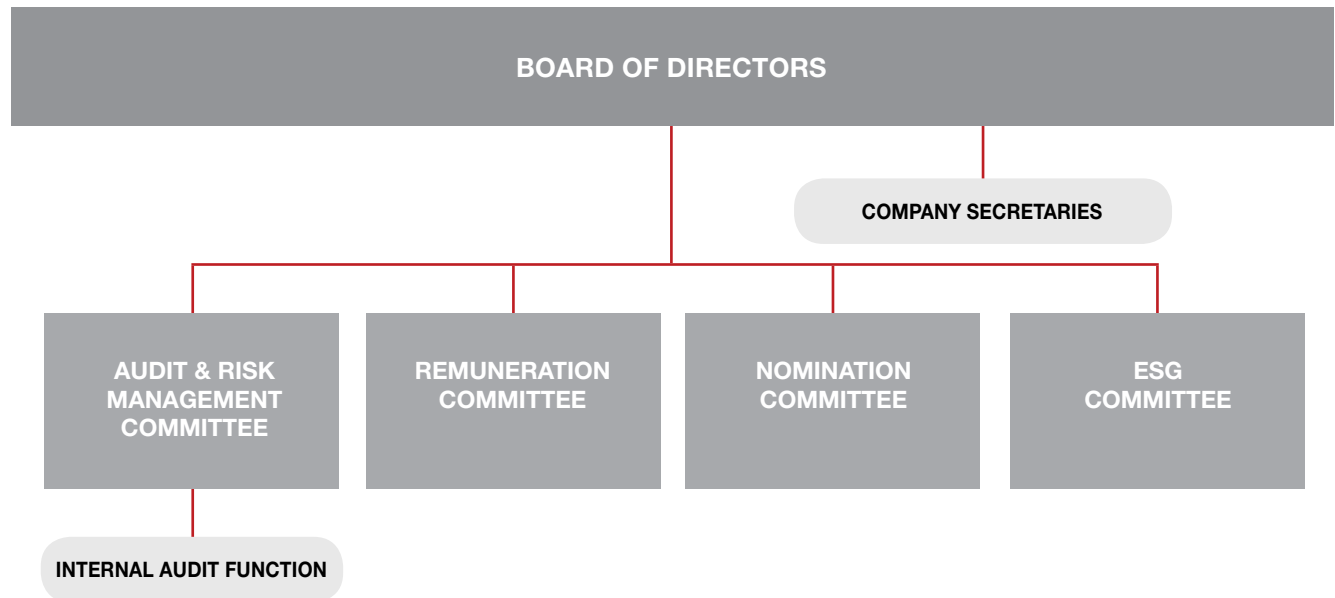
Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board acknowledges its roles and responsibilities, which include guiding the strategic direction, setting short, medium, and long-term goals, and overseeing the achievement of these objectives.

To enhance oversight in specific responsibility areas, the Board has instituted four Board Committees: the Audit & Risk Management Committee, Remuneration Committee, Nomination Committee, and ESG Committee. While each Committee operates independently, the Board maintains collective oversight and stays informed about their activities through regular updates provided by the Board Committee Chairpersons. Any recommendations originating from these Committees are then presented to the Board for approval. The existing governance architecture is visually represented below:



The Board entrusts the day-to-day management of the Group to the Executive Management Committee, while retaining authority over significant matters. Throughout the year, the Board's primary focus was overseeing the execution of strategic and business plans by the Management. Critical issues deliberated by the Board included strategy formulation, budget reviews, proposals for corporate initiatives, and the ongoing monitoring of financial performance and key performance indicators.

In fulfilling their responsibilities, both the Board and Board Committees receive support from two competent and qualified Company Secretaries. Serving as advisors to the Board, these Company Secretaries possess the knowledge and experience required to execute their duties.

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The roles, responsibilities, and authorities of the Board, Board Committees, individual Directors, and Company Secretaries are clearly delineated in the Board Charter which serves as a definitive governance document. This Charter is accessible on the Company's website and undergoes periodic reviews to ensure alignment with the dynamic operating environment of the Group. In the financial year, the Board reviewed and approved the Board Charter on 25 February 2023. The latest version, reviewed and approved on 27 February 2024, is now accessible on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

Concerning Board meetings, both the Board and its Committees have convened with sufficient regularity to deliberate on matters within their purview. Directors have committed ample time to prepare, attend, and actively engage in Board and Board Committee meetings. Led by the Chairman, Directors are encouraged to express their views and actively contribute towards making the meetings deliberative and participatory forums. Throughout the year, the Board convened five times to discuss key matters relevant to the Group.

