



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

2024

**INTEGRATED
ANNUAL REPORT**

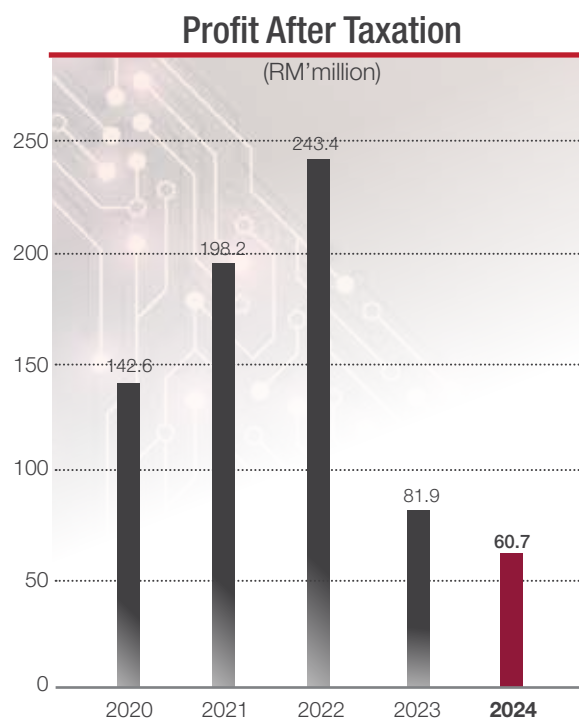
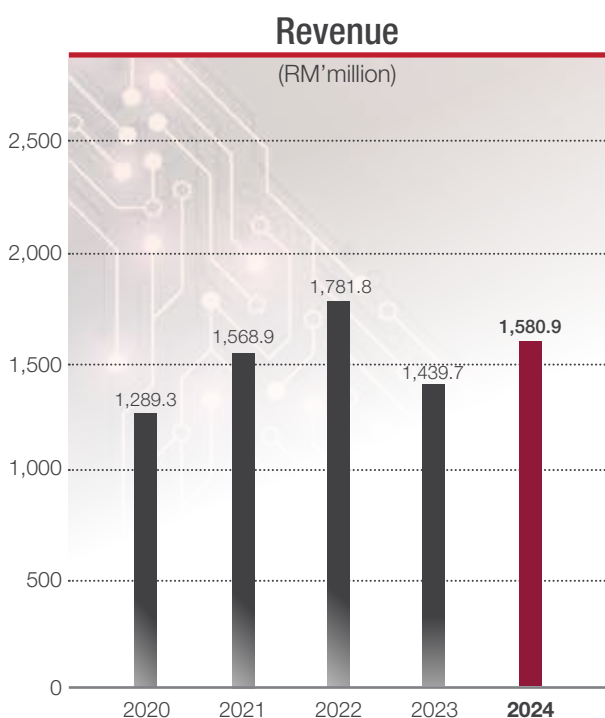
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Unisem's FY2024 PERFORMANCE HIGHLIGHTS

UNISEM'S SUSTAINABILITY KEY PERFORMANCE INDICATORS	FY2024 TARGETS	FY2024 PERFORMANCE	
Occupational Health and Safety	Injury frequency rate < 1.50	0.80	✓
Customer satisfaction	90%	90%	✓
Growing the business	To achieve revenue growth	9.8%	✓
Supply chain management	14 suppliers' audits to be conducted	18	✓
Technology and innovation	To achieve target project completion dates	All target dates achieved	✓
Effluents and waste management	52% Recycling rate of hazardous waste generated	58 %	✓
	Effluent waste discharge compliance with regulatory standards	Compliant	✓
Climate Change & Air Emissions	10% reduction in GHG emission intensity compared to base year 2020	10% reduction	✓

FINANCIAL HIGHLIGHTS



About THIS REPORT



This integrated report marks Unisem (M) Berhad's ("Unisem" or "the Company") third 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 FY2024 ("IAR24" or this "Report") is made up of the following reports.

Integrated Annual Report FY2024

- IAR24 is the primary report that presents our value creation story, where we are heading, and how we have progressed.

Sustainability Report FY2024 ("SR24")

- SR24 discusses our sustainability performance, including our economic, environmental, and social impacts and how we manage them.

Financial Report FY2024

- The Financial Report FY2024 includes our audited financial statements and offers a comprehensive overview of our financial performance for the fiscal year.

The SR24 and Financial Report FY2024 are appended in our IAR24.

*Click [here](#) or go to page 84 for Sustainability Report FY2024
Click [here](#) or go to page 178 for Financial Statements FY2024*

Reporting Scope AND BOUNDARY

The scope of this Report includes companies within the Unisem Group and covers the financial reporting period from 1 January 2024 to 31 December 2024 (“FY2024”).

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, applicable provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), and the GRI Standards.

This Report is also prepared in alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD Recommendations”).

Application of Materiality

We applied materiality assessment to prioritise matters that substantively affect Unisem’s ability to create value over the short, medium, and long term, especially those that have a significant bearing on the Group’s strategy, governance, business model, performance, and prospects.

In our application of materiality assessment, we have considered our business model, our value chain and the capitals, the internal and external environment, and our stakeholders’ views and concerns. The materiality assessment considers impacts to the business as well as our impact to stakeholders and the environment. The same materiality assessment is also used to prioritise sustainability matters of the Group, as disclosed in our SR24.

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 that 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 Auditors/ Verification Companies
Financial Statements FY2024	KPMG PLT
SR24 (selected disclosure)	Baker Tilly Monteiro Heng Governance Sdn Bhd and BeyondGood Consultancy

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.

Chairman's LETTER TO STAKEHOLDERS

Dear Valued 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 2024 ("FY2024").

JOHN CHIA SIN TET
Chairman



Chairman's LETTER TO STAKEHOLDERS

This report demonstrates how our business strategy, governance practices and operational performance create enduring value for our various stakeholders. Our success is measured not only by financial returns to shareholders but also our long-term sustainability as an employer, a responsible corporation and a member of the communities in which we operate.

Financial and Operational Highlights

Despite a challenging market environment, the Group achieved notable revenue growth of 9.8% from RM1.440 billion in FY2023 to RM1.581 billion in FY2024, primarily driven by strong performance at Unisem Chengdu.

While we faced weaker revenues and higher utility rates at Unisem Ipoh and UAT, along with increased operating costs associated with the start-up of our new semiconductor production facility in Gopeng, Perak, Malaysia ("Gopeng Plant"), our financial foundation remains robust. Although the Group registered a 24.4% decrease in net profit, from RM80.2 million in FY2023 to RM60.7 million in FY2024, the financial position of the Group remains healthy with cash and cash equivalents amounting to RM278.4 million as at 31 December 2024 compared to RM481.0 million in FY 2023.

The Group's total bank borrowings reduced from RM230.3 million in FY2023 to RM187.1 million in FY2024. FY2024 saw the completed construction of the 57,000 square-meter Gopeng Plant production facility in June; qualification of production areas in phase one of Gopeng Plant commenced during the second half of 2024.

These capacity expansions are integral to the Group's strategy, enabling us to double the Group's production capacity and enhance process efficiency. The investments reflect our commitment to meeting evolving customer needs while positioning us for long-term growth.

Environmental and Social Leadership

I am pleased to report that this year we have achieved all of our 7 sustainability KPIs. Notably, we have achieved improvement in our safety performance and GHG emissions intensity. Reducing reliance on fossil fuel energy and enhancing energy efficiency will continue to be the Group's focus in driving the Group towards our Net Zero by 2050 target.

The topic of climate change will continue to be a concern for the industry, customers, as well as investors, amongst others. Unisem Group continues to make progress in its climate-related disclosures. This year, we expanded our Scope 3 reporting, including Category 1 - Purchase of Goods and Services and Category 6 - Business Travel. We have also expanded our TCFD-aligned disclosures to include a basic scenario analysis to support the Group's ongoing efforts to develop resilience in the longer term.



Chairman's LETTER TO STAKEHOLDERS



We have strengthened our sustainability policies and practices by adopting the Responsible Business Alliance (RBA) Code of Conduct, aligning with industry standards. This integration highlights our commitment to fair working conditions, ethical operations, and environmental responsibility throughout our supply chain. The RBA Code is guided by international human rights standards, including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

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



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 latest forecast by Gartner, Inc., worldwide semiconductor revenue is projected to grow by 14% in 2025 to US\$717 billion. Demand is expected to be driven by a continued surge in AI-related semiconductor demand and data centres. The outlook on the automotive and industrial sectors is less positive, though there may be traction in electric vehicles and autonomous driving technologies. Semiconductor demand could also be supported by further rollout of 5G networks globally, enhancing demand for mobile devices, IOT and telecommunications infrastructure.

Nevertheless, we remain mindful of geopolitical tensions and global economic uncertainties, which could affect supply chains and consumer confidence.

Chairman's LETTER TO STAKEHOLDERS



The Board expects the performance of the Group to be better in 2025 compared to the previous year. The Group is focused on meeting market uncertainties with intensified efforts on business development, supported by well-managed financial resources and enhanced production quality enabled by the capacity expansions in both Ipoh and Chengdu.

Board Changes and Acknowledgments

This year we bid farewell to two of our long-serving directors, Mdm Lim Siew Eng and Mr Ang Chye Hock, who have completed their 9 years of service as Independent Directors of Unisem. Their presence and counsel will be missed. I thank them for their many years of service and dedication to the Company.

I want to express my sincere gratitude to our customers, suppliers, government partners, and financial institutions for their unwavering support. Thank you to all our employees whose dedication and loyalty continues to be the cornerstone of our success. To my fellow Board members, thank you for your counsel and collaboration. Finally, to our shareholders, we are grateful for your continued trust in Unisem's vision, Board and management.

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 6,500 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. Our recently completed plant in Gopeng, Perak will serve as another packaging and testing facility, boosting our future capacity and efficiency. 59% of Unisem Group’s customer base comprises primarily fabless companies and 41% comprises integrated device manufacturers. About 67% of Unisem Group’s sales from continuing operations are to customers in the United States of America, 19% to Asia and 14% to Europe.

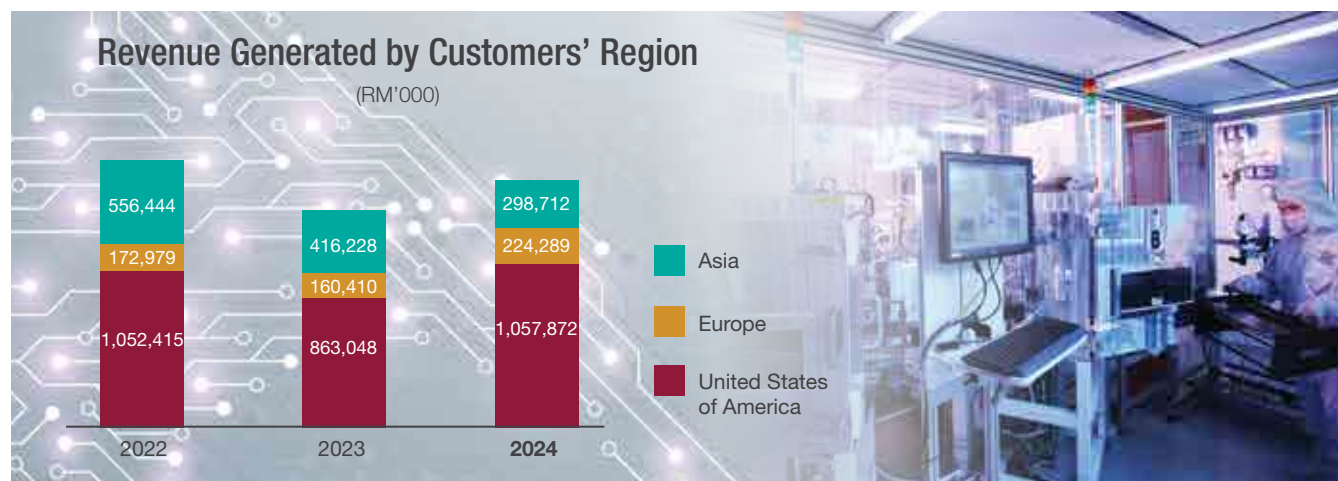
Unisem has been listed on the Main Market of Bursa Malaysia since 1998. The Company is a constituent of the FTSE Bursa Malaysia Mid 70 Index, the MSCI Malaysia Small Cap Index, and the FTSE4Good Bursa Malaysia Index. The securities of the Company are Shariah-compliant.

Unisem Group’s products and services 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 (WLCSPP), 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.



About UNISEM

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, ISO 45001:2018, Certificate of Green Partner (Sony), Samsung ECO Partner, and RBA VAP.
 - Newly certified with ISO 26262
 - The second plant in Gopeng, Perak Phase 1 is not yet fully operational due to ongoing equipment installation and qualification audits by the relevant certification body and customers.

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
 - 3,300 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

Listed on Kuala Lumpur
Stock Exchange Main Board **1998**



Launched
Chengdu factory
2006
Commenced
Wafer Bump service at UAT

Unisem Chengdu Phase 2
expansion and install wafer
bump capability **2011**



2012
Unisem expands WLCSP & Bumping capability

Our MILESTONES

1st RBA VAP **2014**
Obtained Samsung ECO partner
ANSI ESD S20.20 certified



2019 Offer Package level EMI shielding
12" wafer bumping capability at UAT

Unisem Chengdu **2021**
Phase 3 expansion



2022 Phase 1, Gopeng Plant
ground breaking
Unisem Chengdu Phase 3 completed

2023 Construction
of Phase 1, Gopeng Plant



2024
Unisem Gopeng Plant,
Phase 1 completed

Our Vision, MISSION & VALUES

In all our actions, we are guided by Unisem's Vision, Mission, and Core Values, which define the Group's clear long-term objectives. These principles prioritise creating and preserving value for our stakeholders, including shareholders, customers, employees, and partners. Unisem's Vision and Mission also reflect our dedication to good governance, environmental sustainability, and fostering social and economic development. We uphold core values that drive us toward becoming a **leading global provider of turnkey assembly and test solutions** while exemplifying responsible business practices as an exemplary corporate citizen.

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



HYNITRON 海栎创科技
2024 年度最具潜力供应商
(The Most Potential Supplier of the Year)
UNISEM CHENGDU
DEC 2024



NVT 伏达半导体
2024 最佳支持奖
(Best Support Award)
UNISEM CHENGDU
JAN 2025



POWER INTEGRATIONS
2024 Best Supplier Award
UNISEM IPOH
MAR 2025

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Board of DIRECTORS & PROFILE



JOHN CHIA SIN TET
Chairman/Group Managing Director
Malaysian, Male

Mr John Chia Sin Tet, aged 75, 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 also sits on the board of several private limited companies. He does not have other directorships in public listed companies.

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

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

Board of DIRECTORS & PROFILE



FRANCIS CHIA MONG TET

Executive Director
Malaysian, Male

Mr Francis Chia Mong Tet, aged 73, 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 sits on the board of several private limited companies. He does not have other directorships in public listed companies.

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

ALEXANDER CHIA JHET-WERN

Executive Director
Malaysian, Male

Mr Alexander Chia Jhet-Wern, aged 44, 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 is a son of Mr John Chia Sin Tet.

Board of DIRECTORS & PROFILE



NELLEITA BINTI OMAR

Independent Director,
Malaysian, Female

Puan Nelleita binti Omar, aged 49, 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.

Puan Nelleita is the Chairman of the ESG Committee and a member of the Audit & Risk Management Committee, the Nomination Committee, and the Remuneration Committee. She was appointed as the Senior Independent Director of the Company effective 1 January 2025.

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.

PATRICK NG GAN HOOI

Independent Director
Malaysian, Male

Mr Patrick Ng Gan Hooi, aged 55, was appointed to the Board of the Company on 30 July 2024 as an Independent Director. He graduated from University of Newcastle (Australia) in 1990 with a Bachelor of Commerce (Accounting) degree. He served as a Council member of the Malaysian Institute of Certified Public Accountants and is a member of the Institute of Chartered Accountants (England and Wales), Chartered Accountants Australia & New Zealand, Malaysian Institute of Accountants and a Fellow of the Certified Public Accountants of Australia.

Mr Patrick Ng is the Chairman of the Audit & Risk Management Committee and a member of the Nomination Committee, the Remuneration Committee and the ESG Committee.

Mr Patrick Ng was a partner of PricewaterhouseCoopers ("PwC"), Malaysia until his retirement after 32 years of service. In PwC, he has led and managed audits of public listed and private companies involved in various industries including manufacturing, trading, education, global shared service centres, construction, property development, investment, financial services, gaming, hospitality and leisure. Mr Patrick Ng has also been involved in due diligence exercises, restructuring, cross border transactions, mergers & acquisitions and listing of companies on various stock exchanges. His extensive experience in many conglomerates, cross border transactions and IPO exercises provides good insights over the different types of corporate culture. Throughout his career in PwC Malaysia, he had assumed various leadership roles including being the Industry Group Leader, Assurance Human Capital (HC) Leader and was a member of PwC's Assurance Executive Team. In his role as the HC Leader, he worked closely with his team on all people matters from talent management, acquisition and alumni engagement.

Mr Patrick Ng currently serves as an independent non-executive director of Avaland Berhad. He does not have other directorships.

Board of DIRECTORS & PROFILE



TEH MUY CH'NG
Independent Director
Malaysian, Female

Mdm Teh Muy Ch'ng, aged 53, was appointed to the Board of the Company on 9 December 2022 as an Independent Director. Madam 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.

Mdm Teh is the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee, the Nomination Committee, and the 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 serves as an independent non-executive director of Northern Solar Holdings Berhad. She sits on the board of several private limited companies. She does not have other directorships in public listed companies.

NOOR ALINA BINTI MOHAMAD FAIZ
Independent Director
Malaysian, Female

Puan Noor Alina binti Mohamad Faiz, aged 50, was appointed to the Board of the Company on 30 July 2024 as an Independent Director. She is a lawyer by profession and read law at the University of Leicester, United Kingdom. Puan Noor Alina is a member of the Middle Temple and was called to the Bar of England and Wales in 1998.

Puan Noor Alina is the Chairman of the Nomination Committee and a member of the Audit & Risk Management Committee, the Remuneration Committee and the ESG Committee.

Upon being called to the Malaysian Bar in 1999, Puan Noor Alina began her legal career with Messrs Lee, Perara & Tan, specialising mainly in Corporate Law. During her time there, she was involved in numerous corporate exercises, including initial public offers and listings on the Bursa Malaysia Securities Berhad. She left the firm in 2009 and joined Media Prima Berhad from 2010 to 2011, where she was the Legal & Secretarial Group General Manager. In 2012 she joined Peremba (M) Sdn Bhd, where she served as the Department Head of the legal and secretarial department until 2016. As in-house counsel, she oversaw the respective companies' legal and regulatory matters in areas such as Media, Digital Media, Advertising, Broadcast, Property, Construction, Hospitality and Event Management. In 2017 she left Peremba and resumed practise as the sole proprietor of the Chambers of Noor Alina Faiz. In 2021, she returned to Messrs Lee, Perara & Tan as a Partner.

Puan Noor Alina currently serves as an independent non-executive director of Press Metal Aluminium Holdings Berhad, PMB Technology Berhad and Kawan Food Berhad. She sits on the board of a private limited company. 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 48, 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 of Tianshui Huatian Technology Co., Ltd ("TSHT"), a company listed on the Shenzhen Stock Exchange. He also sits on the board of a few private limited companies of the TSHT Group. Other than his directorship in TSHT, he does not have other directorships in public listed companies.

CUI WEIBING

Non-Executive Director
Chinese, Male

Mr Cui Weibing, aged 57, 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 ("TSHT"), a position which he has held since March 2021. He began his career at Tianshui Huatian Microelectronics Co. Ltd ("TSHM") in 2003 as Assistant Plant Manager and Assembly Manager. In 2004 and 2005 he was the Vice General Manager of TSHT, in charge of engineering, quality and manufacturing. From 2006 to 2015 he was the general manager of TSHM. From 2015 to 2021, he was the General Manager of Tianshui Huatian Electronics Group Co., Ltd.

Prior to joining TSHM, 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 of TSHT, a company listed on the Shenzhen Stock Exchange. He also sits on the board of a few private limited companies of the TSHT Group. Other than his directorship in TSHT, Mr Cui does not have other directorships in public listed companies.

Board of DIRECTORS & PROFILE



CHANG WENYING

Non-Executive Director
Chinese, Male

Mr Chang Wenying, aged 58, was appointed to the Board of the Company on 28 February 2025. He graduated from Wuxi Radio Industrial School in 1988 with Vocational Secondary Education Diploma in Semiconductor Devices. In December 2007, he obtained the certificate from the Executive Research Program on Corporate Governance and Capital Operations held by the School of Continuing Education at Tsinghua University.

Mr Chang is currently the deputy general manager (since July 2007) and secretary to the board of directors of Tianshui Huatian Technology Co., Ltd., ("TSHT"), a position he has held since December 2003. Prior to his current positions, Mr Chang was with Yonghong Equipment Factory where he spent 14 years in various positions, culminating in his role as assistant to the general manager and manager of the Development Planning Department. Between 2002 to December 2003, he was the Supervisor and assistant to the Chairman at Tianshui Huatian Microelectronics Co., Ltd.

Mr Chang also sits on several boards of private limited companies of the TSHT Group. He does not have other directorships in public listed companies.

CHEN YAN

Non-Executive Director
Chinese, Female

Mdm Chen Yan, aged 40, was appointed to the Board of the Company on 28 February 2025. She graduated from Xi'an University of Finance and Economics in 2007 with a degree in Statistics.

Mdm Chen currently serves as the assistant director in the Finance Center of the headquarter of Huatian Technology (Xi'an) Headquarters Management Co., Ltd., a role she has held since February 2025. She began her career at JiangSu TianHe Freight Agent Co., Ltd. in 2007 prior to joining the Finance department at Huatian Technology (Xi'an) Co., Ltd. in 2008, where she held various positions in the finance department with her last position as the Minister of the finance department from January 2019 to January 2025.

Mdm Chen does not have other directorships.

Additional Information

- Save as disclosed above, none of the Directors has any family relationship with any other Director and/or major shareholder of the Company.
- Save as disclosed below and in Note 27 under Notes to the Financial Statements none of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business or related party transactions with the Company or its subsidiaries:
 - Mr Xiao Zhiyi, Mr Cui Weibing, Mr Chang Wenying and Mdm Chen Yan 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. Mr Xiao Zhiyi and Mr Cui Weibing are also non-independent directors of TSHT. The principal activities of TSHT are provision of semiconductor integrated circuits testing and packaging and wafer bumping services. The products and services offered by TSHT and its subsidiaries are similar to that offered by Unisem and its subsidiaries. Given the nature of business of both Unisem Group and TSHT group of companies, there is potential conflict of interest.

Mr Xiao Zhiyi, Mr Cui Weibing, Mr Chang Wenying and Mdm Chen Yan are not involved in the day-to-day operations of Unisem Group. They will recuse themselves from participating in any discussions on matters relating to the conflicts and will abstain from deliberation and voting on such matters at Board meetings.

- 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 59, 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.

WONG SIEW YEEN

Company Secretary
Malaysian, Female

Ms Wong Siew Yeen, aged 55, was appointed to the Board of the Company on 29 October 2024. She is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a qualified company secretary under the Companies Act 2016 with more than 20 years' experience in corporate secretarial practice.

Ms Wong is a Director 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, aged 57, 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 75, 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 61, 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 63, 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 38 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 56, 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.

None of the senior management has any family relationship with any other Director and/or major shareholder of the Company. None of the senior management has any conflict of interest or potential conflict of interest, including interest in any competing business or related party transactions with the Company or its subsidiaries. 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 2024.

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 2024, 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 2024, Unisem adhered to all practices outlined in the MCCG, 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 MCCG. 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 MCCG 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.

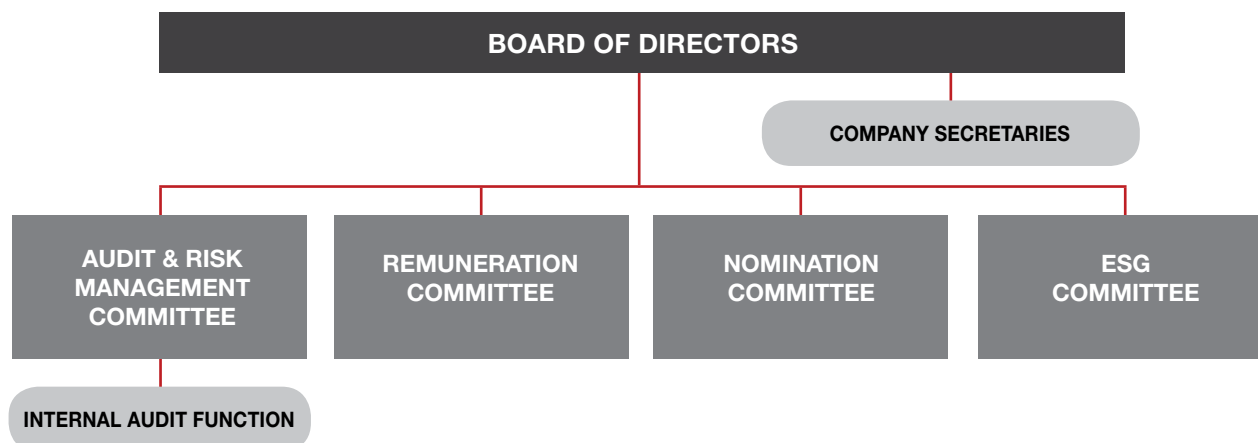
A summary of Unisem's corporate governance practices, in accordance with the MCCG, is presented in the following pages of this Corporate Governance Overview Statement.

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:



Corporate Governance OVERVIEW STATEMENT

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.

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 2024. The latest version, reviewed and approved on 28 February 2025, 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				4/5
Independent Directors					
Mr Ang Chye Hock	5/5	9/9	4/4	2/2	5/5
Mdm Lim Siew Eng	4/5*	8/9	4/4	2/2	3/5
Puan Nelleita binti Omar	5/5	9/9	4/4	2/2	5/5
Mdm Teh Muy Ch'ng	5/5	9/9	4/4	2/2	5/5
Puan Noor Alina binti Mohamad Faiz	2/5**	3/9	1/4	1/2	3/5
Mr Patrick Ng Gan Hooi	2/5**	3/9	1/4	1/2	3/5
Non-Executive Directors					
Mr Cui Weibing	5/5				
Mr Xiao Zhiyi	4/5				
Mr Ju Feng	5/5				
Mdm Xu Qinqin	5/5				

Legend: ■ Board/Board Committee Chairman ■ Member

* Mdm Lim Siew Eng retired on 29 October 2024.

** Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi were appointed on 30 July 2024.

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/>.

In line with Bursa's recently enhanced disclosure requirements on Conflict of Interest (COI), in Y2024 the Board comprehensively reviewed and instituted the Unisem Conflict Of Interest Policy for the purposes of identifying, evaluating, approving, reporting and monitoring conflict of interest ("COI") of Directors and key senior management. Among others, the policy was expanded to include potential COI situations involving indirect financial interest, non-financial interest (e.g. arising from relationships whether family, business or professional interests), or competing loyalties or interests. Accordingly, the terms of reference for the Audit & Risk Management Committee ("ARMC") were updated to include additional responsibilities in reviewing and reporting to the Board any COI situations that arise, persist or may arise together with overseeing measures taken to resolve, eliminate or mitigate such conflicts. Disclosures of COI situations are also to be disclosed in the ARMC Report as part of the Integrated Annual Report.

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

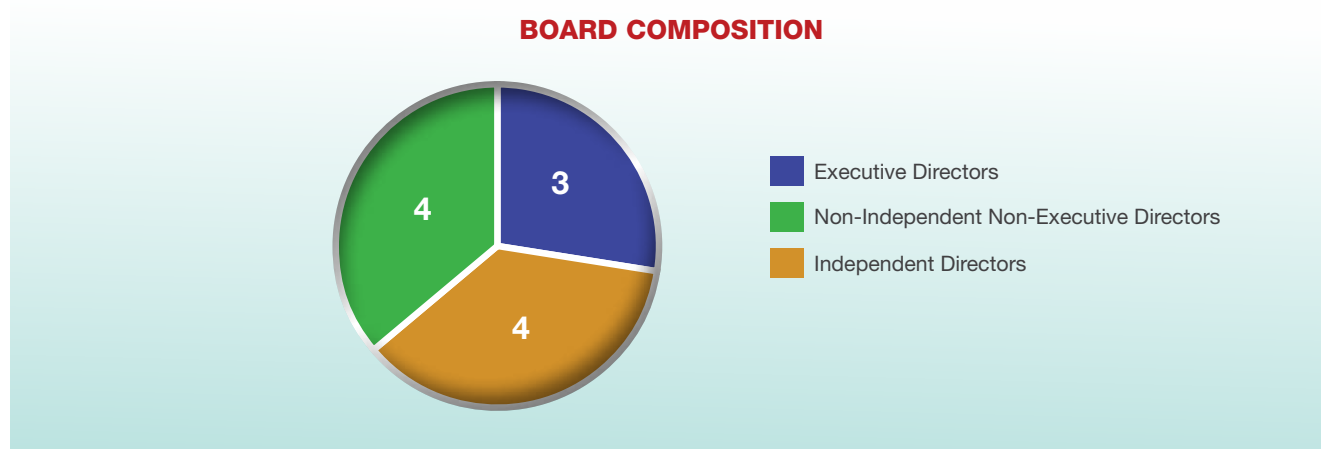
Board Composition

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: Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi joined the Board as Independent Non-Executive Directors on 30 July 2024. Mdm Lim Siew Eng and Mr Ang Chye Hock retired in end-October and end-December 2024, respectively, after completed their tenure of 9 years as Independent Directors. 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. The presence of a Senior Independent Director also establishes a channel for Independent Directors to voice concerns, particularly related to governance.



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.

Corporate Governance OVERVIEW STATEMENT

In compliance with paragraph 15.01A of the MMLR, 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/>.

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 243 of this Integrated Annual Report.

Board Diversity

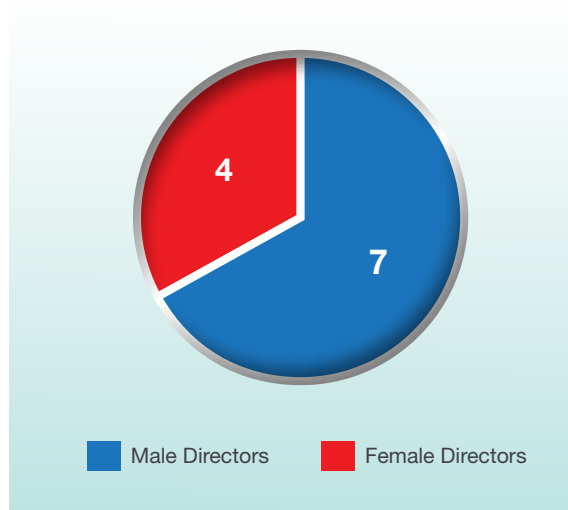
The Board believes that its current composition aligns well with the scope and scale of the Group's business operations. The diverse experience and multidisciplinary expertise of Directors enable them to offer valuable perspectives for robust oversight of Unisem's strategic objectives. The Board comprises 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 4 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



Corporate Governance OVERVIEW STATEMENT

Board Effectiveness Evaluation and Directors' Training

In 2024, the Board engaged Galton Advisory PLT, an external consulting firm, and 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 covered the following key areas:

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

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

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:

- enhancing focus on the Company's strategic directions and alignment with the performance evaluation and remuneration framework;
- continuous training and skills development in relation to the topics of sustainability, technology, and trends and development of the industry and market.

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 needs.

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
25 January 2024	Training on annual report-related regulations, as well as the general provisions of financial reports and the latest revisions to non-recurring gains and losses in the information disclosure rules for companies that issue securities to the public (年度报告相关的规范, 以及公开发行证券的公司信息披露编报规则中的财务报告的一般规定、非经常性损益最新修订的内容培训), organised by the Shenzhen Stock Exchange (中国深圳证券交易所)	Mr Ju Feng

Corporate Governance OVERVIEW STATEMENT

Date of Training	Type of Training	Attended by
6 March 2024	Future Proofing Your Business : What You Need To Know About The “S” In ESG organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
23 April 2024	Board Oversight of Climate Risks and Opportunities organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
12 June 2024	Carbon Market : What Directors Need to Know organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
20 June 2024	SIDC Sustainable and Responsible Investment Conference 2024 organised by SIDC	Puan Noor Alina binti Mohamad Faiz
1 July 2024	ESG & Internal Audit - Strengthening the Third Line of Defence organised by Boardroom	Puan Noor Alina binti Mohamad Faiz
15 July 2024	Preparing Your Sustainability Report - Navigating the Evolving Sustainability and Climate Change Disclosure Requirements organised by Minority Shareholders Watch Group	Puan Nelleita binti Omar
19 August 2024	ESG/Impact Investing: What are Investors Looking For organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
1 September 2024	HBM Technology and Ecology Seminar (HBM 技术与生态研讨会) organised by Tianshui Huatian Electronics Group (天水华天电子集团)	Mr Xiao Zhiyi
11 September 2024	Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Bill 2024 organised by KPMG	Puan Nelleita binti Omar
11-12 September 2024	Bursa Malaysia Mandatory Accreditation Programme Part I (MAP) organised by Bursa Malaysia	Mr Patrick Ng Gan Hooi
24 September 2024	Building Sustainable Credibility: Assurance, Greenwashing and The Rise of Green-Hushing organised by Bursa Malaysia	Mr Patrick Ng Gan Hooi
2 - 3 October 2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Bursa Malaysia	Mr Patrick Ng Gan Hooi
4 October 2024	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 Puan Nelleita binti Omar Mdm Teh Muy Ch'ng Mr Patrick Ng Gan Hooi Puan Noor Alina binti Mohamad Faiz
7 October 2024	KPMG Symposium: Beyond ESG organised by KPMG	Mr Patrick Ng Gan Hooi Puan Nelleita binti Omar
9 -10 October 2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Bursa Malaysia	Puan Noor Alina binti Mohamad Faiz

Corporate Governance OVERVIEW STATEMENT

Date of Training	Type of Training	Attended by
11 October 2024	Symposium for Leaders of Integrated Circuit and New Energy Enterprises (集成电路及新能源企业负责人座谈会) organised by Jiangsu Provincial Committee United Front Work Department (江苏省委统战部)	Mr Xiao Zhiyi
16 October 2024	MIA Webinar Series: Directors' Interest in Contracts and Conflict of Interests organised by Malaysian Institute of Accountants	Mr Patrick Ng Gan Hooi
16 October 2024	Deloitte Board-Ready Women Program 2024 organised by Deloitte	Mdm Teh Muy Ch'ng
29 November 2024	Cybersecurity Awareness Training organised by Boardroom	Puan Noor Alina binti Mohamad Faiz
5 December 2024	2024-2025 Global Semiconductor Market Summit Conference (2024-2025 全球半导体市场峰会大会) organised by World Integrated Circuit Association (世界集成电路协会)	Mr Xiao Zhiyi
10 December 2024	Mastering Tax & Corporate Compliance Conference organised by Boardroom	Mdm Teh Muy Ch'ng

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.

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 any perception of dependency. No severance payments or ex-gratia payments are granted to Directors or Senior Management personnel.

Corporate Governance OVERVIEW STATEMENT

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	312,000	-	3,778,512	-	111,288	-	4,201,800
2	Mr Francis Chia Mong Tet	Executive Director	166,400	-	2,100,498	-	19,578	-	2,286,476
3	Mr Alexander Chia Jhet-Wern	Executive Director	166,400	-	417,398	-	18,152	-	601,950
4	Mr Ang Chye Hock	Independent Director	255,400	-	-	-	-	-	255,400
5	Mdm Lim Siew Eng*	Independent Director	187,700	-	-	-	-	-	187,700
6	Puan Nelleita binti Omar	Independent Director	225,400	-	-	-	-	-	225,400
7	Mdm Teh Muy Ch'ng	Independent Director	225,400	-	-	-	-	-	225,400
8	Puan Noor Alina binti Mohamad Faiz**	Independent Director	94,400	-	-	-	-	-	94,400
9	Mr Patrick Ng Gan Hooi**	Independent Director	94,400	-	-	-	-	-	94,400
10	Mr Cui Weibing	Non-Executive Director	-#	-	-	-	-	-	-
11	Mr Xiao Zhiyi	Non-Executive Director	-#	-	-	-	-	-	-
12	Mr Ju Feng	Non-Executive Director	-#	-	-	-	-	-	-
13	Mdm Xu Qinqin	Non-Executive Director	-#	-	-	-	-	-	-

* Mdm Lim Siew Eng retired on 29 October 2024.

** Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi were appointed to the Board on 30 July 2024.

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. Throughout the financial year under review the ARMC was chaired by Mr Ang Chye Hock, also 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, conflict of interest and potential 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 thorough 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 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 the services of Baker Tilly Malaysia, 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 Puan Nelleita binti Omar, effective 1 January 2025, as the Senior Independent Director to serve as the designated point of contact for queries on Unisem-related matters.

Puan Nelleita binti Omar 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 ended 31 December 2024, Unisem conducted its 35th AGM on 3 May 2024. 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 35th AGM was provided more than 28 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 (2024)

In 2024, 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.
5. Conflict of Interest Policy	Established Conflict of Interest Policy to identify, evaluate, approve, report and monitor conflict of interest situation of Directors and key senior management.
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.

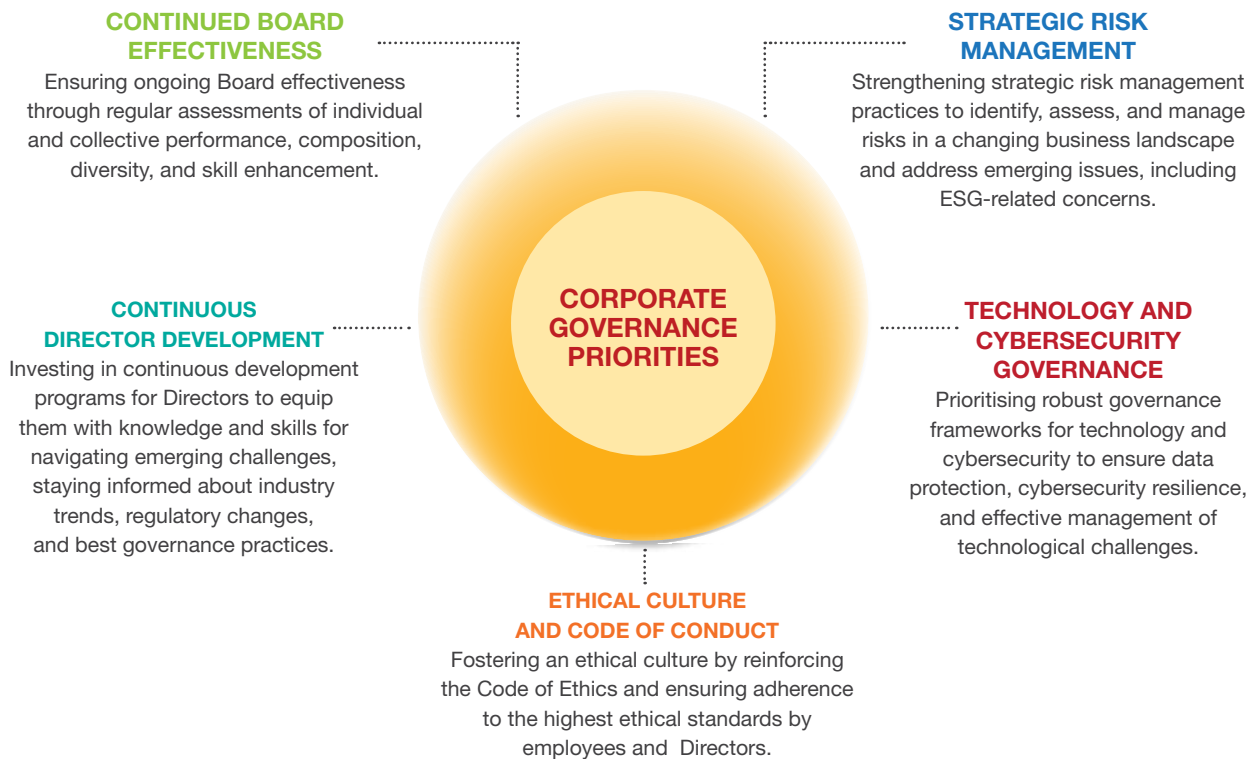
These efforts contribute to the Group's governance framework which is aligned with best practices, regulatory standards, and the Group's commitment to transparency, accountability, and long-term value creation.

