



UNISEM (M) BERHAD
Registration No. 198901006009
(183314-V)



INTEGRATED
ANNUAL
REPORT

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About This Report

This integrated report marks Unisem (M) Berhad's ("Unisem" or "the Company") second integrated report through which we aim to communicate Unisem's business strategy, performance, and value creation over time to our various stakeholders. We measure our success taking into account our long-term financial and non-financial sustainability, the impacts we create for stakeholders, as well as the financial returns we create for shareholders.

Unisem's Integrated Annual Report FY2023 is made up of the following reports.

Integrated Annual Report FY2023 ("IAR23" or this "Report")

- IAR23 is the primary report that presents our value creation story, where we are heading towards, and how we have progressed.

Sustainability Report FY2023 ("SR23")

- SR23 discusses our sustainability performance, including our economic, environmental, and social impacts and how we manage them.

Financial Statements FY2023

- The Financial Report 2023 provides a comprehensive report on our financial performance. This report includes our audited financial statements for FY2023.

The SR23 and Financial Report FY2023 are appended in our IAR23.

Through this Report, Unisem wishes to illustrate the value creation process of Unisem (M) Berhad and its subsidiaries ("Unisem Group" or the "Group"), allowing stakeholders to have a clear understanding of our business and to make informed decisions about the Group.

This Report describes our business and operations, the environment that we operate in, our Material Topics, Strategic Priorities, and the associated risks and opportunities. The IAR23 also discusses the Group's value in the context of the 6 capitals, namely Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Natural Capital, and Social and Relationship Capital.

[Click here](#) or go to page 75 for Sustainability Report FY2023
[Click here](#) or go to page 180 for Financial Statements FY2023



Reporting Scope and Boundary

The scope of this Report includes companies within the Unisem Group and covers the financial reporting period from 1 January 2023 to 31 December 2023 (“FY2023”).

In the preparation of this Report, we have considered the International Integrated Reporting <IR> Framework (2021) as well as other relevant reporting guidelines and regulations including the Malaysian Code on Corporate Governance (as at 28 April 2021), applicable provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), and the GRI Standards.

Application of Materiality

Our Material Topics are determined by applying the concept of materiality to prioritise topics which substantively affect Unisem’s ability to create value over the short, medium, and long term, especially those which have a significant bearing on the Group’s strategy, governance, business model, performance, and prospects. In our application of materiality, we have considered our business model and value chain, the internal and external environment, our stakeholders’ views and concerns, our 6 capitals, and relevant risks and opportunities.

Forward-looking Statements

This Report contains forward-looking statements regarding Unisem’s future performance, business environment, and prospects. While these statements

were developed based on underlying assumptions which we believed are realistic at the time of the preparation of this Report, they may be rendered inaccurate subject to changes in underlying assumptions, emerging risks, uncertainties, and important future factors which could result in variations between actual results and our expectations.

Assurance

The contents of this report had been reviewed by independent auditors and verification companies:

Reports	Independent Provider Companies
Consolidated Financial Statements (Financial Report)	Deloitte
Selected Sustainability Disclosure	Baker Tilly and BeyondGood

Board’s Responsibility Statement

The Board acknowledges its responsibility to ensure the integrity of this Report. This Report is prepared under the supervision of Senior Management and is subject to rigorous internal reviews and validation by relevant functions. The Board has reviewed this Report and is of the view that this Report is presented in accordance with the <IR> Framework.

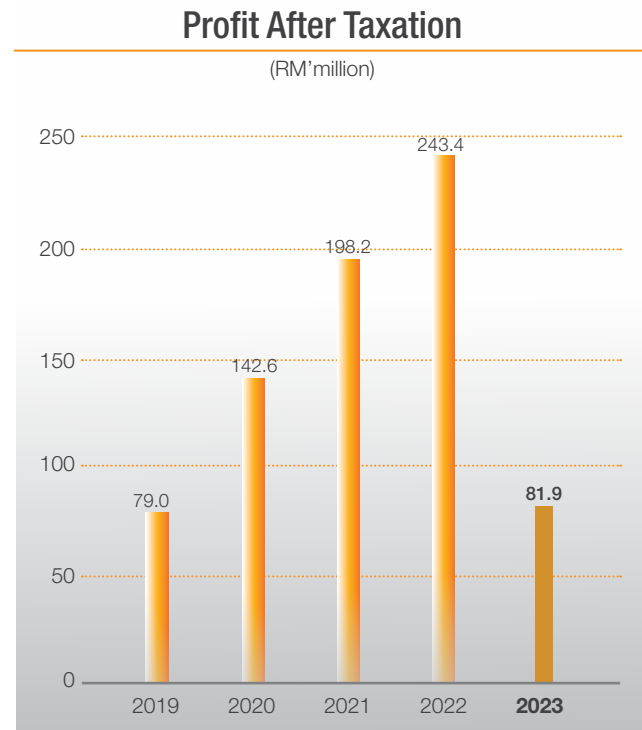
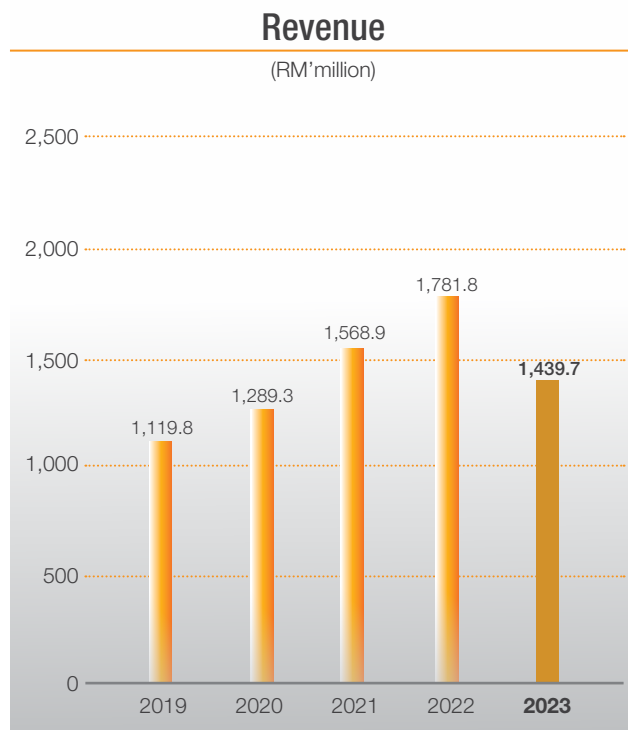


FY2023 Highlights

SUSTAINABILITY PERFORMANCE

Unisem's Sustainability Key Performance Indicators	FY2023 Target	FY2023 Performance	Did we achieve our targets?
Revenue growth	To achieve revenue growth	-19.2%	X
Key customer satisfaction rate	90%	81%	X
Injury frequency rate (industrial accidents)	<2.00	0.93	✓
Technology growth and development as per our Technology Road Map	To achieve target project completion dates	Achieved	✓
Number of suppliers audit to be conducted	14 suppliers audit to be conducted per annum	14	✓
Greenhouse Gas emission intensity reduction	5% reduction in GHG emission intensity	-7.6%	✓
Complied with environmental regulatory standards	Compliance	Compliant	✓
Total hazardous waste recycling rate	To achieve 52% recycling rate of total hazardous waste generated	49%	X

FINANCIAL HIGHLIGHTS



Chairman's Statement

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present Unisem (M) Berhad's Integrated Annual Report for the financial year ended 31 December 2023 ("FY2023").

JOHN CHIA SIN TET
Chairman



Chairman's Statement

On the whole, 2023 was a challenging year for the semiconductor industry which declined by 10.9% overall globally (Source: Gartner, Inc. December 4, 2023). Nevertheless, as a longstanding and leading OSAT over many economic cycles, we worked hard to weather through this latest slowdown while keeping a firm grasp on our growth plans as well as our ESG commitments. As always, we measure our success by taking into account not only the financial returns created for shareholders but also our long-term sustainability and our overall impact on stakeholders.

Stewarding Through Challenging Times

For FY2023, the Group achieved revenue from continuing operations of RM1.440 billion, a decrease of 19.2% against recorded FY2022 revenue of RM1.782 billion. Net profit from continuing operations for the Group came in at RM81.9 million compared to a net profit of RM243.4 million in FY2022.

The decrease in both revenue and net profit is the result of the aforementioned slowdown in the semiconductor industry throughout 2023 which weakened demand, especially for Unisem Malaysia. In response, several austerity measures were undertaken to mitigate the impact, while business development efforts were redoubled with existing and prospective customers.

Due to combined efforts, the financial position of the Group remained healthy with cash and cash equivalents amounting to RM481.0 million as at 31 December 2023 compared to RM556.0 million in FY2022.

While the Group's total bank borrowings increased from RM196.5 million in FY2022 to RM230.3 million in FY2023, these were primarily due to two expansion projects in Gopeng and Chengdu which will play a key role in the Group's growth path.

Forging Ahead on Our Growth Trajectory

Despite the challenging year, the semiconductor industry will continue to be a growing mainstay of global consumption, ever increasing in application and sophistication borne from innovation, such as Artificial Intelligence ("AI"). We actively prepare and position ourselves to grow alongside the sector. In FY2023, Unisem Group invested approximately RM310.1 million in capital expenditure mainly for the construction of our new plant in Gopeng, Perak and our Phase 3 building in Chengdu; we also invested in new machines to further enhance reliability and productivity at our various facilities.

We strive to realise value from our investments expeditiously. In December 2022, we had completed the construction of a new production facility adjacent to our existing facility in Chengdu, China with an aggregate gross floor area of around 48,057 square meters ("Chengdu Phase 3 Building") with cleanroom facilities of approximately 25,344 square meters. In the second half of 2023, we commenced qualification of the production areas in the first phase of the Chengdu Phase 3 Building.

We expect construction of our new semiconductor production facility in Gopeng, Perak, Malaysia ("Gopeng Plant") to be completed in Q2 2024. Phase 1 of this new Gopeng Plant has an aggregate built up area of about 57,000 square meters.

Chairman's Statement

The planned capital investment in the Gopeng Plant will include smart manufacturing concepts, automation and industry 4.0 infrastructure to transition Unisem Group into a global first-tier manufacturing organisation. Once completed, these two new facilities will enable Unisem to double the Group's production capacity, to reach new levels of efficiency and to better serve the needs of our customers.

Being an Exemplary Corporate Citizen

In FY2023, Unisem Group reviewed our environmental roadmap with intensified aspirations and targets. We committed to achieve, by 2025, Greenhouse Gas intensity reduction by 10% against the 2020 baseline. We obtained ISO 14064 certification, a set of international standards for GHG emissions inventories and verification. We also obtained provisional green building certification for our Gopeng plant.

I am pleased to report that we have further strengthened our sustainability-related policies and practices. As part of the electronics industry, we have institutionalised the Responsible Business Alliance ("RBA") Code of Conduct ("RBA Code") into our organisational ecosystem to ensure compliance and continuous improvements in our working conditions, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically, including our supply chains. The provisions in the RBA Code are derived from key international human rights standards including the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the United Nation Universal Declaration of Human Rights.

I am also pleased to report that the Company has satisfied the requirements for inclusion in the FTSE4Good Bursa Malaysia Index since June 2021.



FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Unisem (M) Berhad has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Prospects and Outlook

According to the World Semiconductor Trade Statistics (WSTS) organization, global semiconductor industry sales declined by 8.2% in 2023 from 2022's record revenue levels. However this is projected to increase by 13.1% in 2024 to \$588 billion largely fueled by the Memory sector. WSTS is also projecting revenue for the majority of other principal segments to grow in 2024. (Source: WSTS, 28 November 2023; The Semiconductor Industry Association, 5 February 2024)

Chairman's Statement

We expect the Chinese smartphone market to have a solid recovery following a challenging performance in 2023. Concurrently, the global electric vehicle (EV) market, including China, is expected to sustain growth, marked by the consolidation and restructuring of EV car manufacturers in China.

At the same time, increasing adoption of AI technology as well as the expansion of data center and cloud market segments will be key drivers for the semiconductor industry going forward.

The Board is of the view that the outlook of the Group for 2024 will be satisfactory as the global economy recovers and as we tap into growing segments of the market. In the mid to long term, the Board expects the Group's performance to improve further on the back of the positive outlook for the industry, the Group's healthy balance sheet and the anticipated growth in its revenue and earnings from the capacity expansion at its Chengdu, Simpang Pulai and Gopeng plants.

Appointment of Group Chief Operating Officer

As at 1 March 2023, Mr Kevin Khoo Chung Shin assumed the position of Group Chief Operating Officer of Unisem Group. In this capacity, Mr Kevin Khoo is responsible for supervising the operations across all our facilities, ensuring their alignment with the overarching strategic objectives of the Group. Additionally, he has taken on a crucial role of overseeing the global sales and marketing operations of the Unisem Group, prioritising the fulfilment of customer needs and expectations. Mr Khoo will make significant contributions to the Group's growth by optimising resources, enhancing operational efficiency, and achieving the strategic objectives set by the Board.

Appreciation and Acknowledgement

I would like to express my gratitude to all our customers, suppliers, the governmental authorities, and our bankers for their assistance and support; to all our employees for their efforts, dedication and loyalty; and to my fellow colleagues on the Board for their counsel and support throughout the year. I would also like to thank our shareholders for their continued support and confidence in the Board and management of Unisem.

On Behalf of the Board

JOHN CHIA SIN TET
Chairman

About Unisem

Who We Are / Where We Operate

Unisem (M) Berhad (“Unisem” or “the Company”) is a global provider of semiconductor assembly and test services for many of the world’s most successful electronics companies. Unisem offers an integrated suite of packaging and test services such as wafer bumping, wafer probing, wafer grinding, a wide range of leadframe and substrate IC packaging, wafer level CSP and RF, as well as analog, digital and mixed-signal test services. Our turnkey services include design, assembly, test, failure analysis, and electrical and thermal characterisation.

With approximately 6,000 employees worldwide, Unisem has 2 semiconductor packaging and testing facilities and 2 wafer bumping facilities in Simpang Pulai, Perak, Malaysia and Chengdu, Sichuan, People’s Republic of China. The Company is headquartered in Kuala Lumpur, Malaysia.

68% of Unisem Group’s customer base comprises primarily fabless companies and 32% comprises integrated device manufacturers. About 60% of Unisem Group’s sales from continuing operations are to customers in United States of America, 29% to Asia and 11% to Europe.

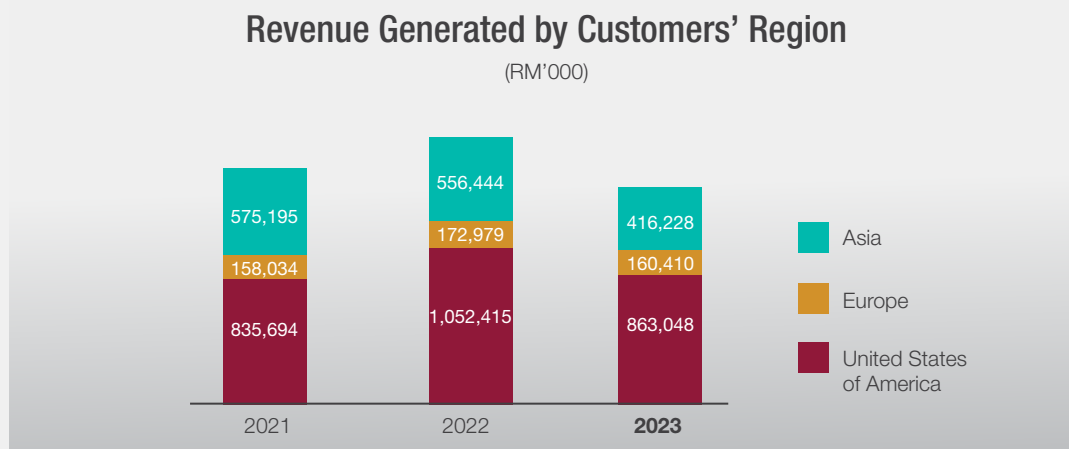
Unisem is listed on the Main Market of Bursa Malaysia since 1998. The Company is a constituent of the FTSE Bursa Malaysia Mid 70 Index, the MSCI Malaysia Small Cap Index, and the FTSE4Good Bursa Malaysia Index. The securities of the Company are Shariah-compliant.

Unisem Group’s products and include:

- Advanced packaging and leadframe packaging services including advanced integrated circuit (IC) packaging technology such as wafer bump, redistribution layer design and fabrication, flip chip interconnect, wafer level chip scale packaging (WLCSP), and a wide range of leadframe and substrate IC packages.
- Test services including wafer probe and final testing on a wide range of test equipment covering the major test platforms such as radio frequency, analog, digital and mixed-signal. We also offer test-related services such as reliability testing, thermal and electrical characterisation, dry pack, and tape and reel.
- Turnkey services including design, assembly, test, failure analysis, warehousing and drop-ship services.

Our Market Presence

Our customers are located globally and include leading brand names in the semiconductor and electronics industry. Our Group revenue broken down by region is illustrated below.



Our Operation Sites

UNISEM (M) BERHAD ("Unisem Ipoh")

SIMPANG PULAI, PERAK, MALAYSIA

- Commenced operations in 1992
- 2,900 employees
- Total built-up areas 570,000 square feet
- Provides full turnkey solutions - packaging capabilities include all types of copper leadframe and laminate based packages, modules, WLCSP, flip chip and pre-molded MIS based packaging with EMI shielding option.
- Fully certified with ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ANSI/ESD S20.20-2014 and ISO 45001:2018, Certificate of Green Partner (Sony), Samsung ECO Partner, and RBA VAP.
- Currently undergoing expansion, i.e. a second plant in Gopeng, Perak Phase 1 which is expected to be completed in Q2 2024.

UNISEM ADVANCED TECHNOLOGIES SDN BHD ("UAT")

SIMPANG PULAI, PERAK, MALAYSIA

- Commenced operations in 2006
- 300 employees
- Total built-up areas 37,000 square feet
- Cleanroom : Class 100, 1,000 and 10,000
- Offers a wide range of lead free bumping services for wafer sizes of 150, 200 and 300mm diameter. Services include gold bumps, copper pillar bumps, and solder bumps (electroplated and ball drop) as well as pad redistribution and re-passivation.
- Fully certified with ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ANSI/ESD S20.20-2014 and ISO 45001:2018, Certificate of Green Partner (Sony), and RBA VAP.

UNISEM CHENGDU CO., LTD. ("Unisem Chengdu")

CHENGDU, SICHUAN, PEOPLE'S REPUBLIC OF CHINA

- Commenced operations in 2006
- 2,600 employees
- Total built-up areas 1,137,000 square feet
- Provides full turnkey solutions - packaging capabilities include a wide range of advanced leadframe and substrate packages, leadless packages, modules, MEMs, wafer level CSP and flip chip.
- Offers a wide range of bumping services for wafer size of 200mm diameter. Services include copper pillar bumps and solder bumps as well as pad redistribution and re-passivation.
- Fully certified with ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ANSI/ESD S20.20-2014 and ISO 45001:2018, Certificate of Green Partner (Sony), Samsung ECO Partner, IECQ QC080000: 2017 - HSPM (Hazardous Substance Process Management) Certificate, Global Security Verification (GSV), and RBA VAP.

Our Milestones



1992

Unisem started with Ipoh, Simpang Pulai factory

1998

Listed on Kuala Lumpur Stock Exchange Main Board



2006

Commenced Wafer Bump service at UAT



Launched Chengdu factory

2011

Unisem Chengdu Phase 2 expansion and install wafer bump capability



2012

Unisem expands WLCSP & Bumping capability

Our Milestones

2014

1st RBA VAP

Obtained Samsung ECO partner

ANSI ESD S20.20 certified

2019

Offer Package level EMI shielding

12" wafer bumping capability at UAT

2021

Unisem Chengdu Phase 3 expansion



2022

Phase 1, Gopeng Plant ground breaking

Unisem Chengdu Phase 3 completed



2023

Construction of Phase 1, Gopeng Plant



Our Vision, Mission & Values

In whatever we do, we are guided by Unisem's Vision, Mission, and Core Values which set out clear long-term objectives for the Group. Unisem's Vision and Mission prioritise value creation and preservation for our stakeholders including shareholders, customers, employees, and the people we work with. Unisem's Vision and Mission also emphasise our commitment towards good governance and support for environmental sustainability as well as social, and economical development.

We believe firmly in our core values which help drive our organisation and our people towards being a leading global multinational provider of comprehensive turnkey assembly and test solutions, as well as being recognised as an exemplary corporate citizen through our responsible business practices.

VISION

To be a leading global multinational company providing comprehensive turnkey assembly and test solutions for the evolving needs of our customers, and an exemplary corporate citizen in the communities in which we operate.

MISSION

In order to achieve our vision, we are committed to:

- Providing total customer satisfaction.
- Be a caring company and employer of choice.
 - Generate profits and accelerate growth.
 - Develop long term win-win partnership with our business associates.
- Adhere to good corporate governance and support environmental, social and economical development of the community.
 - Uphold and live our core values.

VALUES

Teamwork Commitment Trust Proactive Caring

Awards & Recognition



MPS
2022年度优秀供应商
UNISEM CHENGDU
MAR 2023



JABATAN PERHUBUNGAN
PERUSAHAAN MALAYSIA (JPPM)
2022 NATIONAL INDUSTRIAL
HARMONY INDEX
UNISEM (M) BERHAD
AUG 2023



KUMPULAN WANG
SIMPANAN PEKERJA (IPOH)
2023 BEST EMPLOYER
UNISEM (M) BERHAD
NOV 2023



2022-2023年度
“安康杯”竞赛优胜班组
UNISEM CHENGDU
DEC 2023



SGMICRO
2023最佳供应商
BEST SUPPLIER AWARD
UNISEM CHENGDU
JAN 2024



SEMCO
2023 OUTSTANDING
SERVICE AWARD
UNISEM IPOH
JAN 2024



SPINTROL ELECTRONIC
TECHNOLOGY
2023 EXCELLENT CORE
PARTNER AWARD
UNISEM CHENGDU
JAN 2024

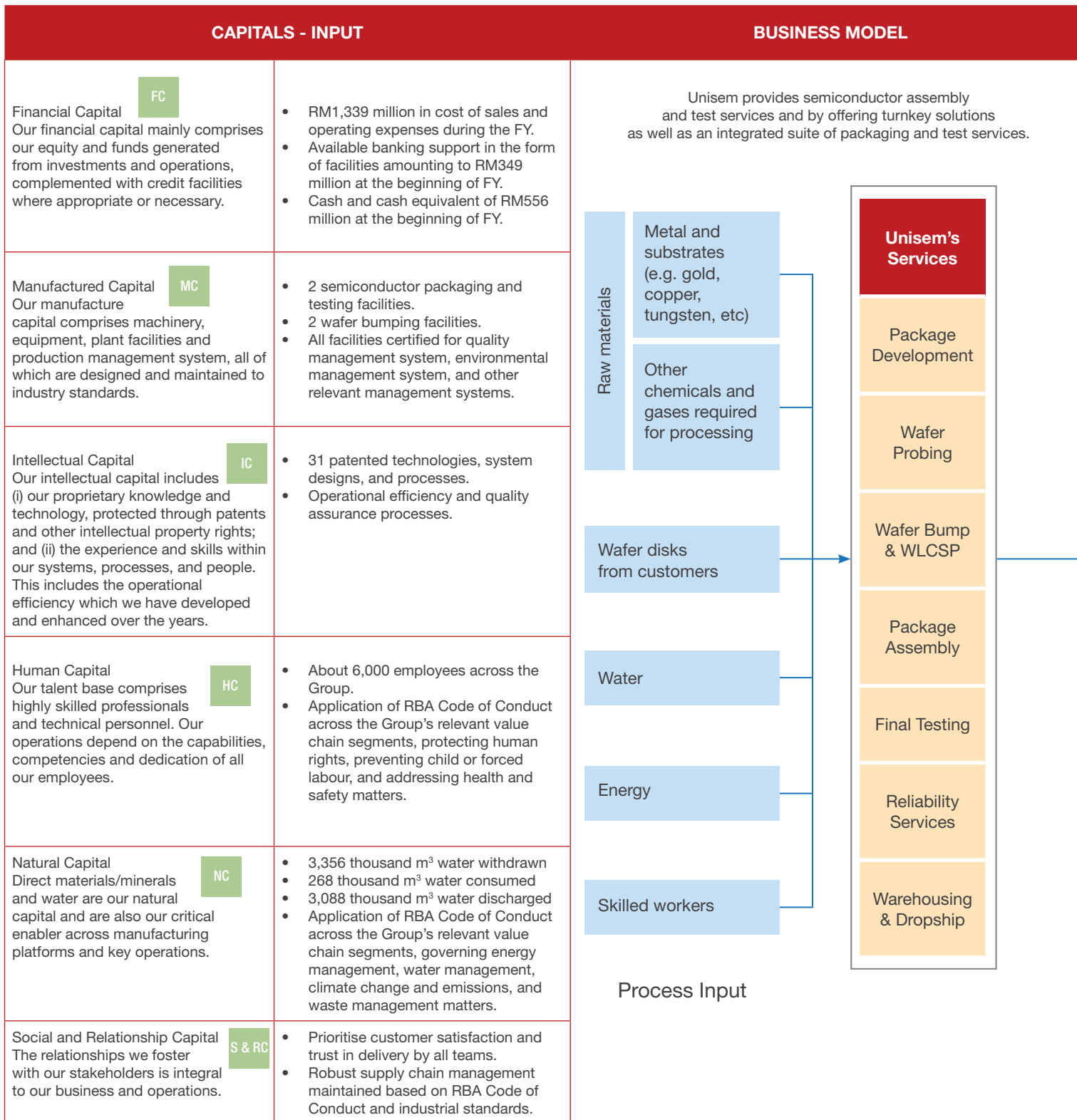


NUVOLTA TECHNOLOGIES (NVT)
2023年度最佳质量供应商
UNISEM CHENGDU
FEB 2024



领芯电子LEN
2023最佳供应商奖
UNISEM CHENGDU
FEB 2024

Unisem's Value Creation Process





		KEY FOCUS AREAS/DESIRED OUTCOMES (& INDICATORS)	OUTCOME (FY2023)
<div style="display: flex; flex-direction: column; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Positive Output</div> <div style="display: flex; flex-direction: column; gap: 10px;"> <div style="background-color: #d9ead3; padding: 5px; border: 1px solid #ccc;">Customised package design to best suit customers' needs</div> <div style="background-color: #d9ead3; padding: 5px; border: 1px solid #ccc;">IC packages</div> <div style="background-color: #d9ead3; padding: 5px; border: 1px solid #ccc;">Logistics services</div> </div> <div style="display: flex; flex-direction: column; gap: 10px; margin-top: 10px;"> <div style="background-color: #f2f2f2; padding: 5px; border: 1px solid #ccc;">Hazardous waste (e.g. electronic waste, spent solvents)</div> <div style="background-color: #f2f2f2; padding: 5px; border: 1px solid #ccc;">Non-hazardous waste (e.g. paper, plastic, cardboard boxes)</div> <div style="background-color: #f2f2f2; padding: 5px; border: 1px solid #ccc;">Effluent (e.g. rinse water)</div> <div style="background-color: #f2f2f2; padding: 5px; border: 1px solid #ccc;">Emissions</div> </div> <div style="margin-top: 10px;">Process Output</div> </div>	<ul style="list-style-type: none"> Self-sustaining cash generation Achieving revenue growth Sustainable profit generation and shareholder return Capex investment in capacity expansion 	<ul style="list-style-type: none"> RM364 million cash generated by operations RM1.4 billion in revenue, representing a reduction of 19.2% RM82 million Group profit for the year from continuing operations RM481 million cash and cash equivalent as at end of year Total tax-exempt dividend paid during FY2023 to shareholders - RM129 million Capital expenditure of RM310 million 	
		<ul style="list-style-type: none"> Enhancing capabilities through strategic investment in new and existing facilities 	<ul style="list-style-type: none"> Capacities and capabilities installation for third expansion phase in Unisem Chengdu worth RM148 million in capital expenditure. New factory construction in Unisem Gopeng, Perak, Malaysia estimated cost of RM300 million. Replacement of old chilled water management system in Unisem Simpang Pulai estimated cost of RM6.5 million
		<ul style="list-style-type: none"> Development and adoption of latest technology in line with market demand Achievement of Unisem's Technology Road Map Maintaining optimum level of operational efficiency and quality for products and services 	<ul style="list-style-type: none"> Achieved targets and timeline of Unisem's Technology Road Map Approximately 35 new package modules developed 31 new patents registered
		<ul style="list-style-type: none"> Safe workplace with zero confirmed incidents of discrimination or human rights issues Injury frequency rate for industrial accidents <2.00 across the Group Continuous training for employees 75% employees receiving minimum 6 hours of training per year Personal and professional growth in employees Employee satisfaction rate >3.80 out of maximum score of 5.00 Reduction in turnover rate 	<ul style="list-style-type: none"> 0.93 injury frequency rate 79.5% employees received minimum of 6 training hours Employee satisfaction score of 3.75 Recorded 23% turnover rate
		<ul style="list-style-type: none"> Compliance with regulatory requirements Minimum negative environmental impact 52% recycling rate for total scheduled waste 	<ul style="list-style-type: none"> 49% of total scheduled waste recycled No non-compliance issues with environmental laws and regulations 119.28 tCO₂ GHG - 7.6% decrease in GHG intensity (base year: 2020) 83% reduction of water consumption intensity (base year: 2020)
		<ul style="list-style-type: none"> Upholding of Unisem core values Robust collaborative relationship with customers High rate of satisfied key customers Strong, sustainable, and responsible supply chain 	<ul style="list-style-type: none"> Key customer satisfaction score of 81% Completed 14 audits on key direct material suppliers and service agents

Corporate **Governance**

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Board of Directors & Profile



JOHN CHIA SIN TET

Chairman/Group Managing Director
Malaysian, Male

Mr John Chia Sin Tet, aged 74, was appointed Chairman of the Company on 13 June 1991, Managing Director on 11 March 1998 and the Group Managing Director on 1 November 2007. Mr John Chia is a Barrister at Law and a Member of the Lincoln's Inn, United Kingdom. He is also the Chairman of the Executive Management Committee.

Under Mr John Chia's leadership, Unisem has grown to become a global player in the semiconductor industry. With his strong leadership skills, strategic thinking and deep understanding of the industry and market, Mr John Chia is pivotal to the growth and success of the Unisem Group, including expanding its operations into Chengdu, China.

Mr John Chia Sin Tet also sits on the board of several private limited companies. He does not have other directorships in public listed companies.

Mr John Chia Sin Tet is a brother to Mr Francis Chia Mong Tet.

Mr John Chia Sin Tet is the father of Mr Alexander Chia Jhet-Wern.

FRANCIS CHIA MONG TET

Executive Director
Malaysian, Male

Mr Francis Chia Mong Tet, aged 72, is the Executive Director - Group Finance of the Company. He was appointed to the Board of the Company on 19 June 1989 as a Non-Executive Director and subsequently appointed as Executive Director on 1 February 2006. Mr Francis Chia is a Fellow of the Institute of Chartered Accountants (England and Wales) and is also a member of the Malaysian Institute of Accountants.

In addition to his current capacity as an Executive Director responsible for the financial operations of the Group, he is also a member of the Executive Management Committee.

Mr Francis Chia played a critical role in establishing Unisem as one of the founder members. He started his career with an international accounting firm from 1976 to 1979 and ran his own accounting firm from 1980 to 2019.

Mr Francis Chia Mong Tet sits on the board of several private limited companies. He does not have other directorships in public listed companies.

Mr Francis Chia Mong Tet is a brother to Mr John Chia Sin Tet.

ALEXANDER CHIA JHET-WERN

Executive Director
Malaysian, Male

Mr Alexander Chia Jhet-Wern, aged 43, was appointed to the Board of the Company as Executive Director on 26 February 2014. He is a member of the Executive Management Committee and ESG Committee.

As an Executive Director, Mr Alexander Chia is responsible in supporting the Group Managing Director and the Board in the implementation of strategic goals set for the Group and overseeing specific programmes or initiatives. Mr Alexander Chia joined the Company in 2004 and held the position of Vice President, Deputy COO, prior to his appointment to the board in 2014.

Mr Alexander Chia sits on the board of several private limited companies. He does not have other directorships in public listed companies.

Mr Alexander Chia Jhet-Wern is a son of Mr John Chia Sin Tet.

Board of Directors & Profile



ANG CHYE HOCK
Independent Director
Singaporean, Male

Mr Ang Chye Hock, aged 74, was appointed to the Board of the Company on 28 November 2002 and re-designated as Independent Director on 26 January 2016. He graduated from Salford University, England in 1972 with a Bachelor of Science in Electronics (Honours). Mr Ang is the Chairman of Audit & Risk Management Committee, Remuneration Committee and ESG Committee, and a member of Nomination Committee. In February 2023, Mr Ang was appointed as the Senior Independent Director of the Company.

Mr Ang brings with him more than 28 years of experience in the semiconductor industry. He began his career with Motorola Malaysia in 1973 and was responsible for starting up their new factory in Seremban. He left for Singapore in 1984 and during the 16 years period there, he held various senior managerial positions in the disk drive related industry as well as software retail industry.

He joined Unisem as Chief Operating Officer and President in 2001. He then held the positions of Group Chief Operating Officer from 2008 to 2012, Executive Director - Business Development for 2013. Mr Ang retired from his executive function in December 2013.

Mr Ang does not have other directorships.



LIM SIEW ENG
Independent Director
Malaysian, Female

Mdm Lim Siew Eng, aged 71, was appointed to the Board of the Company on 29 October 2015 as an Independent Director. She graduated from University of Malaya with a Bachelor of Economics (Honours) degree. She is also the Chairman of the Nomination Committee and a member of the Audit & Risk Management Committee, Remuneration Committee and ESG Committee.

Mdm Lim has garnered more than 28 years of working experience in the financial services industry. She began her career at Malaysian International Merchant Bankers Berhad, (now known as Hong Leong Investment Bank Berhad) where she had served as Head of Corporate Advisory Department before joining Maybank Investment Bank Berhad in 2004 to head the Corporate Finance Department.

During her tenure with the respective investment banks, she also served on the respective credit committees and management committees and was a Council member of the Malaysian Investment Banking Association. After her retirement, she was invited to be a member of the Qualitative Assurance Committee from 2009 to 2010 to assist in enhancing the overall quality of the Financial Sector Talent Enhancement Programme launched by the Institute of Bankers Malaysia in collaboration with Bank Negara Malaysia.

Mdm Lim currently sits on the Board of Hextar Healthcare Berhad as an Independent and Non-Executive Director. Apart from Hextar Healthcare Berhad, she does not have directorships in other public listed companies. She also sits on the board of a private limited company.

Board of Directors & Profile



NELLEITA BINTI OMAR
Independent Director,
Malaysian, Female

Puan Nelleita binti Omar, aged 48, was appointed to the Board of the Company on 25 February 2022 as an Independent Director. She graduated from the London School of Economics with a Bachelor of Science in Economics and a Master of Science in Development Studies, the latter as a Chevening Scholar. She is also a member of the Audit & Risk Management Committee, Nomination Committee, Remuneration Committee and ESG Committee.

Puan Nelleita has more than 20 years' experience as a management consultant and researcher. She began her career at the Boston Consulting Group before branching out to work independently in association with several boutique consultancies. She has delivered consulting projects for both public and private sector clients, covering a range of topics and roles, from strategy setting to policy research to project management.

Apart from her core management consulting work, Puan Nelleita has also shouldered other unique roles throughout her career including as speechwriter and policy researcher for Prime Minister YAB Tun Abdullah Ahmad Badawi, as advisor to a life sciences venture capital firm, and as Research Director to Kuala Lumpur based policy think tank The Centre.

Puan Nelleita currently sits on the board of a number of private limited companies. To date, she does not have directorships in other public listed companies.



TEH MUY CH'NG
Independent Director
Malaysian, Female

Mdm Teh Muy Ch'ng, aged 52, was appointed to the Board of the Company on 9 December 2022 as an Independent Director. Mdm Teh is a Chartered Accountant, a member of Malaysian Institute of Accountants (MIA), Australian Society of Certified Practising Accountants, and a Certified Financial Planner with the Financial Planning Association of Malaysia. She graduated from the Curtin University of Technology, Perth, Australia with a Bachelor of Commerce (Accounting) degree. She is also a member of the Audit & Risk Management Committee, Nomination Committee, Remuneration Committee and ESG Committee.

Mdm Teh has more than 25 years of professional experience in providing financial and corporate advisory services. She started her career in KPMG, an international audit, tax and advisory firm in the audit and business assurance for 5 years and subsequently in 2000 she joined the corporate finance division of KPMG where she was exposed in various corporate finance, corporate advisory as well cross border transactions and M&A advisory. In 2005, she joined Horwath - Corporate Finance where she continued to focus on corporate finance and advisory engagements. Subsequently in 2008, together with another partner she set up a MIA member firm to undertake a few corporate finance projects in Malaysia and Singapore.

In 2010, she re-joined KPMG Corporate Finance as a Director. During her career in the international audit, tax and advisory firm from 2010 till March 2022, Mdm Teh was appointed on the panel of advisors for the IPO Program initiated by Cradle Fund Sdn Bhd under the Ministry of Finance in 2012. She was one of the coaches responsible for coaching a selected group of companies that participated in the IPO Program.

Mdm Teh currently sits on the board of several private limited companies. She does not have other directorships in public listed companies.

Board of Directors & Profile



XIAO ZHIYI

Non-Executive Director
Chinese, Male

Mr Xiao Zhiyi, aged 47, was appointed to the Board of the Company on 30 January 2019. He graduated from Fudan University in Shanghai with a Doctor's degree in Microelectronics and Solid-State Electronics and holds a Master's degree (MBA) in General Management from Adelphi University in the USA. He is also a member of the Executive Management Committee.

Mr Xiao is the General Manager of Huatian Technology (KunShan) Electronics Ltd., a position which he has held since 2013. Prior to that he was with Xiamen Yonghong Electronics Ltd from 2001 to 2009 with his last position as General Manager.

In 2019, Mr Xiao was appointed as a Non-Independent Director to the board of Tianshui Huatian Technology Co., Ltd, a company listed on the Shenzhen Stock Exchange. Mr Xiao also sits on the board of a private limited company. Other than his directorship in Tianshui Huatian Technology Co., Ltd, he does not have other directorships in public listed companies.



CUI WEIBING

Non-Executive Director
Chinese, Male

Mr Cui Weibing, aged 56, was appointed to the Board of the Company on 30 January 2019. He graduated from Northwest University, Xi'an, China in 1990 with a Bachelor's degree major in Physics.

Mr Cui is the General Manager of Tianshui Huatian Technology Co., Ltd., a position which he has held since March 2021. He began his career at Tianshui Huatian Microelectronics Co. Ltd. in 2003 as Assistant Plant Manager and Assembly Manager. In 2004 and 2005 he was the Vice General Manager of Tianshui Huatian Technology Co., Ltd., in charge of engineering, quality and manufacturing. From 2006 to 2015, he was the general manager of Tianshui Huatian Microelectronics Co. Ltd. From 2015 to 2021, he was the General Manager of Tianshui Huatian Electronics Group Co., Ltd.

Prior to joining Tianshui Huatian Mr Cui with Yonghong Equipment Factory from 1990 to 2002 with his last position as Assistant Plant Manager and Director of Production Department.

In 2010, Mr Cui was appointed as a Non-Independent Director to the board of Tianshui Huatian Technology Co., Ltd, a company listed on the Shenzhen Stock Exchange. Other than his directorship in Tianshui Huatian Technology Co., Ltd, Mr Cui does not have other directorships in public listed companies.

Board of Directors & Profile



JU FENG

Non-Executive Director
Chinese, Male

Mr Ju Feng, aged 40, was appointed to the Board of the Company on 6 August 2019. He graduated from Tianshui Normal University in 2008 with a Bachelor of Accountancy degree.

Mr Ju is the Assistant Director in the Finance Center of the headquarter of Tianshui Huatian Technology Co., Ltd, a position which he has held since March 2019. He began his career as an Accountant at Fangda Carbon New Material Co., Ltd. in 2008 and joined Tianshui Huatian Technology Co., Ltd. in 2009 and held various positions in the finance department.

Mr Ju currently sits on the board of a private limited company. He does not have other directorships in public listed companies.

XU QINQIN

Non-Executive Director
Chinese, Female

Mdm Xu Qinqin, aged 41, was appointed to the Board of the Company on 27 July 2023. She graduated from Yangzhou University in 2005 with a degree in Chemistry Education.

Mdm Xu is the Procurement Director of Huatian Technology (Xi'an) Investment Holdings Co., Ltd, a position which she has held since June 2022. Mdm Xu began her career at China Wafer Level CSP Co., Ltd. in 2005 where she held various positions over 14 years with her last position as Purchasing Department Director. In 2019 she joined Huatian Technology (Kunshan) Electronics Co., Ltd. and is currently the Minister of Purchasing Department.

Mdm Xu does not have other directorships.

Save as disclosed in Note 18 under Notes to the Financial Statements none of the Directors has any conflict of interest or related party transactions with the Company. Other than traffic offences none of the Directors has been convicted of any offence within the last five years. There were no public sanctions and/or penalties imposed on the Directors by the relevant regulatory bodies during the financial year.

Profile of Secretaries

CHIN HOCK YEE

Company Secretary
Malaysian, Female

Ms Chin Hock Yee, aged 58, was appointed to the Board of the Company on 25 July 2005. She is also the Vice President, Corporate Affairs of the Company.

Ms Chin is a Licensed Company Secretary by the Suruhanjaya Syarikat Malaysia (or the Companies Commission of Malaysia). She holds a Masters of Business Administration (MBA) in accounting from Simon Fraser University, British Columbia, Canada and a Bachelor of Business Administration degree from Soochow University, Taipei, Taiwan.

Ms Chin joined the Company in 1999 as Corporate Affairs Manager and is responsible for company secretarial matters of the Group, investor relations and general corporate affairs of the Company. Prior to joining the Company in 1999, Ms Chin was with Malaysian International Merchant Bankers Berhad (MIMB) from 1997 to 1999 and prior to that, from 1994 to 1997, she was with the consulting arm of KPMG Malaysia.

KUAN HUI FANG

Company Secretary
Malaysian, Female

Ms Kuan Hui Fang, aged 53, was appointed to the Board of the Company on 26 February 2020. She is a member of the Malaysian Institute of Accountants (MIA) and Association of Chartered Certified Accountants (ACCA). She is a qualified company secretary under the Companies Act 2016 with more than 20 years' experience in corporate secretarial practice and is the Head of Corporate Services of Tricor Corporate Services Sdn Bhd.

Profile of Senior Management

KEVIN KHOO CHUNG SHIN

Senior Vice President, Group Chief Operating Officer
Malaysian, Male

Mr Kevin Khoo Chung Shin, aged 56, is the Senior Vice President and Group Chief Operating Officer of Unisem Group, a distinguished role he has held since 1 March 2023. Mr Khoo holds a Bachelor's Degree in Electrical Engineering from Oklahoma State University, Stillwater, Oklahoma, United States of America.

Mr Khoo has over 30 years of experience in the semiconductor assembly and test industry. His career journey began in 1992 when he joined the Company as Marketing and Sales Engineer. In 2007 he transitioned to Unisem Chengdu assuming the role of Senior Manager to lead the marketing team. Recognising his leadership and strategic acumen, he was further promoted to Vice President of Business Development in 2013, taking on additional responsibilities for the new product introduction (NPI) function.

Mr Khoo's contributions continued to evolve, and by December 2020, he took on the pivotal role of Senior Vice President, Group Sales, overseeing the worldwide sale and marketing operations of Unisem Group. Prior to joining Unisem Chengdu in 2007, he held the position of Senior Package Development Manager at AIC Semiconductor for a period of 3 years.

QUEK SUAN HONG

Chief Operating Officer - Unisem Chengdu
Malaysian, Male

Mr Quek Suan Hong, aged 74, is the Chief Operating Officer of Unisem Chengdu operations, a position he has held since 2011. As the Chief Operating Officer of Unisem Chengdu, he is the driving force behind the success and efficiency of the organisation. Mr Quek holds a Diploma in Automotive Engineering in Malaysia and passed the certification from Institute of the Motor industry (London).

Mr Quek has a seasoned professional experience of over 49 years in the semiconductor assembly and test industry. His time with Unisem Group began in November 2005 when he joined Unisem Chengdu as Senior Operations Manager overseeing all manufacturing operations. His dedication and exemplary performance led to his promotion to the role of Chief Operation Officer in 2011, where he has since played a critical role in driving the success of Unisem Chengdu. Prior to joining Unisem, he spent 28 years at Motorola (M) Sdn Bhd from 1974 to 2002, where he held various key positions ranging from production supervisor to Senior Operations Manager.

Profile of Senior Management

CHAI CHAN WAH

General Manager - UAT
Malaysian, Male

Mr Chai Chan Wah, aged 60, is the General Manager of UAT, overseeing the wafer bumping operations, a position he has held since September 2014. Mr Chai holds a Bachelor of Science (Hons) Degree majoring in Physics from the National University of Malaysia.

With a rich and dynamic career spanning over 35 years in the semiconductor industry, Mr Chai brings a wealth of experience to his role. Before assuming the position of General Manager at UAT, he held the significant role of Vice President - Corporate Technology Development at Unisem Ipoh. In this capacity, Mr Chai played a pivotal role in driving the development of new products & processes within the Unisem Group. His career with Unisem began in 1993, initially leading the process engineering team and later heading the development team in 2006. Prior to joining Unisem in 1993, Mr Chai spent 5 years as Senior Process Engineer at Carsem (M) Sdn Bhd specialising in hermetic and plastic packaging.

THAM ENG HUAK

Vice President, Group Finance
Malaysian, Male

Mr Tham Eng Huak, aged 62, is the Vice President, Group Finance, a position he has held since 1 October 2013. He holds a Diploma in Accounting and a Diploma in Costing from London Chamber of Commerce and Industry.

He carries with him over 37 years of experience in the semiconductor assembly and test industry. Mr Tham joined the Company in 1991 and is responsible for the group financial and accounting reporting and activities. His wealth of experience and leadership in finance and in the industry positions him as a key asset in steering the financial success and stability of the Group. Prior to joining the Company, he was with Carsem (M) Sdn Bhd for 6 years from 1986 to 1991.

LIEW KOK CHUEN

Vice President, Leadless and Test Operations - Unisem Ipoh
Malaysian, Male

Mr Liew Kok Chuen, aged 55, is the Vice President, Leadless and Test Operations of Unisem Ipoh, a position he has held since 2022. In this capacity, he is responsible and oversees all manufacturing operations of Unisem Ipoh. Mr Liew holds a Degree in Social Science from the National University of Malaysia.

Mr Liew carries with him over 29 years of experience in the semiconductor assembly and test industry. His journey with the Company commenced in 2003 when he joined as a Manufacturing Manager. Mr Liew assumed the leadership and responsibility of the leadless operations at Unisem Ipoh since 2010. Due to his exemplary performance and dedication, he was promoted to the position of Vice President, Leadless Operations in 2022. Prior to his tenure at the Company, Mr Liew was with Carsem (M) Sdn Bhd where he served as a Production Superintendent for 9 years from 1994 to 2003 with his last position as Senior Section Manager.

Save as disclosed in Note 18 under Notes to the Financial Statements none of the senior management has any conflict of interest with the Company. Other than traffic offences none of the senior management has been convicted of any offence within the last five years. There were no public sanctions and/or penalties imposed on the senior management by the relevant regulatory bodies during the financial year.

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.

Corporate Governance Overview Statement

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.

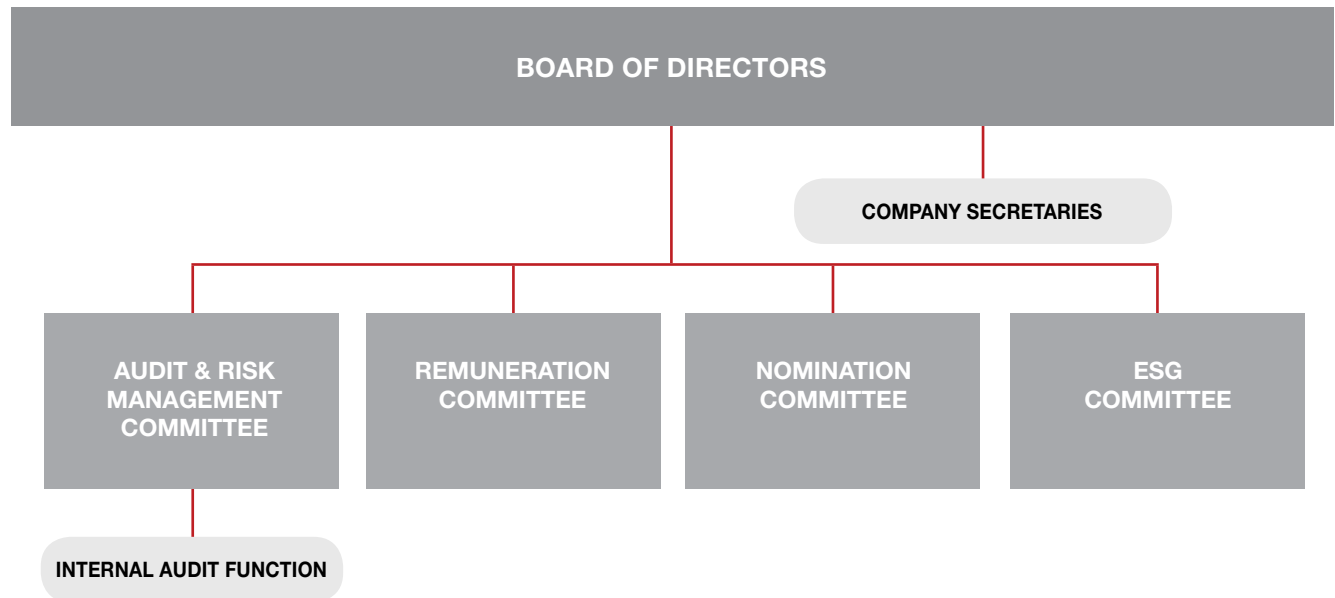
Corporate Governance Overview Statement

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.

Corporate Governance Overview Statement

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.

Corporate Governance Overview Statement

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.

Corporate Governance Overview Statement

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").

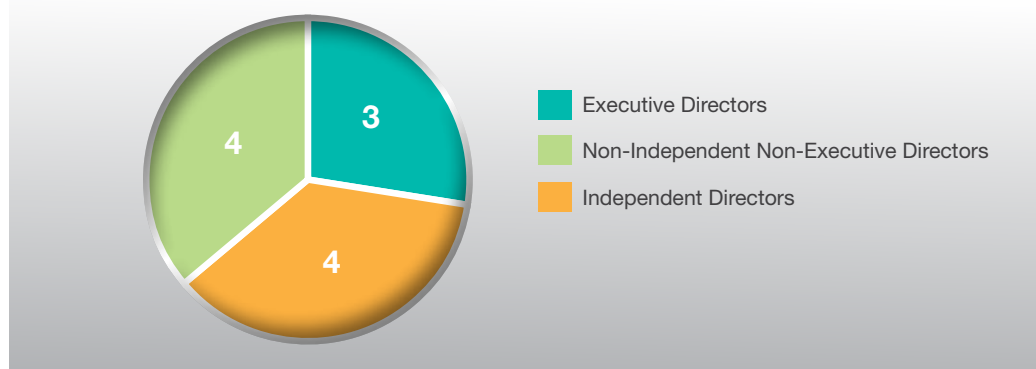
While the current Board composition does not fully meet the expectation of Practice 5.2 of the MCCG, which recommends a majority of Independent Directors for Large Companies, the current Board composition strikes a balance between representation of all major interests with maintaining a feasible size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

Corporate Governance Overview Statement

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

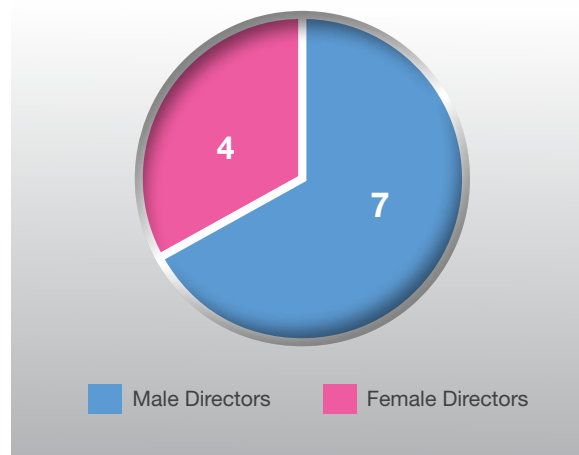
The Board believes that its current composition aligns well with the scope and scale of the Group's business operations. The diverse experience and multidisciplinary expertise of Directors enable them to offer valuable perspectives for robust oversight of Unisem's strategic objectives. The Board comprises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

Corporate Governance Overview Statement

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

Corporate Governance Overview Statement

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.