The attendance of individual Directors at both Board and Board Committee meetings is detailed below:

Director	Board	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee	ESG Committee
Executive Directors					
Mr John Chia Sin Tet (Chairman)	5/5				
Mr Francis Chia Mong Tet	5/5				
Mr Alexander Chia Jhet-Wern	5/5				3/3
Independent Directors					
Mr Ang Chye Hock	5/5	9/9	3/3	1/1	3/3
Mdm Lim Siew Eng	5/5	9/9	3/3	1/1	3/3
Puan Nalleita binti Omar	5/5	9/9	3/3	1/1	3/3
Mdm Teh Muy Ch'ng	5/5	9/9	3/3	1/1	3/3
Y.Bhg. Dato' Gregory Wong Guang Seng	1/5*	2/9	1/3	1/1	1/3
Non-Executive Directors					
Y.Bhg. Dato' Gregory Wong Guang Seng	1/5*				
Mr Cui Weibing	5/5				
Mr Xiao Zhiyi	4/5				
Mr Ju Feng	5/5				
Mdm Wei Xiaoli	2/5**				
Mdm Xu Qinqin	2/5***				

Legend: ■ Board/Board Committee Chairman ■ Member

* Y.Bhg. Dato' Gregory Wong Guang Seng was re-designated as non-independent non-executive director on 23 February 2023 and retired as Director of the Company at the conclusion of the AGM on 28 April 2023. He was the Chairman of the Audit & Risk Management Committee, the Nomination Committee and the ESG Committee, and a member of the Remuneration Committee up till 23 February 2023.

** Mdm Wei Xiaoli resigned on 27 July 2023.

*** Mdm Xu Qinqin was appointed on 27 July 2023.

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The Roles of Chairman and Group Managing Director

The roles and responsibilities of the Chairman and Group Managing Director are currently assumed by one individual, namely, Mr John Chia Sin Tet due to unique circumstances influenced by industry intricacies and his founding member traits. To address potential risks, the Board has established checks and balances, incorporating a policy in the Board Charter requiring unanimous decisions aligned with Unisem's best interests. In the event of a single dissenting voice, the resolution in question will be deferred or aborted. The presence of a Senior Independent Director and greater number of Non-Executive Directors on the Board of Unisem also seeks to ensure that deliberations are not tilted unfavourably towards the favour of Management.

Integrity and Ethics

The Board emphasises the utmost importance of upholding the highest standards of integrity and ethics, ensuring full compliance with relevant laws and regulatory requirements related to anti-corruption, and effectively managing key corruption risks associated with Unisem. Taking a central role in this effort, the Board of Directors established the anti-corruption program, as outlined in section 4.1.3 of the Guidelines on Adequate Procedures issued by the National Centre for Governance, Integrity, and Anti-Corruption (GIACC), in accordance with subsection (5) of section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act").

To nurture an ethical culture within the Group, the Board formalised and implemented Unisem's Code of Ethics, which is subject to regular review and monitoring. Unisem's Code of Ethics was crafted with reference to the Responsible Business Alliance Code of Conduct.

The Code of Ethics supports the Company in adhering to the corporate liability provision outlined in the MACC Act, which became effective on 1 June 2020. Annual refresher training programs are conducted for Unisem staff, and written acknowledgments are obtained from the value chain, including vendors and suppliers, confirming compliance with the Group's policies on anti-corruption and bribery.

For comprehensive information, Unisem's Code of Ethics, Anti-Corruption and Bribery Policy, and Whistle-Blowing, Ethics & Compliance Policy are accessible on our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility/>.

Sustainability Strategies and Considerations

In terms of providing oversight on sustainability, encompassing strategies, priorities, and targets at Unisem, the Board holds responsibility, while operational execution lies within the purview of Management. For further information on the Company's sustainability initiatives, priorities, targets, and overall performance, a detailed articulation is provided in the Sustainability Report.

The Board actively stays informed about contemporary sustainability developments through ongoing capacity-building efforts. The Board's proactivity and responsibility in this area are evaluated through the Board Effectiveness Evaluation exercise as well as disclosures of trainings attended throughout the year. Additionally, deeper integration of sustainability considerations into key areas, such as executive performance evaluations, is a matter of increasing focus for the Board and the Group.

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Board Composition

The Board is committed to ensuring that its composition adequately embodies the necessary mix of skills, experience, and diversity.

During the year, there were changes in the Board memberships: Y.Bhg Dato' Gregory Wong Guang Seng retired in April 2023 and Mdm Wei Xiaoli resigned, whilst Mdm Xu Qinqin joined the Board on 27 July 2023. The current Board configuration consists of 3 Executive Directors, 4 Independent Directors and 4 Non-Executive Directors. The 4 Non-Executive Directors represent the interest of Tianshui Huatian Technology Co., Ltd ("TSHT") pursuant to the Collaboration Agreement dated 12 September 2018 between TSHT and John Chia Sin Tet, Alexander Chia Jhet-Wern, Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd ("Collaboration Agreement").