Corporate Governance OVERVIEW STATEMENT

Corporate Governance Priorities (2025 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 2025 and beyond 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 2024, the NC met 4 times and the Chairman and members of the Committee attended all the meetings.

Name	Designation	Directorship	No. of Meetings Attended in 2024
Mdm Lim Siew Eng	Chairman	Independent Director	4/4
Mr Ang Chye Hock	Member	Independent Director	4/4
Puan Nelleita binti Omar	Member	Independent Director	4/4
Mdm Teh Muy Ch’ng	Member	Independent Director	4/4
Puan Noor Alina binti Mohamad Faiz	Member	Independent Director	1/4
Mr Patrick Ng Gan Hooi	Member	Independent Director	1/4

Mdm Lim Siew Eng retired as Director on 29 October 2024. Puan Noor Alina binti Mohamad Faiz was elected at a Committee meeting as the Chairman of the Nomination Committee with effect from 29 October 2024.

In 2024, the Company Secretary was in attendance at all the 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.

Corporate Governance OVERVIEW STATEMENT

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.
5. Position of Senior Independent Director: The NC assessed and recommended to the Board the suitable Independent Director for the appointment of the Senior Independent Director.

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 Independent Non-Executive Directors: The NC conducted an assessment of two candidates for appointment as Independent Non-Executive Directors. This involved evaluating their 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 the candidates' 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, with Galton Advisory PLT ("Galton"), ensuring they were comprehensive and aligned with the organisation's objectives.
2. Assessment of Board and Committee Performance: The NC together with Galton, 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 with Galton, and reviewed the recommendation and proposed improvement plan from Galton, 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: Via the BEE exercise, the NC assessed the Board's skill sets and the level of competency 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 reviewed the existing Fit and Proper Policy for the appointment and re-election of Directors. Any relevant amendments deemed necessary were recommended to the Board for adoption.
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 NC:** The NC reviewed the Terms of Reference of the NC. Any relevant amendments deemed necessary were recommended to the Board for adoption.

ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review,

(i) Status of Utilisation of Proceeds Raised from any Corporate Proposal

There were no unutilised proceeds raised from corporate proposal.

(ii) Material Contracts or Loans Involving Directors or Major Shareholders

Other than as disclosed in Note 27 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 2024
Mr Ang Chye Hock	Chairman	Independent Director	9/9
Mdm Lim Siew Eng	Member	Independent Director	8/9**
Puan Nelleita binti Omar	Member	Independent Director	9/9
Mdm Teh Muy Ch'ng	Member	Independent Director	9/9
Puan Noor Alina binti Mohamad Faiz	Member	Independent Director	3/9*
Mr Patrick Ng Gan Hooi	Member	Independent Director	3/9*

* Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi were appointed to the Committee on 30 July 2024.

** Mdm Lim Siew Eng retired as Director on 29 October 2024.

Mr Ang Chye Hock retired as Director on 31 December 2024. Mr Patrick Ng Gan Hooi was elected at a Committee meeting, as Chairman of the ARMC with effect from 1 January 2025.

The ARMC met nine times in 2024 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 2024. 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 2024 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 any 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, if any, 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.

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.

In 2024, at the 35th AGM of the Company, Deloitte PLT ("Deloitte") retired and did 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. Additionally, rotation of auditors is also in line with good governance practices.

At the 35th AGM, on 3 May 2024, KPMG PLT ("KPMG") was appointed as Auditors of the Company in place of the retiring Auditors, Deloitte, to hold office until the conclusion of the next AGM in 2025.

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. On 28 February 2025, the Committee discussed the views and conclusions of the Auditors in the audit summary memorandum including management's treatment of significant transactions and areas of judgement during financial year 2024 and the Auditors confirmed they were satisfied that these had been treated appropriately in the financial statements.

The Committee met with the Company's Auditors on 27 February 2024 and on 29 October 2024 without the presence of management and in reply to questions from the Committee, the Auditors 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;

Audit and Risk Management COMMITTEE REPORT

- 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.

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;
- Reviewed and recommended to the Board the adoption of the Conflict of Interest Policy together with the various policies which stipulate the framework and appropriate control and measures for management of conflicts and Non-Assurance Services Pre-Approval Policy;

Audit and Risk Management COMMITTEE REPORT

- Reviewed the *Annual Declaration Form on Conflict of Interest by Directors and Key Senior Management* submitted by Directors and Key Senior Management;
- Reviewed conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- Scrutinised the Group's various policies and procedures to reasonably ensure the adequacy of internal accounting and financial reporting controls;
- Reviewed the Group's insurance arrangements and related risk management strategies;
- Reviewed 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.

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 Malaysia 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 will also be 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 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. Environmental, Health and Safety Management;
2. Quality Assurance Management;
3. Inventory Management;
4. Procurement & Vendor Management; and
5. Environmental, Social & Governance (ESG) Review.

In 2024, the ARMC received and reviewed the internal audit reports issued for the above mentioned areas, incorporating recommendation and corrective actions along with the timeframe for implementation. 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 2024.

The cost associated with the internal audit function of the Group for the financial year ended 31 December 2024 amounted to RM209,467.

SUMMARY CONFLICT OF INTEREST AND THE MEASURES TAKEN TO RESOLVE, ELIMINATE, OR MITIGATE SUCH CONFLICTS

The summary of conflict of interest or potential conflict of interest situation reviewed by the Committee pursuant to paragraph 15.12(1)(h) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts are set out below:

For the financial year 2024 and as of 31 December 2024, save as disclosed below and in Note 27 under Notes to the Financial Statements none of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business or related party transactions with the Company or its subsidiaries:

Mr Xiao Zhiyi, Mr Cui Weibing, Mr Ju Feng and Mdm Xu Qinqin 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. Mr Xiao Zhiyi and Mr Cui Weibing are also non-independent directors of TSHT. The principal activities of TSHT are provision of semiconductor integrated circuits testing and packaging and wafer bumping services. The products and services offered by TSHT and its subsidiaries are similar to that offered by Unisem and its subsidiaries. Given the nature of business of both Unisem Group and TSHT group of companies, there is potential conflict of interest.

Mr Xiao Zhiyi, Mr Cui Weibing, Mr Ju Feng and Mdm Xu Qinqin are not involved in the day-to-day operations of Unisem Group. They will recuse themselves from participating in any discussions on matters relating to the conflicts and will abstain from deliberation and voting on such matters at Board meetings.

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 2024.

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. This Statement has been reviewed by the Audit & Risk Management Committee and approved by the Board of Directors on 28 February 2025.

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 enterprise risk management 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:

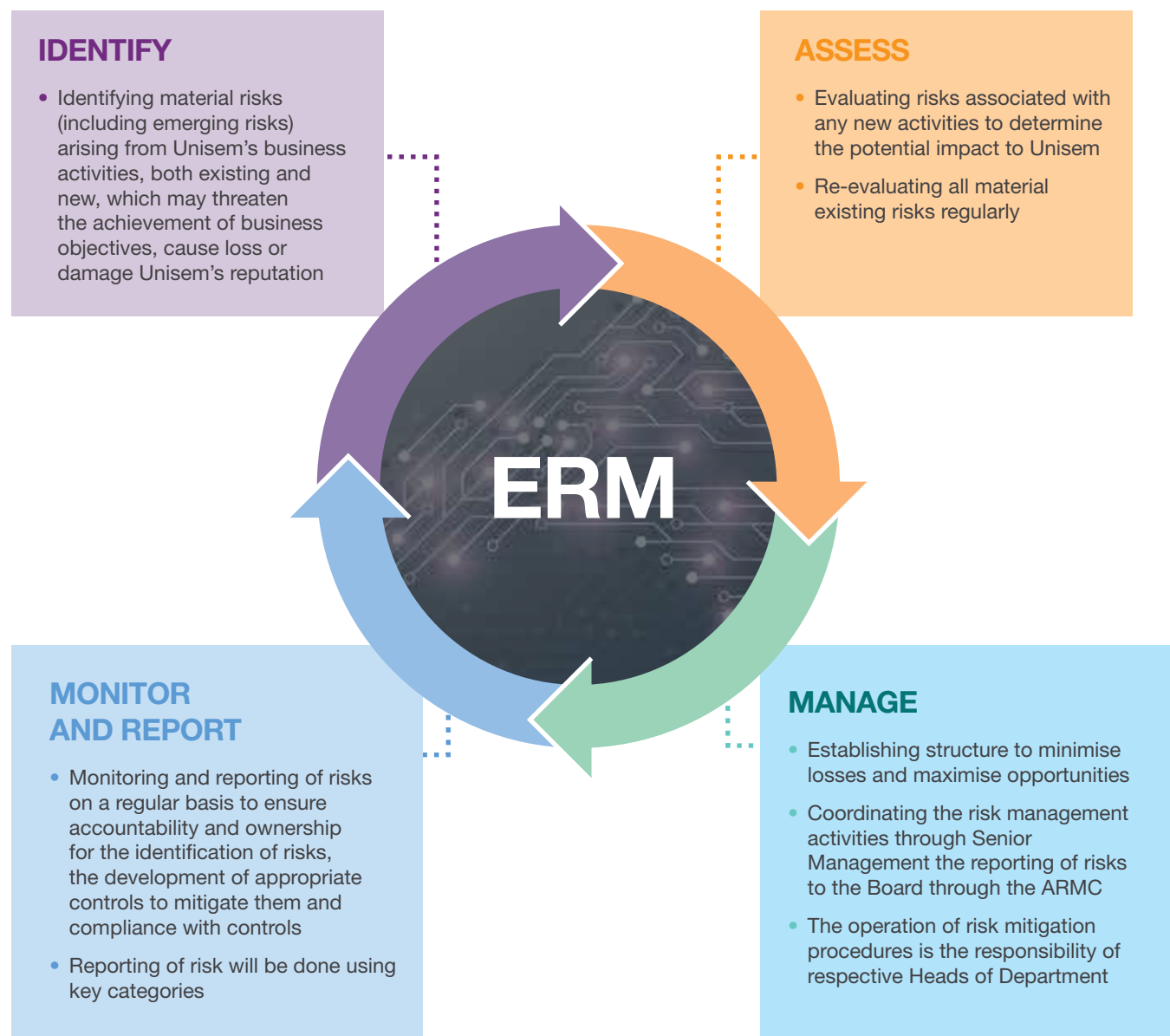


Diagram 1: Enterprise Risk Management Framework

Statement on Risk Management AND INTERNAL CONTROL

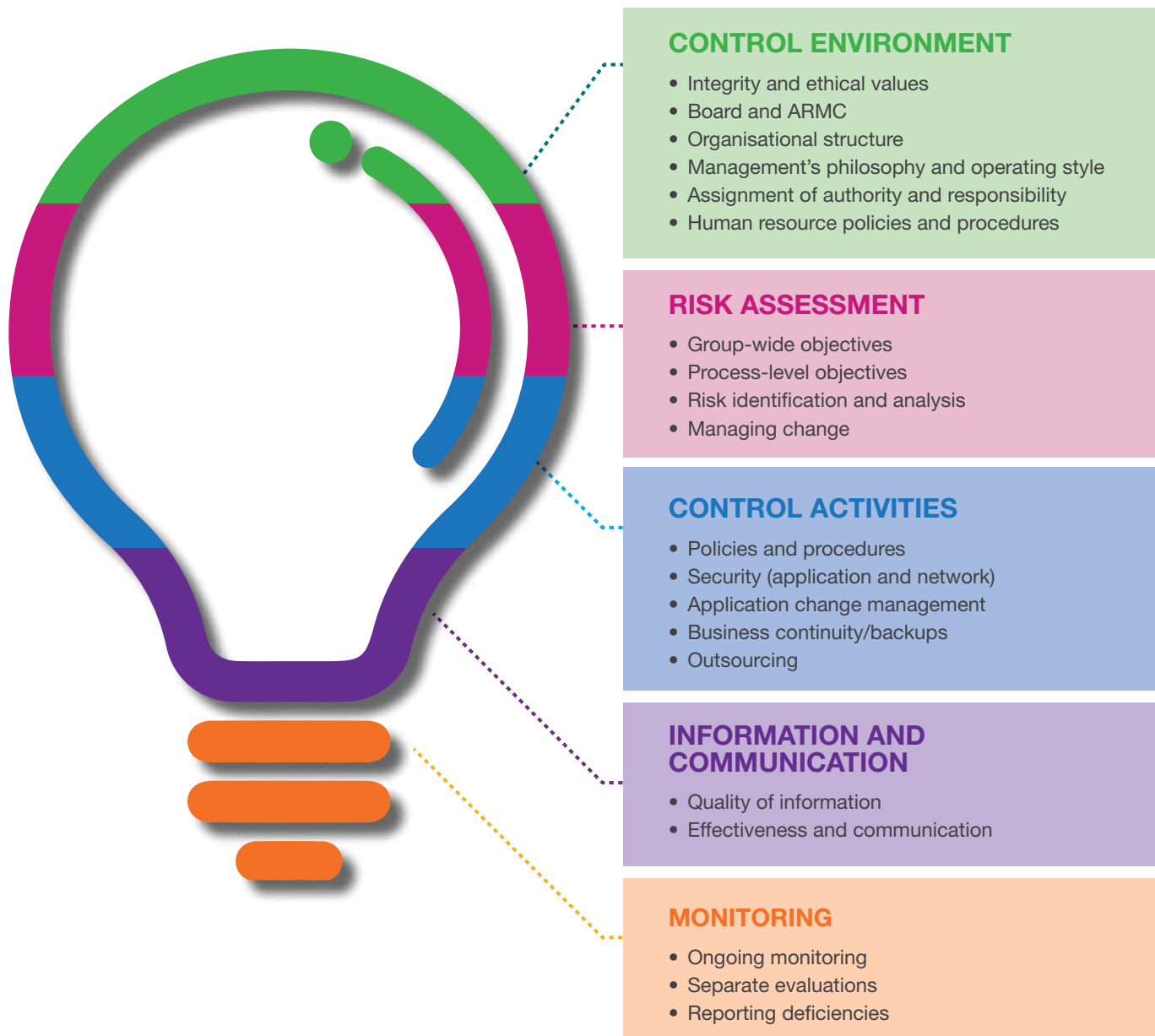


Diagram 2: Alignment with the elements of the Committee of Sponsoring Organisations of Treadway Commission (COSO)

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:

1	ORGANISATION STRUCTURE WITH DEFINED ROLES AND RESPONSIBILITIES	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.
2	FORMALISED STRATEGIC PLANNING PROCESSES	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.
3	REPORTING AND REVIEW	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.
4	DOCUMENTED POLICIES AND PROCEDURES	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.
5	CODE OF ETHICS	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.
6	CONTINUOUS EMPLOYEE EDUCATION	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.
7	QUALITY CONTROL	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.
8	FINANCIAL PERFORMANCE	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.

Statement on Risk Management AND INTERNAL CONTROL

Other than facilitating the annual risk assessment and evaluation for Unisem, 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 2024, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes namely, environmental, health and safety management; quality assurance management; inventory management; procurement and vendor management; and environmental, social & governance (ESG) review. 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 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 RM209,467.

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, KPMG PLT, has reviewed this Statement for inclusion in this Integrated Annual Report of the Company for the financial year ended 31 December 2024.

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 Integrated 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.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

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 and the Executive Director, Group Finance have 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.

Our Value **CREATION**

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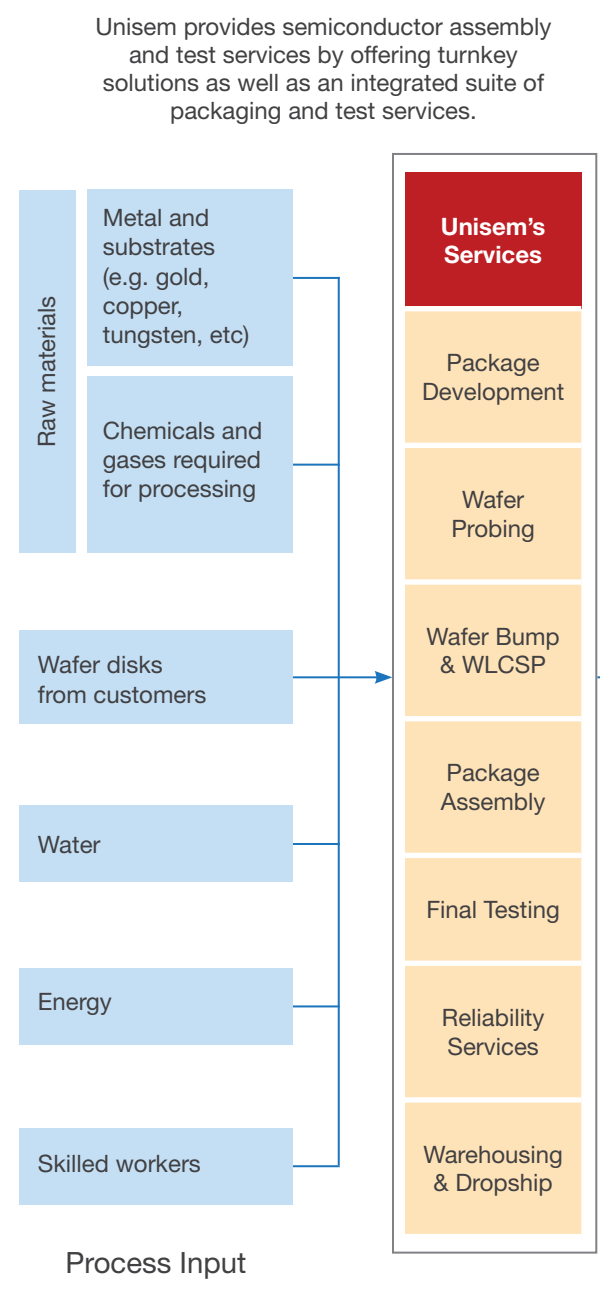


Unisem's VALUE CREATION PROCESS

CAPITALS - INPUT

BUSINESS MODEL

FC	<p>Financial Capital Mainly equity and funds generated from investments and operations, complemented with credit facilities</p> <ul style="list-style-type: none"> • RM1,499 million cost of sales and operating expenses • Available cash and cash equivalent of RM278 million and unutilised credit banking facilities of RM730 million
MC	<p>Manufactured Capital Machinery, equipment, plant facilities and production management systems, designed and maintained to industry standards.</p> <ul style="list-style-type: none"> • 3 semiconductor packaging and testing facilities • 2 wafer bumping facilities • All facilities certified for quality management system, environmental management system, and other relevant management systems
IC	<p>Intellectual Capital Proprietary knowledge and technology, protected through patents and other intellectual property rights. Experience and skills within our systems, processes, and people.</p> <ul style="list-style-type: none"> • 31 patented technologies, system designs, and processes. • Processes enabling operational efficiency and quality assurance
HC	<p>Human Capital Skilled professionals and technical personnel, and their capabilities, competencies and dedication.</p> <ul style="list-style-type: none"> • About 6,500 employees across the Group • Talent and skills development • Focus on workplace safety and health • Application of RBA Code of Conduct across the Group's relevant value chain segments, protecting human rights, preventing child or forced labour, and addressing health and safety matters
NC	<p>Natural Capital Direct materials/minerals, energy and water.</p> <ul style="list-style-type: none"> • 3,811 thousand m³ water withdrawn and 255 thousand m³ water consumed • 807,637 GJ of energy consumed • Application of RBA Code of Conduct across the Group's relevant value chain segments, governing energy management, water management, emissions and waste management matters
SRC	<p>Social and Relationship Capital Strong, long-standing relationships with our customers, suppliers, employees and community.</p> <ul style="list-style-type: none"> • Prioritise customer satisfaction and trust in delivery • Close collaborative customer relationship • Robust supply chain management maintained based on the RBA Code of Conduct and industrial standards



Material Matters

M1 Customer Satisfaction

M2 Occupational Health and Safety

M3 Growing the Business

VALUE CREATION FOCUS AREAS		DESIRED OUTCOMES & INDICATORS
<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; width: 100%;"> <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; align-items: center; margin-top: 10px;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Negative Output</div> <div style="display: flex; flex-direction: column; gap: 10px; width: 100%;"> <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> <div style="margin-top: 10px;">Process Output</div> </div>	<div style="background-color: #00a651; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-weight: bold; font-size: 24px;">F1</div> <p>Maintaining presence and relevance in the market</p>	<ul style="list-style-type: none"> Self-sustaining cash generation Revenue growth Sustainable profit generation and shareholders' return
	<div style="background-color: #00a651; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-weight: bold; font-size: 24px;">F2</div> <p>Optimising value for stakeholders</p>	<ul style="list-style-type: none"> Enhancing capabilities through strategic investment in new facilities and capacity expansion Enhancement and upgrading of facilities to enhance operational efficiency Focused investments in facilities for targeted products
	<div style="background-color: #00a651; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-weight: bold; font-size: 24px;">F3</div> <p>Protecting and supporting our people</p>	<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
	<div style="background-color: #00a651; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-weight: bold; font-size: 24px;">F4</div> <p>Being a responsible business and corporation</p>	<ul style="list-style-type: none"> Safe workplace with zero confirmed incidents of discrimination or human rights issues Injury frequency rate for industrial accidents <1.50 across the Group Continuous training for employees 75% employees receive 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 Stable turnover rate
		<ul style="list-style-type: none"> Compliance with regulatory requirements Minimum negative environmental impact 52% recycling rate for scheduled waste
		<ul style="list-style-type: none"> Upholding of Unisem's core values Robust collaborative relationship with customers Expansion of clientele and market presence High rate of customer satisfaction Strong, sustainable, and responsible supply chain



M4 Technology and Innovation



M5 Climate Change and Air Emission



M6 Supply Chain Management



M7 Effluents and Waste Management

Value Creation FOCUS AREAS

The Group's value creation for stakeholders can be summarised into four (4) broad Value Creation Focus Areas. The Value Creation Focus Areas also serve as a basis for considering the interests and values of the business and the stakeholders when we perform materiality assessment.

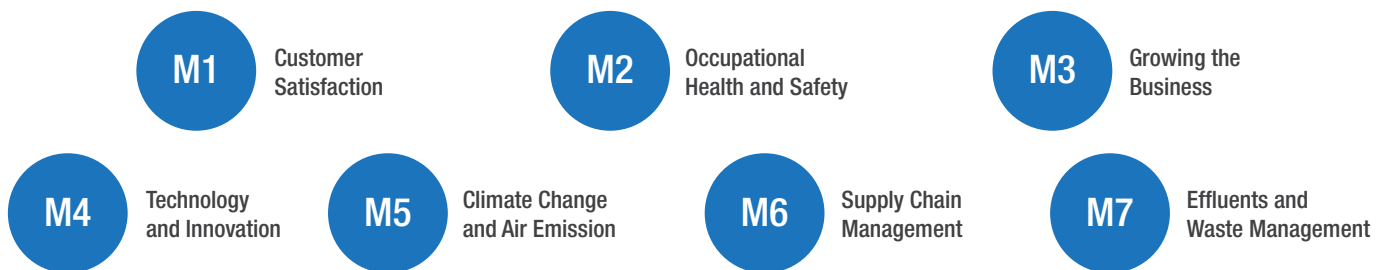
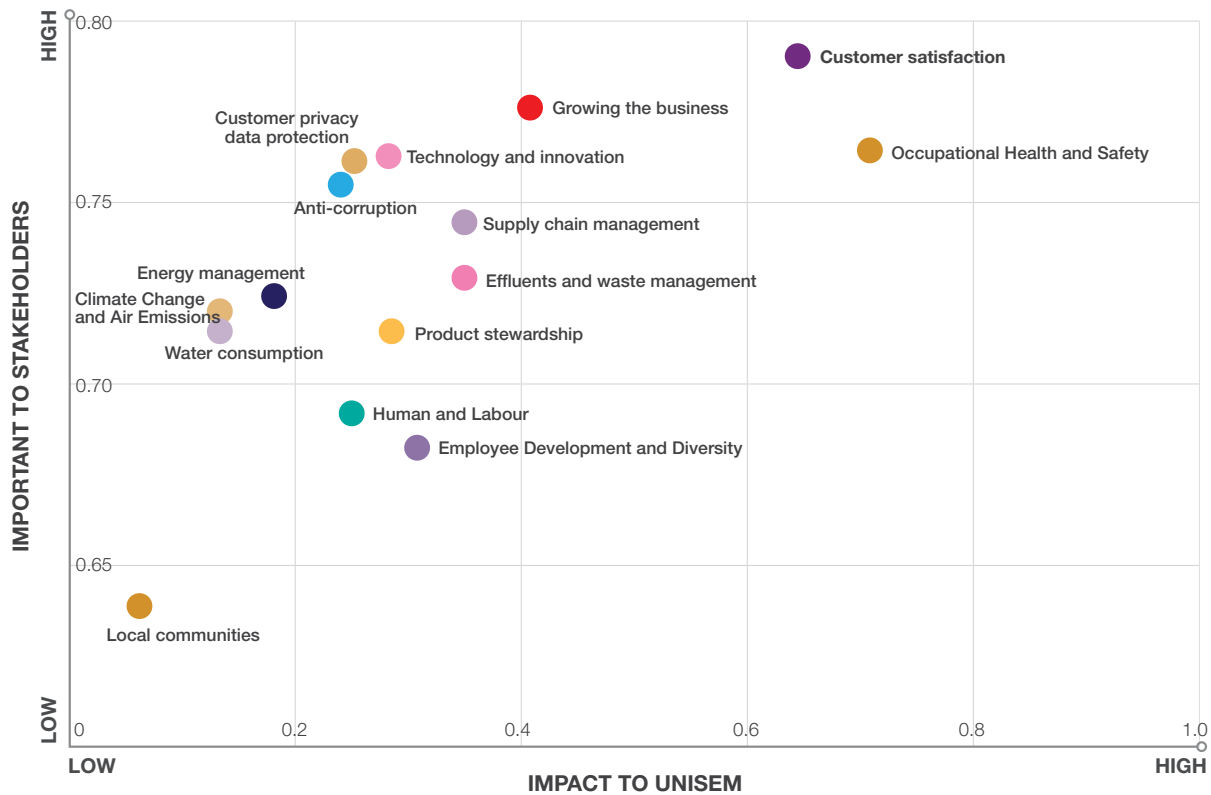
Value Creation Focus Areas	Description	Relevant Material Matters
<p>F1</p> <p>Maintaining presence and relevance in the market</p>	<p>The semiconductor industry is fast-moving and Unisem needs to remain relevant in the market by ensuring our products and services keep up with technological trends and customer demand.</p> <p>This includes enhancing technological capabilities and innovative solutions, including smart manufacturing, to sharpen our competitive edge. This is critical for retaining customers and attracting new customers.</p> <p>Having a robust supply chain is also important for supporting our relevance and presence in the market.</p>	<p>M1 M3</p> <p>M4 M6</p>
<p>F2</p> <p>Optimising value for stakeholders</p>	<p>All successful businesses strive to achieve an optimum balance between delivering value to customers through quality products and services, investing for future growth, creating healthy financial returns for shareholders and minimising negative impacts on the environment.</p> <p>We strive to optimise the use of resources and minimise the production or release of negative externalities.</p>	<p>M1 M3</p> <p>M5</p>
<p>F3</p> <p>Protecting and supporting our people</p>	<p>We are committed to protecting our people including ensuring a safe and healthy working environment, supporting their professional development, and contributing to the development of talents in the industry.</p> <p>People development increases our productive capacity and also supports the growth of local talents.</p>	<p>M2</p>
<p>F4</p> <p>Being a responsible business and corporation</p>	<p>Unisem expects all its facilities, key suppliers and employees to commit to the Group's ESG framework.</p> <p>This includes respecting human rights in accordance with the Universal Declaration of Human Rights and minimising waste as well as playing our part in global efforts to combat climate change.</p>	<p>M2 M5</p> <p>M7</p>

Material MATTERS

Unisem has established a materiality assessment process to assess and prioritise topics that are important for the Group’s value creation and business sustainability. The process takes into consideration our business model, our value chain and the capitals, the internal and external environment, and our stakeholders’ views and concerns.

Our materiality assessment has been supporting the Group’s management of sustainability matters. The top 7 Material Matters are identified, and considered in setting our Strategic Priorities, as well as the identification, assessment, and management of key risks to the Group.

The Group’s materiality assessment is carried out once in two years. The latest materiality assessment was conducted in FY2023 and the results are illustrated in the materiality matrix below.



Creating Value FOR STAKEHOLDERS

We strive to create and deliver value for all our stakeholders while balancing the priorities and interests of different stakeholder groups in line with delivering on our Value Creation Focus Areas.

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. We adopt an “open door” policy with employees to maintain 2 way open communication and to listen to the voice of our employees, customers and to the respective stakeholder groups. There are 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. As outlined in the table below, Unisem has established appropriate engagement strategies which help us manage relationships, align interests, communicate our business and sustainability strategies, priorities, and performance. We regularly engage stakeholders to hear their views, and we also have channels through which they can initiate dialogues with us.

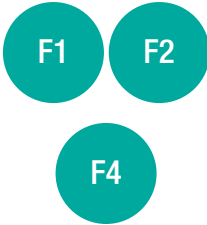



The Board, assisted by the ESG Committee, provides oversight to the Group’s overall stakeholder engagement activities. The ESG Committee reviews and considers the Group’s overall effectiveness in our stakeholder engagement approaches and channels, and it also ensures significant views and concerns of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

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
Shareholders	<ul style="list-style-type: none"> Annual general meetings Quarterly announcements Announcement on Bursa’s website 	<ul style="list-style-type: none"> Continuous business growth and sustainability 		<ul style="list-style-type: none"> Chairman’s Letter to Stakeholders Our Value Creation Strategy Review and Performance SR24, Managing Our Business SR24, 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 Risk management Compliance with laws, regulations, and industry standards Financial results Interests of stakeholders and shareholders Continuous investment in R&D Minimising environmental impacts 		<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 Value Creation Strategy Review and Performance SR24, Managing Our Business SR24, How We Do Business

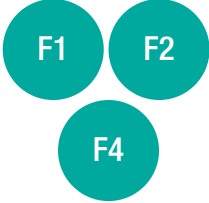
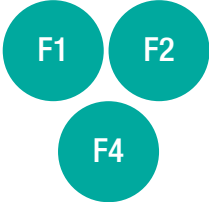

Creating Value FOR STAKEHOLDERS

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	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 		<ul style="list-style-type: none"> Our Value Creation Strategy Review and Performance SR24, Managing Our Business SR24, How We Do Business SR24, Our People SR24, The Environment
Employee	<ul style="list-style-type: none"> Annual Employee Climate Survey Quarterly forums held by the site COOs with employees on financial and operational updates “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 		<ul style="list-style-type: none"> SR24, How We Do Business SR24, Managing Our Business SR24, Our People
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 		<ul style="list-style-type: none"> SR24, Managing Our Business SR24, How We Do Business SR24, Our Focus on Customers

Creating Value FOR STAKEHOLDERS

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
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 		<ul style="list-style-type: none"> SR24, 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 misunderstandings and grievances Maintaining high levels of productivity, efficiency, and discipline 		<ul style="list-style-type: none"> SR24, How We Do Business SR24, Our People
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 regulator 	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Corporate governance Environmental, Social, and Governance-related disclosures 		<ul style="list-style-type: none"> SR24, How We Do Business SR24, Our People SR24, Our Focus on Customers SR24, 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 Noise monitoring and health, safety, and environmental management 		<ul style="list-style-type: none"> SR24, Our People SR24, The Environment

Creating Value FOR STAKEHOLDERS

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
Financial Institutions	<ul style="list-style-type: none"> Ad-hoc focus group discussions 	<ul style="list-style-type: none"> Business continuity opportunities 		<ul style="list-style-type: none"> Our Value Creation Strategy Review and Performance SR24, How We Do Business SR24, 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 		<ul style="list-style-type: none"> Our Value Creation Strategy Review and Performance SR24, How We Do Business SR24, Managing Our Business
Local communities	<ul style="list-style-type: none"> On-going grievance channels 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 		<ul style="list-style-type: none"> SR24, Our People

Strategy Review & **PERFORMANCE**

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Unisem's Strategic PRIORITIES & HIGHLIGHTS

Unisem's Strategic Priorities and Highlights

Amid persistent geopolitical tensions and intense market competition in the global semiconductor industry, the Group continues to leverage its strategic presence in both Malaysia and China. This dual-market positioning enables us to effectively serve customers within China while simultaneously capturing opportunities in international markets.

During FY2024, the semiconductor industry experienced uneven recovery across different product segments, with pricing generally trending upward. This price appreciation stemmed from multiple factors including increased demand for advanced products, supply chain disruptions due to government restrictions, global capacity constraints, and other market dynamics.

At Unisem, we maintained our focus on revenue growth while enhancing operational efficiency through strategic cost-control measures and process improvements. For FY2024, we achieved a revenue of USD 1.58 billion, representing a 9.8% increase compared to FY2023. Notably, products and services supporting AI technologies and electric vehicles (EV) demonstrated growth, aligning with broader market adoption trends in these sectors.

Our sustainability initiatives yielded positive results, with GHG emission intensity decreasing to 0.365 tCO_{2e} per K'USD Sales - a 10% reduction compared to our 2020 baseline. Renewable energy now constitutes 24% of the Group's total energy consumption. We anticipate further improvements as our new Gopeng facility becomes fully operational, featuring an integrated solar PV power generation system that supports our transition toward lower-emission operations.

Strategic Outlook

As semiconductor supply chain participants increasingly seek to diversify their manufacturing footprint beyond China, Unisem is well-positioned to capitalise on this trend.

Our advantages include our strategic locations, robust infrastructure, skilled workforce, and strong customer relationships. In addition, the National Semiconductor Strategy announced by the Malaysian government in 2024 is expected to further strengthen Malaysia's position in the global semiconductor ecosystem.

In response to evolving market dynamics, we are strategically focusing on high-growth segments including products and services related to AI, EV, data centers, cloud services, and IoT applications. Our newly completed

Gopeng facility, featuring enhanced automation capabilities and improved operational efficiency, is expected to support these segments with greater automation and higher efficiency.

We remain committed to nurturing strong customer relationships by leveraging our technical capabilities and production capacity. Our approach involves carefully balancing our customer portfolio and service offerings to align with emerging technology trends while ensuring long-term revenue growth and business stability.

While our fundamental strategic priorities remain consistent, we continuously refine our initiatives and risk management approaches to address the evolving business landscape.

Investments in research and development (R&D) continued to drive innovation, enabling the launch of next-generation products and solutions tailored to customer demands.

The Chengdu Phase 3 Building has successfully passed customer qualifications and is currently generating revenue in China, with utilisation expected to increase in the coming year. Meanwhile, the Gopeng Plant in Malaysia has completed construction and obtained production certification. This facility is designed with a single-line, end-to-end flow, efficient automation, and sustainable features. It is now fully operational, enhancing production capacity, improving product quality, and supporting both innovation and environmental objectives.



Unisem's Strategic PRIORITIES & HIGHLIGHTS

Strategic Priorities

Strategic Priority A

Pursuit of operational excellence and quality products and services

Unisem relentlessly pursues operational excellence, invests in continuous process improvement, manages operational risks, and reduces operational interruptions. We also regularly review our cost management strategies to maintain price competitiveness.

Faced with rising costs for materials, labour, and utilities, as well as price fluctuations, we continue to undertake process enhancements to improve efficiency while maintaining quality. In addition, we intend for the Gopeng Plant and Chengdu Phase 3 Building to help us achieve even greater productivity via increased economies of scale.

Chengdu Phase 3 Building's production has gone through qualification with a number of customers and has begun to contribute to the topline of our operations in China. The utilisation of the Chengdu Phase 3 Building is expected to further increase next year.

In Malaysia, the Gopeng Plant has been completed and has recently obtained a certification for production, marking a significant milestone in its readiness to commence operations. The Gopeng Plant is strategically designed to enable a single-line, end-to-end flow that significantly minimises handling and is equipped with efficient automation technology. Equipped with state-of-the-art facilities and sustainable design practices, the Gopeng Plant is set to significantly boost the Group's operational capacity and elevate product quality, aligning with our commitment to innovation and environmental stewardship.

Energy accounts for up to 9% of production operating expenses. We will continue upgrading to advanced energy systems, significantly enhancing the energy efficiency of our production processes.

Due to the commencement of our newer facilities at Chengdu Phase 3 Building and Gopeng Plant, we expect that the Group's overall energy intensity (measured in GJ per sales of USD1,000) to be at the higher end for the next few years, until we have achieved the desired utilisation at both facilities.

Overall, the new facilities are designed to be more energy efficient due to the new equipment and facilities. Our Gopeng Plant is also being installed with a solar PV power generation system, estimated to be completed in 2025. The Gopeng Plant has obtained a provisional Silver GreenRE Rating.

Intellectual capital, be it in the form of skills and experience in our people or the form of intellectual property, is key to developing innovative solutions to stay ahead of the game in our industry. Our industry highly relies on advanced skills and technology, and we will continue to focus on talent development and innovation.

Malaysia has announced the latest new Minimum Wage implementation effective February 2025 and a directive to reduce dependence on foreign labour. With a more effective and efficient plant in terms of lay-out and automation in Gopeng, we will be better positioned to mitigate the impact of rising labor cost.

Our Simpang Pulai plant will undergo optimisation and re-structuring to transform into a center of excellence for automotive-related products and applications.

Associated Capitals, Value Creation Focus Areas, Risks and Opportunities, and Material Matters

Key Capitals



Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2024 Highlights

- Gopeng Plant has obtained certification for production and is expected to contribute revenue in FY2025.
- Renewable energy (including renewable energy sources of purchased electricity) makes up about 24% of our total energy consumption.
- 9.8% y-o-y revenue growth, against a target to have growth from the previous year.
- Meeting target of injury frequency rate (for industrial accidents) below 1.50. FY2024's injury frequency rate is 0.80.
- Achieved 10% reduction in GHG emission intensity. Our target was to reduce 10% against 2020 baseline.
- 58% hazardous waste recycling rate, against a target of 52%.
- Employee satisfaction score of 3.65 out of 5.00, against a target of 3.80.
- No incidents of significant human rights or labour standards violations.
- 81.2% employees had minimum 6 hours training against a target of 75%.
- Exceeded our target of 10% reduction in water consumption intensity at 85% reduction.

Reference

- Managing Our Business - Business Performance, SR24
- Our Environment - Managing Waste and Effluent, SR24
- Our People - Employee Development, SR24
- Management Discussion and Analysis
- Financial Statements

Unisem's Strategic PRIORITIES & HIGHLIGHTS

Strategic Priorities

Strategic Priority 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, requiring industry players to evolve and adapt. Collaborative relationships become increasingly crucial as future technologies such as 5G, Internet of Things, and artificial intelligence demand complex integration of different fields and specialisations.