Corporate Governance Overview Statement

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.

Corporate Governance Overview Statement

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

Corporate Governance Overview Statement

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.

Corporate Governance Overview Statement

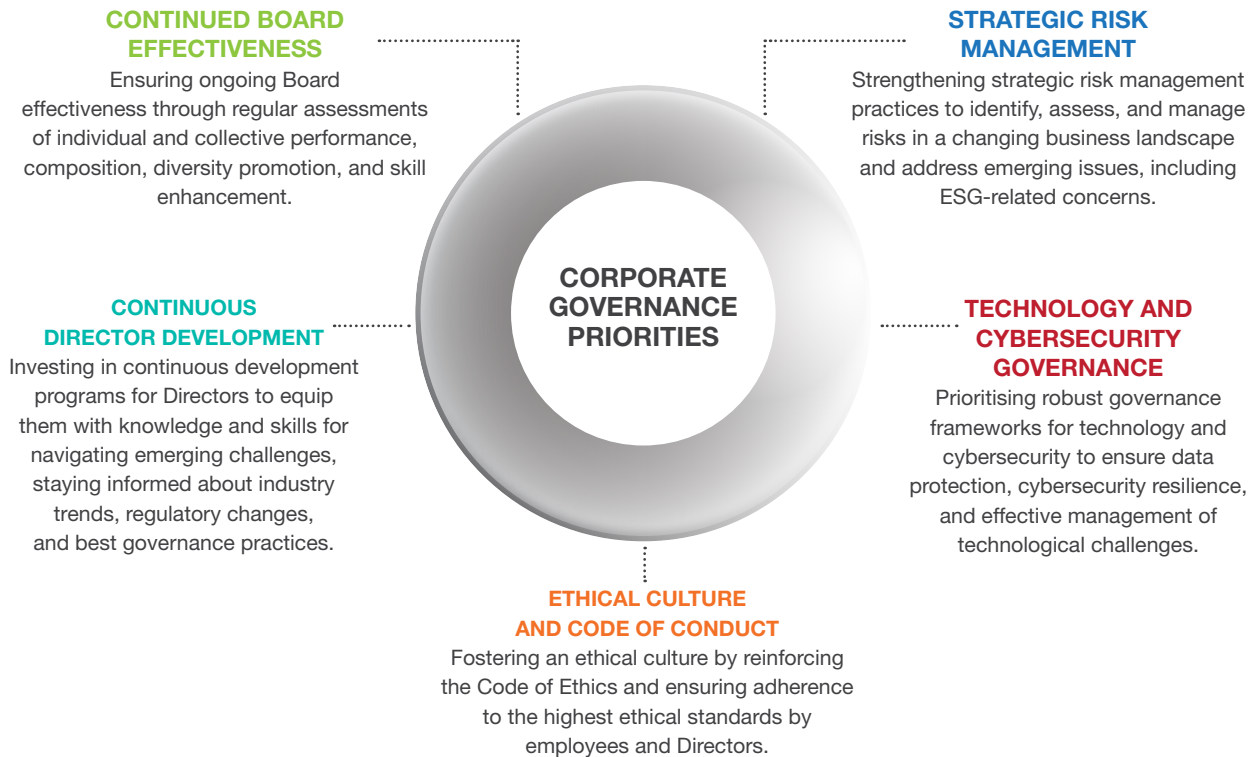
5. Stakeholder Engagement	Committing to stakeholder engagement through timely disclosures, enhancing communication channels, and establishing mechanisms for addressing queries and feedback.
6. General Meeting Conduct	Continuing with inclusive and interactive virtual AGMs with provisions for remote participation, 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.

Audit and Risk Management Committee Report

COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

The Audit & Risk Management Committee (“the ARMC” or “the Committee”) comprises wholly of Independent Directors as follows:

Name	Designation	Directorship	No. of meetings attended in 2023
Mr Ang Chye Hock	Chairman	Independent Director	9/9
Mdm Lim Siew Eng	Member	Independent Director	9/9
Puan Nelleita binti Omar	Member	Independent Director	9/9
Mdm Teh Muy Ch’ng	Member	Independent Director	9/9

The ARMC met nine times in 2023 and the Chairman and members of the Committee attended all the meetings.

The Company Secretary, Executive Director - Group Finance, Vice President - Group Finance were in attendance at every meeting. The Committee met with the Head of Internal Audit every quarter and with the External Auditors two times a year.

TERMS OF REFERENCE

The terms of reference which include composition, authority, responsibilities, meetings and specific duties of the ARMC 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 Committee met nine times during the financial year ended 31 December 2023. The summary of work of the ARMC for the financial year is set out below:-

Integrity of Reporting

The ARMC played a crucial role in upholding the financial reporting integrity. During the financial year ended 31 December 2023 key activities undertaken by the ARMC include:

- Quarterly Financial Results Review: The Committee thoroughly reviewed the quarterly financial results announcements and management reports before Board approval and publication.
- Full-Year Results Review: The ARMC conducted a comprehensive review, alongside external auditors, covering significant judgments and estimates made by management, significant and unusual events or transactions, and how these matters were addressed.
- Engagement with External Auditors: The ARMC engaged in discussions with the external auditors on various significant matters, seeking clarification on key facts and judgments outlined by the management.
- Accounting Policies and Standards Review: The Committee ensured that all relevant accounting policies were in place and correctly applied by the management.
- Review of New Financial Reporting Standards: The ARMC, collaborating with the external auditors, reviewed and addressed the impact of new financial reporting standards on the Company and its subsidiaries.

Audit and Risk Management Committee Report

Oversight of External Audit

In fulfilling its oversight responsibilities regarding audit quality, the Committee reviewed and assessed the following key aspects:

- The nature and scope of the audit engagement to ensure alignment with the Company's specific requirements;
- The soundness of the audit strategy, encompassing both approach and scope, to achieve effective audit outcomes;
- The comprehensiveness and clarity of the audit findings, with a focus on the robustness of the Company's going concern assessment, outcomes, and disclosure;
- The robustness and appropriateness of the audit firm's internal quality control procedures;
- The integrity, level of judgement, attitude, knowledge and experience of the audit team and clarity of their roles and responsibilities;
- The auditor's demonstration of understanding risks and issues crucial to the Company, which could impact the audit process; and
- The auditor's effectiveness in assessing the quality and transparency of financial reporting by management.

Deloitte PLT the external auditors, reported in depth to the Committee on the scope and outcome of the annual audit, including internal controls relevant to the audit. Their reports included audit and accounting matters, governance and control, and accounting developments.

The Committee held independent meetings with the external auditors during the year and reviewed, agreed, discussed and challenged their audit plan, including their assessment of the financial reporting risk profile of the Group. The Committee discussed the views and conclusions of Deloitte PLT in the audit summary memorandum including management's treatment of significant transactions and areas of judgement during the year and Deloitte PLT confirmed they were satisfied that these had been treated appropriately in the financial statements.

The Committee met with Deloitte PLT on 23 February 2023 and 26 October 2023 without the presence of management and in reply to questions from the Committee, Deloitte PLT confirmed:

- They had received full co-operation of management and staff and been provided unrestricted access to information and senior management during the audit,
- The Group's finance team was appropriately staffed with competent personnel, and
- They had no other matters to raise in addition to what had been set out in the audit planning report.

External Auditors

The Committee evaluated the performance of the external auditors by reviewing, considering and analysing the following key aspects:

- The soundness of the external auditor's overall audit strategy, including their approach and scope;
- The audit plan and its execution to ensure effectiveness and alignment with the audit objectives;
- The comprehensiveness and clarity of the audit findings, with a focus on the robustness of the Company's going concern assessment, outcome, and disclosure;
- The effectiveness of communications between the auditors and both management and the Committee;
- The auditors' ability to provide perceptive, practical and effective recommendations and observations that contribute value to the business in a timely manner;
- The auditors' ability to maintain independence throughout the engagement;
- Cost effectiveness of the audit services provided; and
- Findings from inspection reports by audit regulators and subsequent actions taken by the auditors to address the identified issues.

Audit and Risk Management Committee Report

As needed, the ARMC together with the Board will assess potential external auditors based on various criteria, including, but not limited to:

- Confirmation that the auditor is registered as an auditor or authorised audit company under the Companies Act 2016;
- Assurance of the independence of the audit firm from the Company and its ability to maintain independence throughout the engagement;
- Evaluation of potential conflict of interest situations that could impact the independence of the external auditor;
- Assessment of proposed arrangements for partner rotation and succession planning;
- Evaluation of the level of professional competency, integrity, judgement, attitude, knowledge and experience of the audit team, along with clarity of their roles and responsibilities;
- Consideration of industry expertise, global access to audit resources and international coordination of the audit firm;
- Review of the thoroughness of the audit approach and methodology employed by the external auditor; and
- Evaluation of the reasonableness of the audit fee and cost effectiveness of the proposed services.

The Committee reviewed and evaluated factors relating to the independence and objectivity of the external auditors. These evaluations included:

- Scrutinised the external auditor's demonstration of objectivity and skepticism, particularly their ability to challenge management and the outcomes of such challenges;
- Assessed the safeguards in place to manage potential conflict of interest related to the provision of non-audit services;
- Reviewed the process of obtaining and assessing annual independence confirmations from the external auditors; and
- Evaluated the processes implemented for ongoing monitoring of compliance with independence and ethical standards by the external auditors.

In line with current professional standards the Company requires the partner in charge and independent review partner of the external auditor to rotate after seven years with a cooling-off period of at least five years. The audit engagement managers are required to rotate after seven years with a cooling-off period of at least three years.

The Board has a policy that requires a former key audit partner/engagement partner to observe a cooling-off period of at least two years before being appointed as a member of the ARMC.

Risk Management And Internal Control

The ARMC reviewed the Group's overall approach to risk management and control, evaluating various aspects, processes, outcomes and disclosure. This review encompassed the following:

- Reviewed the Internal Auditors' quarterly reports detailing the risk-based audit work. Assessed management's responses and received assurance that significant findings were adequately addressed;
- Reviewed the Internal Auditors' enterprise risk management reviews, specifically those conducted with management on the three main plants. Ensured that risks were identified and action plans were established to effectively mitigate these risks;
- Reviewed with internal auditors the related party transactions ensuring that the terms were equitable and not more favourable to the related parties than those generally available to the public;
- Scrutinised the Group's various policies and procedures to reasonably ensure the adequacy of internal accounting and financial reporting controls;
- Examined the Group's insurance arrangements and related risk management strategies;
- Assessed the Group's treasury policies, including those related to debt issuance and hedging; and
- Reviewed with management the annual budget of the Group together with the underlying business plans, marketing strategies, major assumptions and sensitivity analysis on the impact of foreign exchange rate to the revenue, EBITDA and profit attributable to shareholders.

Audit and Risk Management Committee Report

Oversight of Internal Auditors

To provide adequate oversight of the internal auditors and the internal audit function, the Committee:

- Reviewed and approved the overall scope of the internal audit plan annually;
- Ensured that the internal audit activity is sufficiently resourced with competent and objective professionals, capable of executing the internal audit plan;
- Reviewed the findings and actionable recommendations stemming from the quarterly risk-based audit work and ensured that audit recommendations and other improvements are satisfactorily implemented by management; and
- Evaluated the effectiveness of the internal audit function by accessing the adequacy, integrity and effectiveness of the system of internal controls. Also reviewed the compliance with established policies and procedures, guidelines, laws and regulations as well as the reliability and integrity of information.

The Committee concluded that the internal audit function demonstrated satisfactory effectiveness in these areas.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION

The Company engaged Baker Tilly Monterio Heng Governance for the services of internal audit function in August 2020. The principal role of the internal audit function is to conduct periodic reviews on matters pertaining to internal control, ensuring alignment with established systems and standard operating procedures across all operations. The primary goal of these audits is to furnish reasonable assurance that operations are functioning adequately and effectively.

The internal audit function concentrates on key risk areas outlined in the approved internal audit plan by the ARMC. It provides quarterly reports to the ARMC, ensuring the proper implementation and administration of a robust system of risk management and internal control. Key objectives of the internal audit function include assessing the adequacy, integrity, and effectiveness of the internal control system, ensuring compliance with established policies, procedures, guidelines, laws, and regulations, as well as evaluating the reliability and integrity of information.

The outsourced internal audit function is overseen by Mr Kuan Yew Choong, a Professional Member of the IIA Malaysia with two decades of experience in internal auditing. Mr Kuan possesses comprehensive knowledge and expertise in risk management, internal controls, and governance practices, complemented by full professional certification from the Association of Chartered Certified Accountants. Currently serving as the Partner of Internal Audit & Risk Advisory at Baker Tilly Malaysia, Mr Kuan leads a team of up to four (4) internal audit personnel, contributing to the successful completion of various internal audit assignments since his appointment.

Importantly, both Mr Kuan and the entire internal audit team operate independently, maintaining a distinct separation from any family relationships with Directors and/or major shareholders. Furthermore, they uphold a commitment to avoiding any conflicts of interest with Unisem throughout the financial year.

The internal audit function adopts a risk and process-based approach in determining the audit areas and execution of its audits. In addition, special reviews were also made at the request of the Committee and senior management on specific areas of concern as a follow-up in relation to high-risk areas identified during the course of business. These reviews serve to provide additional assurance and confidence in the integrity and robustness of the internal control system.

Audit and Risk Management **Committee Report**

A summary of work of the internal audit function encompasses:

- Presentation of the annual internal audit plan for approval by the Committee.
- Implementation of audits as per the endorsed audit plan, alongside special reviews initiated upon request from the Committee and senior management.
- Present to the ARMC quarterly internal audit reports featuring comprehensive audit findings. The reports include insights into identified areas requiring improvement, accompanied by detailed management responses outlining corrective actions.
- Quarterly follow-up on unresolved audit findings, with comprehensive reporting on the status of implementation to the Committee.
- Facilitation of risk assessment review workshops with the management of main business units. These sessions serve as forums to discuss and update the key risks faced by the Group. This proactive engagement enables the Management to continually identify, evaluate, control, monitor, and report to the Board on the ongoing key risks faced by the Group. Importantly, it facilitates the formulation and implementation of remedial measures to address identified risks.

During the financial year, internal audit reviewed and conducted audits and assessed the adequacy of the system of internal controls over the following areas:-

1. Quality Assurance Management;
2. Human Resource & Payroll Management;
3. Property Plant & Equipment Management;
4. Machinery and Equipment Maintenance;
5. IT General & Cybersecurity Controls;
6. Billing and Collection; and
7. Recurrent Related Party Transactions.

In 2023, the ARMC received and reviewed four internal audit reports, incorporating recommended corrective actions that were duly implemented. The ARMC asserts that there were no significant breakdowns or weaknesses identified in the existing internal control system of the Group, that could have resulted in material losses incurred by the Group for the financial year ended 31 December 2023.

The cost associated with the internal audit function of the Group for the financial year ended 31 December 2023 amounted to RM232,771.

Statement on Risk Management and Internal Control

The Board of Directors (“Board”) of Unisem (M) Berhad (“Unisem”) seeks to promote a risk-conscious culture and is highly committed to maintaining a robust system of internal control and risk management in the Company and its subsidiaries (collectively referred to as the “Group”). To this end, the Board is pleased to present the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of internal control and risk management of the Group for the financial year ended 31 December 2023.

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 9.2 of the Malaysian Code on Corporate Governance (“MCCG”). In preparing this Statement, guidance has been drawn from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”), a publication endorsed by Bursa Malaysia Securities Berhad pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Board Responsibility

The Board recognises the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group’s operations in order to safeguard shareholders’ investments and other stakeholders’ interests. Accordingly, the Board affirms its overall responsibility for the Group’s system of internal control and risk management, and for reviewing the adequacy and operating effectiveness of the said system. The system covers not only financial but also operational and compliance risks and the relevant controls designed to manage the said risks.

Given that there are inherent limitations in any system of internal control and risk management, the said system is designed to manage risks within tolerable and knowable limits in an efficient manner, rather than eliminating the risk of failure to achieve business objectives of the Group. The system can therefore only provide reasonable, but not absolute assurance, against material misstatements, financial losses, defalcations or fraud.

The Audit & Risk Management Committee (“ARMC”) which comprises solely of Independent Non-Executive Directors, has been entrusted with the responsibility of assisting the Board in the management of material risks and internal controls. This includes reviewing and communicating to the Board on the key risks faced by the Group, the impact and likelihood of such risks crystallising and Management’s readiness to manage and mitigate the risks that arise.

The ARMC is supported by the outsourced internal audit function, in relation to the provision of an independent assessment and evaluation on Unisem’s Enterprise Risk Management (“ERM”). Notwithstanding the delegated responsibilities on risk management and effectiveness of internal controls, the Board acknowledges its ultimate responsibility for identifying, evaluating and managing the significant risks of the Group on an ongoing basis.

Risk Management Framework

The Group has instituted an ERM framework which is consistent with that espoused by the Committee of Sponsoring Organisations of Treadway Commission (“COSO”). The ERM framework is designed to systematically identify, analyse, monitor and report key risks and the likelihood of risk occurrence as well as the magnitude of impact using a self-assessment approach. In addition, the framework outlines the significant risks that the Group is exposed to such as strategic, organisation structure, operational, processes, regulatory, people culture, technologies and reputation risks.

During the year under review, all business units conducted their annual ERM reviews which were led by the respective Chief Operating Officers and departmental head of each division together with the outsourced internal audit function. For each key risks identified, the risk owner is assigned to ensure appropriate action plans are meted out in a timely manner.

Results from the risk assessment and the implementation status of corrective action plan on key risks are reported to the Committee accordingly. In order to ensure that the Group’s ERM framework remain sound, the risk register is monitored to include emerging risk as and when necessary. This serves to ensure controls are in place and continue to operate adequately and effectively. In addition, the Group consciously covers and transfers certain risks by securing adequate insurance coverage.

Statement on Risk Management and Internal Control

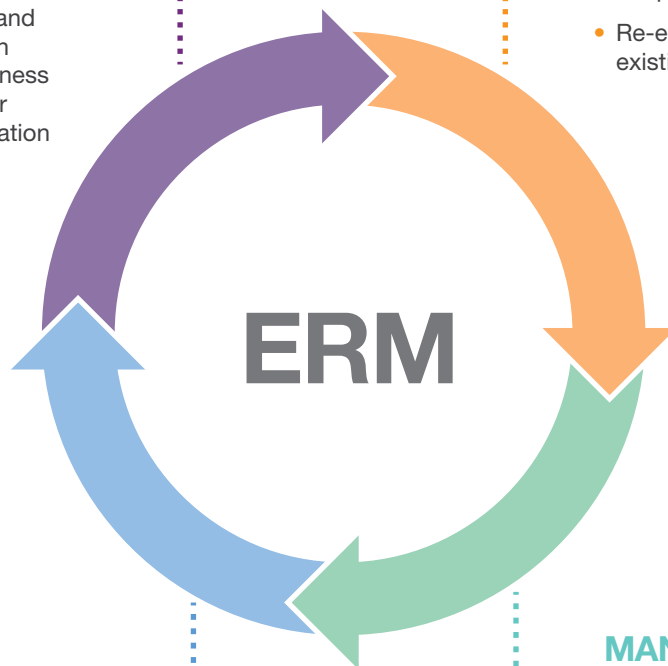
The ERM framework adopted by Unisem is illustrated in Diagram 1 and Diagram 2 below:

IDENTIFY

- Identifying material risks (including emerging risks) arising from Unisem's business activities, both existing and new, which may threaten the achievement of business objectives, cause loss or damage Unisem's reputation

ASSESS

- Evaluating risks associated with any new activities to determine the potential impact to Unisem
- Re-evaluating all material existing risks regularly



MONITOR AND REPORT

- Monitoring and reporting of risks on a regular basis to ensure accountability and ownership for the identification of risks, the development of appropriate controls to mitigate them and compliance with controls
- Reporting of risk will be done using key categories

MANAGE

- Establishing structure to minimise losses and maximise opportunities
- Coordinating the risk management activities through Senior Management the reporting of risks to the Board through the ARMC
- The operation of risk mitigation procedures is the responsibility of respective Heads of Department

Diagram 1: Enterprise Risk Management Framework

Statement on Risk Management and Internal Control

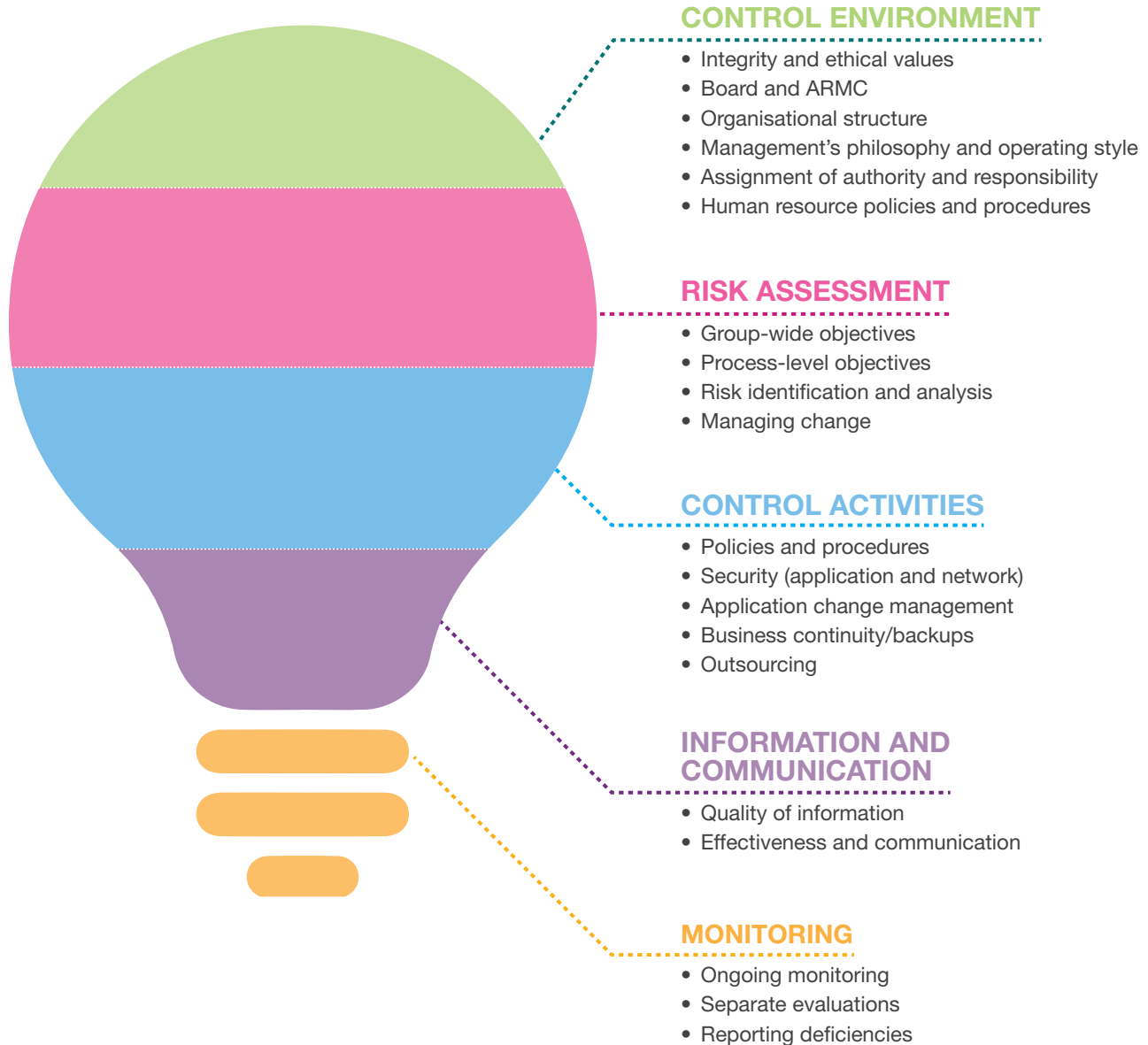


Diagram 2: Alignment with the elements of the Committee of Sponsoring Organisations of Treadway Commission (COSO)

Statement on Risk Management and Internal Control

Internal Control Framework

The Board acknowledges that a sound system of internal control reduces the risks that will impede the Group from achieving its goals and strategic objectives. The salient elements of the Group's internal control framework are described below:

<p>1 ORGANISATION STRUCTURE WITH DEFINED ROLES AND RESPONSIBILITIES</p>	<p>The Group has in place an operational structure and organisational chart with defined key lines of responsibility and has adequately segregated reporting lines up to the Board and its Committees to ensure effectiveness and independent stewardship.</p>
<p>2 FORMALISED STRATEGIC PLANNING PROCESSES</p>	<p>The Board has formulated the appropriate business plans within which the business objectives, strategies and targets are articulated. Business planning and budgeting are undertaken annually, to establish plans and targets against which performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.</p>
<p>3 REPORTING AND REVIEW</p>	<p>The Group's Management team carry out monthly monitoring and review of financial results including monitoring and reporting thereon, of performance against the operating plans. The Group's management team communicates regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern. There is regular reporting by Senior Management of the Group to the Board on significant changes in the business and the external environment in which the Group operates.</p>
<p>4 DOCUMENTED POLICIES AND PROCEDURES</p>	<p>Internal policies and procedures which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group are maintained and made accessible to all employees. It is established and implemented to ensure compliance with internal controls, laws and regulations and is subjected to review and enhancement as and when necessary.</p>
<p>5 CODE OF ETHICS</p>	<p>The Code of Ethics underlines Unisem's core values in conducting business fairly, impartially and ethically. All Directors and employees are required to declare that they are in compliance with the said Code upon joining the Group. In addition, the Whistleblowing Policy is also in place to provide a reporting channel which facilitates the escalation of improper conduct within the Group in a transparent and confidential manner.</p>
<p>6 CONTINUOUS EMPLOYEE EDUCATION</p>	<p>All employees are encouraged to continuously keep themselves abreast with professional development through adequate training and continuous education. The Board has put in place a continuous training programme to motivate and improve the leadership quality of employees in order to inculcate a good working relationship within the Group and with external stakeholders.</p>
<p>7 QUALITY CONTROL</p>	<p>The Board places heightened focus on continuous effort in maintaining the quality of products through rigorous quality control measures. During the year, the Board has sought to ensure that safety and health regulations, environmental controls and all other legislations in connection with the industry have been considered and complied with.</p>
<p>8 FINANCIAL PERFORMANCE</p>	<p>The preparation of quarterly and full year financial results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year financial statements are also audited by the external auditors.</p>

Statement on Risk Management and Internal Control

The Group's internal audit function independently assesses the adequacy and integrity of the Group's internal control systems. The internal audit function reports directly and provides assurance to the ARMC through the execution of internal audit work based on a risk-based internal audit plan which is approved by the ARMC before the commencement of work. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit work is closely aligned with the International Professional Practices Framework ("IPPF"), promulgated by the Institute of Internal Auditors.

For the financial year ended 31 December 2023, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes namely, quality assurance management; human resource and payroll management; property plant and equipment management; machinery and equipment management; IT general and cybersecurity controls; sales and order processing; and billing and collection. In addition, the internal audit function also assists the ARMC to carry out a review to ensure recurrent related party transactions are carried out at arm's length basis.

The outsourced internal audit function is currently headed by Mr Kuan Yew Choong who reports directly to the ARMC. He is a Professional Member of the Institute of Internal Auditors Malaysia ("IIA Malaysia") and has two decades of experience in the field of internal auditing and is equipped with the knowledge and expertise in the realm of risk management, internal controls and governance practices. He also possesses full professional certification from the Association of Chartered Certified Accountants. Mr Kuan is the Partner of Internal Audit & Risk Advisory at Baker Tilly Malaysia. He is supported by a team of up to four (4) internal audit personnel in completing different internal audit assignments carried out since their appointment. All the personnel in the internal audit function are free from any family relationship with any Directors and/or major shareholder and they do not have any conflict of interest with Unisem throughout the financial year. During the year under review, the total cost incurred for the internal audit work of the Group amounted to RM232,771.

Review by the External Auditors

In accordance to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors, Deloitte PLT has reviewed this Statement for inclusion in this Annual Report of the Group for the financial year ended 31 December 2023.

The review of this Statement by the external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3"), issued by the Malaysian Institute of Accountants in February 2018.

The external auditors reported that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate.

Commentary on the Adequacy and Effectiveness of the Group's Internal Control and Risk Management System

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group's risk management and internal control system is adequate and effective to safeguard the interests of stakeholders and the Group's assets. There were no material weaknesses or deficiencies in the system of internal control and risk management that have directly resulted in any material loss to the Group.





The Group Managing Director has also provided documented assurance to the Board that the Group's risk management and internal control system, in all material aspects, are operating adequately and effectively based on the risk management and internal control framework of the Group.

The Strategy & **Focus Areas**

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Our Material Topics

By applying the concept of materiality, we identified 4 Material Topics crucial for driving Unisem Group’s ability to create and preserve value in line with our Vision and Mission in the long term.

 <p>M1</p>	 <p>M2</p>	 <p>M3</p>	 <p>M4</p>
<p>Maintaining presence and relevance in the market</p>	<p>Optimising value for stakeholders</p>	<p>Protecting and supporting our people</p>	<p>Being a responsible business and corporation</p>
<p>The semiconductor industry is moving fast and it is of paramount importance for Unisem to remain relevant in the market by ensuring our products and services are able to keep up with the pace of the market.</p> <p>We continue to maintain our focus on the pursuit of technological capabilities and innovative solutions including smart manufacturing to help us sharpen our competitive edge. This is critical in attracting and retention of new and current customers.</p>	<p>All successful businesses strive to achieve an optimum balance between delivering value to customers through quality products and services, creating healthy financial returns for shareholders and minimising negative impacts on the environment.</p> <p>It is necessary to optimise the use of resources, including minimising externalities created through usage of raw materials and operations in order to create and deliver real value to customers and shareholders and other stakeholders.</p>	<p>People are one of our greatest assets and we are committed to protecting our people including ensuring a safe and healthy working environment, supporting human and social development, and supporting the development of talents in the industry.</p> <p>Focusing on people development increases Unisem’s productive capacity and also ensure growth of local talents.</p>	<p>Unisem expects all its facilities, key suppliers and employees to commit to the ESG framework and criteria.</p> <p>This includes respecting human rights in accordance with the Universal Declaration of Human Rights and minimising waste and wastage of resources, as well as playing our part in global efforts to combat climate change. Our suppliers are supporting us by tracking and providing transportation logistic data for our GHG Scope 3 Carbon Emission. We are also increasing efforts in deepening awareness and training on ESG within the Group.</p>

Unisem's Strategic Priorities

Unisem's strategic priorities reflect our strategies for managing our Material Topics and they are reviewed annually by the Board to ensure they remain relevant for charting the Group's directions towards its Vision and Mission.

The trend and speed of AI adoption will bring about new opportunities for Unisem's product and service offerings as well as new ways of operating in an already competitive and challenging industry. Our Strategic Priorities to pursue operational excellence, maintain robust customer and supplier relationships, and embrace innovation will ensure Unisem's agility and competitiveness within this fast changing context. We will also continue to commit to adopting international standards and best practices as a responsible corporation and taking care of the environment and people involved in our value chain.



Pursuit of operational excellence and quality products and services

A key factor that determines the success of a semiconductor assembly and test services provider is the ability to achieve operational excellence, executing and delivering quality products and services consistently and reliably. We are relentless in pursuing operational excellence, investing in continuous improvement in our processes, managing operational risks and reducing operational interruptions. We also regularly review our processes and cost management strategies to maintain our competitive edge.

Our supply chain partners play an integral supporting role in ensuring consistent delivery of quality materials and services to meet and exceed our customers' expectations. Our supply chain management is guided by the principles of the RBA Code of Conduct and internally developed performance-based criteria.

Intellectual capital, be it in the form of skills and experience in our people or in the form of intellectual property, is key to developing innovative solutions to stay ahead of the game in our industry. Investing in our people and technology helps enhance our competitiveness in the longer run. Human development programmes continue to be a key focus and a strong differentiator in enabling Unisem to be a world-class company. Employees with the right skills, talent, and competency will continue to be groomed to execute business operations and processes with precision.

Energy management efforts are equally important and directly impacts operational efficiency as well as the financial bottom line as energy use may comprise up to 5% to 10% of production operating expenses. We have since 2011 introduced measures to monitor energy consumption in production. In 2023, we have started replacing inefficient energy systems with more advanced systems.

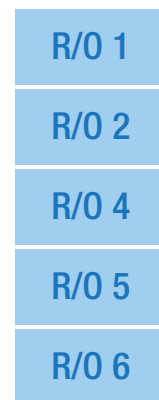
Key Capitals



Material Themes



Associated Risks and Opportunities



Unisem's Strategic Priorities

B

Development of long-term collaborative business partnerships with our customers and business associates

Technological demand and challenges of the semiconductor industry continue to evolve at unprecedented pace, requiring industry players to evolve and adapt. Collaborative relationships become increasingly crucial as future technology such as 5G, Internet of Things, and artificial intelligence demand for the complex integration of different fields and specialisations.

At Unisem, customer intimacy is built around the idea of putting the customer at the centre of everything we do which leads to a win-win outcome for both parties. This helps in serving customers better, which in turn boosts business reputation and brings increasing returns. This will lead to close collaborative long term relationships and sustainable value creation over the short, medium, and long terms.

This philosophy is further incorporated in our offerings of products and services where we also provide turnkey solutions, working together with our customers to develop packaging solutions that meet their innovation needs. In addition, we regularly engage with our customers to have conversations and understanding of how we are able to support the global advancement of the industry. Likewise, this also builds strong, credible, and trustworthy relationships in our supply chain. The key to success is not to take any of our stakeholders for granted.

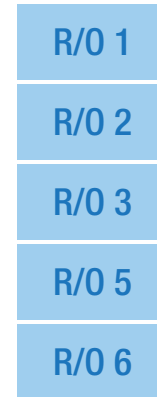
Key Capitals



Material Themes



Associated Risks and Opportunities



C

Development of technological capabilities to stay current with market trend and demand

Unisem is equipped with the technological capabilities to offer products and services in line with our customers' business strategies, current market trend, and latest technological development. We continue to push the envelope and stretch our technological capabilities to sustain our relevance and stay at the forefront of the semiconductor assembly and test industry.

Strategies on investments in technological capabilities require a balance to be struck among various factors, including, but not limited to, the resources invested, whether the rewards will materialise, and the timeliness of these rewards. Taking into account these considerations, we have established a Technology Road Map which sets out the short and medium-term technological development targets for Unisem. The Technology Road Map is regularly updated and monitored to capture and incorporate current development and market needs.

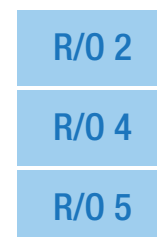
Key Capitals



Material Themes



Associated Risks and Opportunities



Unisem's Strategic Priorities

D

Alignment with international standards in relation to sustainability management in the areas of environmental and social relationships

We take into consideration international practices in sustainability management across the aspects of social, environmental, and ethics beyond the minimum requirements of locally applicable laws and regulations.

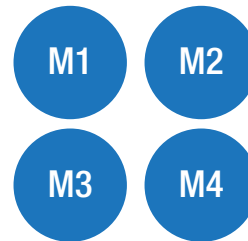
We adhere to the RBA Code of Conduct to ensure that working conditions in our supply chain are safe, that workers are treated with respect and dignity, environmentally responsible business operations, and ethically conducted businesses. This commitment is formalised in our corporate social responsibility ("CSR") Policy together with other specific policies including the Anti-Corruption and Bribery Policy ("ABAC Policy"), Environmental Policy, Safety and Health Policy, Climate Change Committee Statement and Policy on Conflict Minerals.

We aim to inculcate a culture which is constantly aware of the environmental and social issues happening within and around our industry and to consider them in our business and operations. The Group's management of sustainability issues are disclosed across various sections in this Report.

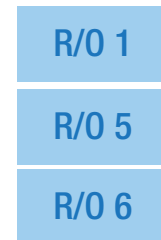
Key Capitals



Material Themes



Associated Risks and Opportunities



Associated Risks, and Opportunities and How We Manage Them

Key Risk 1 - Political, economic and regulatory risks

R/O 1

Affected Capitals:

FC

MC

IC

HC

NC

S & RC

Political, geo-political, economic and regulatory development in Malaysia and other countries, especially in which our customers, supply chain, or the Group's operations are located, could have a significant effect on the financial performance of our Group. Any adverse development or uncertainties in the above external factors could materially affect the financial condition and business prospects of our Group.

These political, geo-political, economic and regulatory uncertainties include (but not limited to) risks of war, expropriation, nationalisation, changes in political leadership and environment, changes in government policies, global economic downturn, epidemic outbreaks, social unrests, changes in currency exchange rates, interest rates and accounting standards and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs and taxation laws.

Mitigation Approaches:

- We closely monitor master plans and annual budgets of relevant governments especially with respect to long-term economic and development policies to enable the Group to stay ahead as well as capitalise on any regulatory changes.
- We conduct ongoing monitoring of political, economic, and regulatory risks of countries, regions, and markets which may affect the Group's operations, customers, and supply chain.
- We perform ongoing review of short and long-term business strategies to determine if key success factors may be implicated by changes in political, economic, or regulatory risks, including considering if business strategies require adjustments to respond to these changes.

Associated Opportunities:

Identify potential arbitrage opportunities for Unisem in the event of geo-political risks which affect the global supply chain and competitors or other markets.

FY2023 Highlights:

Ukraine war and US-China trade tensions has affected supply chains and economic recoveries of countries globally and could cause further shifts in commodity prices and exchange rates. This could have implications for indirect imports into Malaysia as the higher transport cost could increase cost of doing business and potentially lead to more sustained disruptions in supply chains. This poses a greater challenge for Unisem Group to manage its supply chain and margins.

At Unisem, we closely monitor key elements affecting operational continuity, supply chain, and margins and rigorously manage our risks through scenario analyses and incorporate necessary alternatives to ensure business continuity, including maintaining reasonable stock buffer levels and ongoing identification of alternatives to supply sources.

In addition, due to geo-political and economic factors, many global semiconductor businesses are adopting a "China Plus One" strategy to diversify businesses and supply chain outside China. This phenomenon poses an opportunity for Unisem to capture these customers, especially in Unisem Ipoh.

Associated Risks, and Opportunities and How We Manage Them

Key Risk 2 - Dependence on experienced personnel and manpower

R/O 2

Affected Capitals:

IC

HC

S & RC

Our continued success depends upon the abilities and continued efforts of our existing Directors, key management and technical personnel. Amongst others, they bring leadership, experience and key technical skills, to support smooth and continuous business strategies and operations.

Our design capabilities also depend substantially on the number of skilled, professional and knowledge workers with a high level of competence and commitment. Software engineers, system architects, and developers are highly required in the semiconductor industry. If we are unable to retain our skilled workers, staff replacement costs as well as associated opportunity costs may be considerable.

Competition for manpower, particular for operations, is also aggressive in the regions where we have operations. Not being able to secure adequate manpower may impair the efficiency of production process and cost management.

Mitigation Approaches:

- We continue to review and innovate our human resources strategy to attract and retain key personnel and highly skilled employees, people competency development, and appropriate compensation and benefits packages.
- We undertake continuous efforts to strategically develop a dynamic and strong management team by identifying talented individuals for all key positions as part of succession planning and development. Our new plants will adopt automation and Industry 4.0 technology which will help reduce reliance on labour manpower.
- Our new plants will adopt automation and Industry 4.0 technology which will help reduce reliance on labour manpower.

Associated Opportunities:

Existing management personnel possesses the relevant leadership and experience to further drive business strategy.

Unisem Group is expanding its capacity and building new plants and this expansion provides an opportunity for Unisem to adopt and incorporate automation and Industry 4.0 technology in our production flow while maintaining continuity of existing production activities, paving our path to optimising automation-manpower balance in our operations.

FY2023 Highlights:

“China Plus One” development has seen a significant increasing investments in the manufacturing sector in Malaysia, increasing the competition for skilled technical workers and labour.

At the same time, the Malaysian government continues to express the need to reduce overall national reliance on foreign workers in the long-term. It is expected that the cost of hiring will continue to rise.

We have introduced a pro-active hiring programme for critical positions to enable seamless backfill.

In addition, the adoption of automation and Industrial 4.0 technology in our new plants will be one of our key strategies to step-up our technology assisted production processes to enhance operational excellence while reducing reliance on manpower.

Associated Risks, and Opportunities and How We Manage Them

Key Risk 3 - Dependence on major customers

R/O 3

Affected Capitals:

FC

IC

Our Group is dependent on its major customers for a significant portion of its revenue. Our ability to retain the major customers and attract new customers is essential for continued growth. In the absence of long-term sales contracts, there is no assurance that our Group's major customers will be sustained at current levels. If there were cessation of orders by any major customers, our Group's business and profitability will be adversely affected. In addition, reliance on major customers may expose our Group to significant bad debts in the event that these major customers face financial difficulties and are unable to make payment on the relevant trade receivables.

Mitigation Approaches:

- We continue to strengthen our long-term relationship and partnership with our existing customers which enables mutual growth.
- We review and expand our business proposition/model to attract new customers impacted by the geo-political "China Plus One" phenomenon.
- As a turnkey services provider, Unisem is equipped with a wide range of service capabilities to serve the different needs of our customers and growing our customer base.
- We carry out rigorous financial monitoring to ensure healthy financial position and cash flow, including any red flags arising from dependence on major customer.

Associated Opportunities:

The current market and industry environment, including the "China Plus One" phenomenon, poses an opportunity for Unisem Group to capture and grow its customer base.

The Group's plant expansion plans are set to prepare us for greater production capacity to serve more customers in the future, increasing our customer base and diversifying concentration risks.

The Group has two main operating sites, i.e. Unisem Ipoh and Unisem Chengdu, which allows the Group to capture and serve customers of different regions and markets.

FY2023 Highlights:

In recent years, due to changes in the global and country-specific political and economic contexts, semiconductor players are seeking to expand and diversify operations and service providers beyond China and this creates an opportunity for us to capture and grow our customer base for Unisem Ipoh.

We have setup a new regional office in Singapore to act as a regional hub and marketing arm to service World-Wide customers.

The regional hub will allow Unisem Group to manage our businesses and customers from different regions or countries in one central location in Singapore. It is strategically important for Singapore office to be in close proximity to take advantage of the business opportunities.

We will continue to focus on strengthening fundamentals to create and deliver value for customers, such as customer relationship management approach, innovative solutions and capacity expansion. Our aim is to build a solid foundation for sustainable growth of our customer base in the long term.

Associated Risks, and Opportunities and How We Manage Them

Key Risk 4 - Cyclical nature of the semiconductor industry

R/O 4

Affected Capitals:

FC

HC

Our portfolio of products and services in wafer bumping, assembly and test operations through our Group are affected by the cyclical changes of the semiconductor industry and have experienced downturns, driven by factors such as demand volatility and excessive build-up of inventories.

Depending on the severity of the downturn, our Group's business and financial performance may be adversely affected resulting in lower utilisation rates which will ultimately result in an economies of scale.

Mitigation Approaches:

- We closely monitor the industry's trend and market sentiment to identify cyclical downturns and adjust our business strategies accordingly.
- We take cognisance of the cyclical nature of the industry and strategically plan our financial and operational focuses to address issues arising during an expected downturn, such as ensuring sufficient cash flow buffer and minimising expenses during times of low utilisation.
- We continue to serve our customers during cyclical downturns via collaborative research and new product development activities to support their future business.
- We offer a range of services and solutions which also help us diversify and mitigate the impact of cyclical downturns which may occur at different times for different products and services.

Associated Opportunities:

Cyclical downturns pose an opportunity for us to invest in activities beyond producing and delivering physical goods to our clients, such as focusing on research and development and capital expenditure activities in preparation for impending upcycles.

FY2023 Highlights:

We conduct ongoing monitoring of market sentiments, through various channels including engagement with customers, to plan and adjust our business strategies according to market demands and conditions.

We have inserted buy back clause into our sales agreement to avoid raw material obsolescence.

Our plant expansion activities have also incorporated considerations which enables production to serve the various market demands arising from cyclical nature of semiconductor products. In this regard, we may also need to balance between automation-related investments and flexibility of our facilities to cater for production needs of different products.

Associated Risks, and Opportunities and How We Manage Them

Key Risk 5 - Competitive industry environment

R/O 5

Affected Capitals:

FC

MC

IC

HC

NC

The semiconductor assembly and test industry is highly competitive. As many of our Group's competitors are larger players in the semiconductor industry, they may have greater research and development resources to keep abreast of technological changes, greater manufacturing, financial and marketing resources as well as wider access to capital. They may therefore be able to compete more successfully over a longer period of time.

Should our existing or new competitors offer manufacturing services at a lower cost or engage in aggressive pricing in order to increase market share, Our Group's turnover may decline if our Group is not able to provide more competitive pricing in order to retain our existing customers and attract new customers. A reduction in the pricing without any cost reduction will adversely affect our Group's profitability. Any investment and/or capacity expansion in new plants will result in our Group being able to compete with the larger players due to the potential synergies that will arise such as cost effectiveness and economies of scale.

Mitigation Approaches:

- In order to enhance our competitive edge, we seek to create and deliver value to customers with optimum cost by pursuing operational excellence.
- The Group undertakes a product and service differentiation strategy which sets Unisem apart from competitors by supporting customers' research and development needs as well as ability to serve customers in specific niche market within the OSAT industry.

Associated Opportunities:

Unisem business model for providing turnkey solutions and ability to serve niche markets enables us to stand out in the competitive market.

FY2023 Highlights:

Our plant expansion plans are one of the key factors that boost capacity and enhance cost optimisation by attaining greater economies of scale. In addition, investments in automation technologies and streamlined process flows arising from the expansion are expected to better equip Unisem to compete with other global industry players.

We will continue to adopt our product and service differentiation strategy and business model to set ourselves apart by delivering added value through quality and innovative solutions.

We have explored local sourcing in relation to key materials and equipment to reduce long lead time and keep our manufacturing overhead more competitive.

Associated Risks, and Opportunities and How We Manage Them

Key Risk 6 – Cybersecurity Risks

R/O 6

Affected Capitals:

IC

S & RC

<p>We operate a highly digitalised business and we have various sort of data, including customer data, intellectual property data, management and operational data which may be vulnerable to leakage in the event of a cybersecurity breach.</p> <p>We handle and manage confidential information that are critical for safeguarding customer trust, business continuity, as well as the long-term competitive edge of our business. Not being able to protect this information from cyberattacks may cause significant consequences for the business.</p>	<p>FY2023 Highlights:</p> <p>In FY2023, we have upgraded and strengthened our information system. We continued to review and monitor the integrity and security of our systems, including performing assessments, enhancement, and tests to ensure our information and data, including customers’ data, other personal data, intellectual property, and other business information remain secure. Amongst other enhancements, we will engaging external consultants to do the penetration or vulnerably test annually and provide awareness training to employee on spam and cyber threat email.</p>
<p>Mitigation Approaches:</p> <ul style="list-style-type: none"> • We have internal controls to guide employees the safe and proper usage of IT infrastructure and tools so as to protect the integrity of the Group’s information system. • We perform reviews of our information system to identify and remedy system weaknesses and implement additional controls to prevent, detect, and reduce the impact of possible cyberattacks. 	
<p>Associated Opportunities:</p> <p>Nil</p>	

Creating Value for Stakeholders

We strive to create and deliver value for all our stakeholders while balancing the priorities and interest of different stakeholder groups, which may also depend on the relationship they have with the Group considering our business model. We aim to fairly address the interest of stakeholders and our stakeholder engagement approaches are aligned to support the Strategic Priorities.

We adopt a culture of open communication to encourage stakeholders to share their feedback, with a view to facilitate mutual improvement and building stronger stakeholder relationships. For instance, we always adopt an “open door” policy with employees to hear our ideas which may help to better the way we do business. There are also readily available communication channels for stakeholders to provide their views and comments or to submit their grievances or complaints, e.g., the Group’s Ethics Hotline and whistle blowing channel.

Stakeholder Assessment and Prioritisation

Stakeholders are considered in the context of how they shape our internal and external business environment, their influence and reliance on our business model, how they affect our access to and relationships with the 6 capitals, as well as our legal and social obligations to them. Based on these consideration, Unisem prioritises stakeholders and establishes appropriate engagement strategies which help us manage relationship, align interest and foster mutual understanding, as well as facilitating communication of expectations such as business and sustainability strategies, priorities, and performance. We regularly engage stakeholders to hear their view, their needs and wants, and we also have channels through which they can initiate dialogues with us.

The Board, assisted by the ESG Committee, provides oversight to the Group’s overall stakeholder engagement activities. The ESG Committee reviews and considers the Group’s overall effectiveness in our stakeholder engagement approaches and channels, and it also ensures significant views and concerns of stakeholders are considered in business decisions.