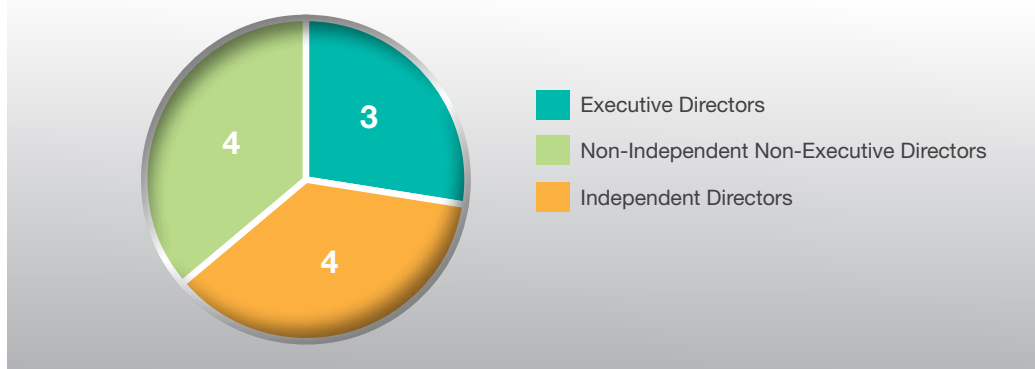
While the current Board composition does not fully meet the expectation of Practice 5.2 of the MCCG, which recommends a majority of Independent Directors for Large Companies, the current Board composition strikes a balance between representation of all major interests with maintaining a feasible size for effective deliberation and decision-making.

Independence is contributed by the higher proportion of Non-Executive Directors on the Board relative to Executive Directors, the active participation of Independent Directors in the Board and the Board Committees as well as a Board culture of open dialogue and objectivity.

Membership of the Audit & Risk Management Committee, the Nomination Committee and the Remuneration Committee comprise solely of all 4 Independent Directors which, together with the presence of a Senior Independent Director provide a channel for Independent Directors to voice concerns, particularly related to governance.

Below is a breakdown of the Board composition based on designation:

BOARD COMPOSITION



Appointment and Re-election of Directors

Appointments to the Board undergo a formal, rigorous, and transparent process, considering objective criteria set by the Board. The Nomination Committee ("NC") evaluates factors such as leadership experience, skill sets, knowledge, diversity of background, meeting of fit & proper criteria, professionalism, and time commitment. In the case of Independent Directors, the NC assesses their ability to contribute detached impartiality and objective judgment to boardroom deliberations.

In compliance with paragraph 15.01A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board, with support from the NC, has developed the Fit and Proper Policy for the appointment and re-election of Directors. The Fit and Proper Policy is accessible on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

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According to the Company's Constitution, every year at the Annual General Meeting ("AGM"), one-third of the Board of Directors retire from office and offer themselves for re-election by the shareholders of the Company, under individual election resolutions. Directors appointed by the Board are subject to re-election at the AGM following their appointments under individual election resolutions. Under the Company's Constitution, shareholders of the Company have the right to vote annually for re-election of the Directors. The bases for recommending the re-election of Directors, as assessed by the NC, are detailed in the *Statement Accompanying Notice of the Annual General Meeting* on page 251 of this Integrated Annual Report.

Board Diversity

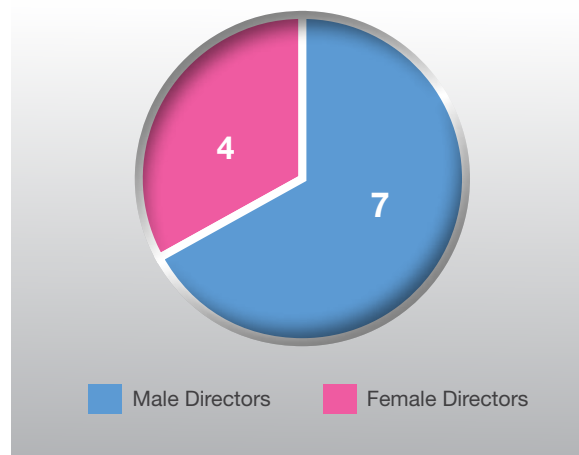
The Board believes that its current composition aligns well with the scope and scale of the Group's business operations. The diverse experience and multidisciplinary expertise of Directors enable them to offer valuable perspectives for robust oversight of Unisem's strategic objectives. The Board comprises members with varied experiences and expertise, including

- legal & regulatory requirements,
- corporate governance & risk management,
- semiconductor industry operations, quality management,
- accounting & finance,
- leadership & strategy, and
- information technology.

The Board recognises the value of cognitive diversity as an effective means to prevent 'groupthink,' address potential blind spots, and avoid insularity, especially within the dynamic technological environment in which the Group operates. Having members who bring diverse perspectives and possess good understanding of the challenges and disruptions inherent in the business landscape is crucial for overseeing necessary changes to ensure sustainability and adaptability of Unisem. With four Non-Executive Directors who are Chinese nationals, the Board benefits from broadened perspectives, fostering collaboration with the Malaysian Directors.

Gender diversity is a notable achievement for the Board, with four female Directors out of a total of 11 board members, translating to a commendable 36% female representation on the Board. This commitment to diversity enhances the Board's ability to navigate the complexities of the business landscape and make informed decisions reflective of a broad range of perspectives.