The pace of technological development affect the industry's value chain and its players including our customers. As a provider of turnkey solutions, we continue to work closely with customers to develop packing solutions that meet their innovation needs. We also regularly engage with customers to understand how we can support the global advancement of the industry. 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.

Given the current market and geopolitical landscape, Unisem Group is positioned to benefit from its presence in Malaysia and China. Due to US-China tensions, recent years have seen a shuffling of preferred operating locations for semiconductor and technology players, and this has provided an opportunity for Malaysia to emerge as one of the locations to diversify supply chain risks for semiconductor and technology companies.

Against this backdrop, Unisem's focus will be to expand its customer base and capture the opportunities posed. During the financial year under review, we continue to see higher order volumes for AI-related and EV products. This includes smart phone-related components driven by the introduction of AI-incorporated smart phones in the market. We expect this trend to continue in the years ahead and will seek to grow our clientele following this trend, especially for our operations in Malaysia. The completion and preparation of our Gopeng Plant is timely as we have the technology and capacity to serve customers bearing the "China Plus One" and "Taiwan Plus One" strategies.

Our target to boost utilisation for our new facilities, i.e. Chengdu Phase 3 Building and Gopeng Plant, also hinges on our ability to obtain production orders, and this will continue to be a key focus of our business growth strategy in the next year.

At the same time, we continue to rigorously assess and manage our supply chain to ensure the integrity of the supply chain and our relationship with supply chain partners.

Associated Capitals, Value Creation Focus Areas, Risks and Opportunities, and Material Matters

Key Capitals



Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2024 Highlights

- Higher demand for AI-related products, including smart phones, and EV products. We expect a similar trend to continue.
- Business development activities focused on expanding clientele, supported by the capacities and capabilities of our new facilities.
- Customer satisfaction of 90% in FY2024, meeting targets.
- 100% suppliers audit performed on all our 25 key suppliers at least once in the past two years.
- Continued to invest in research and development teams to support the development needs of our customers. This is done in accordance with our Technology Road Map, which also incorporates our longer-term business strategies.

Reference

- Our Focus on Customers - Serving Our Customers, SR24
- Managing Our Business - Supply Chain Management, SR24

Unisem's Strategic PRIORITIES & HIGHLIGHTS

Strategic Priorities

Strategic Priority C

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

Technological capabilities are fundamental to our services and product offerings, ensuring we remain competitive in an increasingly complex industry. This has become even more critical in recent years, as rapid advancements in technology have transformed the market landscape.

At Unisem, we continuously push the boundaries of innovation to stay at the forefront of the semiconductor assembly and test industry. Our investment strategies in technology take into account multiple factors, including resource allocation, potential returns, and the timeliness of these rewards.

We drive our technological advancements through our Technology Roadmap, which outlines our short- and medium-term development targets and action plans. A significant milestone this year was the commencement of mass production of microphone MEMS for a tier-one smartphone manufacturer. This achievement was made possible by our past investments in package assembly technology and equipment.

To support our business and customer growth strategy, we are committed to allocating resources to expand our capacity and capabilities, especially in our Malaysian operations. This includes ongoing assessments of our existing equipment to determine whether upgrades are needed to enhance productivity, energy efficiency, and overall performance.

While we continue to maintain our mature production technologies - such as flip chip packaging, SiP, and MEMS - we are also investing in advanced equipment to meet evolving market demands, including those in electric vehicles (EVs) and cloud computing.

Associated Capitals, Value Creation Focus Areas, Risks and Opportunities, and Material Matters

Key Capitals



Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2024 Highlights

- Commenced mass production of microphone MEMS that involves the use of latest assembly technology and materials.
- Started to allocate resources and invest in equipment supporting the market needs, such as EV and cloud computing, as well as investments in enhancing operational efficiency.
- Development activities in accordance with our Technology Road Map.
- Completed 3 projects and added 4 new projects. Amongst these are projects undertaken jointly with customers to suit their specific product needs.
- A total of 9 new processes and materials were qualified in 2024 to meet customer needs. To date, Unisem has obtained a total of 31 patents.
- In FY2024, the Group's research and development expenditure amounted to about RM8 million i.e. 1% of revenue.

Reference

- Managing Our Business – Pushing Our Technological Boundaries, SR24
- Our People – Employee Development, SR24

Unisem's Strategic PRIORITIES & HIGHLIGHTS

Strategic Priorities

Strategic Priority 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, and that business operations are environmentally responsible and ethically conducted. This commitment is formalised in our corporate social responsibility ("CSR") Policy together with other 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.

In addition, we also strive to inculcate a culture that is constantly aware of the environmental and social issues happening within and around our industry and to consider them in our business and operations.

With regard to the topic of climate change, Unisem Group has set a target of achieving Net Zero in 2050. Where practical, we consider enhancing the proportion of energy derived from renewable sources. For our operations in Unisem Chengdu, we purchase electricity with a higher proportion of renewable energy. Throughout FY2024, 24% of the Group's energy consumption is derived from renewable sources.

On top of performing continuous process improvement to our management of Scope 1 and Scope 2 emissions, we also carry out assessments of our Scope 3 emissions focusing on our supply chain. This requires collaboration with our suppliers who are supporting us to track and provide transportation logistics data. Our FY2024 emissions reporting will include Category 1 - Purchased Goods and Services (for direct materials only).

This is in addition to the Scope 3 emissions, Category 6 - Business Travel and Category 7 - Employee Commuting, which are required to be disclosed according to the MMLR and Category 9 - Downstream Transportation and Distribution which we have been disclosing in past reports.

Associated Capitals, Value Creation Focus Areas, Risks and Opportunities, and Material Matters

Key Capitals



Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



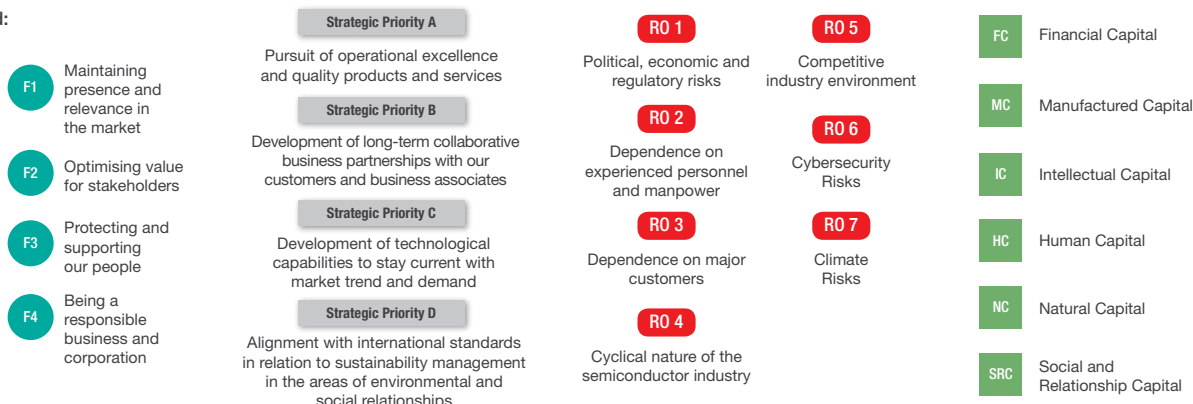
FY2024 Highlights

- 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.
- Revised Environmental Roadmap with targets up to 2025 and targets to enhance resource efficiency and reduction in emission intensity of our operations.
- Ongoing efforts to progress towards our target of Net Zero in 2050.

Reference

- How We Do Business - Our RBA Obligations, SR24
- The Environment, SR24

Legend:



Key Trade-offs OF OUR CAPITALS

As we pursue Unisem's Vision and Mission, we create values for stakeholders in the quality of our products and services, job opportunities for employees, contributing to global semiconductor capacity and advancement, and others.

We recognise that there will be trade-offs of capitals when it comes to our business decisions, and we seek to manage these trade-offs diligently.

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 Net Zero 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 significant job displacement to the present workforce will be mitigated via reskilling or placement assistance, if 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.

Associated Risks & Opportunities AND HOW WE MANAGE THEM

The Group has identified the key risks and opportunities associated with our strategic priorities, representing issues that may affect the achievement of our short and long-term objectives.

RO 1

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority D

Political, economic and regulatory risks

Political, geo-political, economic and regulatory development in Malaysia, China and other countries 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 are 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 the 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 that may affect the Group's operations, customers, and supply chain.
- We perform ongoing reviews 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.
- We engage closely with customers to understand their short and long-term strategies and consider these in our strategies.

Associated Opportunities:

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

Being informed and aware of regulatory trends also allows us to prepare ahead and remain at the forefront in meeting regulatory standards and international standards, minimising compliance burden.

FY2024 Highlights:

The Ukraine war and US-China trade tensions affected global supply chains and economic recoveries leading to shifts in commodity prices and exchange rates. These disruptions had implications for indirect imports into Malaysia as the higher transport cost increased the cost of doing business and contributed to more supply chain difficulties. This posed a greater challenge for Unisem Group to manage its supply chain and margins.

At Unisem, we closely monitored key elements affecting operational continuity, supply chain, and margins. We proactively managed our risks through scenario analyses and implemented necessary alternatives to ensure business continuity, including maintaining reasonable stock buffer levels and identifying alternative supply sources.

In addition, geo-political and economic factors drove many global semiconductor businesses to adopt a "China Plus One" strategy to diversify businesses and supply chains outside China. This trend created opportunities for Unisem to begin capturing this new business, especially in Unisem Malaysia. At the same time however, heightened geopolitical risks also contributed to increased market uncertainty and weaker-than-expected consumer demand, which impacted order volumes from some existing customers.

Associated Risks & Opportunities AND HOW WE MANAGE THEM

RO 2

Dependence on experienced personnel and manpower

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority C

Our continued success depends upon the abilities and continued efforts of our existing Directors, key management and technical personnel who bring leadership, experience and key technical skills to drive the Group's business strategies and operations.

Our design capabilities also depend substantially on the number of skilled, professional 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, particularly for operators, is also aggressive in the regions where we have operations. Not being able to secure adequate manpower may impair the efficiency of the 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, include our 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.

Associated Opportunities:

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

Unisem Group's new facilities adopt and incorporate automation and Industry 4.0 technology in our production flow while maintaining the continuity of existing production activities, paving our path to optimising automation-manpower balance in our operations.

FY2024 Highlights:

The "China Plus One" and "Taiwan Plus One" strategies have driven significant investment growth in Malaysia's manufacturing sector, intensifying 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 and continue to implement a pro-active hiring program for critical positions to ensure seamless backfill.

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

Associated Risks & Opportunities AND HOW WE MANAGE THEM

R0 3

Affected Strategic Priorities

Dependence on major customers

Strategic Priority B

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 order volumes from major customers will be sustained at current levels. If there were a cessation of orders by any major customers, our Group's business and profitability would 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 payments on the relevant trade receivables.

Mitigation Approaches:

- We continue to strengthen our long-term relationships and partnership with our existing customers to enable mutual growth.
- As a turnkey services provider, Unisem is equipped with a wide range of service capabilities to serve the different needs of our customers and grow our customer base.
- We carry out rigorous financial monitoring to ensure a healthy financial position and cash flow, including any red flags arising from dependence on major customers.
- We review and expand our business proposition/model to increase our customer base and diversify concentration risks. We focus on attracting new customers impacted by the geo-political "China Plus One" and "Taiwan Plus One" phenomenon, as well as offering services relating to in-trend technology such as AI, Data Centre and EV products.

Associated Opportunities:

The current market and industry environment, including the geopolitical environment, presents a wave of relocation or expansion away from China and is an opportunity for Unisem to capture new customers and markets.

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

FY2024 Highlights:

Due to US-China trade tensions and geopolitical events, semiconductor players are seeking to expand and diversify operations and service providers beyond China and Taiwan which created opportunities for Unisem to capture and grow our customer base especially for Unisem Malaysia.

We have setup a new regional office in Singapore to act as a regional hub and marketing arm to service global 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, which is in close proximity to the bulk of global semiconductor customers' operations.

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

Associated Risks & Opportunities AND HOW WE MANAGE THEM

RO 4

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority C

Cyclical nature of the semiconductor industry

The semiconductor industry is inherently cyclical, and our portfolio of products and services - including wafer bumping, assembly, and test operations - is subject to these fluctuations. Periodic downturns, driven by factors such as demand volatility and excess inventory buildup, have impacted the industry and, in turn, our business.

The severity of a downturn can adversely affect our Group's business and financial performance, leading to lower utilisation rates and reduced operational efficiency, ultimately impacting economies of scale.

Mitigation Approaches:

- We closely monitor the industry trends 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 finances and operations to address issues arising from a 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 that help us diversify and mitigate the impact of cyclical downturns which may occur at different times for different products and services.
- We target to increase and diversify our customer base, supported by our technical capabilities, to allow us to capture the cycle of different products and optimise our facilities' utilisation.

Associated Opportunities:

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

FY2024 Highlights:

In 2024, the semiconductor industry upcycle was delayed by global events, marked by softer-than-expected demand and inventory corrections across various segments.

Despite these challenges, Unisem remained agile in managing the cyclical nature of the industry. We implemented cost optimisation measures, adjusted production capacity to align with market conditions, and strengthened customer engagement to capture new opportunities. To navigate market fluctuations effectively, we conduct ongoing monitoring of market sentiments through various channels, including direct engagement with customers, allowing us to refine our business strategies in response to evolving demand and conditions.

Additionally, we have incorporated a buy-back clause into our sales agreements to mitigate the risk of raw material obsolescence. Our plant expansion activities also factor in the need for flexibility to accommodate varying market demands driven by semiconductor cycles. In this regard, we carefully balance automation-related investments with the adaptability of our facilities to support production needs across different product segments. These proactive measures position us for resilience and long-term growth as market conditions evolve.

Associated Risks & Opportunities AND HOW WE MANAGE THEM

RO 5

Competitive industry environment

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority C

Strategic Priority D

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.

Mitigation Approaches:

- In order to enhance our competitive edge, we seek to create and deliver value to customers at optimum cost by pursuing operational excellence. Our two new facilities can enable greater operational efficiency, and give us a better competitive edge.
- The Group undertakes a product and service differentiation strategy that sets Unisem apart from competitors by supporting customers' research and development needs as well as the ability to serve customers in specific niche markets within the OSAT industry.

Associated Opportunities:

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

FY2024 Highlights:

Our plant expansions in Malaysia and China 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 & Opportunities AND HOW WE MANAGE THEM

R0 6

Cybersecurity Risks

Affected Strategic Priorities

Strategic Priority A

Strategic Priority C

Strategic Priority D

We operate a highly digitalised business and we work with various datasets, including customer data, intellectual property data, management and operational data which may be vulnerable to leakage in the event of a cybersecurity breach.

We handle and manage confidential information that is 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.

Mitigation Approaches:

- We have internal controls to guide employees in 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.

Associated Opportunities:

Nil

FY2024 Highlights:

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 had engaged external consultants to do the penetration or vulnerability test annually and provide awareness training to employee on spam and cyber threat email.

Associated Risks & Opportunities AND HOW WE MANAGE THEM

R0 7

Climate Risks

Affected Strategic Priorities

Strategic Priority A

Strategic Priority D

Climate change and its related risks are expected to affect the underlying global business environment in the medium and long-term.

We acknowledge that climate-related risks and opportunities present certain uncertainties to the Group's focus on its strategic priorities. Risk assessments were conducted in alignment with the TCFD Recommendations to aid the Group's incorporation of climate risk considerations in its future strategies.

Refer to the following section on **TCFD Recommendations-Aligned Disclosures** for details of the assessment.

Mitigation Approaches:

- Ongoing monitoring of relevant indicators will be carried out, and the Group will review its strategies and initiatives on an ongoing basis to develop resilience against possible climate scenarios to achieve business continuity and minimise climate-related impacts.

Associated Opportunities:

Early consideration of climate-related risks enables the Group to prepare in advance for medium and long-term climate risks to enhance the long-term resilience of our business.

The Group has been focusing on various initiatives towards the pursuit of operational excellence, in alignment with the Group's strategic priorities, and that has set the foundation for ongoing resource efficiency and transition to more sustainable resources including clean energy.

FY2024 Highlights:

We recognise the critical importance of addressing climate change and its impact on our planet, stakeholders, and operations. We identified 7 strategies to reduce our direct and indirect emission intensity in the medium-term, with the ambition of reducing absolute emission in the long-term as per our Climate Change Commitment Statement.

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

Unisem acknowledges its responsibility to ensure the Group’s business remains resilient to climate-related risks in the short, medium, and long term. Moreover, the Group, as a responsible corporate citizen, also acknowledges its corporate responsibility to contribute to the global goal of containing global warming, limiting the temperature to 1.5°C above pre-industrial level, in accordance with the aspirations of the Paris Agreement.

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 that may impact our business, strategy, and financial planning.

TCFD Alignment Overview

Core Elements	Recommended disclosures	References and notes
Governance	<p>(a) Describe the board’s oversight of climate-related risks and opportunities</p> <p>(b) Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<ul style="list-style-type: none"> • Corporate Governance Overview Statement • Governance, TCFD Disclosures • Sustainability Governance, SR24
Strategy	<p>(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>(b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.</p> <p>(c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<ul style="list-style-type: none"> • Corporate Governance Overview Statement • Strategy, TCFD Disclosures • Sustainability Governance, SR24
Risk Management	<p>(a) Describe the organisation’s processes for identifying and assessing climate-related risks.</p> <p>(b) Describe the organisation’s processes for managing climate-related risks.</p> <p>(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.</p>	<ul style="list-style-type: none"> • Statement on Risk Management and Internal Control • Audit and Risk Management Committee Report • Risk Management, TCFD Disclosures • Sustainability Risks and Opportunities, SR24
Metrics and Targets	<p>(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>(b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>(c) Describe the target used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<ul style="list-style-type: none"> • Unisem’s FY2024 Performance Highlights • Metrics and Targets, TCFD Disclosures • The Environment, SR24

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

Governance

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

The Board holds the ultimate accountability for the integration of sustainability in Unisem’s strategies, which includes climate-related matters, including setting the direction and overseeing their implementation in operations. The Group has a clear oversight structure for the management of sustainability-related matters at the Management level including identifying 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 in reviewing the proposed strategies, initiatives, and assessments made by the Senior Management, including materiality assessments, 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 the Group Chief Operating Officer (“GCOO”) who is supported by the ESGWC, the CSR Working Committee (“CSRWC”) and the Business Development Group. The head of ESGWC approves and signs off ESG policies while the CSRWC is responsible for implementing sustainability into daily operations to ensure it aligns with the strategic sustainability direction set by the Board, in relation to Labor, Ethics, Health and Safety, Environment, Supply Chain Management and Management Systems.

Strategy

For the risks 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, as follows:

Unisem Group considers climate-related risks and opportunities according to the following time horizons:

- 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 reduce and adapt 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 intends 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 a carbon neutral nation by as early as 2050.

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

The following table shows the transition risks identified by Unisem:

Transition Risks	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 127K tCO ₂ (Scope 1 and Scope 2) in the year 2024.	The Malaysian government anticipates 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 potential 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 compliant 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 materials 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.</p> <p>Our suppliers might lack the capability or resources for the ongoing development of innovative technologies.</p> <p>Imposing limitations on fossil fuels could potentially lead to the 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 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 enhance our products to be more environmentally friendly. Failure to meet our customer expectations may lead to loss of competitive edge.

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

Transition Risks	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	Investors and other stakeholders are increasingly focused on climate change management measures.	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 increased shifts 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 inclined 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.

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

Opportunities

Unisem has also identified the following potential opportunities for 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. For 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 conducting 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 entered into between the Company and State Grid Sichuan Electric Power Company, explicitly outlining that a specific portion of the Company’s electrical supply shall be 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 to reduce the Group’s sensitivity to carbon prices. • Reputational benefits resulting in increased demand for goods.
Products and services	Short-term	Unisem goes beyond fulfilling customer’s requests. 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 costs 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 takes 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 Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

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 obtaining green building certification for our new plants 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.

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.

Scenario Analysis

As we observe global efforts to tackle global warming, with introductions of carbon prices and markets, new reporting regulations, heightened awareness, and others, there are also obstacles such as geopolitical tensions, societal divisiveness, economic inequality, and other factors that may challenge the effectiveness of global efforts combating climate change.

In order to establish an understanding of how Unisem Group shall develop or maintain its resilience in different possible climate scenarios, we have performed a simple scenario analysis, considering two scenarios: (I) a future where global warming can be contained (to 2°C or lower); and (II) a future where global warming cannot be contained. The scenario analysis is qualitative in nature, considering the general relationships between transition risks and physical risks. No specific, quantitative parameters have been applied in this scenario analysis.

	Scenario I	Scenario II
Transition Risks		
Policy and Legal	<ul style="list-style-type: none"> Implementation of carbon price which puts pressure on energy cost. 	<ul style="list-style-type: none"> Potential emergency regulations following climate disasters, leading to abrupt policy shifts.
Technology/ Raw Material	<ul style="list-style-type: none"> Greater competition in the aspects of energy efficiency and novel technology. More investments required to transition to more efficient equipment 	<ul style="list-style-type: none"> Higher raw material costs due to resource scarcity.
Market	<ul style="list-style-type: none"> Expect higher level of innovation and technical capabilities to meet customers' demand for energy-efficient and environmentally friendly products. 	<ul style="list-style-type: none"> Reduced consumer spending due to economic downturns caused by climate disasters.

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

	Scenario I	Scenario II
Physical Risks		
Acute Physical Risk	<ul style="list-style-type: none"> Temporary disruption due to extreme weather (eg. storm, flood, and drought events) affecting the supply chain and production operations. Slightly more financial resources required to mitigate or buffer for costs arising from disruptions in supply chain. 	<ul style="list-style-type: none"> Major disruptions to production due to frequent storm, flood, and drought events affecting the supply chain and damaged transportation networks. Greater financial resources required to mitigate or buffer for costs arising from disruptions in supply chain. Possible emerging challenges to market presence arising from access to supplies.
Chronic Physical Risk	<ul style="list-style-type: none"> Water scarcity issues impacting manufacturing processes that require large volumes of DI water. 	<ul style="list-style-type: none"> Possible shortage of specific materials due to climate conditions. May pose challenges to material usage as well as technological challenges to use less materials or alternative materials for packaging. Higher operating costs to regulate the production environment.
Opportunities		
Resource efficiency	<ul style="list-style-type: none"> Financial savings from efficiency gains from efficiency gains and cost reduction from utilities. 	<ul style="list-style-type: none"> Financial savings from efficiency gains from efficiency gains and cost reduction from utilities.
Energy source	<ul style="list-style-type: none"> Saving on energy costs increase arising from carbon pricing. 	<ul style="list-style-type: none"> Saving on energy costs arising from higher energy demand.
Products and services	<ul style="list-style-type: none"> Greater operational efficiency in resource and energy use may contribute to increased margin and higher competitive edge. The ability to innovate more energy-efficient products may help to attract customer demand for Unisem’s products and services. 	<ul style="list-style-type: none"> Higher operational efficiency, including ability to overcome delivery challenges and site challenges from physical risks, may attract customers.
Markets	<ul style="list-style-type: none"> The Group’s current focus on managing environmental impacts may present Unisem as an attractive investment. 	<ul style="list-style-type: none"> Possible changes to market dynamics, arising from exposures to physical risks such as water risks and delivery efficiency. We may be able to capture different markets from our presence in both China and Malaysia.

Risk Management

The assessment and management of The Group’s climate-related risks and opportunities are carried out through specific discussions or workshops with Management. Thereafter, specific climate-related risks are further incorporated into Unisem’s risk management process. We also take into consideration stakeholders’ input in our initial assessment of climate risks and opportunities. In FY2023, Unisem conducted the stakeholder engagement survey to identify the climate risks and opportunities relevant to the Group through the stakeholder engagement survey form and compilation of results into the stakeholder feedback compilation template. The identified climate risks and opportunities are also considered in the Group’s review and setting of business strategies and action plans.

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.

TCFD Recommendations-Aligned DISCLOSURES (“TCFD DISCLOSURES”)

The Group follows an Enterprise Risk Management (“ERM”) framework in line with the Committee of Sponsoring Organisations 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 audits. 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 are disclosed in the Statement of Risk Management and Internal Control in the Integrated Annual Report.

Metrics and Targets

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

1. Scope 1, Scope 2 and limited Scope 3 emissions (tCO_{2e})
2. Energy consumption (GJ)
3. Waste generated (Metric Tonnes)
4. Water consumed (Mega Litres)

Unisem carbon emission data follows the methodologies in accordance with the GHG accounting and reporting standards which are the GHG Protocol, ISO 14064-3 and the GRI 305: Emissions 2016 Standard. Our total emissions for FY2024 amounted to 4.7K tCO_{2e} for Scope 1, 122.3K tCO_{2e} for Scope 2 and 33.7K tCO_{2e} for Scope 3 emissions.

As our commitment towards 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 15% from 2020 baseline by 2027

The metrics and targets listed above are further detailed in the accompanying Sustainability Report.

Five-Year FINANCIAL HIGHLIGHTS

	2020*	2021*	2022*	2023*	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Highlights from Consolidated Income Statements for the year ended 31 December					
Revenue	1,289,294	1,568,923	1,781,838	1,439,686	1,580,873
EBITDA	332,499	407,670	479,688	305,515	293,374
Profit before taxation	164,024	222,628	279,680	100,412	82,314
Profit after taxation	142,579	198,243	243,411	81,946	60,668
Highlights from Consolidated Statements of Financial Position As of 31 December					
Property, Plant and Equipment	1,215,064	1,637,477	1,949,547	2,063,903	2,099,271
Current Assets	1,039,842	1,128,686	1,052,939	907,172	744,665
Non-Current Assets	16,640	16,798	16,323	16,703	47,469
Total Assets	2,271,546	2,782,961	3,018,809	2,987,778	2,891,405
Current Liabilities	328,288	463,760	453,797	351,441	456,093
Deferred Tax Liabilities	37,889	57,290	63,133	63,105	69,784
Other Non-Current Liabilities	132,573	95,793	85,473	188,067	117,932
Total Liabilities	498,750	616,843	602,403	602,613	643,809
Share Capital	876,118	1,036,677	1,036,677	1,036,677	1,036,677
Treasury Shares	(15,888)	-	-	-	-
Reserves	912,566	1,129,441	1,379,729	1,348,488	1,210,919
Shareholders' Equity	1,772,796	2,166,118	2,416,406	2,385,165	2,247,596
Key Financial Ratios					
EBITDA margin	26%	26%	27%	21%	18%
Net earnings per share - Basic (sen)	9.75 [^]	12.35	15.09	5.08	3.76
Net dividend per share (sen)	6.00	6.00	6.00	8.00	8.00
Debt / Equity ratio	0.12	0.08	0.08	0.10	0.08
Net assets per share (RM)	1.14 [^]	1.34	1.50	1.48	1.39

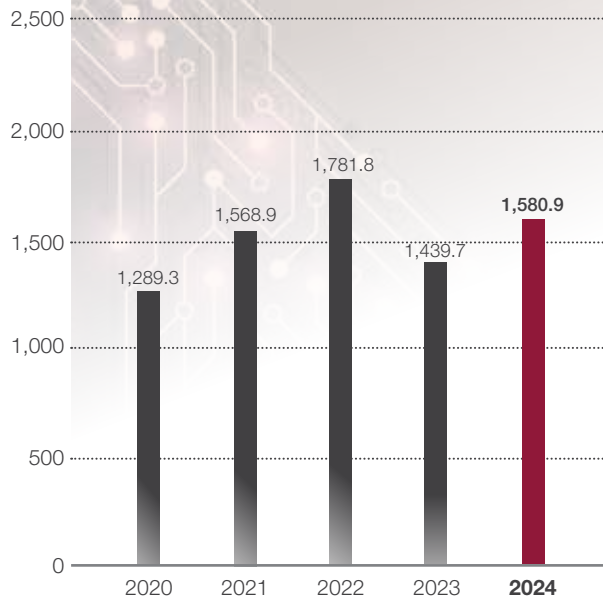
* Continuing Operations only

[^] Adjusted for bonus issue

Five-Year FINANCIAL HIGHLIGHTS

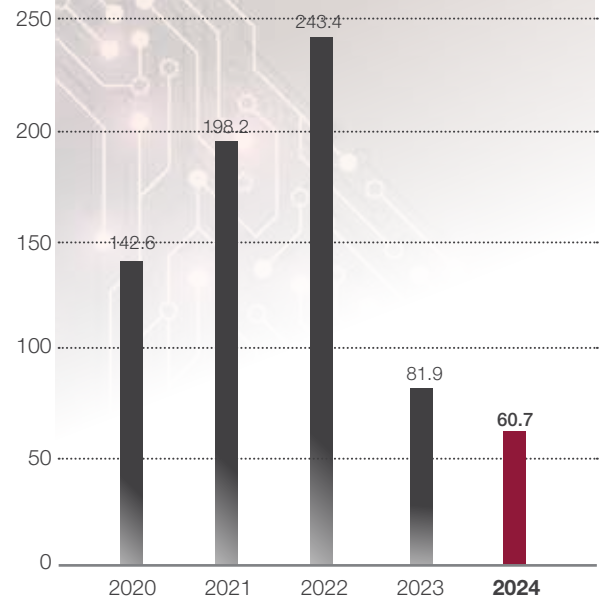
Revenue

(RM'million)



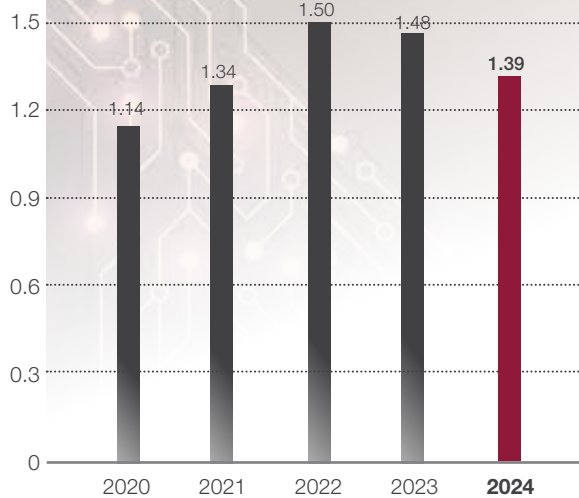
Profit After Taxation

(RM'million)



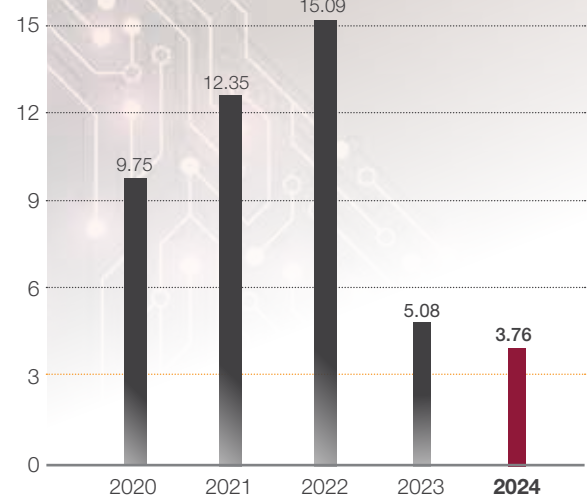
Net Assets Per Share

(RM)



Net Earnings Per Share

(Sen)



Management Discussion AND ANALYSIS

In FY2024, the semiconductor industry faced a challenging environment marked by cyclical demand patterns, supply chain disruptions, and geopolitical uncertainties. Despite these headwinds, Unisem Group remained resilient, leveraging its technological capabilities and diversified product portfolio to address evolving market needs.

The competitive landscape intensified, driven by rapid technological advancements and increasing price competition across key segments, including automotive, industrial, and consumer electronics. However, the Group capitalised on emerging opportunities in high-growth areas such as 5G, artificial intelligence (AI), and automotive semiconductors.

Operationally, the Group maintained a strong focus on efficiency, cost management, and supply chain optimisation to navigate market pressures. Strategic investments in research and development (R&D) continued to drive innovation, enabling the launch of next-generation products and solutions tailored to customer demands.

The Group also advanced its sustainability initiatives, making progress in reducing energy consumption and emissions while strengthening its commitment to ethical sourcing and responsible manufacturing practices.

Looking ahead, Unisem Group remains focused on driving long-term growth through technological innovation, operational excellence, and market diversification, while proactively managing risks in an evolving global landscape.

Financial Performance and Position

Unisem Group achieved higher revenue of RM1.58 billion in FY2024, an improvement of 9.8% against the previous financial year. Net profit however, was lower at RM60.7 million as compared to RM80.2 million a year ago.

FY2024 tax expense was higher at RM21.6 million, representing an increase of 17.2% from FY2023 mainly due to certain sources of income are being assessed and taxed separately.

The Group's financial position as at 31 December 2024 comprised cash and cash equivalents amounted to RM278.4 million with RM730.2 million unutilised bank facilities. As at the end of financial year, bank borrowings were recorded at RM187.1 million, where RM78.3 million was non-current. The Group maintained a low debt/equity ratio of 0.08 as at 31 December 2024.

The Group incurred capital expenditure amounted to approximately RM346.0 million for FY2024, 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.

Management Discussion AND ANALYSIS

Delivering sustainable performance persistently

As the Group continues to drive progress with revenue and business growth, we remain committed to our sustainability objectives. In addition, we push ourselves further, setting greater targets particularly in important areas like safety and health. We continue to be closely guided by the Responsible Business Alliance (“RBA”) Code of Conduct (“RBA Code”) in our business operations and for our supply chains to safeguard the environmental and social responsibility of our business and the industry.

Increased efforts have been made this year to further quantify and understand our emissions footprint, including Scope 3 reporting which has been expanded this year in our Sustainability Report. Global combat against climate change requires the concerted efforts of industries and companies, and Unisem Group has set a target of Net Zero by 2050, in support and alignment with Malaysia’s national aspiration.

The Gopeng Plant, which was designed and built incorporating advance technologies and sustainable considerations, is expected to further support our pursuit of operational excellence with efficient energy use and better and safety workflow.

Prospects and Outlook

According to the latest forecast by Gartner, Inc., worldwide semiconductor revenue is projected to grow by 14% in 2025 to US\$717 billion. Demand is expected to be driven by a continued surge in AI-related semiconductor demand and data centres. The outlook on the automotive and industrial sectors is less positive, though there may be traction in electric vehicles and autonomous driving technologies. Semiconductor demand could also be supported by further rollout of 5G networks globally, enhancing demand for mobile devices, IOT and telecommunications infrastructure.

Nevertheless, we remain mindful of geopolitical tensions and global economic uncertainties, which could affect supply chains and consumer confidence.

The Board and management expect the performance of the Group to be better in 2025 compared to the previous year. The Group is focused on meeting market uncertainties with intensified efforts on business development, supported by well-managed financial resources and enhanced production quality enabled by the capacity expansions in both Gopeng and Chengdu.



Sustainability REPORT

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Sustainability REPORT

ABOUT THIS SUSTAINABILITY REPORT

Unisem (M) Berhad (“Unisem” or the “Company”) presents this Sustainability Report (this “Report”) for the financial year ended 31 December 2024 (“FY2024”). This Report is one of the three fundamental components of Unisem’s FY2024 Integrated Annual Report (“IAR24”).

SCOPE AND BASIS OF SCOPE

The Report covers the sustainability commitments, practices, progress, and performance of Unisem and its subsidiaries’ (the “Group”) as follows:

NAME OF ENTITY	LOCATION OF OPERATIONS
Unisem (M) Berhad	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 (M) Berhad 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.

For clarity, this Report does not include our recently constructed plant in Gopeng, Perak, Malaysia, as the site has not come into full operation.

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 prepared:

- in accordance with sustainability disclosure requirements of the Main Market Listing requirements (“MMLR”);
- in accordance with the GRI Standards;
- in alignment with the Sustainability Accounting Standards Board (“SASB”) Standards for the Semiconductor Industry;
- incorporating alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”);
- incorporating elements of the Responsible Business Alliance and its Code of Conduct; and
- taking into consideration the ESG assessment criteria relevant to the FTSE4Good Bursa Malaysia Index.

Sustainability REPORT

Assurance

Unisem has sought assurance for the data reported in this Report, comprising of :

- (i) an internal review by the Group's internal auditors; and
- (ii) an independent limited assurance in accordance with recognised assurance standards for selected indicators.

INDEPENDENT ASSURANCE BY BEYONDGOOD CONSULTANCY

Type of Assurance	Independent Limited Assurance	
Scope	Operation assessed: <ul style="list-style-type: none"> • Unisem Malaysia • Unisem Chengdu 	
Assurance Report	Please refer to page 165 for the Independent Limited Assurance Statement provided	
Subject Matters covered	Climate Change & Air Emissions	Scope 1 emission in metric tonnes of CO _{2e}
		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

External assurance was sought on the Group's reported Greenhouse Gas ("GHG") emissions. The comprehensive review of GHG data by the sought expertise 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.

INTERNAL REVIEW BY THE INTERNAL AUDITOR

Type of Assurance	Internal Review
Scope	Operation assessed: Unisem Malaysia and Unisem Chengdu
Assurance Report	Please refer to page 165 for the Internal Audit Review Limited Assurance Statement provided

Sustainability REPORT

INTERNAL REVIEW BY THE INTERNAL AUDITOR

Subject Matters covered	Occupational Health and Safety	No. of employees trained on health and safety standards No. 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 and Supply Chain Management	Economic value table Proportion of local hires amongst employees 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	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	No. of substantiated complaints concerning breaches in customers privacy or data loss * Total hazardous waste and non-hazardous waste by category of directed to and diverted from disposal.
	Anti-Corruption	No. and % of anti-corruption training Corruption risk assessment Number of confirmed corruption incidents Summary of incidents and cases report
	Employee Development and Diversity	No. 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 No. 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 % by age

Sustainability REPORT

INTERNAL REVIEW BY THE INTERNAL AUDITOR

Subject Matters covered		
	Human and Labour Rights	Total hours and % of employees trained on labour standards and human rights issues
		No. 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 contributed where the target beneficiaries are external to Unisem
		Total number of beneficiaries of the investment in communities
		New hire and turnover headcount and % by age
	Noise Monitoring	* Boundary Noise Level (dBA)

Note : * Included as a new additional scope in the internal audit review

In addition to reviews by the internal auditor and external assurance providers, the Group's sustainability and reporting procedures include internal validations, assessments, and third-party audits conducted by customers, with no material findings reported from these reviews and assessments

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 our Corporate Affairs Vice President, Ms Ruth Chin, or the Senior Independent Director, Puan Nelleita binti Omar, at the following address:

Unisem (M) Berhad

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No. 10, Jalan P. Ramlee
50250 Kuala Lumpur, Wilayah Persekutuan
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Email : investor@unisemgroup.com

Sustainability REPORT

SUMMARY OF KEY PERFORMANCE AND IMPACTS

Sustainability Performance Highlights

The Board of Unisem leads the Group's management of sustainability matters and has identified the following 7 key performance indicators to measure the sustainability performance of the Group. These Sustainability Key Performance Indicators are reported to the Board on an annual basis.

Our key sustainability performance for FY2024 is summarised as follows:

UNISEM'S SUSTAINABILITY KEY PERFORMANCE INDICATORS	FY2024 TARGETS	FY2024 PERFORMANCE	
Occupational Health and Safety	Injury frequency rate < 1.50	0.80	✓
Customer satisfaction	90%	90%	✓
Growing the business	To achieve revenue growth	9.8%	✓
Supply chain management	14 suppliers' audits to be conducted	18	✓
Technology and innovation	To achieve target project completion dates	All target dates achieved	✓
Effluents and waste management	52% Recycling rate of hazardous waste generated	58 %	✓
	Effluent waste discharge compliance with regulatory standards	Compliant	✓
Climate Change & Air Emissions	10% reduction in GHG emission intensity compared to base year 2020	10% 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



3 GOOD HEALTH AND WELL-BEING

Safeguarding 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, ensuring a comprehensive approach to employee and community well-being. Our commitment extends beyond physical health to encompass human rights, labour standards, occupational safety and environmental stewardship.