Stakeholder Group	Engagement Approach	Focus Areas	Relevant capitals	Relevant Strategic Priorities	Key Information
Shareholders	<ul style="list-style-type: none"> Annual general meetings Quarterly announcements Ad-hoc meetings Announcement on Bursa’s website 	<ul style="list-style-type: none"> Continuous business growth, including new market penetration 	FC	A, D	<ul style="list-style-type: none"> Chairman’s Statement Our Strategy and Focus Areas Our Performance Managing Our Business How We Do Business
Directors	<ul style="list-style-type: none"> Quarterly and ad-hoc Board and Board Committee meetings 	<ul style="list-style-type: none"> Continuous business and operational improvement Financial risk Compliance with laws, regulations, and industry standards Financial results Interests of stakeholders and shareholders Continuous investment in R&D Minimising environmental impacts 	FC, MC, IC, HC, NC, S & RC	A, B, C, D	<ul style="list-style-type: none"> Corporate Governance Overview Statement, Audit and Risk Management Committee Report, and Statement on Risk Management and Internal Control Corporate Governance Report Our Strategy and Focus Areas Our Performance Managing Our Business How We Do Business

Creating Value for Stakeholders

Stakeholder Group	Engagement Approach	Focus Areas	Relevant capitals	Relevant Strategic Priorities	Key Information										
Senior Management	<ul style="list-style-type: none"> Management meetings Ad-hoc meetings 	<ul style="list-style-type: none"> Ensuring safe, humane working environment and respecting human rights Continuous business and operational improvement Ensuring customer requirements are met, including protecting customer data Supply chain management, including eliminating conflict minerals Adherence to RoHS, REACH and environmental regulations Talent retention by providing competitive compensation and benefits packages for employees Proper management and disposal of hazardous waste Energy efficiency R&D 	<table border="1"> <tr> <td>FC</td> <td>MC</td> </tr> <tr> <td>IC</td> <td>HC</td> </tr> <tr> <td>NC</td> <td>S & RC</td> </tr> </table>	FC	MC	IC	HC	NC	S & RC	<table border="1"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>C</td> <td>D</td> </tr> </table>	A	B	C	D	<ul style="list-style-type: none"> Our Strategy and Focus Areas Our Performance Managing Our Business How We Do Business Our People The Environment
FC	MC														
IC	HC														
NC	S & RC														
A	B														
C	D														
Employee	<ul style="list-style-type: none"> Annual Employee Climate Survey Quarterly forums held by the site COO with employees on financial and operational updates at Unisem Ipoh “Open-door” practices to provide feedback Annual performance evaluation sessions Ethics hotline/whistleblowing channel 	<ul style="list-style-type: none"> Ensuring safe, humane working environment and respecting human rights Continuous business and operational improvement Nurturing culture, including provision of learning and development opportunities Competitive compensation and benefits packages for employees Proper management and disposal of hazardous waste 	<table border="1"> <tr> <td>IC</td> <td>HC</td> </tr> <tr> <td>S & RC</td> <td></td> </tr> </table>	IC	HC	S & RC		<table border="1"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>C</td> <td>D</td> </tr> </table>	A	B	C	D	<ul style="list-style-type: none"> How We Do Business Managing Our Business Our People 		
IC	HC														
S & RC															
A	B														
C	D														

Creating Value for Stakeholders

Stakeholder Group	Engagement Approach	Focus Areas	Relevant capitals	Relevant Strategic Priorities	Key Information
Customers	<ul style="list-style-type: none"> Quarterly business reviews Annual customer satisfaction surveys Ad-hoc meetings and audits Ethics hotline/whistleblowing channel 	<ul style="list-style-type: none"> Quality assurance and reliable products and services Competitive pricing and on-time delivery RBA-compliant operations at Unisem, as well as compliance with local and international regulations (e.g. RoHS and REACH) Ensuring safe, humane working environment and respecting human rights New product development projects 	<div style="display: flex; flex-wrap: wrap;"> <div style="background-color: #90c090; padding: 5px; margin: 2px;">MC</div> <div style="background-color: #90c090; padding: 5px; margin: 2px;">IC</div> <div style="background-color: #90c090; padding: 5px; margin: 2px;">S & RC</div> </div>	<div style="display: flex; flex-wrap: wrap;"> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">A</div> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">B</div> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">C</div> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">D</div> </div>	<ul style="list-style-type: none"> Managing Our Business How We Do Business Our Focus on Customers
Suppliers/Contractors	<ul style="list-style-type: none"> Annual supplier audits Supplier briefings Conduct of Self-Assessment Questionnaires Ad-hoc tender exercises and meetings Ethics hotline/whistleblowing channel 	<ul style="list-style-type: none"> Fair tender practices Competitive pricing Business continuity Quality materials/parts/services Freely chosen labour Fair wages Responsible Mineral Initiative 	<div style="display: flex; flex-wrap: wrap;"> <div style="background-color: #90c090; padding: 5px; margin: 2px;">FC</div> <div style="background-color: #90c090; padding: 5px; margin: 2px;">NC</div> <div style="background-color: #90c090; padding: 5px; margin: 2px;">S & RC</div> </div>	<div style="display: flex; flex-wrap: wrap;"> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">A</div> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">B</div> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">D</div> </div>	<ul style="list-style-type: none"> How We Do Business
In-house Union	<ul style="list-style-type: none"> Monthly formalised union meetings Ad-hoc meetings 	<ul style="list-style-type: none"> Industrial harmony between Management and employees Employees' rights and Unisem's responsibility in providing welfare to employee Resolving misunderstanding and grievances Maintaining high level of productivity, efficiency, and discipline 	<div style="display: flex; flex-wrap: wrap;"> <div style="background-color: #90c090; padding: 5px; margin: 2px;">HC</div> <div style="background-color: #90c090; padding: 5px; margin: 2px;">S & RC</div> </div>	<div style="display: flex; flex-wrap: wrap;"> <div style="background-color: #4695c0; padding: 5px; margin: 2px;">D</div> </div>	<ul style="list-style-type: none"> How We Do Business Our People

Creating Value for Stakeholders

Stakeholder Group	Engagement Approach	Focus Areas	Relevant capitals	Relevant Strategic Priorities	Key Information
Law enforcers/ regulators	<ul style="list-style-type: none"> Regular reporting (e.g. annual air quality and waste disposal reports, workplace incident reports) Quarterly announcements Ad-hoc report submissions as and when requested by regulators 	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Corporate governance Environmental, Social and Governance related disclosure 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; gap: 10px;"> <div style="background-color: #90EE90; padding: 5px;">HC</div> <div style="background-color: #90EE90; padding: 5px;">NC</div> </div> <div style="background-color: #90EE90; padding: 5px; margin-top: 5px;">S & RC</div> </div>	<div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">D</div>	<ul style="list-style-type: none"> How We Do Business Our People Our Focus on Customers The Environment
Ministry/ local council	<ul style="list-style-type: none"> Annual council meetings 	<ul style="list-style-type: none"> Support towards local communities, including contributions to community matters Administrative management of foreign workers 	<div style="display: flex; gap: 10px;"> <div style="background-color: #90EE90; padding: 5px;">S & RC</div> <div style="background-color: #90EE90; padding: 5px;">NC</div> </div>	<div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">D</div>	<ul style="list-style-type: none"> Our People The Environment
Financial Institutions	<ul style="list-style-type: none"> Ad-hoc focus group discussions 	<ul style="list-style-type: none"> Business continuity opportunities 	<div style="display: flex; gap: 10px;"> <div style="background-color: #90EE90; padding: 5px;">FC</div> <div style="background-color: #90EE90; padding: 5px;">S & RC</div> </div>	<div style="display: flex; gap: 10px;"> <div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">A</div> <div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">B</div> </div>	<ul style="list-style-type: none"> Our Strategy and Focus Areas Our Performance How We Do Business Managing Our Business
Rating agencies/ analysts	<ul style="list-style-type: none"> Quarterly credit reports and analyst briefings 	<ul style="list-style-type: none"> Business continuity, transparency, and fair financial reporting 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; gap: 10px;"> <div style="background-color: #90EE90; padding: 5px;">FC</div> <div style="background-color: #90EE90; padding: 5px;">NC</div> </div> <div style="background-color: #90EE90; padding: 5px; margin-top: 5px;">S & RC</div> </div>	<div style="display: flex; gap: 10px;"> <div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">A</div> <div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">D</div> </div>	<ul style="list-style-type: none"> Our Strategy and Focus Areas Our Performance How We Do Business Managing Our Business
Local communities	<ul style="list-style-type: none"> On-going grievance channels and volunteering programmes 	<ul style="list-style-type: none"> Noise monitoring and health, safety, and environmental management Contributions towards local communities, such as volunteering projects and donations 	<div style="background-color: #90EE90; padding: 5px; width: 60px; margin: 0 auto;">S & RC</div>	<div style="background-color: #6495ED; padding: 5px; width: 30px; margin: 0 auto;">D</div>	<ul style="list-style-type: none"> Our People

Our **Performance**

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Five-Year Financial Highlights

	2019* (restated) RM'000	2020* RM'000	2021* RM'000	2022* RM'000	2023* RM'000
Highlights from Consolidated Income Statements for the year ended 31 December					
Revenue	1,119,819	1,289,294	1,568,923	1,781,838	1,439,686
EBITDA	251,428	332,499	407,670	479,688	305,515
Profit before taxation	98,111	164,024	222,628	279,680	100,412
Profit after taxation	78,979	142,579	198,243	243,411	81,946
Highlights from Consolidated Statements of Financial Position As of 31 December					
Property, Plant and Equipment	1,100,076	1,215,064	1,637,477	1,949,547	2,063,903
Current Assets	655,350	1,039,842	1,128,686	1,052,939	907,172
Other Non-Current Assets	17,061	16,640	16,798	16,323	16,703
Total Assets	1,772,487	2,271,546	2,782,961	3,018,809	2,987,778
Current Liabilities	254,353	328,288	463,760	453,797	351,441
Deferred Tax Liabilities	24,522	37,889	57,290	63,133	63,105
Other Non-Current Liabilities	138,357	132,573	95,793	85,473	188,067
Total Liabilities	417,232	498,750	616,843	602,403	602,613
Share Capital	595,367	876,118	1,036,677	1,036,677	1,036,677
Treasury Shares	(15,888)	(15,888)	-	-	-
Reserves	775,776	912,566	1,129,441	1,379,729	1,348,488
Shareholders' Equity	1,355,255	1,772,796	2,166,118	2,416,406	2,385,165
Key Financial Ratios					
EBITDA margin	22%	26%	26%	27%	21%
Net earnings per share - Basic (sen)	5.48 [^]	9.75 [^]	12.35	15.09	5.08
Net dividend per share (sen)	6.00	6.00	6.00	6.00	8.00
Debt / Equity ratio	0.13	0.12	0.08	0.08	0.10
Net assets per share (RM)	0.93 [^]	1.14 [^]	1.34	1.50	1.48

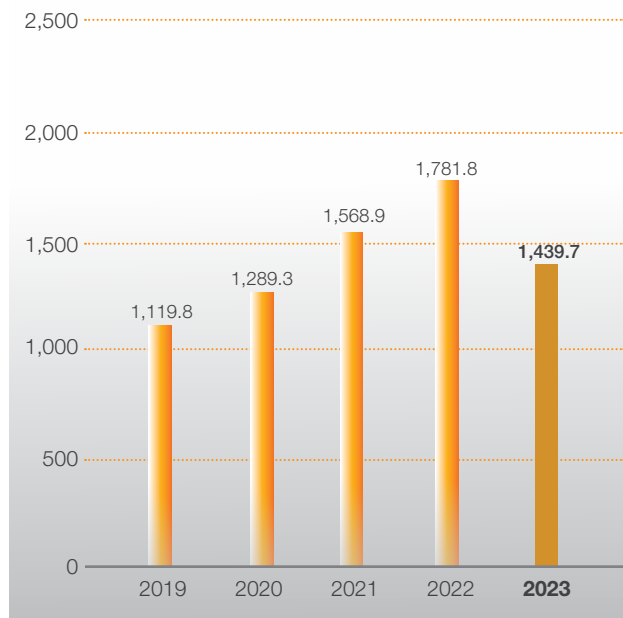
* Continuing Operations only

[^] Adjusted for bonus issue

Five-Year Financial Highlights

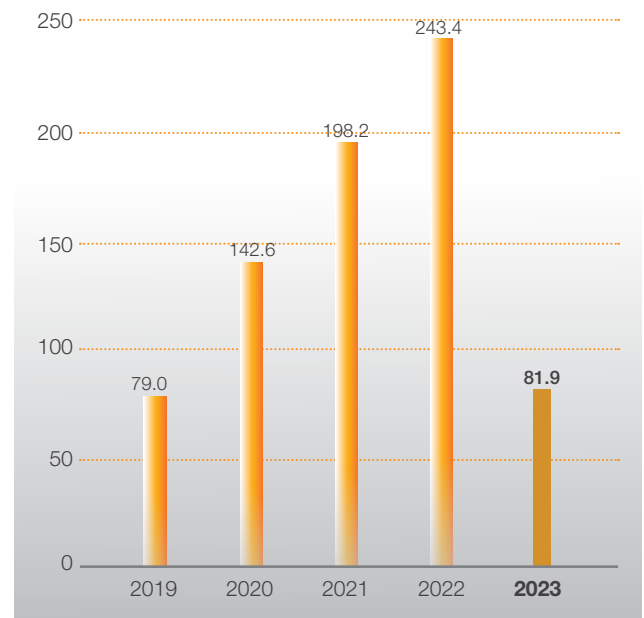
Revenue

(RM'million)



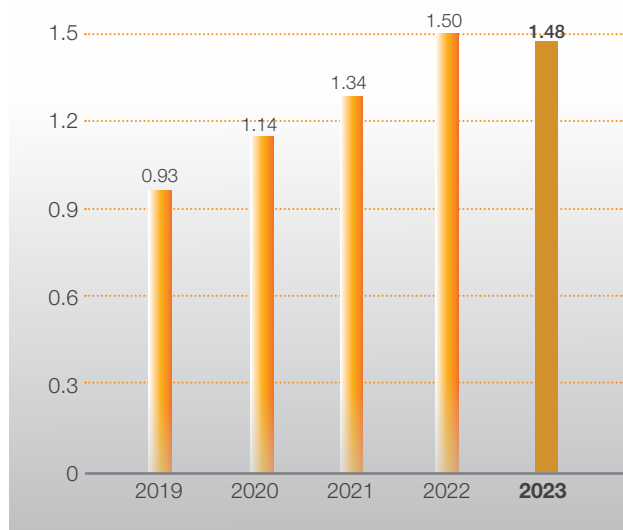
Profit After Taxation

(RM'million)



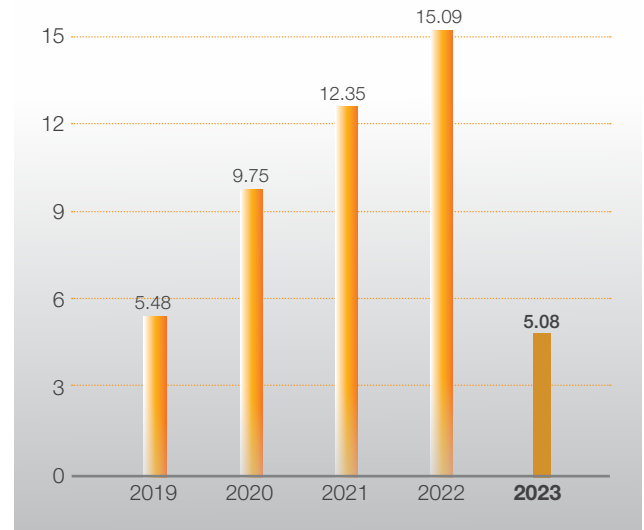
Net Assets Per Share

(RM)



Net Earnings Per Share

(Sen)



Management Discussion and Analysis

In FY2023, the Outsourced Semiconductor Assembly and Test (“OSAT”) market encountered hurdles stemming from geopolitical tensions, trade uncertainties, and disruptions in the supply chain. The OSAT market was also affected by the downcycle in the semiconductor market. Decreased semiconductor demand, and high inventory levels, led to reduced orders and diminished revenue for OSAT companies globally.

The business environment for Unisem in FY2023 remained highly competitive, impacted by challenges such as rising costs of operation, increased compliance demands, inflation, and elevated interest rates. The Group’s operations in Malaysia persisted in a subdued state, primarily due to prolonged weak demand throughout the year. Furthermore, ongoing trade tensions with major markets posed challenges to the growth of the Group’s operations in China.

Financial Performance and Position

In view of the softer market demand, Unisem Group reported a weaker financial performance in FY2023 with a revenue of RM1.44 billion and net profit of RM81.9 million from continuing operations, a decrease of 19.2% and 66.3% respectively against the previous financial year.

FY2023 tax expense was recorded at RM18.5 million, i.e. a 49.1% drop from FY2022 mainly due to lower profit before tax.

The Group’s operations were supported by a strong financial position with RM481.0 million cash and cash equivalents and RM643.4 million unutilised bank facilities. As at 31 December 2023, bank borrowings were recorded at RM230.3 million, where RM140.8 million was non-current. The 17.2% increase in bank borrowings was mainly attributable to the drawdowns for capital expenditures relating to our plant expansions. The Group maintained a low debt/equity ratio of 0.10 as at 31 December 2023.

The Group’s capital expenditure for FY2023 amounted to approximately RM310.1 million, financed by internally generated funds and bank borrowings. Capital expenditure was largely driven by our plant expansion as well as upgrade of production equipment in our existing plants.

Focusing on our Strategic Priorities

A challenging year notwithstanding, in FY2023 we remained focused on pursuing our long-term strategic priorities. The Group’s plant expansion projects in both Malaysia and China continued to progress, in line with our plans to broaden our capacity to serve customers while competing at high efficiency, including efficiency in our use of resources such as energy, water, and materials to reduce emissions and wastes.

In December 2022, the construction of Unisem Chengdu Phase 3 Building was completed. Subsequently, in second half of 2023 we initiated the qualification process for the production areas. We expect construction of our new facility in Gopeng, Perak, Malaysia to be completed in Q2 2024.

The Group continued to deliver satisfactory customer service and to upskill our client servicing team, in the aspects of technicalities as well as people skills, to serve our clients better. We are also actively expanding our team by identifying internal talents and facilitating cross-function transfers to drive growth in our customer base in the next few years.

Management Discussion and Analysis

We have setup a new regional office in Singapore to act as a regional hub and marketing arm to service World-Wide customers. The regional hub will allow Unisem Group to manage our businesses and customers from different regions or countries in one central location in Singapore. This strategic move not only facilitates closer engagement with customers but also enhances our responsiveness to market dynamics, thus bolstering competitive edge.

This year, the Group reviewed its Environmental Roadmap and have set more aggressive targets for a period up to 2027, committing to greater efforts to deliver its environmental responsibilities. The Group targets to reduce its energy intensity and GHG emissions intensity by 15% against the 2020 baseline by 2027.

We are pleased to report that the Group has completed its LED lighting conversion project at Unisem Ipoh and Unisem Chengdu in FY2023. The Group is also looking into areas where we can take advantage of solar power generation technologies to reduce reliance on fossil-based power. Additionally, upcoming plant expansion projects will prioritise energy and emissions efficiency, alignment with Unisem's commitment to advancing production practices toward more sustainable and environmentally friendly model.

During the financial year, we had obtained ISO 14064-3 certification, a set of international standards of GHG emissions inventories and verification. Additionally, we attained a provisional green building certification for our newly established Gopeng Plant in Malaysia.

Prospects and Outlook

According to the World Semiconductor Trade Statistics (WSTS) organisation, global semiconductor industry sales declined by 8.2% in 2023 from 2022's record revenue levels. However this is projected to increase by 13.1% in 2024 to \$588 billion largely fueled by the Memory sector. WSTS is also projecting revenue for the majority of other principal segments to grow in 2024. (Source: WSTS, 28 November 2023; The Semiconductor Industry Association, 5 February 2024)

We expect the Chinese smartphone market to experience a solid recovery following a challenging performance in 2023. Concurrently, the global electric vehicle (EV) market, including China, is expected to sustain growth, marked by the consolidation and restructuring of EV car manufacturers in China.

Additionally, increasing adoption of Artificial Intelligence (A.I.) technology as well as the expansion of the data center and cloud market segment will be key drivers for the semiconductor industry going forward.

While industry analysts are generally bullish on the outlook for semiconductors in 2024, there is still much uncertainty on the pace and extent of market recovery. We are of the cautious view that the outlook of the Group for 2024 will be satisfactory as the global economy recovery compared to 2023 and as we tap into the growing segments of the market. In the mid to long term, we expect the Group's performance to improve further driven by the positive long-term trend of the semiconductor industry, the Group's healthy balance sheet and the anticipated growth in its revenue and earnings from the capacity expansion at its Chengdu and Ipoh plants.

Highlights on Our Strategic Priorities

Strategic Priorities	Highlights (FY2023)	Reference
<p data-bbox="165 463 239 538">A</p> <p data-bbox="165 561 413 644"><u>Pursuit of operational excellence and quality products and services</u></p>	<ul data-bbox="495 449 1120 1619" style="list-style-type: none"> • Missed target to have revenue growth in FY2023 due to soft global demand, driven by high inflation and interest rates. Actual performance: -19.2% y-o-y revenue growth. • Our current ongoing plant expansion in China and Malaysia are expected to boost capacity and to support our growth vision, as well as driving operational efficiency through sustainable resource management practices and economies of scale. • Missed employee satisfaction score target of 3.80 out of 5.00. Met 3.75 in FY2023. • Improvement in injury frequency rate relating to industrial accidents. FY2023 performance: 0.93 compared to 1.03 in FY2022. • No incidents of significant human rights or labour standards violations. • 79.5% employees had minimum 6 hours training against a target of 75%. • Achieved our target of 5% reduction in greenhouse gases emission and energy intensity – FY2023 : 7.6% reduction. • Exceeded our target of 5% reduction in water consumption intensity at 83% reduction. • Missed target to for 52% recycling rate hazardous waste generated. • Compliant with air emission laws and regulations and effluents and wastewater discharge regulations for the past 3 years. 	<ul data-bbox="1148 449 1445 883" style="list-style-type: none"> • Managing Our Business - Business Performance, SR23 • Our Environment - Managing Waste and Effluent, SR23 • Our People - Employee Development, SR23 • Management Discussion and Analysis • Financial Statements

Highlights on Our Strategic Priorities

Strategic Priorities	Highlights (FY2023)	Reference
<p>B</p> <p><u>Development of long-term collaborative business partnerships with our customers and business associates</u></p>	<ul style="list-style-type: none"> Missed our internal customer satisfaction target of 90% in FY2023. <p>Actual performance: 81%</p> <ul style="list-style-type: none"> 100% suppliers audit performed on all our 25 key suppliers at least once in the past two years. We continued to focus on enhancing our customer relationship management to serve our customers and grow our customer base. We provided training for our customer management personnel to upskill them in various aspects including technical skills and people skills. <p>In addition, we also ensured our research and development teams are technically robust to support the development needs of our customers. This is done in accordance with our Technology Road Map.</p>	<ul style="list-style-type: none"> Our Focus on Customers - Serving Our Customers, SR23 Managing Our Business - Supply Chain Management, SR23
<p>C</p> <p><u>Development of technological capabilities to stay current with market trend and demand</u></p>	<ul style="list-style-type: none"> Development activities in accordance with our Technology Road Map. Completed 3 projects and added 5 new projects. Amongst these are projects undertaken jointly with customers to suit their specific product needs. A total of 35 new processes and materials were qualified in 2023 to meet customer needs. To date, Unisem has obtained a total of 31 patents. In FY2023, the Group's research and development expenditure amounted to about RM8 million i.e. 1% of revenue. 	<ul style="list-style-type: none"> Managing Our Business - Pushing Our Technological Boundaries, SR23 Our People - Employee Development, SR23
<p>D</p> <p><u>Alignment with international standards in relation to sustainability management in the areas of environmental and social relationships</u></p>	<ul style="list-style-type: none"> Achieved target to remain compliant with regulatory standards. Our operations are compliant with Responsible Business Alliance ("RBA") standards and have passed RBA Validated Assessment Program reviews. We continued to focus on enhancing our management of sustainability issues, focusing on ensuring compliance and further reviewing our environmental management strategies through a revised Environmental Roadmap with targets up to 2025 and targets to enhance resource efficiency and reduction in emission intensity of our operations. 	<ul style="list-style-type: none"> How We Do Business - Our RBA Obligations, SR23 The Environment, SR23

Key Trade-offs of Our Capitals

In realising our vision and mission of creating long-term value for our shareholders, customers, employees and the countries in which we operate, we recognise the trade-offs inherent in each decision. The key trade-offs of our capitals to note are:

NC

Trade-offs in our use of natural capital

The strategic decision to grow our production capacity presents a trade-off between investment in the company's growth and reducing impact on the environment in absolute terms. We are sensitive to this trade-off and in line with our climate change commitment, we strive to reduce our emissions intensity relative to the baseline year of 2020 and we aim to take necessary measures and investments towards progressively achieving carbon neutrality by 2050.

HC

Trade-offs in use of human capital

The adoption of automation technologies, particularly in our new plants/plant expansions, presents a trade-off between increasing labour efficiency and generating jobs at historical levels. We accept this trade-off in line with sectoral and national objectives of improving total factor productivity as well as generating high-skilled occupations and capabilities. Any potential job displacement to the present workforce will be mitigated via reskilling or placement assistance, where relevant.

FC

Trade-offs in use of financial capital

The strategic decision to grow our production capacity in both Malaysia and China presents a trade-off between investment in the company's future vs. current consumption, which includes remunerations and dividends. We accept this trade-off to continue realising our aspiration to be a cost-competitive and technologically relevant OSAT in the ever-evolving semiconductor sector.

Sustainability Report

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Sustainability Report

ABOUT THIS SUSTAINABILITY REPORT

Unisem (M) Berhad (“Unisem” or the “Company”) has released its Sustainability Report (“SR23” or “this Report”) for the Financial Year ended December 31, 2023 (“FY2023”). This Report is one of the three fundamental components of Unisem’s FY2023 Integrated Annual Report (“IAR23”).

This Report furnishes information into our strategies for overseeing the sustainability dimensions of our operations, encompassing matters related to the economy, the environment, and social issues.

Scope and Basis of Scope

This Report encompasses the sustainability commitments, practices and performance of Unisem and its subsidiaries’ (the “Group”) comprising the following primary entities:

NAME OF ENTITY	LOCATION OF OPERATIONS
Unisem (M) Berhad (“Unisem Ipoh”)	Simpang Pulai, Perak, Malaysia
Unisem Advanced Technologies Sdn Bhd (“UAT”)	Simpang Pulai, Perak, Malaysia
Unisem Chengdu Co., Ltd. (“Unisem Chengdu”)	Chengdu, Sichuan, People’s Republic of China

Note: Unisem Ipoh and UAT are collectively referred to as “Unisem Malaysia”

These key operating sites at Unisem Malaysia and Unisem Chengdu represent the Group’s core revenue generating operations and employ the Group’s entire workforce. There were no significant changes to the Group’s operations and supply chain during the financial year.

Unless expressly mentioned in this Report, the scope referred to above is relevant to all sustainability subjects covered in this Report.

Reporting Framework and Standards

This Report has been meticulously prepared to conform with the applicable requirements of the Main Market Listing requirement and Global Reporting Initiative (“GRI”) Standards. Additionally, it incorporates elements from the Responsible Business Alliance (“RBA”), relevant ESG considerations as outlined in the FTSE4Good Bursa Malaysia Index and sustainability data in accordance with the Sustainability Accounting Standards Board (“SASB”) Standards. This year, we have extended our reporting to include disclosures as recommended by the Task Force on Climate-related Financial Disclosures (“TCFD”) framework.

Sustainability Report

Assurance

In line with reporting best practices, Unisem has sought assurances in accordance with recognised assurance standards for selected indicators. The assurance provided includes:

1. An internal review by the Group's internal auditors; and
2. Independent limited assurance in accordance with recognised assurance standards for selected indicator.

The independent limited assurances have been approved by the Board ESG Committee ("ESGC").

The scope, subject matters covered, and conclusion are listed below:

TYPE OF ASSURANCE	MATERIAL MATTERS	SUBJECT MATTERS	SCOPE	REPORT
Independent Limited Assurance	Climate Change & Air Emissions	Scope 1 emission in metric tonnes of CO _{2e}	Operation assessed: Unisem Malaysia, Unisem Chengdu	Please refer to page 177 for the Independent Limited Assurance Statement provided
		Scope 2 emission in metric tonnes of CO _{2e}		
		Scope 3 emission in metric tonnes of CO _{2e}		
	Energy Management	Total energy consumption in joules or multiples		
		Type of energy consumption in joules or multiples		
Internal Review	Occupational Health and Safety	Number of employees trained on health and safety standards	Operation assessed: Unisem Malaysia	Please refer to page 177 for the Internal Audit Review Statement provided
		Number of major and minor work-related accidents		
		Injury frequency rate for industrial accidents		
		Fatality rate		
		Loss time incident/severity rate		
	Customer Satisfaction	Satisfaction of key customers		
	Growing the Business	Economic value table		
		Proportion of local hires amongst employees		
	Supply Chain Management	Audit of key direct material suppliers and key service agents		
		Status of implementation of corrective action		
		Summary of key material supplier's RBA audit		
		Proportion of direct material spending on local suppliers		

Sustainability Report

TYPE OF ASSURANCE	MATERIAL MATTERS	SUBJECT MATTERS	SCOPE	REPORT
Internal Review	Technology and Innovation	Research & Development (“R&D”) Expenditure		
	Effluents and Waste Management	Percentage of e-waste recovered		
		Recycling rate of hazardous waste generated		
		Total waste generated, diverted from disposal and directed to disposal		
	Customer Privacy and Data Protection	Number of substantiated complaints concerning breaches in customers privacy or data loss		
	Anti-Corruption	Number and percentage of anti-corruption training		
		Corruption risk assessment		
		Number of confirmed corruption incidents		
		Summary of incidents and cases report		
	Employee Development and Diversity	Number of permanent and fixed-term contract by employee gender		
		Percentage of permanent and fixed-term contract by employee		
		Number of employees by gender, age range and employee category		
		Ratio of basic by gender		
		Number of training hours by employee category		
		Percentage of employees achieving minimum 6 training hours		
		Proportion of employees within minimum 6 hours of training each year		
		Average training hours per employee		

Sustainability Report

TYPE OF ASSURANCE	MATERIAL MATTERS	SUBJECT MATTERS	SCOPE	REPORT
Internal Review	Employee Development and Diversity	Average training cost per employee		
		Average training hour per employee-by-employee category and gender		
		Employee climate satisfaction		
		Total number of employees turnover by category		
		New hire and turnover headcount and percentage by age		
	Human and Labour Rights	Total hours and percentage of employees trained on labour standards and human rights issues		
		Number of substantiated complaints concerning human rights violations		
	Water Consumption	Total water withdrawal, water discharge and water consumption		
		Proportion of water recycled over water withdrawn		
		Water consumption intensity		
		Compliance with air effluents and wastewater discharge regulations		
		Summary of resource conservation outcomes		
	Local Communities	Total amount invested where the target beneficiaries are external to Unisem		
		Total number of beneficiaries of the investment in communities		

Sustainability Report

The comprehensive review of Greenhouse Gases (“GHG”) data by the sought expertise (Baker Tilly and BeyondGood) did not uncover any assumptions or calculation errors at the GHG data level, signifying that the corporate carbon footprint has not been materially misstated. The thorough analysis adheres to the principles of good scientific practice.

It is important to note that the Group’s sustainability management and reporting procedures undergo internal validation, assessments, and third-party audits, which are detailed within this Report. Furthermore, our internal audit, which is risk-based, encompasses essential risks, processes, and controls associated with sustainability-related risks identified through the risk management process.

Regular Board meetings, conducted at least quarterly, serve as a platform to keep the Board updated on significant findings from these internal and external assessments and audits.

In the preparation of this Report, we carried out internal validation with the relevant Management personnel to verify the accuracy and integrity of data disclosed. This Report has been reviewed by the ESGC and approved by the Board.

Contact

Further information regarding Unisem’s policies and management processes is available on Unisem’s corporate website at www.unisemgroup.com and queries regarding this Report can be directed to Ms Ruth Chin, Vice President Corporate Affairs, or Mr Ang Chye Hock, Senior Independent Director, at the following address:

Unisem (M) Berhad

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

Tel : +603 2072 3760
Fax : +603 2072 4018
Email : investor@unisemgroup.com

Sustainability Report

SUMMARY OF KEY PERFORMANCE AND IMPACTS

Sustainability Performance Highlights

The Board of Unisem leads the Group’s oversight of sustainability matters and has identified the following 7 key performance indicators (“KPIs”) to measure the sustainability performance of the Group. These Sustainability KPIs are reported to the Board on an annual basis.

Our key sustainability performance for FY2023 is summarised as follows:

UNISEM’S SUSTAINABILITY KPIs	FY2023 TARGETS	FY2023 PERFORMANCE	
Occupational Health and Safety	Injury frequency rate for industrial accidents <2.00 accidents per million hours worked	0.93	✓
Customer Satisfaction	90% of key customers with customer satisfaction score of 80%	81%	x
Growing the Business	To achieve revenue growth	-19.2%	x
Supply Chain Management	14 supplier audits to be conducted	14	✓
Technology and Innovation	To achieve target project completion dates	All target dates achieved	✓
Effluents and Waste Management	52% recycling rate of hazardous waste generated	49%	x
	Effluents waste discharge compliance with regulatory standards	Compliant	✓
Climate Change and Air Emissions	5% reduction in GHG emission intensity compared to base year 2020	7.6% reduction	✓

Sustainability Report

Unisem's contribution to the SDGs

Unisem actively endorses the United Nations General Assembly's Sustainable Development Goals ("SDGs") in pursuit of the worldwide 2030 Agenda for Sustainable Development. Our commitment to the SDGs is reflected in our business principles, strategies, and sustainability management practices.

SDGs

Unisem's activities/initiatives



Ensuring a safe and healthy working environment

One of Unisem's focuses is to create a safe and healthy working environment for the employees. This includes integrating health and safety practices throughout the manufacturing process. Our commitment to health and safety in the workplace extends beyond physical health to encompass human rights standards, labour standards and general occupational health.



Achieve Gender Equality

Unisem is actively contributing to the achievement of Sustainable Development Goal 5, "Gender Equality," by increasing the representation of women on its Board of Directors to 36%, up from the previous year. This demonstrates a commitment to fostering diversity and equal opportunities in leadership roles.



Enhanced water treatment and reducing water consumption

Unisem treats its waste water beyond compliance standards before effluent is discharged. It also reuses/recycles water in its system to reduce water withdrawal. The Group also has targets to further reduce its water consumption intensity. In FY2023, we achieved an 83% reduction in water consumption intensity against base year 2020.



Supporting vulnerable communities

One of Unisem's key focus in its corporate social responsibility activities is on supporting vulnerable communities. We continue to support communities including the elderly, orphans, people with disabilities, as well as those in poverty. We extend our gratitude for both in-kind and cash donations, and have also set up a "Charity Corner" for all levels of employees to participate in volunteerism. Our Corporate Social Responsibility donations and contributions in FY2023 amounted to approximately RM80,472.

Good employment practices

Unisem adopts good employment practices which are in line with the RBA Code of Conduct, respecting the dignity and human rights of our employees, in addition to fair employment practices without discrimination.

Sustainability Report

SDGs

Unisem's activities/initiatives



Driving innovation and technology in the OSAT industry

Unisem collaborates with customers, which comprise global leaders in the semiconductor supply chain to innovate solutions and spearhead development in the semiconductor and electronics industry, including driving Industry 4.0.



Driving responsible consumption across the supply chain

Through adherence with the RBA Code of Conduct and regular audits on key suppliers, Unisem ensures the Group operates in an environmentally and socially sustainable way and also supports sustainable business practices in its supply chain. We have audited 25 key direct material suppliers for their environmental and social compliance, at least once in the past two years.



Climate Change Commitment Statement

As a leading and responsible entity in the semiconductor industry, we acknowledge our role in mitigating the impacts of climate change via our Climate Change Commitment Statement which outlines our commitment to achieving carbon neutrality by 2050 and reducing our direct and indirect emission intensity in the medium term.



Promoting Ethical Conduct in Anti-Corruption Initiatives

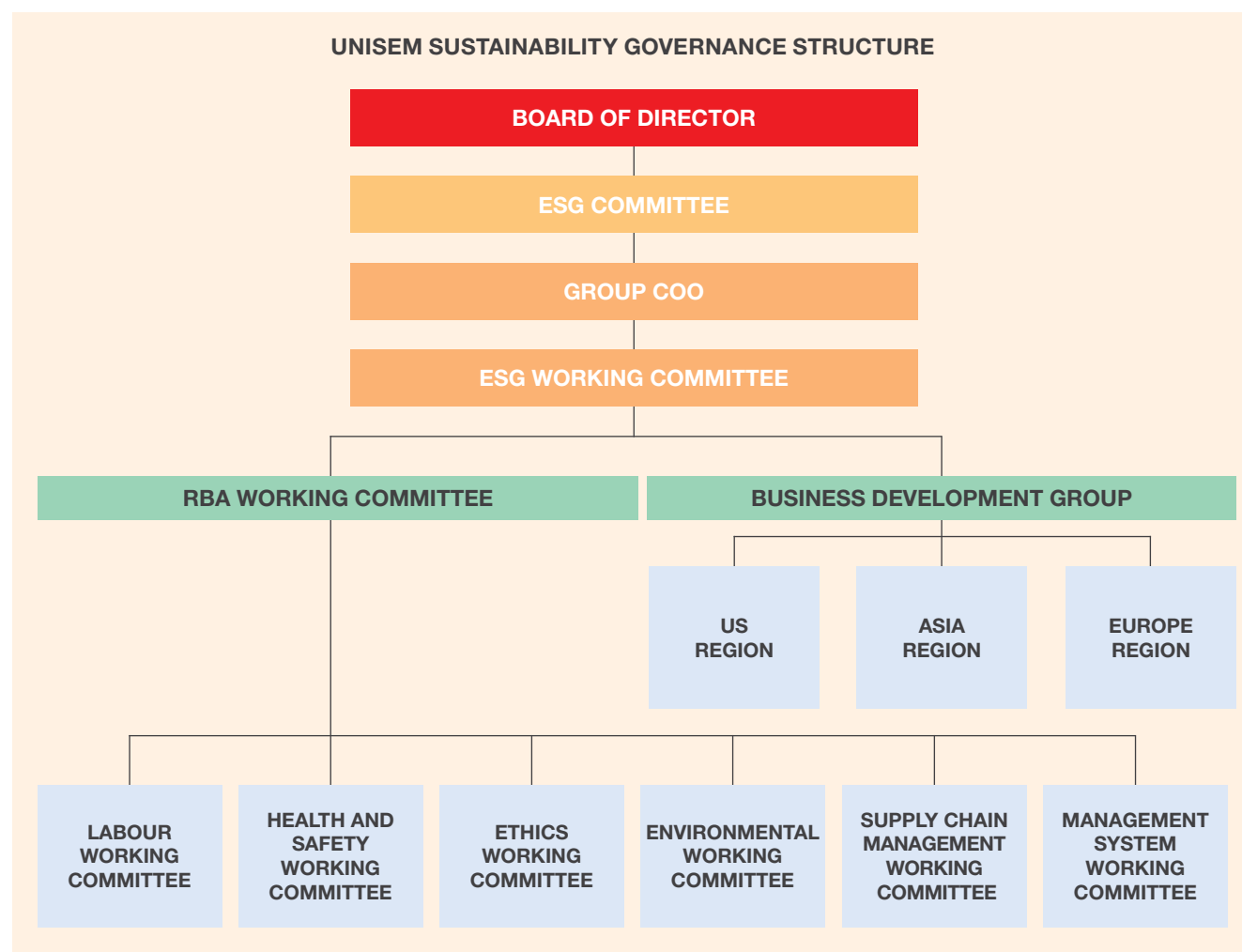
Unisem is committed to fostering a culture of transparency, accountability and ethical conduct within the Group. We have implemented a robust Code of Ethics, defining acceptable and unacceptable behaviours. In addition, the Group-wide Anti-Bribery and Anti-Corruption Policy and Whistleblowing, Ethics & Compliance Policy is communicated to employees ensuring that they are aware of the consequences of corruption, promoting ethical business practices and a shared commitment to integrity.

Sustainability Report

SUSTAINABILITY GOVERNANCE

Unisem’s Board of Directors (the “Board”) is responsible for safeguarding the sustainability of the organisation. The Board diligently oversees the incorporation of sustainability considerations, covering economic, environmental, and social aspects, into Unisem’s enduring business objectives and strategies.

The forthcoming section provides a comprehensive overview of Unisem’s governance structure in the context of sustainability management. For a thorough understanding of the Group’s overall corporate governance structure, we recommend referring to the *Corporate Governance Report* and *Corporate Governance Overview Statement*, where detailed features and descriptions are available.



Sustainability Report

The Board receives support from the ESGC, a committee at the board level entrusted with the responsibilities of evaluating, advising on, and making recommendations concerning the sustainability strategies and policies of the Group. Currently, the ESGC is presided over by the Senior Independent Director.

In alignment with the Group's approved sustainability directions and policies, Unisem's Senior Management spearheads the formulation and execution of sustainability strategies, initiatives, and risk management practices.

The ESGC assists the Board in appraising the strategies, initiatives, and assessments presented by the Senior Management, encompassing materiality assessments and sustainability risk management evaluations. Moreover, the ESGC conducts periodic assessments of Senior Management's implementation progress in relation to sustainability matters. Subsequently, key findings, advancements, and performance, including the key performance indicators disclosed in the ***Sustainability Performance Highlights*** section, are presented to the Board.

Management-level Leadership and Accountability

Dedicated ESG Working Committees ("ESGWC") have been established at Unisem's Malaysia and Chengdu facilities to oversee and monitor the implementation of sustainability strategies, management performance, and the attainment of sustainability objectives at these operational sites. The ESGWC is further responsible for conducting annual reviews of stakeholder management and materiality assessments specific to each operating site.

The ESGWC comprises members from the respective sites RBA Working Committee ("RBA WC") and the Business Development Group. The RBA WC encompasses six distinct committees, each of which is tasked with managing one of the six pillars outlined in the RBA Code of Conduct. These include the Labor Working Committee, Ethics Working Committee, Health and Safety Working Committee, Environmental Working Committee, Supply Chain Working Management Committee, and the Management System Working Committee. The RBA WC, in conjunction with relevant managers throughout the chain of command, assumes the responsibility of disseminating sustainability strategies, priorities, and objectives to employees to ensure comprehensive understanding and consistent implementation across the organisation.

The Board and the ESGC maintains oversight over the ESGWCs and their performance concerning sustainability matters at the operational sites. The Group Chief Operating Officer ("GCOO") serves as a crucial link between the Group's Management and the ESGC. The GCOO takes on a leadership role in guiding the ESGWCs, which are specifically tasked with overseeing the management of ESG matters at the various sites within the organisation. This includes the handling of sustainability issues, engagement with stakeholders, and the achievement of objectives, targets, and KPIs.

Sustainability Report

WORKING COMMITTEE/GROUP	RESPONSIBILITIES
Labour Working Committee	Monitoring and ensuring the following aspects of labour rights are upheld: <ul style="list-style-type: none"> • Freely chosen employment • Child labour avoidance • Working hours • Wages and benefits • Humane treatment • Non-discrimination and non-harassment • Freedom of association
Ethics Working Committee	Overseeing the systems and tools in place to ensure: <ul style="list-style-type: none"> • Privacy is upheld • Protection of identity and non-retaliation • Business integrity/appropriate disclosure of information is in place • Fair business conduct, including in advertising and competition • Intellectual property is protected and respected
Health and Safety Working Committee	Overseeing the health and safety of the working environment: <ul style="list-style-type: none"> • Chemical/Protective Personal Equipment (“PPE”) management • Hazard Identification, Risk Assessment and Risk Control • Emergency response testing • Permit/test report • Accident complaint investigation • Workplace inspection/Audit • Machinery/work instruction • Exposure to radiation/X-ray monitoring • Health and Safety Management in accordance with ISO45001:2018 standard
Environmental Working Committee	Monitoring and ensuring the following aspects of environmental management are upheld: <ul style="list-style-type: none"> • Management of chemical substances and chemical control • Waste management • Emergency response drills and procedures • Legal requirements, measurement, and monitoring of waste and chemical substances • Environmental Management System, to ensure it is in accordance with ISO14001:2015 standard
Supply Chain Management Working Committee	Monitoring and ensuring the following aspects of supply chain management are managed: <ul style="list-style-type: none"> • Group CSR Commitment • Material Restrictions • Responsible sourcing of minerals • Supplier Responsibility

Sustainability Report

WORKING COMMITTEE/GROUP	RESPONSIBILITIES
Management System Working Committee	<p>Overseeing the systems and controls in place that support the tasks of the other committees:</p> <ul style="list-style-type: none"> • Monitor updates in applicable laws, regulations and customer requirements, including requirements of the RBA Code of Conduct • Establish and periodically assess objectives, targets and improvement programs for social and environmental performance • Communicate policies and practices at Unisem <p>Conduct self-assessments, including internal audits - Unisem’s RBA internal auditors (“Unisem’s RBA auditors”) conducts cross audits on the 6 working committees to ensure full compliance to the latest RBA version. These Unisem’s RBA auditors are selected from the respective 6 working committees</p>
Business Development Group	<p>Implements the Group’s and site’s business strategy by:</p> <ul style="list-style-type: none"> • Attracting new customers • Expanding business with existing customers • Achieving annual revenues and business growth plans and objectives • Managing Regional Sales, Marketing, Technical Program Management (TPM) as well as Customer Service organisations • R&D programs

OUR APPROACH TOWARDS SUSTAINABILITY

In addressing sustainability issues, we prioritise our attention and resources through a materiality assessment process.

Stakeholder Engagement

Unisem has a broad range of stakeholder groups that have an effect on, or are affected by the Group and our activities. Our key stakeholder groups include shareholders, financiers and investors, government agencies and regulators, customers, employees, community and non-governmental organisations (NGO), suppliers and contractors as well as media. They were identified based on their different levels of influence over and dependence on our business.

As a Group, we aim to maintain constructive channels of communication with all our key stakeholder groups. Thus, regular engagements are held through both formal and provide insights into emerging opportunities and risks whilst responding to their needs more effectively.

The key stakeholder’s engagement group, engagement approach, areas of focus on stakeholders and our responses disclosed in the Creating Value For Stakeholders in Unisem’s IAR23.

[Click here](#) or go to page 63 for *Creating Value for Stakeholders*

Sustainability Report

Unisem's Approach to Materiality Assessment

Unisem's materiality assessment process adheres to the guidelines set forth by the Main Market Listing Requirements and the Bursa Malaysia Sustainability Reporting Guide - 3rd Edition, along with its associated Toolkits. We also utilise relevant internal sources of information such as, Board meeting minutes, business strategy, deliberations and employee climate survey. Our definition of "materiality" aligns with both the Main Market Listing Requirements and the GRI Standards. A sustainability matter is deemed material if it:

- Significantly reflects Unisem's economic, environmental, and social impact; or
- Substantively influences the assessments and decisions of Unisem's stakeholders; or
- Falls under the common material sustainability matters as set out in Annexure PN9-A of Bursa Malaysia Sustainability Reporting Guide - 3rd Edition.

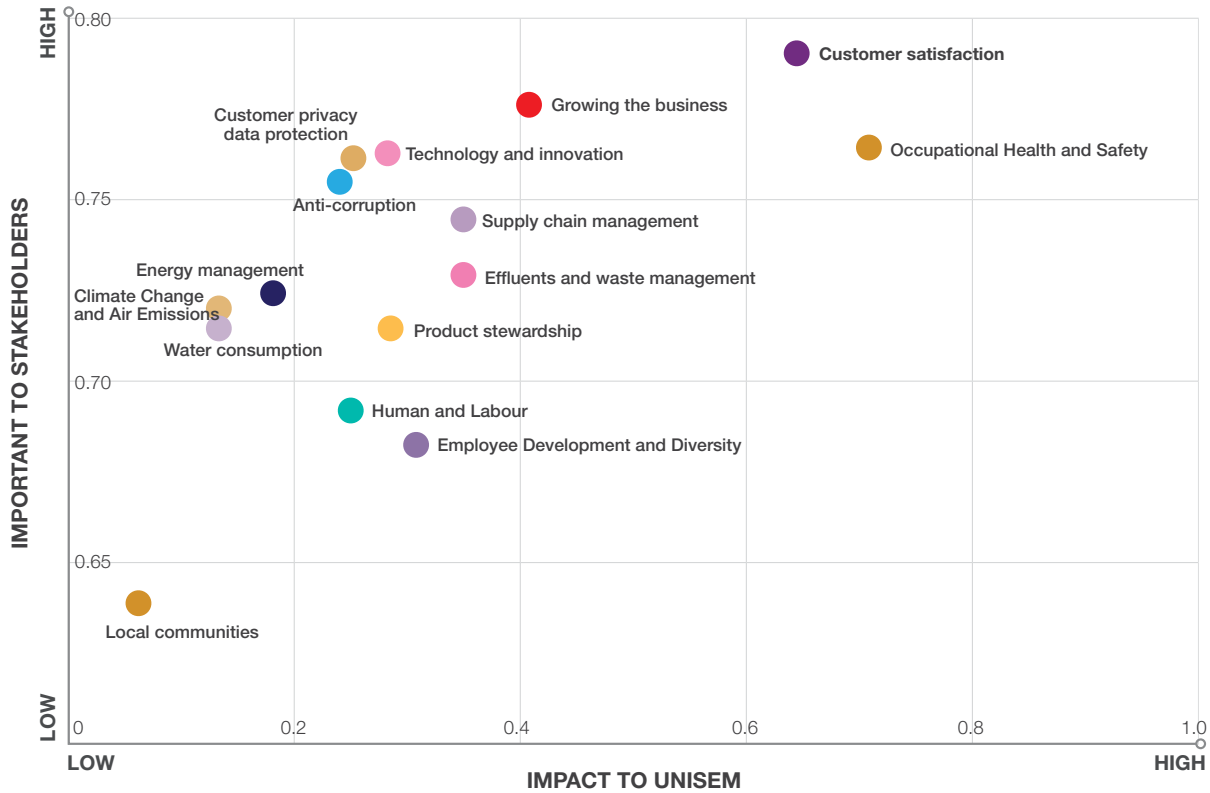
The materiality assessment for each operating site, namely Unisem Malaysia and Unisem Chengdu, is conducted by their respective ESGWC. In addition to previously identified sustainability concerns, the ESGWCs also take into account emerging sustainability risks and opportunities, as well as significant concerns raised by stakeholders. The outcomes of these assessments undergo review by the ESGC and the Board. This review includes relevant targets, management progress and performance, and where necessary, prompt intervention and action plans.

Every two years, we conduct a comprehensive materiality assessment, seeking input from selected stakeholders through various engagement tools to evaluate the priority of sustainability matters with respect to the economic, environmental, social and governance impacts arising from our day-to-day activities. We also actively solicit feedback from our employees, recognising their valuable input as a key driver of business and operational considerations.

This year through our materiality review, we concluded that all our existing 15 material matters are aligned with Unisem's strategic priorities and stakeholder expectations. These were also benchmarked against our local and regional peers as well as considered emerging risks two material matters, namely "Supply Chain Management" and "Climate Change and Air Emissions" were repositioned higher through the materiality review exercise reflecting increased stakeholders' and Unisem's interest in the supply chain management and our environmental footprint and carbon management strategy. The previous material matter, "Employee Development and Diversity" has shifted to the medium priority quadrant. The updated materiality matrix including the materiality assessment process undertaken has been reviewed by our ESGC and endorsed by the Board of Directors.

Sustainability Report

The Group's materiality matrix is presented as below:



Unisem Group's Materiality Matrix (FY2023)

The FY2023 Materiality Matrix has been reviewed and approved by the Board. It forms the basis of this Report, while the respective indicators facilitate the monitoring and measurement of the Group's sustainability performance.

Our materiality assessment conducted in FY2023 has identified Unisem's top 7 most material sustainability matters as follows:

- Customer Satisfaction;
- Occupational Health and Safety;
- Growing the Business;
- Technology and Innovation;
- Climate Change and Air Emission;
- Supply Chain Management; and
- Effluents and Waste Management.

Sustainability Report

SUSTAINABILITY RISKS AND OPPORTUNITIES

Unisem enhances its management of sustainability issues through the implementation of the Group's Enterprise Risk Management ("ERM") Framework, which systematically guides the Group's risk management processes. Material matters risks are evaluated from various perspectives, encompassing strategic, organisational structure, operational, procedural, regulatory, cultural, technological, and reputational aspects.

The incorporation of sustainability into our ERM Framework enables us to holistically address both Unisem's sustainability risks and those pertinent to our value creation process.

For a detailed understanding of the Group's ERM Framework and pertinent corporate governance practices, please refer to our Statement of Risk Management and Internal Control, as well as the Corporate Governance Overview Statement.

*Click [here](#) or go to page 47 for Statement on Risk Management and Internal Control
Click [here](#) or go to page 25 for Corporate Governance Overview Statement*

The table below provides a summary of Unisem's sustainability concerns and their connections to the Strategic Priorities and associated risks.

Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Occupational Health and Safety	HC	A B D	Creating a healthy, safe and conducive working environment for employees and people who visit our sites particularly by minimising any health and safety related risks that could arise.	<ul style="list-style-type: none"> Non-compliance Employee safety and health risk Pandemic and infectious disease (e.g. COVID-19) 	<p>How We Do Business, SR23</p> <p>Our People, SR23</p>
Customer Satisfaction	S & RC	A B C D	Improving customers' experience with the Company's products and services through soliciting feedback.	<ul style="list-style-type: none"> Inadequate or ineffective engagement with customers Unable to delivery or keep up with customers' demands or requirements Lack of trust in relationship with customers 	Our Focus on Customers, SR23
Growing the Business	FC S & RC	A B C D	Continue expanding into new market, increasing sales, developing new products or services, and or diversification of products and services and onboard new customers to create economic value and distribution to stakeholders.	<ul style="list-style-type: none"> Competition risk Unable to expand market presence Adverse economic conditions 	<p>Managing Our Business, SR23</p> <p>Our Focus on Customers, SR23</p> <p>Our People, SR23</p>

Sustainability Report

Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Supply Chain Management	FC S & RC	A B D	Promoting responsible and sustainable procurement practices including assessing suppliers and their environmental and social impacts in accordance with the established criteria.	<ul style="list-style-type: none"> Non-compliance by supply chain partners Subpar suppliers or supplies Unable to deliver to customers on time Disruptions in supply chain for direct materials Impact on profit margin 	How We Do Business, SR23
Technology and Innovation	MC IC	A B C	Technology and innovation drives improvements in efficiency and productivity. By introducing new technologies, automation, and streamlined processes, Company can optimise operations, reduce costs, and increase output.	<ul style="list-style-type: none"> Product and technology unable to keep up with trend Unable to delivery or keep up with customers' demands or requirements Inadequate investment in capability and R&D Loss of key skills, experience, or knowledge 	Managing Our Business, SR23 Our People, SR23
Effluents and Waste Management	NC	A D	Efforts to reduce, reuse, recycle responsibly dispose of waste.	<ul style="list-style-type: none"> Non-compliance Environmental disaster and pollution 	The Environment, SR23
Climate Change and Air Emissions	NC	A D	Reduction of environmental footprints through more efficient use of energy, thereby lowering our emissions across our operations.	<ul style="list-style-type: none"> Possibility of introduction of emission trading or tax scheme affecting profit margin 	The Environment, SR23
Customer Privacy and Data Protection	S & RC	A B D	Safeguarding the Company information and intellectual property from cyber threats including protecting customers' sensitive information and preventing data breaches.	<ul style="list-style-type: none"> Non-compliance Data breaches Unauthorised access and use of information Key information not up to date Cyber security threats 	Our Focus on Customers, SR23
Anti-Corruption	S & RC	B D	Promoting ethical business and transparency by avoiding all forms of corruption such as bribery.	<ul style="list-style-type: none"> Non-compliance Anti-corruption culture and policies not communicated effectively to employees and business associates Corporate liability risk 	How We Do Business, SR23

Sustainability Report

Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Product Stewardship	S & RC	A B	Product Stewardship is to minimising the health, safety, environmental, and social impacts of a product and its packaging throughout all lifecycle stages, while also maximising economic benefits.	<ul style="list-style-type: none"> Non-compliance 	How We Do Business, SR23
Employee Development and Diversity	HC IC	B D	Efforts in recruiting and retaining talent as well as enhancing overall productivity of our workforce and ensuring fair treatment to all employees with dignity and without any form of discrimination based on gender, race, religion, age, nationality, disability, etc.	<ul style="list-style-type: none"> Lack of professional and personal development for employees Loss of key skills, experience, or knowledge Employee compensation does not commensurate with statutory employee contribution 	Our People, SR23
Human and Labour Rights	HC	A B D	Ensuring the protection of human and labour rights across our value chain.	<ul style="list-style-type: none"> Non-compliance Labour disputes 	How We Do Business, SR23 Our People, SR23
Energy Management	NC FC	A D	Ensuring efficient energy use is one way of protecting the environment. Effective energy management and planning also helps to optimise profits margin.	<ul style="list-style-type: none"> Power failure and disruption to operations Impact on profit margin 	The Environment, SR23
Water Consumption	NC	A D	Efficient use of water and conservation of water resources.	<ul style="list-style-type: none"> Water shortage Contamination of water used in production 	The Environment, SR23
Local Communities	S & RC	B D	Supporting communities that are economically disadvantaged through engagement programmes that create a positive social impact.	<ul style="list-style-type: none"> Noise affecting the local community (Unisem Malaysia) 	Our People, SR23

In the following sections of this Report, material sustainability matters will be addressed across various themes, as outlined below:

- How We Do Business;
- Managing Our Business;
- Our Focus on Customers;
- Our People; and
- The Environment.

Sustainability Report

HOW WE DO BUSINESS



Doing business responsibly and ethically is fundamental to Unisem’s Vision and Mission. We also expect responsible and ethical business culture to be demonstrated along the Group’s value chain, including our products, services, and supply chain.

Relevant Material Sustainability Matters

- Anti-Corruption
- Human and Labour Rights
- Occupational Health and Safety
- Product Stewardship
- Supply Chain Management

Sustainability Performance Highlights

- 100% of Directors and employees received communication on anti-corruption
- 100% of Directors received training on ESG – Bursa Training (Compulsory)
- No fines, penalties, or settlements relating to corruption
- Target to audit 14 suppliers achieved – FY2023: 14 suppliers audited
- No significant environmental or social impacts identified in association with key direct material suppliers

Relevant SDGs:



INTEGRITY AND SUSTAINABLE BUSINESS INITIATIVES

In all our endeavors, we are driven by our dedication to fulfilling our corporate social responsibilities, adhering to relevant laws and regulations, and adhering to the stipulations set forth in the RBA Code of Conduct.

UNISEM’S CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY

- Uphold human rights of workers, treat them with dignity and respect as understood by the international community.
- Minimise adverse effects on the community, environment, and natural resources.
- Safeguard health and safety of public in our manufacturing operations.
- Ensure employees are provided with a safe and healthy working environment.
- Ensure our systems comply with applicable laws, regulations, and customer requirements.
- Support charity and community initiatives relevant to our stakeholders.
- Engage with supplies whose policies are in line with Unisem’s CSR Policy.

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to CSR Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Sustainability Report

HOW WE DO BUSINESS

Code of Ethics

Unisem's Code of Ethics ("COE") operates as a pivotal communication tool, effectively conveying the principles that govern the Company's business practices to directors, employees, and affiliates. Beyond its communicative role, the COE holds a critical position as it is intricately aligned with the RBA Code of Conduct. This alignment signifies more than mere coherence; it underscores Unisem's commitment to ethical business standards that transcend internal boundaries. By ensuring that the COE is in harmony with the RBA Code of Conduct, Unisem not only communicates its ethical framework but also actively participates in a broader commitment to responsible and sustainable business practices, reinforcing the Company's dedication to ethical conduct throughout its operations and stakeholder interactions.

Prior to joining the Group, all directors and employees are obligated to acknowledge and commit to the COE. Employees receive communication of the COE on an annual basis, and business associates are expected to abide by it when representing or engaging in work for Unisem.

Key topics addressed by the COE:

- Prohibition of child labour and forced labour;
- Maintaining a workplace free of harassment and discrimination;
- Supporting the rights to freedom of association and collective bargaining;
- Elimination of excessive working hours;
- Supporting the rights to minimum wage;
- Providing safe and hygienic workplace;
- Compliance with environmental laws and regulations;
- Proper handling and disposal of waste, including hazardous waste; and
- Business integrity including zero tolerance towards bribery, corruption, fraud, extortion, or embezzlement.

The COE is subject to annual review.

Anti-Bribery and Anti-Corruption

To Unisem, corruption is a threat to ethical business practices. Unisem has a zero-tolerance policy towards corruption. As anti-corruption efforts are also subject to compliance requirements, Unisem has established a comprehensive Group-wide Anti-Bribery and Anti-Corruption ("ABAC") Policy, reflecting the Group's unwavering commitment to a zero-tolerance approach towards bribery and corruption. Board approval underscores the policy's significance, with overall compliance falling under the purview of site Chief Operating Officer ("COO") and General Managers. The ABAC Policy extends its governance over directors, employees, and affiliates, encompassing agents, suppliers, contractors, and business partners.

Our adoption of a risk-based approach includes a corruption risk assessment conducted annually by the Ethics Working Committee at both Unisem Malaysia and Unisem Chengdu sites. This strategic evaluation facilitates resource allocation to efficiently manage corruption risks. The identified corruption risks are further addressed through the annual enterprise risk management process. Stringent processes guide our operations, spanning procurement, manufacturing, sales, marketing, and finance, incorporating measures to uphold business ethics and prevent corruption.

Unisem actively communicates and ensure that all stakeholders are acknowledged its anti-corruption stance to all stakeholders. The due diligence process for new suppliers includes a thorough assessment of corruption and bribery risks. Business associates categorised as high risk or involved in high-risk sectors receive periodic communication regarding Unisem's anti-corruption stance and expectations for business ethics. Annual refresher training on anti-corruption is provided to all directors and employees. Our communication channels, including emails, meetings, and our corporate website, are available in multiple languages - primarily English, Bahasa Malaysia, and Chinese - depending on the audience.

Sustainability Report

HOW WE DO BUSINESS

During FY2023, all employees underwent and completed communication and/or training on anti-corruption through our eLMS (E-Learning program). The subsequent table reveals the results of our anti-corruption communication efforts:

	Unisem Malaysia		Unisem Chengdu	
	Number	Percentage	Number	Percentage
2023				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	87	100%	52	100%
Executive, Non-Executives, and Operators	3,067	100%	2,572	100%
Total	3,165	100%	2,624	100%
2022				
Board of Directors	12	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	89	100%	46	100%
Executive, Non-Executives, and Operators	3,268	100%	2,695	100%
Total	3,369	100%	2,741	100%
2021				
Board of Directors	10	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	88	100%	41	100%
Executive, Non-Executives, and Operators	3,283	100%	2,547	100%
Total	3,381	100%	2,588	100%

The Group refrains from making charitable donations or contributions to political parties, and it does not reimburse employees for political contributions made in their personal capacity.

The ABAC Policy undergoes an annual review. In FY2023, The Group has undertaken a corruption risk assessment which covers all the operations and locations:

Percentage of operations that underwent corruption risk assessment	2021	2022	2023
Unisem Malaysia	100%	100%	100%
Unisem Chengdu	100%	100%	100%

Throughout FY2023, there were no reported incidents of corruption, cases of non-compliance with the Group's anti-corruption policies, or instances of fines or penalties:

Number of confirmed corruption incidents	2021	2022	2023
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to ABAC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Sustainability Report

HOW WE DO BUSINESS

Conflict of Interest

Conflict of interest may arise when directors or employees hold conflicting interests with the Group, maintain close personal relationships with our suppliers or customers, or encounter various other circumstances. Our COE establishes principles for managing conflicts of interest to protect Unisem's interests.

Upon commencing employment, all Unisem directors and employees must declare any conflicts of interest. Additionally, managers and above, along with personnel in identified functions, are obligated to submit annual declarations to uphold the objectivity of these critical roles. The Human Resources Department oversees this process and reports to the site COO.

Unisem's Whistle Blowing Channel

In addition to the grievance channels managed by the Human Resources Department to facilitate the resolution of workplace disputes or disagreements, Unisem has instituted a whistleblowing mechanism through its Whistleblowing, Ethics & Compliance Policy ("WBEC Policy"). This mechanism enables internal and external stakeholders to confidentially report instances of serious unethical or unlawful behavior. Examples of issues that can be reported include significant violations of the COE, labour standards, human rights, safety and health, non-discrimination and equal opportunity, environmental management, business ethics, anti-corruption, and others.

The WBEC Policy offers guidance on how to make a report, outlines the handling and resolution process, and ensures protection for the whistleblower against retaliation.

The WBEC Policy is developed based on the following key principles:

- Confidentiality - confidentiality of the reported matter and the person making the report will be protected;
- Anonymous reporting - anonymous reporting is not prohibited; and
- Non-retaliation - no retaliation or unfair treatment will be tolerated against whistleblowing reports made in good faith.

A summary of the incidents and cases reported in the past 3 financial years is as follows:

Types of cases	No. of cases		
	2021	2022	2023
Workplace grievances from employees	1	2	0
Whistleblowing from employees	2	1	1
Whistleblowing from external parties	0	0	0

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

All the above cases had been fully resolved.

OUR RBA OBLIGATIONS

RBA stands as the world's largest industry coalition devoted to corporate social responsibility across global supply chains and is endorsed by leading brands in the electronics, retail, and automotive sectors. The RBA Code of Conduct draws upon international norms and standards, including the Universal Declaration of Human Rights, International Labour Organisation (ILO) International Labor Standards, Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises, and International Organisation for Standardisation ("ISO") and Social Accountability (SA) Standards. RBA standards are organised into six pillars: Labor, Ethics, Safety and Health, Environment, Supply Chain Management, and Management Systems.

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HOW WE DO BUSINESS

The RBA Code of Conduct serves as a pivotal guiding document for Unisem’s policies and practices. Our RBA WC aligned with the six pillars of the RBA, manage issues related to these pillars, overseeing the monitoring and review of relevant initiatives and KPIs. Unisem’s policies and business practices closely align with the RBA Code of Conduct.

Effective May 2023, the RBA Validated Assessment Program (“VAP”) Interpretation Guidance was updated to Version 7.1.2. This includes an update on the General Auditor Guidance which includes a refined classification of findings based on severity. A priority non-conformance is identified as posing an imminent risk to life, limb, facility, the environment, or the community, or involving an egregious ethical breach. Major non-conformances encompass violations of applicable laws, systemic failures, or situations affecting equal to or greater than 20% of the total sample population. Minor non-conformances involve one-off incidents not likely to repeat or situations affecting less than 20% of the total sample population. The concept of Risk of Non-conformance is introduced, highlighting conditions or practices meeting minimal conformance but likely to deteriorate without additional action. Lastly, the category of Opportunity for Improvement is outlined, denoting situations not fully in conformance that can be enhanced, where a Corrective Action Plan is recommended but not mandatory, often referred to as an “observation”.

RBA Performance

The Self-Assessment Questionnaire (“SAQ”) serves as an RBA self-assessment tool, enabling us to conduct an annual self-assessment and communicate the results to our customers. Meanwhile, the biennial VAP constitutes an RBA third-party auditing process. Adherence to the RBA Code of Conduct is a crucial prerequisite for establishing a business relationship with our customers.

Our SAQ and VAP results for the last 3 years are as follows:

	Year	SAQ	SAQ Score*	VAP	VAP Score*	Level of Risk
Unisem Malaysia	2021	Completed in January 2021	93.4	Completed in Dec 2021	183.7 (Silver Status)	Low
	2022	Completed in January 2022	93.4	Completed in Dec 2022	180.2 (Silver Status)	Low
	2023	Completed in January 2023	93.5			
Unisem Chengdu	2021	Completed in January 2021	93.8	Completed in Nov 2019	177.1 (Silver status)	Low
	2022	Completed in January 2022	94.6	Completed in Jun 2022	180.5 (Silver Status)	Low
	2023	Completed in January 2023	94.8	In progress (pending finalise audit result)		

Note: * Full score for SAQ is 100, while the full score for VAP is 200

VAP audit findings and results are also available for viewing by key customers and potential customers.

For FY2023, there is no VAP being conducted for Unisem Malaysia as VAP is only required once every 2 years. The upcoming VAP for Unisem Malaysia will be conducted and completed by FY2024.

Internal Audit

Unisem’s independent internal audit function conducts periodic audits of the Group’s operations, encompassing operational compliance practices, anti-bribery and corruption, whistleblowing and complaints, occupational health and safety, human rights, environmental compliance, and other aspects.

Additional details regarding the internal audit function can be found in our **Audit and Risk Management Committee Report** and the **Statement on Risk Management and Internal Control**.

Sustainability Report

HOW WE DO BUSINESS

RBA in our Supply Chain Management

Effective May 2023, the Group has updated its RBA VAP Code Guidance. In the updated version, the Group has added to the definition on the Group's findings severity category, which includes and focuses on the supply chain management.

[Click here](#) or go to page 99 for Supply Chain Management

PRODUCT STEWARDSHIP

Certain semiconductor components may contain hazardous substances, including heavy metals that might be irreplaceable. Demonstrating product stewardship is our way of bringing responsible and safe products to consumers. Our responsibility in products extend beyond our facilities and considers the product life cycle and its impact on people and the environment. In this regard, we comply with international regulations and customer requirements.

By adopting specific manufacturing and processing methods, we can minimise the use and content of toxic materials, consequently reducing risks to consumers and environmental harm. Moreover, the materials utilised in the products and services we offer are contingent on the specifications provided by our customers.

To ensure adherence to all relevant environmental laws, regulations, and standards related to hazardous substances in our manufacturing processes, we have established comprehensive compliance procedures. We conduct assessments to identify significant environmental and social risks associated with the materials we procure and evaluate safety and ethical considerations within our supply chain partnerships.

We comply with the European Union's Restriction of Hazardous Substance ("RoHS") directive, where production processes, and our suppliers are obligated to comply with the RoHS, reinforcing the robustness of our compliance measures.

In addition to implementing management systems aligned with international standards to address environmental and social impacts, we collaborate with our customers to meet their standards for product stewardship and safety.

Regulations and customer requirements & descriptions	Measures taken by Unisem
RoHS Directive - Restriction on the use of ten substances including lead	<ul style="list-style-type: none">• We ensure compliance through annually conducted review and analysis, supported by documentations such as declaration letter, Certification of Compliance and Safety Data Sheets.• We engage with suppliers to facilitate their compliance. Once in every two years, suppliers are required to perform self-assessment and submit the relevant compliance documentation.• Each batch of supplies received is accompanied by the relevant test reports and certificates.
Business partner certification schemes - Restriction on the use of hazardous substances including lead and lead compound	<ul style="list-style-type: none">• Each Unisem site has obtained third party certification on the Sony Green Partner certification schemes.

Sustainability Report

HOW WE DO BUSINESS

SUPPLY CHAIN MANAGEMENT

Responsible Supply Chain Management

Effective supply chain management is crucial in our business. Any major disruptions to our supply chain will result in serious repercussions such as missed deliveries and, shipment commitments, lost reputation and integrity, and negative impact on customer relationships. We aim to build a supply chain that is reliable, trustworthy, and shares the same ethical beliefs with respect to environmental management and human rights.

Unisem is dedicated to establishing a robust, sustainable, and responsible supply chain that aligns with our corporate responsibility values, incorporating the latest insights into the environmental and social impacts of our industry. This commitment is explicitly outlined in our CSR Policy and COE, accessible in multiple languages, including English, Bahasa Malaysia, and Chinese, and made available on our official website.

Our expectations extend to key direct material suppliers and service providers, who are required to affirm their commitment to the RBA Code of Conduct through a Letter of Conformance. Additionally, the Group annually disseminates a Business Ethics Letter to the key direct material suppliers and service providers to communicate the Group's expectations on business ethics. The Group actively engages with the key direct material suppliers, requiring their acknowledgment and endorsement of Unisem's Supplier Code of Conduct, thereby aligning with Unisem's corporate responsibility principles throughout our supply chain.

Conflict-free Minerals

Unisem Group recognises its obligation to guarantee the responsible sourcing of materials utilised in its products. The Group adheres to a Conflict Minerals Policy, prohibiting the procurement and utilisation of conflict minerals such as tantalum, tin, tungsten, and gold within its supply chain. This aligns with global initiatives to mitigate armed conflicts associated with resource extraction from regions including the Democratic Republic of Congo and neighbouring countries. The Conflict Minerals Policy is communicated to all pertinent suppliers and is accessible on our corporate website.

Established due diligence procedures are implemented to offer reasonable assurance regarding the responsible sourcing of tantalum, tin, tungsten, and gold used in our products, in alignment with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Responsible Minerals Initiative ("RMI") Conflict Mineral Reporting Template ("CMRT") has been adopted as a data tool for reporting and assessing the smelters within the Group's supply chain. Additionally, we mandate relevant suppliers to furnish written confirmation and complete the RMI CMRT.

Click [here](#) for the Policy on Conflict Minerals or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Fair Procurement Practices

Unisem upholds a Group Procurement Policy that oversees our procurement and tendering procedures, ensuring equitable management of our supply chain in accordance with our responsible supply chain policies. Additionally, we rigorously assess suppliers for potential conflicts of interest, implementing measures to protect our procurement process from collusion and price fixing. This includes evaluations of pricing, delivery timeliness, and the quality of products and services.

Sustainability Report

HOW WE DO BUSINESS

Building Responsible Supply Chain via Engagement

We maintain close collaboration with suppliers to uphold the integrity of our supply chain. Our aim is to acquire a comprehensive understanding of our supply chain, which involves identifying instances of non-compliance, as well as environmental or social issues, such as:

- Human rights and labour standards, including safety and health standards, working hours, and freedom of association;
- Environmental management issues, including climate change and emissions, energy use, water use, biodiversity impacts, pollution management, waste management and reduction, resource use and integrated supply chain management; and
- Business ethics challenges or violations, such as anti-corruption.

Our engagement initiatives involve consistent communication and updates regarding pertinent policies and adherence to RBA standards. Additionally, we conduct programs to evaluate or audit key direct material suppliers, focusing on responsible practices, particularly in environmental and social aspects. When required, sessions and discussions are held with suppliers to assess and rectify gaps in meeting new regulations or requirements.

All new suppliers are screened via Unisem's due diligence process which considers environmental, social, and ethical aspects, from corruption and bribery to labour practices.

Environmental and Social Assessment in Supply Chain

All key direct material suppliers and service providers undergo holistic sustainability assessment via the RBA SAQ and VAP Operations manual for suppliers' audit, as follows:

SAQ	Suppliers Audit
<ul style="list-style-type: none">• Self-assessment• Part of Unisem's due diligence process and conducted for key direct material suppliers• Aims to identify high-risk areas and potential gaps against RBA Code of conduct	<ul style="list-style-type: none">• Conducted physical or virtual audit based on RBA VAP Operations Manual for key direct material suppliers and service provider• Audit focus and frequency depend on conformance level in past audits and overall performance against RBA standards and Unisem policies and standards

We conduct these assessments collaboratively, in coordination with our suppliers' assessments and audits through our ISO14001-certified Environmental Management System. Suppliers are required to address audit findings and submit corrective action plans using the Corrective Action and Preventive template. Unisem's audit team subsequently follows up to verify the implementation of the action plans before considering the audit findings resolved.

We have a network of 25 shared key direct material suppliers, with whom our direct material spending comprises 85% of the Group's total direct material procurement. Our supplier audit strategy aims to cover 80% of the 25 key direct suppliers in every two years. We also outsource some of Unisem's services, such as security, cleaning, canteen catering services, to the key service agents. As of 31 December 2023, we had performed audits on 9 key material suppliers and 5 key service agents.

Sustainability Report

HOW WE DO BUSINESS

Year	Target Number of audits to be conducted		Number of audits completed	
	Key Material Suppliers	Key Service Agents	Key Material Suppliers	Key Service Agents
2021	10	-	10	2
2022	10	-	10	4
2023	10	4	9	5
2024	11	4		

In FY2023 we completed audits for 9 key material suppliers but fell short of the target by 1. The shortfall was a result of the closure of one of our key material suppliers. Our plans for the upcoming year involve efforts to achieve and surpass the missed target along with conducting audits for our key material suppliers early in the year.

Here is a summary of the key corrective actions taken by our key direct material suppliers based on audits conducted in FY2023:

RBA Category	Summary of key corrective actions
Labour	<ul style="list-style-type: none"> To maintain documentation as evidence of monitoring for compliance to 60 working hours per week and at least 1 day off per week To include and maintain harassment as part of new employee orientation programme or guidelines To conduct refresher training to employees on discipline requirement and practices
Occupational Safety and Health	<ul style="list-style-type: none"> Conduct periodic work inspections and enhance awareness on health and safety practices To install heat or smoke detector at chemical store
Management Systems	<ul style="list-style-type: none"> To review and encourage the performance of RBA VAP Third Party Audits and follow audit schedule To update RBA organisation chart to include Supply Chain Management element
Supply Chain Management	<ul style="list-style-type: none"> To communicate RBA requirements including indirect suppliers such as transporter, security, scheduled waste disposal vendors, labor agents and canteen workers

The status of implementation of corrective actions by suppliers as on 31 December 2023 is summarised as follows.

Status of implementation of Corrective Actions as on 31 December 2023	Audit Findings from FY2021 Audits	Audit Findings from FY2022 Audits	Audit Findings from FY2023 Audits
Implemented and verified by Unisem	100%	100%	95%

As of 31 December 2023, we have evaluated all of our key direct material suppliers for environmental and social impact via SAQ self-assessment results.

Sustainability Report

HOW WE DO BUSINESS

	2021	2022	2023
Total number of shared key material suppliers	25	25	25
Environmental impact			
Number of suppliers assessed for environmental impacts*	25	25	25
Note: *assessed at least once in the past 3 years			
Number of suppliers identified as having significant actual and potential negative environmental impacts	0	0	0
Description of the significant and actual environmental impact identified	Not applicable	Not applicable	Not applicable
Percentage of suppliers identified as having significant actual and potential negative environmental impact with which improvements were agreed upon as result of assessment*	0% (0 / 25)	0% (0 / 25)	0% (0 / 25)
Note: *does not include closed cases where agreed-upon improvements have been implemented and verified by Unisem's audit team			
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	0%	0%	0%
Social impact			
Number of suppliers assessed for social impacts	25	25	25
Number of suppliers identified as having significant actual and potential negative social impacts	0	0	0
Description of the significant and actual environmental impact identified	Not applicable	Not applicable	Not applicable
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment*	0% (0 / 25)	0% (0 / 25)	0% (0 / 25)
Note: *does not consider closed cases where agreed upon improvements have been implemented and verified by Unisem's audit team			
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	0%	0%	0%

Our contribution to the local economy and society

We uphold a well-rounded involvement and contribution to the local economy through activities such as procuring goods and services, providing local employment, and making corporate social responsibility contributions to the community. When feasible and economically viable, we prioritise local procurement to support businesses in the area and simultaneously contribute towards minimising emissions linked to transportation.

	Proportion of direct material spending on local suppliers (%)		
	2021	2022	2023
Unisem Malaysia	23.6%	23.3%	23.5%
Unisem Chengdu	29.9%	39.2%	37.9%
Unisem Group	26.9%	32.5%	33.9%

Note: * In relation to direct material spending, "local" is defined as the country in which the respective site is located.

Sustainability Report

MANAGING OUR BUSINESS



Striving for business prosperity, viability, and sustainability is essential for generating long-term value for both stakeholders and shareholders. It is imperative to maintain competitiveness in the market and strengthen our market position. At Unisem, our emphasis in this regard involves consistently exploring growth opportunities and enhancing our capabilities, capacity, products, and solutions.

Relevant Material Sustainability Matters

- Growing the Business
- Technology and Innovation

Sustainability Performance Highlights

- Recorded negative revenue growth of 19.2% during the period
- Distributed economic value of RM380.0 million in wages and salaries; RM20.7 million in corporate tax; and RM129.0 million in dividends
- Achieved FY2023 target for Technology Road Map
- Completed all 3 R&D projects in Technology Road Map

Relevant SDGs:



BUSINESS PERFORMANCE

KPI	To achieve revenue growth		
	On-going growth of annual revenue		
Target			
Y-on-Y Revenue Growth	FY2021 20.0%	FY2022 13.6%	FY2023 -19.2%

Gartner Inc. reported that the Worldwide Semiconductor 2023 revenue recorded a decline of 11.1% from 2022. Due to the underperforming sector, which was driven by a challenging macroeconomic and geopolitical environment, in FY2023 the Group also recorded a decrease in revenue of 19.2% compared to 2022.

Nevertheless, the global economy and the semiconductor sector is anticipated to improve in 2024. To ensure long-term business viability and create value for shareholders, it is important for Unisem to continuously develop the business by looking into market expansion, diversification, and onboarding new customers. In line with the Group's long-term growth plans, we completed the development of Phase 1 of our new Gopeng Plant in early 2024, paving the way for potential doubling of our production capacity in the near future.

Details of the Group's financial performance and strategies on business growth are discussed in the *Chairman's Statement*, *Management Discussion and Analysis*, and the *Audited Financial Statements* in the IAR23.

[Click here](#) or go to page 4 for *Chairman's Statement*
[Click here](#) or go to page 70 for *Management Discussion and Analysis*
[Click here](#) or go to page 180 for *Financial Statements*

Sustainability Report

MANAGING OUR BUSINESS

The economic value generated and distributed by Unisem for the financial year is outlined as follows:

	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	1,568,923	1,781,838	1,439,686
Local Procurement (Local: i.e., Malaysia for Unisem Malaysia and China for Unisem Chengdu)	163,345	191,237	207,009
Wages and salaries to employees	387,653	404,756	379,986
Corporate tax paid	7,137	11,527	20,727
Community Investments, Donations, and Non-Commercial Sponsorships	255	102	80
Dividends paid	64,388	96,785	129,046
Research and Development	6,663	8,954	8,074
Retained Earnings	852,613	1,127,126	1,070,225

In addition, we actively contributed to the local economy by creating employment opportunities. In Perak, Malaysia, Unisem stands as one of the largest private sector employers.

Proportion (%) of local hires amongst employees	Senior Management	Non-Senior Management
Unisem Malaysia	94.4%	73.7%
Unisem Chengdu	58.8%	99.8%

Note: * In relation to local employment, "local" means Malaysian for Unisem Malaysia and Mainland China Chinese for Unisem Chengdu.

QUALITY AND LEAN OPERATIONS

Ensuring quality and efficient operations is a fundamental aspect of our Strategic Priority - Pursuit of Operational Excellence and Quality Products and Services. We make substantial investments to achieve heightened productivity and maintain a consistently high level of production quality.

Our operations and processes align with International Quality Management Systems standards such as ISO 9001:2015 and TS 16949. Regular reviews and audits are conducted across all operation sites to uphold uniformity in production quality and efficiency. Beyond compliance with defined standards, we actively identify potential areas for improvement to continuously refine our processes.

To equip our employees with the skills necessary for optimal efficiency and quality operations, we provide comprehensive training. This includes regular sessions focused on enhancing problem-solving capabilities and fostering operational continuous improvement, incorporating techniques like Plan-Do-Check-Act, Design of Experiment, Technical Excellence, Poka Yoke, and Root Cause Analysis. Shopfloor employees undergo rigorous training and certification in accordance with ISO and automotive standard requirements.

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MANAGING OUR BUSINESS

The principles of our operations and processes are translated into standard operating procedures, adhering to International Quality Management Systems standards such as ISO 9001:2015 and TS 16949. Routine reviews and audits of all operation sites are conducted to pinpoint potential areas for improvement, ensuring the steadfast quality of our products and services.

Embracing the Kaizen concept and initiatives since 2004, Unisem actively promotes continuous improvement. Employees are incentivized to participate in Kaizen, Technical Excellence projects, and Lean Big Win Initiatives, fostering strong engagement. These initiatives provide a platform for employees to cultivate and showcase their innovative skills, contributing to an integrated work culture where ideas are shared, and development is collective. Furthermore, they offer an opportunity to identify talents and skills, supporting the sustainability of our human and intellectual capital.

PUSHING OUR TECHNOLOGICAL BOUNDARIES

Technology and innovation are the enablers for product development. The market and our customers continuously demand for greater technological capability, and we are required to keep up with such demands through R&D of new technologies and products. Innovative solutions can also bring competitive edge without compromising other sustainability matters such as environmental or resource management.

In pursuit of Unisem's Vision, significant emphasis is placed on investing in cutting-edge technologies to facilitate the development of new products and services. The adoption of new and advanced technologies not only enhances our competitive advantage but also contributes to the expansion of our business.

The Group's Technology Road Map outlines Unisem's R&D focus across various time horizons, aligning with our R&D strategy to support the strategic priorities of Unisem. This roadmap, crafted in consideration of market and industry trends, also takes into account the future plans and innovation requirements of our customers.

In the FY2023, we have completed all 3 projects targeted for completion.

KPI	Progress of projects scheduled in Unisem Group's Technology Road Map
Target	Meeting the project completion timeline as scheduled
Performance	Completed all 3 projects targeted for completion in FY2023

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2023
Completed projects				
Embedded Thick Cu Heat Slug LGA	To enable high power device into laminate substrate based by utilising thick heat slug as the key dissipation of heat.	<ul style="list-style-type: none"> • Frame cost slightly higher • Limited supplier can provide the capability 	Quarter 4 of 2023	Completed. Technology changed to Plated Heat Slug (PHS), which has lower cost and better quality. Pending customer to design in.

Sustainability Report

MANAGING OUR BUSINESS

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2023
Completed projects				
3L FC-MIS Package	As an alternate package for LGA 4-5 layers, which MIS will give more competitive cost, better package thermal resistance, and electrical performance.	<ul style="list-style-type: none"> Limited suppliers with capability Adoption of a new package in the market 	Quarter 4 of 2023	Qualification completed. This is part of the technology qualification for one Japanese customer.
Wettable Flank for SLP Automotive Products in Unisem Simpang Pulai Plant	One of the key requirements for Automotive products in leadless SLP package. Improving of PCB board mount AOI capability as well as 2 nd level board reliability.	<ul style="list-style-type: none"> Frame cost slightly higher New equipment is required 	Quarter 3 of 2023	Completed. One of the customer completed qualification and few customers are in the design and engineering stage.
Existing projects				
Power Stacked Module Packages	New innovation for power module package that required thicker inductor, which is needed for high power management devices.	<ul style="list-style-type: none"> Limited suppliers with capability Adoption of a new package in the market New equipment and tool is needed 	Quarter 3 of 2024	Completed samples build. Pending customer update on the application design in status.
Reversed SLP	To divert heat from traditional toward PCB board to top surface with the help of external heat sink/ air cooling.	<ul style="list-style-type: none"> Not a traditional assembly leadframe material and process flow 	Quarter 4 of 2024	Completed. Concept phase. Pending customer engagement.
3mils SLP Lead Frame	Continue to evolve thinner package for RF market and continue growth the LF design rules.	<ul style="list-style-type: none"> Leadframe cost is higher Limited supplier can provide the capability 	Quarter 3 of 2024	Concept phase.

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MANAGING OUR BUSINESS

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2023
New projects				
Stacked Die Thin BGA	To have MCU, Flash and Memory application capability and production in Simpang Pulai Plant.	<ul style="list-style-type: none"> Thin and big die size die bond handling Thin memory wafer grinding without polishing 	Quarter 2 of 2024	Qualification in progress.
FC-SOT563 & 583	New package development, which offers as an alternative source.	<ul style="list-style-type: none"> New equipment is required 	Quarter 3 of 2024	Pending equipment delivery.
SOIC-WB High Density	To offer new high density SOIC-WB package as an alternative source. This is aim for automotive application especially for Power Management products.	<ul style="list-style-type: none"> New equipment is required 	Quarter 4 of 2024	Discussion stage.
3D Package Power Package	To develop new 3D package for higher power management devices mainly for high end GPU application.	<ul style="list-style-type: none"> New equipment is required Adoption in the market 	Quarter 4 of 2024	Discussion stage.
Compression Mold	To assess compression mold for BAW filter SiP, big FC die in LGA or BGA packages and wafer molding.	<ul style="list-style-type: none"> New equipment is required 	Quarter 4 of 2024	Concept phase.

The highlights of Unisem's key projects and R&D technological achievements during the year are summarised below:

1. Successfully introduced Plated Heat Slug (PHS) technology into laminate substrate products to enhance the power performance of the incremental needs of Power Management Devices.
2. Successfully achieved a breakthrough challenge on 3L MIS technical challenge for Flip Chip packages. Also penetrated the market of Japanese customer for the adoption into this new package solution.
3. Successfully qualified Unisem Ipoh as an alternate source to Unisem Chengdu as part of the Business Contingency Plan especially on Automotive Product. This capability enables Unisem Ipoh to have SLP with Wetable Flank solution.
4. A total of 35 new processes and materials were qualified in 2023 to meet customer needs. To date, Unisem has obtained 31 patents.

Sustainability Report

MANAGING OUR BUSINESS

R&D Expenditure

In FY2023, Unisem Group has invested RM8.1 million in R&D programs, representing close to 1% of the Group's revenue.

Unisem Group R&D expenditure	2021	2022	2023
Unisem Group R&D expenditure (RM'000)	6,663	8,954	8,074
R&D expenditure as a percentage of Unisem Group revenue (%)	1%	1%	1%

SAFEGUARDING OUR INFORMATION TECHNOLOGY SYSTEM

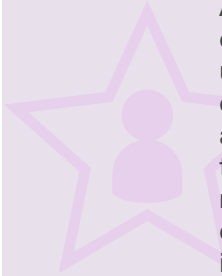
Unisem operates within a highly digitized business environment, dealing with various confidential data such as intellectual property, personal information, and customer data. Protecting this information is crucial for maintaining customer trust and ensuring business continuity, especially given the increasing sophistication of cybersecurity threats and attacks.

To address these challenges, we have implemented a series of internal controls, tools (including anti-virus software, firewalls, email filtering, etc.), policies, and procedures to safeguard Unisem's IT systems and infrastructure. The IT Support function is responsible for overseeing the implementation of these controls, continuously evaluating and upgrading relevant systems, and enhancing measures to counteract cyber threats. Cybersecurity is systematically assessed, managed, and monitored through Unisem's ERM process.

In FY2023, we initiated an effort to involve external consultants in reviewing and monitor the integrity and security of our IT systems. This included assessments, enhancements, continuous monitoring, and proactive detection of potential virus attacks. Additionally, ongoing efforts were made to enhance our firewall and anti-virus software.

It is noteworthy that, during the financial year under review, while some deficiencies were identified, it is important to highlight that all of them have been remediated with the implementation of relevant solutions.

OUR FOCUS ON CUSTOMERS



At Unisem, we embrace a customer-centric approach in delivering our products and services. What distinguishes us is our core differentiation strategy centered around customer intimacy. We are committed to growing alongside our customers, continually evolving to meet their present and future requirements. This symbiotic relationship is grounded in trust and a dedicated commitment to safeguarding customer interests, including data privacy and confidentiality.

Relevant Material Sustainability Matters

- Growing the Business
- Customer Satisfaction
- Customer Privacy and Data Protection

Sustainability Performance Highlights

- Missed 90% score for customer satisfaction target
- No fines or complaints received from outside parties or regulatory bodies

Relevant SDGs:



SERVING OUR CUSTOMERS

Customer Relationship Management

Unisem prides itself as a customer centric organisation. We understand that customers satisfaction and loyalty are key in developing long term partnership. Keeping customers satisfied is our number one priority and is a fundamental building block to growing the business.

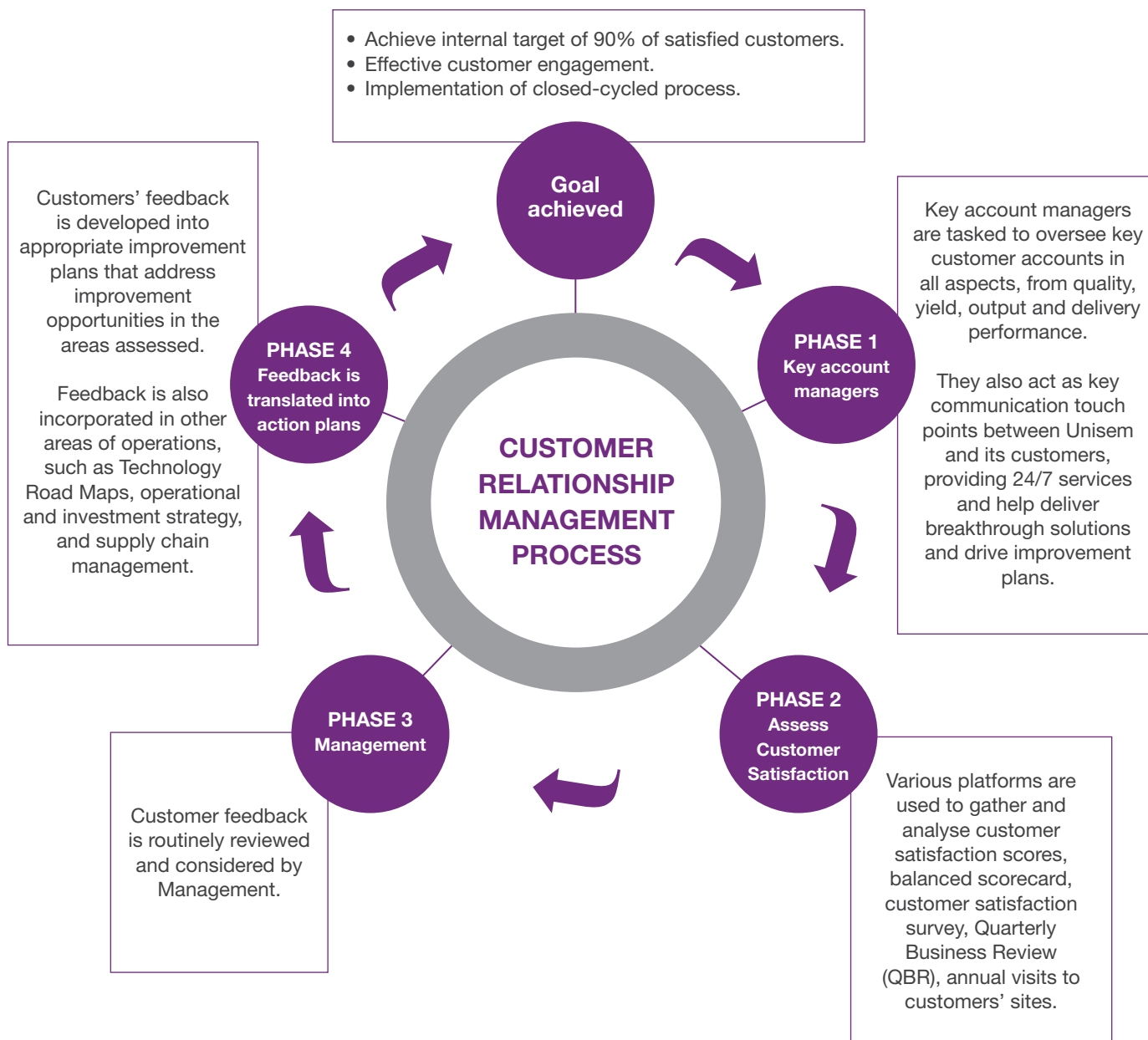
Unisem's dedicated customer account managers and teams deliver focused and attentive support to our key accounts. These account managers play a strategic role in fostering long-term collaborative business partnerships, bridging alignment and capabilities between Unisem and its customers, as well as business associates within the supply chain. Operating globally, Unisem's customer management teams offer 24/7 services to ensure comprehensive support. These teams undergo regular professional and technical training, reinforcing our commitment to being a one-stop solution provider.

Utilising our established Customer Relationship Management process, we gain insights into our customers' needs, including specified yield and performance levels, enabling us to provide tailored advice and breakthrough solutions. Regular meetings are conducted throughout our service to keep customers informed about production progress, and we actively seek their feedback through performance scorecards. Customer feedback is integral to our continuous improvement process, underscoring our dedication to incorporating valuable insights from our customers.

Sustainability Report

OUR FOCUS ON CUSTOMERS

Our Customer Relationship Management process is summarised in the following diagram.



Sustainability Report

OUR FOCUS ON CUSTOMERS

Engagement and Collaboration with Customers

Unisem has implemented diverse channels and structured communication strategies to advance its customer engagement objectives. Customer satisfaction levels are evaluated using formal balanced scorecards and internally developed customer satisfaction surveys, benchmarked against our baseline KPIs.

The subsequent table delineates additional significant engagement activities that Unisem undertakes with its customers.

Customer Engagement Platforms	Frequency	Details
Balanced scorecard	Quarterly	<p>Around 80% of key customers evaluate Unisem’s performance via their own balanced scorecard. Evaluation results are usually shared with Unisem to identify areas where we can further improve or grow together.</p> <p>Unisem does not set a general performance target for the purpose of this Report due to the different assessment and criteria used by each key customer.</p>
Customer satisfaction survey	Yearly	<p>Unisem as an internally developed survey form to assess the satisfaction of the other 20% of its key customers who do not use a balanced scorecard approach.</p> <p>Unisem targeted to achieve 90% of key customers reporting a minimum Customer Satisfaction score of 80% for 90% of key customers.</p>
Quarterly Business Review (“QBR”)	Quarterly	QBR is conducted by key customers to convey their report card on their suppliers’ performance, business opportunities, and roadmaps.
Meeting with customers	Annually	Top management and the technology and marketing teams meet with key customers located in the United States of America, Europe, and Asia to strengthen customer relationships and align the Technology Road Map.

In the financial year under review, Unisem Group attained a customer satisfaction score of 81%, which is slightly under our target of 90%. All identified shortcomings and areas for potential improvement were thoroughly discussed with our customers, leading to the formulation of action plans. Taskforces were established to address specific issues as needed.

KPI Target	Satisfaction of key customers		
	90% of key customers with customer satisfaction score of 80%		
Performance	FY2021 90%	FY2022 92%	FY2023 81%

We take pride in the value we provide to our customers, a recognition demonstrated through outstanding awards and best supplier appreciations, as outlined below:

- MPS FY2022 Best Suppliers for Unisem Chengdu;
- Spintrol Electronic Technology FY2023 Excellent Core Partner Award for Unisem Chengdu;
- SGMICRO FY2023 Best Suppliers for Unisem Chengdu; and
- SEMCO FY2023 Outstanding Services Award for Unisem Ipoh.

Sustainability Report

OUR FOCUS ON CUSTOMERS

PROTECTING OUR CUSTOMERS' PRIVACY AND DATA

In recent years, Unisem noticed the acceleration of various trends revolving around remote working, e-commerce and automation, which propelled the adoption of digital technologies and infrastructure. This has made customer's data more susceptible to cybersecurity risks. Consequently, the Group has a responsibility to manage the growing threat of cyber-attacks on Unisem, including protecting customer's sensitive information, to prevent any leaks, threats or loss of customer information.

Safeguarding customer's proprietary information, intellectual assets, and data is a foundational commitment within our customer relationship management. Unisem has a dedicated "IT Acceptable Use Policy" to regulate the responsible use of data, covering aspects such as data access, transfer, and management. Employees receive regular reminders emphasising the significance of responsibly handling and protecting customer's data, along with the consequences of breaches or violations.

The key internal controls implemented by Unisem to govern customer privacy and data protection are summarised as follows:

Key internal controls implemented by Unisem to protect customer privacy and data

To protect the confidentiality of proprietary information, all employees are required to comply with the Unisem COE and sign a Non-Disclosure Agreement.

Adhering to strict protocols in ensuring all proprietary information in e-wastes are scrapped prior to disposal. Ensuring the secured scrap disposal process for the disposal of defective products and e-waste complies with the Group's internal scrap procedures.

Securing all computers, laptops, and workstations are equipped with password-protected screensaver, anti-virus software, Security Endpoint Protection Software, and firewall.

Protecting the confidentiality of information of all parties through the signing of Non-Disclosure Agreements between Unisem and its contractors, suppliers, and service providers.

Provision of training to employees to enhance skillsets on data protection and security.

Throughout FY2023, no fines or complaints were received from external parties or regulatory bodies. Additionally, there were no reported incidents of leaks, theft, or loss of customer data that came to our attention.

Number of substantiated complaints concerning breaches in customers privacy or data loss	2021	2022	2023
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

OUR PEOPLE

Ensuring the safety of our employees is our paramount corporate responsibility, a principle encapsulated in our motto, “We Care, We Can”. This commitment extends to all individuals, including employees and visitors, who should be shielded from any harm or injury arising from our business operations. Human capital has played a pivotal role in Unisem’s growth journey, and our ability to cultivate and nurture in-house talents has proven successful, thanks to our strategic geographic location.

We strictly adhere to labour laws, regulations, and international labour standards where applicable. We also hold our key material suppliers to the same high standards. Additionally, our goal is to consistently maximise our positive impact and actively engage with the local community whenever and wherever feasible.

Relevant Material Sustainability Matters

- Growing the Business
- Technology and Innovation
- Occupational Health and Safety
- Employee Development and Diversity
- Human and Labour Rights
- Local Communities

Sustainability Performance Highlights

- All employees trained on labour standards and human rights issues
- 3.75 employee satisfaction score in FY2023 against a target of 3.80
- No incidents of significant human rights or labour standards violations
- 79.5% employees having minimum 6 hours training against a target of 75%
- Kept injury frequency rate below maximum range of 2.0 - FY2023: 0.93
- 14.0% and 33.2% annual turnover rate for Unisem Malaysia and Unisem Chengdu in FY2023 against targets of 25.0% and 45.0%, respectively
- 713 employees received long service awards in FY2023

Relevant SDGs:



UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS

As a responsible organisation, Unisem is always committed to protecting and respecting human rights across business operations. The group believes that strong human rights practices with fair and ethical treatment will help in improving productivity and promoting a healthy working culture.

We are steadfast in our unwavering commitment to safeguarding human rights across all our operations, a principle explicitly outlined in our CSR Policy and COE. Unisem proactively addresses human rights risks within its operations and supply chain through comprehensive processes of risk identification, assessment, and management.

Sustainability Report

OUR PEOPLE

Our commitment to human rights and labour standards, aligned with the RBA Code of Conduct, is seamlessly integrated into our human capital management principle encapsulated in our motto “We Care, We Can”.



Labour practices and human rights across our operating sites, including the supply chain and significant investment agreements and contracts (such as crucial arrangements for the sourcing of key materials or manpower), are primarily supervised by the Labour Working Committees at the respective sites. These committees conduct labour and human rights risk assessments and reviews on an annual basis at minimum. Internal controls and processes for managing risks related to human rights and labour standards are embedded in Unisem’s business operations, particularly within our employment practices and those of our key suppliers. Through our due diligence and regular reviews, both new and existing suppliers undergo screening to proactively prevent adverse human rights impacts within our supply chain.

See how we are assessed for labour practices and human rights. Click [here](#) or go to page 96 for Our RBA Obligations. See how we manage our supply chain. Click [here](#) or go to page 99 for Supply Chain Management.

Sustainability Report

OUR PEOPLE

We ensure personnel responsible for managing manpower are informed and trained on acceptable human rights and labour standards. This is achieved through our new employees' orientation program and refresher courses focusing on humane treatment and labour standards.

	2021	2022	2023
Total hours trained on labour standards and human rights issues	2,323	3,123	2,855
Percentage of employees trained on labour standards and human rights issues	99.8%	100%	100%

Apart from conducting SAQ and VAP assessments on Unisem, independent internal audits from RBA WC are carried out on our operations to identify any existing gaps. Any instances of human rights violations or labour-related issues can be reported in accordance with the guidance in the WBEC Policy.

As per the third-party assessments and audits conducted in FY2023, our operations pose no risks of violating employees' rights to freedom of association and collective bargaining, engaging in child labour practices, or enforcing forced or compulsory labour. No incidents of human rights violations or significant breaches of labour standards were observed within the Group.

Number of substantiated complaints concerning human rights violations	2021	2022	2023
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

EMPLOYEE DIVERSITY

Equal Treatment and Opportunities

Unisem is committed to its COE and the RBA Code of Conduct and prides itself with providing equal employment opportunities and non-discrimination. We see strength in workforce diversity and innovation in a highly competitive environment which is constantly evolving.

We uphold a policy of non-discrimination, ensuring that no individual is treated unfairly based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status. This commitment to non-discrimination and equal employment opportunity is explicitly outlined in Unisem's COE and is consistently implemented in our hiring and employment practices. Ensuring equitable opportunities in employees' career development, remunerations, benefits, and welfare aligns with the integrated focus of our Vision, Mission, and Core Values.

		Male		Female	
		Permanent	Fixed-term Contract	Permanent	Fixed-term Contract
Unisem Malaysia	2023	1,152	17	1,170	815
	2022	1,146	16	1,285	910
	2021	1,122	13	1,361	875
Unisem Chengdu	2023	402	964	520	738
	2022	356	962	469	954
	2021	418	962	485	723

Sustainability Report

OUR PEOPLE

Percentage of permanent and contract-based employees		2021	2022	2023
Unisem Group	Permanent employees (Full-time)	57%	53%	56%
	Contract-based employees (Full-time)	43%	47%	44%

Approximately 26% of the workforce at Unisem Malaysia consists of contract-based employees, with a majority being foreign nationals for whom accommodation is provided. We give special attention to this employee category, ensuring human rights and labour standards assessments and reviews are conducted to prevent discrimination and guarantee the same basic human rights as for all other employees. Irrespective of nationality, all non-Executives and Operators at Unisem Malaysia are represented by an in-house union, and they fall under collective bargaining agreements reviewed by the union every three years. Unisem Chengdu contract-based employees are made up of professional expatriates.