GENDER DIVERSITY



Board Effectiveness Evaluation and Directors' Training

Annually, the Board conducts a formal and comprehensive performance and effectiveness assessment of the Board, Board Committees, and individual Directors, including Independent Directors. In the financial year under review, the Board Effectiveness Evaluation ("BEE") exercise was conducted covering the following key areas:

- Fiduciary Role & Responsibilities in Strategy & Planning and Performance Monitoring,
- Board Structure & Composition,
- Meeting Effectiveness,
- Board Culture & Conduct,
- Directors' Skill Sets,
- Board Contribution & Performance and Calibre & Personality, and
- Independent Directors' assessment and declaration.

The BEE exercise utilised questionnaires encompassing both qualitative and quantitative criteria, employing a self and peer rating assessment model. This process was facilitated by the Company Secretary with oversight by the NC.

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Based on the BEE exercise findings and upon the NC's recommendation, the Board expressed satisfaction with its overall performance for the year, including that of the Board Committees and individual Directors. Aligned with the BEE exercise outcomes, the NC affirmed the objectivity of Independent Directors and recommended the appointment and re-election of the Directors who retire in accordance with Regulations 115 and 118 of the Constitution of the Company and being eligible offer themselves for re-election at the upcoming AGM.

Additionally, recommendations for improving the overall effectiveness of the Board were outlined, including (i) Greater interaction with management on company business strategy and direction, technology roadmap, key focus and growth areas, target-setting and executive remuneration; (ii) Continuous education on industry trends and risks, current Environmental, Social, and Governance (ESG) issues, regulatory changes, and emerging best practices on corporate governance.

During the financial year under review, the NC has assessed the training needs of the Directors through the annual assessment or the BEE exercise. The Company Secretary continuously identifies and recommends suitable development programmes for Directors based on their training need.

The list of training programmes in the course of continuing professional education that were attended by the Directors of Unisem are outlined below:

Date of Training	Type of Training	Attended by
7-9 February 2023	Mandatory Accreditation Program (MAP) organised by Institute of Corporate Directors Malaysia	Mdm Teh Muy Ch'ng
13 March 2023	Bursa Malaysia Immersive Session: The Board "Agender" organised by Bursa Malaysia	Mdm Teh Muy Ch'ng
13 March 2023	Special training on policy interpretation of the registration system reform of listed companies (上市公司注册制改革政策解读专题培训), organised by the China Gansu Provincial Securities Regulatory Bureau (中国证券监督管理委员会甘肃监管局)	Mr Xiao Zhiyi Mr Cui Weibing Mr Ju Feng
30 March 2023	Cyber Security : What Directors Need to Know organised by Minority Shareholders Watch Group (MSWG)	Mr Ang Chye Hock Mdm Lim Siew Eng Puan Nelleita binti Omar Mdm Teh Muy Ch'ng
26 May 2023	Special training on the interpretation of independent director system reform of listed companies (上市公司独立董事制度改革政策解读专题培训), organised by the China Gansu Provincial Securities Regulatory Bureau (中国证券监督管理委员会甘肃监管局)	Mr Xiao Zhiyi Mr Cui Weibing
29 May 2023	Seminar On The Audit Committee - <i>How to navigate financial reporting oversight amidst potential landmines of misreporting?</i> organised by Malaysian Institute of Corporate Governance	Puan Nelleita binti Omar
17 July 2023	Special training on asset impairment accounting for listed companies (开展上市公司资产减值会计专题培训), organised by the Accounting Department of the Ministry of Finance of the People's Republic of China (中国财政部会计司)	Mr Ju Feng
21 July 2023	Climate Change: How Concerned Should the Boards Be? organised by Institute of Enterprise Risk Practitioners	Puan Nelleita binti Omar

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Date of Training	Type of Training	Attended by
7-10 August 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia	Mr Ang Chye Hock Mr Francis Chia Mong Tet Mdm Lim Siew Eng Mdm Teh Muy Ch'ng Mr Xiao Zhiyi Mr Cui Weibing Mr Ju Feng
9 August 2023	Special training on high-quality development of listed companies (甘肃辖区上市公司高质量发展专题培训), organised by the China Gansu Provincial Securities Regulatory and futures industry association (中国证券监督管理委员会甘肃监管局)	Mr Xiao Zhiyi Mr Cui Weibing
22-23 August 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia	Mr John Chia Sin Tet Puan Nelleita binti Omar
19-20 September 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia	Mr Alexander Chia Jhet-Wern
3 October 2023	Directors Plant Visit - ESG & Sustainability Progress Updates, Business Outlook and Technology Roadmap Updates organised by Unisem	Mr John Chia Sin Tet Mr Francis Chia Mong Tet Mr Alexander Chia Jhet-Wern Mr Ang Chye Hock Mdm Lim Siew Eng Puan Nelleita binti Omar Mdm Teh Muy Ch'ng
24 - 26 October 2023	Bursa Malaysia Mandatory Accreditation Programme (MAP) organised by Institute of Corporate Directors Malaysia	Mdm Xu Qinqin
20 November 2023	Special training for chairman, General manager and chief supervisor of listed companies in Gansu Province (甘肃辖区上市公司董事长, 总经理, 监事长专题培训), organised by the China Gansu Provincial Securities Regulatory Bureau (中国证券监督管理委员会甘肃监管局)	Mr Xiao Zhiyi Mr Cui Weibing
29 - 30 November 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia	Mdm Xu Qinqin