5 GENDER EQUALITY

Achieve Gender Equality

Unisem is actively contributing to the achievement of Sustainable Development Goal 5, "Gender Equality," by promoting women's participation in the Group, including at the Board and Management level. We actively embrace diversity and uphold the principle of no-discrimination throughout our employment practices.

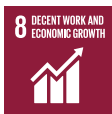


6 CLEAN WATER AND SANITATION

Enhanced water treatment and reducing water consumption

Unisem treats its wastewater 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 as part of its pursuit of operational efficiency.

In FY2024, we achieved an 85% reduction in water consumption intensity against the base year of FY2020.



8 DECENT WORK AND ECONOMIC GROWTH

Supporting vulnerable communities

One of Unisem's key focuses 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 ("CSR") donations and contributions in FY2024 amounted to approximately **RM98k** and **community investment of RM1.0mil**.

Good employment practices

Unisem adopts good employment practices that 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 including global leaders to innovate solutions and spearhead development in the semiconductor and electronics industry, including driving Industry 4.0. Continuous innovation and striving to stay at the forefront of the industry continue to be key focuses in Unisem's long-term strategy.



Driving responsible consumption across supply chain

Through adherence to 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

Unisem recognises the critical importance of addressing climate change. As a leading and responsible entity in the semiconductor industry, we acknowledge our role in mitigating the impacts of climate change and in contributing to a sustainable future.

The Group has set a target to achieve Net Zero by 2050, and is carrying out ongoing efforts to meet these targets.



Driving Responsible in the Anti-Corruption Activities

Unisem is committed to fostering a culture of transparency, accountability and ethical conduct within the Group. We have implemented a robust Code of Ethics ("COE"), defining acceptable and unacceptable behaviours. In addition, the Group-wide Anti-Bribery and Anti-Corruption ("ABAC") Policy and Whistleblowing, Ethics & Compliance Policy ("WBEC 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.

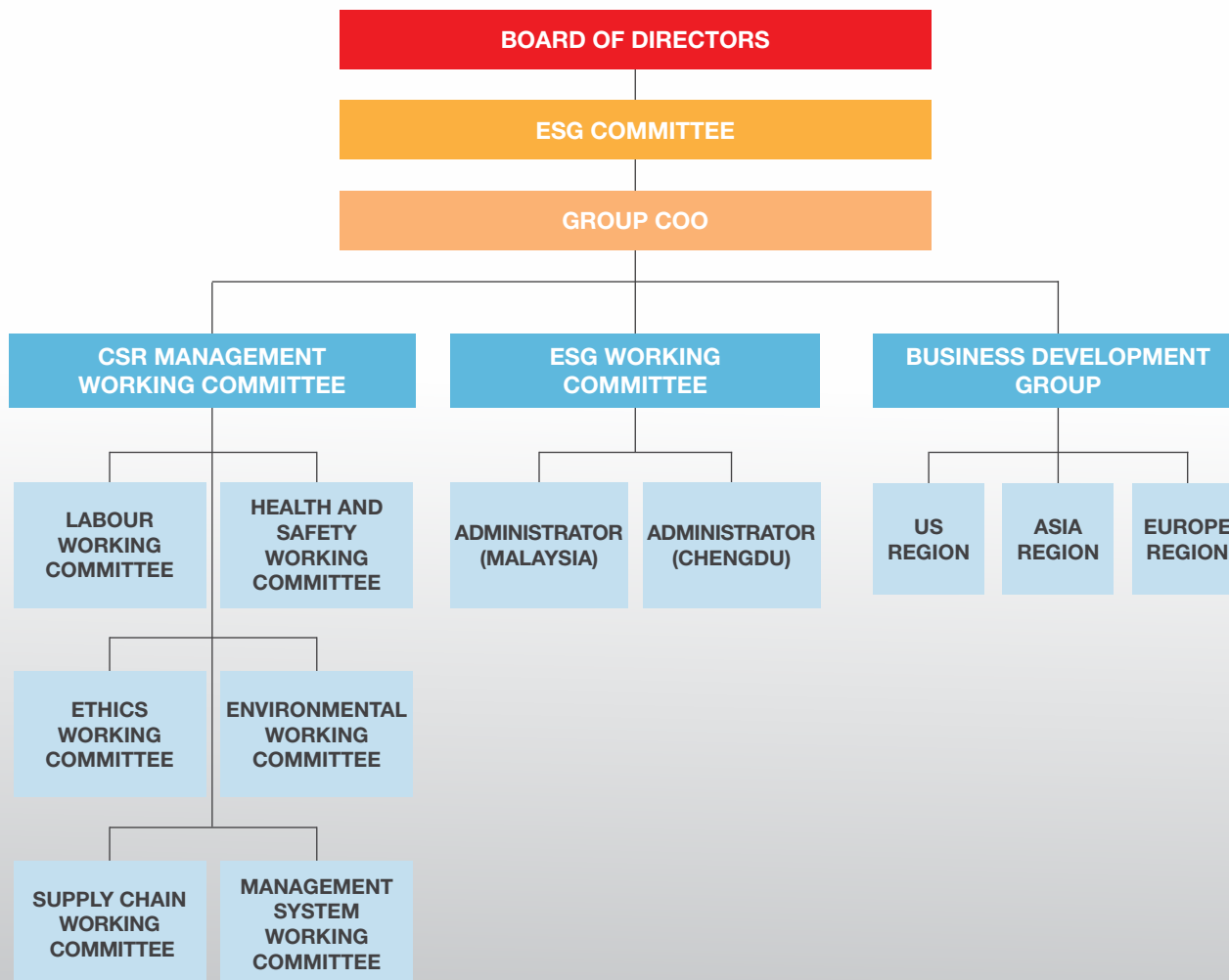
Sustainability REPORT

SUSTAINABILITY GOVERNANCE

Unisem’s Board of Directors (the “Board”) is responsible for ensuring the sustainability of the organisation. The Board ensures the strategic plan of the company supports long-term value creation, incorporating sustainability considerations including economic, environmental, and social aspects. The Board also ensures there is a robust governance framework to align accountability, implementation, and performance of the Group’s business sustainability.

The following section illustrates Unisem’s governance structure in the context of sustainability management. For a thorough understanding of the Group’s comprehensive corporate governance structure, please refer to the **Corporate Governance Report** and **Corporate Governance Overview Statement**.

UNISEM SUSTAINABILITY GOVERNANCE STRUCTURE



Sustainability REPORT

The Board receives support from the ESG Committee (“ESGC”) which is currently chaired by Unisem’s Senior Independent Director.

The ESGC is a Board-level committee, and it assists the Board in appraising the strategies, initiatives, and assessments proposed by the Senior Management, including the materiality assessment outcome, associated sustainability risk, policies and strategies to address the sustainability matters, and other sustainability initiatives.

The Senior Management is also responsible for executing the strategies and initiatives approved by the Board, while the progress and performance are periodically reported to the ESGC which subsequently presents to the Board. The sustainability key performance indicators (“KPIs”) disclosed in the **Sustainability Performance Highlights** section are reported to the Board for its assessment of the Group’s overall sustainability performance.

Through the ESGC, the Board is also appraised on the integrity of the Group’s management of sustainability matters through any significant findings from the internal auditor’s review, the outcome of independent limited assurance, and other audits.

On top of sustainability strategies and initiatives, the Senior Management also ensures sustainability considerations are integrated into the Group’s risk management process and that the Group’s stakeholder engagement processes effectively and adequately communicate sustainability strategies, priorities, targets and performance, as relevant, to internal and external stakeholders. The summary and key findings are escalated to the Board.

Management-level Leadership and Accountability

For Unisem Malaysia and Unisem Chengdu facilities, dedicated ESG Working Committees (“ESGWC”) are in place 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.

In the context of the Group’s management of Environmental, Social, and Governance (“ESG”) matters, the Group Chief Operating Officer (“GCOO”) serves as a crucial link between the Group’s Management and the ESGWC. 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 pursuit of objectives, targets, and key performance indicators (“KPIs”). The GCOO plays a pivotal role in ensuring the overall coordination and success of these ESG initiatives, providing regular reports to the ESGC to maintain transparency and accountability in the Group’s sustainability efforts.

In enabling dedicated focus on managing and reviewing specific topics aligned with the RBA Code of Conduct, we have CSR Management Working Committees (“CSRMWC”) (previously known as RBA Working Committees) including the Labor Working Committee, Ethics Working Committee, Health and Safety Working Committee, Environmental Working Committee, Supply Chain Management Committee, and the Management System Working Committee. These committees, in conjunction with relevant managerial positions throughout the chain of command, assume the responsibility of disseminating sustainability strategies, priorities, and objectives to employees to ensure comprehensive understanding and consistent implementation across the organisation.

Through the GCOO, the Board maintains oversight over the CSRMWCs and their performance concerning sustainability matters at the operational sites. Furthermore, sustainability performance is a key factor taken into consideration in the evaluation and assessment of Directors and Senior Management, including those who serve as members of the CSRMWCs.

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"> • Company CSR Commitment • Material Restrictions • Responsible sourcing of minerals • Supplier Responsibility

Sustainability REPORT

WORKING COMMITTEE/GROUP	RESPONSIBILITIES
<p>Management System Working Committee</p>	<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 CSR internal auditors ("Unisem's CSR auditors") conduct cross audits on the 6 working committees to ensure full compliance to the latest RBA version. These CSR internal auditors are selected from the respective 6 working committees.</p>
<p>Business Development Group</p>	<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 • Research and development ("R&D") programs

Internal Audit

The Group's management of its sustainability-related matters and issues are integrated into its risk management and internal controls system. The independent audit function conducts audits including sustainability-related aspects such as compliance practices, anti-bribery and corruption, whistleblowing and complaints, occupational health and safety, human rights, environmental compliances, and others.

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

OUR APPROACH TOWARDS SUSTAINABILITY

Unisem views sustainability in the context of business sustainability, taking into consideration the long-term value creation for stakeholders. This allows the Group to identify matters that are crucial to business sustainability, i.e. which are also key to our Strategic Priorities and business strategies, as well as identifying areas where we shall be mindful of our corporate responsibility and minimise the impact on the environment and society.

Materiality assessment is used to determine the topics or matters that are key to Unisem's business sustainability and the outcome is illustrated in a Materiality Matrix. As of the Group's latest Materiality Matrix, we have identified 7 Material Matters that are considered key to the Group's value creation and Strategic Priorities. They are referenced in Unisem's IAR24.

In addition to the 7 Material Matters, this Report discussed the sustainability matters illustrated in our latest Materiality Matrix. Details of the materiality assessment are disclosed in the following section.

Materiality Assessment and Materiality Matrix

The Group's materiality assessment includes consideration of the definition for a material sustainability matter as prescribed by the MMLR, i.e. a sustainability matter which:

- 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.

We also consider how the matters affect the long-term value of Unisem and their importance to our business strategies.

Materiality assessments generally include the participation of selected Senior Management to assess matters or topics from a business perspective. In addition, stakeholders' views and concerns are also taken into account either directly, such as from surveys or specific engagements for selected stakeholders to participate in the materiality assessment, or indirectly, through Management's understanding of stakeholders during day-to-day business operations.

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 are reviewed 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 in relation to economic, environmental, social and governance impacts. We also actively solicit feedback from our employees, recognising their valuable input as a key driver of business and operational considerations.

The last comprehensive review was conducted in FY2023 with the next review scheduled for FY2025.

Sustainability REPORT

The Group's materiality matrix is presented below:



Unisem Group's Materiality Matrix (FY2024)

STAKEHOLDERS

Unisem has a broad range of stakeholder groups that influence, 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 the 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 our key stakeholder groups. Various engagement channels of different natures are established to cater for different purposes, such as communication, discussions, reviews or assessments, making reports, etc. Different formats may also be used to optimise the effectiveness and adequacy of engagements.

Continual interaction with stakeholders holds significance as it allows us to gain a deeper understanding of their perspectives. Beyond fostering strong relationships, this ongoing engagement enables us to grasp stakeholders' views and concerns regarding issues that could influence their decisions and evaluations.

The key stakeholder's engagement group, engagement approach, areas of focus on stakeholders and our responses are disclosed in the **Creating Value For Stakeholders** in Unisem's Integrated Annual Report FY2024.

[Click here or go to page 54 for Creating Value For Stakeholders](#)

Sustainability REPORT




SUSTAINABILITY RISKS AND OPPORTUNITIES

In addition to initiatives and programs to manage the Group’s sustainability matters, we also integrate sustainability considerations in our risk management process to identify associated risks which may affect the Group’s or functions’ objectives from the perspectives of strategy, operations, culture, technology, reputation, and others. Identified sustainability risks are further managed and monitored via the Group’s Enterprise Risk Management (“ERM”) processes.

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 44 for Statement on Risk Management and Internal Control](#)
[Click here or go to page 23 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		<p>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.</p> <p>A safe working environment is also important for achieving operational efficiency and operational continuity.</p>	<ul style="list-style-type: none"> • Non-compliance • Employee safety and health risk 	<p>How We Do Business, SR24</p> <p>Our People, SR24</p>
Customer Satisfaction	SRC		<p>Improving customers’ experience with the company’s products and services through soliciting feedback.</p> <p>Customer satisfaction also serves as an indicator that we can keep up with the market’s requirements and demand, as well as an indicator of the quality of our relationships with customers.</p>	<ul style="list-style-type: none"> • Inadequate or ineffective engagement with customers • Unable to deliver or keep up with customers’ demands or requirements • Lack of trust in relationship with customers 	<p>Our Focus on Customers, SR24</p>
Growing the Business	FC SRC		<p>Continue expanding into new markets, 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.</p>	<ul style="list-style-type: none"> • Competition risk • Unable to expand market presence • Adverse economic conditions 	<p>Managing Our Business, SR24</p> <p>Our Focus on Customers, SR24</p> <p>Our People, SR24</p>

Sustainability REPORT

Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Supply Chain Management	FC SRC	Strategic Priority A Strategic Priority B Strategic Priority 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 the supply chain for direct materials Impact on profit margin 	How We Do Business, SR24
Technology and Innovation	MC IC	Strategic Priority A Strategic Priority B Strategic Priority C	<p>Technology and innovation drive improvements in efficiency and productivity. By introducing new technologies, automation, and streamlined processes, we can optimise operations, reduce costs, and increase output.</p> <p>Technology and innovation are crucial for us to keep up with the fast-paced development in the semiconductor industry.</p>	<ul style="list-style-type: none"> Product and technology unable to keep up with industry trends Unable to deliver or keep up with customers' demands or requirements Inadequate investment in capability and R&D Loss of key skills, experience, or knowledge 	<p>Managing Our Business, SR24</p> <p>Our People, SR24</p>
Effluents and Waste Management	NC	Strategic Priority A Strategic Priority D	Efforts to reduce, reuse, recycle and responsibly disposal of waste, in addition to responsibly and efficiently recover materials which, otherwise, may incur high environmental or social costs to extract and produce.	<ul style="list-style-type: none"> Non-compliance Environmental disaster and pollution 	The Environment, SR24
Climate Change and Air Emissions	NC	Strategic Priority A Strategic Priority D	Reduction of environmental footprint through more efficient use of energy, thereby lowering our emissions across our operations.	<ul style="list-style-type: none"> Possibility of the introduction of emission trading or tax scheme affecting profit margin 	The Environment, SR24
Customer Privacy and Data Protection	SRC	Strategic Priority B Strategic Priority 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, SR24
Anti-Corruption	SRC	Strategic Priority B Strategic Priority 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, SR24

Sustainability REPORT

Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Product Stewardship	SRC	Strategic Priority A	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, SR24
Employee Development and Diversity	HC IC	Strategic Priority B Strategic Priority D	Efforts in recruiting and retaining talent as well as enhancing the 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 is not commensurate with statutory employee contribution 	Our People, SR24
Human and Labour Rights	HC	Strategic Priority A Strategic Priority B Strategic Priority 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, SR24 Our People, SR24
Energy Management	NC FC	Strategic Priority A Strategic Priority D	Ensuring efficient energy use is one way of protecting the environment. Effective energy management and planning also help to optimise profit margin.	<ul style="list-style-type: none"> Power failure and disruption to operations Impact on profit margin 	The Environment, SR24
Water Consumption	NC	Strategic Priority A Strategic Priority 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, SR24
Local Communities	SRC	Strategic Priority 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, SR24

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 us. We also expect responsible and ethical business culture to be demonstrated along the Group's value chain, including in our products, services, and supply chain.

Relevant 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
- No fines, penalties, or settlements relating to corruption
- Target to audit 14 suppliers achieved - FY2024: 18 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 endeavours, we are dedicated to adhering to relevant laws and regulations, and to the stipulations set forth in the RBA Code of Conduct.

UNISEM'S CORPORATE SOCIAL RESPONSIBILITY ("CSR") POLICY

- Uphold the 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 the health and safety of the 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.

UPHOLDING BUSINESS ETHICS

Code of Ethics (“COE”)

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 a 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-Corruption and Bribery

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. The Policy is established by the Board’s approval, underscoring the policy’s significance, with overall compliance falling under the purview of site Chief Operating Officer (“COO”) and General Managers. The ABAC Policy applies to directors, employees, and affiliates, encompassing agents, suppliers, contractors, and business partners. The ABAC Policy is reviewed annually.

We adopt a risk-based approach towards managing corruption and bribery risks, ensuring resources are allocated and utilised efficiently. The process is supported by a corruption risk assessment conducted by the Ethics Working Committees at both Unisem Malaysia and Unisem Chengdu sites, and the assessments are further integrated into the Group’s risk management processes to manage, monitor, and report the performance of corruption risk management. The corruption risk assessment aims to identify areas with exposure to corruption and bribery risks considering the industry environment, functions, personnel and their positions, and type of transactions. The outcome of the risk assessment guides our corruption-related internal controls, particularly areas with higher risk exposures. Stringent processes guide our operations, spanning procurement, manufacturing, sales, marketing, and finance, incorporating measures to uphold business ethics and prevent corruption.

Both our operations in Malaysia and Chengdu have gone through corruption risk assessments.

	FY2022	FY2023	FY2024
Percentage of operations covered by corruption risk assessment	100%	100%	100%

Sustainability REPORT

HOW WE DO BUSINESS

We assess our business associates for bribery and corruption risks, including having a due diligence process for new suppliers, manage our risks through periodic reassessments, adherence to relevant policies, and others. Unisem actively communicates to stakeholders to ensure its anti-corruption stance and expectations are communicated. Business associates categorised as high-risk or involved in high-risk sectors receive periodic communication regarding Unisem's anti-corruption stance and business ethics expectations. We also ensure employees are aware of the Group's anti-corruption policies and processes through periodic communication. 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. In addition, annual refresher training on anti-corruption is provided to all directors and employees.

All Directors and employees of Unisem Group have been communicated and trained on anti-corruption, through our eLMS (E-Learning program) in FY2024.

Directors and employees communicated and trained on the Group's anti-corruption	Unisem Malaysia		Unisem Chengdu	
	Number	Percentage	Number	Percentage
FY2024				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	84	100%	57	100%
	3,124	100%	3,173	100%
Total	3,219	100%	3,230	100%
FY2023				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	87	100%	52	100%
	3,067	100%	2,572	100%
Total	3,165	100%	2,624	100%
FY2022				
Board of Directors	12	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	89	100%	46	100%
	3,268	100%	2,695	100%
Total	3,369	100%	2,741	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. No political contributions were made in FY2024.

We are pleased to report that in FY2024 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	FY2022	FY2023	FY2024
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

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

Conflict of Interest

The upholding of integrity in Unisem includes managing conflict of interest situations. Conflict of interest situations may arise when Directors or employees hold conflicting interests within the Group, have close personal relationships with suppliers or customers, or other circumstances that may jeopardise their position to act in the interest of the Group. Our COE deals with conflicts of interest situations by establishing principles for managing conflict of interest situations in Unisem Group.

Upon commencing employment, all Unisem Directors and employees must declare any conflict of interest for the Group's assessment and further mitigation, if required. In addition, managers and above and personnel in identified functions are required to submit annual declarations for annual reassessment of conflict of interest, if any, to safeguard the Group's interest and integrity. The Human Resources Department oversees this process and reports to the site COO.

During the financial year under review, the Board has further strengthened the process for identifying and managing conflict of interest for Directors and Senior Management, in alignment with the enhancements to the MMLR in relation to conflict of interest. A Conflict of Interest Policy was established, placing emphasis on ensuring the objectivity of Directors and Senior Management when carrying out their duties and making decisions in the best interest of the Group's business. The Conflict of Interest Policy also stipulates the responsibilities of the Board, the ARMC, Directors, and Senior Management in relation to identifying and assessing conflict of interest situations, as well as the responsibilities of the Directors and Senior Management to periodically declare any actual, apparent, and potential conflict of interest situations.

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 behaviors. 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		
	FY2022	FY2023	FY2024
Workplace grievances from employees	2	0	1
Whistleblowing from employees	1	1	0
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.

Sustainability REPORT

HOW WE DO BUSINESS

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 Organization (“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, and Management Systems.

The RBA Code of Conduct serves as a pivotal guiding document for Unisem’s policies and practices. It also serves as the fundamental for the establishment of our CSR Management Working Committees (“CSRMWC”) which are responsible for overseeing the management of the topics of labor, health and safety, environment, ethics, management systems, and supply chain, including monitoring and reviewing the respective initiatives and key performance indicators. Unisem’s policies and business practices are closely aligned with the RBA Code of Conduct. Adherence to the RBA Code of Conduct is a crucial prerequisite for establishing a business relationship with our customers.

RBA Performance

Unisem’s alignment with the RBA Code of Conduct is assessed through two types of assessments. 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 Validated Assessment Program (“VAP”) constitutes an RBA third-party auditing process. The audit findings and results of the VAP are available for viewing by key customers and potential customers.

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

	Year	SAQ	SAQ Score*	SAQ Risk Rating**	VAP	VAP Score***	Level of Risk
Unisem Malaysia	FY2021	Completed in January 2021	93.4		Completed in Dec 2021	183.7 (Silver Status)	Low
	FY2022	Completed in January 2022	93.4		Completed in Dec 2022	180.2 (Silver Status)	Low
	FY2023	Completed in January 2023	93.5				
	FY2024	Completed in March 2024		Low	In progress (pending finalise audit result)		
Unisem Chengdu	FY2021	Completed in January 2021	93.8		Completed in Nov 2019	177.1 (Silver status)	Low
	FY2022	Completed in January 2022	94.6		Completed in Jun 2022	180.5 (Silver Status)	Low
	FY2023	Completed in January 2023	94.8		Completed in Jul 2024	181.5 (Silver Status)	Low
	FY2024	Completed in April 2024		Medium			

Note:

* The SAQ assessment method has been updated and the outcome of SAQ assessment focuses on SAQ Risk Rating. We will report SAQ Risk Rating from FY2024 onwards.

** The new revised SAQ Risk Rating published in RBA-online was introduced in FY2024 based on risk level by operation and country specific.

*** No VAPs were conducted for Unisem Malaysia in FY2023. VAP is only required once every 2 years. Full score of VAP is 200.

PRODUCT STEWARDSHIP

Certain semiconductor components may contain hazardous substances, such as heavy metals. In the use of such materials, we exercise diligence and ensure we comply with international regulations and customer requirements on the use of safe materials. This reinforces our acknowledgement of our responsibility in products that extend beyond our facilities, considering product life cycles and their impact on people and the environment.

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 services we offer are contingent on the specifications provided by our customers.

We have comprehensive compliance procedures to ensure adherence to all relevant environmental laws, regulations, and standards related to hazardous substances in our manufacturing processes. Assessments are carried out to identify significant environmental and social risks associated with the materials we procure and we take into account safety and ethical considerations in our evaluation of supply chain partnerships. These procedures form part of our management systems that is aligned with international standards in addressing environmental and social impacts.

Our compliance procedures and measures also support our compliance with the European Union's Restriction of Hazardous Substance ("RoHS") Directive, which our production process and suppliers are obligated to comply with.

In addition to collaborations on other sustainability-related matters, we also have collaborations with our business partners in the area of product stewardship, especially on the use of materials. With customers, we collaborate to meet their standards for product stewardship and safety; with suppliers, we collaborate to facilitate their compliance with requirements such as the RoHS Directive and review the ongoing compliance of the supplies received.

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 documentation such as declaration letters, Certification of Compliance and Safety Data Sheets. • We engage with suppliers to facilitate their compliance. Once every two years, suppliers are required to perform a 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.

SUPPLY CHAIN MANAGEMENT

Responsible Supply Chain Management

Effective supply chain management is crucial for our business and any major supply chain disruptions will have serious repercussions such as missed deliveries, shipment commitments, lost reputation and integrity, and 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. This includes aligning the supply chain with our corporate responsibility values. This commitment is explicitly outlined in our CSR Policy and COE which is accessible in multiple languages including English, Bahasa Malaysia, and Chinese. The CSR Policy and COE are available on Unisem's corporate website.

The Group disseminates a Business Ethics Letter to key direct material suppliers and service providers to communicate the Group's business ethics expectations on an annual basis, in addition to active engagements with key direct material suppliers on their acknowledgement and endorsement of Unisem's Supplier Code of Conduct. Key direct material suppliers and service providers are required to affirm their commitment to the RBA Code of Conduct through a Letter of Conformance.

Conflict-free Minerals

We adhere to a Conflict Minerals Policy, prohibiting the procurement and utilisation of conflict minerals such as tantalum, tin, tungsten, and gold within its supply chain. The direction is aligned 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.

The Group has due diligence procedures to offer reasonable assurance regarding the responsible sourcing of tantalum, tin, tungsten, and gold used in our products in alignment with the Organisation for Economic Co-operations and Development ("OECD") Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We have also adopted the Responsible Minerals Initiative ("RMI") Conflict Mineral Reporting Template ("CMRT") as a data tool for reporting and assessing the smelters within the Group's supply chain. Suppliers are required to complete the RMI CMRT with written confirmation.

Fair Procurement Practices

Unisem's procurement and tendering procedures are governed by the Group Procurement Policy to ensure equitable management of our supply chain in accordance with our responsible supply chain policies. Suppliers are evaluated based on objective criteria, considering alignment with the Group's interests and values, in addition to evaluation of pricing, delivery timeliness, and the quality of products and services. To protect the interest of the Group, we also assess suppliers for potential conflicts of interest and implement measures to protect our procurement process from collusion and price fixing.

Building a Responsible Supply Chain via Engagement

In upholding integrity in the supply chain, we aim to acquire a comprehensive understanding of suppliers including identifying instances of non-compliance in the areas of environmental, social, and ethics, 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.

We conduct various engagements with supply chain business partners to build a responsible supply chain, including communicating pertinent policies and RBA standards, evaluations or audits of key direct material suppliers, and having sessions and discussions with suppliers to address gaps in meeting regulations and requirements including those which will come into effect.

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 by all key direct material suppliers 	<ul style="list-style-type: none"> • Conducted physical or virtual audits based on the RBA VAP Operations Manual for key direct material suppliers and services provider
<ul style="list-style-type: none"> • Aims to identify high-risk areas and potential gaps against the RBA Code of conduct 	<ul style="list-style-type: none"> • 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 (“CAPA”) template. Unisem’s audit team subsequently follows up to verify the implementation of the action plans before considering the audit findings resolved.

Suppliers Audit

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 has a target to cover 80% of the 25 key direct suppliers in every two years. In addition, we also perform audits on our key service agents.

Sustainability REPORT

HOW WE DO BUSINESS

In FY2024, we performed audits on 11 key material suppliers and 8 key service agents. Our audit targets for FY2025 were 10 key material suppliers and 4 key service agents.

Year	Target number of audits to be conduct		Number of audits completed	
	Key Material Suppliers	Key Service Agents	Key Material Suppliers	Key Service Agents
FY2023	10	4	9	5
FY2024	11	4	11	7
FY2025	10	4		

The highlights of the key corrective actions arising from the key direct material supplier audits conducted in FY2024 are as follows:

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 conduct refresher training for employees against discipline requirements and practices. Enhance due diligence process for new hires.
Occupational Safety and Health	<ul style="list-style-type: none"> Conduct periodic work inspections and enhance awareness of health and safety practises. The fire drill should involve all shift workers and be conducted at least once a year. Develop/enhance risk assessment documentation.
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 the RBA organisation chart to include the Supply Chain Management element. Update documentation to align with the latest RBA Code of Conduct.
Supply Chain Management	<ul style="list-style-type: none"> To communicate RBA requirements including indirect suppliers such as transporters, security, scheduled waste disposal vendors, labor agents and canteen workers. To update conflict mineral statement to include Cobalt.

We follow up and monitor the implementation of correction action plans by the key direct material suppliers, and the status of implementation of the corrective actions as on 31 December 2024 is summarised as follows.

Status of Implementation of Corrective Action as of 31 December 2024	Audit Findings from FY2022 Audits	Audit Findings from FY2023 Audits	Audits Findings from FY2024 Audits
Implemented and verified by Unisem	100%	95%	98%

Sustainability REPORT

HOW WE DO BUSINESS

Self-Assessment Questionnaire (“SAQ”)

All 25 key direct material suppliers are expected to undergo self-assessment via the RBA SAQ process. A summary of the outcome as of 31 December 2024 is as follows.

	FY2022	FY2023	FY2024
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 a 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

The Group contributes to the local economy through its business activities including the procurement of goods and services, providing local employment, and making corporate social responsibility contributions to the community. Where feasible and economically viable we procure local, which helps to support local businesses and minimise emissions associated with transportation.

	The proportion of direct material spending on local suppliers (%)		
	FY2022	FY2023	FY2024
Unisem Malaysia	23.3%	23.5%	21.3%
Unisem Chengdu	39.2%	37.9%	27.7%
Unisem Group	32.5%	33.9%	25.8%

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



In striving towards generating long-term values for stakeholders and shareholders, our focuses include maintaining competitiveness, strengthening our market positions, looking out for growth opportunities, and enhancing our capabilities, capacity, products, and solutions.

Relevant Sustainability Matters

- Growing the Business
- Technology and Innovation

Sustainability Performance Highlights

- Achieved positive growth of 9.8% during the period
- Distributed economic value of RM416.7m in wages and salaries; RM18.7m in corporate tax; and RM129.0m in dividends
- Achieved FY2024 target for Technology Road Map
- Completed all 3 R&D projects in Technology Road Map

Relevant SDGs:



BUSINESS PERFORMANCE

The Group continues to develop and adjust its business and markets, considering opportunities for market expansion, diversification, as well as the onboarding of new customers to expand our clientele.

The following section summarises the Group's overall revenue growth for FY2024.

KPI	To achieve revenue growth		
	On-going growth of annual revenue		
Target			
Performance	FY2022 13.6%	FY2023 -19.2%	FY2024 9.8%

For FY2024, we achieved a 9.8% revenue growth, reflecting strong market support and confidence in our products and services. We aim to maintain this momentum by seizing market opportunities and strengthening customer engagement. Details of the Group's financial performance and strategies on business growth are discussed in the Chairman's Letter to Shareholders, Management Discussion & Analysis, and the Audited Financial Statements of Unisem's Integrated Annual Report FY2024.

Sustainability REPORT

MANAGING OUR BUSINESS

Economic Value Generated and Distributed

Economic value generated and distributed can be used to illustrate the generation of economic value arising from the Group's business and operations and their distribution to the various stakeholder groups. The economic value generated and distributed by Unisem for the financial year is as follows:

Economic value generated and distributed	FY2022 RM'000	FY2023 RM'000	FY2024 RM'000
Revenue	1,781,838	1,439,686	1,580,873
Local Procurement (Local: i.e., Malaysia for Unisem Malaysia and China for Unisem Chengdu)	191,237	207,009	151,908
Wages and salaries	404,756	379,986	416,691
Corporate tax paid	11,527	20,727	18,650
Community Investments, Donations, and Non-Commercial Sponsorships	102	80	1,106
Dividends paid	96,785	129,046	129,046
Research and Development	8,954	8,074	8,029
Retained Earnings	1,127,126	1,070,225	991,112

Local Employment

Our operations also contribute to the local economy through the creation of 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	94.3%	70.3%
Unisem Chengdu	68.4%	99.9%

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

QUALITY AND LEAN OPERATIONS

One of our Strategic Priorities - Pursuit of Operational Excellence and Quality of Products and Services - hinges on our ability to enhance and maintain operational quality and efficiency. Ongoing investments are allocated and made in efforts to heighten productivity and consistently optimum operational efficiency and quality.

Our operations and processes are aligned with International Quality Management Systems standards, including ISO 9001:2015, IATF 16949:2016, and the newly certified ISO 26262 as of FY2024. These certifications ensure standardised and consistent procedures across our operations, supported by robust standard operating procedures, error detection mechanisms, and a commitment to continuous improvement. Regular reviews and audits, including internal reviews and independent audits, are conducted periodically to ensure alignment with these standards.

Beyond compliance, we also undergo processes to identify potential areas for improvement to continuously refine our processes to gain greater competitiveness among our peers.

Sustainability REPORT

MANAGING OUR BUSINESS

People Development and Innovation

The Group provides comprehensive training for employees, encouraging innovation as well as equipping employees with the skills necessary to run operations efficiently. We conduct regular engagement sessions with employees for development, including enhancing their problem-solving capabilities, fostering operational continuous improvement through techniques like Plan-Do-Check-Act (“PDCA”), Design of Experiment, Technical Excellence, Poka Yoke, and Root Cause Analysis (“RCA”). The participation of employees in these engagements enables the Group to understand operational challenges from the working level and facilitates more holistic improvements that are practical and viable for the employees. In addition, our shopfloor employees also undergo rigorous training and certification in accordance with ISO and automotive standard requirements.

Embracing the Kaizen concept and initiatives since 2004, Unisem actively promotes continuous improvement. Employees are incentivised 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

In addition to competitiveness in terms of operational excellence, the fast-paced development in the semiconductor industry means higher pressure for OSAT businesses to keep up with technology to have the capabilities to support the technological development of the market and customers. This includes having the capability to develop solutions to address environmental and social risks such as a safer working environment and more environmentally-friendly processes or products.

We place significant emphasis on investing in technologies that helps us sharpen our edges in areas aligned with our Strategic Priorities, including business and product expansion, capturing in-trend products such as those related to AI, cloud-computing, and EVs, amongst others. These considerations are incorporated in the Group’s Technology Road Map which is reviewed regularly and sets out the Group’s Research and Development (“R&D”) focuses during the year. The Technology Road Map also takes into consideration market and industry trends and the future plans and innovation requirements of customers.

We have completed all 3 projects targeted for completion in FY2024.

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 FY 2024

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2024
Completed projects				
Stacked Die Thin BGA	Establish MCU, Flash, and Memory application capabilities and production at the Ipoh factory.	<ul style="list-style-type: none"> Thin and big die size die bond handling Thin memory wafer grinding without polishing 	Quarter 3 of 2024	Qualification completed. Preproduction now

Sustainability REPORT

MANAGING OUR BUSINESS

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2024
Completed projects				
FC-SOT563 & 583	Development of a new package serving as an alternative sourcing option out of China (“OOC”).	<ul style="list-style-type: none"> New equipment is required 	Quarter 4 of 2024	Qualification completed. Preproduction now
New Concept MEMS Microphone	A new concept developed in collaboration with IDM customers to achieve enhanced SNR performance.	<ul style="list-style-type: none"> New equipment is required 	Quarter 2 of 2024	Qualification completed. Production now
Existing projects				
Power Stacked Module Packages	A new innovation in power module packaging addresses the need for thicker inductors required in high-power management devices. However, the mold thickness has traditionally limited the ability to increase inductor thickness. This new package introduces a breakthrough concept to overcome this limitation.	<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 4 of 2025	Completed samples build. Pending for customer update on the application design in status.
Reversed SLP	Redirecting heat from the traditional PCB board toward the top surface using an external heat sink or air cooling, designed to meet specific end-customer application requirements.	<ul style="list-style-type: none"> Not a traditional assembly LF material and process flow. 	Quarter 4 of 2025	Concept phase done. Pending for customer engagement.
3mils SLP Lead Frame	Continue developing thinner packaging solutions for the RF market while advancing and expanding the LF design rules	<ul style="list-style-type: none"> LF cost slightly higher Limited supplier can provide the capability 	Quarter 4 of 2025	Concept phase.
New projects				
SOIC-WB High Density	Introducing a new high-density SOIC-WB package as an alternative sourcing option OOC, specifically designed for automotive applications, particularly in Power Management products.	<ul style="list-style-type: none"> Additional equipment is necessary 	Quarter 1 of 2026	Discussion with customer on the investment sharing
3D Package Power Package	Developing a new 3D package tailored for higher power management devices, primarily targeting high-end GPU applications.	<ul style="list-style-type: none"> Additional equipment is necessary Adoption in the market 	Quarter 2 of 2026	Discussion with customer on the concept phase

Sustainability REPORT

MANAGING OUR BUSINESS

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2024
New projects				
Compression Mold	Assessing compression molding for BAW filter SiP, large FC dies in LGA or BGA packages, wafer-level molding, and other related processes.	<ul style="list-style-type: none"> Additional equipment is necessary, involving high capital expenditure 	Quarter 4 of 2025	Under the internal purchase justification process
TSSOP High Density	Introducing a new high-density TSSOP package as an alternative sourcing option OOC.	<ul style="list-style-type: none"> Additional equipment is necessary 	Quarter 1 of 2026	Under the internal purchase justification process

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

1. Successfully introduced Stacked Die Thin BGA to expand the capability of Ipoh factory on MCU, Flash & Memory application. This will further entice more similar application customers to Unisem Simpang Pulai to growth the business revenue.
2. Successfully introduced new packages into Unisem portfolio i.e. FC-SOT563 & 583, which are widely being used and accepted in China market.
3. Successfully qualified Unisem Chengdu with a new concept of MEMS Microphone with the world Tier 1 customer with the best SNR (Sound to Noise Ratio) performance.
4. A total of 9 new processes and materials were qualified in 2024 to meet customer needs. To date, Unisem has obtained 31 patents up to date.

R&D Expenditure

Unisem Group invested about RM8.0 million in R&D programs, representing close to 1% of the Group's revenue, in FY2024.

Unisem Group	Unisem Group R&D Expenditure		
	FY2022	FY2023	FY2024
Unisem Group R&D expenditure (RM'000)	8,954	8,074	8,029
R&D expenditure as a percentage of Unisem Group revenue (%)	1%	1%	1%

SAFEGUARDING OUR IT SYSTEMS

Our business environment is highly digitised, processing confidential data including intellectual property, personal information, and customer data. We are responsible for keeping this information of the business and its stakeholders safe, to safeguard stakeholders and ensuring business continuity.

Our IT Support function is tasked to oversee the processes and controls safeguarding Unisem's IT systems and infrastructure. Policies, procedures, and tools (such as anti-virus software, firewall, email filtering, etc.) are deployed, evaluated, and reviewed from time to time to ensure they are functioning effectively. Cybersecurity management is also integrated into Unisem's risk management process which enables it to be systematically assessed, managed, monitored, and enhanced.

This year, we continued to engage external, professional consultants to support our review and monitoring of IT systems, including assessing the level of security and identifying weaknesses, ongoing monitoring of performance, and enhancement of IT controls. All gaps and weaknesses in IT security will continue to be addressed and improved on an ongoing basis.