We actively embrace diversity within our employee base, as detailed in the table below, with a subsequent breakdown of employment by gender and employment types, i.e., permanent contracts and fixed-term contracts. It's important to note that we do not employ part-time employees.

Number (Percentage)*	< 30 years old		30 - 50 years old		> 50 years old		Total	
	M	F	M	F	M	F	M	F
Board members	0	0	3	2	4	2	7 (64%)	4 (36%)
	0 (0%)		5 (45%)		6 (55%)		11	
Senior Management	0	0	15	3	34	1	49 (92%)	4 (8%)
	0 (0%)		18 (34%)		35 (66%)		53	
Management	0	0	42	12	25	7	67 (78%)	19 (22%)
	0 (0%)		54 (63%)		32 (37%)		86	
Executives	166	15	296	283	46	19	508 (61%)	317 (39%)
	181 (22%)		579 (70%)		65 (8%)		825	
Non-Executives	472	145	799	290	53	5	1,324 (75%)	440 (25%)
	617 (35%)		1,089 (62%)		58 (3%)		1,764	
Operators	354	1,348	231	1,023	2	92	587 (19%)	2,463 (81%)
	1,702 (56%)		1,254 (41%)		94 (3%)		3,050	
Total**	2,500		2,994		284		5,778	

Note:

* The percentage of employees in certain age group/gender in relation to the total number of employees in the employee category.

** Excluding figures at "Board members" category.

For historical data of employees in percentage by age group/gender in relation to employee's category, refer to our Performance Data Table for The Group.

Sustainability Report

OUR PEOPLE

Proportion of female employees is higher at the Operators category while proportion of male employees is higher at non-Executives category and above. This is attributed to the job nature for semiconductor manufacturing environment where female production operators are more suited to the dexterity requirement. For non-Executives and above, the diversity spread leans towards more male employees mainly due to limited proportion of women engineers in the field, especially mechanical, electronic and electrical and computer engineering.

Nevertheless, we guarantee equitable remuneration for all employees, providing compensations and benefits that align with their competency, capabilities, roles and responsibilities, free from discrimination or gender bias. The wider gap observed between male and female employees at the Management level and above is influenced by the higher number of male Management personnel, as explained earlier.

Ratio of basic salary	Female			Male		
	2021	2022	2023	2021	2022	2023
Unisem Malaysia						
Senior Management and Management	0.53	0.70	0.60	1.00	1.00	1.00
Executives and Non-Executives	1.01	1.03	1.00	1.00	1.00	1.00
Operators	1.25	1.25	1.05	1.00	1.00	1.00
Unisem Chengdu						
Senior Management and Management	0.62	0.63	0.63	1.00	1.00	1.00
Executives and Non-Executives	1.03	0.97	1.02	1.00	1.00	1.00
Operators	1.11	1.06	1.03	1.00	1.00	1.00

OCCUPATIONAL HEALTH AND SAFETY

Unisem's commitment to providing a safe and healthy working environment is outlined in our CSR Policy and further emphasised in our Safety and Health Policy, serving as a fundamental principle for our operations. This is to avoid injuries and illnesses among the employees and ultimately helps in improving the efficiency and output of the Group.

We address health and safety through a management system that includes elements such as risk identification and assessment, control monitoring and review, and continuous improvement. All facilities within the Unisem Group hold ISO 45001:2018 Occupational Health and Safety Management System Standards certification.

We actively encourage employee participation in our safety and health management processes. This allows us to gather perspectives from those directly impacted or exposed to safety and health risks, fostering awareness among employees about preventing injuries, illnesses, and other occupational safety risks in their daily work activities.

Our Occupational Safety and Health Management System

Each operating site's Health and Safety Working Committee, led by senior management from the respective Facility Departments, comprises members including other Management personnel and representatives of workers involved in day-to-day operations. These committees adhere to accredited international standards, overseeing and monitoring health and safety management at each site. Responsibilities include safety and health-related risk assessment and management, compliance matters, audit, and investigations, as well as managing complaints and grievances. The committees ensure the implementation of relevant health and safety action plans.

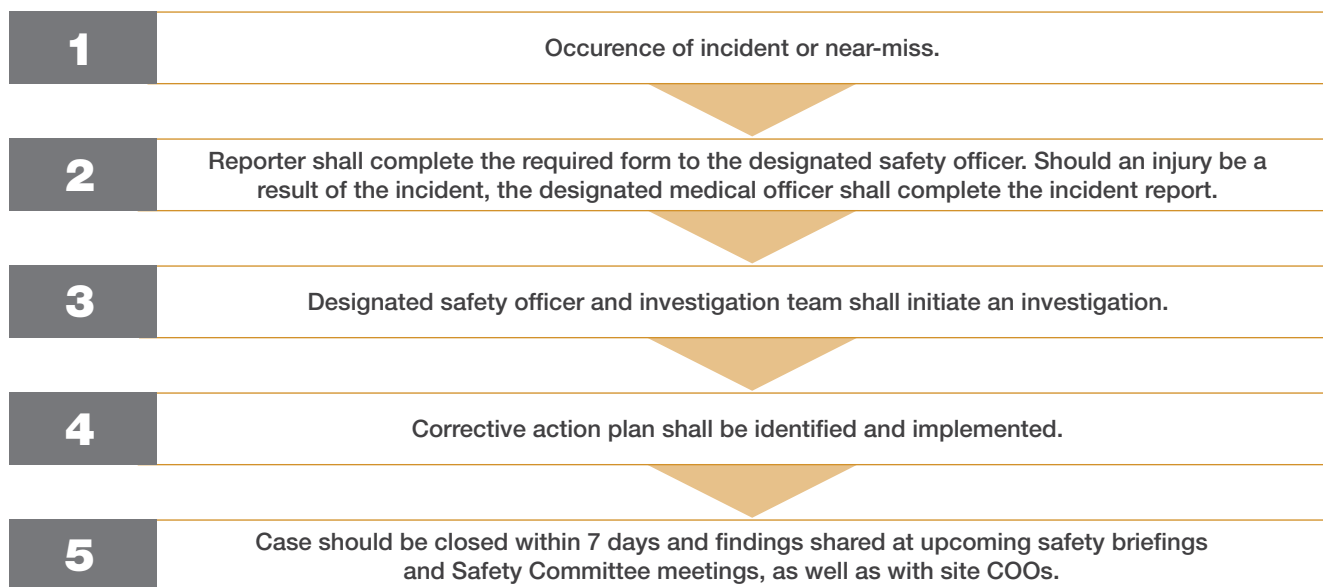
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OUR PEOPLE

Meetings of the Health and Safety Working Committees are generally held monthly, reporting safety performance to the ESGWC quarterly. Following a risk-based approach, Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) reviews are conducted annually or as required. This process considers past incidents, the competency of personnel in operational activities and monitoring, and existing controls. It also explores opportunities for process improvement, such as increased automation to reduce human contact.

Regular updates on the Health and Safety Working Committee’s activities, including HIRARC review outcomes, progress of action plans, and management performance of risk indicators, are provided to the site COOs.

Incident Response and Reporting of Unsafe or Unhealthy Work Conditions:



We have established policies and procedures to provide guidance to employees on the appropriate actions to take in the event of incidents, ensuring that employees can follow predefined processes.

In such situations, employees are obligated to prioritise their safety, promptly removing themselves and others from potentially hazardous situations that could lead to injury or illness. Subsequently, they must report immediately to the designated safety officer or individuals in charge of the initiation of emergency responses. All incidents will be accurately reported, documented, and thoroughly investigated, leading to the implementation of corrective actions. The Health and Safety Working Committee and site COO will closely monitor the case and the relevant action plans until they are satisfactorily resolved.

The Group assures employees that there will be no retaliation for genuine responses and incident reporting carried out in accordance with established policies and procedures. This commitment, including the protection of employees who remove themselves from their work positions to ensure their safety and health, is explicitly outlined in our COE and WBEC Policy.

For cases involving serious violations or breaches of the Group’s safety and health policies and procedures, employees can utilise the reporting mechanisms outlined in the WBEC Policy.

Click [here](#) to WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Sustainability Report

OUR PEOPLE

Employee Safety and Health Monitoring and Support

Unisem actively promotes awareness of occupational and non-occupational health and safety among its employees. We offer healthcare benefits, including health screenings, health and safety talks, and access to medical treatment from panel clinics.

In Unisem Chengdu, our facility is conveniently located near medical facilities. In Unisem Malaysia, we maintain an in-house 24-hour clinic staffed with experienced industrial nurses and visiting doctors for medical consultation and treatment. When needed, Unisem seeks advice from these healthcare professionals to identify and manage occupational safety and health risks arising from our operations.

Safety and Health Training

Consistent and continuous training stands as a fundamental pillar within our safety and health management system. We prioritise additional efforts to ensure that employees exposed to elevated safety and health risks receive comprehensive training to effectively prevent, manage, and navigate workplace hazards. Our health and safety training programs encompass:

- Customised training for distinct employee groups, targeting specific work activities and the associated health and safety risks.
- General safety and health training, fostering awareness and providing education to employees on both occupational and non-occupational health and safety matters.

The Facility Departments meticulously review and develop annual safety and health training programs. These programs take into account HIRARC assessments, incident reports, and incorporate updates reflecting operational, industry, regulatory changes, and the overall health and safety performance of the Group.

In FY2023, we have conducted a series of trainings related to safety and health covering the following topics:

- Radiation safety and protection
- Machine testing
- Chemical and electrical safety precaution
- Ergonomic and material handling
- Fire and gas Emergency Response Program procedures
- Hazardous Substance Process Management
- Occupational health awareness
- Enterprise safety production management
- Electrostatic protection system
- Safety and fire protection
- Work injury promotion and training
- X-R safety precaution for X-R Handler, X-R Operator and X-R ERT
- Chemical Spillage, Handling & Storage
- Fire Prevention
- ISO Requirement for hazard identification risk assessment risk control
- Safety Culture
- HIRARC

With FY2023 being the first year the Group compiled on the number of employees trained on health and safety standards, the Group has noted that a total of 6,625 participants were given various trainings on health and safety standards.

Number of employees trained on health and safety standards	2021	2022	2023
Unisem Group	-*	-*	6,625

Note: * We initiate the data collection process in FY2023.

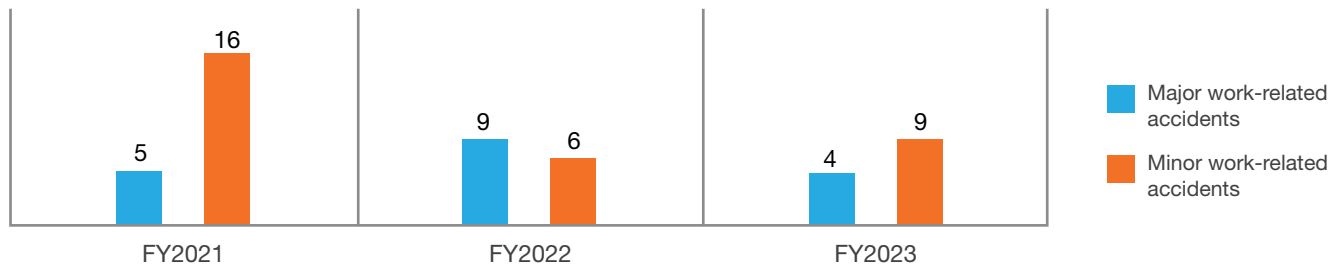
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Performance on Workplace Safety

The Group's major and minor work-related accidents are summarised as follows:

NUMBER OF MAJOR AND MINOR WORK-RELATED ACCIDENTS



Note:

- Major work-related accidents - accidents causing employees to be on medical leave for more than four days; and
- Minor work-related accidents - accidents causing employees to be on medical leave for at least one day to up to four days.

All recordable accidents underwent thorough investigation to pinpoint the root causes of the incidents. This investigation process was instrumental in shaping our subsequent actions, which encompassed the refinement of safety controls, facility maintenance, and ongoing training programs. In addition to these efforts, we have implemented various initiatives aimed at fortifying our safety environment. These include meticulous on-site management and storage of chemicals and personal protective equipment, rigorous workplace inspections, and comprehensive assessment of machinery and work procedures. Furthermore, we have instituted stringent radiation monitoring protocols to further enhance safety across our operations.

We are pleased to report no recorded cases with high consequence work-related injury* during the reporting period.

During the financial year under review, we recorded 10 mild or moderate temporary hearing impairment cases with our employees. In response to these cases, we re-emphasised proper use of hearing PPE as well as conducting regular hearing check and test on employees working in the relevant facilities.

Note: * Work-related injuries is an injury that results in a fatality or an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months. (GRI 403 - Occupational Health and Safety 2018)

Injury Frequency Rate

Unisem continued to maintain its injury frequency rate within its target range of below 2.00 accidents per million hours worked at 0.93 for FY2023. There were no fatalities arising from occupational health and safety incidents.

KPI	Injury frequency rate for industrial accidents		
	Injury frequency rate for industrial accidents below 2.00 accidents per million hours worked*		
Target			
Performance	FY2021 1.44	FY2022 1.03	FY2023 0.93

Note: * Injury frequency rate is calculated as $[(\text{total no. of work-related accidents} / \text{total no. of man-hours worked}) * 1,000,000]$, as in line with definition by the Malaysian Department of Occupational Safety and Health (DOSH)

Sustainability Report

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	2021	2022	2023
Fatality rate	0	0	0
Loss Time Incident/Severity Rate ("LTIR")*	25	15	6
Major Occupational Accidents	5	9	4
Minor Occupational Accidents	16	6	9
Total Recordable Work-Related Injuries	21	15	13

Note: * Lost Time Incident/Severity Rate is calculated as [(total no. of lost work days /total no. of man-hours worked)*1,000,000]

COMMUNICATIONS AND ENGAGEMENTS WITH EMPLOYEES

At Unisem, our employees are an integral part of our human capital and a crucial stakeholder group with shared interests and dependencies. Guided by our core belief and mindset encapsulated in our motto "We Care, We Can", we are committed to fostering a mutually beneficial relationship with our employees. In this partnership, we strive to align our interests as closely as possible and maintain transparent communication regarding our objectives and strategies, with a particular focus on sustainability.

Unisem maintains a spectrum of engagement channels, each tailored to specific objectives. These platforms not only serve to motivate employees to actively contribute to our strategic pursuit of operational excellence and continuous improvement but also function as vital feedback conduits. They enable us to gain deeper insights into our employees' experiences and the challenges they may encounter at work. Moreover, these channels play a pivotal role in nurturing team coordination and fostering a strong team spirit, ultimately facilitating enhanced integration among various functions within the Group.

The outcomes and significant issues desired from these employee engagements play a pivotal role in shaping our business decisions. Prior to implementing substantial operational changes that could significantly impact our employees, we ensure timely and transparent communication. When deemed necessary and appropriate, we also engage in consultation with our employees in the event of significant decisions.

Furthermore, our commitment extends beyond safeguarding the fundamental rights of our employees in areas such as human rights, labour standards, and occupational safety and health. We are equally dedicated to supporting our employees by offering initiatives that improve their livelihoods and foster personal and professional development.

A summary of Unisem's key employee engagement activities is as follows:



Sustainability Report

OUR PEOPLE

Grievance Mechanisms

Our internal grievance reporting mechanism, overseen by the Human Resource Department, serves as a vital channel for employees to voice their concerns, seek clarification, and obtain timely resolutions. This mechanism is designed to facilitate open communication, enabling employees to address workplace disputes and disagreements. The goal is to foster mutual understanding of interests between the business and its employees.

In addition to addressing day-to-day concerns, our grievance mechanism is committed to handling more severe issues, including serious misconduct and breaches of laws and regulations. Instances such as misappropriation of funds or data, bribery, or kickback arrangements fall under the purview of our whistleblowing mechanism. This ensures that employees have a secure and confidential means to report significant violations, contributing to the maintenance of a transparent and accountable organisational culture.

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

EMPLOYEE WELFARE

Our commitment to employee well-being is reflected in our efforts to cultivate a supportive work environment that prioritises career satisfaction, fair remuneration, work-life balance, and ongoing personal and professional development. Through dedicated employee engagement channels, we gain valuable insights into their needs, enabling us to create initiatives that foster a mutually supportive and beneficial relationship.

Across all our operating sites, we have invested in services, facilities, and amenities to ensure a conducive and comfortable working environment. This includes universally accessible car parks for individuals with disabilities, dedicated mother’s rooms, and ample resting areas, with a focus on spaces for female employees. Moreover, we offer a range of sports and recreation programs and facilities to encourage a healthy work-life balance and active lifestyles among our employees.

To attract and retain top talent, we have implemented competitive compensation and employee benefits packages, benchmarked against industry practices and market conditions. In addition to mandatory medical insurance and social security, employees receive additional insurance coverage and benefits as stipulated by law.

In the FY2023, all employee activities are back to the pre-pandemic phase, given that COVID-19 was brought under control and classified as endemic.

Some of the Group’s key compensation and employee benefits are summarised as follows:

COMPENSATION AND BENEFITS			
Benefits Required by Law		Insurance / Medical Coverage	
Unisem Chengdu	Unisem Malaysia	Unisem Chengdu	Unisem Malaysia
<ul style="list-style-type: none"> social insurance housing funds annual, sick, marriage, funeral, maternity and paternity leave 	<ul style="list-style-type: none"> minimum wages order contribution to the employees’ provident fund, in line with local regulations contribution to employees’ social security provision of annual leave and other leaves 	<ul style="list-style-type: none"> social insurance commercial insurance 	<ul style="list-style-type: none"> personal accident insurance coverage child delivery subsidies medical benefits for outpatient, specialist and hospitalisation

Sustainability Report

OUR PEOPLE

FACILITIES AND PRIVILEGES

Unisem Malaysia

- | | |
|--|--|
| <ul style="list-style-type: none"> • surau • 24-hour canteen • mini mart operated by Koperasi Pekerja-Pekerja Unisem (M) Berhad • gated parking space • library • in-house clinic with full-time industrial nurses • dedicated lactation room for breastfeeding mothers | <ul style="list-style-type: none"> • hostel for operators who do not have homes in Ipoh • dedicated parking spaces for our special needs employees (those with disabilities) and pregnant women • dedicated rest area for female workers • At Unisem Malaysia, employees are entitled to a salary advance of up to 35% of their monthly salary during festive periods. Flexible working hours are also made available to support a healthy work-life balance |
|--|--|

Unisem Chengdu

- | | |
|--|---|
| <ul style="list-style-type: none"> • gated parking space • dedicated lactation room for breastfeeding mothers • hostel for operators who do not have homes in Chengdu | <ul style="list-style-type: none"> • dedicated parking spaces for our special needs employees (those with disabilities) and pregnant women • dedicated rest area for female workers |
|--|---|

SPORTS & RECREATION List of Activities / Event Organised

Unisem Malaysia

- Gotong-Royong Madani Sekolah Kementerian Pendidikan Malaysia 2023
- National Day celebration with surrounding schools in Simpang Pulai District, Ipoh
- University Student Visit
- Chinese New Year celebration - Lion Dance

Unisem Chengdu

- Inter-department sport activities - badminton, yoga, running, handicraft and football
- Sports Day
- Health talk
- Annual spring outing

EMPLOYEE DEVELOPMENT

Unisem is dedicated to fostering the continuous growth of its workforce through comprehensive employee development and training programs. These initiatives aim to ensure that employees possess the requisite skills and knowledge to effectively fulfill their roles and responsibilities. Moreover, we place a strong emphasis on nurturing new talent and enhancing the skills of our staff to drive innovation and maintain a competitive edge, aligning with Unisem's long-term objectives. Our commitment extends to providing opportunities and support for the holistic personal and professional development of every employee.

The identification of employees' training needs is a collaborative effort involving the Training Departments of Unisem Malaysia and Unisem Chengdu, along with the heads of relevant departments. These assessments consider individual career aspirations, discussed during the annual employee performance appraisal sessions. The resulting training schedule is reviewed annually to ensure alignment with both organisational goals and employees' developmental needs.

Sustainability Report

OUR PEOPLE

The following shows the total number of training hours undertaken by different categories of active employees as at 31 December:

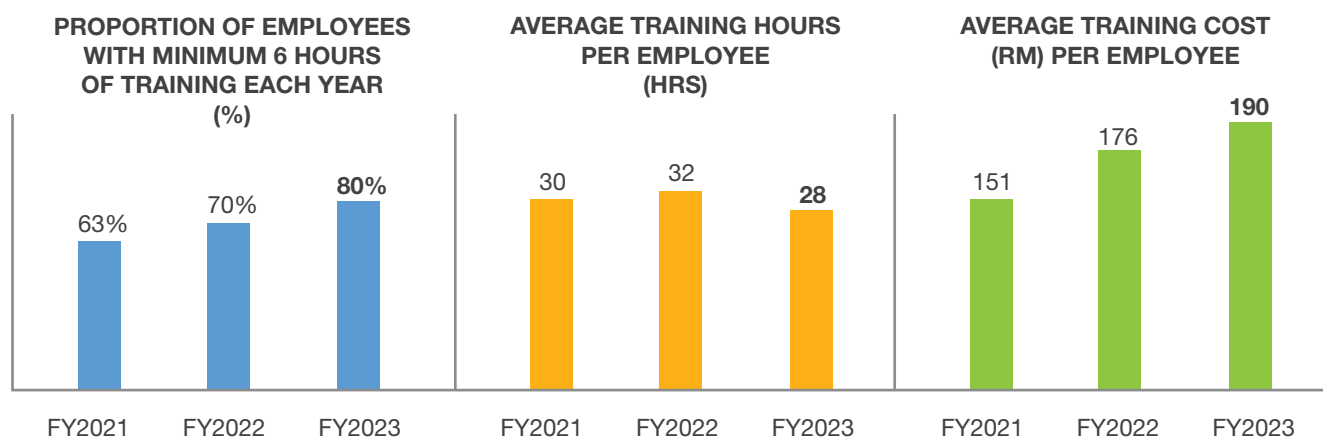
Total number of training hours - by employee category	2021	2022	2023
Senior Management and Management	428	1,446	4,071
Executives	13,971	23,556	30,050
Non-Executives	40,159	46,142	44,181
Operators	120,424	126,737	83,214*

Note: * Reduction in total training hours was due to low intake during the year

Our objective is to provide a minimum of 6 hours of training to at least 75% of our employees each year. In FY2023, 79.5% of Unisem's workforce successfully completed a minimum of 6 hours of training, reflecting our ongoing commitment to investing in the professional growth and skill enhancement of our valuable team members.

	2021	2022	2023
Percentage of employees achieving minimum 6 training hours*	62.9%	69.8%	79.5%

Note: * Operators are not included in the target for training hours because operators are employed on a short-term basis (contract duration of 2 years on average)



Overall, we managed to clock a total of 161,516 training hours, breakdown as follows:

Average training hour per employee - by employee category	2021	2022	2023
Senior Management and Management	3.31	10.71	29.72
Executives	18.65	30.67	35.27
Non-Executives	22.60	25.42	22.74
Operators	37.63	37.50	23.39

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Average training hour per employee - by gender	2021	2022	2023
Male	35.22	35.19	38.32
Female	26.95	30.57	22.36
Total training hours	174,981	197,880	161,516
Total man-hours worked	14,595,798	14,604,120	13,975,392

Training programs and topics

Our training programs at Unisem are tailored to meet specific objectives, encompassing both technical and non-technical aspects. These initiatives aim to foster the development of essential interpersonal, team, and leadership skills that align with functional competencies, professional needs, operational job requirements, and industry demands relevant to our business and operations. Notably, our management and supervisory level personnel undergo specialised training to enhance their capabilities in managing people and teams, addressing complex workplace issues, and honing leadership skills.

In response to the evolving landscape, we have expanded our training portfolio to include environmental and social topics. Subjects such as carbon emissions, human rights and labour practices, and ethics are now integral components of our training initiatives. Recognising the increasing global importance of these issues, we are committed to equipping our workforce with the knowledge and skills necessary to navigate and contribute responsibly in these critical areas. This strategic approach reflects our dedication to comprehensive employee development that goes beyond technical proficiency, contributing to a well-rounded and socially conscious workforce.

The following table summarises the types of training programs we provided to employees in FY2023.

Types of Training Programmes	Description of Training
New Employee Program	To familiarise new employees with all aspects of the business, including operations, strategies and expectations. This programme also includes quality, environmental, health and safety awareness as well as our expectations for ethical conduct.
Quality Courses	Focusing on the need to build quality and reliable products and subsequently on-time delivery to customers.
Technical Courses	Keeping abreast with the latest, state-of-the-art equipment and methodologies.
Employee Rights and Remuneration Strategies	Ensuring relevant personnel are well-informed on the amendments to the Employment Act 1955 and the associated rights of employees, and talent retention strategies through remuneration packages.
Safety and Health	Complying with legal and occupational regulation and workplace safety and health.
Environmental and Climate Change	Heightening awareness and caring for the environment to make our surroundings a better place to live-in. Includes understanding science-based target approach to manage climate change risks and carbon reporting.

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Types of Training Programmes	Description of Training
Ethics, Anti-Corruption & Disciplinary	Educating employees on our COE, anti-corruption and disciplinary measures.
Soft Skills - Motivational/Leadership/Supervisory	Development of leadership skills and personal effectiveness of our staff to better manage the complex and diverse people management challenges.
Statistical - Design of Experiment, Statistical Process Control, Statistical Method etc	Performing statistical techniques and analysis to promote engineering excellence in process and product development for engineering staff.
IT Courses - Network Security, Programming	Continuous enhancement of IT security platforms and systems.
Specific Requirements (e.g. RBA / TS16949/ ISO14001 / ISO45001 / SST / X-Ray etc.)	Catering to the needs of customers, regulatory agency/government and international standards. Includes updates pertaining to RBA Code of Conduct and updated requirements.

MEASURING EMPLOYEES' SATISFACTION

Employee Climate Survey

At Unisem, we prioritise employee feedback through our annual formal Employee Climate Survey conducted in Unisem Malaysia and Unisem Chengdu. This survey serves as a confidential platform for employees to express their views on various aspects, including Management's leadership, job satisfaction, career development, and communication from top to bottom. We actively encourage employees to provide constructive feedback and suggestions on how Unisem can enhance the overall work experience.

The results of our FY2023 survey revealed an overall employee satisfaction score of 3.75. These findings were meticulously studied and analysed, with the insights shared with the COOs and Management teams at the respective sites. In response to the survey, focused plans were developed to address the top three areas identified for improvement in FY2024. These areas include canteen food and services, reward and recognition and improve quality of communication channels. The commitment to addressing these concerns underscores our dedication to fostering a positive work environment and continuously enhancing the employee experience at Unisem.

KPI	Employee Climate Survey		
	To achieve employee satisfaction score of >3.80 out of 5.0		
Target			
Performance	FY2021 3.71	FY2022 3.71	FY2023 3.75

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New Hire and Retention

The persistent challenges of labor shortages and heightened competition for workers, particularly among the younger demographic with greater mobility across industries and locations, remained a focal point for us. In response, we adopted assertive hiring strategies and bolstered our retention efforts. Recognising the dynamic nature of the labour market, especially among younger workers, we intensified our recruitment initiatives while concurrently enhancing our employee retention measures. This involved offering more competitive benefits and prioritising initiatives aimed at bolstering overall employee satisfaction. By proactively addressing these challenges, we aim to not only attract top talent but also cultivate a work environment that encourages long-term commitment and engagement from our valuable workforce.

The table below shows one the total number of employees' turnover by category over the period:

Employee Category	2021	2022	2023
Senior Management and Management	9	2	18*
Executives	67	119	83
Non-Executives	376	425	303
Operators	2,292	2,146	908
Total	2,744	2,692	1,312

Note: * During the year, the increase in the turnover of the Senior Management and Management category is due to retirement.

The new hire rates and turnover rates of Unisem Malaysia and Unisem Chengdu for each age category, respectively, are as follows:

2023	< 30 years old	30 - 50 years old	> 50 years old	Male	Female	Total
New Hire Headcount (New Hire Rate)*						
Unisem Malaysia	178 (12.9%)	45 (3.0%)	7 (2.8%)	125 (10.7%)	105 (5.3%)	230 (7.3%)
Unisem Chengdu	658 (58.5%)	181 (12.3%)	5 (16.1%)	541 (39.6%)	303 (24.1%)	844 (32.2%)
Turnover Headcount (Turnover Rate)*						
Unisem Malaysia	282 (20.5%)	122 (8.0%)	37 (14.6%)	134 (11.5%)	307 (15.5%)	441 (14.0%)
Unisem Chengdu	624 (55.5%)	239 (16.3%)	8 (25.8%)	493 (36.1%)	378 (30.0%)	871 (33.2%)

Note: * New Hire Rate and Turnover Rate are calculated using total number of employees, with respect to the corresponding category (i.e. age or gender), at the respective sites as at the end of the financial year as denominators.

For historical data of new hire headcount (new hire rate), refer to our Performance Data Table for The Group.

3-year Turnover Rate	2021	2022	2023
Unisem Malaysia	889 (26.4%)	914 (27.2%)	441 (14.0%)
Unisem Chengdu	1,855 (74.7%)	1,778 (64.9%)	871 (33.2%)

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KPI		Annual turnover rates		
Target*	Unisem Malaysia	Annual turnover rate below 25%		
	Unisem Chengdu	Annual turnover rate below 45%		
Performance		FY2021	FY2022	FY2023
	Unisem Malaysia	26.4%	27.2%	14.0%
	Unisem Chengdu	74.7%	64.9%	33.2%

Note: * Annual turnover rate is different for Unisem Malaysia and Unisem Chengdu due to cultural and country differences.

We observed a notable decrease in employee turnover at both sites. This decline was primarily linked to the global economic slowdown, as employees became more cautious and inclined to maintain their current status rather than seeking alternative opportunities.

As part of our commitment to becoming a preferred employer for long-term employment, we actively recognise and appreciate the dedication and hard work of our employees. Long service awards are granted on milestone anniversaries - the 5th, 10th, 15th, 20th, 25th, and 30th years of service. In FY2023, a total of 713 employees received Unisem's long service awards. Notably, since our inception, we have not executed a single retrenchment. Moving forward, our emphasis will remain on creating a supportive environment for employees and fostering long-term employment for our dedicated workforce.

LOCAL COMMUNITIES

Both Unisem Malaysia and Unisem Chengdu operate within local industrial parks, with Unisem Malaysia having residential developments in proximity to the industrial park and our facilities. In defining our "local community" we extend our consideration beyond immediate surroundings to encompass the broader local economy and communities at the state and national levels. Unisem always believes that fostering a positive relationship between the business and the communities will promote a better corporate reputation, thus helping in the growth of business in long run.

Our local community engagement approach and framework are guided by the following objectives:

1. **Responsible Corporate Citizenship:** We aspire to be recognised as a responsible corporate citizen that actively reinvests in the societies and communities where we operate.
2. **Promoting Awareness of the Less Fortunate:** We aim to promote recognition and awareness of the less fortunate within the community, fostering a sense of social responsibility.
3. **Wellbeing Support:** We are committed to supporting programs that enhance the overall wellbeing of the community, with a specific focus on the wellbeing of our employees residing in the community.

In Unisem, we have designated personnel serving as contact points and established grievance channels. These channels are easily accessible to the local community, providing a platform for them to raise concerns and feedback. This proactive engagement underscores our commitment to maintaining open lines of communication and addressing any issues that may arise, contributing to a positive and mutually beneficial relationship with our local community.

Youth Development

In Unisem, our commitment to fostering talent is exemplified through our ongoing trainee programs, conducted in collaboration with local universities and polytechnic institutions. These programs serve as a dynamic platform for engaging with young talents and cultivating their interest in our industry.

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Our trainee programs, spanning 3 to 6 months, encompass various functions including Assembly, Final Test, Quality Assurance, Engineering, Maintenance, Finance, Management Information Systems, and Human Resources. These initiatives provide trainees with invaluable real-life, hands-on experiences, enriching their understanding of our industry and enhancing their career prospects.

In FY2023, our internship program in Unisem Group successfully accommodated 178 trainees. Notably, this effort resulted in the identification of 23 exceptionally talented individuals, whom we subsequently offered full-time employment. By actively participating in the development of the next generation of professionals, we contribute to the growth of both our industry and the wider community. This initiative underscores our commitment to providing meaningful opportunities for emerging talents and solidifying our position as an employer of choice. Our latest initiate Graduate Engineer Program was introduced in October 2023 with the recruitment of the 1st phase of fresh graduates from the local universities. Graduates were put through a series of functional and process rotations from operators to engineering and cross functional roles. All graduate engineers are assigned experienced and competent mentors to guide them throughout the program.

Contribution to Society

Unisem Group remains steadfast in its commitment to CSR, actively supporting and uplifting communities, especially those vulnerable and in need. Our CSR initiatives take diverse forms, including monetary contributions, donations of goods, and dedicated volunteerism.

Our community and social contribution program prioritise the promotion of education, safety and health, civic activities, sports and recreation. This focus is subject to an annual review, ensuring alignment with evolving community needs and considering the engagement outcomes of our initiatives. Rooted in our motto of “We Care, We Can” we extend our support to those in need.

In Unisem Malaysia, an ongoing initiative involves listing the daily necessities required by the local community on a dedicated board in our office. Employees contribute relevant items to the charity corner, known as ‘WE CARE, WE CAN’ ensuring that these items reach the intended beneficiaries within the local community.

Furthermore, we extend our support through donations and goods to various charitable organisations serving vulnerable communities, including orphanages, homes for people with disabilities, homes for the elderly, schools, and public services. Our commitment also extends to assisting flood victims whose livelihoods are threatened by severe weather conditions.

In the past year, we supported a minimum of 2 schools, 9 orphanages, 1 center for people with disabilities, 2 elder care centers, and provided additional support to public services, a charitable meal center for the poor, and financial aid to employees facing difficulties after losing family members. The Group also contributed RM8,100 to education funds, specifically aimed at supporting children in interior, rural areas. In FY2023, Unisem Group made a total of RM80,475 in CSR donations and contributions, exemplifying our ongoing commitment to making a positive impact in the communities we serve.

	2021	2022	2023
Total amount invested where the target beneficiaries are external to Unisem (RM'000)	255	108	80
Total number of beneficiaries of the investment in communities	43	35	26

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We adopt a precautionary approach to address any potential adverse environmental effects resulting from our operations, recognising the challenging nature of reversing environmental impacts. Our goal is to minimise our environmental footprint, a commitment explicitly outlined in Unisem's CSR Policy, guiding our business decisions and processes.

Relevant Material Sustainability Matters

- Energy Management
- Climate Change and Air Emissions
- Water Consumption
- Effluents and Waste Management

Sustainability Performance Highlights

- Achieved our target of 5% reduction in GHG emission intensity - FY2023 : 7.6% reduction
- Missed our target of 5% reduction in energy intensity - FY2023: 13.7% increased
- Exceeded our target of 5% reduction in water consumption intensity by 83% reduction
- Recycled 49% of hazardous waste compared to a target of 52%
- Compliant with air emissions laws and regulations
- Compliant with effluents and wastewater discharge regulations

Relevant SDGs:



OUR ENVIRONMENTAL MANAGEMENT APPROACH

We also acknowledge how the environmental factors will adversely affect the corporation. Internationally, countries are working towards reducing emissions to keep global temperature under control. As a responsible business, we have a role in these joint efforts. Thus, we recognise the responsible as a corporate citizen to help in reducing our carbon footprint and transiting into a low-carbon economy.

Unisem's Environmental Policy outlines the Group's commitment to the conservation of natural resources, energy efficiency, environmental pollution reduction, proper handling of hazardous substances, and initiatives for recycling and reuse. All operational sites hold ISO14001:2015 certification and adhere to the RBA Code of Conduct. These sites undergo regular independent audits, including SAQ, VAP, customer audits, and internal audits.

The Environmental Working Committee at each site oversees and reviews environmental management, ensuring compliance with environmental laws, regulations, codes, and standards, along with Unisem's commitments. Environmental performance is assessed by the Site Working Committees and reported annually to the Board through the ESGC.

See how we are assessed for environmental impacts. Click [here](#) or go to page 96 for Our RBA Obligations.

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In compliance with RBA Code of Conduct, all key supply chain partners are required to fully comply with the regulatory requirements in the countries they operate, as well as material restrictions. This task is achieved via our Supply Chain Management Working Committees at the respective sites by periodically conducting supplier audits.

See how we manage our supply chain. Click [here](#) or go to page 99 for Supply Chain Management.

In addition to our environmental commitment, Unisem acknowledges the critical importance of addressing climate change. As a leading entity in the semiconductor industry, we recognise our role in mitigating the impacts of climate change and contributing to a sustainable future. Our Climate Change Commitment Statement outlines our commitment to achieving carbon neutrality by 2050, actively working to reduce our direct and indirect emission intensity in the medium term, with the ambition of reducing absolute emissions in the long term.

Click [here](#) for the Climate Change Commitment Statement or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>.

To realise our climate goals, we have devised a multi-faceted approach as per table below:

Key Aspect	Description
Environmental Stewardship	Unisem's commitment to responsible resource utilisation, energy efficiency, pollution mitigation, and hazardous substance management. Full certification of operational sites with ISO14001:2015 and alignment with RBA Code of Conduct.
Climate Change Commitment	Acknowledgment of the importance of addressing climate change. A commitment to achieving carbon neutrality by 2050, with active plans to reduce direct and indirect emission intensity.
Renewable Energy Integration	Exploration of avenues for transitioning to a low-carbon energy supply, including on-site renewable energy and collaboration with ecosystem partners.
Energy Efficiency and Conservation	Implementation of energy-efficient technologies across operations, including efficient cooling, lighting, solar power, ventilation systems, and continuous improvement in energy intensity metrics.
Sustainable Supply Chain Management	Collaboration with suppliers to encourage sustainable practices, prioritising those with strong environmental commitments. Efforts to minimise the environmental impact of collective operations.
Water Stewardship	Continuous exploration of innovative technologies to reduce emissions and enhance energy efficiency. Partnerships with service providers and organisations for the deployment of climate-friendly technologies.
Employee Engagement and Education	Employee education and training on climate change, sustainability, and their role in achieving climate goals. Opportunities for employees to contribute ideas and expertise to sustainability initiatives.
Transparency and Reporting	Commitment to transparent reporting of progress towards climate goals, including relevant indicators for stakeholders and adherence to evolving regulatory recommendations.

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Through the implementation of this comprehensive approach, Unisem is fully dedicated to combating climate change and contributing to a sustainable future. We aim to lead by example in the semiconductor industry, inspiring positive change within our sector and beyond.

Any violations or breaches can be reported via the WBEC Policy. There were no significant cases of non-compliance with environmental laws or regulations or fines reported in FY2023.

Unisem Group's Environmental Roadmap

Unisem outlines its environmental strategies and goals in the Environmental Roadmap. These priorities are established by considering global trends, available technologies, stakeholder input from customers and regulators, and consulting with environmental experts. By leveraging external expertise, Unisem ensures a comprehensive and informed approach in setting its environmental management strategies and priorities.

The main objectives of the road map are:

1. Enhancement of awareness and education of stakeholders on environmental compliance;
2. Identification of continuous improvement projects in the reduction of industrial waste and water management;
3. Climate change - reduce greenhouse gas emission (Scope 2 emission); and
4. Compliance with environmental regulatory and international standards.

During the year, we have engaged an environmental consultant and updated our Environmental Roadmap to chart our direction and environmental initiatives for the next few years up to 2027. Notable highlights include:

- Stepped-up targets to reduce energy intensity, GHG intensity, and water consumption intensity;
- Targeting Green Building Certification for our new plants;
- Stepped-up target for non-hazardous waste recycling rate; and
- Benchmarking selected targets against the baseline of FY2020 being the base year of our current roadmap.

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Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		2023	2024	2025	2026	2027
Climate Change	Energy Saving Program (Scope 2 emission)	Assessment for Green Building Certification in Malaysia - Simpang Pulai Plant	Obtain Green Building Certification in Malaysia - Gopeng Plant	Obtain Green Building Certification in Malaysia - Simpang Pulai Plant		
		Reduction in energy intensity by 5% against 2020 baseline	Reduction in energy intensity by 10% against 2020 baseline	Reduction in energy intensity by 10% against 2020 baseline	Reduction in energy intensity by 15% against 2020 baseline	Reduction in energy intensity by 15% against 2020 baseline
		Reduction in GHG intensity by 5% against 2020 baseline	Reduction in GHG intensity by 10% against 2020 baseline	Reduction in GHG intensity by 10% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline
		Replacement of old chilled water management system to energy saving system. (Improve HVAC) in Simpang Pulai Plant, Malaysia	Replacement of old chilled water management system to energy saving system. (Improve HVAC) in Simpang Pulai Plant, Malaysia			
		Improve HVAC chilled water system COP (Coefficient of performance) by retrofitting old chiller set up c/w incorporating control algorithm to ensure chillers operates at optimum efficiency in Chengdu Plant, China	Improve HVAC chilled water system COP (Coefficient of performance) by retrofitting old chiller set up c/w incorporating control algorithm to ensure chillers operates at optimum efficiency in Chengdu Plant, China			

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	2023	2024	2025	2026	2027
Climate Change	Energy Saving Program (Scope 2 emission)		Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 1	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 2	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 3	
			Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 1 to improve the system efficiency and eliminate distribution pressure losses.	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 2 to improve the system efficiency and eliminate distribution pressure losses.	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 3 to improve the system efficiency and eliminate distribution pressure losses.	
		Installation of solar streetlight at employees car parks - Simpang Pulai Plant, Malaysia.	Installation of solar energy harvesting system for main guard house in Simpang Pulai, Malaysia.	Installation of solar streetlight at perimeter road - Simpang Pulai Plant, Malaysia.		
			Installation of solar energy harvesting system in Malaysia - Gopeng Plant Phase 1			
Air Emission		Compliance with Air Emission Standards				

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	2023	2024	2025	2026	2027
Water Management	3 R Programs - Reuse, Reduce & Recycle		Implement Reverse Osmosis System for De-Ionized and chilled water - Simpang Pulai Plant Phase 1, Malaysia	Implement Reverse Osmosis System for De-Ionized and chilled water - Simpang Pulai Plant Phase 2, Malaysia	Upgrade compressed air network pipeline at Simpang Pulai Plant Phase 3 to improve the system efficiency and eliminate distribution pressure losses.	
		Reduction in Water Consumption Intensity by 5% against 2020 baseline	Reduction in Water Consumption Intensity by 10% against 2020 baseline	Reduction in Water Consumption Intensity by 10% against 2020 baseline	Reduction in Water Consumption Intensity by 15% against 2020 baseline	Reduction in Water Consumption Intensity by 15% against 2020 baseline
			To recycle sawing water for cooling tower usage - Chengdu Plant Phase 1, China	To recycle sawing water for cooling tower usage - Chengdu Plant Phase 2, China	To recycle sawing water for cooling tower usage - Chengdu Plant Phase 3, China	
			Rainwater harvesting system for process cooling tower in Gopeng Plant Phase 1, Malaysia	Rainwater harvesting system for process cooling tower in Simpang Pulai Plant Phase 1, Malaysia	Rainwater harvesting system for process cooling tower in Simpang Pulai Plant Phase 2, Malaysia	Rainwater harvesting system for process cooling tower in Simpang Pulai Plant Phase 3, Malaysia
Industrial Waste Reduction	3 R Programs - Reuse, Reduce & Recycle	Hazardous Waste recycling 52%	Hazardous Waste recycling 52%	Hazardous Waste recycling 55%	Hazardous Waste recycling 60%	Hazardous Waste recycling 60%
		Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 65%	Non-Hazardous Waste recycling 70%
	Effluent Waste Management	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard

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Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		2023	2024	2025	2026	2027
	Certification in environmental related competencies		Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant			
		ISO14001, ISO45001 & QC080000 awareness and legal compliance register				
Education / Development Awareness / Certification	Heighten Awareness of employees & stakeholders on Environmental Matters & Management		Training for internal auditors on Environmental matters and management compliance		Training for internal auditors on Environmental matters and management compliance	
		Training on environmental related subjects for Board, employees and related stakeholders				
Compliance with Standards / Product Stewardship	Compliance and Declaration on Green requirements (e.g.: RoHS, REACH and other customer requirements) and continuous improvement in order to promote environmentally friendly products		ISO14001, ISO45001, QC080000 & ISO 14064 Certification, Sony Green Partner, RBA Compliance, Customer Compliance QBR			

ENERGY MANAGEMENT AND CLIMATE CHANGE AND AIR EMISSIONS

Energy management is a key focus area to reduce our emissions impact, with electricity being our primary energy source and a significant contributor to both costs and GHG emissions. Our core strategy involves pursuing energy efficiency initiatives, such as the recent completion of the LED lighting system conversion across our operating sites. We also prioritise regular maintenance and invest in equipment upgrades like heat recovery systems and optimised energy control systems.

Our reporting covers energy consumed and produced within our organisation and processes in joules or multiples. This underscores our commitment to comprehensive environmental reporting and sustainable energy practices.

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Energy Consumption and Energy Intensity

In Unisem Group, energy consumption primarily involves:

- **Fuel:** This includes fleet fuel (e.g., diesel and petrol used in forklifts and company cars) and natural gas utilised in boilers and generator sets.
- **Purchased electricity:** The predominant source of energy, constituting over 97% of the Group's energy consumption and GHG emissions. We have entered into a contract with the China electricity company to supply approximate 59% of renewable energy as part our climate change initiatives. Notably, electricity in Malaysia is primarily generated from fossil fuels such as natural gas and coal.

It is important to note that the Group does not engage in the sale of electricity, heating, cooling, or steam. This succinctly outlines the key components of Unisem's energy consumption, underscoring its focus on transparency and environmental impact mitigation.

The Group's energy consumption is summarised in the following table.

Annual energy consumption	2021	2022	2023	
Energy source (GJ)				
Liquid Petroleum Gas ("LPG")	-*	-*	943	
Diesel	184	1,304	347	
Petrol	1,525	1,921	2,775	
Natural Gas	21,538	24,165	24,198	
Purchased Electricity	700,145	747,731	746,038	
Total Energy Consumed	723,392	775,121	774,301	
Breakdown by operating site:				
Unisem Malaysia	413,459	441,972	427,158	
Unisem Chengdu	309,933	333,149	347,143	
Breakdown by type of energy:				
Renewable Energy	-*	-*	189,884	25%
Non-Renewable Energy	-*	-*	584,417	75%

Note: * We initiate the data collection process in FY2023.

Energy consumption is calculated according to 2006 IPCC Guidelines for National Greenhouse Gas Inventories

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To provide a better insight to the stakeholders concerning the environment, the Group has extended its efforts to collect the data on LPG energy and further breakdown all energy types into renewable energy and non-renewable energy.

To measure energy efficiency, we monitor energy intensity which is calculated considering the energy use for revenue generated, as follows:-

	2020	2021	2022	2023
Energy Consumption Intensity (GJ/ USD'000 Sales)	2.15	1.91	1.91	2.45
Reduction against base year 2020**	baseline	11.2% reduction	11.1% reduction	13.7% increased

Note:

* The energy intensity measurement for FY2023 disclosure has been refined from units produced to US Dollar Sales in comparison to that of FY2022.

** FY2020 is selected as the base year being also the base year for the 5-year Environmental Roadmap for FY2023-2027.

In FY2023, the Group's total energy consumption intensity surged by 28.3% when contrasted with the figures from FY2022. This increase can be attributed to the expansion of Phase 3 in Unisem Chengdu, despite experiencing a decrease in recorded sales. The energy intensity has now increased to 0.54GJ per sales generated in FY2023. As a result, Unisem missed its 5% reduction target this year. In response, we launched initiatives to develop and expand our production capacity.

GHG Emissions and GHG Emission Intensity

GHG emissions and emission intensity is vital for environmental protection, regulatory compliance, corporate reputation, and long-term business resilience. It reflects a commitment to sustainable practices and contributes to a global effort to combat climate change.

Unisem diligently reports its GHG emissions, encompassing both Direct (Scope 1), Indirect (Scope 2) and Other Indirect (Scope 3) emissions. Other Indirect (Scope 3) GHG emissions include those which are not consumed or produced as part of the Group's operations and may occur upstream and downstream, such as in relation to the downstream freight transportation and employees commuting to work with company bus.

These emissions result from energy and electricity consumption and include gases such as CO₂, CH₄, and N₂O. Our measurement approach aligns with the GHG Protocol, incorporating relevant tools and Global Warming Potential ("GWP") values from the 2014 IPCC Fifth Assessment Report. This comprehensive reporting framework reflects our commitment to transparent and standardised emissions measurement practices.

As a result of the continuous effort undertaken in collecting the data relating to the GHG emissions, Unisem in FY2023 has managed to extend its disclosure relating to the GHG emissions. The Group has now included the disclosure of Scope 2 GHG emissions by location based and Scope 3 GHG emissions for Unisem Malaysia. The Scope 3 GHG emissions include downstream freight transportation and employee commuting to work with company buses. We will include business travel as part of our Scope 3 GHG emissions and further disclose Scope 3 GHG emissions data for Unisem Chengdu in FY2024.

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('000 tCO ₂ e)	2021	2022	2023
Direct (Scope 1) GHG emissions			
Unisem Malaysia	0.1	0.1	0.5
Unisem Chengdu	1.2	1.7	1.9
Total Direct (Scope 1) GHG emissions	1.3	1.8	2.4
Indirect (Scope 2) GHG emissions (Market Based)			
Unisem Malaysia (Market Based)	76.9	82.1	67.4
Unisem Chengdu (Market Based)	58.7	62.7	49.2
Total Indirect (Scope 2) GHG emissions (Market Based)	135.6	144.8	116.6
Indirect (Scope 2) GHG emissions (Location Based)			
Unisem Malaysia (Location Based)	- *	- *	92.9
Unisem Chengdu (Location Based)	- *	- *	47.0
Total Indirect (Scope 2) GHG emissions (Location Based)	- *	- *	139.9
Direct and Indirect (Scope 1 and Scope 2) GHG emissions			
Unisem Malaysia	77.0	82.2	67.9
Unisem Chengdu	59.9	64.4	51.0
Total Direct and Indirect (Scope 1 and Scope 2) GHG emissions	136.9	146.6	118.9
Total Indirect GHG emissions (Scope 3)			
Unisem Malaysia	- *	- *	0.3
Total Indirect GHG emissions (Scope 3)	- *	- *	0.3
Total Indirect GHG emissions (Scope 3)			
Unisem Malaysia	- *	- *	68.2
Unisem Chengdu	- *	- *	51.0
Total GHG emissions (Scope 1, 2 & 3)	- *	- *	119.2

Note: * We initiate the data collection process in FY2023

Unisem defines GHG emission intensity expressed as tCO₂e per thousand sales generated. Monitoring this intensity is a key aspect of our sustainability efforts. For FY2023, our goal is to achieve a 5% reduction in GHG emission intensity compared to base year of 2020. This target underscores our commitment to continuously improving environmental performance and reducing our carbon footprint per US Dollar sales generated.

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KPI	Climate Change and Air Emissions		
Target	5% reduction on GHG Emission Intensity		
Performance	FY2021 11.1% reduction	FY2022 11.1% reduction	FY2023 7.6% reduction

GHG emission intensity*	2020	2021	2022	2023
tCO ₂ e/USD'000 Sales**	0.407	0.362	0.362	0.376
Reduction against base year 2020***	Baseline	-11.1%	-11.1%	-7.6%

Note:

* GHG emission intensity include only Scope 1 and Scope 2 emissions.

** The GHG emission intensity measurement for FY2023 disclosure has been refined from units produced to US Dollar Sales in comparison to that of FY2022.

*** FY2020 is selected as the base year being also the base year for the 5-year Environmental Roadmap for FY2023-2027.

In the past year, Unisem experienced a 18.9% reduction in total Scope 1 and Scope 2 GHG emissions of own operations. Despite this, GHG emissions intensity by US Dollar sales saw reduction of 7.6% as compared to base year 2020, reflecting the production of more sophisticated products with higher sale value requiring higher electricity consumption by unit produced.