Remuneration

A fair and competitive remuneration package is essential for attracting, retaining, and motivating Directors and Senior Management personnel, aligning their goals with the overall objectives of the Group. In light of this, the Group has adopted a remuneration framework that considers the structure of the organisation and the intricacies of the competitive semiconductor industry. The Remuneration Committee ("RC") evaluates and determines the appropriateness of remuneration packages for Directors and Senior Management, with subsequent communication to the Board.

For Executive Directors and Senior Management, remuneration packages include components structured to tie rewards to both individual and corporate performance, incorporating considerations for sustainability. Executive Directors receive additional remuneration through Board of Directors' fees ("Directors' Fees"). Non-Executive Directors, including Independent Directors, on the other hand, are remunerated solely through Directors' Fees.

The Non-Executive Directors who represent the interest of TSHT do not receive Directors' Fees as it is the policy of the TSHT Group that no fees are to be paid to their employees who sit on the board of any company in the TSHT Group.

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Directors' Fees are reviewed annually, considering market best practices and taking into account the roles, time commitment, contributions, and responsibilities associated with each Director's position. The specific skills or expertise that Directors bring to the Board are also considered in determining remuneration.

Independent Directors receive competitive but not excessive compensation to avoid the perception of dependency. No severance payments or ex-gratia payments are granted to Directors or Senior Management personnel.

Detailed disclosure of the remuneration of individual Directors is available in the Company's Corporate Governance Report under Practice 8.1 and are as follows:

No	Name	Directorate	Group and Company (RM)						
			Fee	Allowance [^]	Salary [®]	Bonus	Benefits-in-kind	Other emoluments	Total
1	Mr John Chia Sin Tet	Executive Director	300,000	-	3,955,104	471,870	22,943	-	4,749,917
2	Mr Francis Chia Mong Tet	Executive Director	160,000	-	2,036,036	246,666	15,791	-	2,458,493
3	Mr Alexander Chia Jhet-Wern	Executive Director	160,000	-	417,398	44,986	13,447	-	635,831
4	Y.Bhg. Dato' Gregory Wong Guang Seng*	Non-Executive Director	72,333	-	-	-	-	-	72,333
5	Mr Ang Chye Hock	Independent Director	227,000	-	-	-	-	-	227,000
6	Mdm Lim Siew Eng	Independent Director	217,000	-	-	-	-	-	217,000
7	Puan Nelleita binti Omar	Independent Director	217,000	-	-	-	-	-	217,000
8	Mdm Teh Muy Ch'ng	Independent Director	217,000	-	-	-	-	-	217,000
9	Mr Cui Weibing	Non-Executive Director	-#	-	-	-	-	-	-
10	Mr Xiao Zhiyi	Non-Executive Director	-#	-	-	-	-	-	-
11	Mr Ju Feng	Non-Executive Director	-#	-	-	-	-	-	-
12	Mdm Xu Qinqin	Non-Executive Director	-#	-	-	-	-	-	-

* Y.Bhg. Dato' Gregory Wong Guang Seng retired on 28 April 2023.

As it is a policy of the Tianshui Huatian Technology Co., Ltd. ("TSHT") group that no fees are to be paid to directors who sit on any board of the TSHT group of companies, there are no directors' fees for directors who represent the interests of TSHT in Unisem (M) Berhad.

^ The term "Allowance" that is reflected as a subheading or component in the table above refers to meeting allowance for the Board and Board Committees. Unisem does not accord any allowance to Directors for attending the Board and Board Committee meetings.

® Salary includes defined contribution plans.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Management Committee

The Board has established the Audit & Risk Management Committee ("ARMC"), comprising exclusively of Independent Directors and chaired by Mr Ang Chye Hock, who is the Senior Independent Director, distinct from the Chairman of the Board. The ARMC assumes a robust and comprehensive oversight role, addressing financial reporting, reviewing related party transactions and conflict of interest situations, overseeing external and internal audit processes, and taking ownership of Unisem's risk management framework.

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ARMC members possess the necessary financial literacy and business acumen, supporting a good understanding of matters under their purview. In the execution of their responsibilities, ARMC members are granted full access to both internal and external auditors, who directly report to the ARMC. The ARMC has established policies and procedures to assess the suitability and independence of the external auditor. During the financial year, the external auditor has provided assurance that its personnel maintained independence throughout the audit in compliance with relevant professional and regulatory standards. The ARMC's Terms of Reference are published on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

For a detailed overview of the role and activities of the ARMC, refer to the ARMC Report of this Integrated Annual Report.