Sustainability REPORT

OUR FOCUS ON CUSTOMERS

Unisem embraces a customer-centric approach in delivering our products and services. What distinguishes us is our core differentiation strategy centred around customer intimacy. We strive to grow alongside our customers and keep up with the market and industry through ongoing development and evolution. This symbiotic relationship is grounded in trust and a dedicated commitment to safeguarding customer interests, including data privacy and confidentiality.

Relevant Sustainability Matters

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

Sustainability Performance Highlights

- Achieved 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, building customer satisfaction and loyalty by offering extraordinary services and quality products. Long-term partnerships with our clients are central to our business strategy, where the sustainability and continuity of our business depends on our ability to keep up with our clients and markets in this fast-paced industry.

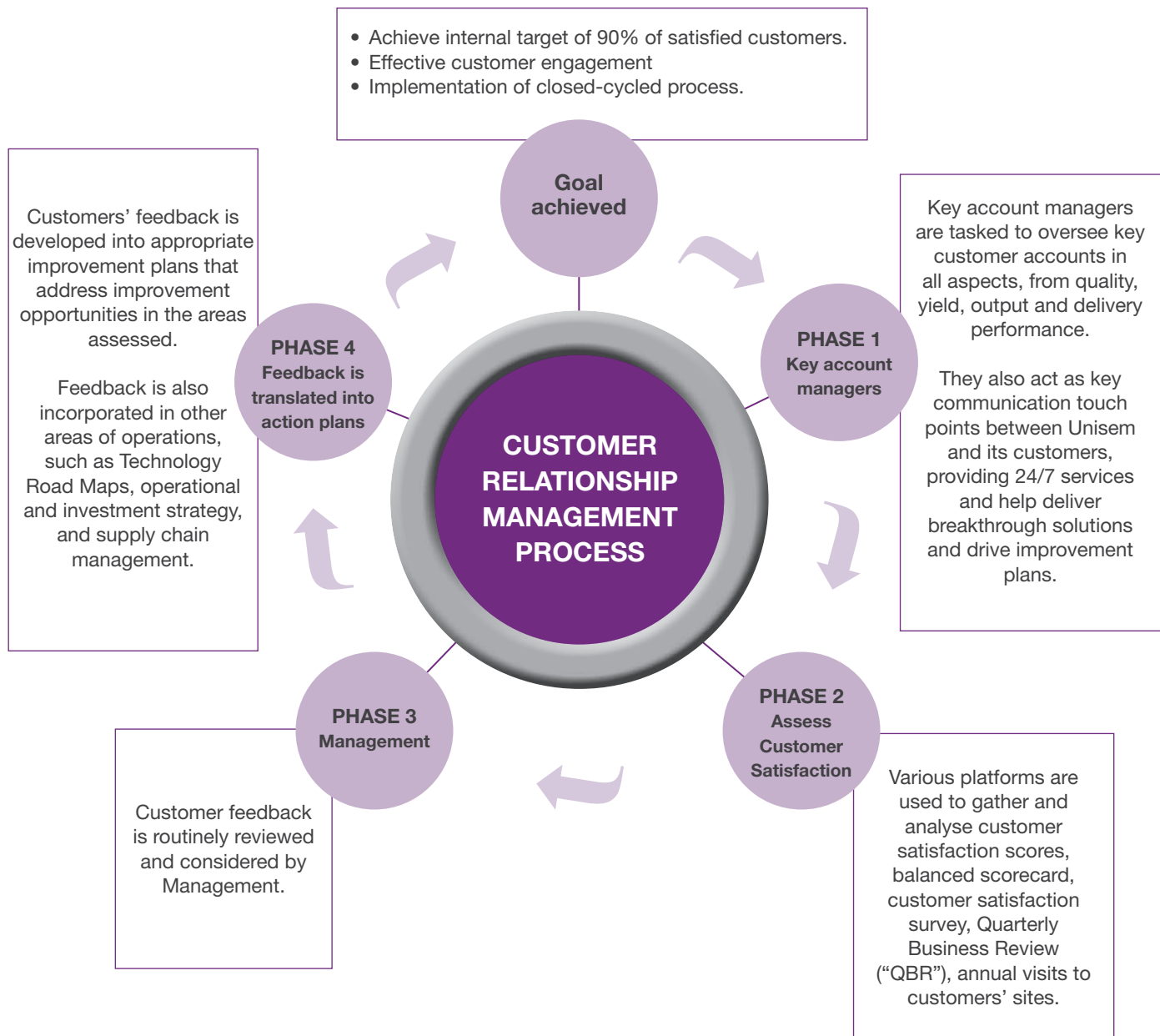
Unisem's dedicated customer account managers and teams deliver focused and attentive support to our key accounts. These account managers play a strategic role in fostering long-term collaborative business partnerships, bridging alignment and capabilities between Unisem and its customers, as well as business 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.

The Group has a Customer Relationship Management process to engage, serve, and manage customers including assessing their satisfaction and improving our service. Through the 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 with customers to keep them informed of the development and production progress. Customer feedback is integral to our continuous improvement process and we actively seek their feedback through performance scorecards, amongst other engagement methods.

Sustainability REPORT

OUR FOCUS ON CUSTOMERS

Unisem's Customer Relationship Management process is summarised in the following diagram.



Sustainability REPORT

OUR FOCUS ON CUSTOMERS

Engagement and Collaboration with Customers

Customer satisfaction levels are evaluated using formal balanced scorecards and internally developed customer satisfaction surveys, benchmarked against our baseline Key Performance Indicators (“KPIs”). Highlights of our significant customer engagement activities are as follows.

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 criteria used by each key customer.</p>
Customer satisfaction survey	Annually	<p>Unisem uses 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 targets to achieve a Customer Satisfaction score of 80% for 90% of key customers.</p>
Quarterly Business Review (“QBR”)	Quarterly	<p>QBR is conducted by key customers to convey their report card on their suppliers’ performance, business opportunities, and roadmaps</p>
Meeting with customers	Annually	<p>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 our Technology Road Map.</p>

During the financial year under review, Unisem Group achieved a score of 90%, meeting our target and reflecting significant improvement from the previous year’s score of 81%. Areas for improvement were thoroughly reviewed with customers, leading to the development of action plans. Taskforces were established to address specific issues as needed.

KPI	Satisfaction of key customers		
	90% of key customers with customer satisfaction score of 80%		
Target	FY2022	FY2023	FY2024
Performance	92%	81%	90%

We appreciate the recognition by our customers, demonstrated through the following outstanding awards and best supplier appreciations:

- NVT FY2024 Best Suppliers for Unisem Chengdu; and
- Hynitron FY2024 Excellent Core Partner Award for Unisem Chengdu.

We have setup a new regional office in Singapore to act as a regional hub and marketing arm to services customers. The regional hub will allow Unisem Group to manage our businesses and customers from difference regions or countries in one central location in Singapore.

Sustainability REPORT

OUR FOCUS ON CUSTOMERS

PROTECTING OUR CUSTOMERS' PRIVACY AND DATA

Cybersecurity risks have emerged as a more notable and significant risk for businesses around the world, and are expected to be around in the future. In Unisem, we continue to commit to safeguarding customers' proprietary information, intellectual assets, and data, by ensuring systems and controls are in place to manage the ongoing threats to cybersecurity, protecting customers' sensitive information, and preventing leaks, threats or loss of customer information.

Unisem has a dedicated "IT Acceptable Use Policy" to regulate the responsible use of data, covering aspects such as data access, transfer, and management. We also provide regular reminders to employees emphasising the importance of responsibly handling and protecting customers' data and informing them of 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-waste is 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

We are pleased to report that there were no fines or complaints received from external parties or regulatory bodies in FY2024. 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	FY2022	FY2023	FY2024
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

Sustainability REPORT

OUR PEOPLE

“We Care, We Can” is our tagline and our principle in Unisem’s relationship with its employees.

We are committed to ensuring the safety of our people, including employees and visitors, to shield them from any harm or injury arising from our business operations.

The Group’s human capital management is pivotal for nurturing talents and skills to support Unisem’s growth, and we are proud that our efforts to cultivate and nurture in-house talents have proven successful, thanks to our strategic geographic location.

We strictly comply with applicable labor laws, regulations, and international labor standards. At the same time, we hold our key material suppliers to similar, high standards.

With respect to contributions to the community, we strive to maximise our positive impact and actively engage with the local community where feasible.

Relevant 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
- 3.65 employee satisfaction score in FY2024 against a target of 3.80
- No incidents of significant human rights or labour standards violations
- 81.2% employees having minimum 6 hours training against a target of 75%
- Kept injury frequency rate in target range at below 1.50 - FY2024: 0.80
- 14.5% and 30.2.% annual turnover rate for Unisem Malaysia and Unisem Chengdu in FY2024 against targets of 25.0% and 45.0%, respectively
- 784 employees received long service awards in FY2024

Relevant SDGs:



UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS

Unisem is always committed to protecting and respecting human rights across its business operations. In addition, we believe that fair and ethical treatment contributes positively to productivity and promotes a healthy working culture. We proactively address human rights risks within our operations and supply chain through comprehensive processes of risk identification, assessment, and management.

Our commitment is explicitly outlined in our CSR Policy and Code of Ethics (“COE”). Our commitment to human rights and labour standards is also aligned with the RBA Code of Conduct and is seamlessly integrated into our human capital management principle encapsulated in “We Care, We Can”



The Labor Working Committees of the respective sites are responsible for supervising the overall labor practices and human rights across our operating sites, including in the supply chain and significant investment agreements and contracts (such as crucial arrangements for the sourcing of key materials or manpower).

The management of labor and human rights practices are risk-based - risks assessments or reviews are conducted at least annually; and internal controls and processes are integrated into the Group’s business operations, particularly within Unisem’s employment practices and process, and those of key suppliers.

The personnel responsible for managing manpower are periodically updated and trained on acceptable human rights and labor standards, ensuring these standards are upheld within our operations. In addition, we also provide briefing to employees informing them of their rights at work and how to escalate or make reports in the event of a violation via our annual Humane Treatment briefing.

Sustainability REPORT

OUR PEOPLE

Such briefing or training may be conducted through new employees' orientation programs and refresher courses with topics on humane treatment and labor standards.

	FY2022	FY2023	FY2024
Total hours trained on labour standards and human rights issues	3,123	2,855	3,060
Percentage of employees trained on labour standards and human rights issues	100%	100%	100%

We screen new and existing suppliers through due diligence and regular reviews to obtain a sufficient understanding of our supply chain and prevent adverse human rights impacts in the value chain. In addition, human rights and labor practices form part of the criteria of SAQ and VAP assessments. The Supply Chain Management Working Committee oversees the social performance and risk management of the supply chain.

Independent internal audits from the CSR Working Committee are also carried out on our operations to identify any existing gaps. Any instances of human rights violations or labor-related issues can be reported in accordance with the guidance in the WBEC Policy.

Following our third-party assessments and audits in FY2024, we noted no concerning risks relating to human rights violations within our operations. There were no incidents of human rights violations or significant breaches of labor practices reported.

Number of substantiated complaints concerning human rights violations	FY2022	FY2023	FY2024
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

EMPLOYEE DIVERSITY

Equal Treatment and Opportunities

Our principles of equality and no discrimination are incorporated in the COE and aligned with the RBA Code of Conduct.

Unisem upholds equal employment opportunities and non-discrimination in its business and operations, especially in our hiring and employment practices such as recruitment, promotion, disciplinary actions, etc. Upholding non-discrimination means that no individual shall be treated unfairly based on race, color, 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.

We believe that the upholding of equal opportunities and no discrimination is fundamental to creating shared value for our employees and society, and it is also aligned with our business values.

		Male		Female	
		Permanent	Fixed-term Contract	Permanent	Fixed-term Contract
Unisem Malaysia	FY2024	1,173	9	1,096	930
	FY2023	1,152	17	1,170	815
	FY2022	1,146	16	1,285	910
Unisem Chengdu	FY2024	469	1,313	570	878
	FY2023	402	964	520	738
	FY2022	356	962	469	954

Sustainability REPORT

OUR PEOPLE

In Unisem Group, we emphasise the realisation of employees' abilities through appropriate job and position allocation. In this regard, we believe that disabilities in any person shall not prohibit the demonstration and enhancement of their abilities and their contribution to the Group. We also strive to incorporate inclusivity in our business and operation, as well as enhancing accessibility at our offices and sites. As at 31 December 2024, the Group has 5 employees with disabilities.

Percentage of permanent and contract-based employees		FY2022	FY2023	FY2024
Unisem Group	Full-time permanent employees	53%	56%	51%
	Full-time contract-based employees	47%	44%	49%

In Unisem Malaysia, approximately 29% of our workforce are contract-based employees, the majority of whom are foreign nationals. We give special attention to this employee category, ensuring human rights and labor standards assessments and reviews are conducted to prevent discrimination and guarantee the same basic human rights as for all other employees. In addition, we provide accommodation to these foreign employees and ensure the living conditions and amenities at the accommodations are according to standards. All non-Executives and Operators at Unisem Malaysia are represented by an in-house union irrespective of their nationality, and they are covered under collective bargaining agreements reviewed by the union every three years. Professional expatriates at Unisem Chengdu are primarily employed on a contract basis.

We do not have part-time employees in both Unisem Malaysia and Unisem Chengdu.

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	1	4	3	7 (64%)	4 (36%)
	0 (0%)		4 (36%)		7 (64%)		11	
Senior Management	0	0	17	2	33	2	50 (93%)	4 (7%)
	0 (0%)		19 (35%)		35 (65%)		54	
Management	0	0	41	14	25	7	66 (76%)	21 (24%)
	0 (0%)		55 (63%)		32 (37%)		87	
Executives	113	61	395	259	56	16	564 (63%)	336 (37%)
	174 (19%)		654 (73%)		72 (8%)		900	
Non-Executives	723	91	825	357	45	17	1,593 (77%)	465 (23%)
	814 (39%)		1,182 (58%)		62 (3%)		2,058	
Operators	421	1,405	259	1,161	11	82	691 (21%)	2,648 (79%)
	1,826 (55%)		1,420 (42%)		93 (3%)		3,339	
Total**	2,814 (44%)		3,330 (52%)		294 (4%)		6,438	

Note:

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

** Excluding figures in "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

Sustainability REPORT

OUR PEOPLE

The Group's total employees increased by about 11% to 6,438 mainly in Operators and Non-Executives to support the increased revenue growth this year.

The proportion of female employees is higher in the Operators category while the proportion of male employees is higher in the category of non-Executives and above. This is attributed to the job nature of the 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		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Unisem Malaysia						
Senior Management and Management	0.70	0.60	0.47	1.00	1.00	1.00
Executives and Non-Executives	1.03	1.00	0.99	1.00	1.00	1.00
Operators	1.25	1.05	0.98	1.00	1.00	1.00
Unisem Chengdu						
Senior Management and Management	0.63	0.63	0.62	1.00	1.00	1.00
Executives and Non-Executives	0.97	1.02	1.13	1.00	1.00	1.00
Operators	1.06	1.03	1.10	1.00	1.00	1.00

OCCUPATIONAL HEALTH AND SAFETY

Workplace safety and health is upheld through our CSR Policy and Safety and Health Policy which serve as fundamental policies for all our operations.

Health and safety management systems aligned with international standards are in place to enable risk identification and assessment, control monitoring and review, and continuous improvement. All our facilities are certified with ISO 45001:2018 Occupational Health and Safety Management System.

We view safety and health policies and procedures seriously. Employees are expected to adhere to the Group's safety and health policies and procedures. In addition, employees are also encouraged to escalate any safety and health concerns to mitigate risks and hazards as soon as possible. Any serious violations or breaches of the Group's safety and health policies and procedures can be reported via our reporting mechanisms outlined in the WBEC Policy.

Our Occupational Safety and Health Management System

The Health and Safety Working Committee of each operating site is led by the senior management from the respective Facility Departments and comprises members including other Management personnel and representatives of workers involved in day-to-day operations. The participation of worker-level representatives allows us to more effectively pinpoint risk areas and challenges in control implementation.

The Health and Safety Working Committees carry out their responsibilities guided by the Safety and Health Policy, overseeing and monitoring health and safety management, carrying out relevant risk assessments, ensuring the implementation of health and safety action plans, compliance, audits and investigations, and managing complaints and grievances.

The risk assessment follows a Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) approach, where hazards and risk areas are identified considering the nature of tasks, past incidents, competency of personnel in operational activities and monitoring, and existing controls. The process also drives process improvement and initiatives, such as automation initiatives to reduce human contact. HIRARC is conducted annually or as required.

Meetings are generally held monthly. The Health and Safety Working Committee works together with the respective site COOs to provide updates on the committee’s activities and outcomes, such as HIRARC review outcomes, progress of action plans, and management performance of risk indicators. Overall safety performance is also reported to the ESGWC annually.

Incident Response

We have policies and procedures to guide employees the appropriate response and actions in the event of incidents. In the event of incidents or accidents, employees shall prioritise their own 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. Corrective actions will be developed, implemented and followed-up until they are satisfactorily resolved. The Health and Safety Committee and the site COO shall be responsible for overseeing and monitoring the resolution.

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.

Incident Response and Reporting of Unsafe or Unhealthy Work Conditions:



Employee Safety and Health Monitoring and Support

We provide healthcare benefits to employees including health screenings, health and safety talks, and access to medical treatment via panel clinics.

In Unisem Chengdu medical facilities are conveniently situated close to industrial parks where our facilities are at. 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

The Group actively promotes awareness regarding both occupational and non-occupational health and safety among employees. These include training related to the Group's safety and health management system and processes and other training to enhance employees' general safety and health knowledge.

We prioritise additional efforts to ensure that employees exposed to higher 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.

Annual safety and health training programs are developed by the Facility Departments taking into consideration HIRARC assessment, incident reports, developments or changes in the operating environment, regulatory environment, and the industry, as well as the overall health and safety performance of the Group.

The topics covered by our safety and health training in FY2024 are summarised as follows:

- Radiation safety and protection
- Machine testing
- Chemical and electrical safety precautions
- Ergonomic and material handling
- Fire and gas Emergency Response Program ("ERP") procedures
- Hazardous Substance Process Management ("HSPM")
- 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
- Hazard Identification, Risk Assessment and Risk Control ("HIRARC")

Number of employees trained on health and safety standards	FY2022	FY2023	FY2024
Unisem Group	-*	6,625	5,896

Note: * Data collection began in FY2023.

Workplace Safety Performance

In FY2024, the Group recorded 3 major and 9 minor occupational accidents and no fatalities arising from occupational health and safety incidents.

	FY 2022	FY 2023	FY 2024
Fatality rate	0	0	0
Loss Time Incident/Severity Rate ("LTIR")*	15	6	5
Major Occupational Accidents**	9	4	3
Minor Occupational Accidents***	6	9	9
Total Recordable Work-Related Injuries	15	13	12

Note:

* Lost Time Incident/Severity Rate is calculated as $[(\text{total no. of lost work days} / \text{total no. of man-hours worker}) * 1,000,000]$

** 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 were investigated to identify the root causes of the incidents. Where required, action plans were developed and implemented to improve safety controls, such as enhancement to procedures, facility maintenance or upgrades, and further training.

We carry out initiatives for the ongoing enhancement of our safety environment, including on-site management and storage of chemicals, personal protective equipment, rigorous workplace inspections, stringent radiation and monitoring protocols, and comprehensive assessment of machinery and work procedures.

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 14 mild or moderate temporary hearing impairment cases with our employees. In response to these cases, we re-emphasised the proper use of hearing PPE as well as conducting regular hearing checks and tests on employees working in the relevant facilities.

Note: * Work-related 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

We target to maintain our injury frequency rate below 1.50 accidents per million hours worked. We are pleased to report that, in FY2024, our injury frequency rate was recorded at 0.80.

KPI	Injury frequency rate for industrial accidents		
	Injury frequency rate for industrial accidents below 1.50 accidents per million hours worked*		
Target			
Performance	FY2022 1.03	FY2023 0.93	FY2024 0.80

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

COMMUNICATIONS AND ENGAGEMENTS WITH EMPLOYEES

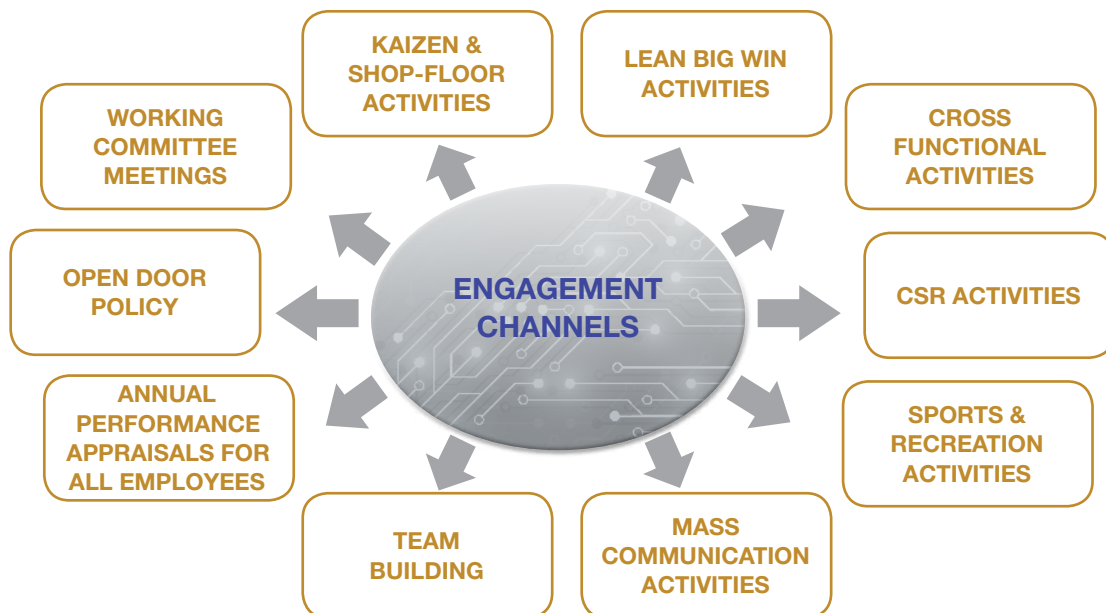
At Unisem, our employees are an integral part of our human capital and a crucial stakeholder group with shared interests and dependencies. Guided by our core belief and mindset encapsulated in “We Care, We Can”, we are committed to fostering a mutually beneficial relationship with our employees. In this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

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:



Grievance Mechanisms

The Human Resources Department oversees an internal grievance reporting mechanism through which employees can voice their concerns or seek clarification on the Management's decisions and workplace dynamics. This mechanism is designed to facilitate open communication, enabling employees to address workplace disputes and disagreements, with the objective of fostering mutual understanding, aligning interests as much as possible, and developing resolutions to maintain a healthy working relationship among employees, the Management, and the Group.

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 to view the WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

EMPLOYEE WELFARE

Our talent attraction and retention strategies are complemented by competitive employee benefits and welfare. We offer competitive compensation and benefit packages that are benchmarked against industry practices and market conditions. In addition to medical insurance, social security coverage, and other benefits mandated by the law, we also provide addition insurance coverage and other benefits which we believe would support the livelihood of employees. These key compensation and 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

Unisem aims to cultivate a supportive work environment that offers career satisfaction, fair remuneration, work-life balance, and ongoing personal and professional development, offering employees welfare and various elements to support a long-term relationship between the Group and its employees. The Group also conduct ongoing engagements with employees to gain insights into employees' needs and how the Group is able to support them.

At our operating sites, we established services, facilities and amenities to provide a conducive and comfortable working environment, including universally accessible car parks for individuals with disabilities, dedicated mother's rooms, recreation and sports facilities, and ample resting areas including dedicated spaces for female employees. Sports and recreation programs are held from time to time to encourage active lifestyles and work-life balance.

Our new Gopeng Plant is equipped with bicycle lanes and walkways that provide a "walkable" and low-carbon factory compound. This forms part of our investments in enabling a safe and conducive workplace environment.

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

- National Day celebration with surrounding schools in Simpang Pulai District, Ipoh
- University Student Visit
- Chinese New Year celebration - Lion Dance
- PAFID Food Fair and Charity Run
- Inter-department activities - Bowling Competition, ESG poster Competition,
- Eco Green Market co-activities with Majlis Daerah Batu Gajah “MDBG”
- Tree planting program co-activities with MDBG

Unisem Chengdu

- Inter-department sport activities - Badminton, yoga, running, handicraft, reading and football
- Sport Day
- Health talk
- Annually Appreciation Dinner
- University Student Visit
- Technical Improvement Commendation Conference

EMPLOYEE DEVELOPMENT

Continuous growth and development of our employees is a crucial factor driving the success of our strategic priorities and long-term objectives, ranging from abilities and skillsets to operate efficiently, manage relationships with business partners, innovate, and keep up with the industry. Comprehensive and ongoing employee development and training programs continued to be one of Unisem’s key focuses in human capital management. Our commitment extends to providing opportunities and support for the holistic personal and professional development of every employee.

In addition to training that aims to equip employees with the requisite skills and knowledge to effectively fulfil their roles and responsibilities, we also offer training that focuses on nurturing new talents to further the career and professional development of our employees.

Our training programs encompass both technical and non-technical aspects, including training that focuses on functional competencies, professional needs, operational job requirements, industry demands, and the development of essential interpersonal, team, and leadership skills, amongst others. Management and supervisory level personnel are also provided with training that aims to enhance their capabilities in managing people and teams, addressing complex workplace issues, and their leadership skills.

Sustainability REPORT

OUR PEOPLE

Environmental and social topics are also regularly included in our training programs, including topics such as carbon emissions, human rights, ethics, and labor practices. These topics are increasingly important in light of global awareness and integration into operations and the supply chain. Our objective is to develop an ethical, environmentally, and socially conscious workforce, beyond technical proficiency.

Training need is identified through collaborative efforts between the Training Department and the heads of relevant departments, taking into consideration the needs of the business and operations, industry trends, the performance of the Group, functions, and individuals, and individual career aspirations. We derive these considerations from our various employee engagement activities such as annual performance appraisals for all employees and informal discussions with employees as well as business performance reviews and Management meetings to ensure our training program facilitates a holistic development of our workforce. Training schedules are developed and reviewed annually and monitored for implementation.

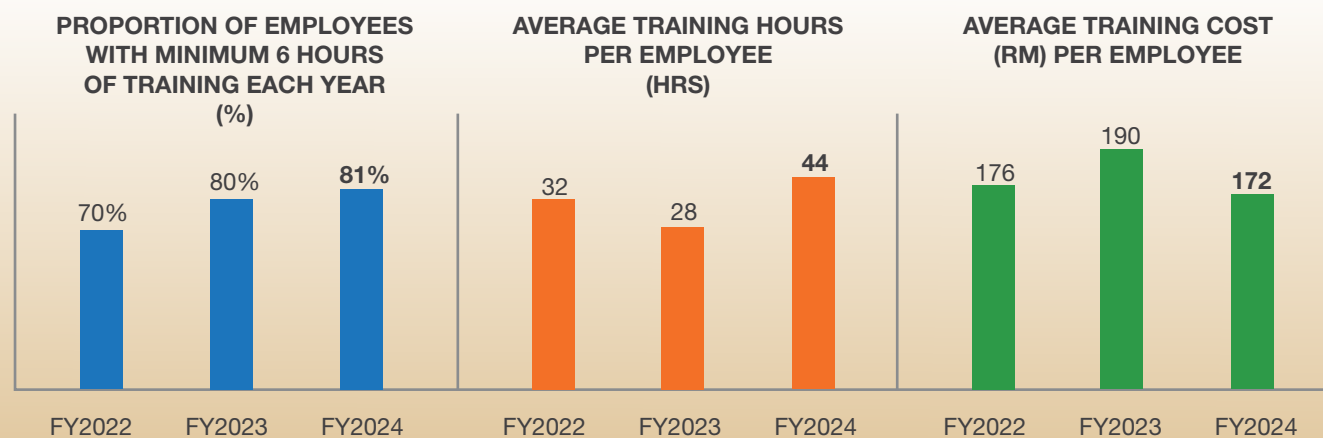
The Group's employee training hours by employee category are summarised as follows:

Total number of training hours – by employee category	FY2022	FY2023	FY2024
Senior Management and Management	1,446	4,071	4,008
Executives	23,556	30,050	33,945
Non-Executives	46,142	44,181	73,275
Operators	126,737	83,214	169,593

We have set a target to provide at least 6 hours of training to at least 75% of our employees in the positions of Non-Executives and above. In FY2024, 81.2% of Unisem's workforce completed at least 6 hours of training, highlighting our commitment to supporting professional growth and skill development.

	FY2022	FY2023	FY2024
Percentage of employees achieving minimum 6 training hours	69.8%	79.5%	81.2%

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)



Sustainability REPORT

OUR PEOPLE

Overall, we recorded a total of 280,821 training hours in FY2024 breakdown as follows:

Average training hour per employee - by employee category	FY2022	FY2023	FY2024
Senior Management	1.24	3.31	17.41
Management	16.28	45.30	35.26
Executives	30.67	35.27	37.72
Non-Executives	25.42	22.74	35.61
Operators	37.50	23.39	50.79

Average training hour per employee - by gender	FY2022	FY2023	FY2024
Male	35.19	38.32	46.60
Female	30.57	22.36	41.08
Total training hours	197,880	161,516	280,821
Total man-hours worked	14,604,120	13,975,392	15,025,614

Training programs and topics

The following table summarises the types of training programs we provided to employees in FY2024.

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 regulations 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 the RBA Code of Conduct and updated requirements.

MEASURING EMPLOYEES' SATISFACTION

Employee Climate Survey ("Survey")

We have various channels, including formal and informal channels, to seek employees' feedback. We actively encourage employees to provide constructive feedback and suggestions to enhance the Group's working environment, operations, and relationship with employees.

One of our key channels is the Employee Climate Survey which is conducted in both Unisem Malaysia and Unisem Chengdu, respectively. The survey is a confidential platform for employees to express their views, including in the aspects of Management's leadership, job satisfaction, career development, top-bottom communication.

The survey outcome will be analysed to determine areas in which the Group performed well and required improvement. Improvement initiatives will then be developed and assigned to the respective personnel in-charge, implemented, and monitored. The outcome will also be shared with the site COO and relevant Management personnel such as heads of functions and departments will be informed.

The Group achieved an employee satisfaction score of 3.65 out of 5.0, for the Employee Climate Survey conducted in FY2024. We identified key areas for improvement include enhancing the quality and variety of canteen food and services to better align with employee preferences and dietary needs, improving management skills, and strengthening reward and recognition practices. Addressing these areas will help boost employee satisfaction and overall workplace morale.

KPI	Employee Climate Survey		
	To achieve employee satisfaction score of >3.80 out of 5.0		
Target			
Performance	FY2022 3.71	FY2023 3.75	FY2024 3.65

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New Hire and Retention

Competition for workers remains tough, with greater mobility across industries and locations. We continued to carry out hiring strategies and strengthen retention efforts. This involves offering competitive benefits and prioritising initiatives aimed at bolstering overall employee satisfaction. On the other hand, we continuously review our processes and streamline our workforce allocation on positions requiring manpower while investing in automation technologies to resolve the workforce shortage issue that continues to be faced by the industry.

The table below shows the Group's total number of employees' turnover by category:

Employee Category	FY2022	FY2023	FY2024
Senior Management and Management	2	18	9
Executives	119	83	67
Non-Executives	425	303	248
Operators	2,146	908	1,116
Total	2,692	1,312	1,440

The new hire rates and turnover rates of Unisem Malaysia and Unisem Chengdu by age group and gender, respectively, are as follows:

FY2024	< 30 years old	30 - 50 years old	> 50 years old	Male	Female	Total
New Hire Headcount (New Hire Rate)*						
Unisem Malaysia	475 (33.0%)	83 (5.5%)	9 (3.5%)	196 (9.7%)	371 (31.4%)	567 (17.7%)
Unisem Chengdu	1,198 (87.2%)	357 (19.6%)	1 (2.6%)	999 (56.1%)	557 (38.5%)	1,556 (48.2%)
Turnover Headcount (Turnover Rate)*						
Unisem Malaysia	309 (21.5%)	129 (8.5%)	26 (10.2%)	157 (13.3%)	307 (15.2%)	464 (14.5%)
Unisem Chengdu	726 (52.8%)	247 (13.6%)	3 (7.9%)	598 (33.6%)	378 (26.1%)	976 (30.2%)

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

For historical data on new hire headcount (new hire rate), refer to our Performance Data Table

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KPI	Annual turnover rates			
	Target*	Unisem Malaysia	Annual turnover rate below 25%	
	Unisem Chengdu	Annual turnover rate below 45%		
Performance		FY2022	FY2023	FY2024
	Unisem Malaysia	27.2%	14.0%	14.5%
	Unisem Chengdu	64.9%	33.2%	30.2%

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

The slight improvement in employee turnover in Unisem Chengdu can be attributed to the economic slowdown, which may have led employees to prioritise job stability and delay seeking new opportunities. We recognise and appreciate the dedication and hard work of our employees. Every year, we grant long service awards to employees upon their milestone anniversaries - the 5th, 10th, 15th, 20th, 25th, and 30th years of service. We are also proud to highlight that, since inception, we have not had a single retrenchment exercise.

In FY2024, 784 employees received Unisem's long service awards. We will continue to work on creating a supportive working environment and fostering long-term relationships with our employees.

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 the 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 who 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 FY2024, our internship program in Unisem Group successfully accommodated 419 trainees. Notably, this effort resulted in the identification of 49 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 Graduate Engineer Program was introduced in last year with the recruitment of the 4th phase of fresh graduates from the local universities in FY2024. 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

The Group acknowledges its corporate responsibility to support and uplift the local communities, especially those vulnerable and in need. Unisem's initiatives take various forms including monetary contributions, donation of goods, and employee volunteerism.

Unisem Group's community and social contribution programs prioritise the promotion of education, safety and health, civic activities, sports and recreation, and this focus is subject to annual review considering alignment with the evolving community needs and considering the engagement outcomes of the Group's initiatives. Our community contribution directions are also developed in alignment with our motto - "WE CARE, WE CAN".

In FY2024, we established a practice to develop a CSR Event Calendar to plan the CSR events for the year, in accordance with our community investment strategy. The calendar schedules our monthly CSR activities, ESG sharing or briefing sessions including on ethics, compliance, and safety matters, health talk, and Earth Day participation, amongst others.

Unisem Malaysia continued to carry out its "Charity corner" initiatives to encourage employees' contribution of items, where the daily necessity required by the local community is listed on a dedicated corner and employees will volunteer to purchase any of the listed items. In FY2024, we continued to contribute donations and goods to support vulnerable communities including orphanages, homes for people and children with disabilities, homes for the elderly, schools, and sports events.

In addition to donations, we also organised visits to some of these charitable homes to engage with residents. On one hand, this helps to promote awareness among employees of the needs of the society; on the other, these activities enables residents to meet and socialise with different people. Our employees also supported and participated in some activities organised by local schools such as food fair, charity run, and "gotong-royong".

In addition to collecting about RM98,000 contribution in cash and in-kind by the Group and by the employees, we have contributed approximately 86 hours in participants' volunteering hours.

	FY2022	FY2023	FY2024
Total amount contributed where the target beneficiaries are external to Unisem (MYR'000)	108	80	1,118
Total number of beneficiaries of the investment in communities	35	26*	666*

Note : *Effective data collection began in FY2024, as beneficiary information was only gathered starting at the end of FY2023

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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 Sustainability Matters

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

Sustainability Performance Highlights

- Achieved our target of 10% reduction in GHG emission intensity - FY2024: 10% reduction
- Missed our target of 10% reduction in energy intensity - FY2024: 8% increased
- Exceeded our target of 10% reduction in water consumption intensity by 85% reduction
- Recycled 58% 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

Unisem has established an Environmental Policy that stipulates 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. The Environmental Policy governs the environmental management and operations of all our sites, on top of adherence to environmental management matters promulgated by the RBA Code of Conduct. All the Group's operations covered in this Report are certified with ISO14001:2015 Environmental Management System. Our sites are also subject to 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 ("SWCs") and reported annually to the Board through the ESG Committee.

See how we are assessed for environmental impacts. Click [here](#) or go to page 105 for Our RBA Obligations.

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Like social matters, key supply chain partners are required to adhere to the RBA Code of Conduct as well as to comply with applicable environmental laws and regulations in relation to environmental matters. The Supply Chain Management Working Committees of the respective sites are responsible for overseeing periodic supplier audits and the overall environmental performance of the supply chain.

See how we manage our supply chain. Click [here](#) or go to page 107 for Supply Chain Management.

Unisem recognises its role in global efforts to mitigate climate change and contribute to a sustainable future. We are supportive of the Paris Agreement's to limit well below 2°C above pre-industrial levels and to limit the temperature increase to 1.5°C above pre-industrial levels.

Unisem Group has established a Climate Change Commitment Statement to outline our commitment to achieving Net Zero 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.

To realise our climate goals, we have devised a multi-faceted approach as per the 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.

Key Aspect	Description
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.

Click here to view our Climate Change Commitment Statement or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Any violations or breaches can be reported via the WBEC Policy. We are pleased to report that there were no significant cases of non-compliance with environmental laws or regulations or fines in FY2024.

Unisem Group's Environmental Roadmap

We chart the Group's environmental targets initiatives using a 5-year Environmental Roadmap that highlights our priorities in various environmental topics including climate change, water, waste, compliance, knowledge, and certification. The priorities are established by considering global trends, available technologies, stakeholder input from customers and regulators, and advice from environmental experts.

The Environmental Roadmap focuses on the following objectives:

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 - achieving Net Zero by 2050; and
4. Compliance with environmental regulatory and international standards.

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Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		FY2023	FY2024	FY2025	FY2026	FY2027
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	N/A	N/A
		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 in Simpang Pulai Plant, Malaysia. (Improve HVAC)	Replacement of old chilled water management system to energy saving system in Simpang Pulai Plant, Malaysia. (Improve HVAC)	N/A	N/A	N/A
		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.	NA	N/A	N/A

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	FY2023	FY2024	FY2025	FY2026	FY2027
Climate Change	Energy Saving Program (Scope 2 emission)	NA	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	N/A
		NA	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.	N/A
		Installation of solar streetlight at employees' car park - Simpang Pulai plant, Malaysia	Installation of solar energy harvesting system for main guard house in Simpang Pulai plant, Malaysia.	Installation of solar streetlight at perimeter road - Simpang Pulai plant, Malaysia.	NA	N/A
		N/A	Installation of solar energy harvesting system in Malaysia - Gopeng Plant Phase 1	NA	NA	N/A
Air Emission		Compliance with Air Emission Standard	Compliance with Air Emission Standard	Compliance with Air Emission Standard	Compliance with Air Emission Standard	Compliance with Air Emission Standard

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	FY2023	FY2024	FY2025	FY2026	FY2027
Water Management	3 R Programs - Reuse, Reduce & Recycle	N/A	Implement Reverse Osmosis System for De-ionised and chilled water – Simpang Pulai Plant Phase 1, Malaysia	Implement Reverse Osmosis System for Delonised and chilled water – Simpang Pulai Plant Phase 2, Malaysia	Upgrade compressed air network pipeline at Simpang Pulai Plant Phase 3, Malaysia to improve the system efficiency and eliminate distribution pressure losses.	N/A
		Reduction in Water Withdrawal Intensity by 5% against 2020 baseline	Reduction in Water Withdrawal Intensity by 10% against 2020 baseline	Reduction in Water Withdrawal Intensity by 10% against 2020 baseline	Reduction in Water Withdrawal Intensity by 15% against 2020 baseline	Reduction in Water Withdrawal Intensity by 15% against 2020 baseline
		N/A	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	N/A
		N/A	Rainwater harvesting system for process cooling tower in - Gopeng plant Phase 1, Malaysia.	Rainwater harvesting system for process cooling tower - Simpang Pulai Plant Phase 1, Malaysia.	Rainwater harvesting system for process cooling tower - Simpang Pulai Plant 2, Malaysia	Rainwater harvesting system for process cooling tower - 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)				
		FY2023	FY2024	FY2025	FY2026	FY2027
	Certification in environmental related competencies	Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant	Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant	Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant	Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant	Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant
Education / Development Awareness / Certification		ISO14001, ISO45001 & QC080000 awareness and legal compliance register	ISO14001, ISO45001 & QC080000 awareness and legal compliance register	ISO14001, ISO45001 & QC080000 awareness and legal compliance register	ISO14001, ISO45001 & QC080000 awareness and legal compliance register	ISO14001, ISO45001 & QC080000 awareness and legal compliance register
	Heighten Awareness of employees & stakeholders on Environmental Matters & Management	N/A	Training for Internal auditors on Environmental Matters & Management Compliance	N/A	Training for Internal auditors on Environmental Matters & Management Compliance	N/A
		Training on environmental related subjects for Board, employees and related stakeholders	Training on environmental related subjects for Board, employees and related stakeholders	Training on environmental related subjects for Board, employees and related stakeholders	Training on environmental related subjects for Board, employees and related stakeholders	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, CLIMATE CHANGE, AND AIR EMISSIONS

Efficient use of energy is a key focus area in our emissions management. Electricity is our primary source of energy and is also a significant contributor to the Group's Scope 1 and 2 Emissions. Electricity cost also has a notable significance to our profit margins.