To address this, Unisem is actively exploring alternatives to reduce reliance on fossil-based power. The focus includes investigating opportunities for solar power generation at our operating sites. Additionally, upcoming plant expansion projects will prioritise energy and emissions efficiency, aligning with Unisem's commitment to advancing production practices toward a more sustainable and environmentally friendly model.

Other Air Emissions

Unisem proactively monitors and manages various air emissions, governed by relevant laws, regulations, and the RBA Code of Conduct. These emissions encompass volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals, and combustion by-products generated from operations.

To mitigate the impact, Unisem has installed scrubbers and carbon absorption treatment systems, ensuring effective treatment of emissions. Regular maintenance and checks are conducted to uphold their efficiency. Daily air quality monitoring is a standard practice, with immediate reporting of any non-compliance. Furthermore, our air quality performance undergoes annual independent review and verification conducted by third-party contractors, demonstrating our commitment to maintaining and improving environmental standards.

KPI & Target	Compliance with Air Emission Laws and Regulations		
	2021	2022	2023
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

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The air quality of both of our operating sites, based on data required by applicable local environmental regulation and measured at the points of discharge, are presented in the following table:

Types of air pollutant	Unit	Local Regulations and/or Standards	2021	2022	2023
Unisem Malaysia (based on Malaysian Laws, Regulations and Guidelines)					
Nitric acid	mg/Nm ³	30	1.3	0.6	0
Sulphuric acid	mg/m ³	5	0	0	0.1
Hydrochloric acid	mg/Nm ³	5	1.3	1.1	0
Hydrofluoric acid	mg/Nm ³	5	0.5	0	0
Oxides of nitrogen	mg/Nm ³	0.6	0	0	0.3
Sulphur dioxide	mg/Nm ³	30	Insignificant	Insignificant	1.7
Solid particles	mg/Nm ³	5	0.5	0	0
Particulate Concentration	mg/m ³	80.0	19.0	19.1	5.3

Types of air pollutant	Unit	Local Regulations and/or Standards	2021	2022	2023
Unisem Chengdu (based on Chinese Laws, Regulations and Guidelines)					
Volatile Organic Compounds (VOCs)	mg/m ³	60.0	0.5	1.3	1.6
Sulphur oxides (SOx)	mg/m ³	45.0	1.4	1.2	2.0
Sulphur dioxide (SO ₂)	mg/m ³	50.0	0	6.6	7.2
Nitrous oxides (Nox)	mg/m ³	150.0	26.8	24.6	25.6
Hydrogen fluoride (HF)	mg/m ³	9.0	0.5	0.5	0

Note: Unisem Malaysia does not emit Nox or Volatile Organic Compounds in its operations while Unisem Chengdu does not emit particulate matters.

MANAGING WASTE AND EFFLUENTS

Unisem takes note that improper management of waste management will have negative impacts to the environment including detrimental effects on the air and water quality, soil contamination and heightened risks of hazardous material exposure for employees and the surrounding communities. Recognising the severity of the potential impacts, Unisem is prioritising proper waste management through proactive measures to ensure responsible waste management practices.

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Unisem prioritises waste management by optimising material use, minimising waste generation, and reducing landfill disposal. This approach not only aligns with our strategic priority of operational excellence through cost optimisation but also underscores our commitment to minimising environmental impacts. Effective waste management is essential for workplace safety and health, particularly when dealing with hazardous waste. Our initiatives in this regard emphasise a comprehensive and responsible approach to handling materials, reflecting our dedication to sustainability and operational efficiency.

The types of waste generated in our operations include the following:

Hazardous waste	<p>Unisem generates hazardous waste from its operations, which includes electrical and electronic waste (E-waste), spent solvents, spent cleaning solutions, sludges from wastewater treatment plants, and spent cyanide solutions.</p> <p>A notable portion of the hazardous waste is E-waste, specifically categorised as waste electrical and electronic equipment. E-waste, being one of the fastest-growing waste streams in modern society, includes defective wafers, ICs, frames, and waste gold wires within the Group's operations. Managing these hazardous materials responsibly is a key focus to ensure compliance with environmental regulations and contribute to sustainable waste management practices.</p>
Non-hazardous waste	<p>Non-hazardous waste generated from our operations includes domestic trash, such as paper, plastic, cardboard boxes, etc. Some of these wastes are recoverable or recyclable.</p>

Unisem integrates controls into its operational processes to effectively handle, segregate, store, and manage waste. When selecting waste contractors, consideration is given to their capability to achieve high recovery or recycling rates.

The Facility Department at each operating site plays a pivotal role in overseeing daily waste management activities, ensuring compliance with laws, regulations, and relevant policies. This department maintains comprehensive records detailing how waste is managed, including recycling, reuse, or disposal amounts. Standardised waste management monitoring and data collection processes are implemented at Unisem Malaysia and Unisem Chengdu.

To further ensure compliance, waste contractors undergo assessments, including SAQ and VAP. Internal audits on our operations are also conducted, assessing the adequacy and effectiveness of Unisem's environmental management systems, with findings reported to the Board. This multifaceted approach underscores Unisem's commitment to robust waste management and environmental responsibility.

Hazardous Waste and Recycling

Unisem has established policies and procedures to ensure the safe handling and disposal of hazardous waste, aligning with applicable laws, regulations, and industry codes and standards. Rigorous training is provided to relevant employees, emphasising the use of appropriate PPE and the storage of waste at dedicated locations before disposal. Licensed waste contractors are engaged for the disposal of hazardous waste, and their performance is regularly assessed and reviewed.

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E-waste constitutes a significant portion of hazardous waste, accounting for approximately 27% and 22% at Unisem Malaysia and Unisem Chengdu, respectively. Recognising the value in e-waste materials, such as aluminium, gold, silver, and copper, Unisem collaborates with licensed contractors who collect and process e-waste offsite. These licensed contractors provide detailed reports on the actual recovery rates for each batch of e-waste collected and processed, demonstrating Unisem’s commitment to responsible and transparent e-waste management practices.

In FY2023, our average e-waste recovery rates for both Unisem Malaysia and Unisem Chengdu are 100%.

Percentage of e-waste recovered	2021	2022	2023
Unisem Malaysia	100.0	100.0	100.0
Unisem Chengdu	100.0	100.0	100.0

We missed our target for recycling rate of total hazardous waste generated in FY2023 and will be working closely with our waste disposal vendors to make further improvement of our recycling rate in the following year.

KPI	Recycling Rate of Hazardous Waste Generated*		
	To achieve 52% recycling rate of total hazardous waste generated		
Target			
Performance	FY2021	FY2022	FY2023
	41%	52%	49%

Note: * For the purpose of this KPI, waste reused is also considered as recycled.

Non-Hazardous Waste and Recovery

Unisem’s non-hazardous waste primarily consists of paper, cardboard, and plastics, with a strong emphasis on recycling or reusing these materials as new raw materials. Active waste sorting and separation processes are integral to enhance recoverability and recyclability. Typically, recyclable or recoverable waste is entrusted to waste contractors for offsite recovery, with detailed reports on the actual recovery rate provided for each batch of waste handled and processed. In FY2023, 50% of non-hazardous waste generated was successfully recovered through reuse or recycling.

Unisem achieved a paper waste reduction of 17,541 units (17.54 tons) by collaborating with vendors to transition from paper reels to reusable plastic reels. The plastic reels are returned to vendors for reuse, contributing to sustainable practices. Additionally, Unisem identifies waste optimisation and reduction initiatives where applicable and promotes employee awareness on waste generation, providing recycling bins for general paper, recyclable plastics, and tin cans within its premises. These initiatives underscore Unisem’s commitment to responsible waste management and sustainability.

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Summary of how waste is handled

The following table summarises how we handled our waste, whether they are subsequently recovered or disposed of.

	2021			2022			2023		
	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)
Unisem Malaysia									
Hazardous waste									
E-waste	125	125	0	151	151	0	105	105	0
Other hazardous waste	149	2	147	246	112	134	290	121	169
Total hazardous waste	274	127	147	397	263	134	395	226	169
Non-hazardous waste									
Total non-hazardous waste	679	319	360	656	270	386	508	259	249
Total waste generated	953	446	507	1,053	533	520	903	485	418
Unisem Chengdu									
Hazardous waste									
E-waste	55	55	0	52	52	0	48	48	0
Other hazardous waste	181	25	156	207	27	180	175	30	145
Total hazardous waste	236	80	156	259	79	180	223	78	145
Non-hazardous waste									
Total non-hazardous waste	488	406	82	642	432	210	348	169	179
Total waste generated	724	486	238	901	511	300	571	247	324
Unisem Malaysia & Unisem Chengdu									
Total hazardous waste	510	207	303	656	342	314	618	304	314
Total non-hazardous waste	1,167	725	442	1,298	702	596	856	428	428
Total waste generated	1,677	932	745	1,954	1,044	910	1,474	732	742

Note: * 1 MT = 1,000 kg

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2023					
Unisem Malaysia and Unisem Chengdu		Diverted from Disposal* (MT)^		Directed to Disposal** (MT)^	
Hazardous waste	Preparation for reuse	30	Incineration	137	
	Recycling	274	Landfilling	176	
	Other recovery options	0	Other disposal operations (chemical treatment)	1	
	Total	304	Total	314	
Non-hazardous waste	Preparation for reuse	411	Incineration	0	
	Recycling	17	Landfilling	428	
	Other recovery options	0	Other disposal operations	0	
	Total	428	Total	428	
Total	732			742	

Note:

* All waste diverted from disposal are handled and managed by vendors offsite

** All waste is disposed by licensed vendors offsite

^ 1 MT = 1,000 kg

For historical data of total waste generated and disposal method, refer our Performance Data Table for The Group.

WATER USE AND EFFLUENT DISCHARGED

Unisem's operations are water-intensive, relying on a consistent water supply for various critical purposes in assembly and test operations. This includes Process Chilled Water (PCW) for cooling, Ultra-Pure Water ("UPW") for cleaning in wet-processing processes, and Deionised Water (DI) for cleaning and rinsing semiconductor products and components. Water is also used in offices and for general maintenance activities such as cleaning and domestic consumption.

Both Unisem Malaysia and Unisem Chengdu are located in areas not facing water stress, and the primary water source is municipal water. Water withdrawal at our facilities is managed to ensure it does not strain the municipal water supply.

Unisem maintains active engagement with relevant municipal government agencies to stay within permissible limits for water withdrawal and to stay informed about any concerns related to water-related impacts in our operational areas. This approach highlights Unisem's commitment to responsible water management and collaboration with local authorities to address potential environmental impacts.

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The Group's water withdrawal, water discharge, and water consumption for the financial year under review are summarised as follows.

		2021	2022	2023
Unisem Malaysia	Water Withdrawal by source (thousand m³)			
	[*] Third-party water: Municipal water	1,625	2,024	1,860
	Water Discharge by destination (thousand m³)			
	[^] Third-party water: Municipal drainage	730	1,416	1,744
	Water Consumption (thousand m³)	895	608	116
Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	^{^^} Third-party water: Municipal Water	1,469	1,650	1,496
	Water Discharge by destination (thousand m³)			
	^{^^} Third-party water: Industrial treatment plant	1,169	1,465	1,344
	Water Consumption (thousand m³)	300	185	152
Unisem Malaysia and Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	Third-party	3,094	3,674	3,356
	Water Discharge by destination (thousand m³)			
	Third-party	1,899	2,881	3,088
	Water Consumption (thousand m³)	1,195	793	268

Note:

* Classification based on GRI 303: Water and Effluents 2018

[^] Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids) classified based on GRI 303: Water and Effluents 2018

^{^^} Other water ($> 1,000$ mg/L Total Dissolved Solids) classified based on GRI 303: Water and Effluents 2018

Water Reuse and Recycling Initiatives

Unisem adopts a responsible approach to water usage, striking a balance between operational and cost efficiency, minimising water impact, and effectively allocating available resources. Ongoing efforts focus on identifying opportunities to reduce, recycle, or reuse water in operations.

Both Unisem Malaysia and Unisem Chengdu are equipped with sophisticated rinse water collection systems and dedicated drainage, enabling the reuse of lightly contaminated UPW for industrial purposes and irrigation. This water does not contain hazardous substances and is entirely safe. Unisem Chengdu's production facility is additionally equipped with a reverse osmosis system to process water for reuse in production.

On average, Unisem recycled and reused approximately 16% of the withdrawn water in Unisem Malaysia and 9% in Unisem Chengdu. This equates to approximately 188,104 mega litres of water, highlighting Unisem's commitment to sustainable water management practices.

	Proportion of water recycled over water withdrawn (%)		
	2021	2022	2023
Unisem Malaysia	3%	5%	16%
Unisem Chengdu	9%	8%	9%

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Water consumption intensity

In the pursuit of operational efficiency, Unisem introduced a key metric to assess water consumption intensity. The goal was set to achieve a 15% reduction in water consumption intensity by 2027, with an interim target of a 5% reduction in FY2023, using FY2020 as the baseline. Unisem not only met but exceeded this target in FY2023, achieving an impressive 83% reduction in water consumption compared to base year 2020. This significant reduction reflects Unisem's commitment to sustainable practices and its proactive efforts to enhance operational efficiency in water usage.

	2020	2021	2022	2023
Water Consumption Intensity (m³/sales)*	4.86	3.16	1.96	0.85
Reduction against base year 2020**	Baseline	35% reduction	60% reduction	83% reduction

Note:

* The water consumption intensity had been changed from m³ per unit produced to m³ per US Dollar sales in FY2023.

** FY2020 is selected as the base year being also the base year for the 5-year Environmental Roadmap for FY2023-2027.

Effluent Quality

Wastewater

Water plays a crucial role in various processes at Unisem, such as cleaning and cooling during activities like cutting, sawing, and plating. Consequently, wastewater is generated as a byproduct of these processes. It's important to note that Unisem only discharges treated effluent, ensuring compliance with rigorous standards. This commitment to treating wastewater before discharge aligns with Unisem's dedication to environmental responsibility and regulatory compliance in managing water resources.

Unisem's wastewater is characterised by the presence of chemicals, metals, and various organic and inorganic compounds. This includes potentially harmful elements such as heavy metals (e.g., lead and copper), hydrogen peroxide, hydrofluoric acid, ammonia concentrations, and other pollutants. If discharged untreated, these substances can pose environmental risks and disrupt the ecosystems of water bodies into which they are released.

To ensure responsible wastewater management, both Unisem operating sites adhere to local environmental laws and regulations. In Malaysia, this includes compliance with Standard B under the Environmental Quality Act (Industrial Effluents) Regulations 2009, and in China, adherence to the Integrated Wastewater Discharge Standard (GB8978-1996).

The Facility Department at each operating site plays a crucial role in overseeing effluent management, conducting daily monitoring to verify compliance with relevant laws and regulations. Qualified and certified employees, trained by local authorities, manage and maintain on-site wastewater treatment facilities. These facilities undergo regular maintenance and checks by professional service providers.

Unisem monitors over 20 indicators to assess effluent quality, including acidity level, biological oxygen demand (BOD), chemical oxygen demand (COD), total suspended solids, copper (Cu) concentration, nickel (Ni) concentration, and ammonia concentration. Periodic independent checks on effluent quality are conducted by externally accredited laboratories or government-appointed third parties, reinforcing Unisem's commitment to rigorous environmental standards and the protection of water resources.

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KPI & Target	Compliance with effluents and wastewater discharge regulations:		
	2021	2022	2023
Performance			
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

Resource Conservation Outcomes

Our Environmental Roadmap has helped the Group achieve various benefits including resource conservation, cost management, and better operational efficiency. The following table summarises the performance of our initiatives and investments, especially resource conserved through our Environmental Roadmap.

Initiative	Description	2023 Target	Progress as of 31 December 2023	Reduction Achieved in FY2023
LED Lighting Conversion	Conventional lighting is progressively converted to a more energy-efficient alternative i.e., LED Lighting	Unisem Simpang Pulai Plant (100%) Unisem Chengdu - Street Light	Unisem Simpang Pulai Plant and Unisem Chengdu - 100% completed	Electricity: 6,182,480 kWh GHG Emission: 4,708,597CO ₂
Solar Light Conversion	Street light and car park conventional light is progressively converted into a solar street light	Unisem Simpang Pulai Plant compound and car park area	55% completed	Electricity: 9,198 kWh GHG Emission: 7,248CO ₂
Compressed air optimisation & losses reduction	Reduce compressed deliver and distribution network energy loss at Phase-1 & Phase-2 and Phase-3 building	Unisem Simpang Pulai Plant FOL Leded, Centralised Wafer Probe & Test	100% completed	Electricity: 406,322 kWh GHG Emission: 320,182CO ₂
Energy saving compressed air optimisation and heat recovery system	Energy saving compressed air generation and zero purge heat regeneration air dryer	Unisem Chengdu Phase 3 new building	100% completed	Electricity: 1,042,384 kWh GHG Emission: 547,981CO ₂ Nature Gas: 902Nm ³ Water: 900m ³
Upgrade Air Conditioning System	Reduce city water consumption and reduce energy consumption by diverting EOL used chilled water to cooling tower	Unisem Chengdu Phase 1 Completion in FY2023 Phase 2 Completion in FY2024	Phase 1 completed	Electricity: 143,154 kWh GHG Emission: 75,256CO ₂ Water: 44,044m ³
Tree Planting Program	Tree planting program implementation in factory area	Surrounding Factory Compound	300 trees planted	GHG Emission: 7,500CO ₂
Total				Electricity: 7,783,538kWh GHG Emission: 5,666,764CO ₂ Water: 44,944m ³ Nature Gas: 902Nm ³

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NOISE MONITORING

Unisem recognises that the boundary noise levels of its operating facilities in Unisem Malaysia and Unisem Chengdu are subject to local laws and regulations. Given the establishment of residential areas near Unisem Malaysia, the noise generated by plant operations may impact the local community, necessitating effective management and control within permissible limits.

It's worth noting that, according to the Guidelines for Siting and Zoning of Industry and Residential Areas (2012) issued by the Department of Environment, semiconductor industries are permitted to operate within specified buffer zones. In the case of Unisem Malaysia, the existing buffer zones deviate from the standard guidelines due to the development of residential areas approximately 17 years after the commencement of business activities in 1992.

Unisem is committed to addressing noise concerns in compliance with regulations and ensuring responsible operational practices to minimise any adverse impacts on the local community. This includes implementing measures to manage and control noise levels within acceptable limits as defined by local laws and regulations.

We monitor and mitigate boundary noise to ensure we keep noise impact within the regulated levels. Our performance against the regulated limits is as follows:

Boundary Noise Level (dBA)	Day			Night				
	Regulated limit	2021 Average	2022 Average	2023 Average	Regulated limit	2021 Average	2022 Average	2023 Average
Unisem Malaysia	75	66	66	66	75	65	65	66
Unisem Chengdu	65	55	58	54	55	45	50	47

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PERFORMANCE DATA TABLE FOR THE GROUP

Indicator	Unit	2021	2022	2023	Target
Growing the Business					
Revenue	RM'000	1,568,923	1,781,838	1,439,686	To achieve revenue growth
Revenue Growth	%	20.0%	13.6%	-19.2%	To achieve revenue growth
Wages and Salaries	RM'000	387,653	404,756	379,986	
Corporate Tax Paid	RM'000	7,137	11,527	20,727	
Community Investments, Donations, and Non-Commercial Sponsorships	RM'000	255	102	80	
Dividend Paid	RM'000	64,388	96,785	129,046	
Research and Development Expenditure	RM'000	6,663	8,954	8,075	
Retained Earnings	RM'000	852,613	1,127,126	1,070,225	
Anti-corruption					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Board of Directors	Number	10	12	11	
Senior Management and Management	Number	129	135	139	
Executives, Non-Executives and Operators	Number	5,830	5,963	5,639	
Bursa C1(b) Percentage of operations assessed for corruption-related risks	%	100	100	100	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	Zero confirmed incidents of corruption
Whistleblowing cases	Number	3	3	1	
SAQ Score - Unisem Malaysia	%	93.4	93.4	93.5	
SAQ Score - Unisem Chengdu	%	93.8	94.6	94.8	
VAP Score - Unisem Malaysia	%	183.7	180.2	N/A	
VAP Score - Unisem Chengdu	%	177.1	180.5	In progress	

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Occupational Health and Safety					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	
Bursa C5(b) Lost Time Incident/Severity Rate (LTIR)	Rate	25	15	6	
Bursa C5(c) Number of employee trained on health and safety standards	Number	-	-	6,625	
Total hours worked	Hours	14,595,798	14,604,120	13,975,392	
Number of recordable work related injuries	Number	21	15	13	
No. of injury frequency rate	Rate	1.44	1.03	0.93	Below 2.0 cases per million hours work
Customer Privacy and Data Protection					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0	Zero complaints received concerning breaches, leaks, thefts or losses of customer privacy and data
Energy Management					
Bursa C4(a) Total energy consumption	GJ	723,392	775,121	774,301	
Energy Consumption Intensity	GJ/USD'000 Sales	1.91	1.91	2.45	
Reduction of energy consumption intensity against 2020	%	11.2% reduction	11.1% reduction	13.7% increased	Reduce energy consumption intensity by 15% from the 2020 baseline by 2027
Climate Change and Air Emissions					
Bursa C11(a) Scope 1 emissions in tonnes of CO _{2e}	000'tCO _{2-e}	1.3	1.8	2.4	
Bursa C11(b) Scope 2 emissions in tonnes of CO _{2e}	000'tCO _{2-e}	135.6	144.8	116.6	
Bursa C11(c) Scope 3 emissions in tonnes of CO _{2e}	000'tCO _{2-e}	-	-	0.33	
Greenhouse Gas emission intensity	tCO _{2-e} /USD'000 Sales	0.36	0.36	0.38	
Reduction of GHG emission intensity against FY2020	%	11.1% reduction	11.1% reduction	7.6% reduction	Reduce GHG emission intensity by 15% from 2020 baseline by 2027
Compliance with air emission laws and regulations	Compliant	Compliant	Compliant	Compliant	Compliance with Air Emission Laws and Regulations

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Customer Satisfaction					
Customer Satisfaction Scores Index	%	90%	92%	81%	Achieve 90% of key customer with customer satisfaction score of 80%
Employee Development and Diversity					
Bursa C6(a) Total hours of training by employee category					
Senior Management and Management	Hours	428	1,446	4,071	
Executives	Hours	13,971	23,556	30,050	
Non-Executives	Hours	40,159	46,142	44,181	
Operators	Hours	120,424	126,737	83,214	
Percentage of employees achieving minimum 6 training hours	%	62.9%	69.8%	79.5%	
Average training hours per employee	Hours	30	32	28	
Average training cost per employee	RM	151	176	190	
Average training hour per employee by employee category					
Senior Management and Management	Hours	3.31	10.71	29.72	
Executives	Hours	18.65	30.67	35.27	
Non-Executives	Hours	22.60	25.42	22.74	
Operators	Hours	37.63	37.50	23.39	
Average training hour per employee by gender					
Male	Hours	35.22	35.19	38.32	
Female	Hours	26.95	30.57	22.36	
Employee Climate Survey	Rate	3.71	3.71	3.75	To achieve employee satisfaction score of >3.80 out of 5.0
Bursa C6(c) Total number of employee turnover by category					
Senior Management and Management	Number	9	2	18	
Executives	Number	67	119	84	
Non-Executives	Number	376	425	303	
Operators	Number	2,292	2,146	908	
Employee category by age group					
Under 30	%	49.2%	41.3%	43.3%	
Between 30-50	%	46.7%	53.4%	51.8%	
Above 50	%	4.1%	5.3%	4.9%	

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Number of employee by gender and age group by employee category					
Bursa C3(a) Percentage of employee by gender and age group by employee category					
Gender group by employee category					
Board members	Male	%	80%	67%	64%
Board members	Female	%	20%	33%	36%
Senior Management	Male	%	92%	92%	92%
Senior Management	Female	%	8%	8%	8%
Management	Male	%	81%	81%	78%
Management	Female	%	19%	19%	22%
Executives	Male	%	62%	60%	61%
Executives	Female	%	38%	40%	39%
Non-Executives	Male	%	76%	76%	75%
Non-Executives	Female	%	24%	24%	25%
Operators	Male	%	18%	16%	19%
Operators	Female	%	82%	84%	81%
Age group by employee category					
Board members	Under 30	%	0%	0%	0%
Board members	Between 30-50	%	40%	42%	45%
Board members	Above 50	%	60%	58%	55%
Senior Management	Under 30	%	0%	0%	0%
Senior Management	Between 30-50	%	36%	28%	34%
Senior Management	Above 50	%	64%	72%	66%
Management	Under 30	%	0%	0%	0%
Management	Between 30-50	%	61%	54%	63%
Management	Above 50	%	39%	46%	37%
Executives	Under 30	%	16%	16%	22%
Executives	Between 30-50	%	78%	75%	70%
Executives	Above 50	%	5%	9%	8%
Non-Executives	Under 30	%	42%	35%	35%
Non-Executives	Between 30-50	%	56%	62%	62%
Non-Executives	Above 50	%	3%	4%	3%
Operators	Under 30	%	63%	52%	56%
Operators	Between 30-50	%	35%	44%	41%
Operators	Above 50	%	3%	3%	3%

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Percentage of permanent and contracts employees by gender and age group					
Bursa C6(b) Percentage of employees that are contract-based (Full-time)	%	43%	47%	44%	
Percentage of employees that are permanent (Full-time)	%	57%	53%	56%	
Human and Labour Rights					
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	Zero confirmed incidents of discrimination/human rights violation/complaints
Total hour trained on labour standards and human rights issues	Hours	2,323	3,123	2,855	
Proportion of employees trained on labour standards and human rights issues	%	99.8%	100.0%	100.0%	
Supply Chain Management					
Supplier Audit for Key direct material suppliers and labour and service agents	Number	12	14	14	Number of supplier audits to be conducted for the year
Status of Implementation of Corrective Action	%	100%	100%	95%	
Bursa C7(a) Proportion of spending on local suppliers	%	26.9%	32.5%	33.9%	
Key material suppliers that were screened using environmental criteria	%	100%	100%	100%	
Key material suppliers assessed for environmental impacts	Number	25	25	25	
Key material suppliers that were screened using social criteria	%	100%	100%	100%	
Key material suppliers assessed for social impacts	Number	25	25	25	

Sustainability Report

PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Effluents and Waste Management					
Percentage of e-waste recovered	%	100%	100%	100%	
Recycling Rate of Hazardous Waste Generated	%	41%	52%	49%	To achieve 52% recycling rate of total hazardous waste generated
Bursa C10(a) Total waste generated	Metric Tones	1,677	1,954	1,474	
Bursa C10(a)(i) Total waste diverted from disposal	Metric Tones	932	1,044	732	
Bursa C10(a)(ii) Total waste directed to disposal	Metric Tones	745	910	742	
Effluents discharge compliance		Compliant	Compliant	Compliant	Effluents discharge compliance with local authority requirement
Local Communities					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to Unisem	RM'000	255	108	80	Continuing provide support on communities and contribution on CSR programme
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	43	35	26	
Compliance with regulated limit on noise impact		Compliant	Compliant	Compliant	Compliance with Noise Impact Laws and Regulations
Water Consumption					
Bursa C9(a) Total volume of water used	MegaLitres	1,195	793	268	
Total water withdrawal by source	MegaLitres	3,094	3,674	3,356	
Total water discharge by destination	MegaLitres	1,899	2,881	3,088	
Proportion of water recycled over water withdrawn	%	12%	13%	25%	
Water consumption intensity	m ³ /sales	3.16	1.96	0.85	
Reduction in water consumption intensity against FY2020	%	35% reduction	60% reduction	83% reduction	Reduce water consumption intensity by 5% compared to base year 2020
Technology and Innovations					
Progress of Project Scheduled in Technology Road Map		Achieved	Achieved	Achieved	To achieve target project completion dates
Research and Development Expenditure (against revenue)	%	1%	1%	1%	

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OTHER SUSTAINABILITY DATA AND REFERENCES

Parental Leave	2021	2022	2023
Unisem - Malaysia and Chengdu			
Total number of employees that were entitled to parental leave – by gender			
Male	2,065	2,165	2,123
Female	1,942	2,076	1,975
Total number of employees that took parental leave – by gender			
Male	87	96	140
Female	123	70	134
Total number of employees that returned to work in the reporting period after parental leave ended – by gender			
Male	87	96	140
Female	99	68	133
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work – by gender			
Male	108	80	94
Female	91	87	59
Return to work rates of employees that took parental leave – by gender			
Male	100%	100%	100%
Female	80%	97%	99%
Retention rates of employees that took parental leave and were still employed 12 months after their return to work – by gender			
Male	96%	92%	98%
Female	85%	88%	87%

Sustainability Report

PERFORMANCE TABLE (BURSA ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2023
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	6,625
Customer Satisfaction		
Customer Satisfaction Scores Index	Percentage	81.00
Growing of Business		
Percentage of Revenue Growth	Percentage	0.00
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	33.90
Technology and Innovations		
Progress of Project Scheduled in Technology Roadmap	Number	3
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	1,474.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	732.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	742.00
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	618.00
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	742.00
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	732.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	2.40
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	116.60
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.33
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Board of Directors	Percentage	100.00
Senior Management and Management	Percentage	100.00
Executives, Non-Executives and Operators	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	34.00
Senior Management Above 50	Percentage	66.00
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	63.00
Management Above 50	Percentage	37.00
Executives Under 30	Percentage	22.00
Executives Between 30-50	Percentage	70.00
Executives Above 50	Percentage	8.00
Non-Executives Under 30	Percentage	35.00
Non-Executives Between 30-50	Percentage	62.00
Non-Executives Above 50	Percentage	3.00
Operators Under 30	Percentage	56.00
Operators Between 30-50	Percentage	41.00
Operators Above 50	Percentage	3.00
Gender Group by Employee Category		
Senior Management Male	Percentage	92.00
Senior Management Female	Percentage	8.00
Management Male	Percentage	78.00
Management Female	Percentage	22.00
Executives Male	Percentage	61.00
Executives Female	Percentage	39.00
Non-Executives Male	Percentage	75.00
Non-Executives Female	Percentage	25.00
Operators Male	Percentage	19.00
Operators Female	Percentage	81.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	64.00

Internal assurance External assurance No assurance (*)Restated

Sustainability Report

PERFORMANCE TABLE (BURSA ESG REPORTING PLATFORM) (CONT'D)

Indicator	Measurement Unit	2023
Female	Percentage	36.00
Under 30	Percentage	0.00
Between 30-50	Percentage	45.00
Above 50	Percentage	55.00
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management and Management	Hours	4,071
Executives	Hours	30,050
Non-executives	Hours	44,181
Operators	Hours	83,214
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	44.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management and Management	Number	18
Executives	Number	84
Non-executives	Number	303
Operators	Number	908
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	215,100.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megallitres	268,000,000
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	3,088.00
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	3,356.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	80,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	26

Internal assurance External assurance No assurance (*)Restated

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) - ALIGNED DISCLOSURE

In contributing our role as a corporate citizen for the transition to a low carbon economy and in cognizant of heightened interest from our stakeholders, we have initiated the process of integrating the TCFD recommendations in the Sustainability Report, ahead of the regulatory requirements of Bursa Malaysia’s Listing Requirements. In positioning Unisem for long-term success and climate resilience in a rapidly changing business environment, we strive to manage the climate-related risks and capture opportunities which may impact our business, strategy, and financial planning.

Governance

Unisem manages Environmental, Social and Governance (“ESG”) through a robust framework, governed by several levels to drive accountability and execution, which include Board of Directors, ESG Committee (“ESGC”) and ESG Working Committee (“ESGWC”).

The Board holds the ultimate accountability for the integration of sustainability in Unisem’s operations, including setting the strategic sustainability direction. The Group has clarified the oversight structure on sustainability-related matters at the Management-level. Specifically, the Group identified a designated individual to manage sustainability strategically at the management-level whilst having direct reporting lines to the Board ESGC.

The ESGC assists the Board to review the proposed strategies, initiatives, and assessments made by the Senior Management, including materiality assessments and sustainability opportunities and risk management assessments. The Board and ESGC also review the Group’s engagement with key stakeholders bi-annually to ensure adequate engagement with our stakeholders to understand their views and feedback and to address their concerns.

The ESGC is aided by ESGWC. ESGWC comprises of RBA Working Committee (“RBAWC”) and Business Development Group. The head of ESGWC approves and signs off the ESG policies. RBAWC is responsible to implement sustainability into daily operations to ensure it aligns with the strategic sustainability direction set by the Board, in relation Labour, Ethics, Health and Safety, Environment, Supply Chain Management and Management Systems.

The Sustainability Governance Structure has been disclosed under Sustainability Governance.

[Click here](#) or go to page 84 for Sustainability Governance

Strategy

In FY2023, Unisem has conducted the stakeholder engagement survey to identify the climate risks and opportunities relevant to the Group through stakeholder engagement survey form and compilation of results into the stakeholder feedback compilation template. For the risk and opportunities identified, we have applied the time horizon over the short-, medium-, and long-term, which we apply in the risks and opportunities identification and related impact, are as follows:

- i. Short-term: from 0 – 5 years
- ii. Medium-term: from 6 – 10 years
- iii. Long-term: more than 10 years

Transition Risk

Shifting towards a lower-carbon economy could involve significant alterations in policies, laws, technologies, and market dynamics to tackle the needs for both reducing and adapting to climate change. The extent and consequences of transition risks can vary based on the type, pace, and emphasis of these alterations. We keep a close watch on regulations and policies connected to climate change, aiming to grasp the potential effects on our business and stakeholders, as well as any opportunities that might arise.

Malaysia is part of the United Nations Framework Convention on Climate Change and a signatory of the Paris Agreement. The Paris Agreement’s central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5°C. The government is intended to reduce its GHG emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. The government has stated that its ultimate ambition is for Malaysia to be carbon neutral nation by as early as 2050.

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

The following table shows the transition risks identified by Unisem:

	Description	Time Horizon	Current Status	Impact
Policy and Legal	The government has the capacity to enforce strategies for attaining these objectives, including the adoption of carbon pricing systems aimed at diminishing greenhouse gas emissions. Furthermore, new regulations might either limit the use of fossil fuels significantly or result in their complete abandonment.	Short-term	We have manufacturing sites in Malaysia and China, producing around 118,957 tCO ₂ (Scope 1 and Scope 2) in the year 2023.	The Malaysian government anticipates a substantial industry involvement in reaching its emission targets. If carbon pricing is put into effect, it is projected that the related financial burdens on energy will rise.
Technology/ Raw Material	Our systems and applications have become increasingly complex. Consequently, the costs and time required for developing new products and technology have risen.	Long-term	<p>We recognised that there are a lot of potentials in the development of new energy saving/carbon reduction technologies.</p> <p>Currently, the Company has in place a Supplier Management Specification for Environmental, Health and Safety Related Substances in Parts and Materials to ensure the materials selected are environmentally compliance and recyclable at the end of shelf life.</p> <p>Besides that, Unisem strictly complies with regulations such as RoHS and REACH (supplier declaration) for raw material and refuse projects involving high lead or mercury content.</p> <p>Additionally, adhere to ISO 14001:2015 standards for effective environmental management, ensuring a systematic approach to environmental conservation and sustainability.</p>	<p>There is a potential risk that we might face challenges in creating novel technologies aimed at decreasing energy usage, or alternatively, the expenses associated with this transition could be substantial. Our suppliers might lack the capability or resource for ongoing development of innovative technologies.</p> <p>Imposing limitations on fossil fuels could potentially lead to devaluation of assets and/or necessitate the revision of products, along with the potential need to acquire new equipment or materials at greater expenses, all with reduced carbon impacts.</p>
Market	As global awareness of climate change rises, addressing the environmental effects of products has become a priority for our customers and other stakeholders. They might lean towards transitioning to products with reduced carbon footprints.	Medium-term	Our customers operate within regions where stringent national laws and regulations pertaining to greenhouse gas ("GHG") emissions quotas and usage are in effect. These requirements could potentially be transmitted to our products and services through our customers.	The semiconductor industry is highly competitive, and our capacity to compete depends on our ability to develop new and enhance our products to be more environmentally friendly. Failure to meet our customer expectations may lead to loss of competitive edge.

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

The following table shows the transition risks identified by Unisem (cont'd):

	Description	Time Horizon	Current Status	Impact
Reputation	The process of semiconductor manufacturing demands significant quantities of energy and water resources. As the global consciousness regarding climate change continues to grow, the effective mitigation of the environmental impact associated with our products has become a prominent concern for both our customers and other stakeholders.	Medium-term	Investor and other stakeholders are increasing focuses on climate change practise.	Failure to achieve our climate change objectives, meet the emerging climate expectations of our stakeholders and/or timely respond to enhanced regulations could negatively affect our brand and reputation.

Physical Risk

Climate change-related physical risks manifest in two primary forms: event-driven (acute) occurrences and gradual, long-term shifts (chronic) in climate patterns.

Acute physical risks encompass impactful events like intensified extreme weather incidents such as storms, heavy rain, drought and floods. On the other hand, chronic physical risks encompass extended changes in climate patterns, like prolonged elevated temperatures leading to scenarios such as rising sea levels or enduring heat waves.

	Acute Physical Risk	Chronic Physical Risk
Description	Storm, flood & drought	Rising temperature
Time Horizon	Medium-term	Long-term
Assumptions	Catastrophic events associated with increased frequency and/or severity of extreme weather events such as droughts and floods could make it difficult or impossible to manufacture or deliver products to our customers, receive production materials from suppliers, or perform critical functions.	Less government action and regulations to combat climate change and emissions remain high, leading to higher global warming and increase shift in climate patterns.
Impact	Production disruptions lead to financial losses and reduced revenue due to delays, missed deliveries, increased costs, and potential customer defection.	Such circumstances can lead to supply chain disturbances. Suppliers might encounter challenges in providing materials due to fluctuations in the supply and demand of specific commodities (e.g. rare earth elements, minerals), necessitating packaging redesigns or the exploration of alternative materials. Besides that, consumers will be more incline towards products that generate fewer emissions, utilise fewer resources (such as minerals and electricity), or adhere to other criteria that call for modifications in our packaging designs.

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

Opportunities

Unisem has also identified the potential opportunities to the business:

	Time Horizon	Climate-Related Opportunities	Potential Impacts
Resource efficiency	Short-term	Unisem has a year-on-year track record of energy saving programs to improve the energy efficiency of our production, as well as reduce water usage and consumption. Example: LED lighting conversion, Green Building Certification, Replacement of old chilled water management system to energy saving system (improve HVAC), upgrading air conditioning system and conduct compressed air optimisation.	<ul style="list-style-type: none"> • Reduced operating costs through efficiency gains and cost reduction from utilities. • Increased value of fixed assets.
Energy source	Short-term	At Unisem, we are actively embracing renewable energy to lessen our reliance on fossil-based power. We have taken the initiative to transition from conventional lighting to solar lights for both streetlights and car parks. Our efforts extend beyond just lighting. At our manufacturing plant in China, an official Power Purchase Agreement (“PPA”) has been established between the Company and State Grid Sichuan Electric Power Company, explicitly outlining that a segment of the Company’s electrical supply is generated from sustainable sources, including solar, wind, and hydropower. Our multi-faceted efforts set an inspiring example for a cleaner, greener energy future.	<ul style="list-style-type: none"> • Reduced exposure to GHG emissions and therefore less sensitivity to changes to cost of carbon. • Reputational benefits resulting in increased demand for goods.
Products and services	Short-term	Unisem goes beyond fulfilling customer’s request. We actively engage in evaluating the manufacturing process, offering valuable advice and recommendations in areas such as waste reduction, material substitution and process optimisation. Our commitment is to enhance the efficiency of product manufacturing, which benefits our customers through improved cost-effectiveness and sustainability.	<ul style="list-style-type: none"> • Material and energy cost can be reduced significantly by identifying and reducing waste in the manufacturing process. • Attract more customers and potentially lead to increased revenue as Unisem offers products at a lower cost with improved quality.
Markets	Medium-term	Unisem recognises the highly competitive nature of the industry and taking deliberate steps to reduce our environmental footprint (e.g., energy saving program), which not only aligns with market trends but also creates opportunities for market expansion.	<ul style="list-style-type: none"> • Access to new markets and customer segments leads to increased product demand and drives revenue growth. • Attract new investors who are willing to invest in businesses with a positive environmental impact.

TCFD - ALIGNED DISCLOSURE (CONT'D)

Resilience of Unisem's Strategy

In accordance with our commitment to the TCFD, Unisem recognises the critical significance of scenario analysis in our overall TCFD strategy. One key factor in achieving the resilience of the Group's strategy will be aligning the Group's strategy with climate-related scenarios. We have conducted qualitative scenario analysis to identify potential risks and opportunities, which informs our business and climate strategies. This includes obtain green building certification for new plant, and identification of continuous improvement projects that can address climate-related challenges.

The details of our Climate Transition Strategy have been disclosed under **Unisem Group's Environmental Roadmap**

Click [here](#) or go to page 132 for Unisem Group's Environmental Roadmap

We duly acknowledge that our supply chain is susceptible to substantial impacts in the event of a 2°C or lower scenario. While we currently possess a preliminary understanding of these potential effects, we provide a comprehensive and detailed account of our scenario analysis in forthcoming TCFD disclosures.

Risk Management

The Board exercises supervision over risk management and receives regular updates from the management regarding Group risks and enterprise risk management. The responsibility of identifying business risks, aligning them with the Group's strategy, appraising the effectiveness of risk assessment initiatives, and establishing risk controls lies with the management. Our ESGWC will continuously monitor-climate change related requirements. Short-term (0-5 years), medium-term (6-10 years), and long-term (>10 years) time horizons are included as part of risk identification and management for all climate related risks.

The Group follows an Enterprise Risk Management ("ERM") framework in line with Committee of Sponsoring Organizations of Treadway Commission's (COSO) principles. This approach systematically identifies, assesses, and reports key risks using self-assessment. Notable risks include strategic, operational, regulatory, and others. Annual ERM reviews are conducted by business units, led by division heads, and outsourced internal audit. Identified risks have been assigned to owners for timely action plans. Results and progress are reported to the Committee, and emerging risks are monitored. Adequate insurance coverage is secured to manage certain risks effectively.

The details of risk identification, assessment and management process has been disclosed in the **Statement of Risk Management and Internal Control** in the Integrated Annual Report.

Click [here](#) or go to page 47 for Statement of Risk Management and Internal Control

Metrics and Targets

In Unisem, we monitor numerous metrics to measure progress toward achieving our environmental targets including reduction of emissions intensity, including:

1. Scope 1, Scope 2 and limited Scope 3 emissions (tCO²-e)
2. Energy consumption (GJ)
3. Waste generated (Metric Tones)
4. Water consumed (Mega Litres)

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

Unisem carbon emission data follows the methodologies in accordance with the GHG accounting and reporting standards which are the GHG Protocol, ISO 14064-1 and the GRI 305: Emissions 2016 Standard. Our total emissions for FY2023 amounted to 2,349 tCO²-e for Scope 1, 116,608 tCO²-e for Scope 2 and 326 tCO²-e for Scope 3 emissions. As our commitment towards carbon neutrality by 2030, with an aspiration of Net Zero by 2050, Unisem has set climate-related targets related to GHG emissions, energy consumption, water consumption and waste generation as follows:

1. Reduce GHG emissions intensity by 15% from 2020 baseline by 2027
2. Reduce energy consumption intensity by 15% from 2020 baseline by 2027
3. To achieve 60% recycling rate of total hazardous waste generated by 2027
4. Reduce water consumption intensity by 10% from 2020 baseline by 2027

The details of the metrics and targets has been disclosed in the **THE ENVIRONMENT**.

Click [here](#) or go to page 130 for THE ENVIRONMENT

Sustainability Report

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	REFERENCE SECTION AND COMMENTS	PAGE	
GRI 102: General Disclosures 2016	ORGANISATIONAL PROFILE			
	102-1	Name of the organisation	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: About this Sustainability Report 	8 76
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate 	8
	102-3	Location of headquarters	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: About this Sustainability Report 	8 76
	102-4	Location of operations	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: About this Sustainability Report 	8 76
	102-5	Ownership and legal form	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate IAR23: Shareholders' Statistics 	8 243
	102-6	Markets served	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate 	8
	102-7	Scale of the organisation	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: Our People: Equal Treatment and Opportunities 	8 115
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> SR23: Our People: Equal Treatment and Opportunities 	115
	102-9	Supply chain	<ul style="list-style-type: none"> SR23: How We Do Business: Supply Chain Management 	99
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> SR23: About this Sustainability Report 	76
	102-11	Precautionary principle or approach	<ul style="list-style-type: none"> SR23: The Environment 	130
	102-12	External initiatives	<ul style="list-style-type: none"> SR23: About this Sustainability Report 	76
	102-13	Membership of associations	<ul style="list-style-type: none"> SR23: About this Sustainability Report 	76
	STRATEGY			
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> IAR23: Chairman's Letter to the Shareholders IAR23: Our Performance: Management Discussion & Analysis 	4 70	
102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> IAR23: The Strategy and Focus Areas 	52	
	ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> IAR23: Creating Value for Stakeholders SR23: How We Do Business: Code of Ethics SR23: How We Do Business: Anti-Corruption and Bribery 	63 94 94	
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> SR23: How We Do Business: Anti-Corruption and Bribery 	94	

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD	DISCLOSURE	REFERENCE SECTION AND COMMENTS	PAGE	
GRI 102: General Disclosures 2016	GOVERNANCE			
	102-18	Governance structure	<ul style="list-style-type: none"> • IAR23: Profile of Board of Directors • IAR23: Profile of Senior Management • IAR23: Corporate Governance Overview Statement • SR23: Governance for Sustainability 	17 23 25 84
	102-19	Delegating authority	<ul style="list-style-type: none"> • SR23: Governance for Sustainability 	84
	102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> • SR23: Governance for Sustainability 	84
	102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> • SR23: Unisem's Materiality Assessment Process 	88
	102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-23	Chair of the highest governance body	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-25	Conflicts of interest	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement • SR23: How We Do Business: Conflict of Interest 	25 96
	102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> • IAR23: Creating Value for Stakeholder • SR23: Governance for Sustainability 	63 84
	102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement • SR23: Governance for Sustainability 	25 84
	102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> • SR23: Governance for Sustainability • SR23: Sustainability Risks and Opportunities 	84 90
	102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> • SR23: Governance for Sustainability 	84
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> • SR23: Unisem's Materiality Assessment Process 	88	

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD	DISCLOSURE	REFERENCE SECTION AND COMMENTS	PAGE
GRI 102: General Disclosures 2016	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	• IAR23: Creating Value for Stakeholders 63
	102-41	Collective bargaining agreements	• SR23: Our People: Employee Welfare 122
	102-42	Identifying and selecting stakeholders	• IAR23: Creating Value for Stakeholders 63
	102-43	Approach to stakeholder engagement	• IAR23: Creating Value for Stakeholders 63
	102-44	Key topics and concerns raised	• IAR23: Creating Value for Stakeholders 63
	REPORTING PRACTICE		
	102-45	Entities included in the consolidated financial statements	• IAR23: Financial Statements 180
	102-46	Defining report content and topic boundaries	• SR23: About this Sustainability Report 76
	102-47	List of material topics	• IAR23: Our Material Topics 53
	102-48	Restatement of information	There is no restatement of information in SR23
	102-49	Changes in reporting	• SR23: Unisem's Materiality Assessment Process 88
	102-50	Reporting period	• IAR23: Reporting Scope and Boundary 2
	102-51	Date of most recent report	• IAR23: Reporting Scope and Boundary 2
	102-52	Contact point for questions regarding the report	• SR23: About this Sustainability Report: Contact 80
	102-53	Date of most recent report	• SR23: About this Sustainability Report 76
	102-54	Claims of reporting in accordance with the GRI Standards	• SR23: About this Sustainability Report: Reporting Framework and Standards 76
102-55	GRI content index	• SR23: GRI Content Index 165	
102-56	External assurance	• SR23: About this Sustainability Report: Assurance 77	

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GRI 307:	REPORTING PRACTICE		
Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	• SR23: The Environment: Our Environmental Management Approach 130
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	• SR23: Our People: New Hire and Retention 127
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	• SR23: Our People: Communications and Engagements with Employees 121
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	• SR23: Our People: Employee Development 123
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR23: Our People: Communications and Engagements with Employees 121
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	• SR23: Our People: Employee Diversity 115
	405-2	Ratio of basic salary and remuneration of women to men	• SR23: Our People: Employee Diversity 115
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	• SR23: Managing Our Business 103
TOPIC-SPECIFIC DISCLOSURES: MATERIAL SUSTAINABILITY MATTER			
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	103-2	The management approach and its components	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	103-3	Evaluation of the management approach	• SR23: How We Do Business: Anti-Corruption and Bribery 94
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	205-2	Communication and training about anti-corruption policies and procedures	• SR23: How We Do Business: Anti-Corruption and Bribery 94
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GRI 415: Public Policy 2016	415-1	Political contributions	94
		• SR23: How We Do Business: Anti-Corruption and Bribery	
PRODUCT STEWARDSHIP			
GRI 205: Anti-Corruption 2016	103-1	Explanation of the material topic and its boundary	98
	103-2	The management approach and its components	98
	103-3	Evaluation of the management approach	98
		• SR23: How We Do Business: Product Stewardship	
		• SR23: How We Do Business: Product Stewardship	
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SUPPLY CHAIN MANAGEMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	99
	103-2	The management approach and its components	99
	103-3	Evaluation of the management approach	99
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	99
	308-2	Negative environmental impacts in the supply chain and actions taken	99
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	99
	414-2	Negative social impacts in the supply chain and actions taken	99
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	103
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		• SR23: Managing Our Business: Business Performance	
		• SR23: Managing Our Business: Business Performance	
		• SR23: Managing Our Business: Business Performance	

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TOPIC-SPECIFIC DISCLOSURES: MATERIAL SUSTAINABILITY MATTER				
GROWING THE BUSINESS				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> • IAR23: Financial Statements • SR23: Managing Our Business: Business Performance 	180 103
	201-4	Financial assistance received from government	<ul style="list-style-type: none"> • IAR23: Financial Statements: Notes to the Financial Statements 	180
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> • SR23: Managing Our Business: Business Performance 	103
TECHNOLOGY AND INNOVATION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: Managing Our Business: Pushing Our Technological Boundaries 	105
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: Managing Our Business: Pushing Our Technological Boundaries 	105
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: Managing Our Business: Pushing Our Technological Boundaries 	105
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
CUSTOMER PRIVACY AND DATA PROTECTION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Protecting Our Customers' Privacy and Data 	112

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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	103-2	The management approach and its components	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	103-3	Evaluation of the management approach	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	412-2	Employee training on human rights policies or procedures	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	412-3	Significant investment agreements and contract that include human rights clauses or that underwent human rights screening	• SR23: Our People: Upholding Human Rights and Labour Standards 113

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	103-2	The management approach and its components	• SR23: Our People: Employee Welfare 122
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GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	• IAR23: Financial Statements • SR23: Our People: Employee Welfare 180 122
	GRI 401: Employment 2016	401-2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees
401-3		Parental leave	• SR23: Our People: Employee Welfare • SR22: Other Sustainability Data and References 122 156
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GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	• SR23: Our People: Occupational Health and Safety 117
	403-2	Hazard identification, risk assessment, and incident investigation	• SR23: Our People: Occupational Health and Safety 117
	403-3	Occupational health services	• SR23: Our People: Occupational Health and Safety 117
	403-4	Worker participation, consultation, and communication on occupational health and safety	• SR23: Our People: Occupational Health and Safety 117
	403-5	Worker training on occupational health and safety	• SR23: Our People: Occupational Health and Safety - Safety and Health Training 119

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	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• SR23: Our People: Occupational Health and Safety	117
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: Our People: Local Communities	128
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GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	• SR23: How We Do Business: Our Contribution to Local Economy and Society	102
GRI 203: Indirect Economic Impact 2016	203-2	Significant indirect economic impacts	• SR23: Our People: Local Communities	128
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	• SR23: The Environment: Noise Monitoring	149
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: The Environment: Our Environmental Management Approach	130
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GRI 302: Energy 2016	302-1	Energy consumption within the organisation	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
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GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-2	Energy indirect (Scope 2) GHG emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-4	GHG emissions intensity	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-5	Reduction of GHG emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions - Other Air Emissions	140
EFFLUENTS AND WASTE MANAGEMENT				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: The Environment: Managing Waste and Effluents	141
	103-2	The management approach and its components	• SR23: The Environment: Managing Waste and Effluents	141
	103-3	Evaluation of the management approach	• SR23: The Environment: Managing Waste and Effluents	141
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	• SR23: The Environment: Managing Waste and Effluents	141
	306-2	Management of significant waste-related impacts	• SR23: The Environment: Managing Waste and Effluents	141
	306-3	Waste generated	• SR23: The Environment: Managing Waste and Effluents	141
	306-4	Waste diverted from disposal	• SR23: The Environment: Managing Waste and Effluents	141
	306-5	Waste directed to disposal	• SR23: The Environment: Managing Waste and Effluents	141

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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-2	Management of water discharge-related impacts	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-3	Water withdrawal	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-4	Water discharge	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-5	Water consumption	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	<ul style="list-style-type: none"> • SR23: The Environment: Managing Waste and Effluents 	141
			<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145

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SASB ALIGNMENT INDEX

General	Accounting Metric	SASB Code	Content Reference
Activity metric	Total production	TC-SC-000.A	Total number of units produced in FY2023 is 7,234,319K. Number of units produced is adjusted based on a standardised adjustment method depending on the types of products – i.e., based on 10,000 units per wafer.
Activity metric	Percentage of production from owned facilities	TC-SC-000.B	100% of the units produced are from facilities owned by Unisem Group.