Risk Management and Internal Audit

The Board recognises that the foundation for achieving its value-creation targets lies in the Group's robust risk management and internal control architecture. To effectively address risks arising from a competitive global environment and the economic repercussions of the ongoing US-China trade tension, the Group continues to be guided by its comprehensive risk management framework which was designed to identify, analyse, monitor, and manage material risks, including contemporary risks such as those related to sustainability.

The ARMC Committee plays a key role in overseeing risk management by monitoring the implementation of the Group's sustainability-related policies. The ARMC, together with the ESG Committee, identifies emerging sustainability trends, assesses their implications for the Group, and evaluates the Group's progress toward achieving sustainable outcomes.

For the internal audit function, the Company has engaged Baker Tilly Monteiro Heng, which keeps the ARMC informed about the adequacy and effectiveness of internal controls, risk management, and governance. The internal audit function operates independently of the business activities or operations of other units within the Group. Using a risk-based audit approach in alignment with the annual audit plan, the internal audit function follows the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).

Further information on the Group's risk management and internal control framework is made available in the Statement on Risk Management and Internal Control of this Integrated Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Engagement with Stakeholders

Unisem is committed to timely and transparent communication with stakeholders regarding material business matters. Mandatory disclosures are made through announcements to Bursa Malaysia Securities Berhad and on Unisem's user-friendly corporate website. The website offers easy navigation for stakeholders to access crucial information, including recent announcements, quarterly financial results, and copies of notices and minutes of general meetings.

The publicly available Integrated Annual Report on the corporate website provides comprehensive details about the Group's business activities and performance, covering financial and non-financial aspects for the financial year. While prioritising transparency, Unisem maintains a balance with legal and regulatory requirements governing the release of potentially material and price-sensitive information. To further enhance stakeholder engagement, the Board has appointed Mr Ang Chye Hock as the Senior Independent Director to serve as the designated point of contact for queries on Unisem-related matters.

Mr Ang Chye Hock can be contacted via the following avenues :



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



Telephone: (603) 2072 3760
Fax: (603) 2072 4018
Email: SID@unisemgroup.com

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Conduct of General Meeting

The Board values general meetings as a platform for shareholders to engage in constructive dialogue with both the Board and Management, providing valuable feedback on the Group's performance. The AGM serves as a key forum for this interaction, presenting annual financial results, discussing operational performance, and offering insights into the business outlook. Shareholders are actively encouraged to pose questions, seek clarification, and provide feedback during the AGM.

During the financial year under review, Unisem conducted its 34th AGM on April 28, 2023. The meeting was conducted through live streaming and online remote voting using the Remote Participation and Voting facilities from the Broadcast Venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. While the Chairman, Directors residing in Malaysia, and Company Secretaries were physically present at the broadcast venue, other Directors attended the AGM via video conferencing.

To facilitate preparation, the notice of the 34th AGM was provided 30 days in advance, accompanied by an administrative guide. Shareholders or their proxies were guided on attending, submitting real-time questions via typed texts, and casting remote votes through the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website. Remote poll voting results were independently scrutinised by an independent scrutineer namely, Asia Securities Sdn Bhd; the voting results (evidence of shareholders voting) were released to Bursa Malaysia Securities Berhad under the 'Outcome of Meeting' announcement.

Focus Areas During the Year (2023)

In 2023, the Group's corporate governance focus areas included:

1. Board Composition and Diversity	Maintaining a well-balanced Board with diverse skills, experience, and perspectives, emphasising factors such as industry knowledge and international viewpoints.
2. Director Performance and Evaluation	Conducting rigorous assessments, including self and peer evaluations, to inform decisions on re-election and identify areas for improvement.
3. Fit & Proper Assessment	Evaluating Directors' alignment with the Fit & Proper Policy, considering integrity, competence, and capability for re-election suitability.
4. Risk Management and Internal Controls	Continuing a strong focus on risk management and internal controls, adapting to emerging risks, and ensuring effective internal control mechanisms.