Our energy management strategy focuses on pursuing energy efficiency through maintenance and upgrades of equipment and lighting systems. We have invested in heat recovery systems and control systems to optimise our energy use.

On the other hand, we also identify opportunities to replace energy from non-renewable sources with renewable energy, such as buying electricity that is derived from a higher percentage of renewable sources for Unisem Chengdu.

Our newly completed plant in Gopeng is equipped with a PV power generation system which is expected to relatively reduce our reliance on non-renewable energy. Solar-powered energy will be included in future reports when production begins in the Gopeng Plant.

Energy Consumption and Energy Intensity

In Unisem Group, energy consumption primarily involves:

- **Diesel and Petrol** - mainly used in company vehicles and fleet (e.g. forklifts and company cars);
- **Natural gas** - used in boilers and generator sets;
- **Liquified Petroleum Gas** - used in the kitchen for meal preparation;
- **Purchased electricity** - constituting more than 95% of the Group's energy consumption and GHG emissions. Electricity for Unisem Chengdu is supplied under a renewable energy contract with an electricity company in China, where approximately 59% of electricity purchased is derived from renewable energy. The Group does not engage in the sale of electricity, heating, cooling, or steam. The Group's energy consumption is summarised in the following table.

Annual energy consumption Energy source (GJ)	FY2022	FY2023	FY2024		
Liquid Petroleum Gas ("LPG")	-*	942	1,140		
Diesel	1,304	347	446		
Petrol	1,921	2,775	1,966		
Natural Gas	24,165	24,198	20,861		
Purchased Electricity	747,731	746,038	783,217		
Total Energy Consumed	775,121	774,301	807,630		
Breakdown by operating site:					
Unisem Malaysia	441,972	427,158	414,895		
Unisem Chengdu	333,149	347,143	392,735		
Breakdown by type of energy:					
Renewable Energy	-*	189,884	25%	196,858	24%
Non-Renewable Energy	-*	584,417	75%	610,772	76%

Note: * Data collection began in FY2023.

Energy consumption is reported in compliance with the latest GRI 302 Energy Reporting Standard, which establishes guidelines for organisations to disclose their energy-related impacts and management practices.

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Energy efficiency is measured via energy consumption intensity, i.e. energy consumption (in GJ) for every USD'000 in sales:

	FY2020	FY2022	FY2023	FY2024
FY2024 Target				10% reduction in energy consumption intensity
Energy Consumption Intensity* (GJ/USD'000 Sales)	2.15	1.91	2.45	2.32
Reduction against base year 2020**	baseline	11.1% reduction	13.7% increase	8% increase

Note:

* The calculation of energy consumption intensity was revised in FY2023. Prior to that, "number of units produced" was used as the denominator.

** FY2020 is selected as a base year, in alignment with the base year for the 5-year Environmental Roadmap for FY2023-2027.

Energy consumption intensity improved due to higher sales efficiency, while total energy consumed rose 4.7% from increased production and energy inefficient older facility equipment. Enhancing energy efficiency remains a focus.

GHG Emissions and GHG Emission Intensity

In alignment with our climate change commitment, Unisem has been making efforts to enhance its GHG emissions reporting. In addition to reflecting our commitment to contribute to global efforts combating climate change, emission reporting has also increasingly become a compliance matter and indication of long-term business sustainability.

This year, we expanded our reporting scope to include Scope 3 Category 1 - Purchase of Goods and Services and Category 6 - Business Travel in our emissions reporting. Unisem Group's FY2024 GHG emissions reporting covers the following:

- Scope 1 (Direct);
- Scope 2 (Indirect), including location-based and market-based;
- Scope 3 (Other Indirect) Category 1 - Purchase of Goods and Services (focusing on direct materials only);
- Scope 3 (Other Indirect) Category 4 - Upstream Transportation and Distribution;
- Scope 3 (Other Indirect) Category 6 - Business Travel; and
- Scope 3 (Other Indirect) Category 7 - Employee Commuting (focusing on employees travelling to work in transportation arranged by the company).

Emissions reported are mainly arising from the consumption of energy and electricity and include 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.

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('000 tCO _{2e})	FY2022	FY2023	FY2024
Direct (Scope 1) GHG emissions			
Unisem Malaysia	0.1	0.5	2.6
Unisem Chengdu	1.7	1.9	2.1
Total Direct (Scope 1) GHG emissions	1.8	2.4	4.7
Indirect (Scope 2) GHG emissions (Market Based)			
Unisem Malaysia (Market Based)	82.1	67.4	65.4
Unisem Chengdu (Market Based)	62.7	49.2	56.9
Total Indirect (Scope 2) GHG emissions (Market Based)	144.8	116.6	122.3
Indirect (Scope 2) GHG emissions (Location Based)			
Unisem Malaysia (Location Based)	N/A	92.9	88.5
Unisem Chengdu (Location Based)	N/A	47.0	55.7
Total Indirect (Scope 2) GHG emissions (Location Based)	N/A	139.9	144.2
Direct and Indirect (Scope 1 and Scope 2) GHG emissions			
Unisem Malaysia	82.2	67.9	68.0
Unisem Chengdu	64.4	51.1	59.0
Total Direct and Indirect (Scope 1 and Scope 2) GHG emissions	146.6	119.0	127.0
Total Indirect GHG emissions (Scope 3)			
Unisem Malaysia - Category 1 - Purchase of Goods and Services	N/A	N/A	13.2
Unisem Malaysia - Category 4 - Upstream Transportation and Distribution	N/A	0.1	0.3
Unisem Malaysia - Category 6 - Business Travel	N/A	N/A	0.1
Unisem Malaysia - Category 7 - Employee Commuting	N/A	0.2	0.1
Unisem Chengdu - Category 1 - Purchase of Goods and Services	N/A	N/A	19.5
Unisem Chengdu - Category 4 - Upstream Transportation and Distribution	N/A	N/A	0.5
Total Indirect GHG emissions (Scope 3)	N/A	0.3	33.7
Total GHG emissions (Scope 1, 2 & 3)			
Unisem Malaysia	N/A	68.2	81.7
Unisem Chengdu	N/A	51.1	79.0
Total GHG emissions (Scope 1, 2 & 3)	N/A	119.3	160.7

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We measure GHG emissions intensity, measured as the GHG emissions (tCO_{2e}) for every USD'000 in sales.

	FY2020	FY2022	FY2023	FY2024
FY2024 Target				10% reduction on GHG Emission Intensity
GHG Emissions Intensity*/** (tCO _{2e} /USD'000 Sales)	0.407	0.362	0.376	0.365
Reduction against FY2020***	baseline	11% reduction	8% reduction	10% reduction

Note:

* GHG emission intensity includes only Scope 1 and Scope 2 emissions

** The calculation of GHG emissions intensity has been revised in FY2023. Prior to that, "number of units produced" was used as the denominator.

*** FY2020 is selected as a base year, in alignment with the base year for the 5-year Environmental Roadmap for FY2023-2027.

Total scope 1 and scope 2 GHG emission intensity was reduced by 10% compared to the baseline, driven by increased use of renewable energy at our China plant and higher sales in US Dollar, which improved overall efficiency. This highlights significant progress in our sustainability efforts and commitment to reducing environmental impact.

The Group continues to explore ways to reduce our reliance on fossil-based power and work towards our long-term targets of Net Zero by 2050. The PV power generation system at the Gopeng Plant helps us to set out a path towards operations with cleaner energy, and we will continue to emphasise energy and emissions efficiency in our future expansion projects.

Other Air Emissions

Laws, regulations, and the RBA Code of Conduct govern various other air emissions including volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals, and combustion by-products generated from operations. We are committed to complying with the environmental standards and maintaining and pursuing improvements in our environmental management efforts.

Unisem has systems and processes to monitor and manage these emissions. We have facilities such as scrubber and carbon absorption treatment systems to treat the emissions and ensure emissions released to the atmosphere are within regulated limits. Regular maintenance and checks are conducted, and it is a standard practice to perform daily air quality monitoring. Any non-compliance will be highlighted immediately and addressed. In addition, annual independent reviews and verification are conducted on air quality performance by third-party contractors.

KPI & Target	FY2022	FY2023	FY2024
	Compliance with Air Emission Laws and Regulations		
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 regulations and measured at the points of discharge, is presented in the following table.

Types of air pollutant	Unit	Local Regulations and/or Standards	FY2022	FY2023	FY2024
Unisem Malaysia (based on Malaysian Laws, Regulations and Guidelines)					
Nitric acid	mg/Nm ³	30	0.6	0	0
Sulphuric acid	mg/m ³	5	0	0.1	0.02
Hydrochloric acid	mg/Nm ³	5	1.1	0	0
Hydrogen sulfide	mg/Nm ³	5	0	0	3.8
Oxides of nitrogen	mg/Nm ³	0.6	0	0.3	0
Sulphur dioxide	mg/Nm ³	30	Insignificant	1.7	0
Solid particles	mg/Nm ³	5	0	0	0
Particulate concentration	mg/m ³	80.0	19.1	5.3	1.61

Types of air pollutant	Unit	Local Regulations and/or Standards	FY2022	FY2023	FY2024
Unisem Chengdu (based on Chinese Laws, Regulations and Guidelines)					
Volatile organic compounds (VOCs)	mg/m ³	60.0	1.3	1.6	1.4
Sulphur oxides (SO _x)	mg/m ³	45.0	1.2	2.0	3.0
Sulphur dioxide (SO ₂)	mg/m ³	50.0	6.6	7.2	2.5
Nitrous oxides (Nox)	mg/m ³	150.0	24.6	25.6	16.8
Hydrogen fluoride (HF)	mg/m ³	9.0	0.5	0	0

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

MANAGING WASTE AND EFFLUENTS

Unisem fully acknowledges its responsibility to properly manage waste to minimise the negative impacts to the environment and the detrimental effects on air, water, and soil quality as well as risks of hazardous material exposure to employees and the surrounding communities. Effective waste management is essential for workplace safety and health, particularly when dealing with hazardous waste. Unisem Group ensures proper and effective management systems are in place to manage our waste responsibly.

In addition to ensuring compliance, we focus our efforts in optimising material use, minimising waste generation, and reducing landfill disposal. This is also in line with our strategic priority to achieve operational excellence through building comprehensive and responsible materials management and handling.

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 (“WEEE”). 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. Standardised waste management monitoring and data collection processes are implemented at Unisem Malaysia and Unisem Chengdu.

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

To further ensure compliance, waste contractors are subject to assessments, including Supplier Assessment Questionnaires (“SAQ”) and Validated Audit Process (“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 personal protective equipment (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 32% and 11% at Unisem Malaysia and Unisem Chengdu, respectively. Unisem collaborates with licensed contractors who collect and process e-waste offsite to recover valuable e-waste materials such as aluminium, gold, silver, and copper. Detailed reports on the actual recovery rates for each batch of e-waste collected and processed by the contractors are submitted to Unisem, enabling us to understand the e-waste management practices along the value chain.

In FY2024, our average e-waste recovery rates for both Unisem Malaysia and Unisem Chengdu are 100%.

	Percentage of e-waste recovered		
	FY2022	FY2023	FY2024
Unisem Malaysia	100.0	100.0	100.0
Unisem Chengdu	100.0	100.0	100.0

In our efforts to avoid the disposal of hazardous waste, we have been exploring opportunities with vendors to recover or recycle other hazardous waste apart from e-waste. This year, Unisem Chengdu engaged a vendor who can treat and recycle sludge and solvents, and that has contributed to the overall increase in our hazardous waste recycling rate this year.

KPI	Recycling Rate of Hazardous Waste Generated*		
	To achieve 52% recycling rate of total hazardous waste generated		
Target			
Performance	FY2022 52%	FY2023 49%	FY2024 58%

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

Non-Hazardous Waste and Recovery

In our management of non-hazardous waste, we emphasise enabling the recycling and reusing of materials from waste generated. The Group's non-hazardous waste primarily consists of paper, cardboard, and plastics. We practise active waste sorting and separation, and the 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.

We collaborate with vendors in our waste management efforts. Since 2019, we worked with vendors to transition from paper reels to reusable plastic reels, which are returned to vendors for their reuse. Arising from this initiative, we saved 15 tonnes or 14,585 units of paper reels in FY2024.

Apart from our operations, we also promote a responsible waste management mindset among employees by providing recycling bins for general paper, recyclable plastics, and tin cans on our premises.

In FY2024, 66% of non-hazardous waste generated was successfully recovered through reuse or recycling.

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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.

	FY2022			FY2023			FY2024		
	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	151	151	0	105	105	0	99	99	0
Other hazardous waste	246	112	134	290	121	169	211	113	98
Total hazardous waste	397	263	134	395	226	169	310	212	98
Non-hazardous waste									
Total non-hazardous waste	656	270	386	508	259	249	479	214	265
Total waste generated	1053	533	520	903	485	418	789	426	363
Unisem Chengdu									
Hazardous waste									
E-waste	52	52	0	48	48	0	23	23	0
Other hazardous waste	207	27	180	175	30	145	183	63	120
Total hazardous waste	259	79	180	223	78	145	206	86	120
Non-hazardous waste									
Total non-hazardous waste	642	432	210	348	169	179	824	642	182
Total waste generated	901	511	300	571	247	324	1,030	728	302
Unisem Malaysia & Unisem Chengdu									
Total hazardous waste	656	342	314	618	304	314	516	298	218
Total non-hazardous waste	1,298	702	596	856	428	428	1,303	856	447
Total waste generated	1,954	1,044	910	1,474	732	742	1,819	1,154	665

Note: * 1 MT = 1,000 kg

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FY2024				
Unisem Malaysia and Unisem Chengdu		Diverted from Disposal* (MT)^		Directed to Disposal** (MT)^
Hazardous waste	Preparation for reuse	0	Incineration	129
	Recycling	298	Landfilling	88
	Other recovery options	0	Other disposal operations (chemical treatment)	1
	Total	298	Total	218
Non-hazardous waste	Preparation for reuse	0	Incineration	
	Recycling	856	Landfilling	447
	Other recovery options	0	Other disposal operations	0
	Total	856	Total	447
Total		1,154		665

Note:

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

** All waste is disposed by licensed vendors offsite

^ 1 MT = 1,000 kg

For historical data on total waste generated and disposal method, refer to our Performance Data Table.

WATER USE AND EFFLUENT DISCHARGED

We are committed to responsible water management and we strive to maintain ongoing engagement with local authorities to address any potential environmental impacts.

Our operations are water intensive and are heavily reliant on a consistent water supply for various processes in our operations, such as 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.

Unisem Malaysia and Unisem Chengdu are not located in water-stressed areas. Our primary water source is municipal water and water withdrawal is not known to have any strain on municipal water supply. We maintain active engagement with the relevant municipal government agencies to stay within permissible water withdrawal limits and to stay informed about any concerns relating to water-related 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.

		FY2022	FY2023	FY2024
Unisem Malaysia	Water Withdrawal by source (thousand m³)			
	*^Third-party water: Municipal water	2,024	1,860	1,945
	Water Discharge by destination (thousand m³)			
	^Third-party water: Municipal drainage	1,416	1,744	1,763
	Water Consumption (thousand m³)	608	116	182
Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	^^Third-party water: Municipal Water	1,650	1,496	1,866
	Water Discharge by destination (thousand m³)			
	^^Third-party water: Municipal Water	1,465	1,344	1,793
	Water Consumption (thousand m³)	185	154	73
Unisem Malaysia and Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	Third-party	3,674	3,356	3,811
	Water Discharge by destination (thousand m³)			
	Third-party	2,881	3,088	3,556
	Water Consumption (thousand m³)	793	268	255

Note:

* Classification based on GRI 303: Water and Effluents 2018

^ Freshwater (<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

We aim to strike a balance between operational efficiency and cost efficiency, minimising water impact, and allocating available resources effectively. This includes making ongoing efforts to identify opportunities to reduce, recycle, or reuse water in operations.

Our facilities in Unisem Malaysia and Unisem Chengdu are installed with efficient water management systems, including sophisticated rinse water collection systems and dedicated drainage which enables the reuse of lightly UPW for industrial purposes and irrigation. This water does not contain hazardous substances and is entirely safe. Unisem Chengdu's production facility is also equipped with a reverse osmosis system to process water for reuse in production.

In FY2024, we recycled and reused approximately 14% of the withdrawn water in Unisem Malaysia and 22% in Unisem Chengdu. Overall, this amounted to about 689 mega-litres of water. Unisem Chengdu recycled a greater percentage of water from higher plant utilisation and production.

	The proportion of water recycled over water withdrawn (%)		
	FY2022	FY2023	FY2024
Unisem Malaysia	5%	16%	14%
Unisem Chengdu	8%	9%	22%

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Water consumption intensity

We aim to achieve 10% of water consumption intensity, which is measured by water consumption (m3) per USD1,000 in sales, in FY2024 using FY2020 as a baseline. The improvement in water consumption intensity, from an 83% reduction to an 85% reduction, highlights Unisem’s ongoing commitment to sustainable water management practices. This progress underscores the effectiveness of implemented strategies and reinforces the organisation’s dedication to its Climate Change Commitment Statement.

	FY2020	FY2022	FY2023	FY2024
Water Consumption Intensity (m³/USD’000 Sales)	4.86	1.96	0.85	0.73
Reduction against FY2020**	Baseline	60% reduction	83% reduction	85% reduction

Note:

* Calculation of water consumption intensity has been revised in FY2023. Prior to that, “number of units produced” was used as the denominator.

** FY2020 is selected as a base year, in alignment with 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:		
	<ul style="list-style-type: none"> • Standard B under EQA (Industrial Effluents) Regulation 2009 • Integrated Wastewater Discharge Standard (GB8978-1996) 		
Performance	FY2022	FY2023	FY2024
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

Resource Conservation Outcomes

Guided by our Environmental Roadmap, we attained various achievements in FY2024 including the savings or avoidance of resources highlighted in the following table.

Initiatives	Description	2024 Target	Progress as of 31 December 2024	Reduction Achieved in FY2024
LED Lighting Conversion	Conventional lighting is progressively converted to a more energy-efficient alternative i.e., LED Lighting	Unisem Chengdu - Production Line and Street Light	100% completed	Electricity: 622,179 kWh GHG Emission: 327tCO ₂
Solar Light Conversion	Street light and car park conventional light is progressively converted into a solar street light	Unisem Malaysia Plant compound and car park area	100% completed	Electricity: 12,702 kWh GHG Emission: 10tCO ₂
Retrofitting of chilled water system	Improving the output efficiency of chiller efficiency by (1) re-engineering the plant room chilled water delivery system; (2) decommissioning aged chiller and replacing with high-efficiency units; and (3) incorporating live remote monitoring and control features	Unisem Malaysia - Simpang Pulai Phase 2 & 3 Chiller System	100% completed	Electricity: 2,597,587 kWh GHG Emission: 2,047 tCO ₂
Upgrade Air Conditioning System	Reduce city water consumption and reduce energy consumption by diverting EOL-used chilled water to the cooling tower	Unisem Chengdu - Phase 1 Completion in 2023 Phase 2 Completion in 2024	Phase 1 and Phase 2 completed	Electricity: 143,154 kWh GHG Emission: 75t CO ₂ Water: 50,602m ³
Electrical Control Unit (ECU) fan retrofit for P1-AHU air cabinet	Replacement of AHU and MAU snailed fans with EC fan module	Unisem Chengdu - Complete one set in Sept 2024, Complete 49 sets in May 2025	Completed one set	Electricity: 756 kWh GHG Emission: 0.40tCO ₂
P1 - Cooling tower ECU fan retrofit	Replacement of cooling tower fans with EC fan module	Unisem Chengdu - Complete one set in Sept 2024, Complete 6 sets in May 2025	Completed one set	Electricity: 320 kWh GHG Emission: 0.17tCO ₂
				Electricity: 3,376,698kWh
Total				GHG Emission: 2,460tCO ₂ Water: 50,602m ³

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.

In response to the lower revised regulated limit, Unisem Malaysia has undertaken measures to build a noise barrier and diverting air emission duct to the roof. We continue to regularly monitor and mitigate boundary noise to ensure we keep noise impact within the regulated levels. Our performance against the regulated limits is as follows:

	Day				Night			
	Regulated limit	FY2022 Average	FY2023 Average	FY2024 Average	Regulated limit	FY2022 Average	FY2023 Average	FY2024 Average
Unisem Malaysia	65*	66	66	64	60*	65	66	62
Unisem Chengdu	65	58	54	55	55	50	47	46

Note : * Regulatory limits standards reduced from 75 to 65 for daytime limit and from 75 to 60 for nighttime limit in FY2024.

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PERFORMANCE DATA TABLE FOR THE GROUP

Indicator	Unit	FY2022	FY2023	FY2024	Target
Growing the Business					
Revenue	RM'000	1,781,838	1,439,686	1,580,873	
Revenue Growth	%	13.6%	-19.2%	9.8%	To achieve revenue growth
Wages and Salaries	RM'000	404,756	379,986	416,691	
Corporate Tax Paid	RM'000	11,527	20,727	18,650	
Community Investments, Donations, and Non-Commercial Sponsorships	RM'000	102	80	1,118	
Dividend Paid	RM'000	96,785	129,046	129,046	
Research and Development Expenditure	RM'000	8,954	8,074	8,029	
Retained Earnings	RM'000	1,127,126	1,070,225	991,112	
Anti-corruption					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Board of Directors	Number	12	11	11	
Senior Management and Management	Number	135	139	141	
Executives, Non-Executives and Operators	Number	5,963	5,639	6,297	
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	1	0	
SAQ Risk Rating - Unisem Malaysia	Risk rating	N/A	N/A	Low	
SAQ Risk Rating - Unisem Chengdu	Risk rating	N/A	N/A	Medium	
VAP Score - Unisem Malaysia	Rating %	180.2	N/A	In progress	
VAP Score - Unisem Chengdu	Rating %	180.5	181.5	N/A	

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	FY2022	FY2023	FY2024	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	15	6	5	
Bursa C5(c) Number of employee trained on health and safety standards	Number	-	6,625	5,896	
Total hours worked	Hours	14,604,120	13,975,392	15,025,614	
Number of lost time injuries	Number	15	13	12	
Injury frequency rate	Rate	1.03	0.93	0.80	< 1.50
Customer Privacy and Data Protection					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer	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	775,121	774,301	807,630	
Energy Consumption Intensity	GJ/USD'000 Sales	1.91	2.45	2.32	
Reduction of energy consumption intensity against 2020	%	11.7% reduction	13.7% reduction	8% increased	Reduce energy intensity by 10% from the 2020 baseline in 2024; 15% reduction by 2027
Climate Change and Air Emissions					
Bursa C11(a) Scope 1 emissions in tonnes of CO _{2e}	000'tCO _{2e}	1.8	2.4	4.7	
Bursa C11(b) Scope 2 emissions in tonnes of CO _{2e}	000'tCO _{2e}	144.8	116.6	122.2	
Bursa C11(c) Scope 3 emissions in tonnes of CO _{2e}	000'tCO _{2e}	-	0.3	33.6	
Greenhouse Gas emission intensity	tCO _{2e} /USD'000 Sales	0.36	0.38	0.36	
Reduction against FY2020	%	11% reduction	8% reduction	10% reduction	Reduce GHG emission intensity by 10% from 2020 baseline by 2025; 15% reduction by 2027
Compliance with air emission laws and regulations		Compliant	Compliant	Compliant	Compliance with air Emission Laws and Regulations

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	FY2022	FY2023	FY2024	Target
Customer Satisfaction					
Customer Satisfaction Index	%	92%	81%	90%	90%
Employee Development and Diversity					
Bursa C6(a) Total hours of training by employee category					
Senior Management and Management	Hours	1,446	4,071	4,008	
Executive	Hours	23,556	30,050	33,945	
Non-Executive	Hours	46,142	44,181	73,275	
Operator	Hours	126,737	83,214	169,593	
Percentage of employees achieving minimum 6 training hours	%	69.8%	79.5%	81.2%	>75% of employee with minimum 6 hours of training per annum
Average training hours per employee	Hours	32	28	44	
Average training cost per employee	RM	176	190	172	
Average training hour per employee by employee category					
Senior Management and Management	Hours	10.71	29.72	28.42	
Executive	Hours	30.67	35.27	37.72	
Non-Executive	Hours	25.42	22.74	35.61	
Operator	Hours	37.50	23.39	50.79	
Average training hour per employee by gender					
Male	Hours	35.19	38.32	46.60	
Female	Hours	30.57	22.36	41.08	
Employee satisfaction score	Rate	3.71	3.75	3.65	>3.80 out of 5.0
Bursa C6(c) Total number of employee turnover by category					
Senior Management and Management	Number	2	18	9	
Executive	Number	119	84	67	
Non-Executive	Number	425	304	248	
Operator	Number	2,146	910	1,116	
Age group					
Under 30	%	41.3%	43.3%	43.7%	
Between 30-50	%	53.4%	51.8%	51.7%	
Above 50	%	5.3%	4.9%	4.6%	

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	FY2022	FY2023	FY2024	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	%	67%	64%	64%
Board members	Female	%	33%	36%	36%
Senior Management	Male	%	92%	92%	93%
Senior Management	Female	%	8%	8%	7%
Management	Male	%	81%	78%	76%
Management	Female	%	19%	22%	24%
Executive	Male	%	60%	61%	63%
Executive	Female	%	40%	39%	37%
Non-Executive	Male	%	76%	75%	77%
Non-Executive	Female	%	24%	25%	23%
Operator	Male	%	16%	19%	21%
Operator	Female	%	84%	81%	79%
Age group by employee category					
Board members	Under 30	%	0%	0%	0%
Board members	Between 30-50	%	42%	45%	36%
Board members	Above 50	%	58%	55%	64%
Senior Management	Under 30	%	0%	0%	0%
Senior Management	Between 30-50	%	28%	34%	35%
Senior Management	Above 50	%	72%	66%	65%
Management	Under 30	%	0%	0%	0%
Management	Between 30-50	%	54%	63%	63%
Management	Above 50	%	46%	37%	37%
Executive	Under 30	%	16%	22%	19%
Executive	Between 30-50	%	75%	70%	73%
Executive	Above 50	%	9%	8%	8%
Non-Executive	Under 30	%	35%	35%	40%
Non-Executive	Between 30-50	%	62%	62%	57%
Non-Executive	Above 50	%	4%	3%	3%
Operator	Under 30	%	52%	56%	55%
Operator	Between 30-50	%	44%	41%	42%
Operator	Above 50	%	3%	3%	3%

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	FY2022	FY2023	FY2024	Target
Percentage of permanent and contracts employees by gender and age group					
Bursa C6(b) Percentage of employees that are contractors	%	47%	44%	49%	
Percentage of employees that are permanent	%	53%	56%	51%	
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 issue
Total hour trained on labour standards and human rights issue	Hours	3,123	2,855	3,060	
Proportion of employees trained on human rights issue	%	100.0%	100.0%	100.0%	
Supply Chain Management					
Supplier Audit for Key direct material suppliers and labour and services agent	Number	14	14	18	No. of Suppliers audit to conduct for the year
Status of Implementation of Corrective Action	%	100	95%	98%	
Bursa C7(a) Proportion of spending on local suppliers	%	32.5%	33.9%	26.3%	
Key Material Suppliers that were screened using environmental criteria	%	100%	100%	100%	
Key Material Suppliers assessed for environmental impacts	Key material suppliers only Number	25	25	25	
Key Material Suppliers that were screened using social criteria	%	100%	100%	100%	
Key Material Suppliers assessed for social impacts	Key material suppliers only Number	25	25	25	

Sustainability REPORT

PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	FY2022	FY2023	FY2024	Target
Effluents and Waste Management					
Percentage of e-waste recovered	%	100%	100%	100%	
Recycling Rate of Hazardous Waste Generated	%	52%	49%	58%	≥52% recycling rate of total hazardous waste generated
Bursa C10(a) Total waste generated	Metric Tones	1,954	1,474	1,819	
Bursa C10(a)(i) Total waste diverted from disposal	Metric Tones	1,044	732	1,154	
Bursa C10(a)(ii) Total waste directed to disposal	Metric Tones	910	742	665	
Effluents discharge compliance		Compliant	Compliant	Compliant	Compliance with local authority requirement
Local Communities					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR'000	108	80	1,118	Continuing Provide Support on communities and contribution on CSR programme
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	35	26	666	
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	793	268	256	
Total water withdrawal by source	MegaLitres	3,674	3,356	3,811	
Total water discharge by destination	MegaLitres	2,881	3,088	3,555	
Proportion of water recycled over water withdrawn	%	13%	25%	18%	
Water consumption intensity	m ³ /sales	1.96	0.85	0.73	
Reduction against FY2020	%	60% reduction	83% reduction	85% reduction	Reduce water consumption intensity by 10% compared to the base year FY2020; 15% reduction by 2027
Technology and Innovations					
Progress of Project Scheduled in Technology Road Map		Achieved	Achieved	Achieved	To achieve target project completion dates
Research and Development Expenditure	%	1%	1%	1%	

Sustainability REPORT

OTHER SUSTAINABILITY DATA AND REFERENCES

Parental Leave	FY2022	FY2023	FY2024
Unisem - Malaysia and Chengdu			
Total number of employees that were entitled to parental leave – by gender			
Male	2,165	2,123	2,952
Female	2,076	1,975	3,451
Total number of employees that took parental leave – by gender			
Male	96	140	165
Female	70	134	168
Total number of employees that returned to work in the reporting period after parental leave ended – by gender			
Male	96	140	156
Female	68	133	166
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	80	94	134
Female	87	59	100
Return to work rates of employees that took parental leave – by gender			
Male	100%	100%	95%
Female	97%	99%	99%
Retention rates of employees that took parental leave and were still employed 12 months after their return to work – by gender			
Male	92%	98%	96%
Female	88%	87%	75%

Sustainability REPORT

GRI CONTENT INDEX

Statement of use	Unisem (M) Berhad has reported in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards(s)	Not applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
General Disclosures			
GRI 2: General Disclosures 2021	The organisation and its reporting practices		
	2-1 Organisational details	Legal name: Unisem (M) Berhad	8
		Nature of ownership: Public Limited Liability Company	8
		Location of its headquarters: Malaysia	8
		Countries of operation: Malaysia and China	8
		SR24: About this Sustainability Report	85
	2-2 Entitles included in the organisation's sustainability reporting	SR24: About this Sustainability Report	85
	2-3 Reporting period, frequency and contact point	Reporting period: 1 January 2024 to 31 December 2024	85
		Frequency: annually	2
		Publication date: 28 March 2025	-
		Contact Point: SR24 : Contact	88
	2-4 Restatements of information	There are no reinstatement of significant sustainability-related information in this Report	
	2-5 External assurance	SR24: About This Sustainability Report : Assurance	86 - 88
Activities and workers			
2-6 Activities, value chain and other business relationships	SR24 : Our People : Employee Diversity	123 - 125	
2-7 Employees	SR24 : Our People : Employee Diversity	123 - 125	
2-8 Workers who are not employees	SR24 : Our People : Employee Diversity	123 - 125	
Governance			
2-9 Governance structure and composition	IAR 24 : Corporate Governance Overview Statement	23 – 38	
2-10 Nomination and selection of the highest governance body	IAR 24 : Corporate Governance Overview Statement	27 – 28, 36 – 38	

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
General Disclosures			
GRI 2: General Disclosures 2021	Governance		
	2-11 Chair of the highest governance body	IAR 24 : Corporate Governance Overview Statement	26
	2-12 Role of the highest governance body in overseeing the management of impacts	IAR 24 : Corporate Governance Overview Statement	26
	2-13 Delegation of responsibility for managing impacts	IAR 24 : Corporate Governance Overview Statement SR 24 : Sustainability Governance	23 – 38 92 – 95
	2-14 Role of the highest governance body in sustainability reporting	IAR 24 : Corporate Governance Overview Statement SR 24 : Sustainability Governance	23 – 38 92 – 95
	2-15 Conflicts of interest	IAR 24 : Audit and Risk Management Committee Report SR 24 : How We Do Business : Conflicts of Interest	43 104
	2-16 Communication of critical concerns	IAR 24 : Corporate Governance Overview Statement SR 24 : Creating Value for Stakeholders	23, 33 – 34 54
	2-17 Collective knowledge of the highest governance body	IAR 24 : Corporate Governance Overview Statement	29 – 31
	2-18 Evaluation of the performance of the highest governance body	IAR 24 : Corporate Governance Overview Statement	36 – 38
	2-19 Remuneration policies	IAR 24 : Corporate Governance Overview Statement	31 – 32
	2-20 Process to determine remuneration	IAR 24 : Corporate Governance Overview Statement	31 – 32
	2-21 Annual total compensation ratio	Not provided due to confidentiality constraints ¹	-
	Strategy, policies and practices		
2-22 Statement on sustainable development strategy	IAR 24 : Unisem's Strategic Priorities and Highlights	59 – 63	
2-23 Policy commitments	SR 24 : How We Do Business	101 – 107	

¹ Disclosure for GRI 2-21-a, b & c on Annual total compensation ratio - Disclosure omitted as salary and compensation of employees are confidential information for BESHOM.

Sustainability REPORT

GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
General Disclosures			
GRI 2: General Disclosures 2021	Strategy, policies and practices		
	2-24 Embedding policy commitments	SR 24 : How We Do Business	101 – 107
	2-25 Processes to remediate negative impacts	SR 24 : Material Matters	53 – 57
		SR 24 : Occupational Health and Safety	126
		SR 24 : Communications and Engagements with Employees	130
		SR 24 : Local Communities	136
	2-26 Mechanisms for seeking advice and raising concerns	SR 24 : Upholding Business Ethics	104
	2-27 Compliance with laws and regulations	SR 24 : Upholding Business Ethics	103
		SR 24 : Upholding Human Rights and Labour Standards	123
		SR 24 : Our Environmental Management Approach	140
2-28 Membership associations	SR24 : About this Sustainability Report	85	
Stakeholder engagement			
2-29 Approach to stakeholder engagement	IAR 24 : Creating Value for Stakeholders	54 – 57	
2-30 Collective bargaining agreements	SR 24 : Our People : Employee Diversity	124	
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR 24 : Our Approach Towards Sustainability	96
	3-2 List of material topics	SR 24 : Our Approach Towards Sustainability : Materiality Assessment and Materiality Matrix	96 – 97
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : How We Do Business : Anti-Corruption and Bribery	102
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	SR 24 : How We Do Business : Anti-Corruption and Bribery	102
	205-2 Communication and training about anti-corruption policies and procedures	SR 24 : How We Do Business : Anti-Corruption and Bribery	103
	205-3 Confirmed incidents of corruption and actions taken	SR 24 : How We Do Business : Anti-Corruption and Bribery	103

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Anti-corruption			
GRI 415: Public Policy 2016	415-1 Political contributions	SR 24 : How We Do Business : Anti-Corruption and Bribery	103
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : How We Do Business : Product Stewardship	106
Product Stewardship			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : How We Do Business : Product Stewardship	106
Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : How We Do Business : Supply Chain Management	107
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	SR 24 : How We Do Business : Supply Chain Management	107 – 110
	308-2 Negative environmental impacts in the supply chain and actions taken	SR 24 : How We Do Business : Supply Chain Management	107 – 110
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	SR 24 : How We Do Business : Supply Chain Management	107 – 110
	414-2 Negative social impacts in the supply chain and actions taken	SR 24 : How We Do Business : Supply Chain Management	107 – 110
Growing the Business			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Managing Our Business	112
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SR 24 : Managing Our Business : Business Performance	112, 113
	201-4 Financial assistance received from government	IAR 24 : Financial Statements : Notes to Financial Statements	205 – 206
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	SR 24 : How We Do Business: Supply Chain Management	109
		SR 24 : Managing Our Business: Business Performance	113

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Technology and Innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Managing Our Business : Pushing Our Technological Boundaries	114 – 116
Customer Satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Our Focus on Customers	117 – 120
Customer Privacy and Data Protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Our Focus on Customers : Protecting Our Customers' Privacy and Data	120
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR 24 : Our Focus on Customers : Protecting Our Customers' Privacy and Data	120
Labour Rights			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Our People	121 – 122
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	SR 24 : Our People : Employee Diversity	124
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR 24 : Our People : Upholding Human Rights and Labour Standards	123
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	SR 24 : How We Do Business: Supply Chain Management SR 24 : Our People : Upholding Human Rights and Labour Standards	107 – 110 122
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	SR 24 : How We Do Business: Supply Chain Management SR 24 : Our People : Upholding Human Rights and Labour Standards	107 – 110 122 – 123
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR 24 : How We Do Business: Supply Chain Management SR 24 : Our People : Upholding Human Rights and Labour Standards	107 – 110 122 – 123

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Labour Rights			
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	SR 24 : How We Do Business: Supply Chain Management SR 24 : Our People : Upholding Human Rights and Labour Standards	107 – 110 122 – 123
	412-2 Employee training on human rights policies or procedures	SR 24 : Our People : Upholding Human Rights and Labour Standards	123
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR 24 : How We Do Business: Supply Chain Management SR 24 : Our People : Upholding Human Rights and Labour Standards	107 – 110 122 – 123
Employee Welfare			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Our People : Employee Welfare	130 – 131
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	IAR 24 : Financial Statements	216
GRI 401: Employment 2016	401-2 Benefits provided to full- time employees that are not provided to temporary or part-time employees	SR 24 : Our People : Equal Treatment and Opportunities Note: Unisem Group does not have part-time employees	124 – 125
	401-3 Parental leave	SR 24 : Other Sustainability Data and References: Parental Leave	164
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Our People : Occupational Health and Safety	125 – 128
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR 24 : Our People : Occupational Health and Safety : Our Occupational Safety and Health Management System	125 – 126
	403-2 Hazard identification, risk assessment, and incident investigation	SR 24 : Our People : Occupational Health and Safety	126

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	SR 24 : Our People : Occupational Health and Safety	126
	403-4 Worker participation, consultation, and communication on occupational health and safety	SR 24 : Our People : Occupational Health and Safety	125 – 126
	403-5 Worker training on occupational health and safety	SR 24 : Our People : Occupational Health and Safety	127
	403-6 Promotion of worker health	SR 24 : Our People : Occupational Health and Safety	126 – 127
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR 24 : Our People : Occupational Health and Safety	126 – 127
	403-8 Workers covered by an occupational health and safety management system	SR 24 : Our People : Occupational Health and Safety	125
	403-9 Work-related injuries	SR 24 : Our People : Occupational Health and Safety	128
	403-10 Work-related ill health	SR 24 : Our People : Occupational Health and Safety	128
Local Communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : Our People : Local Communities	136 – 137
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	SR 24 : Managing Our Business : Business Performance	113
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SR 24 : Managing Our Business : Business Performance	113
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	SR 24 : The Environment : Noise Monitoring	157

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Energy Management and Greenhouse Gas Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : The Environment	138 – 149
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions	145 – 146
	302-3 Energy intensity	SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions : Energy Consumption and Energy Intensity	145 – 146
	302-4 Reduction of energy consumption	SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions : Energy Consumption and Energy Intensity	145 – 146
	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions
305-2 Energy indirect (Scope 2) GHG emissions		SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions	146 – 148
305-3 Other indirect (Scope 3) GHG emissions		SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions	146 – 148
305-4 GHG emissions intensity		SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions	146 – 148
305-5 Reduction of GHG emissions		SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions	146 – 148
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		SR 24 : The Environment : Energy Management, Climate Change, and Air Emissions	148 – 149

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Effluents and Waste Management			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	SR 24 : The Environment : Managing Waste And Effluents	149 – 153
	306-2 Management of significant waste-related impacts	SR 24 : The Environment : Managing Waste And Effluents	149 – 153
	306-3 Waste generated	SR 24 : The Environment : Managing Waste And Effluents	149 – 153
	306-4 Waste diverted from disposal	SR 24 : The Environment : Managing Waste And Effluents	149 – 153
	306-5 Waste directed to disposal	SR 24 : The Environment : Managing Waste And Effluents	149 – 153
Water Consumption			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 24 : The Environment : Water Use and Effluent Discharged	153 – 155
	GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	SR 24 : The Environment : Water Use and Effluent Discharged
	303-2 Management of water discharge-related impacts	SR 24 : The Environment : Water Use and Effluent Discharged	153 – 155
	303-3 Water withdrawal	SR 24 : The Environment : Water Use and Effluent Discharged	153 – 155
	303-4 Water discharge	SR 24 : The Environment : Water Use and Effluent Discharged	153 – 155
	303-5 Water consumption	SR 24 : The Environment : Water Use and Effluent Discharged	153 – 155

Sustainability REPORT

SASB ALIGNMENT INDEX

General	Accounting Metric	SASB Code	Content Reference
Activity metric	Total production	TC-SC-000.A	Total number of units produced in FY2024 is 6,934 million number of units
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 4.7 tonnes 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- 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 4%, and majority of emissions are derived from energy use, particularly purchased electricity.</p> <p>The Group aims to reduce overall Scope 1 and 2 emissions by targeting to reduce emissions intensity via reduction in energy intensity.</p> <p>We have targets to reduce energy intensity and emissions intensity by 10% 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 807,630 GJ (2) Total grid electricity purchased amounted to 783,217 GJ, i.e. 97.0% of total energy consumption. (3) Total renewable energy consumption is 196,858 GJ, i.e. 24% of total energy consumption.