Topic	Accounting Metric	SASB Code	Summary
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions and	TC-SC-110a.1	(1) Gross global Scope 1 (Direct) emissions amounted to 2,348 tons of CO ₂ equivalent.
	(2) Amount of total emissions from perfluorinated compound		(2) n/a, we do not use a significant amount of perfluorinated compounds.
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TC-SC-110a.2	<p>Unisem Group's Scope 1 emissions are relatively low amongst its total Scope 1 and 2 emissions, i.e. less than 2%, and majority of emissions are derived from energy use, particularly purchased electricity. The Group aims to reduce overall Scope 1 and 2 emissions by targeting to reduce emissions intensity via reduction in energy intensity. We have targets to reduce energy intensity and emissions intensity by 5% against the FY2020 baseline.</p> <p>The Group is also exploring alternative sources of energy including renewable sources to potentially reduce emissions arising from fossil-based energy.</p>
Energy Management in Manufacturing	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	TC-SC-130a.1	(1) Total energy consumption by the Group is 774,301 GJ. (2) Total grid electricity purchased amounted to 746,038 GJ, i.e. 96.3% of total energy consumption. (3) Total renewable energy consumption is 189,884 GJ, i.e. 24.5% of total energy consumption.

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SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Water Management	(1) Total water withdrawn,	TC-SC-140a.1	(1) Total water withdrawn by the Group is 3,356K m ³
	(2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		(2) Total water consumed by the Group is 268K m ³ Unisem Group has facilities located in two locations, i.e. Simpang Pulai, Perak, Malaysia and Chengdu, Sichuan, PRC. Both locations are not High or Extremely High Baseline Water Stress regions.
Waste Management	Amount of hazardous waste from manufacturing, percentage recycled	TC-SC-150a.1	The Group generated 618MT of hazardous waste from its production activities. 49% of this hazardous waste from manufacturing was recycled. Approximately 56% of this recycled hazardous waste was e-waste, which was handled by third party contractors compliant with applicable local laws and regulations.
Employee Health & Safety	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	TC-SC-320a.1	Unisem Group assesses, monitors, and reduces exposure of employees to human health hazards via its occupational safety and health management system, which includes: (a) Governance structure – Health and Safety Working Committee to oversee safety and health identification, assessment, management, and reporting processes; (b) Risk-based approach – HIRARC reviews to identify hazards and risks (c) SOPs incorporating health and safety internal controls (d) Incident response and risk management procedures (e) Training and awareness
	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	TC-SC-320a.2	There were no legal proceedings associated with employee health and safety violations reported during FY2023, i.e. there were no associated monetary losses.

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SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Recruiting & Managing a Global & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SC-330a.1	(1) Unisem Group discloses the following data by location, i.e. Unisem Malaysia and Unisem Chengdu. 26.0% of Unisem Malaysia's employees are foreign nationals. 0.4% of Unisem Chengdu's employees are foreign nationals. In Unisem Malaysia, ongoing efforts are undertaken to attract local employees to reduce reliance on foreign workers and to develop local talent pool.
			(2) 54.6% and 45.4% of the Group's employees are employed in Malaysia and China, respectively.
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-SC-410a.1	Unisem Group complies with RoHS Directive on restriction on the use of ten substances including lead.
	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	TC-SC-410a.2	Unisem Group does not produce end products or consumer products and hence this metric is not applicable.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-SC-440a.1	Unisem Group has a Group Policy on Conflict Minerals which prohibit the use of conflict minerals including tantalum, tin, tungsten, and gold from conflict areas. Due diligence processes are in place to facilitate the responsible sourcing of conflict free minerals in the Group's production and supply chain. Further, the Group adheres to the RBA Code of Conduct and it requires suppliers to adhere to the same.
Intellectual Property Protection & Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	TC-SC-520a.1	There were no legal proceedings associated with anti-competitive behaviour regulations reported during FY2023, i.e. there were no associated monetary losses.

Sustainability Report

ASSURANCE AND INTERNAL AUDIT REVIEW STATEMENTS

Letter of Independence Limited Assurance Statement

Introduction and Objectives of Work

BeyondGood Consultancy has been engaged by Unisem (M) Berhad (Unisem) to provide limited assurance of its selected Greenhouse Gases (GHG) data. This limited assurance statement applies to the related information in the scope of work described below (Subject Matter).

Scope of Work

This GHG information in Unisem's 2023 Sustainability Report ("the Report") is the sole responsibility of the management of Unisem. BeyondGood Consultancy was not involved in the drafting of the Report.

Our sole responsibility was to provide independent limited assurance of the accuracy of the Subject Matter in reference to the most common GHG accounting and reporting standards which are the GHG Protocol, ISO 14064-1 and the GHG 2005 Emissions 2016 Standard is also a standard that requires companies to report direct emissions (Scope 1), energy indirect emissions (Scope 2), other indirect (Scope 3) greenhouse gas (GHG) emissions.

Organisational and Operational Boundaries

Unisem consolidates its facility-level GHG emissions and removals by the organisation accounts for all GHG emissions from facilities over which it has financial or operational control, where it aids transparency or comparability over time and provides a breakdown of the GHG emissions by:

- Business unit or facility: Unisem Ipoh & Unisem Chengdu
- Country: Malaysia and China
- Type of source: fuel, processes, and purchased electricity
- Type of activities: fleet fuel (e.g., diesel and petrol used in forklifts and company cars) and natural gas used in boilers and generator sets; operations energy consumption; indirect GHG emissions from employee commuting, and freight transportation
- Greenhouse Gas Emissions (Scope 1, Scope 2 location-based and market-based, and Scope 3, Category 3)

BeyondGood Consultancy reviewed Unisem's company carbon footprint data related to the manufacturing operations by its fiscal year 2023. Our limited assurance on Unisem's carbon footprint - Scope 1, 2 & 3 related Carbon Footprint for Fiscal Year 2023 does not extend to any other information included in the Report.

Summary

This review checks the transparency of data and calculations, appropriateness of supporting GHG-related data and assumptions, and overall plausibility of the calculated corporate annual carbon footprint comprised of emissions derived from Unisem's operations in fiscal year 2023. This review and verification focuses on Scope 1, Scope 2, and Scope 3 emissions. This review and verification furthermore in accordance with ISO 14064-3: Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

The review of the corporate annual carbon footprint has considered the following criteria:

- The system, boundaries, and functional unit are clearly defined
- Assumptions and estimations made are appropriate
- Selection of data is appropriate and methodologies used are adequately disclosed

Unisem includes greenhouse gas emissions for manufacturing operations resulting from the following:

- Direct GHG emissions (Scope 1 / Category 1) from industrial gases, direct fugitive emissions from refrigerants, air conditioning, and fire suppression systems, mobile and stationary combustion.

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Reviewed Data and Plausibility Check

A verification and sampling plan as required by ISO 14064-3 has been established in the course of this review and verification, defining the level of assurance, objectives, criteria, scope, and materiality of the verification. As part of this review and verification, Unisem disclosed the following data to BeyondGood Consultancy:

Business Unit	Scope	CO2e	CH4	N2O	HFC	PFC	GHG	CO2e (t)
IPoh	Direct Emissions	21.38	21.38	0.000	0.000	0.000	0.000	21.38
IPoh	Direct Indirect Emissions	246.43	0.000	0.000	0.000	0.000	0.000	246.43
IPoh	Direct Indirect Emissions (Location Based)	43.16	0.000	0.000	0.000	0.000	0.000	43.16
IPoh	Direct Indirect Emissions (Market Based)	51.36	0.000	0.000	0.000	0.000	0.000	51.36
Chengdu	Direct Emissions	416.79	0.000	0.000	0.000	0.000	0.000	416.79
Chengdu	Direct Indirect Emissions	48.13	48.13	0.000	0.000	0.000	0.000	48.13
Chengdu	Direct Indirect Emissions (Location Based)	133.39	0.000	0.000	0.000	0.000	0.000	133.39
Chengdu	Direct Indirect Emissions (Market Based)	148.22	0.000	0.000	0.000	0.000	0.000	148.22
IPoh	Scope 3 - Employee Commuting	0.000	0.000	0.000	0.000	0.000	0.000	0.000
IPoh	Scope 3 - Freight Transportation	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chengdu	Scope 3 - Employee Commuting	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chengdu	Scope 3 - Freight Transportation	0.000	0.000	0.000	0.000	0.000	0.000	0.000
IPoh	Scope 3 - Purchased Electricity	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Purchased Electricity	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Other Indirect Emissions	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chengdu	Scope 3 - Other Indirect Emissions	0.000	0.000	0.000	0.000	0.000	0.000	0.000
IPoh	Scope 3 - Total	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Total (Location Based)	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total (Location Based)	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Total (Market Based)	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total (Market Based)	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Total (Weighted Average)	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total (Weighted Average)	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Total (Weighted Average) (Location Based)	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total (Weighted Average) (Location Based)	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Total (Weighted Average) (Market Based)	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total (Weighted Average) (Market Based)	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00
IPoh	Scope 3 - Total (Weighted Average) (Weighted Average)	1,188.67	0.000	0.000	0.000	0.000	0.000	1,188.67
Chengdu	Scope 3 - Total (Weighted Average) (Weighted Average)	1,000.00	0.000	0.000	0.000	0.000	0.000	1,000.00

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Energy sources data for FY2023, including LPG, diesel, petrol, and natural gas purchased records by month for both business units and facilities for Unisem Ipoh, Malaysia and Unisem Chengdu, China.

- Purchased electricity records by month for both business units and facilities for Unisem Ipoh, Malaysia and Unisem Chengdu, China.
- Purchased electricity contract agreement for Unisem Chengdu, China on the renewable and non-renewable energy supply.
- Upstream freight transportation GHG emissions records based on weight over distance method Well-to-Wheel (WTW) emission intensity of freight emission factor retrieved from the Global Logistics Emissions Council Framework for Logistics Emissions year released 2019 by suppliers for Unisem Ipoh.
- Employee commuting to work with company bus record by suppliers based on Passenger Over Distance method, emission intensity of bus source is EPA Emission Factors for Greenhouse Gas Inventories - Business Travel and Employee Commuting according to GHG Protocol year released 2021 by month for Unisem Ipoh.
- Calculation methodology and emissions factors for the company's carbon footprint and methodological changes implemented in 2023
- The total company carbon footprint for the fiscal year 2023

Detailed analysis of the Carbon Footprint including:

- The breakdown of the metric tonne CO₂-equivalent: metric tonne CO₂, metric tonne CH₄, metric tonne N₂O and metric tonne refrigerants (if applicable).

The data undergoes rigorous verification through expert manual review and is based on emissions factors and methods that are scientifically validated with oversight from a panel of respected environmental scientists. This review was done remotely.

Findings

The methodological changes implemented with the 2023 data are confirmed to lead to an improvement in terms of accuracy and real-use patterns representation of the results.

All questions raised in the course of the review were answered by Unisem and related evidence was provided where needed.

Further improvements of applied data models have been discussed with Unisem and are under consideration for future methodological revisions.

Conclusions

We observe from year to year an improvement of the assessment approach in terms of the granularity of the used calculation data. This year several additional components are modelled with more accurate data from Unisem's suppliers and with updated calculation models.

The review has not found assumptions or calculation errors on the GHG data table that indicate the corporate carbon footprint has been materially misstated. The excellent analysis makes the principles of good scientific practice.

Attestation:

C. D. Koh
 Chin Ling, Lo
 Technical Reviewer
 BeyondGood Consultancy 20180235259 (002833449-X)
 Malaysia, Jan 26, 2024

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Baker Tilly Monteiro Heng Governance Sdn Bhd (Company No. 35171-X)
 Baker Tilly Tower
 Level 10 Tower 1, Jln Damansara
 Bangsar South City
 59200 Kuala Lumpur, Malaysia

T: +603 2297 1000
 F: +603 2392 9590
 www.bakertilly.my

20 February 2023

Dear Sir/Mam,

UNISEM (M) BERHAD
 1, Persiaran Puteri Jaya 9,
 Bandar Puteri Jaya,
 31900 Ipoh, Perak.

STRICTLY CONFIDENTIAL

UNISEM (M) BERHAD
INTERNAL AUDIT REVIEW OF THE SUSTAINABILITY REPORTING PROCESS

Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly" or "we") has been engaged to perform an outsourced function to provide internal audit services for the review of Unisem (M) Berhad ("Unisem" or "the Company") Sustainability Reporting Process for the audit period from 1 January 2023 to 31 December 2023 for reporting to the Audit Committee ("AC").

Scope

The key operating sites at Unisem Ipoh and Unisem Chengdu Co., Ltd. ("Unisem Chengdu") represent the Group's core revenue generating operations and employ the Group's entire workforce. The boundary of the internal audit review includes Unisem's operation in Unisem Ipoh, only.

Subject Matter

The subject matters covered by the internal audit review are listed in the table below, as presented in the Sustainability Report Financial Year 2023:

Sustainability Matters	Subject Matters
Occupational Health and Safety	Number of employees trained on health and safety standards
	Number of major and minor work-related accidents
	Injury frequency rate for industrial accidents
	Fatality rate
	Loss time incident/ severity rate

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Sustainability Matters	Subject Matters
Customer Satisfaction	Satisfaction of key customers
Growing the Business	Economic value table
	Proportion of local hires amongst employees
Supply Management	Audit of key direct material suppliers and key service agents
	Status of implementation of corrective action
	Summary of key material supplier's RBA audit
	Proportion of direct material spending on local suppliers
Technology and Innovation	Research and Development Expenditure
Effluents and Waste Management	Percentage of e-waste recovered
	Recycling rate of hazardous waste generated
	Total waste generated, diverted from disposal and directed to disposal
Customer Privacy and Data Protection	Number of substantiated complaints concerning breaches in customers privacy or data loss
Anti-Corruption	Number and percentage of anti-corruption training
	Corruption risk assessment
	Number of confirmed corruption incidents
	Summary of incidents and cases report
Employee Development and Diversity	Number of permanent and fixed-term contract by employee gender
	Percentage of permanent and fixed-term contract by employee
	Ratio of basic by gender
	Number of training hours by employee category
	Percentage of employees achieving minimum 6 training hours
	Proportion of employees within minimum 6 hours of training each year
	Average training hours per employee
	Average training cost per employee
	Average training hour per employee-by-employee category and gender
	Employee climate satisfaction
	Total number of employees turnover by category
	New hire and turnover headcount and percentage by age
Human and Labour Rights	Total hours and percentage of employees trained on labour standards and human rights issues
	Number of substantiated complaints concerning human rights violations
Water Consumption	Total water withdrawal, water discharge and water consumption
	Proportion of water recycled over water withdrawn
	Water consumption intensity
	Compliance with air effluents and wastewater discharge regulations
	Summary of resource conservation outcomes
Local communities	Total amount invested where the target beneficiaries are external to Unisem
	Total number of beneficiaries of the investment in communities

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Limitation of Use of this Letter

This letter is prepared solely for the Audit Committee of the Company in accordance with the terms outlined in our engagement letter with the Company. To the fullest extent permitted by law, we hereby declare that we do not accept nor assume responsibility and disclaim any liability to any party for the content of this letter. Any reliance placed on this report by any third party shall be done at their own risk.

Baker Tilly

Baker Tilly Monteiro Heng Governance Sdn Bhd
 (Company No. 35171-X)

Kuala Lumpur

Date: 22-Feb-2024

Financial Statements

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Directors' Report

The directors of **UNISEM (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in the manufacturing of semiconductor devices.

The information on the name, principal place of business and place of incorporation, principal activities and proportion of ownership interest and voting rights held by the Company in each subsidiary is as disclosed in Note 14 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	THE GROUP RM'000	THE COMPANY RM'000
Profit for the year from continuing operations	81,946	8,971
Loss for the year from discontinued operations	(1,708)	-
Profit for the year attributable to owners of the Company	80,238	8,971

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid/payable or proposed by the Company is in respect of the following:

A third interim dividend of 2.0 sen per share, tax-exempt, amounting to RM32,261,582 proposed in respect of the previous financial year and dealt with in the previous year's directors' report, was paid on March 24, 2023.

A first interim dividend of 2.0 sen per share, tax-exempt, amounting to RM32,261,582 in respect of the current financial year was paid on May 26, 2023.

A second interim dividend of 2.0 sen per share, tax-exempt, amounting to RM32,261,582 in respect of the current financial year was paid on August 25, 2023.

A third interim dividend of 2.0 sen per share, tax-exempt, amounting to RM32,261,582 in respect of the current financial year was paid on November 24, 2023.

On February 27, 2024, the directors declared a fourth interim dividend of 2.0 sen per share, single-tier, for the current financial year. The interim dividend has not been included as a liability in the financial statements for the financial year ended December 31, 2023 and will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Directors' Report

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no known bad debts needed to be written off and that no allowance for doubtful debts was necessary; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than those disclosed in Note 28 to the financial statements.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

Directors’ Report

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

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
 Mr. Xiao Zhiyi
 Mr. Cui Weibing
 Mr. Ju Feng
 Mdm. Xu QinQin (appointed on July 27, 2023)
 Y. Bhg. Dato’ Wong Guang Seng (retired on April 28, 2023)
 Mdm. Wei Xiaoli (resigned on July 27, 2023)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are listed below (excluding directors who are also directors of the Company):

Gilbert Lawrence Chiu
 Gadis Aditya Siregar

DIRECTORS’ INTERESTS

The interests in shares in the Company of those who were directors at the end of the financial year according to the Register of Directors’ Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	NUMBER OF ORDINARY SHARES			BALANCE AS OF 31.12.2023
	BALANCE AS OF 1.1.2023	ACQUIRED	DISPOSED OF	
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	141,102,250	2,645,000	(1,291,400)	142,455,850
Mr. Alexander Chia Jhet-Wern	8,200,000	-	-	8,200,000
Mr. Francis Chia Mong Tet	1,000,000	-	-	1,000,000
Indirect interests by virtue of shares held by companies in which a director has interests				
Mr. John Chia Sin Tet	339,341,356	610,000	(1,500,000)	338,451,356
Mr. Francis Chia Mong Tet	8,480,960	100,000	-	8,580,960

By virtue of his interests in the shares of the Company, Mr. John Chia Sin Tet is also deemed to have an interest in the shares of the subsidiaries to the extent that the Company has interests.

The other directors of the Company did not hold shares nor have beneficial interests in the shares of the Company during or at the beginning and the end of the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 18 to the financial statements.

DIRECTORS' REMUNERATION

	RM'000
Directors of the Company	
Executive:	
Fees	620
Other emoluments	6,407
Defined contribution plans	765
	7,792
Non-executive fees	950
	8,742
Directors of the subsidiaries	
Other emoluments	1,434

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group and from the Company amounted to approximately RM52,000.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and/or officers of the Company. The amount of insurance premium paid/payable during the year amounted to RM52,000.

There was no indemnity given to or insurance effected for auditors of the Company.

HOLDING COMPANIES

The immediate and ultimate holding companies of the Company are Huatian Technology (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and Tianshui Huatian Technology Co., Ltd., a company incorporated in People's Republic of China and listed on Shenzhen Stock Exchange respectively.

Directors' Report

AUDITORS

The auditors, Deloitte PLT, have expressed that they will not seek re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended December 31, 2023 are as follows:

	THE GROUP RM'000	THE COMPANY RM'000
Audit fee	592	293
Assurance fee other than audit	17	3
Other non-assurance fee	36	34

Signed on behalf of the Board
in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

ANG CHYE HOCK

Kuala Lumpur,
February 29, 2024

Independent **Auditors' Report**

to the members of **Unisem (M) Berhad (Incorporated In Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UNISEM (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of December 31, 2023, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 190 to 240.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, is of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter is addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent **Auditors' Report**

to the members of Unisem (M) Berhad (Incorporated In Malaysia)

Key Audit Matter	How the matter was addressed in the audit
<p>Capitalisation of expenses as property, plant and equipment</p> <p>Unisem (M) Berhad (“UM”) has embarked on expansion plans to increase its production lines for assembly and bumping services with newer technologies. Total capital expenditure of the Group for the financial year ended December 31, 2023 amounted to RM309 million, as disclosed under Note 12 to the financial statements, out of which RM264 million pertaining to UM’s capital investments.</p> <p>The significant levels of capital expenditure require careful consideration of the nature of costs incurred to ensure that capitalisation of such costs as property, plant and equipment meets the specific recognition criteria of MFRS 116 <i>Property, Plant and Equipment</i> and MFRS 123 <i>Borrowing Costs</i>.</p>	<p>Our audit procedures, amongst others, include the following:</p> <ol style="list-style-type: none">1. Tested the design and implementation of key controls surrounding the review and approval of capitalisation process.2. Tested, on a sample basis, the accuracy and appropriateness of costs capitalised by assessing the nature of such costs with reference to internal request forms and goods received notes, suppliers’ invoices and delivery notes, and payments related evidence.3. Evaluated costs capitalised met the recognition criteria set out in MFRS 116.4. Evaluated whether any borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset were capitalised in accordance with the requirements of MFRS 123.5. Physically verified a sample of additions during the financial year.

Information Other than the Financial Statements and Auditors’ Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors’ report and the integrated annual report but does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Independent **Auditors' Report**

to the members of Unisem (M) Berhad (Incorporated In Malaysia)

Responsibilities of the Directors for the Financial Statements (Cont'd)

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent **Auditors' Report**

to the members of Unisem (M) Berhad (Incorporated In Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LIM KENG PEO
Partner - 02939/01/2026 J
Chartered Accountant

Ipoh,
February 29, 2024

Statements of Profit or Loss

for the year ended December 31, 2023

	NOTE	THE GROUP		THE COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing Operations					
Revenue		1,439,686	1,781,838	537,348	740,921
Investment income	8	16,016	10,183	14,285	13,942
Other gains and losses		2,524	(2,540)	1,485	2,703
Other operating income		23,682	23,092	12,273	14,307
Changes in inventories of finished goods and work-in-progress		(171)	(20,228)	(709)	(11,447)
Raw materials and consumables used		(531,585)	(612,690)	(157,590)	(220,401)
Depreciation of property, plant and equipment	12	(211,359)	(204,674)	(81,187)	(80,724)
Net reversal of loss allowance on financial assets measured at amortised cost		-	429	-	75,328
Net reversal of impairment loss on investments in subsidiaries	14	-	-	-	9,666
Employee benefit expenses		(371,244)	(396,212)	(158,875)	(174,806)
Directors' remuneration	6	(8,742)	(8,544)	(8,742)	(8,544)
Amortisation of prepaid interests in leased land	13	(346)	(269)	(131)	(81)
Finance costs	7	(9,898)	(5,746)	(3,972)	(4,668)
Other operating expenses		(248,151)	(284,959)	(140,435)	(150,187)
Profit before tax		100,412	279,680	13,750	206,009
Taxation	9(a)	(18,466)	(36,269)	(4,779)	(11,141)
Profit for the year from continuing operations	5	81,946	243,411	8,971	194,868
Discontinued Operations					
(Loss)/Profit for the year from discontinued operations	11	(1,708)	141,950	-	-
Profit for the year attributable to owners of the Company					
		80,238	385,361	8,971	194,868
Earnings per share					
From continuing and discontinued operations: Basic and diluted (sen)	10	4.97	23.89		
From continuing operations: Basic and diluted (sen)	10	5.08	15.09		

The accompanying Notes form an integral part of the financial statements.

Statements of **Profit or Loss** and **Other Comprehensive Income**

for the year ended December 31, 2023

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	80,238	385,361	8,971	194,868
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	17,567	(38,286)	-	-
Total comprehensive income for the year attributable to owners of the Company	97,805	347,075	8,971	194,868

The accompanying Notes form an integral part of the financial statements.

Statements of Financial Position

as of December 31, 2023

	NOTE	THE GROUP		THE COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	2,063,903	1,949,547	830,059	647,946
Prepaid interests in leased land	13	16,703	16,323	9,643	9,153
Investments in subsidiaries	14	-	-	591,620	499,778
Intangible assets	15	-	-	-	-
Amount owing by subsidiaries	18	-	-	-	91,043
Total non-current assets		2,080,606	1,965,870	1,431,322	1,247,920
Current assets					
Inventories	16	225,812	269,980	125,153	147,045
Trade receivables	17	181,153	214,429	74,809	95,738
Other receivables, deposits and prepaid expenses	17	17,080	11,770	3,606	3,730
Amount owing by subsidiaries	18	-	-	17,796	101,972
Tax recoverable	9(b)	2,136	716	2,088	-
Cash and cash equivalents	19	480,991	556,044	292,152	381,944
Total current assets		907,172	1,052,939	515,604	730,429
Total assets		2,987,778	3,018,809	1,946,926	1,978,349

Statements of Financial Position

as of December 31, 2023

	NOTE	THE GROUP		THE COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	20	1,036,677	1,036,677	1,036,677	1,036,677
Reserves	21	1,348,488	1,379,729	558,575	678,650
Total equity		2,385,165	2,416,406	1,595,252	1,715,327
Non-current liabilities					
Borrowings	22	140,754	33,019	140,754	33,019
Deferred income	23	47,313	52,454	-	-
Deferred tax liabilities	9(c)	63,105	63,133	-	-
Total non-current liabilities		251,172	148,606	140,754	33,019
Current liabilities					
Trade payables	24	80,108	81,361	27,577	33,243
Other payables and accrued expenses	24	168,385	197,850	85,661	69,425
Amount owing to subsidiaries	18	-	-	43,391	33,231
Amount owing to other related companies	18	216	140	-	-
Borrowings	22	89,555	163,458	54,291	92,453
Provision for taxation	9(b)	13,177	10,988	-	1,651
Total current liabilities		351,441	453,797	210,920	230,003
Total liabilities		602,613	602,403	351,674	263,022
Total equity and liabilities		2,987,778	3,018,809	1,946,926	1,978,349

The accompanying Notes form an integral part of the financial statements.

Statement of Changes In Equity

for the year ended December 31, 2023

THE GROUP	NOTE	NON-DISTRIBUTABLE RESERVES				TOTAL RM'000
		SHARE CAPITAL RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	
Balance as of January 1, 2022		1,036,677	63,228	213,600	852,613	2,166,118
Profit for the year		-	-	-	385,361	385,361
Other comprehensive loss for the year, net of income tax		-	-	(38,286)	-	(38,286)
Total comprehensive income/(loss) for the year		-	-	(38,286)	385,361	347,075
Dividends	25	-	-	-	(96,785)	(96,785)
Transfer to statutory reserve fund		-	14,063	-	(14,063)	-
Capital reduction to non-controlling interest		-	(2)	-	-	(2)
Balance as of December 31, 2022		1,036,677	77,289	175,314	1,127,126	2,416,406
Profit for the year		-	-	-	80,238	80,238
Other comprehensive income for the year, net of income tax		-	-	17,567	-	17,567
Total comprehensive income for the year		-	-	17,567	80,238	97,805
Dividends	25	-	-	-	(129,046)	(129,046)
Transfer to statutory reserve fund		-	8,093	-	(8,093)	-
Balance as of December 31, 2023		1,036,677	85,382	192,881	1,070,225	2,385,165

The accompanying Notes form an integral part of the financial statements.

Statement of Changes In Equity

for the year ended December 31, 2023

THE COMPANY	NOTE	SHARE CAPITAL RM'000	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as of January 1, 2022		1,036,677	580,567	1,617,244
Profit and total comprehensive income for the year		-	194,868	194,868
Dividends	25	-	(96,785)	(96,785)
Balance as of December 31, 2022		1,036,677	678,650	1,715,327
Profit and total comprehensive income for the year		-	8,971	8,971
Dividends	25	-	(129,046)	(129,046)
Balance as of December 31, 2023		1,036,677	558,575	1,595,252

The accompanying Notes form an integral part of the financial statements.

Statement of Cash Flows

for the year ended December 31, 2023

	NOTE	THE GROUP	
		2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		80,238	385,361
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		211,359	204,674
Taxation		19,750	28,909
Finance costs		9,898	5,747
Unrealised loss on foreign exchange		4,196	13,282
Amortisation of prepaid interests in leased land		346	269
Property, plant and equipment written off		188	24
Investment income		(16,152)	(10,183)
Amortisation of deferred income		(5,895)	(4,594)
Gain on disposal of property, plant and equipment		(1,044)	(1,358)
(Write back)/Write down of inventories to net realisable values		(611)	921
Gain on disposal of non-current assets classified as held for sale		-	(131,778)
Reversal of tax penalty		-	(3,974)
Reversal of loss allowances on financial assets measured at amortised cost		-	(429)
		302,273	486,871
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		46,314	(13,543)
Trade receivables		33,889	(34,249)
Other receivables, deposits and prepaid expenses		(5,703)	(14,564)
(Decrease)/Increase in:			
Trade payables		(1,431)	(13,524)
Other payables and accrued expenses		8,660	(1,552)
Amount owing to related companies		76	60
Cash Generated From Operations		384,078	409,499
Income tax refunded		664	6,486
Income tax paid		(20,727)	(11,527)
Net Cash From Operating Activities		364,015	404,458

Statement of Cash Flows

for the year ended December 31, 2023

	NOTE	THE GROUP	
		2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Investment income received		15,256	12,070
Proceeds from disposal of property, plant and equipment		1,518	2,214
Additions to property, plant and equipment	19	(351,448)	(595,183)
Additions to prepaid interests in leased land	13	(621)	-
Proceed from disposal of non-current assets classified as held for sale		-	141,354
Net Cash Used In Investing Activities		(335,295)	(439,545)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans	19	159,426	-
Dividends paid		(129,046)	(96,785)
Repayment of revolving credits	19	(105,966)	-
Repayment of term loans	19	(24,936)	(56,342)
Finance costs paid		(7,814)	(5,149)
Proceeds from revolving credits	19	-	76,261
Proceeds from deferred income	23	-	18,970
Net Cash Used In Financing Activities		(108,336)	(63,045)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(79,616)	(98,132)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		556,044	655,959
Effect of exchange rate changes on the balance of cash held in foreign currencies		4,563	(1,783)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	480,991	556,044

The accompanying Notes form an integral part of the financial statements.

Statement of Cash Flows

for the year ended December 31, 2023

	NOTE	THE COMPANY	
		2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		8,971	194,868
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		81,187	80,724
Taxation		4,779	11,141
Unrealised loss on foreign exchange		4,006	8,508
Finance costs		3,972	4,668
Amortisation of prepaid interests in leased land		131	81
Property, plant and equipment written off		55	8
Investment income		(14,285)	(13,942)
Gain on disposal of property, plant and equipment		(89)	(1,298)
Reversal of loss allowances on financial assets measured at amortised cost		-	(75,599)
Reversal of impairment loss on investments in subsidiaries		-	(11,004)
Impairment loss on investments in subsidiaries		-	1,338
Loss allowances on financial assets measured at amortised cost		-	271
		88,727	199,764
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		21,892	(8,149)
Trade receivables		19,530	(12,752)
Other receivables, deposits and prepaid expenses		276	5,341
(Decrease)/Increase in:			
Trade payables		(5,063)	(17,554)
Other payables and accrued expenses		9,122	810
Cash Generated From Operations		134,484	167,460
Income tax paid		(8,518)	(10,057)
Net Cash From Operating Activities		125,966	157,403

Statement of Cash Flows

for the year ended December 31, 2023

	NOTE	THE COMPANY	
		2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from subsidiaries - net		85,023	51,892
Investment income received		12,794	11,472
Proceeds from disposal of property, plant and equipment		563	2,140
Additions to property, plant and equipment	19	(258,661)	(165,286)
Additions to prepaid interests in leased land		(621)	-
Investment in a subsidiary		(351)	-
Proceeds from capital reduction in a subsidiary		-	11,004
Net Cash Used In Investing Activities		(161,253)	(88,778)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans	19	159,426	-
Advances from subsidiaries	19	8,768	5,439
Dividends paid		(129,046)	(96,785)
Repayment of revolving credits	19	(66,038)	-
Repayment of term loans	19	(24,936)	(25,144)
Finance costs paid		(1,874)	(4,483)
Proceeds from revolving credits	19	-	2,280
Net Cash Used In Financing Activities		(53,700)	(118,693)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(88,987)	(50,068)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		381,944	434,735
Effect of exchange rate changes on the balance of cash held in foreign currencies		(805)	(2,723)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	292,152	381,944

The accompanying Notes form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in the manufacturing of semiconductor devices.

The information on the name, principal place of business and place of incorporation, principal activities and proportion of ownership interest and voting rights held by the Company in each subsidiary is as disclosed in Note 14.

The registered office of the Company is located at Lot No.9(H), 9th Floor UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The principal place of business of the Company is located at No. 1, Persiaran Pulau Jaya 9, Kawasan Perindustrian Pulau Jaya, 31300 Ipoh, Perak Darul Ridzuan, Malaysia.

The immediate and ultimate holding companies of the Company are Huatian Technology (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and Tianshui Huatian Technology Co., Ltd., a company incorporated in People's Republic of China and listed on Shenzhen Stock Exchange respectively.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on February 29, 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

(a) Adoption of amendments to MFRSs

In the current year, the Group and the Company adopted all of the new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(b) Standards in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant amendments to MFRSs which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these amendments to MFRSs when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application:

Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 121	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

³ Effective date deferred to a date to be determined and announced by MASB, with earlier application permitted.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the financial instruments that are measured at amortised cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company and its subsidiaries:

- have power over the investee;
- are exposed, or have rights, to variable returns from their involvement with the investee; and
- have the ability to use their power to affect the returns.

The acquisitions of subsidiaries are accounted for using the acquisition method. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue Recognition

Contracts with customers

Revenue from semiconductor assembly and testing services is recognised when each distinct performance obligation is satisfied which is dependent on the customer's contract (customer's Purchase Order) and when the Group and the Company have an enforceable right to payment for each distinct performance obligation completed. There are two main categories when determining the completion of distinct performance obligations which are either full turnkey or process billings.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

Contracts with customers (cont'd)

Certain customers' contracts are based on full turnkey arrangement whereby the customers only recognised the completion of all assembly and test services for a single production lot as a single performance obligation. Only then will the enforceable right for payment be satisfied and revenue is recognised when a single billing is raised evidencing the transfer of control over the goods to the customers.

For customers' contracts which are based on process billings, the completion of each process (i.e. assembly, test, etc.) is treated as a distinct performance obligation. In this situation, the customers will usually have multiple contracts for different production processes rendered for a single production lot. The enforceable right for payment is satisfied when each distinct performance obligation is fulfilled and revenue is recognised when billing is raised for each distinct performance obligation evidencing the transfer of control over each production process to the customers.

The transaction price for each distinct performance obligation is based on the price agreed with customers and will be included in the customer's contract, less volume discounts, if any.

Other income

Interest income is recognised on an accrual basis that reflects the effective yield on the assets.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Marketing support and management services fees are recognised as and when the services are rendered.

Foreign Currencies

The individual financial statements of each group entity are presented in its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences are recognised in the statements of profit or loss in the period in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

Financial statements of foreign operations denominated in functional currencies other than Ringgit Malaysia

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

Current tax is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes determined based upon the taxable income of each entity and is measured using the tax rates which are applicable at the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or to settle the carrying amount of their assets and liabilities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and current tax liabilities on a net basis.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and subsequent accumulated impairment losses, if any.

Capital work-in-progress are not depreciated and are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of property, plant and equipment (other than capital work-in-progress) less their estimated residual value over their estimated useful lives, using the straight-line method.

The annual depreciation rates are as follows:

Buildings	2% to 2.25%
Plant and machinery	10%
Electrical installation	10%
Office equipment	10% to 20%
Air-conditioners	10% to 20%
Motor vehicles	20%
Furniture and fittings	10% to 20%
Production support equipment	10%

Research and Development Costs

Research and development costs are recognised as an expense when incurred.

Impairment of Assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible and intangible assets (other than inventories, goodwill, deferred tax assets and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset or the cash-generating unit ("CGU"), to which the asset belongs, is estimated.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statements of profit or loss. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal is recognised immediately in the statements of profit or loss.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statements of profit or loss.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Financial assets of the Group and of the Company, measured subsequently at amortised cost, are short-term and refundable deposits, cash and bank balances, trade receivables, other receivables and inter-company indebtedness.

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognised in the statements of profit or loss.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost such as trade receivables, other receivables and inter-company indebtedness (for company level). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial assets.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12 months ECL.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

(iii) Impairment of financial assets (cont'd)

(a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

(b) Definition of default

The Group considers information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group) as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets are generally not recoverable.

(c) Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in the statements of profit or loss.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

(iii) Impairment of financial assets (cont'd)

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period; for financial guarantee contracts, the exposure includes the amount drawn down as at the end of the reporting period, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group recognises an impairment gain or loss in statements of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statements of profit or loss.

(b) Financial Liabilities and Equity Instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(b) *Financial Liabilities and Equity Instruments (cont'd)*

(ii) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(iii) *Financial liabilities*

All financial liabilities of the Group and of the Company are measured subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities of the Group and of the Company are trade payables, other payables and accrued expenses (excluding provision), bank borrowings and inter-company indebtedness.

(iv) *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial liabilities. These foreign exchange gains and losses are recognised in the statements of profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

(v) *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statements of profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Group's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's and the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Control over a subsidiary placed under members' voluntary liquidation

PT Unisem ("PTU") was placed under members' voluntary liquidation on October 3, 2022 and an external liquidator was then appointed to assist management of the Group to manage the liquidation process. Management of the Group has exercised its judgement to conclude that, despite the commencement of liquidation and the appointment of the external liquidator, the Group continues to control PTU.

The Group retains its control over PTU by managing its daily cash flows and maintaining its monthly management accounts. Through the continuous involvement in the daily financial matters of PTU by the Group, management of the Group concluded that it possesses the ability to exercise control over PTU and is able to vary the amounts returned from winding up PTU ultimately. As a result, management continues to consolidate PTU's financial statements for the year with the financial statements of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

The Group performs an impairment indicator assessment annually for signs of impairment of its property, plant and equipment. If there are signs of impairment, the recoverable amounts will be estimated. The recoverable amount is determined based on the higher of fair value less costs to sell or value-in-use. The fair values of property, plant and equipment are determined based on valuations carried out by independent external valuers. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate.

The carrying amount of property, plant and equipment is disclosed under Note 12.

(b) Income taxes

The Group is subject to income taxes of several jurisdictions. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

(b) Income taxes (cont'd)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, unutilised reinvestment allowances, unabsorbed capital allowances and unutilised tax losses can be utilised. This involves the use of judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

As of December 31, 2023, the carrying amounts of tax recoverable, provision for taxation and deferred tax liabilities are as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax recoverable	2,136	716	2,088	-
Provision for taxation	13,177	10,988	-	1,651
Deferred tax liabilities (after off-setting)	63,105	63,133	-	-

(c) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consultations with legal counsel for litigation cases and internal and external experts of the Group for matters in the ordinary course of business.

The carrying amount of contingent liability is disclosed under Note 28.

(d) Impairment of investments in subsidiaries

The Company holds unquoted shares in subsidiaries that are not traded in an active market. The Company performs an impairment indicator assessment annually for signs of impairment of its investments in subsidiaries. If there are signs of impairment, the recoverable amount (equity value of the investment) will be estimated using value-in-use valuation model.

The carrying amount of investments in subsidiaries is disclosed under Note 14.

4. SEGMENT INFORMATION

The segment reporting is presented in a manner which is consistent with internal reporting provided to the chief operating decision maker.

Business segment

The Group operates within one industry, i.e., in the manufacturing of semiconductor devices and other related services; as such, information by business segment on the Group's operations is not presented.

Geographical segment

The Group's operations are located in Malaysia and People's Republic of China.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance are based on the geographical segments by location of customers.

Notes to the Financial Statements

4. SEGMENT INFORMATION (CONT'D)

Geographical segment (cont'd)

Segment revenue from external customers is based on the country in which the customers' business operations are located.

Segment assets, liabilities and capital expenditure information are not presented as it cannot be reasonably allocated to an individual segment.

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Geographical segments by location of customers								
Statement of Profit or Loss								
Revenue								
External sales from continuing operations	416,228	556,444	160,410	172,979	863,048	1,052,415	1,439,686	1,781,838
Results								
Segment results from continuing operations	29,818	89,153	15,433	27,293	48,779	158,441	94,030	274,887
Non-reportable segments							264	356
Finance costs							(9,898)	(5,746)
Investment income							16,016	10,183
Profit before tax from continuing operations							100,412	279,680
Taxation							(18,466)	(36,269)
Profit for the year from continuing operations							81,946	243,411
(Loss)/Profit for the year from discontinued operations (Note 11)							(1,708)	141,950
Profit for the year							80,238	385,361

Information about major customers

Included in revenues are the following revenues which arose from sales to the Group's largest customers:

	2023 RM'000	2022 RM'000
Segment of United States of America	354,470	401,961

Revenue of approximately RM349,522,000 (2022: RM365,323,000) which contributed approximately 24% (2022: 20%) of the total revenue of the Group is derived from one (2022: one) external customer under the segment of United States of America during the financial year.

Notes to the Financial Statements

5. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Profit for the year from continuing operations has been arrived at after (charging)/crediting:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign exchange:				
Realised gain	5,676	9,385	5,402	9,913
Unrealised loss	(4,196)	(13,283)	(4,006)	(8,508)
Amortisation of deferred income (Note 23)	5,895	4,594	-	-
Rental income	2,953	2,332	3,588	3,045
Gain on disposal of property, plant and equipment	1,044	1,358	89	1,298
Grant income received	846	974	-	-
Employee benefit expenses:				
Defined contribution plans	(38,104)	(39,450)	(11,567)	(11,685)
Research and development expenses	(8,074)	(8,954)	(6,610)	(6,747)
Rental of short-term assets	(1,676)	(1,724)	(395)	(390)
Auditors' remuneration:				
By Deloitte PLT and its member firms:				
- Audit fee	(581)	(577)	(293)	(285)
- Assurance fee other than audit	(17)	(21)	(3)	(3)
- Other non-assurance fee	(36)	(55)	(34)	(55)
By Non-Deloitte member firms:				
- Audit fee	(11)	(11)	-	-
Property, plant and equipment written off	(188)	(24)	(55)	(8)

The Group and the Company only made contributions to defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

6. DIRECTORS' REMUNERATION

	THE GROUP AND THE COMPANY	
	2023 RM'000	2022 RM'000
Continuing Operations		
Directors of the Company		
Executive:		
Fees	620	620
Other emoluments	6,407	6,340
Defined contribution plans	765	757
	7,792	7,717
Non-executive fees	950	827
	8,742	8,544

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group and from the Company amounted to approximately RM52,000 (2022: RM109,000).

Notes to the Financial Statements

6. DIRECTORS' REMUNERATION (CONT'D)

The remuneration of directors of the subsidiaries from continuing operations during the year is included under employee benefit expenses amounted to RM1,434,000 (2022: RM1,340,000). The remuneration of directors of the subsidiaries from discontinuing operations is disclosed in Note 11.

7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing Operations				
Interest on:				
Revolving credits	6,265	2,751	512	2,323
Term loans	3,149	2,497	3,149	2,048
Bank charges and commissions	484	498	311	297
Total interest expense for financial liabilities that are not designated as at FVTPL	9,898	5,746	3,972	4,668

8. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing Operations				
Interest income from:				
Short-term deposits	16,016	10,183	12,990	9,601
Financial assets measured at amortised cost (Note 18)	-	-	1,295	4,341
Total interest income earned on financial assets that are not designated as at FVTPL	16,016	10,183	14,285	13,942

9. TAXATION

(a) Taxation recognised in profit or loss

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing Operations				
Tax expense comprises:				
Current tax in respect of the financial year:				
Malaysian	(4,759)	(11,003)	(4,645)	(10,980)
Foreign	(15,193)	(10,512)	-	-
Deferred tax relating to origination and reversal of temporary differences	956	(14,593)	-	-
Adjustments recognised in the current year in relation to the taxes of prior years				
- income tax	530	(161)	(134)	(161)
Total taxation of continuing operations	(18,466)	(36,269)	(4,779)	(11,141)

Notes to the Financial Statements

9. TAXATION (CONT'D)

(a) Taxation recognised in profit or loss (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% for the year of assessment 2023 (2022: 24%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The taxation for the year can be reconciled to the accounting profit as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing Operations				
Profit before tax	100,412	279,680	13,750	206,009
Tax expense calculated using the Malaysian statutory income tax rate of 24% (2022: 24%)	(24,099)	(67,123)	(3,300)	(49,442)
Effect of reduced tax rate for a foreign subsidiary operating in promoted area	8,486	14,897	-	-
Income taxable at differential tax rate	32	500	32	500
Effect of different tax rates of subsidiaries operating in other jurisdictions	(92)	(2,646)	-	-
Tax effects of:				
Income that is exempted from taxation	585	370	222	22,071
Unabsorbed reinvestment allowances recognised as deferred tax assets	510	10,800	510	10,800
Utilised of unabsorbed reinvestment allowances previously not recognised as deferred tax assets	-	8,721	-	8,721
Expenses that are not deductible in determining taxable profit	(2,521)	(1,333)	(2,109)	(3,630)
Unabsorbed reinvestment allowances and capital allowances and unutilised tax losses not recognised as deferred tax assets	(1,897)	(294)	-	-
	(18,996)	(36,108)	(4,645)	(10,980)
Adjustments recognised in the current year in relation to the taxes of prior years				
- income tax	530	(161)	(134)	(161)
Taxation recognised in the statements of profit or loss	(18,466)	(36,269)	(4,779)	(11,141)

Notes to the Financial Statements

9. TAXATION (CONT'D)

(b) Tax Recoverable and Provision for Taxation

Tax recoverable relates to tax refundable and provision for taxation relates to income tax payable.

Contingent tax expenses pending outcome of court cases are as follows:

	THE GROUP	
	2023 RM'000	2022 RM'000
Years of Assessment:		
2016	-	81
2017	-	109
2018	-	426
Contingent tax expense pending outcome of court cases (included in tax recoverable of the Group)	-	616

The details of the outcome of judicial review for PT Unisem during the current financial year are as follows:

Year of Assessment 2016 (YA 2016)

During the current financial year, PT Unisem has submitted notification on withdrawal of tax appeal for YA 2016 to the Tax Office and full amount of the tax payment has been charged to profit and loss.

Year of Assessment 2017 and Year of Assessment 2018 (YA 2017 and YA 2018)

During the current financial year, the full amount of the tax payment for YA 2017 and YA 2018 has been charged to profit and loss. As at the date of the financial statements, there is no further updates on the status of the objection filed by PT Unisem to the Tax Office on the revised additional tax assessment.

Year of Assessment 2019 and Year of Assessment 2020 (YA 2019 and YA 2020)

On August 4, 2023, the Director General of Tax has issued a revised additional tax assessment for YA 2019 and YA 2020 to PT Unisem for an amount of RM243,000 and RM403,000 respectively, full payments have been made and the tax expense has been charged to profit or loss during the year.

Notes to the Financial Statements

9. TAXATION (CONT'D)

(c) Deferred Tax Balances

Certain deferred tax assets and deferred tax liabilities have been offset in accordance with the Group's and the Company's accounting policy. Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

THE GROUP 2023	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	TRANSLATION RESERVE RM'000	AT END OF YEAR RM'000
Deferred tax assets				
Unabsorbed reinvestment allowances	76,965	(89)	-	76,876
Unabsorbed capital allowances and unutilised tax losses	22,113	(254)	-	21,859
Deferred income	6,793	(852)	97	6,038
Provisions	1,777	(278)	22	1,521
	107,648	(1,473)	119	106,294
Offsetting				(106,294)
Deferred tax assets (after offsetting)				-
Deferred tax liabilities				
Property, plant and equipment	(170,781)	2,429	(1,047)	(169,399)
Offsetting				106,294
Deferred tax liabilities (after offsetting)				(63,105)

THE GROUP 2022	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	TRANSLATION RESERVE RM'000	AT END OF YEAR RM'000
Deferred tax assets				
Unabsorbed reinvestment allowances	74,125	2,840	-	76,965
Unabsorbed capital allowances and unutilised tax losses	15,663	6,450	-	22,113
Deferred income	4,794	2,189	(190)	6,793
Provisions	1,565	252	(40)	1,777
	96,147	11,731	(230)	107,648
Offsetting				(107,648)
Deferred tax assets (after offsetting)				-
Deferred tax liabilities				
Property, plant and equipment	(153,437)	(18,964)	1,620	(170,781)
Offsetting				107,648
Deferred tax liabilities (after offsetting)				(63,133)

Notes to the Financial Statements

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (cont'd)

THE COMPANY 2023	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT END OF YEAR RM'000
Deferred tax assets			
Unabsorbed reinvestment allowances	76,965	(89)	76,876
Provision	392	(239)	153
	<u>77,357</u>	<u>(328)</u>	<u>77,029</u>
Offsetting			(77,029)
Deferred tax assets (after offsetting)			-
Deferred tax liabilities			
Property, plant and equipment	(77,357)	328	(77,029)
Offsetting			77,029
Deferred tax liabilities (after offsetting)			-

THE COMPANY 2022	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT END OF YEAR RM'000
Deferred tax assets			
Unabsorbed reinvestment allowances	74,125	2,840	76,965
Provision	450	(58)	392
	<u>74,575</u>	<u>2,782</u>	<u>77,357</u>
Offsetting			(77,357)
Deferred tax assets (after offsetting)			-
Deferred tax liabilities			
Property, plant and equipment	(74,575)	(2,782)	(77,357)
Offsetting			77,357
Deferred tax liabilities (after offsetting)			-

The following components of deferred tax assets of the Group and of the Company have not been recognised at the end of the reporting period due to the uncertainty of future taxable income:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unabsorbed reinvestment allowances	31,503	25,874	6,268	639
Unabsorbed investment tax allowances	24,617	24,617	-	-
Unabsorbed capital allowances and unutilised tax losses	3,496	1,165	-	-
	<u>59,616</u>	<u>51,656</u>	<u>6,268</u>	<u>639</u>

Notes to the Financial Statements

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (cont'd)

The estimated unabsorbed reinvestment allowances and unutilised tax losses of the Group and of the Company will expire by the end of the following years of assessment:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unabsorbed reinvestment allowances:				
2025	109,054	111,396	109,054	111,396
2031	342,530	317,703	237,383	212,556
Unutilised tax losses:				
2028	779	779	-	-

10. EARNINGS PER SHARE

Basic earnings per share is calculated based on the net profit attributable to owners of the Company divided by the weighted average number of shares in issue as follows:

	THE GROUP	
	2023 RM'000	2022 RM'000
Profit/(Loss) for the year attributable to owners of the Company:		
From continuing operations	81,946	243,411
From discontinued operations	(1,708)	141,950
	80,238	385,361

	2023	2022
	SHARES	SHARES
Weighted average number of ordinary shares in issue ('000)	1,613,078	1,613,078

	2023	2022
	Basic and diluted earnings/(loss) per share:	
From continuing operations (sen)	5.08	15.09
From discontinued operations (sen)	(0.11)	8.80
From continuing and discontinued operations (sen)	4.97	23.89

Notes to the Financial Statements

11. DISCONTINUED OPERATIONS

Discontinued operations of Indonesia manufacturing plant

One of the foreign subsidiaries of the Group, PT Unisem, had discontinued its operations on March 31, 2020 due to continuing losses incurred over the previous years.