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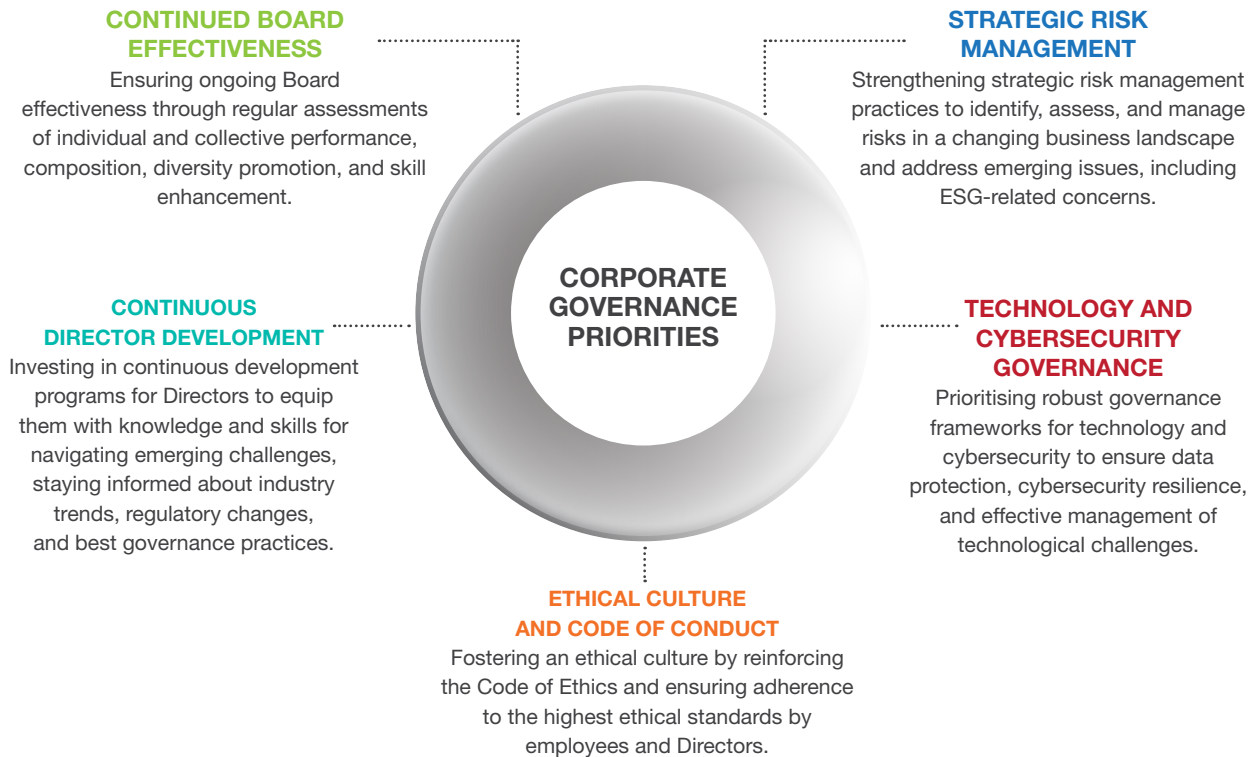
5. Stakeholder Engagement	Committing to stakeholder engagement through timely disclosures, enhancing communication channels, and establishing mechanisms for addressing queries and feedback.
6. General Meeting Conduct	Continuing with inclusive and interactive virtual AGMs with provisions for remote participation, real-time questioning, and transparent remote voting to enhance shareholder engagement.
7. Sustainability Integration	The ESG Committee monitoring sustainability-related policies' implementation and assessing the Group's progress, integrating sustainability into risk management and governance processes.

These efforts contribute to the Group's governance framework which is aligned with best practices, regulatory standards, and the Group's commitment to transparency, accountability, and long-term value creation.

Corporate Governance Priorities (2024 and Beyond)

Regular assessments and adjustments will be made to stay aligned with emerging trends and challenges in the business environment.

Some of the Group's corporate governance priorities for 2024 are as follows:



Corporate Governance Overview Statement

NOMINATION COMMITTEE REPORT

COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

The Nomination Committee (“NC”) comprises wholly of Independent Directors.

In 2023, the NC met three times and the Chairman and members of the Committee attended all the meetings.

Name	Designation	Directorship	No. of Meetings Attended in 2023
Mdm Lim Siew Eng	Chairman	Independent Director	3/3
Mr Ang Chye Hock	Member	Independent Director	3/3
Puan Nelleita binti Omar	Member	Independent Director	3/3
Mdm Teh Muy Ch’ng	Member	Independent Director	3/3

In 2023, the Company Secretary was in attendance at all three meetings. The Company Secretary circulates the minutes of NC meeting to the Committee and at the Board Meeting for notation. The Chairman of the NC also briefs the Board on the highlights and key issues deliberated during the NC meeting.

TERMS OF REFERENCE

The terms of reference which include composition, authority, responsibilities, meetings and specific duties of the NC are disclosed and published on the Company’s website under Company Info - Corporate Governance section. <https://www.unisemgroup.com/company-info/corporate-governance/>

SUMMARY OF WORK

The summary of work of the NC for the financial year is set out below:-

Board and Board Committees Composition and Succession Planning

The NC conducted a comprehensive review during the financial year, focusing on crucial aspects related to the Board and Board Committees’ composition and succession planning. Key highlights of the NC’s work include:

1. Board Size and Composition Review: The NC reviewed the current size and composition of the Board, identifying potential gaps or areas for enhancement.
2. Review of Board Committees: Evaluation of the size and composition of various Board Committees was undertaken to ensure their effectiveness and alignment with the Group’s strategic objectives.
3. Selection Criteria for Board Candidates: The NC reviewed the selection criteria applied to potential candidates for Board positions, ensuring that they possess the requisite skills, expertise, and diversity to contribute effectively.
4. Succession Planning: A review of the succession plan for the Board and the Board Committees was conducted. This included considering the timing, process and requirements/criteria for filling vacancies created by retiring Directors, to ensure a smooth transition and continuity in leadership.