Sustainability REPORT

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 3,811K 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 255K m ³ Unisem Group has facilities located in: <ul style="list-style-type: none"> • Simpang Pulai, Perak, Malaysia; • Gopeng, Perak, Malaysia; and • Chengdu, Sichuan, PRC. All locations are not High or Extremely High Baseline Water Stress regions.
Waste Management	(1) Amount of hazardous waste from manufacturing	TC-SC-150a.1	The Group generated 516 MT of hazardous waste from its production activities. 58% of this hazardous waste from manufacturing was recycled.
	(2) percentage recycled		Approximately 41% of this recycled hazardous waste was e-waste, which was handled by third party contractors compliant with applicable laws and regulations.
Workforce Health & Safety	Description of efforts to assess, monitor, and reduce exposure of workforce 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: <ol style="list-style-type: none"> Governance structure - Health and Safety Working Committee to oversee safety and health identification, assessment, management, and reporting processes; Risk-based approach - HIRARC reviews to identify hazards and risks SOPs incorporating health and safety internal controls Incident response and risk management procedures 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 FY2024, i.e. there were no associated monetary losses.

Sustainability REPORT

SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Recruiting & Managing a Global & Skilled Workforce	Percentage of employees that require a work visa	TC-SC-330a.1	<p>(1) Unisem Group discloses the following data by location, i.e. Unisem Malaysia and Unisem Chengdu. 29.4% of Unisem Malaysia's employees are foreign nationals. 0.2% of Unisem Chengdu's employees are foreign nationals.</p> <p>In Unisem Malaysia, ongoing efforts are undertaken to attract local employees to reduce reliance on foreign workers and to develop local talent pool.</p> <p>(2) 49.8% and 50.2% of the Group's employees are employed in Malaysia and China, respectively.</p>
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	<p>Unisem Group has a Group Policy on Conflict Minerals which prohibit the use of conflict minerals including tantalum, tin, tungsten, cobalt and gold from conflict areas.</p> <p>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.</p>
Intellectual Property Protection & Competitive Behavior	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 FY2024, i.e. there were no associated monetary losses.

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Directors' REPORT

for the year ended 31 December 2024

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacturing services of semiconductor devices whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(Loss) for the year attributable to: owners of the Company	60,668	(25,369)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in these financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- (i) in respect of the financial year ended 31 December 2023 as reported in the Directors' Report of that year:
- a fourth interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 27 February 2024 and paid on 5 April 2024.
- (ii) in respect of the financial year ended 31 December 2024:
- a first interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 26 April 2024 and paid on 5 July 2024;
 - a second interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 30 July 2024 and paid on 4 October 2024; and
 - a third interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 29 October 2024 and paid on 20 December 2024.

On 28 February 2025, 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 31 December 2024 and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

Directors' REPORT

for the year ended 31 December 2024

DIRECTORS

Directors of the Company who served during the financial year until the date of this report are:

John Chia Sin Tet
Francis Chia Mong Tet
Alexander Chia Jhet-Wern
Nelleita binti Omar
Teh Muy Ch'ng
Xiao Zhiyi
Cui Weibing
Ju Feng (resigned on 28 February 2025)
Xu QinQin (resigned on 28 February 2025)
Noor Alina binti Mohamad Faiz (appointed on 30 July 2024)
Ng Gan Hooi (appointed on 30 July 2024)
Chang Wenying (appointed on 28 February 2025)
Chen Yan (appointed on 28 February 2025)
Ang Chye Hock (resigned on 31 December 2024)
Lim Siew Eng (resigned on 29 October 2024)

The persons who are Directors of the subsidiaries of the Company during the financial year and up to the date of this report (not including those Directors listed above) are:

Gilbert Lawrence Chiu
Gadis Aditya Siregar

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	NUMBER OF ORDINARY SHARES				AT 31.12.2024
	AT 1.1.2024	BOUGHT	(SOLD)	TRANSFERRED IN/(OUT)	
Interest in the Company					
Direct interest					
John Chia Sin Tet	142,455,850	996,900	(2,855,800)	27,272,856	167,869,806
Alexander Chia Jhet-Wern	8,200,000	-	-	1,000,000	9,200,000
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					
John Chia Sin Tet	338,451,356	4,843,600	(967,200)	(27,272,856)	315,054,900
Francis Chia Mong Tet	8,580,960	-	(1,000,000)	-	7,580,960

By virtue of his interests in the shares of the Company, John Chia Sin Tet is also deemed to have interest in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2024 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' REPORT

for the year ended 31 December 2024

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as the fixed salary of a full time employee of related corporations.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2024 are as follow:

	FROM THE COMPANY RM'000
Directors of the Company	
Executive:	
Fees	645
Other emoluments	5,787
Defined contribution plans	509
	6,941
Non-executive fees	1,083
	8,024

The estimated monetary value of benefits-in-kind received and receivable by the directors of the Company other than in cash from the Group and from the Company amounted to approximately RM149,000.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

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 officers of the Company and its subsidiaries. The amount of insurance premium paid during the year amounted to RM52,000.

There was no indemnity given to or insurance effected for auditors of the Company.

Directors' REPORT

for the year ended 31 December 2024

HOLDING COMPANIES

The immediate and ultimate holding companies of the Company during the financial year and up to the date of this report 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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year other than those disclosed in Note 29 to the financial statements.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' REPORT

for the year ended 31 December 2024

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are as follows:

	GROUP RM'000	COMPANY RM'000
Audit fee:		
- KPMG PLT	315	285
- Member firm of KPMG International Limited	305	-
- Other auditors	60	-
Non-audit fees:		
- KPMG PLT	3	3
- Other auditors	7	-
	690	288

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

JOHN CHIA SIN TET

Director

FRANCIS CHIA MONG TET

Director

Date: 28 February 2025

Statements of FINANCIAL POSITION

as at 31 December 2024

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Property, plant and equipment	2	2,099,271	2,063,903	877,871	830,059
Right-of-use assets	3	47,469	16,703	40,495	9,643
Investments in subsidiaries	4	-	-	598,098	591,620
Intangible assets	5	-	-	-	-
Total non-current assets		2,146,740	2,080,606	1,516,464	1,431,322
Inventories	6	248,127	225,812	125,456	125,153
Trade and other receivables	7	215,451	198,233	80,344	78,415
Amount owing by a subsidiary	8	-	-	20,507	17,796
Tax recoverable		2,734	2,136	2,686	2,088
Cash and cash equivalents	9	278,353	480,991	66,207	292,152
Total current assets		744,665	907,172	295,200	515,604
Total assets		2,891,405	2,987,778	1,811,664	1,946,926
EQUITY					
Share capital	10	1,036,677	1,036,677	1,036,677	1,036,677
Reserves	10	1,210,919	1,348,488	404,160	558,575
Total equity attributable to owners of the Company		2,247,596	2,385,165	1,440,837	1,595,252
LIABILITIES					
Borrowings	11	78,277	140,754	78,277	140,754
Deferred income	12	39,353	47,313	-	-
Deferred tax liabilities	13	69,784	63,105	-	-
Lease liabilities		302	-	-	-
Total non-current liabilities		187,716	251,172	78,277	140,754
Borrowings	11	108,830	89,555	108,830	54,291
Trade and other payables	14	340,737	248,493	135,015	113,238
Amount owing to subsidiaries	8	-	-	48,705	43,391
Amount owing to other related companies	8	140	216	-	-
Current tax liabilities		6,188	13,177	-	-
Lease liabilities		198	-	-	-
Total current liabilities		456,093	351,441	292,550	210,920
Total liabilities		643,809	602,613	370,827	351,674
Total equity and liabilities		2,891,405	2,987,778	1,811,664	1,946,926

The notes on pages 192 to 228 are an integral part of these financial statements.

Statements of profit or loss and other COMPREHENSIVE INCOME/(LOSS)

for the year ended 31 December 2024

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Continuing Operations					
Revenue	15	1,580,873	1,439,686	542,271	537,348
Raw materials and consumables used		(613,782)	(531,585)	(154,858)	(157,590)
Changes in inventories of finished goods and work-in-progress		14,743	(171)	1,908	(709)
Depreciation of property, plant and equipment	2	(217,583)	(211,359)	(86,799)	(81,187)
Amortisation of right-of-use assets	3	(519)	(346)	(186)	(131)
Directors' remuneration	28	(8,024)	(8,742)	(8,024)	(8,742)
Employee benefit expenses		(408,667)	(371,244)	(167,785)	(158,875)
Other gains and losses		7,040	2,524	2,661	1,485
Other operating income		31,941	23,682	12,526	12,273
Other operating expenses		(310,748)	(248,635)	(165,204)	(140,746)
Operating income/(loss)		75,274	93,810	(23,490)	3,126
Investment income	16	14,007	16,016	7,314	14,285
Finance costs	17	(6,967)	(9,414)	(6,675)	(3,661)
Profit/(Loss) before tax		82,314	100,412	(22,851)	13,750
Tax expense	18	(21,646)	(18,466)	(2,518)	(4,779)
Profit/(Loss) for the year from continuing operations	19	60,668	81,946	(25,369)	8,971
Discontinued Operations					
Loss for the year from discontinued operations	20	-	(1,708)	-	-
Profit/(Loss) for the year attributable to owners of the Company		60,668	80,238	(25,369)	8,971
Other comprehensive income/(loss)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(69,191)	17,567	-	-
Total comprehensive income/(loss) for the year attributable to owners of the Company		(8,523)	97,805	(25,369)	8,971
Earnings per share					
From continuing and discontinued operations: Basic and diluted (sen)	21	3.76	4.97		
From continuing operations: Basic and diluted (sen)		3.76	5.08		

The notes on pages 192 to 228 are an integral part of these financial statements.

Statement of CHANGES IN EQUITY

for the year ended 31 December 2024

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	
At 1 January 2023		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		-	-	17,567	-	17,567
Total comprehensive income for the year		-	-	17,567	80,238	97,805
Dividends	22	-	-	-	(129,046)	(129,046)
Transfer to capital reserve		-	8,093	-	(8,093)	-
At 31 December 2023 / 1 January 2024		1,036,677	85,382	192,881	1,070,225	2,385,165
Profit for the year		-	-	-	60,668	60,668
Other comprehensive loss for the year		-	-	(69,191)	-	(69,191)
Total comprehensive income/(loss) for the year		-	-	(69,191)	60,668	(8,523)
Dividends	22	-	-	-	(129,046)	(129,046)
Transfer to capital reserve		-	10,735	-	(10,735)	-
At 31 December 2024		1,036,677	96,117	123,690	991,112	2,247,596

Note 10

Note 10

Note 10

Note 10

The notes on pages 192 to 228 are an integral part of these financial statements.

Statement of CHANGES IN EQUITY

for the year ended 31 December 2024

COMPANY	NOTE	SHARE CAPITAL RM'000	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	TOTAL RM'000
At 1 January 2023		1,036,677	678,650	1,715,327
Profit and total comprehensive income for the year		-	8,971	8,971
Dividends	22	-	(129,046)	(129,046)
At 31 December 2023 /1 January 2024		1,036,677	558,575	1,595,252
Loss and total comprehensive loss for the year		-	(25,369)	(25,369)
Dividends	22	-	(129,046)	(129,046)
At 31 December 2024		1,036,677	404,160	1,440,837

Note 10

Note 10

The notes on pages 192 to 228 are an integral part of these financial statements.

Statement of CASH FLOWS

for the year ended 31 December 2024

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		82,314	99,988	(22,851)	13,750
Adjustments for:					
Depreciation of property, plant and equipment	2	217,583	211,359	86,799	81,187
Amortisation of right-of-use assets	3	519	346	186	131
Amortisation of deferred income	12	(5,669)	(5,895)	-	-
Gain on disposal of property, plant and equipment		(280)	(1,044)	(156)	(89)
Property, plant and equipment written off		57	188	39	55
Investment income		(14,007)	(16,152)	(7,314)	(14,285)
Finance costs		6,967	9,414	6,675	3,661
Write-down/(Write back) of inventories		210	(611)	-	-
Unrealised (gain)/loss on foreign exchange	19	(12,042)	4,196	(8,636)	4,006
Operating profit before changes in working capital		275,652	301,789	54,742	88,416
Changes in working capital:					
Inventories		(28,124)	46,314	(303)	21,892
Trade and other receivables		(23,380)	28,186	(1,973)	19,806
Trade and other payables		56,918	7,713	19,855	4,059
Amount owing to related companies		(76)	76	-	-
Cash generated from operations		280,990	384,078	72,321	134,173
Tax refunded		273	664	273	-
Tax paid		(18,650)	(20,727)	(3,389)	(8,518)
Net cash from operating activities		262,613	364,015	69,205	125,655

Statement of CASH FLOWS

for the year ended 31 December 2024

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS USED					
IN INVESTING ACTIVITIES					
Investment income received		15,177	15,256	7,987	12,794
(Advances to)/Repayment from subsidiaries - net		-	-	(2,711)	85,023
Proceeds from disposal of property, plant and equipment		966	1,518	827	563
Acquisition of property, plant and equipment	A	(266,173)	(345,550)	(128,287)	(252,763)
Acquisition of right-of-use assets		(31,038)	(621)	(31,038)	(621)
Investment in a subsidiary		-	-	(6,478)	(351)
Net cash used in investing activities		(281,068)	(329,397)	(159,700)	(155,355)
CASH FLOWS USED IN					
FINANCING ACTIVITIES					
Proceeds from term loans	C	-	159,426	-	159,426
Proceeds from revolving credits	C	50,000	-	50,000	-
Repayment of revolving credits	C	(34,794)	(105,966)	-	(66,038)
Repayment of term loans	C	(50,703)	(24,936)	(50,703)	(24,936)
Advances from subsidiaries	C	-	-	6,244	8,768
Dividends paid	22	(129,046)	(129,046)	(129,046)	(129,046)
Finance costs paid		(13,361)	(13,712)	(12,671)	(7,461)
Payment of lease liabilities	B	(110)	-	-	-
Net cash used in financing activities		(178,014)	(114,234)	(136,176)	(59,287)
Net decrease in cash and cash equivalents		(196,469)	(79,616)	(226,671)	(88,987)
Effect of foreign exchange rate changes		(6,169)	4,563	726	(805)
Cash and cash equivalents at 1 January		480,991	556,044	292,152	381,944
Cash and cash equivalents at 31 December		278,353	480,991	66,207	292,152

Statement of CASH FLOWS

for the year ended 31 December 2024

Notes to the statements of cash flows

A. Acquisition of property, plant and equipment

Acquisition of property, plant and equipment included in the statements of cash flows are reconciled as follows:

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Additions during the year	2	314,946	309,482	135,321	263,829
Borrowing cost capitalised		(5,475)	(5,898)	(5,475)	(5,898)
Unpaid additions		(95,598)	(52,300)	(26,209)	(24,650)
Cash payment in respect of additions in:					
Current year		213,873	251,284	103,637	233,281
Prior year		52,300	94,266	24,650	19,482
		266,173	345,550	128,287	252,763

B. Cash outflows for leases as a lessee

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		1,890	1,676	403	395
Included in net cash used in financing activities:					
Interest paid in relation to lease liabilities		20	-	-	-
Payment of lease liabilities	C	110	-	-	-
		130	-	-	-
Total cash outflows for leases		2,020	1,676	403	395

Statement of CASH FLOWS

for the year ended 31 December 2024

Notes to the statements of cash flows (continued)

C. Reconciliation of movements of liabilities to cash flows arising from financing activities

GROUP	TERM LOANS RM'000	REVOLVING CREDITS RM'000	LEASE LIABILITIES RM'000	TOTAL LIABILITIES FROM FINANCING ACTIVITIES RM'000
At 1 January 2023	59,434	137,043	-	196,477
Net changes from financing cash flows	134,490	(105,966)	-	28,524
Foreign exchange movement	1,121	4,187	-	5,308
At 31 December 2023/1 January 2024	195,045	35,264	-	230,309
Non-cash transaction:				
- Additions	-	-	624	624
Net changes from financing cash flows	(50,703)	15,206	(110)	(35,607)
Foreign exchange movement	(7,235)	(470)	(14)	(7,719)
At 31 December 2024	137,107	50,000	500	187,607

COMPANY	TERM LOANS RM'000	REVOLVING CREDITS RM'000	AMOUNT OWING TO SUBSIDIARIES RM'000	TOTAL LIABILITIES FROM FINANCING ACTIVITIES RM'000
At 1 January 2023	59,434	66,038	33,231	158,703
Net changes from financing cash flows	134,490	(66,038)	8,768	77,220
Foreign exchange movement	1,121	-	1,392	2,513
At 31 December 2023/1 January 2024	195,045	-	43,391	238,436
Net changes from financing cash flows	(50,703)	50,000	6,244	5,541
Foreign exchange movement	(7,235)	-	(930)	(8,165)
At 31 December 2024	137,107	50,000	48,705	235,812

The notes on pages 192 to 228 are an integral part of these financial statements.

Notes to the FINANCIAL STATEMENTS

Unisem (M) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No. 1, Persiaran Pulau Jaya 9
Kawasan Perindustrian Pulau Jaya
31300 Ipoh
Perak Darul Ridzuan
Malaysia

Lot 302285
Jalan Industri 1/1
Kawasan Perindustrian Gopeng
31600 Gopeng
Perak Darul Ridzuan
Malaysia

Registered office

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

The financial statements of the Group as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in the manufacturing services of semiconductor devices whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The immediate and ultimate holding companies of the Company during the financial year and up to the date of this report 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.

These financial statements were authorised for issue by the Board of Directors on 28 February 2025.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

Notes to the FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements - Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the amendments that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

Notes to the FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

1.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis.

1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency and has been rounded to the nearest thousand unless otherwise stated.

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2.2 - Measurement of recoverable amounts of property, plant and equipment
- Note 4.1 - Measurement of recoverable amounts of cost of investments in subsidiaries
- Note 13 - Measurement of recoverable amounts of deferred tax assets
- Note 24.4.1 - Measurement of expected credit loss (“ECL”)

Notes to the FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	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	PRODUCTION SUPPORT EQUIPMENT RM'000	CAPITAL WORK-IN- PROGRESS RM'000	TOTAL RM'000
At cost										
At 1 January 2023	497,540	3,748,014	21,655	69,810	19,300	3,898	18,175	82,255	134,056	4,594,703
Additions	469	70,481	1,976	888	54	1,050	863	1,038	232,663	309,482
Disposals	-	(37,970)	-	(8)	-	(1,631)	-	-	-	(39,609)
Write offs	-	(1,853)	-	(354)	-	(637)	(40)	(17)	-	(2,901)
Transfers	-	21,219	-	-	-	-	-	28,740	(49,959)	-
Translation reserve	5,800	24,705	-	204	73	10	89	1,114	933	32,928
At 31 December 2023 / 1 January 2024	503,809	3,824,596	23,631	70,540	19,427	2,690	19,087	113,130	317,693	4,894,603
Additions	7,907	57,672	3,795	3,033	7	673	1,552	321	239,986	314,946
Disposals	(405)	(16,077)	-	-	-	(711)	(12)	-	-	(17,205)
Write offs	-	(2,919)	-	(445)	-	-	(28)	(37)	-	(3,429)
Transfers	284,619	184,993	9,346	12,439	-	84	1,183	3,067	(495,731)	-
Translation reserve	(21,209)	(91,319)	-	(723)	(265)	(38)	(354)	(5,616)	(7,945)	(127,469)
At 31 December 2024	774,721	3,956,946	36,772	84,844	19,169	2,698	21,428	110,865	54,003	5,061,446
Accumulated depreciation										
At 1 January 2023	91,266	2,390,500	17,520	57,918	14,146	3,031	10,317	60,458	-	2,645,156
Charged for the year	11,923	189,013	810	2,704	727	238	1,201	4,743	-	211,359
Disposals	-	(37,710)	-	(8)	-	(1,417)	-	-	-	(39,135)
Write offs	-	(1,718)	-	(335)	-	(607)	(36)	(17)	-	(2,713)
Translation reserve	823	14,038	-	183	65	5	61	858	-	16,033
At 31 December 2023 / 1 January 2024	104,012	2,554,123	18,330	60,462	14,938	1,250	11,543	66,042	-	2,830,700
Charged for the year	14,687	191,696	1,218	2,367	720	324	1,413	5,158	-	217,583
Disposals	(405)	(16,059)	-	-	-	(43)	(12)	-	-	(16,519)
Write offs	-	(2,879)	-	(434)	-	-	(26)	(33)	-	(3,372)
Translation reserve	(3,755)	(57,823)	-	(652)	(239)	(25)	(253)	(3,470)	-	(66,217)
At 31 December 2024	114,539	2,669,058	19,548	61,743	15,419	1,506	12,665	67,697	-	2,962,175
Carrying amount										
At 1 January 2023	406,274	1,357,514	4,135	11,892	5,154	867	7,858	21,797	134,056	1,949,547
At 31 December 2023 / 1 January 2024	399,797	1,270,473	5,301	10,078	4,489	1,440	7,544	47,088	317,693	2,063,903
At 31 December 2024	660,182	1,287,888	17,224	23,101	3,750	1,192	8,763	43,168	54,003	2,099,271

Notes to the FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	BUILDINGS		PLANT AND MACHINERY		ELECTRICAL INSTALLATION		OFFICE EQUIPMENT		AIR-CONDITIONERS		MOTOR VEHICLES AND FITTINGS		FURNITURE AND FITTINGS		CAPITAL WORK-IN-PROGRESS		TOTAL	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At cost																		
At 1 January 2023	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)									
At 31 December 2023 / 1 January 2024	104,526	1,663,109	21,495	53,853	14,418	1,911	12,187	290,375	2,161,874									
Additions	5,474	56,665	3,789	2,891	7	673	1,002	64,820	135,321									
Disposals	(405)	(11,919)	-	-	-	(711)	(12)	-	(13,047)									
Write offs	-	(454)	-	(351)	-	-	-	-	(805)									
Transfers	284,619	36,012	9,346	12,439	-	84	1,140	(343,640)	-									
At 31 December 2024	394,214	1,743,413	34,630	68,832	14,425	1,957	14,317	11,555	2,283,343									
Accumulated depreciation																		
At 1 January 2023	37,748	1,163,696	16,567	43,999	9,703	2,678	5,895	-	1,280,286									
Charged 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)									
At 31 December 2023 / 1 January 2024	39,829	1,210,702	17,189	46,248	10,430	790	6,627	-	1,331,815									
Charged for the year	4,966	76,896	1,030	2,143	720	223	821	-	86,799									
Disposals	(405)	(11,916)	-	-	-	(43)	(12)	-	(12,376)									
Write offs	-	(416)	-	(350)	-	-	-	-	(766)									
At 31 December 2024	44,390	1,275,266	18,219	48,041	11,150	970	7,436	-	1,405,472									
Carrying amount																		
At 1 January 2023	66,643	483,449	2,963	9,237	4,661	451	6,057	74,485	647,946									
At 31 December 2023 / 1 January 2024	64,697	452,407	4,306	7,605	3,988	1,121	5,560	290,375	830,059									
At 31 December 2024	349,824	468,147	16,411	20,791	3,275	987	6,881	11,555	877,871									

Notes to the FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2.1 Capitalised borrowing costs

The borrowing costs of the Group and of the Company assessed to be directly attributable to the construction of the qualifying assets, that are capitalised as part of capital work-in-progress during the year amounted to RM5,475,000 (2023: RM5,898,000). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for the current year is 4.20% (2023: 3.67%).

2.2 Impairment testing

During the current financial year, property, plant and equipment pertained to a subsidiary, was tested for impairment as there were indications of impairment due to reported losses. The impairment testing was performed by comparing the carrying amount with the recoverable amount of the cash generating unit (“CGU”).

Management used the value-in-use method to determine the recoverable amount of the CGU, determined by using cash flows projection based on past experience, actual operating results, approved 2025 financial budget and 4 years business plans.

The following describes each key assumption on which management has used in the cash flows projection:

- (i) Projected revenue and budgeted earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin is determined based on the management’s estimate and published industry research on the industry trends with expected near term recovery and average selling price based on past performances of the subsidiary.
- (ii) Growth rate for the first year is determined based on the approved financial budget for 2025, while growth rate for the next 4 years is based on management’s estimate and published industry research on the industry trends.
- (iii) A pre-tax discount rate of 11% was applied in determining the recoverable amount of the CGU.

The abovementioned impairment testing did not give rise to impairment loss on the property, plant and equipment.

Sensitivity to changes in key assumptions

The sensitivity test indicated that changes in the following assumptions used in the value-in-use calculation will result in the recoverable amount to be equal to the carrying amount of the CGU, assuming no change in other variables, as follows:

- increase in pre-tax discount rate by 6.9%, or
- decrease in revenue by 15.9%.

Notes to the FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2.3 Material accounting policy information

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis less the estimated residual value over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Residual value is re-assessed at the reporting date where applicable. 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.

The estimated depreciation rates for the current and comparative periods 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%

3. RIGHT-OF-USE ASSETS

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	16,703	16,323	9,643	9,153
Additions	31,662	621	31,038	621
Amortisation	(519)	(346)	(186)	(131)
Translation reserve	(377)	105	-	-
At 31 December	47,469	16,703	40,495	9,643

Right-of-use assets consist of leasehold land and office space. The parcels of leasehold land of the Group and the Company are amortised over the lease terms of 20 to 99 years. The office space of the Group runs for a lease period of 3 years with option for renewal.

Notes to the FINANCIAL STATEMENTS

3. RIGHT-OF-USE ASSETS (CONTINUED)

3.1 Significant judgements and assumptions in relation to leases entered into during the year

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.2 Material accounting policy information

(a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2024 RM'000	2023 RM'000
Unquoted shares - at cost		
At 1 January	836,769	744,927
Additions	6,478	91,842
At 31 December	843,247	836,769
Accumulated impairment losses		
At 1 January and 31 December	245,149	245,149
Carrying amount		
At 1 January	591,620	499,778
At 31 December	598,098	591,620

Notes to the FINANCIAL STATEMENTS

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

NAME OF ENTITY	PRINCIPAL PLACE OF BUSINESS AND PLACE OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST	
			2024 %	2023 %
Unisem Advanced Technologies Sdn. Bhd.	Malaysia	Wafer bumping services.	100.00	100.00
Unisem Chengdu Co., Ltd.*	People's Republic of China	Packaging and testing of semiconductor devices.	100.00	100.00
Unisem (Mauritius) Holdings Limited [®]	Republic of Mauritius	Investment holding and the provision of management services.	99.98	99.98
Unisem Chengdu International Import & Export Co., Ltd. [^]	People's Republic of China	Dormant.	100.00	100.00
Unisem (S) Pte. Ltd. [^]	Singapore	Marketing, administrative and other support services.	100.00	100.00
Unisem (Sunnyvale), Inc. [®]	United States of America	Marketing and other support services.	99.98	-
Subsidiaries of Unisem (Mauritius) Holdings Limited:				
PT. Unisem [®]	Indonesia	Under Members' Voluntary Liquidation on 3 October 2022.	99.98	99.98
Unisem International (Hong Kong) Limited [^]	Hong Kong	Ceased operation as contracting entity for the provision of assembly and test services and remain dormant.	99.98	99.98
Unisem (Sunnyvale), Inc. [®]	United States of America	Marketing and other support services.	-	99.98

[^] The financial statements of these companies were audited by auditors other than the auditors of the Company.

[®] No statutory audit required.

* The financial statements of these companies were audited by a firm affiliated with the auditors of the Company.

Corporate exercises on new and existing subsidiaries

During the financial year, one of its subsidiaries, Unisem (Mauritius) Holdings Limited transferred its entire equity in Unisem (Sunnyvale), Inc., consisting of 50,000 ordinary shares, to the Company at its carrying amount of USD1,499,456 (equivalents to RM6,477,501).

In previous year, the Company:

- (i) subscribed for 91,492,370 new ordinary 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 SGD100,000 (equivalents to RM350,523).

Notes to the FINANCIAL STATEMENTS

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

4.1 Impairment testing

As at 31 December 2024, an investment in a subsidiary has been tested for impairment as there were indications of impairment due to reported losses. The impairment testing was performed by comparing its carrying amount with the recoverable amount of the investment.

The recoverable amount is based on value-in-use method as determined for the impairment testing of property, plant and equipment as discussed in Note 2.2 and subsequently adjusted where applicable to derive the recoverable amount of the investment. The key assumptions used by management are stated in Note 2.2.

The abovementioned impairment testing did not give rise to impairment loss being recognised during the year.

4.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

5. INTANGIBLE ASSETS

GROUP	LICENSE FEES AND INTELLECTUAL PROPERTY RIGHTS RM'000	TECH- TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
At cost				
At 1 January 2023	16,890	21,353	1,039	39,282
Translation reserve	-	682	44	726
At 31 December 2023 / 1 January 2024	16,890	22,035	1,083	40,008
Translation reserve	-	(434)	(28)	(462)
At 31 December 2024	16,890	21,601	1,055	39,546
Accumulated amortisation and impairment losses				
At 1 January 2023	16,890	21,353	1,039	39,282
Translation reserve	-	682	44	726
At 31 December 2023 / 1 January 2024	16,890	22,035	1,083	40,008
Translation reserve	-	(434)	(28)	(462)
At 31 December 2024	16,890	21,601	1,055	39,546
Carrying amount				
At 1 January 2023 / 31 December 2023/ 1 January 2024 / 31 December 2024	-	-	-	-

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

5. INTANGIBLE ASSETS (continued)

5.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are 10 years.

6. INVENTORIES

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Raw materials	139,679	136,406	63,710	68,804
Factory supplies	69,872	64,203	52,054	48,565
Work-in-progress	31,937	19,617	9,338	7,401
Finished goods	6,639	5,586	354	383
	248,127	225,812	125,456	125,153
Recognised in profit or loss:				
Inventories recognised as cost of sales	1,471,127	1,303,071	548,494	516,525
Write-down/(Write back) of inventories	210	(611)	-	-

6.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

7. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade receivables	202,008	181,153	77,897	74,809
Other receivables	4,011	6,079	180	1,074
Refundable deposits	1,906	1,543	555	449
Prepayments	7,526	9,458	1,712	2,083
	215,451	198,233	80,344	78,415

Trade receivables comprise amounts receivable for services rendered. The credit terms granted range from 30 to 60 days (2023: 30 to 60 days). No interest is charged on overdue trade receivables.

Notes to the FINANCIAL STATEMENTS

8. AMOUNT OWING BY/(TO) SUBSIDIARIES AND RELATED COMPANIES

The amounts owing by/(to) subsidiaries arose mainly expenses paid on behalf which are non-trade in nature, unsecured, interest-free and are repayable upon demand. In prior year, loan granted to a subsidiary amounted to RM91,492,370 which bore interest rate at 5.00% per annum, had been capitalised as investments in subsidiaries as disclosed in Note 4.

The amount owing to other related companies arose mainly from trade transactions with credit term granted of 30 days (2023: 30 days).

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash on hand and at banks	197,618	127,732	7,065	31,161
Short-term deposits with licensed banks	80,735	353,259	59,142	260,991
	278,353	480,991	66,207	292,152

The average effective interest rates per annum are as follows:

	GROUP AND COMPANY	
	2024 RM'000	2023 RM'000
Short-term deposits	3.30 - 5.65	3.10 - 5.15
Bank current accounts	0.50 - 5.00	0.50 - 5.00

10. SHARE CAPITAL AND RESERVES

Share capital

	GROUP AND COMPANY			
	2024		2023	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Issued and fully paid ordinary shares with no par value				
At 1 January/31 December	1,613,079	1,036,677	1,613,079	1,036,677

The holder of ordinary shares is entitled to receive dividends as declared from time to time.

Reserves

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital reserve	96,117	85,382	-	-
Foreign currency translation reserve	123,690	192,881	-	-
Retained earnings	991,112	1,070,225	404,160	558,575
	1,210,919	1,348,488	404,160	558,575

Notes to the FINANCIAL STATEMENTS

10. SHARE CAPITAL AND RESERVES (CONTINUED)

Capital reserve

Capital reserve is an account where a percentage of the retained earnings of a foreign subsidiary is transferred to this account as required by the laws and regulations of the domicile country where that foreign subsidiary is incorporated.

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.

Retained earnings

The entire retained earnings of the Company as of 31 December 2024 is available for distribution as single-tier dividends to the shareholders of the Company.

11. BORROWINGS

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unsecured:				
Term loans	137,107	195,045	137,107	195,045
Revolving credits	50,000	35,264	50,000	-
	187,107	230,309	187,107	195,045
Current	108,830	89,555	108,830	54,291
Non-current	78,277	140,754	78,277	140,754
	187,107	230,309	187,107	195,045

The Company has the following banking facilities:

- (i) USD35,000,000 (equivalent to RM156,464,000) (2023: USD35,000,000 (equivalent to RM160,626,000)) unsecured term loan from a local licensed bank which is repayable on semi-annual basis over four years commencing from October 2024. At the end of the reporting period, the unsecured term loan amounted to USD29,170,000 (equivalent to RM130,401,000) (2023: USD35,000,000 (equivalent to RM160,626,000));
- (ii) USD30,000,000 (equivalent to RM134,112,000) (2023: USD30,000,000 (equivalent to RM137,679,000)) unsecured term loan from a local licensed bank which is repayable on quarterly basis over five years commencing from June 2020. At the end of the reporting period, the unsecured term loan amounted to USD1,500,000 (equivalent to RM6,706,000) (2023: USD7,500,000 (equivalent to RM34,419,000));
- (iii) USD55,000,000 (equivalent to RM245,872,000) (2023: USD55,000,000 (equivalent to RM252,412,000)) and RM150,000,000 (2023: RM28,000,000) unsecured revolving credits facilities from three (2023: three) local licensed banks. At the end of the reporting period, the unsecured revolving credit amounted to RM50,000,000 (2023: Nil); and
- (iv) RM25,000,000 (2023: RM20,000,000) bank guarantee facilities from two (2023: two) local licensed banks.

Notes to the FINANCIAL STATEMENTS

11. BORROWINGS (CONTINUED)

The subsidiaries have the following banking facilities:

- (i) USD55,645,000 (equivalent to RM248,755,000) (2023: USD56,476,000 (equivalent to RM259,185,000)) and USD30,000,000 (equivalent to RM134,112,000) (2023: USD30,000,000 (equivalent to RM137,679,000)) unsecured working capital loans from two (2023: two) foreign licensed banks which are repayable one year from drawdown. At the end of reporting period, the working capital loans remain undrawn;
- (ii) RM2,700,000 (2023: RM2,700,000) Islamic overdraft and bank guarantee facilities with two (2023: two) local licensed banks. These facilities are guaranteed by the Company. At the end of reporting period, the Islamic overdraft remain undrawn; and
- (iii) USD6,956,000 (equivalent to RM31,096,000) (2023: USD7,059,000 (equivalent to RM32,396,000)) unsecured bank guarantee facilities from one (2023: one) foreign licensed bank.

The details of interest rates charged are as follows:

Group

- Term loans - Nil (2023: 1.10%) per annum plus 3-month USD London Interbank Offered Rate ("LIBOR") or 1.15% - 1.20% (2023: 1.15% - 1.20%) plus Secured Overnight Financing Rate ("SOFR")
- Revolving credits - 0.60% (2023: Nil) per annum plus Kuala Lumpur Interbank Offered Rate ("KLIBOR") or 1.00% (2023: 1.00%) per annum plus SOFR

Company

- Term loans - Nil (2023: 1.10%) per annum plus 3-month USD LIBOR or 1.15% - 1.20% (2023: 1.15% - 1.20%) plus SOFR
- Revolving credits - 0.60% (2023: Nil) per annum plus KLIBOR

Significant covenants

The term loans of Company are subject to the following significant covenants:

- (a) the Company shall maintain a debt-to-equity ratio of not more than 0.60 times; and
- (b) the Company shall maintain a debt service cover ratio not less than 1.5 times.

These significant covenants are tested on a semi-annual basis based on the unaudited financial statements of the Company.

12. DEFERRED INCOME

	GROUP	
	2024 RM'000	2023 RM'000
At 1 January	47,313	52,454
Amortisation	(5,669)	(5,895)
Translation reserve	(2,291)	754
At 31 December	39,353	47,313

Notes to the FINANCIAL STATEMENTS

12. DEFERRED INCOME (CONTINUED)

The deferred income relates to government grants, received by a foreign subsidiary, primarily in respect of capital investments. These government grants are recognised as deferred income in the statement of financial position and are recognised in 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 RM5,359,000 (2023: RM5,669,000).

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 profit or loss in the period in which they become receivable.

13. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Property, plant and equipment	-	-	(190,455)	(169,399)	(190,455)	(169,399)
Unabsorbed reinvestment allowances	69,219	76,876	-	-	69,219	76,876
Unabsorbed capital allowances and unutilised tax losses	44,998	21,859	-	-	44,998	21,859
Deferred income	4,931	6,038	-	-	4,931	6,038
Provisions	1,523	1,521	-	-	1,523	1,521
Tax assets/(liabilities)	120,671	106,294	(190,455)	(169,399)	(69,784)	(63,105)
Set off of tax	(120,671)	(106,294)	120,671	106,294	-	-
Net tax liabilities	-	-	(69,784)	(63,105)	(69,784)	(63,105)
Company						
Property, plant and equipment	-	-	(94,213)	(77,029)	(94,213)	(77,029)
Unabsorbed reinvestment allowances	69,219	76,876	-	-	69,219	76,876
Unabsorbed capital allowances	24,731	-	-	-	24,731	-
Provisions	263	153	-	-	263	153
Tax assets/(liabilities)	94,213	77,029	(94,213)	(77,029)	-	-
Set off of tax	(94,213)	(77,029)	94,213	77,029	-	-
Net tax liabilities	-	-	-	-	-	-

Notes to the FINANCIAL STATEMENTS

13. DEFERRED TAX LIABILITIES (CONTINUED)

Movement in temporary differences during the financial year:

	AT 1.1.2023 RM'000	RECOGNISED IN PROFIT OR LOSS (NOTE 18) RM'000	TRANSLATION RESERVE RM'000	AT 31.12.2023/ 1.1.2024 RM'000	RECOGNISED IN PROFIT OR LOSS (NOTE 18) RM'000	TRANSLATION RESERVE RM'000	AT 31.12.2024 RM'000
Group							
Property, plant and equipment	(170,781)	2,429	(1,047)	(169,399)	(25,156)	4,100	(190,455)
Unabsorbed reinvestment allowances	76,965	(89)	-	76,876	(7,657)	-	69,219
Unabsorbed capital allowances and unutilised tax losses	22,113	(254)	-	21,859	23,155	(16)	44,998
Deferred income	6,793	(852)	97	6,038	(819)	(288)	4,931
Provisions	1,777	(278)	22	1,521	74	(72)	1,523
	(63,133)	956	(928)	(63,105)	(10,403)	3,724	(69,784)
Company							
Property, plant and equipment	(77,357)	328	-	(77,029)	(17,184)	-	(94,213)
Unabsorbed reinvestment allowances	76,965	(89)	-	76,876	(7,657)	-	69,219
Unabsorbed capital allowances	-	-	-	-	24,731	-	24,731
Provisions	392	(239)	-	153	110	-	263
	-	-	-	-	-	-	-

Impairment testing on recognised deferred tax assets

The Group is subject to income taxes of several jurisdictions. Judgement is required in determining the estimation of the provision for current and deferred 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 current tax and deferred tax provisions in the period in which such determination is made.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, unabsorbed reinvestment allowances, unabsorbed capital allowances and unutilised tax losses can be utilised. It is inherently judgemental and involves estimation uncertainties when determining the future taxable profits that will be available against which the recognised deferred tax assets can be utilised.

Notes to the FINANCIAL STATEMENTS

13. DEFERRED TAX LIABILITIES (CONTINUED)

Impairment testing on recognised deferred tax assets (continued)

In assessing the recognised deferred tax assets of the Company and its local subsidiary, management used profit projections based on past experience, actual operating results, approved 2025 financial budget and future business plans. The key assumptions on which management has based its profit projections are disclosed as follows:

- (i) Projected revenue and budgeted EBITDA margin are determined based on the management's estimate and published industry research on the industry trends with expected near term recovery and average selling price based on past performances.
- (ii) Growth rate is determined based on the approved financial budget for 2025, management's estimate and published industry research on the industry trends.

Based on the management's assessment, it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Unrecognised deferred tax assets

Deferred tax assets which pertained to the Company and its local subsidiary, have not been recognised in respect of the following items (stated at gross):

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unabsorbed reinvestment allowances	382,510	135,006	277,363	29,859
Unabsorbed investment tax allowances	102,573	102,573	-	-
Unabsorbed capital allowances	31,283	14,916	-	2,504
Unutilised tax losses	3,278	779	-	-
Other taxable temporary differences	-	(5,898)	-	(5,898)
	519,644	247,376	277,363	26,465

Deferred tax assets have not been fully recognised in respect of these tax benefits because it is not probable that sufficient future taxable profits will be available against which the Company and the local subsidiary can fully utilise the benefits therefrom.

The unabsorbed reinvestment tax allowances and unutilised tax losses for which no deferred tax asset was recognised will expire by the end of the following years of assessment ("YA") as follows (stated at gross):

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unabsorbed reinvestment allowances				
Expiring in 2025	226,534	9,675	216,859	-
Expiring in 2026	63,914	63,914	-	-
Expiring in 2031	92,062	61,417	60,504	29,859
	382,510	135,006	277,363	29,859
Unutilised tax losses				
Expiring in 2028	779	779	-	-
Expiring in 2034	2,499	-	-	-
	3,278	779	-	-

Notes to the FINANCIAL STATEMENTS

13. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets (continued)

During the financial year, the Company completed its new plant in Gopeng of which reinvestment allowance of approximately RM215,600,000 (tax effect of approximately RM51,744,000) has been claimed. This reinvestment allowance remained unabsorbed at the end of the reporting period and will expire by YA 2031.

Global minimum top-up tax

Malaysia will be implementing Global Minimum Tax effective 1 January 2025. Global Minimum Tax is applicable to multinational enterprise (“MNE”) group with consolidated annual global turnover of at least EUR750 million in at least two out of four immediately preceding fiscal years and aims to ensure that in-scope MNE group are subject to an effective tax rate of at least 15% in each of the jurisdictions in which they operate. Where applicable, the Group will assess the impact of the potential top-up tax arising from the enacted legislation in 2025.

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables	118,332	80,108	43,597	27,577
Other payables	175,364	125,592	72,834	68,958
Accrued expenses	47,041	42,793	18,584	16,703
	340,737	248,493	135,015	113,238

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 (2023: 30 to 60 days).

Other payables comprise mainly outstanding balances for purchases of plant and machinery, indirect materials and spare parts. The amounts owing are unsecured, interest-free and with credit terms granted of 30 to 60 days (2023: 30 to 60 days).

15. REVENUE

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Continuing Operations				
Major services:				
Manufacturing services of semiconductor packaging, assembly, testing and wafer bumping	1,580,873	1,439,686	542,271	537,348
Timing and recognition				
- at a point in time	1,580,873	1,439,686	542,271	537,348

Notes to the FINANCIAL STATEMENTS

15. REVENUE (CONTINUED)

The Group and the Company apply the practical expedients on the exemption disclosure of information on remaining performance obligations that have original expected durations of one year or less.

The Group and the Company recognise revenue at the point in time when control is transferred to the customer.

The revenue includes a variable component, which arose from adjustments in selling prices resulting from fluctuations in commodity prices.

The Group's and the Company's revenue includes an obligation for returns or refunds of goods that require rework within a specified period after the customer receives the goods.

16. INVESTMENT INCOME

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Continuing Operations				
Interest income from:				
Short-term deposits	14,007	16,016	7,314	12,990
Financial assets measured at amortised cost	-	-	-	1,295
	14,007	16,016	7,314	14,285

17. FINANCE COSTS

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Continuing Operations				
Interest expense on:				
Term loans	6,049	3,149	6,049	3,149
Revolving credits	898	6,265	626	512
Lease liabilities	20	-	-	-
	6,967	9,414	6,675	3,661

Notes to the FINANCIAL STATEMENTS

18. TAX EXPENSE

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Continuing Operations				
Tax expense comprises:				
Current tax in respect of the financial year:				
Malaysian	2,974	4,759	2,790	4,645
Foreign	8,601	15,193	-	-
(Over)/Under provision in prior years	(332)	(530)	(272)	134
	11,243	19,422	2,518	4,779
Deferred tax:				
Origination and reversal of temporary differences	10,403	(956)	-	-
	21,646	18,466	2,518	4,779

Reconciliation of tax expense

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) before tax	82,314	100,412	(22,851)	13,750
Income tax calculated using Malaysian tax rate of 24% (2023: 24%)	19,755	24,099	(5,484)	3,300
Effect of reduced tax rate for a foreign subsidiary operating in promoted area	(11,350)	(8,486)	-	-
Effect of different tax rate of subsidiaries operating in other jurisdiction	(7)	92	-	-
Non-deductible expenses	2,049	2,521	1,940	2,109
Non-taxable income	(2,169)	(585)	(2,184)	(222)
Tax incentive claimed	(51,744)	(6,293)	(51,744)	(6,293)
Changes in unrecognised deferred tax assets	65,345	7,465	60,216	5,568
Others	99	183	46	183
	21,978	18,996	2,790	4,645
(Over)/Under provision in prior years	(332)	(530)	(272)	134
	21,646	18,466	2,518	4,779

Notes to the FINANCIAL STATEMENTS

19. PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	NOTE	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) for the year is arrived at after charging/(crediting):					
Auditors' remuneration:					
Audit fee:					
- KPMG PLT		315	-	285	-
- Member firm of KPMG International Limited		305	-	-	-
- Other auditors		60	592	-	293
Non-audit fees:					
- KPMG PLT		3	-	3	-
- Other auditors		7	53	-	37
Material expenses/(income)					
Amortisation of deferred income	12	5,669	5,895	-	-
Included in employee benefit expenses:					
- Contribution to employees provident fund		43,867	38,104	11,832	11,567
Foreign exchange:					
- Realised loss/(gain)		5,282	(5,676)	6,130	(5,402)
- Unrealised (gain)/loss		(12,042)	4,196	(8,636)	4,006
Gain on disposal of property, plant and equipment		(280)	(1,044)	(156)	(89)
Grant income received		(361)	(846)	-	-
Property, plant and equipment written off		57	188	39	55
Rental income		(2,977)	(2,953)	(3,698)	(3,588)
Research and development expenses		8,029	8,074	6,886	6,610
Expenses arising from leases					
Expenses relating to short-term leases	a	1,890	1,676	403	395

Note a

The Group leases office and apartments with contract terms of 1 to 3 years (2023:1 to 3 years). These leases are short-term and/or leases of low-value items.

20. DISCONTINUED OPERATIONS

Discontinued operations of Indonesia manufacturing plant

One of the foreign subsidiaries of the Group, PT Unisem, had discontinued its operations on 31 March 2020 due to continuing losses incurred over the previous years. The land and building related to the manufacturing plant were disposed of in 2022. Consequently, the foreign subsidiary becomes dormant. The Group ceased to present the discontinued operations for the current financial year.

Notes to the FINANCIAL STATEMENTS

20. DISCONTINUED OPERATIONS (CONTINUED)

Discontinued operations of Indonesia manufacturing plant (continued)

The results of the discontinued operations which have been included in the statements of profit or loss for the year are set out below.

	GROUP	
	2024 RM'000	2023 RM'000
Loss for the year from discontinued operations		
Investment income	-	136
Other gains or losses	-	75
Expenses	-	(635)
Loss before tax	-	(424)
Tax expense	-	(1,284)
Loss for the year	-	(1,708)

The effects of the discontinued operations on the statements of cash flows are as follows:

	GROUP	
	2024 RM'000	2023 RM'000
Net cash used in operating activities	-	(1,268)
Net cash from investing activities	-	136
Net cash outflows	-	(1,132)

21. 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.

	GROUP	
	2024 RM'000	2023 RM'000
Profit/(Loss) for the year:		
From continuing operations	60,668	81,946
From discontinued operations	-	(1,708)
	60,668	80,238

	GROUP	
	2024 SHARES	2023 SHARES
Weighted average number of ordinary shares in issue ('000)	1,613,079	1,613,079

Notes to the FINANCIAL STATEMENTS

21. EARNINGS PER SHARE (CONTINUED)

	GROUP	
	2024	2023
Basic and diluted earnings/(loss) per share:		
From continuing operations (sen)	3.76	5.08
From discontinued operations (sen)	-	(0.11)
From continuing and discontinued operations (sen)	3.76	4.97

22. DIVIDENDS

Dividends recognised and paid by the Group and by the Company:

	SEN PER SHARE	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2024			
4th interim single-tier dividend for 2023	2.0	32,261	5 April 2024
1st interim single-tier dividend for 2024	2.0	32,262	5 July 2024
2nd interim single-tier dividend for 2024	2.0	32,262	4 October 2024
3rd interim single-tier dividend for 2024	2.0	32,261	20 December 2024
		129,046	
2023			
3rd interim single-tier dividend for 2022	2.0	32,261	24 March 2023
1st interim single-tier dividend for 2023	2.0	32,262	26 May 2023
2nd interim single-tier dividend for 2023	2.0	32,262	25 August 2023
3rd interim single-tier dividend for 2023	2.0	32,261	24 November 2023
		129,046	

23. SEGMENT INFORMATION

Group

Business segments

The Group operates within one industry, i.e., in the manufacturing services of semiconductor devices. As such, information by business segment on the Group's operations is not presented.

Geographical segments

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.

Segment revenue from external customers is based on the country in which the customers' business operations are located.

Notes to the FINANCIAL STATEMENTS

23. SEGMENT INFORMATION (CONTINUED)

Geographical segments by location of customers

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Statement of Profit or Loss								
Revenue								
External sales from continuing operations	298,712	416,228	224,289	160,410	1,057,872	863,048	1,580,873	1,439,686
Results								
Segment results from continuing operations	20,702	29,697	22,247	15,406	32,650	48,447	75,599	93,580
Non-reportable segments							(325)	230
Investment income							14,007	16,016
Finance costs							(6,967)	(9,414)
Profit before tax from continuing operations							82,314	100,412
Tax expense							(21,646)	(18,466)
Profit for the year from continuing operations							60,668	81,946
Loss for the year from discontinued operations (Note 20)							-	(1,708)
Profit for the year							60,668	80,238

Non-current assets (except for financial assets) of the Group by geographical location of the assets are as follows:

	NON-CURRENT ASSETS	
	2024 RM'000	2023 RM'000
Malaysia	1,022,806	962,709
People's Republic of China	1,123,411	1,117,893
Others	523	4
	2,146,740	2,080,606

Major customer

During the financial year, revenue from one customer amounted to RM447,181,000 in United States of America ("USA") contributed to more than 10% of the Group's revenue (2023: one customer amounted to RM349,522,000 in USA).

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost (“AC”).

2024	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	AC RM'000	CARRYING AMOUNT RM'000	AC RM'000
Financial assets				
Trade and other receivables*	207,925	207,925	78,632	78,632
Amount owing by a subsidiary	-	-	20,507	20,507
Cash and cash equivalents	278,353	278,353	66,207	66,207
	486,278	486,278	165,346	165,346
Financial liabilities				
Borrowings	187,107	187,107	187,107	187,107
Trade and other payables*	339,552	339,552	133,915	133,915
Amount owing to subsidiaries	-	-	48,705	48,705
Amount owing to other related companies	140	140	-	-
	526,799	526,799	369,727	369,727

2023	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	AC RM'000	CARRYING AMOUNT RM'000	AC RM'000
Financial assets				
Trade and other receivables*	188,775	188,775	76,332	76,332
Amount owing by a subsidiary	-	-	17,796	17,796
Cash and cash equivalents	480,991	480,991	292,152	292,152
	669,766	669,766	386,280	386,280
Financial liabilities				
Borrowings	230,309	230,309	195,045	195,045
Trade and other payables*	247,814	247,814	112,601	112,601
Amount owing to subsidiaries	-	-	43,391	43,391
Amount owing to other related companies	216	216	-	-
	478,339	478,339	351,037	351,037

* Exclude non-financial assets and non-financial liabilities

24.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	16,518	20,479	287	18,107
Financial liabilities at amortised cost	(2,698)	(12,397)	2,858	(6,087)
	13,820	8,082	3,145	12,020

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables and cash and cash equivalents. As for the Company, the exposure to credit risk also arose from amount owing by a subsidiary. There are no significant changes as compared to prior years.

24.4.1 Trade receivables

Risk management objectives, policies and processes for managing the risk

Credit risk with respect to trade receivables is limited. 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 at the end of each reporting period to ensure adequate loss allowance is made for irrecoverable amounts.

Historically, the Group and the Company do not have much bad or doubtful debts as the amounts due from trade receivables are usually collectible although at times, the trade receivables took longer than the credit period that given for the settlement of accounts.

The Group and the Company consider information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collateral held by the Group and by the Company) as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets are generally not recoverable. The debtor will be considered as credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities. There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.1 Trade receivables (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables (stated at gross) as at the end of the reporting period by geographic region was:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
United States of America	116,746	85,952	62,375	45,470
Asia	54,762	70,475	14,148	27,396
Europe	30,500	24,726	1,374	1,943
	202,008	181,153	77,897	74,809

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days from the credit terms granted. Any outstanding balances more than 30 days from the credit terms granted are considered as past due.

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. There has been no change in the estimation techniques or significant assumptions made during the year.

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.1 Trade receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables at the end of the reporting period.

GROUP	GROSS CARRYING AMOUNT RM'000	LOSS ALLOWANCE RM'000	NET BALANCE RM'000
2024			
Neither past due nor impaired	200,288	-	200,288
Past due but not impaired:			
1 - 60 days	1,238	-	1,238
61 - 120 days	482	-	482
	202,008	-	202,008
2023			
Neither past due nor impaired	179,933	-	179,933
Past due but not impaired:			
1 - 60 days	1,194	-	1,194
61 - 120 days	26	-	26
	181,153	-	181,153
COMPANY			
2024			
Neither past due nor impaired	76,895	-	76,895
Past due but not impaired:			
1 - 60 days	994	-	994
61 - 120 days	8	-	8
	77,897	-	77,897
2023			
Neither past due nor impaired	74,469	-	74,469
Past due but not impaired:			
1 - 60 days	314	-	314
61 - 120 days	26	-	26
	74,809	-	74,809

The Group and the Company did not recognise any allowance for impairment in the current and previous financial years.

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.2 Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

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.

24.4.3 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees in respect of a banking facility granted to a subsidiary. The Company monitors the ability of the subsidiary to service its outstanding banking facility.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk would be the outstanding banking facilities as at the end of reporting period. The Company has no exposure as the banking facilities remain undrawn as of the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary's unsecured loans.

Recognition and measurement of impairment loss

The Company did not recognise the financial guarantee given to its subsidiary as the Directors are in the view that the subsidiary is able to fulfil the contracted obligations and is unlikely that the subsidiary will default on the facility.

24.4.4 Intercompany balances

Risk management objectives, policies and processes for managing the risk

The inter-company balances of the Company mainly arise from non-trade transactions with a local subsidiary. The Company monitors the ability of the subsidiary to repay the balances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.4 Intercompany balances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers amount due by a subsidiary has low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary when it is payable, the Company considers the amount due by to be in default when the subsidiary is not able to pay when demanded. The Company considers amount due by to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for this amount due by individually using internal information available.

The Company did not recognise any allowance for impairment in respect of amount due by balance in the current and previous financial year as the risk of non-recovery is remote.

24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, borrowings and lease liabilities.

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 RM730,239,000 and RM345,872,000 (2023: RM643,438,000 and RM280,411,000) 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

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile for the financial liabilities of the Group and of the Company as at the end of the reporting period based on undiscounted contractual payments.

GROUP	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE % PER ANNUM	CONTRACTUAL CASH FLOWS RM'000	UNDER ONE YEAR RM'000	ONE TO FIVE YEARS RM'000
2024					
Non-derivative financial liabilities					
Trade and other payables	339,552	-	339,552	339,552	-
Borrowings	187,107	4.4 - 5.6	196,699	114,937	81,762
Amount owing to related companies	140	-	140	140	-
Lease liabilities	500	6	539	223	316
	527,299		536,930	454,852	82,078
2023					
Non-derivative financial liabilities					
Trade and other payables	247,814	-	247,814	247,814	-
Borrowings	230,309	5.3 - 6.6	253,499	101,262	152,237
Amount owing to related companies	216	-	216	216	-
	478,339		501,529	349,292	152,237
COMPANY	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE % PER ANNUM	CONTRACTUAL CASH FLOWS RM'000	UNDER ONE YEAR RM'000	ONE TO FIVE YEARS RM'000
2024					
Non-derivative financial liabilities					
Trade and other payables	133,915	-	133,915	133,915	-
Borrowings	187,107	4.4 - 5.6	196,699	114,937	81,762
Amount owing to subsidiaries	48,705	-	48,705	48,705	-
	369,727		379,319	297,557	81,762
2023					
Non-derivative financial liabilities					
Trade and other payables	112,601	-	112,601	112,601	-
Borrowings	195,045	5.3 - 6.6	218,235	65,998	152,237
Amount owing to subsidiaries	43,391	-	43,391	43,391	-
	351,037		374,227	221,990	152,237

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

Currency risk

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 and the Company's sales, purchases of raw materials, factory supplies and plant and equipment, cash and cash equivalents and borrowings are primarily denominated in United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

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, if required.

Exposure to foreign currency risk

The Group's and the Company's main exposure to foreign currency (other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

GROUP	DENOMINATED IN USD RM'000
2024	
Balances recognised in the statement of financial position	
Trade and other receivables	205,040
Cash and cash equivalents	225,607
Borrowings	(137,107)
Trade and other payables	(231,695)
Amount owing to related companies	(140)
Net exposure	61,705
2023	
Balances recognised in the statement of financial position	
Trade and other receivables	185,472
Cash and cash equivalents	176,236
Borrowings	(230,309)
Trade and other payables	(148,777)
Amount owing to related companies	(216)
Net exposure	(17,594)

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

Exposure to foreign currency risk (continued)

COMPANY	DENOMINATED IN USD RM'000
2024	
Balances recognised in the statement of financial position	
Trade and other receivables	77,965
Cash and cash equivalents	39,647
Borrowings	(137,107)
Trade and other payables	(73,135)
Net exposure	(92,630)
2023	
Balances recognised in the statement of financial position	
Trade and other receivables	74,896
Cash and cash equivalents	46,904
Borrowings	(195,045)
Trade and other payables	(57,177)
Net exposure	(130,422)

Currency risk sensitivity analysis

A 0.2% (2023: 0.2%) strengthening of respective functional currencies of the Group entities against USD at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	← EQUITY/ PROFIT OR LOSS →			
	GROUP		COMPANY	
<i>Functional currency / Foreign currency</i>	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
RM/USD	94	(26)	(141)	(198)

A 0.2% (2023: 0.2%) weakening of respective functional currencies of the Group entities against following foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

Interest rate risk

The Group's exposure to interest rate risk relates primarily to short-term deposits placed with licensed banks, borrowings and lease liabilities.

Risk management objectives, policies and processes for managing the risk

Management is positioned to utilise interest rate swap contracts or other hedging measures to reduce the impact of interest rate fluctuations, if required.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate instruments				
Short-term deposits with licensed banks	80,735	353,259	59,142	260,991
Lease liabilities	500	-	-	-
	81,235	353,259	59,142	260,991
Floating rate instrument				
Borrowings	187,107	230,309	187,107	195,045

Interest rate sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 150 basis points ("bp") (2023: 150 bp) in interest rate at the end of the reporting period would have decreased the profit or loss after tax of the Group and the Company by RM2,133,000 and RM2,133,000 (2023: RM2,626,000 and RM 2,224,000) respectively. A decrease of 150 bp in interest rates would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables including tax rate being held constant.

Notes to the FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables, inter-company balances and trade and other payables, reasonably approximate their fair values due to the relatively short-term nature of these instruments.

The tables below analyses other financial instruments not carried at fair value.

GROUP	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE				TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL		
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities						
Borrowings	-	-	(187,107)	(187,107)	(187,107)	(187,107)
2023						
Financial liabilities						
Borrowings	-	-	(230,309)	(230,309)	(230,309)	(230,309)
Company						
2024						
Financial liabilities						
Borrowings	-	-	(187,107)	(187,107)	(187,107)	(187,107)
2023						
Financial liabilities						
Borrowings	-	-	(195,045)	(195,045)	(195,045)	(195,045)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loan	Discounted cash flows using a rate based on the indicative current market rate of borrowing of the Company at the reporting date.

25. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment				
Approved and contracted for	46,166	92,025	23,680	76,344

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

Notes to the FINANCIAL STATEMENTS

26. CAPITAL MANAGEMENT (CONTINUED)

	GROUP	
	2024 RM'000	2023 RM'000
Borrowings	187,107	230,309
Lease liabilities	500	-
Total debt	187,607	230,309
Total equity	2,247,596	2,385,165
Debt-to-equity ratio	0.08	0.10

There was no change in the Group's and Company's approach to capital management during the financial year.

27. RELATED PARTIES

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)
Tianshui Huatian Integrated Circuit Packaging Material Co., Ltd) Subsidiaries of Tianshui Huatian Technology Co., Ltd

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Note 8.

	COMPANY	
	2024 RM'000	2023 RM'000
Subsidiaries		
Purchase of property, plant and equipment	-	8,475
Interest received/receivable on loan granted	-	(1,295)
Rental income	(834)	(834)
Management fees received/receivable	(576)	(576)
Marketing support fee paid/payable	2,628	2,223
Marketing support fees received/receivable	(1,714)	(1,720)
Marketing support fees received/receivable - markup	(120)	(120)
Purchase of materials	65	44
GROUP		
Other related companies		
Trade purchases	3,064	1,861
Trade sales	-	(103)

Notes to the FINANCIAL STATEMENTS

28. DIRECTORS' REMUNERATION AND OTHER KEY MANAGEMENT PERSONNEL COMPENSATION

The directors' remuneration are as follows:

	GROUP AND COMPANY	
	2024 RM'000	2023 RM'000
Directors of the Company		
Executive:		
Fees	645	620
Other emoluments	5,787	6,407
Defined contribution plans	509	765
	6,941	7,792
Non-executive fees	1,083	950
	8,024	8,742

The remuneration of the directors of the subsidiaries from continuing operations during the year is included under employee benefit expenses amounted to RM1,386,000 (2023: RM1,434,000).

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 RM149,000 (2023: RM52,000).

The compensation of the other key management personnel (other than the directors of the Company) are as follows:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other key management personnel				
Short-term employee benefits	8,962	10,384	967	2,312

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

29. CONTINGENT LIABILITY

	GROUP AND COMPANY	
	2024 RM'000	2023 RM'000
Withholding tax payable	22,352	22,947

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

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 184 to 228 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

JOHN CHIA SIN TET

Director

FRANCIS CHIA MONG TET

Director

Date: 28 February 2025

Statutory DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **FRANCIS CHIA MONG TET**, the Director primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 184 to 228 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
FRANCIS CHIA MONG TET (MIA CA: 1071)
at Kuala Lumpur, Wilayah Persekutuan on 28 February 2025.

FRANCIS CHIA MONG TET

Before me:

Notary Public

Independent AUDITORS' REPORT

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (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 as at 31 December 2024 of the Group and of the Company, and the 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 184 to 228.

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 at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 auditors' 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 Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were 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 these matters.

1. Revenue recognition

Refer to Note 15 to the financial statements, Revenue

The key audit matter

The Group recorded RM1.58 billion of revenue from manufacturing services of semiconductor packaging, assembly, testing and wafer bumping for the current financial year ended 31 December 2024. We have identified revenue recognition as a key audit matter because of the variety of services rendered by the Group and each customer may have different pricing and terms. Accordingly, there was a risk of misstatement in the amount and timing of revenue recognised.

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

- evaluated the design and implementation and tested the operating effectiveness of identified key controls over the process of revenue recognition;
- tested samples of revenue transactions by agreeing relevant details to supporting documents relating to the transfer of control of goods to customers;

Independent AUDITORS' REPORT

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

1. Revenue recognition (continued)

How the matter was addressed in our audit (continued)

We performed the following audit procedures, amongst others (continued):

- performed sales cut-off to test samples of transactions that are recorded before and after the financial year end; and
- checked manual journal entries relating to revenue to supporting documents for the validity of the journal entries.

2. Valuation of property, plant and equipment

Refer to Note 2 to the financial statements, Property, plant and equipment

The key audit matter

As at 31 December 2024, the carrying amount of property, plant and equipment of the Group was RM2.1 billion. There were indications of impairment on certain property, plant and equipment due to reported losses in a subsidiary. The Group has determined the recoverable amount of those property, plant and equipment based on value-in-use method which is calculated using cash flows projection. The cash flows projection involves significant judgement and estimation made by the Group on key assumptions such as projected revenue, profit margin and discount rate, that are inherently uncertain.

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

- assessed the Group's impairment assessment at the end of the reporting period whether there is any indication that property, plant and equipment may be impaired in accordance with the relevant accounting standard;
- assessed the key assumptions used in the cash flows projection such as projected revenue and profit margin by comparing them against internal and external sources of information;
- involved our own valuation specialist to assess the appropriateness of the discount rate used in the cash flows projection;
- assessed the sensitivity of key assumptions to determine the impact of their changes to the recoverable amount; and
- considered the adequacy of the disclosures in the financial statements of the key assumptions used and sensitivity analysis.

We have determined that there are no key audit matters in the audit report of the separate financial statements of the Company to communicate in our auditors' report.

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 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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Independent AUDITORS' REPORT

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

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 MFRS Accounting Standards, IFRS Accounting 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.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 gives a true and fair view.

Independent AUDITORS' REPORT

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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: (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 auditors' 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 4 to the financial statements.

Other Matters

1. The financial statements of the Group and of the Company as at and for the year ended 31 December 2023 were audited by another chartered accountants who expressed an unmodified opinion on those statements in their report dated 29 February 2024.
2. 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ipoh

Date: 28 February 2025

CHONG CHEN KIAN
Approval Number: 03232/02/2026 J
Chartered Accountant

Shareholders' STATISTICS

as at 18 February 2025

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
475	Less than 100	4,898	0.00
1,543	100 to 1,000	996,298	0.06
3,416	1,001 to 10,000	15,362,404	0.95
1,092	10,001 to 100,000	33,576,002	2.08
247	100,001 to less than 5% of issued Shares	435,407,680	26.99
4	5% and above of issued Shares	1,127,731,828	69.91
6,777		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	708,710,022	43.94	-	-
Huatian Technology (Hongkong) Industrial Development Co., Limited	-	-	708,710,022	43.94 ^(a)
Tianshui Huatian Technology Co., Ltd.	-	-	708,710,022	43.94 ^(b)
Jayvest Holdings Sdn Bhd	175,415,000	10.87	14,400,000	0.89 ^(c)
John Chia Sin Tet	162,106,806	10.05	321,054,900	19.90 ^(d)
The Estate of Soo Yut Kuan	-	-	189,815,000	11.77 ^(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 spouse, his son, his daughters 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 18 February 2025

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	708,710,022	43.94
2. Jayvest Holdings Sdn Bhd	175,415,000	10.87
3. John Chia Sin Tet	162,106,806	10.05
4. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For John Chia Sin Tet (PB)	81,500,000	5.05
5. Lembaga Tabung Haji	42,620,000	2.64
6. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	40,800,826	2.53
7. Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management For John Chia Sin Tet (12022457) (444096)	32,500,000	2.01
8. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 22)	31,919,000	1.98
9. Citigroup Nominees (Asing) Sdn Bhd CBNY For Norges Bank (FI 17)	25,573,300	1.59
10. SCQ Industries Sdn Bhd	14,400,000	0.89
11. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Focus Fund	13,606,600	0.84
12. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	12,693,945	0.79
13. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	11,844,400	0.73
14. Alexander Chia Jhet-Wern	9,000,000	0.56
15. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CGS CIMB)	8,065,000	0.50
16. Cartaban Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad For Prulink Strategic Fund	6,393,900	0.40
17. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	6,257,500	0.39
18. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dividend Fund	5,600,000	0.35
19. Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	5,294,500	0.33
20. Maureen Teoh	5,000,000	0.31
21. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 19)	4,839,613	0.30

Shareholders' STATISTICS

as at 18 February 2025

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. Amanahraya Trustees Berhad ASN Umbrella For ASN Equity 3	4,441,200	0.28
23. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN For DBS Bank Ltd (SFS-PB)	4,200,000	0.26
24. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F Templeton)	3,703,100	0.23
25. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Value Fund	3,700,000	0.23
26. CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd For Hong Leong Assurance Berhad (LP Fund Ed102)	3,650,000	0.23
27. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Teoh Ewe Jin (MY4599)	3,550,000	0.22
28. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Lim Ka Kian (PB)	3,443,400	0.21
29. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS)	3,255,199	0.20
30. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	3,018,000	0.19
	1,437,101,311	89.09

Statement of DIRECTORS' INTEREST

as at 18 February 2025

Directors' Shareholdings (as per the Register of Directors Shareholdings)

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	INDIRECT INTEREST	%
John Chia Sin Tet	162,106,806	10.05	321,054,900	19.90 ^(a)
Francis Chia Mong Tet	1,000,000	0.06	7,580,960	0.47 ^(b)
Alexander Chia Jhet-Wern	9,200,000	0.57	-	-
Xiao Zhiyi	-	-	-	-
Cui Weibing	-	-	-	-
Ju Feng	-	-	-	-
Nelleita binti Omar	-	-	-	-
Teh Muy Ch'ng	-	-	-	-
Xu Qinqin	-	-	-	-
Noor Alina binti Mohamad Faiz	-	-	-	-
Ng Gan Hooi	-	-	-	-

Notes:

- (a) Deemed interest through Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Sdn Bhd, his spouse, his son, his daughters and nominee companies/pledged securities accounts pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016.
- (b) Deemed interest through nominee company/pledged securities account pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016.

List of PROPERTIES

held by the Group as at 31 December 2024

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 2024 (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	-	2,110
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	32	8,987
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	28	7,107
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	24	37,290
	Factory building wafer bumping	Factory	-	22,000 sq ft	August 2005	19	1,723
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Factory	99 years leasehold expiring 2100	115,500 sq m	October 2000	-	6,305
	Factory building	Factory	-	57,000 sq m	June 2024	1	286,755
PN 1068258- PN 1068260, PN 1068263- PN 1068272, PN 1068274- PN 1068276, PN 1068278- PN 1068288, PN 1068290- PN 1068298, PN 1068277 & PN 1068289 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Agricultural land	Vacant	99 years leasehold expiring 2113	174,994 sq m	October 2024	-	30,980

List of PROPERTIES

held by the Group as at 31 December 2024

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 2024 (RM'000)
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential land	Hostel	99 years leasehold expiring 2104	20,429 sq m	June 2005	-	1,100
	Residential	Hostel	-	50,000 sq ft	June 2012	12	7,962
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	-	2,874
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	3,608
	Factory building	Factory	-	366,000 sq ft	December 2005	19	57,640
	Factory building	Factory	-	254,000 sq ft	December 2012	12	68,719
	Factory building	Factory	-	517,000 sq ft	December 2022	2	184,001

Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting (“AGM”) of the Company will be held at the Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 28 April 2025, Monday 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 2024 and the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees amounting to RM1,727,500 for the financial year ended 31 December 2024, an increase of RM157,167 from RM1,570,333 for the financial year ended 31 December 2023. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire pursuant to Regulation 115 of the Constitution of the Company:-
 - (i) Mr Xiao Zhiyi **Ordinary Resolution 2**
 - (ii) Mr Cui Weibing **Ordinary Resolution 3**
 - (iii) Puan Nelleita binti Omar **Ordinary Resolution 4**
4. To re-elect the following Directors who retire pursuant to Regulation 118 of the Constitution of the Company:-
 - (i) Puan Noor Alina binti Mohamad Faiz **Ordinary Resolution 5**
 - (ii) Mr Patrick Ng Gan Hooi **Ordinary Resolution 6**
 - (iii) Mr Chang Wenying **Ordinary Resolution 7**
 - (iv) Mdm Chen Yan **Ordinary Resolution 8**
5. To reappoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

As Special Business:

To consider and, if thought fit, to pass the following resolution with or without modifications:-

6. **Authority To Allot Shares** **Ordinary Resolution 10**

“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.”
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)

WONG SIEW YEEN
SSM PC No. 202008001471
(MAICSA 7018749)

Company Secretaries

28 March 2025
Kuala Lumpur

Notice of ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend this AGM 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.
2. Only members whose names appear in the Record of Depositors as at 21 April 2025 are entitled to attend, speak and vote at this AGM of the Company to be held on 28 April 2025.
3. 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 at this AGM.
4. 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.
5. 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.
6. 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.
7. 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 alternatively, to be deposited in the Drop Box located 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.
8. 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, to be deposited in the Drop Box located 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.
9. 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.
10. Explanatory Note on Special Business

Ordinary Resolution 10

The proposed Ordinary Resolution 10 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”)

The proposed Ordinary Resolution 10, 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 35th Annual General Meeting held on 3 May 2024, 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 10 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.

Statement Accompanying Notice OF ANNUAL GENERAL MEETING

DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE 36TH 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 Xiao Zhiyi, Mr Cui Weibing, Puan Nelleita binti Omar, Puan Noor Alina binti Mohamad Faiz, Mr Patrick Ng Gan Hooi, Mr Chang Wenying and Mdm Chen Yan (“Retiring Directors”).

The details of the Retiring Directors are set out in their respective profiles on pages 14 to 19 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 238 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 2024 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 Xiao Zhiyi, Mr Cui Weibing, Puan Nelleita binti Omar, Puan Noor Alina binti Mohamad Faiz, Mr Patrick Ng Gan Hooi, Mr Chang Wenying and Mdm Chen Yan to continue serving in their roles as Directors of the Company.

GENERAL MANDATE TO ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (“THE ACT”)

The details on the proposed general mandate to issue new ordinary shares pursuant to Sections 75 and 76 of the Act are set out in the Explanatory Note on Special Business in the Notice of 36th Annual General Meeting and page 242 of the Integrated Annual Report.

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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 36th Annual General Meeting of the Company which will be held at the Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 28 April 2025, Monday 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 RM1,727,500 for the financial year ended 31 December 2024		
Ordinary Resolution 2	To re-elect Mr Xiao Zhiyi as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 3	To re-elect Mr Cui Weibing as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 4	To re-elect Puan Nelleita binti Omar as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 5	To re-elect Puan Noor Alina binti Mohamad Faiz as a Director who retires pursuant to Regulation 118 of the Constitution of the Company		
Ordinary Resolution 6	To re-elect Mr Patrick Ng Gan Hooi as a Director who retires pursuant to Regulation 118 of the Constitution of the Company		
Ordinary Resolution 7	To re-elect Mr Chang Wenying as a Director who retires pursuant to Regulation 118 of the Constitution of the Company		
Ordinary Resolution 8	To re-elect Mdm Chen Yan as a Director who retires pursuant to Regulation 118 of the Constitution of the Company		
Ordinary Resolution 9	To reappoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration		
Ordinary Resolution 10	To authorise the Directors under Sections 75 and 76 of the Companies Act, 2016 to issue new shares of the Company		

^ Delete whichever is inapplicable.

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

Dated this _____ day of _____, 2025.

Tel No. : _____

Signature/Common Seal _____

Notes:

- Only members whose names appear in the Record of Depositors as at 21 April 2025 are entitled to attend, speak and vote at this 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 alternatively, to be deposited in the Drop Box located 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, to be deposited in the Drop Box located 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

Puan Nelleita binti Omar
Independent Director

Mr Patrick Ng Gan Hooi
Independent Director

Mdm Teh Muy Ch'ng
Independent Director

**Puan Noor Alina
binti Mohamad Faiz**
Independent Director

Mr Xiao Zhiyi
Non-Executive Director

Mr Cui Weibing
Non-Executive Director

Mr Chang Wenying
Non-Executive Director

Mdm Chen Yan
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

WONG SIEW YEEN (MAICSA 7018749)
SSM PC No. 202008001471

AUDITORS

KPMG PLT (LLP0010081-LCA)
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor.
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