The results of the discontinued operations which have been included in the statements of profit or loss for the year are set out below.

	THE GROUP	
	2023 RM'000	2022 RM'000
<i>(Loss)/Profit for the year from discontinued operations</i>		
Revenue	-	-
Investment revenue	136	-
Other operating income	-	6,272
Other gains or losses	75	129,810
Directors' remuneration	-	(257)
Expenses	(635)	(1,235)
(Loss)/Profit before tax	(424)	134,590
Tax (expense)/income	(1,284)	7,360
(Loss)/Profit for the year attributable to owners of the Company	(1,708)	141,950

The effects of the discontinued operations on the statements of cash flows are as follows:

	THE GROUP	
	2023 RM'000	2022 RM'000
Net cash used in operating activities	(1,268)	(124,054)
Net cash from investing activities	136	130,356
Net cash used in financing activities	-	-
Net cash (outflows)/inflows	(1,132)	6,302

In 2022, the Group had disposed of the non-current assets classified as held for sale for a consideration of Rupiah equivalent to USD34,000,000 (approximately to RM141,354,000) and recognised a gain on disposal of RM131,778,000 from discontinued operations.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	ELECTRICAL INSTALLATION RM'000	OFFICE EQUIPMENT RM'000	AIR- CONDITIONERS RM'000	MOTOR VEHICLES RM'000	FURNITURE AND FITTINGS RM'000	CAPITAL WORK-IN- PROGRESS RM'000	TOTAL RM'000
Cost									
As of January 1, 2022	103,911	1,594,361	18,684	51,673	14,081	3,129	7,320	9,338	1,802,497
Additions	480	79,597	846	2,110	283	-	855	68,927	153,098
Disposals	-	(26,266)	-	(13)	-	-	-	-	(26,279)
Write offs	-	(547)	-	(534)	-	-	(3)	-	(1,084)
Transfers	-	-	-	-	-	-	3,780	(3,780)	-
As of December 31, 2022	104,391	1,647,145	19,530	53,236	14,364	3,129	11,952	74,485	1,928,232
Additions	135	43,637	1,965	863	54	1,050	235	215,890	263,829
Disposals	-	(27,283)	-	(8)	-	(1,631)	-	-	(28,922)
Write offs	-	(390)	-	(238)	-	(637)	-	-	(1,265)
As of December 31, 2023	104,526	1,663,109	21,495	53,853	14,418	1,911	12,187	290,375	2,161,874
Accumulated depreciation and impairment losses									
As of January 1, 2022	35,673	1,115,705	16,087	41,682	8,963	2,547	5,418	-	1,226,075
Charge for the year	2,075	73,974	480	2,844	740	131	480	-	80,724
Disposals	-	(25,436)	-	(1)	-	-	-	-	(25,437)
Write offs	-	(547)	-	(526)	-	-	(3)	-	(1,076)
As of December 31, 2022	37,748	1,163,696	16,567	43,999	9,703	2,678	5,895	-	1,280,286
Charge for the year	2,081	74,401	622	2,488	727	136	732	-	81,187
Disposals	-	(27,023)	-	(8)	-	(1,417)	-	-	(28,448)
Write offs	-	(372)	-	(231)	-	(607)	-	-	(1,210)
As of December 31, 2023	39,829	1,210,702	17,189	46,248	10,430	790	6,627	-	1,331,815
Carrying amounts									
As of December 31, 2022	66,643	483,449	2,963	9,237	4,661	451	6,057	74,485	647,946
As of December 31, 2023	64,697	452,407	4,306	7,605	3,988	1,121	5,560	290,375	830,059

The borrowing costs of the Group and of the Company, that are assessed to be directly attributable to the construction of the qualifying assets, are capitalised as part of capital work-in-progress above during the year approximately amounted to RM5,898,000 (2022: Nil). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.67% (2022: Nil) for the current year.

Notes to the Financial Statements

13. PREPAID INTERESTS IN LEASED LAND

The prepaid interests in leased land represents right-of-use assets and are amortised over the remaining lease terms ranging from 20 to 99 years.

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost:				
At beginning of year	22,126	22,427	10,246	4,354
Additions	621	-	621	5,892
Translation reserve	155	(301)	-	-
At end of year	22,902	22,126	10,867	10,246
Less: Amortisation				
At beginning of year	5,803	5,629	1,093	1,012
Charge for the year	346	269	131	81
Translation reserve	50	(95)	-	-
At end of year	6,199	5,803	1,224	1,093
Carrying amounts	16,703	16,323	9,643	9,153

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost		
At beginning of year	744,927	755,193
Additions	91,842	-
Deemed contribution arising from waiver of debts owing by a subsidiary (Note 18)	-	1,038
Capital reduction	-	(11,004)
Write offs	-	(300)
At end of year	836,769	744,927
Accumulated impairment losses		
At beginning of year	245,149	255,115
Additions	-	1,338
Reversal	-	(11,004)
Write offs	-	(300)
At end of year	245,149	245,149
Carrying amounts	591,620	499,778

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries as of the end of the reporting period are as follows:

NAME OF COMPANIES	PRINCIPAL PLACE OF BUSINESS AND PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST/ VOTING RIGHTS HELD BY THE COMPANY		PRINCIPAL ACTIVITIES
		2023 %	2022 %	
Direct subsidiaries				
Unisem Advanced Technologies Sdn. Bhd.	Malaysia	100.00	100.00	Wafer bumping and packaging and testing of semiconductor devices and other related services.
Unisem Chengdu Co., Ltd.*	People's Republic of China	100.00	100.00	Packaging and testing of semiconductor devices.
Unisem (Mauritius) Holdings Limited [®]	Republic of Mauritius	99.98	99.98	Investment holding and the provision of management services.
Unisem Chengdu International Import & Export Co., Ltd. [^]	People's Republic of China	100.00	100.00	Marketing of semiconductor devices and provision of related services.
Unisem (S) Pte. Ltd. ^{#&}	Singapore	100.00	-	Marketing, administrative and other support services.
Subsidiaries of Unisem (Mauritius) Holdings Limited:				
PT. Unisem [®]	Indonesia	99.98	99.98	Under Members' Voluntary Liquidation on October 3, 2022.
Unisem International (Hong Kong) Limited [^]	Hong Kong	99.98	99.98	Contracting entity for the provision of assembly and test services.
Unisem (Sunnyvale), Inc. [®]	United States of America	99.98	99.98	Marketing and other support services.

[#] Dormant during the financial year.

[^] The financial statements of these companies were examined by auditors other than the auditors of the Company.

[®] No statutory audit required.

[&] Newly incorporated during the year and statutory audit is only required in next financial year.

^{*} The financial statements of these companies were examined by member firms of the auditors of the Company.

Corporate exercises on new and existing subsidiaries

During the financial year, the Company:

- (i) Subscribed for 91,492,370 additional shares in Unisem Advanced Technologies Sdn. Bhd. ("UAT") through capitalisation of outstanding interest-bearing loan owing by UAT amounting to RM91,492,370. The Company's equity interest in UAT remains unchanged; and
- (ii) Incorporated a wholly-owned subsidiary, Unisem (S) Pte. Ltd. comprising SGD100,000 ordinary shares for a cash consideration of RM350,523 (equivalents to SGD100,000).

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Capital reduction of a subsidiary

In 2022, the Company received an amount of USD2,499,000 (equivalent to RM11,004,000) pursuant to a capital reduction exercise from a direct subsidiary. The same amount was taken into accounts as reversal of impairment loss on investment in that subsidiary.

Impairment review of investments in subsidiaries

In 2022, the Company had recognised a total impairment loss of RM1,338,000 comprising RM1,038,000 for its investment in Unisem (Mauritius) Holdings Limited group as a result of the impairment of the deemed contribution arising from waiver of debts owing by a subsidiary as well as RM300,000 for its investment in Unisem (Ipoh) Sdn. Bhd. when the former subsidiary was struck off.

15. INTANGIBLE ASSETS

THE GROUP	LICENSE FEES AND INTELLECTUAL PROPERTY RIGHTS RM'000	TECH-TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
Cost				
As of January 1, 2022	16,890	20,490	983	38,363
Translation reserve	-	863	56	919
As of December 31, 2022	16,890	21,353	1,039	39,282
Translation reserve	-	682	44	726
As of December 31, 2023	16,890	22,035	1,083	40,008
Accumulated amortisation and impairment losses				
As of January 1, 2022	16,890	20,490	983	38,363
Translation reserve	-	863	56	919
As of December 31, 2022	16,890	21,353	1,039	39,282
Translation reserve	-	682	44	726
As of December 31, 2023	16,890	22,035	1,083	40,008
Carrying amounts				
As of December 31, 2022 and 2023	-	-	-	-

The intangible assets comprised mainly license fees, intellectual property rights and tech-transfer support fees incurred to acquire and bring to use specific technology capabilities relating to the bumping and packaging of semiconductor devices. The costs of these license fees and intellectual property rights, tech-transfer support fees and development expenses have been fully amortised.

Notes to the Financial Statements

16. INVENTORIES

The inventories are stated at the lower of cost and net realisable value. Cost is determined on the “Weighted Average” method. Net realisable value represents the estimated selling price in the ordinary course of business less costs of completion and costs necessary to make the sale.

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Raw materials	136,406	177,684	68,804	88,270
Factory supplies	64,203	67,162	48,565	50,282
Work-in-progress	19,617	19,016	7,401	7,866
Finished goods	5,586	6,118	383	627
	225,812	269,980	125,153	147,045

The cost of inventories of the Group and of the Company recognised as an expense during the year in respect of continuing operations were approximately RM1,303,071,000 (2022: RM1,450,380,000) and RM516,525,000 (2022: RM613,285,000) respectively.

(Write back)/Write down of inventories to net realisable values included in the cost of inventories are as follows:

	THE GROUP	
	2023 RM'000	2022 RM'000
Continuing operations	(611)	921

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	181,153	214,429	74,809	95,738
Less: Loss allowance				
At beginning of year	-	(406)	-	-
No longer required	-	429	-	-
Translation reserve	-	(23)	-	-
At end of year	-	-	-	-
	181,153	214,429	74,809	95,738

Trade receivables comprise amounts receivable for sale of goods and services rendered. The credit terms granted range from 30 to 60 days (2022: 30 to 60 days). No interest is charged on outstanding trade receivables.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation, bankruptcy, etc. Historically, the Group and the Company do not have many bad or doubtful debts as amounts due from trade receivables are usually collectible, although at times the trade receivables took longer than the credit terms given for the settlement of accounts. The delay in repayment by trade receivables is mainly due to disagreement of pricing or quality issue. There has been no change in the estimation techniques or significant assumptions made during the year.

Notes to the Financial Statements

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

The Group and the Company will only write off a trade receivable when there is information indicating that the trade receivable is in severe financial difficulty and there is no realistic prospect of recovery such as when the trade receivable has been placed under liquidation or has entered into bankruptcy proceedings.

The trade receivables of the Group and of the Company are denominated in United States ("US") Dollar.

Other receivables, deposits and prepaid expenses consist of:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	6,079	5,706	1,074	665
Deposits	1,543	1,497	449	451
Prepaid expenses	9,458	4,567	2,083	2,614
	17,080	11,770	3,606	3,730

Other receivables comprise mainly short-term interest receivables (2022: payments made on behalf and advance payments made that are unsecured, interest-free and are repayable on demand).

The currency profile of other receivables is as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
US Dollar	4,319	3,120	87	96
Ringgit Malaysia	1,002	595	987	569
Chinese Renminbi	758	1,991	-	-
	6,079	5,706	1,074	665

18. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The immediate and ultimate holding companies of the Company are Huatian Technology (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and Tianshui Huatian Technology Co., Ltd., a company incorporated in People's Republic of China and listed on Shenzhen Stock Exchange respectively.

The amounts owing by/(to) subsidiaries are unsecured, interest-free and are repayable upon demand except for loans granted to subsidiaries which bear interest rate at 5.00% (2022: ranging from 1.90% to 5.00%) per annum. These interest-bearing loans has either been capitalised as investments in subsidiaries as disclosed in Note 14 or fully repaid by the subsidiaries during the current financial year.

The amounts owing to other related companies arose mainly from trade transactions with credit term granted of 30 days (2022: 30 days).

Notes to the Financial Statements

18. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

The amounts owing by subsidiaries are expected to be repaid as follows:

	THE COMPANY	
	2023 RM'000	2022 RM'000
Amount due within 12 months	17,796	101,972
Less: Loss allowance:		
At beginning of year	-	(77,537)
Additions	-	(271)
Reversal	-	75,599
Write offs	-	2,209
At end of year	-	-
	17,796	101,972
Amount due after 12 months	-	91,043
	17,796	193,015

The Company estimates the loss allowance on amount owing by subsidiaries at the end of the reporting period at an amount equal to lifetime ECL.

In 2022, the Company recognised a loss allowance of RM271,000 for the amount owing by subsidiaries when based on the current financial position of the respective subsidiaries and forecasts of their future economic conditions. The Company also recognised a reversal of loss allowance of RM75,599,000 in 2022 for the amount owing by one of its foreign subsidiaries due to the settlement of the amount owing by the said subsidiary to the Company from the excess funds received from the disposal of the subsidiary's non-current assets classified as held for sale.

The currency profile of amount owing by subsidiaries is as follows:

	THE COMPANY	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	17,796	14,788
US Dollar	-	178,227
	17,796	193,015

The amounts owing to subsidiaries and other related companies are entirely denominated in US Dollar.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company are as follows:

Names of related party	Relationship
Huatian Technology (Baoji) Co., Ltd.) Subsidiaries of Tianshui Huatian
Huatian Technology (Xi'an) Co., Ltd.) Technology Co., Ltd.

Notes to the Financial Statements

18. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, other than as disclosed elsewhere in the financial statements, the Group and the Company entered into the following transactions with related parties:

	THE COMPANY	
	2023 RM'000	2022 RM'000
Subsidiaries		
Purchase of property, plant and equipment	8,475	1,012
Interest received/receivable on loan granted (Note 8)	1,295	4,341
Rental income	834	834
Management fees received/receivable	576	576
Marketing support fee paid/payable	2,223	2,971
Marketing support fees received/receivable	1,720	1,523
Marketing support fees received/receivable - markup	120	107
Purchase of materials	44	-
Loan granted	-	194,854
Purchase of prepaid interests in leased land	-	5,892
Waiver of debts (Note 14)	-	1,038

	THE GROUP	
	2023 RM'000	2022 RM'000
Other related companies		
Trade purchases	1,861	1,662
Trade sales	103	-

Compensation of key management personnel (other than the directors of the Company and directors of the subsidiaries)

The remuneration of key management personnel during the year is as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefit	10,384	8,200	2,312	1,910

19. CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	127,732	197,643	31,161	30,147
Short-term deposits with licensed banks	353,259	358,401	260,991	351,797
	480,991	556,044	292,152	381,944

Notes to the Financial Statements

19. CASH AND CASH EQUIVALENTS (CONT'D)

The currency profile of cash and cash equivalents is as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	248,198	276,261	245,248	273,147
US Dollar	176,236	240,185	46,904	108,797
Chinese Renminbi	53,826	36,220	-	-
Indonesian Rupiah	2,389	3,378	-	-
Singapore Dollar	342	-	-	-
	480,991	556,044	292,152	381,944

The average effective interest rates per annum are as follows:

	2023 %	2022 %
Short-term deposits		
The Group	3.10 - 5.15	1.18 - 3.90
The Company	3.10 - 5.15	2.10 - 3.90
Bank current accounts		
The Group	0.50 - 5.00	0.01 - 2.65
The Company	0.50 - 5.00	0.01 - 2.65

The average maturity periods as of the end of the reporting period are as follows:

	2023 DAYS	2022 DAYS
Short-term deposits		
The Group	2 - 90	4 - 180
The Company	3 - 90	4 - 180

Additions to property, plant and equipment

During the financial year, property, plant and equipment were acquired by the following means:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Additions during the year	309,482	550,284	263,829	153,098
Outstanding balances	(52,300)	(94,610)	(24,650)	(19,482)
Cash payment in respect of additions in:				
Current year	257,182	455,674	239,179	133,616
Prior year	94,266	139,509	19,482	31,670
	351,448	595,183	258,661	165,286

Notes to the Financial Statements

19. CASH AND CASH EQUIVALENTS (CONT'D)

Changes in liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from/(used in) financing activities.

THE GROUP	BALANCE AS OF JANUARY 1 RM'000	FINANCING CASH FLOWS ⁽¹⁾ RM'000	NON-CASH CHANGES - EFFECT OF EXCHANGE RATE CHANGES RM'000	BALANCE AS OF DECEMBER 31 RM'000
2023				
Term loans	59,434	134,490	1,121	195,045
Revolving credits	137,043	(105,966)	4,187	35,264
2022				
Term loans	112,435	(56,342)	3,341	59,434
Revolving credits	62,490	76,261	(1,708)	137,043

THE COMPANY	BALANCE AS OF JANUARY 1 RM'000	FINANCING CASH FLOWS ⁽¹⁾ RM'000	NON-CASH CHANGES - EFFECT OF EXCHANGE RATE CHANGES RM'000	BALANCE AS OF DECEMBER 31 RM'000
2023				
Term loan	59,434	134,490	1,121	195,045
Revolving credits	66,038	(66,038)	-	-
Amount owing to subsidiaries	33,231	8,768	1,392	43,391
2022				
Term loan	81,237	(25,144)	3,341	59,434
Revolving credits	62,490	2,280	1,268	66,038
Amount owing to subsidiaries	26,351	5,439	1,441	33,231

⁽¹⁾ The cash flows from bank borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statements of cash flows.

Notes to the Financial Statements

20. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2023 NUMBER OF ORDINARY SHARES '000 UNITS	2022 NUMBER OF ORDINARY SHARES '000 UNITS	2023 RM'000	2022 RM'000
Issued and fully paid:				
Ordinary shares	1,613,079	1,613,079	1,036,677	1,036,677

21. RESERVES

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable reserves:				
Foreign currency translation reserve	192,881	175,314	-	-
Capital reserve	85,382	77,289	-	-
Distributable reserve:				
Retained earnings	1,070,225	1,127,126	558,575	678,650
	1,348,488	1,379,729	558,575	678,650

Foreign currency translation reserve

Exchange rate differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Ringgit Malaysia are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Capital reserve

Capital reserve is an account where a percentage of the retained earnings of a foreign subsidiary is transferred as required by the laws and regulations of the domicile country where that foreign subsidiary is incorporated.

Retained earnings

The entire retained earnings of the Company as of December 31, 2023 is available for distribution as single-tier dividends to the shareholders of the Company.

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unsecured:				
Term loans	195,045	59,434	195,045	59,434
Revolving credits	35,264	137,043	-	66,038
	230,309	196,477	195,045	125,472
Less: Amount due within 12 months (shown under current liabilities)	(89,555)	(163,458)	(54,291)	(92,453)
Non-current portion	140,754	33,019	140,754	33,019

Notes to the Financial Statements

22. BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

	THE GROUP AND THE COMPANY	
	2023 RM'000	2022 RM'000
Financial years ending December 31:		
2024	-	26,415
2025	60,395	6,604
2026	53,511	-
2027	26,848	-
	140,754	33,019

The Group's and the Company's borrowings are entirely denominated in US Dollar.

The Company has the following banking facilities:

- USD35,000,000 (equivalent to RM160,626,000) (2022: Nil) unsecured term loan from a local bank which is repayable over four (2022: Nil) years commencing from 2024;
- USD30,000,000 (equivalent to RM137,679,000) (2022: USD30,000,000 (equivalent to RM132,075,000)) unsecured term loan from a local bank which is repayable over five (2022: five) years commencing from 2020;
- USD55,000,000 (equivalent to RM252,412,000) (2022: USD15,000,000 (equivalent to RM66,038,000)) and RM28,000,000 (2022: RM33,000,000) unsecured revolving credits facilities from three local banks (2022: two local banks); and
- RM20,000,000 (2022: RM10,000,000) bank guarantee facilities from two local banks (2022: one local bank).

The subsidiaries have the following banking facilities:

- USD56,476,000 (equivalent to RM259,185,000) (2022: USD57,433,000 (equivalent to RM252,849,000) and USD30,000,000 (equivalent to RM137,679,000) (2022: USD30,000,000 (equivalent to RM132,075,000)) unsecured working capital loans from two (2022: two) foreign banks which are repayable one year from drawdown;
- USD7,059,000 (equivalent to RM32,396,000) (2022: USD7,179,000 (equivalent to RM31,606,000)) unsecured bank guarantee facilities from one (2022: one) foreign bank; and
- RM2,700,000 (2022: RM2,700,000) Islamic overdraft and bank guarantee facilities with two (2022: two) local banks. These facilities are guaranteed by the Company.

The details of interest rates charged are as follows:

The Group

Term loans - 1.10% (2022: 1.10% - 1.30%) per annum plus LIBOR or 1.15% - 1.20% (2022: Nil) plus SOFR
 Revolving credits - 0.60% (2022: 0.60% - 0.75%) per annum plus LIBOR or 1.00% (2022: 1.00%) per annum plus SOFR

The Company

Term loans - 1.10% (2022: 1.10%) per annum plus LIBOR or 1.15% - 1.20% (2022: Nil) plus SOFR
 Revolving credits - 0.60% (2022: 0.60% - 0.75%) per annum plus LIBOR

Notes to the Financial Statements

23. DEFERRED INCOME

	THE GROUP	
	2023 RM'000	2022 RM'000
At beginning of year	52,454	39,552
Additions	-	18,970
Amortisation	(5,895)	(4,594)
Translation reserve	754	(1,474)
At end of year	47,313	52,454

The deferred income relates to government grants, primarily in respect of capital investments, received by a foreign subsidiary. These government grants are recognised as deferred revenue in the statements of financial position and are transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Amount expected to be recognised as income in the next financial year is RM5,763,000 (2022: RM5,828,000).

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the statements of profit or loss in the period in which they become receivable as disclosed in Note 5.

24. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group and to the Company range from 30 to 60 days (2022: 30 to 60 days).

The currency profile of trade payables is as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
US Dollar	78,393	79,741	26,311	31,959
Ringgit Malaysia	1,266	1,281	1,266	1,281
Chinese Renminbi	449	336	-	-
Singapore Dollar	-	3	-	3
	80,108	81,361	27,577	33,243

Other payables and accrued expenses consist of:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	125,592	138,047	68,958	45,261
Accrued expenses	42,793	59,803	16,703	24,164
	168,385	197,850	85,661	69,425

Other payables comprise mainly outstanding balances for purchases of plant and machinery, indirect materials and spare parts and advances received from customers. The amounts owing are unsecured, interest-free and with credit terms granted of 30 to 60 days (2022: 30 to 60 days).

Notes to the Financial Statements

24. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

Included in accrued expenses of the Group and of the Company are provision of annual leave approximately of RM679,000 and RM637,000 (2022: RM1,794,000 and RM1,634,000) respectively.

The currency profile of other payables and accrued expenses is as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
US Dollar	70,557	74,038	30,866	25,007
Ringgit Malaysia	55,837	47,228	53,799	43,241
Chinese Renminbi	40,475	75,107	-	-
Singapore Dollar	1,056	1,389	996	1,177
Euro	448	78	-	-
Others	12	10	-	-
	168,385	197,850	85,661	69,425

25. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2023 RM'000	2022 RM'000
1st Interim dividend for 2023 of 2.0 sen per share, tax-exempt (2022: 2.0 sen per share, tax-exempt)	32,262	32,262
2nd Interim dividend for 2023 of 2.0 sen per share, tax-exempt (2022: 2.0 sen per share, tax-exempt)	32,262	32,262
3rd interim dividend for 2023 of 2.0 sen per share, tax-exempt (2022: Nil)	32,261	-
3rd interim dividend for 2022 of 2.0 sen per share, tax-exempt (2021: 2.0 sen per share, tax-exempt)	32,261	32,261
	129,046	96,785

On February 27, 2024, the directors declared a fourth interim dividend of 2.0 sen per share, single-tier, for the current financial year. The interim dividend has not been included as a liability in the financial statements for the financial year ended December 31, 2023 and will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2024.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management objective is to optimise the value creation for shareholders. The main financial risks faced by the Group are as follows:

(a) Market risk

(i) Foreign currency risk management

The Group is exposed to foreign currency exchange risk when the Company or its subsidiaries enter into transactions that are not denominated in their functional currencies. Currently, the Group's revenue, cost of sales, operating expenses, capital expenditure and bank borrowings are denominated primarily in US Dollar, Ringgit Malaysia and Chinese Renminbi.

The Group attempts to significantly limit the foreign currency exchange risk by having a natural hedge between its receivables and a substantial portion of its payables/bank borrowings and may also enter into forward currency exchange contracts.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the Group and of the Company at the end of the reporting period are disclosed in Notes 17, 18, 19, 22 and 24 respectively.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of US Dollar.

The following table details the Group's sensitivity to a 0.2% (2022: 0.2%) increase and decrease in Ringgit Malaysia against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 0.2% (2022: 0.2%) change in foreign currency rates.

A positive number below indicates an increase in profit after tax of the Group and of the Company for both financial years where Ringgit Malaysia weakens 0.2% (2022: 0.2%) against US Dollar. For a 0.2% (2022: 0.2%) strengthening of Ringgit Malaysia against US Dollar, there would be a decrease in profit after tax of the Group and of the Company for both financial years and the balances below would be negative.

	PROFIT OR LOSS	
	2023 RM'000	2022 RM'000
The Group		
US Dollar impact	27*	163*
The Company		
US Dollar impact	258*	255*

* This is mainly attributable to the exposure outstanding on US Dollar receivables, cash and cash equivalents, payables, borrowings and intercompany indebtedness of the Group and of the Company at the end of the reporting period.

The sensitivity rate represents management's assessment of the possible fluctuation in the exchange rates of the relevant foreign currencies in the next 12 months.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to short-term deposits placed with licensed banks and the use of floating rate borrowings. Management is positioned to utilise interest rate swap contracts or other hedging measures to reduce the impact of interest rate fluctuations.

Interest rate sensitivity analysis

For illustration purposes, if the annual effective interest rates increase by 1.50% (2022: 3.00%) with all other variables including tax rate being held constant, profit after tax of the Group and of the Company for both financial years will increase and will be shown as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit or loss	1,401	3,692	752	5,160

The decrease in annual effective interest rates by 1.50% (2022: 3.00%) with all other variables including tax rate being held constant will have an opposite impact to profit after tax of the Group and of the Company for both financial years by the same amount.

The assumed movement in the interest rates for the interest rate sensitivity analysis is based on the current observable market environment.

(b) Credit risk

The Group's exposure to credit risk arises mainly from trade receivables and other receivables as well as cash and cash equivalents. As for the Company, the exposure to credit risk also arose from amount owing by subsidiaries.

Credit risk with respect to trade receivables is limited as the Group does not have any significant exposure to any individual customer. Credit limits are set and credit history is reviewed to minimise potential losses. Weekly review of trade receivables' aging is carried out to ensure that follow-up action is taken to recover the overdue debts.

The Group and the Company review the recoverable amounts of trade debts and debts owing by subsidiaries at the end of each reporting period to ensure adequate loss allowance is made for irrecoverable amounts.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

The age analysis of trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Neither past due nor impaired	179,933	208,421	74,469	92,598
Past due but not impaired:				
1 - 60 days	1,194	5,337	314	2,530
61 - 120 days	26	671	26	610
	1,220	6,008	340	3,140
	181,153	214,429	74,809	95,738

The Group places its cash and cash equivalents with a number of creditworthy financial institutions and the risks arising therefrom are minimised in view of the financial strength of these financial institutions. The Group's policy also limits the concentration of financial exposure to any single financial institution.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statements of financial position.

(c) Liquidity risk

The Group practices prudent liquidity risk management by maintaining rolling forecasts to monitor that it has sufficient funds to meet operational needs. Sufficient credit facilities are also maintained for contingent funding of working capital requirements.

The Group and the Company have unutilised credit banking facilities of approximately RM643,438,000 and RM280,411,000 (2022: RM348,984,000 and RM33,000,000) respectively at the end of the reporting period.

The Group expects that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's financial obligations, capital expenditure and working capital needs for at least the next 12 months. The Group may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures and may seek to raise additional funds through public or private debt or equity financing or from other sources.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

THE GROUP	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 5 YEARS RM'000	OVER 5 YEARS RM'000
As of December 31, 2023			
Trade payables, other payables and accrued expenses	247,814	-	-
Amount owing to other related companies	216	-	-
Borrowings	101,261	152,237	-
As of December 31, 2022			
Trade payables, other payables and accrued expenses	277,417	-	-
Amount owing to other related companies	140	-	-
Borrowings	166,220	34,303	-

THE COMPANY	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 5 YEARS RM'000	OVER 5 YEARS RM'000
As of December 31, 2023			
Trade payables, other payables and accrued expenses	112,601	-	-
Amount owing to subsidiaries	43,391	-	-
Borrowings	65,998	152,237	-
As of December 31, 2022			
Trade payables, other payables and accrued expenses	101,034	-	-
Amount owing to subsidiaries	33,231	-	-
Borrowings	95,215	34,303	-

The Group and the Company do not hold any derivative financial instruments at the end of the reporting period.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(d) Capital risk

The Group's objective when managing capital is to ensure that the Group continues as a going concern in order to provide returns for shareholders.

The Group and the Company monitor capital by maintaining a gearing ratio of less than 1.2 times. The gearing ratio is calculated as total borrowings divided by total capital. Total borrowings and total capital are defined as 'current and non-current borrowings' and 'equity attributable to owners of the Company' respectively as shown in the statements of financial position.

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Total borrowings (RM'000)	230,309	196,477	195,045	125,472
Total equity attributable to owners of the Company (RM'000)	2,385,165	2,416,406	1,595,252	1,715,327
Gearing ratio (times)	0.10	0.08	0.12	0.07

Financial instruments that are carried at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(d) Capital risk (cont'd)

Fair values of financial instruments carried at amortised cost

The carrying amounts of the short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

The fair values of borrowings, which are classified as Level 2 in the fair value hierarchy, have been estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements and approximate their carrying amounts.

The fair value of long-term financial asset in the previous year, which was classified as Level 2 in the fair value hierarchy, had been determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the previous reporting period. There was no material difference between the fair value and carrying value of the financial asset as of the end of the previous reporting period.

27. COMMITMENTS

As of December 31, 2023, the Group and the Company have the following commitments in respect of property, plant and equipment:

	THE GROUP		THE COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Approved and contracted for	92,025	254,088	76,344	223,923

28. CONTINGENT LIABILITY

	THE GROUP AND THE COMPANY	
	2023 RM'000	2022 RM'000
Withholding tax payable	22,947	22,013

A wholly-owned foreign subsidiary of the Company distributed dividends in the prior years. These dividends attracted a 10% withholding tax under the subsidiary's tax regime. However, as the dividends received were reinvested by way of increasing the share capital of the subsidiary, the payment of the withholding tax is deferred as allowed by the authorities. The withholding tax will become payable when the Company disposes its interest in the investment of the said subsidiary by way of share transfer, share buy-back or liquidation.

Statement by **Directors**

The directors of **UNISEM (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

ANG CHYE HOCK

Kuala Lumpur,
February 29, 2024

Declaration by **the Director**

Primarily Responsible for the Financial Management of the Company

I, **FRANCIS CHIA MONG TET**, the director primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

FRANCIS CHIA MONG TET
MIA MEMBERSHIP NO: 1071

Subscribed and solemnly declared by the abovenamed
FRANCIS CHIA MONG TET at
KUALA LUMPUR, WILAYAH PERSEKUTUAN
this 29th day of February, 2024

Before me,

NOTARY PUBLIC

Shareholders' Statistics

as at 20 February 2024

1. Issued Shares and Voting Right

The total number of issued shares of the Company stands at 1,613,079,110 ordinary shares, with voting right of one vote per ordinary share.

2. Analysis of Shareholdings

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
471	Less than 100	5,093	0.00
1,469	100 to 1,000	927,847	0.06
3,332	1,001 to 10,000	14,879,643	0.92
1,033	10,001 to 100,000	31,561,198	1.96
268	100,001 to less than 5% of issued Shares	477,806,257	29.62
4	5% and above of issued Shares	1,087,899,072	67.44
6,577		1,613,079,110	100.00

3. Substantial Shareholders (as per the Register of Substantial Shareholders)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	INDIRECT INTEREST	%
Huatian Technology (Malaysia) Sdn Bhd	689,284,822	42.73	-	-
Huatian Technology (Hongkong) Industrial Development Co., Limited	-	-	689,284,822	42.73 ^(a)
Tianshui Huatian Technology Co., Ltd.	-	-	689,284,822	42.73 ^(b)
Jayvest Holdings Sdn Bhd	174,639,000	10.83	14,363,600	0.89 ^(c)
John Chia Sin Tet	142,475,250	8.83	338,015,356	20.95 ^(d)
The Estate of Soo Yut Kuan	-	-	189,002,600	11.72 ^(e)

Notes:

- (a) Deemed interest through Huatian Technology (Malaysia) Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (b) Deemed interest through Huatian Technology (Malaysia) Sdn Bhd and Huatian Technology (HongKong) Industrial Development Co., Limited pursuant to Section 8 of the Companies Act 2016.
- (c) Deemed interest through SCQ Industries Sdn Bhd. pursuant to Section 8 of the Companies Act 2016.
- (d) Deemed interest through Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Sdn Bhd, his son and nominee companies/pledged securities accounts pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016.
- (e) Deemed interest through Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

Shareholders' Statistics

as at 20 February 2024

4. Thirty Largest Shareholders (as per the Record of Depositors, without aggregating securities from different securities accounts belonging to the same person)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1. Huatian Technology (Malaysia) Sdn Bhd	689,284,822	42.73
2. Jayvest Holdings Sdn Bhd	174,639,000	10.83
3. John Chia Sin Tet	142,475,250	8.83
4. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For John Chia Sin Tet (PB)	81,500,000	5.05
5. Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management For John Chia Sin Tet (12022457) (444096)	54,000,000	3.35
6. Lembaga Tabung Haji	44,288,800	2.75
7. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	31,872,955	1.98
8. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 22)	30,150,600	1.87
9. Citigroup Nominees (Asing) Sdn Bhd CBNY For Norges Bank (FI 17)	27,288,000	1.69
10. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 19)	19,994,206	1.24
11. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	14,862,845	0.92
12. SCQ Industries Berhad	14,363,600	0.89
13. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Focus Fund	13,551,000	0.84
14. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	8,711,800	0.54
15. Alexander Chia Jhet-Wern	8,000,000	0.50
16. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd.	7,659,700	0.47
17. Cartaban Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad For Prulink Strategic Fund	5,893,900	0.37
18. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teoh Ewe Jin	5,702,100	0.35
19. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund	5,700,000	0.35
20. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Yen Woon @ Low Sau Chee (PB)	5,501,300	0.34
21. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teoh Ewe Jin (MY4599)	5,450,000	0.34

Shareholders' Statistics

as at 20 February 2024

4. Thirty Largest Shareholders (as per the Record of Depositors, without aggregating securities from different securities accounts belonging to the same person) (cont'd)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
22. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For John Chia Sin Tet (01-00825-000)	5,272,856	0.33
23. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AHAM AM)	5,017,600	0.31
24. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN For DBS Bank Ltd (SFS-PB)	4,200,000	0.26
25. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F Templeton)	4,172,600	0.26
26. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Francis Chia Mong Tet	4,000,000	0.25
27. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	3,800,000	0.24
28. CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd For Hong Leong Assurance Berhad (LP FUND ED102)	3,650,000	0.23
29. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Lim Ka Kian (PB)	3,443,400	0.21
30. Lembaga Tabung Angkatan Tentera	3,322,100	0.21
	1,427,768,434	88.51

Statement of Directors' Interest

as at 20 February 2024

Directors' Shareholdings (as per the Register of Directors Shareholdings)

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	INDIRECT INTEREST	%
John Chia Sin Tet	142,475,250	8.83	338,015,356	20.95 ^(a)
Francis Chia Mong Tet	1,000,000	0.06	8,580,960	0.53 ^(b)
Alexander Chia Jhet-Wern	8,200,000	0.51	-	-
Ang Chye Hock	-	-	-	-
Lim Siew Eng	-	-	-	-
Xiao Zhiyi	-	-	-	-
Cui Weibing	-	-	-	-
Ju Feng	-	-	-	-
Nelleita binti Omar	-	-	-	-
Teh Muy Ch'ng	-	-	-	-
Xu Qinqin	-	-	-	-

Notes:

- (a) Deemed interest through Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Sdn Bhd, his son and nominee companies/pledged securities accounts pursuant to Section 8 and Section 59(1)(c) of the Companies Act 2016.
- (b) Deemed interest through nominee company/pledged securities account pursuant to Section 8 and Section 59(1)(c) of the Companies Act 2016.

List of Properties

held by the Group as at 31 December 2023

LOCATION	DESCRIPTION	EXISTING USE	TENURE	LAND AREA/ BUILD-UP AREA (APPROXIMATE)	DATE OF ACQUISITION/ COMPLETION	APPROXIMATE AGE OF BUILDING (IN YEARS)	BOOK VALUE AS AT 31 DECEMBER 2023 (RM'000)
PT 12015 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Factory	99 years leasehold expiring 2094	62,960 sq m	July 1991	-	2,141
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	31	8,843
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	27	7,380
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	23	38,527
	Factory building wafer bumping	Factory	-	22,000 sq ft	August 2005	18	1,779
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Factory	99 years leasehold expiring 2100	115,500 sq m	October 2000	-	6,388
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential land	Hostel	99 years leasehold expiring 2104	20,429 sq m	June 2005	-	1,114
	Residential	Hostel	-	50,000 sq ft	June 2012	11	8,168
Chengdu Hi-Tech Zone, West Zone, Chengdu, Sichuan, P.R. China 13-(02)-006	Industrial land	Factory	49 years leasehold expiring 2055	9.647 hectare	December 2005	-	3,133
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	3,927
	Factory building	Factory	-	366,000 sq ft	December 2005	18	63,184
	Factory building	Factory	-	254,000 sq ft	December 2012	11	74,811
	Factory building	Factory	-	517,000 sq ft	December 2022	1	197,105

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting (“35th AGM”) of the Company will be conducted entirely through live streaming 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 on 3 May 2024, Friday at 10.30 a.m. to transact the following businesses:

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees amounting to RM1,570,333 for the financial year ended 31 December 2023, an increase of RM123,667 from RM1,446,666 for the financial year ended 31 December 2022. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire pursuant to Regulation 115 of the Constitution of the Company:-
 - (i) Mr Francis Chia Mong Tet **Ordinary Resolution 2**
 - (ii) Mr John Chia Sin Tet **Ordinary Resolution 3**
 - (iii) Mr Ang Chye Hock **Ordinary Resolution 4**
4. To re-elect the following Director who retires pursuant to Regulation 118 of the Constitution of the Company:-
 - (i) Mdm Xu Qinqin **Ordinary Resolution 5**
5. To appoint KPMG PLT as Auditors in place of the retiring Auditors, Deloitte PLT, until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business:

To consider and, if thought fit, to pass the following resolution with or without modifications:-

6. **Authority To Allot Shares And Waiver of Pre-Emptive Rights Over New Ordinary Shares In The Company Under Section 85(1) Of The Companies Act 2016 Read Together With Regulation 67 Of The Constitution Of The Company**

THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approval of the relevant authorities (if any shall be required), the Directors be and are hereby empowered to issue and allot shares in the Company from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

Ordinary Resolution 7

AND THAT in connection with the above, pursuant to Section 85(1) of the Companies Act, 2016 read together with Regulation 67 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new ordinary shares arising from issuance of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016, such new ordinary shares when issued, to rank pari passu with the existing ordinary shares in the Company.”

7. To transact any other business for which due notice has been given.

By Order of the Board

CHIN HOCK YEE
SSM PC No. 201908003237
(LS 8922)

KUAN HUI FANG
SSM PC No. 202008001235
(MIA 16876)

Company Secretaries

1 April 2024
Kuala Lumpur

Notice of Annual General Meeting

Notes:

- The 35th AGM of the Company will be conducted entirely through live streaming and online remote voting using the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 35th AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide for the 35th AGM to participate remotely via RPV.
- A member entitled to participate via RPV at the 35th AGM is entitled to appoint not more than two (2) proxies to participate via RPV 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 25 April 2024 are entitled to participate via RPV at the 35th AGM of the Company to be held on 3 May 2024.
- 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 35th AGM.
- 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://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.
- 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.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of a poll.

Notice of Annual General Meeting

11. Explanatory Note on Special Business

Ordinary Resolution 7

The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016 (“Act”) and a waiver of pre-emptive rights over new ordinary shares (“Shares”) in the Company under Section 85(1) of the Act read together with Regulation 67 of the Constitution of the Company.

The proposed Ordinary Resolution 7, if passed, will grant a renewed general mandate and provide flexibility for the Company to empower the Directors of the Company, from the date of the above Annual General Meeting, to issue new ordinary shares of not more than 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of ordinary shares, this renewal of general mandate will provide flexibility to the Company for any possible fund raising activities for purpose of financing future investments, major capital expenditure, acquisitions, and/or working capital purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company had, at the 34th Annual General Meeting held on 28 April 2023, obtained its shareholders’ approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As at the date of this Notice, no new shares of the Company were issued or allotted pursuant to this mandate.

The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. At this juncture, there is no decision to issue new shares.

Pursuant to Section 85(1) of the Act read together with Regulation 67 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued Shares in the Company. Please refer to Section 85(1) of the Act and Regulation 67 of the Constitution of the Company set out below.

In order for the Directors of the Company to issue any new Shares under Sections 75 and 76 of the Act free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 7, if passed, will exclude your pre-emptive rights over all new Shares arising from issuance of new Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

Section 85(1) of the Act set out as follows:

“85. Pre-emptive rights to new shares (1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Regulation 67 of the Constitution of the Company set out as follows:

“67. Offer of new shares or securities to existing members

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such members as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may subject to this Constitution dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.”

Statement Accompanying Notice of **Annual General Meeting**

DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE 35TH ANNUAL GENERAL MEETING OF THE COMPANY

The Directors who retire in accordance with Regulations 115 and 118 of the Constitution and being eligible offer themselves for re-election at the upcoming Annual General Meeting (“AGM”) are Mr Francis Chia Mong Tet, Mr John Chia Sin Tet, Mr Ang Chye Hock and Mdm Xu Qinqin (“Retiring Directors”).

The details of the Retiring Directors are set out in their respective profiles on pages 17 to 21 of this Integrated Annual Report. The details of their interest in the securities of the Company are set out in the Statement of Directors’ Interest on page 246 of this Integrated Annual Report.

Before presenting its recommendation to the shareholders, the Board, in collaboration with the Nomination Committee, methodically evaluated the Retiring Directors taking into account the following key factors:

- (a) performance and contribution of the Director;
- (b) fit & proper assessment of the Director;
- (c) current composition of the Board; and
- (d) tenure of each Director.

For the financial year under review, the Board conducted a formal and comprehensive performance and effectiveness assessment of the Board, Board Committees, and individual Directors, including Independent Directors. The Board Effectiveness Evaluation (“BEE”) exercise included performance criteria such as Fiduciary Role & Responsibilities, Board Structure & Composition, Meeting Effectiveness, Board Culture & Conduct, Directors’ Skill Sets, Board Contribution, Calibre & Personality, Independent Directors’ assessment and declaration.

The assessment of Director performance, derived from the 2023 BEE exercise, unequivocally indicates that the Retiring Directors have consistently met the criteria essential for an effective and high-performing Board. In addition, the Retiring Directors also met the stringent fit and proper criteria outlined in the Company’s Fit & Proper Policy.

The current composition of the Board is overall balanced and adequately embodies the necessary mix of skills, experience, and diversity. The duration of the respective tenures of the Directors enhances the overall board dynamic. This strategic mix gives a good balance, combining the experience and continuity offered by longer-tenured Directors with the fresh perspectives and insights brought by those with more recent appointments. Such diversity in tenure strengthens the Board’s effectiveness and governance, aligning with best practices in corporate governance.

Based on the aforementioned evaluation and careful consideration, the Board unequivocally endorses and advocates for the re-election of Mr Francis Chia Mong Tet, Mr John Chia Sin Tet, Mr Ang Chye Hock and Mdm Xu Qinqin to continue serving in their roles as Directors of the Company.

Statement Accompanying Notice of Annual General Meeting

APPOINTMENT OF KPMG PLT AS AUDITORS IN PLACE OF RETIRING AUDITORS, DELOITTE PLT AND TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT AGM AT A REMUNERATION TO BE DETERMINED BY THE DIRECTORS

At the 35th AGM of the Company, Messrs. Deloitte PLT (“Deloitte”), retire and do not seek re-appointment as Auditors of the Company. Deloitte has been the Company’s Auditors for more than 30 years. In October 2023, Deloitte announced the closure of its Ipoh office scheduled for 30 June 2024. Given that Unisem’s primary operations in Malaysia are centered in Ipoh, Perak, it is advantageous for the Company to engage an audit firm with a strong local presence and ample resources in Ipoh, Perak.

The Board wishes to seek shareholders’ approval for the appointment of Messrs. KPMG PLT (“KPMG”) as Auditors of the Company in place of the retiring Auditors, Deloitte, and to hold office until the conclusion of the next Annual General Meeting in 2025. KPMG has given their consent to act as Auditors of the Company pursuant to Section 264(5) of the Companies Act 2016, prior to this AGM.

In evaluating the suitability of KPMG, the Audit & Risk Management Committee (“ARMC”) considered the adequacy of the audit firm’s expertise and resources, the credentials and experience in the Company’s industry, reputation, the audit engagement partner to be assigned, independence, commitment, geographical coverage, staff turnover experience and continuity, and the indicative audit fees. After the evaluation, the Board, in consultation with the ARMC, is satisfied that KPMG will be able to meet the audit requirements of the Company and the Group.

The Company confirms there were no disagreements with the retiring auditors, Deloitte, on accounting treatments within the last two months from the date of this Notice.

The Company is not aware of any matters regarding the proposed change of Auditors that should be brought to the attention of the Shareholders.

GENERAL MANDATE TO ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (“THE ACT”) AND WAIVER OF PRE-EMPTIVE RIGHTS OVER NEW ORDINARY SHARES IN THE COMPANY UNDER SECTION 85(1) OF THE ACT READ TOGETHER WITH REGULATION 67 OF THE CONSTITUTION OF THE COMPANY

The details on the proposed general mandate to issue new ordinary shares pursuant to Sections 75 and 76 of the Act and waiver of pre-emptive rights over new ordinary shares in the Company under Section 85(1) of the Act read together with Regulation 67 of the Constitution of the Company are set out in the Explanatory Note on Special Business in the Notice of 35th Annual General Meeting and page 250 of the Integrated Annual Report.



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

of _____

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

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 35th Annual General Meeting of the Company which will be conducted entirely through live streaming at 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 on 3 May 2024, Friday at 10.30 a.m. or at any adjournment thereof, and to vote as indicated with ✓ in respect of the following resolutions. (If you do not do so, the proxy will vote or abstain from voting at his discretion):-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees amounting to RM1,570,333 for the financial year ended 31 December 2023.		
Ordinary Resolution 2	To re-elect Mr Francis Chia Mong Tet as a Director who retires pursuant to Regulation 115 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Mr John Chia Sin Tet, as a Director who retires pursuant to Regulation 115 of the Constitution of the Company.		
Ordinary Resolution 4	To re-elect Mr Ang Chye Hock as a Director who retires pursuant to Regulation 115 of the Constitution of the Company.		
Ordinary Resolution 5	To re-elect Mdm Xu Qinqin as a Director who retires pursuant to Regulation 118 of the Constitution of the Company.		
Ordinary Resolution 6	To appoint KPMG PLT as Auditors in place of retiring Auditors, Deloitte PLT, until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	To authorise the Directors under Sections 75 and 76 of the Companies Act, 2016 to issue new shares of the Company and waiver of pre-emptive rights over the new shares.		

^ Delete whichever is inapplicable.

Dated this _____ day of _____, 2024.

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

Signature/Common Seal _____

Tel No. : _____

Notes:

- Only members whose names appear in the Record of Depositors as at 25 April 2024 are entitled to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 35th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in the Administrative Guide for the 35th AGM.
- A member entitled to participate at this meeting 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.
- 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.
- 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://tjih.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 time set for 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, all resolutions set out in this Notice of Meeting will be put to vote by way of a poll.

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STAMP

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

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

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Corporate Information

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

Mr Ang Chye Hock
Independent Director

Mdm Lim Siew Eng
Independent Director

Puan Nelleita binti Omar
Independent Director

Mdm Teh Muy Ch'ng
Independent Director

Mr Xiao Zhiyi
Non-Executive Director

Mr Cui Weibing
Non-Executive Director

Mr Ju Feng
Non-Executive Director

Mdm Xu Qinqin
Non-Executive Director

REGISTERED OFFICE

Lot No. 9(H)
9th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
Tel: (603) 2072 3760
Fax: (603) 2072 4018
Website: www.unisemgroup.com

COMPANY SECRETARIES

CHIN HOCK YEE (LS 8922)
SSM PC No. 201908003237

KUAN HUI FANG (MIA16876)
SSM PC No. 202008001235

AUDITORS

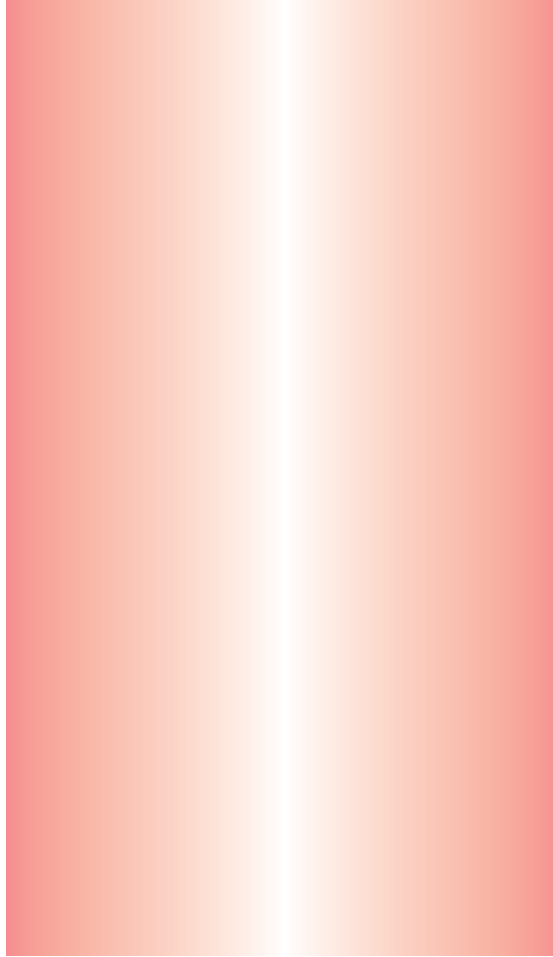
Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
Level 2, Weil Hotel
292, Jalan Sultan Idris Shah
30000 Ipoh, Perak
Malaysia

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd [197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel: (603) 2783 9299
Fax: (603) 2783 9222

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market



www.unisemgroup.com