Corporate Governance Overview Statement

Appointment & Re-election of Directors

The NC has actively engaged in the comprehensive process of appointing and re-electing Directors during the financial year. The key highlights of the NC's work include:

1. Review of Potential Non-Executive Directors: The NC conducted an assessment of a candidate for appointment as Non-Executive Directors. This involved evaluating her leadership experience, skill sets, knowledge, diversity of background, fit & proper status, professionalism, and commitment of time.
2. Assessment of Impartiality and Objectivity: The NC conducted assessment of a candidate's ability to bring detached impartiality and objective judgment to boardroom deliberations were critically assessed, ensuring their capacity to contribute impartial and independent perspectives.
3. Bases for Re-election Recommendations: The NC formulated the criteria for recommending the re-election of Directors due for rotation/retirement. This included an assessment of the contributions made by Directors seeking re-election.
4. Review of Directors' Service Tenure: The NC conducted a review of the service tenure of Directors, considering the balance between continuity and the infusion of fresh perspectives within the Board.

Board Effectiveness Evaluation

The NC actively engaged in the Board Effectiveness Evaluation (BEE) process during the financial year. The key highlights of the NC's involvement in the BEE include:

1. Review of BEE Questionnaires: The NC reviewed the questionnaires designed for the BEE, ensuring they were comprehensive and aligned with the organisation's objectives.
2. Assessment of Board and Committee Performance: The NC assessed the outcomes of the annual performance assessments for both the Board and its Committees. This involved evaluating the independence of independent directors, the contribution of each individual director, and the overall performance of the Board and its Committees.
3. Proposed Improvement Plan: The NC reviewed the results of the BEE exercise for the financial year and recommended a proposed actionable improvement plan to enhance the effectiveness of the Board.
4. Updates on Improvement Plan: Updates on the actionable improvement plan from the previous BEE cycle were received and reviewed, ensuring that progress was being made on identified areas for enhancement.
5. Skill Sets and Competency Assessment: The NC assessed the Board's skills set and the level of competency via the BEE to meet the current and future needs of the Company, ensuring alignment with strategic objectives.
6. Training Needs Assessment: The NC conducted an assessment of the training needs of Directors, utilising insights from both the annual assessment and the BEE exercise.

Corporate Governance Overview Statement

Framework, Policy & Guidelines

The NC actively contributed to the development and refinement of the organisation's governance framework, policies, and guidelines during the financial year. Key activities undertaken by the NC in this regard include:

1. **Fit and Proper Policy:** The NC formulated and reviewed the Fit and Proper Policy for the appointment and re-election of Directors. This policy serves as a critical guideline to ensure that individuals nominated for directorship meet the necessary criteria in terms of integrity, professionalism, and suitability.
2. **Review of Board Policies & Procedures:** The NC reviewed the Board Policies & Procedures to ensure alignment with prevailing rules and regulations. Any relevant amendments deemed necessary were recommended to the Board for adoption.
3. **Terms of Reference for Board Committees:** The NC also reviewed and recommended amendments to the Terms of Reference for the various Board Committees. This ensures that the Committees operate in accordance with best practices and comply with regulatory requirements.

Corporate Governance Overview Statement

ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review,

(i) Status of utilisation of proceeds raised from any corporate proposal

In November 2020, the Board of the Company approved the implementation of a private placement of up to 10% of the total number of issued shares (excluding treasury shares) of the Company pursuant to a general mandate obtained from the shareholders on 25 June 2020 ("Private Placement").

The Private Placement was completed on 3 February 2021 following the listing of and quotation of the second and final tranche of the Private Placement on the Main Market of Bursa Malaysia Securities Berhad on 3 February 2021.

The Company issued a total of 72,708,500 new ordinary shares (51,633,000 placement shares at RM5.50 per placement share and 21,075,500 placement shares at RM7.70 per placement share) and raised total gross proceeds of RM446.264 million from the Private Placement.

The status of utilisation of proceeds raised from Private Placement is as follow:

Details of utilisation of proceeds	Estimate timeframe for utilisation from the listing date of the Placement Shares	Total Proceeds Amount RM'000	Amount utilised as at 31 Dec 2023 RM'000	Deviation RM'000	Balance of Proceeds as at 31 Dec 2023 RM'000
Capital expenditure - Unisem Ipoh	Within 12 months	124,193	124,193	-	-
Capital expenditure - Unisem Chengdu	Within 24 months	204,010	204,010	-	-
Working capital for the Group	Within 24 months	113,661	113,661	-	-
Expenses in relation to the Private Placement	Within 1 month	4,400	4,952	552	-
Total		446,264	446,816	552	-

(ii) Material contracts or loans involving Directors or Major Shareholders

Other than as disclosed in Note 18 under the Notes to the Financial Statements of this Integrated Annual Report, there were no material contracts or loans between the Company and its subsidiaries that involve Directors' or major shareholders' interests.

(iii) Directors' Responsibility Statement on Annual Audited Financial Statements

The Directors are responsible for preparing the annual audited financial statements and the Board ensures that the financial statements and other financial reports of the Company are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.