

General Announcement

Reference No **MI-100505-67002**

Submitting Merchant Bank : MAYBANK INVESTMENT BANK BERHAD
Company Name : **UNISEM (M) BERHAD**
Stock Name : UNISEM
Date Announced : 05/05/2010

Type : Announcement
Subject : UNISEM (M) BERHAD (“UNISEM” OR “COMPANY”)

(I) PROPOSED BONUS ISSUE;

(II) PROPOSED RIGHTS ISSUE OF WARRANTS; AND

(II) PROPOSED ESOS

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

Contents : On behalf of the Board of Directors of Unisem (“Board”), Maybank Investment Bank Berhad (“Maybank IB”) wishes to announce that the Company proposes to undertake the following:

(i) Proposed bonus issue of 155,575,704 new ordinary shares of RM0.50 each in Unisem (“Bonus Shares”) on the basis of three (3) Bonus Shares for every ten (10) existing ordinary shares of RM0.50 each held in Unisem (“Unisem Shares” or “Shares”) (“Proposed Bonus Issue”);

(ii) Proposed renounceable rights issue of 168,540,346 new warrants in Unisem (“Warrants”) to all shareholders of Unisem on the basis of one (1) new Warrant for every four (4) existing Unisem Shares held in Unisem after the Proposed Bonus Issue (“Proposed Rights Issue of Warrants”); and

(iii) Proposed establishment of an executives’ share option scheme (“ESOS Scheme”) of up to 10% of the issued and paid-up share capital of the Company for eligible executive directors and eligible executives of Unisem and its subsidiaries (“Proposed ESOS”).

(collectively referred hereinafter to as the “Proposals”)

Further details on the Proposals are set out in the attached file.

This announcement is dated 5 May 2010.

Attachments : [Unisem.pdf](#)

Announcement Details :

UNISEM (M) BERHAD (“UNISEM” OR “COMPANY”)

- (I) PROPOSED BONUS ISSUE;
- (II) PROPOSED RIGHTS ISSUE OF WARRANTS; AND
- (II) PROPOSED ESOS

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Unisem (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that the Company proposes to undertake the following:

- (i) Proposed bonus issue of 155,575,704 new ordinary shares of RM0.50 each in Unisem (“**Bonus Shares**”) on the basis of three (3) Bonus Shares for every ten (10) existing ordinary shares of RM0.50 each held in Unisem (“**Unisem Shares**” or “**Shares**”) (“**Proposed Bonus Issue**”);
- (ii) Proposed renounceable rights issue of 168,540,346 new warrants in Unisem (“**Warrants**”) to all shareholders of Unisem on the basis of one (1) new Warrant for every four (4) existing Unisem Shares held in Unisem after the Proposed Bonus Issue (“**Proposed Rights Issue of Warrants**”); and
- (iii) Proposed establishment of an executives’ share option scheme (“**ESOS Scheme**”) of up to 10% of the issued and paid-up share capital of the Company for eligible executive directors and eligible executives of Unisem and its subsidiaries (“**Proposed ESOS**”).

(collectively referred hereinafter to as the “**Proposals**”)

Further details on the Proposals are set out in the following sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of 155,575,704 Bonus Shares, to be credited as fully paid-up, on the basis of three (3) Bonus Shares for every ten (10) Unisem Shares held by the shareholders of Unisem whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later by the Board (“**Entitlement Date**”).

Any fractional entitlements under the Proposed Bonus Issue will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem expedient in the interest of the Company.

As at 31 December 2009, the issued and paid-up share of the Company stood at RM259,292,840 comprising 518,585,679 Unisem Shares.

The Proposed Bonus Issue will not be implemented in stages over a period of time.

2.1.2 Capitalisation of reserves

For illustrative purposes only, the Proposed Bonus Issue shall be capitalised from the share premium account of the Company based on the Company's audited financial statement as at 31 December 2009 as set out below:

	Audited as at 31 December 2009 RM'000
Company level	
Share premium account	205,449
Less: Capitalisation for the Proposed Bonus Issue	(77,788)
Balance after the Proposed Bonus Issue	<u>127,661</u>

The Board has confirmed that based on the latest audited account of Unisem for the financial year ended 31 December 2009, the reserves required for capitalisation of the Proposed Bonus Issue are unimpaired by losses in accordance with paragraph 6.30(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and that the Company has adequate reserves to cover the capitalisation required for the Proposed Bonus Issue.

2.1.3 Ranking of Bonus Shares

The Bonus Shares will, upon listing, rank equally in all respects with the existing Unisem Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, that may be declared by the Company on entitlement date which are prior to the date of allotment of the Bonus Shares, as the case may be.

2.1.4 Listing of and quotation for the Bonus Shares

An application will be made for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date of the Proposed Bonus Issue. The Entitlement Date will be determined by the Board after the approval from the shareholders of Unisem has been obtained. The notice of allotment of the Bonus Shares will be issued and dispatched to the entitled shareholders within four (4) market days after the date of listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Bonus Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depository) Act, 1991, the Bonus Shares will be credited into the respective Central Depository System ("**CDS**") accounts of the entitled shareholders and no physical share certificate will be issued.

2.2 Proposed Rights Issue of Warrants

The Company proposes to undertake a renounceable rights issue of 168,540,346 Warrants on the basis of one (1) new Warrant for every four (4) existing Unisem Shares held in Unisem after the Proposed Bonus Issue. The Warrants will be offered to the shareholders of Unisem whose names appear in the Record of Depositors of the Company as at the Entitlement Date.

The 168,540,346 new Warrants to be issued was arrived at based on the total issued and paid-up share capital of the Company of RM259,292,840 comprising 518,585,679 Unisem Shares as at 31 December 2009 and after taking into account the 155,575,704 new Bonus Shares to be issued pursuant to the Proposed Bonus Issue. In any event, the actual number of new Warrants to be issued will be determined based on the issued and paid-up share capital of Unisem as at the Entitlement Date after the Proposed Bonus Issue.

The Proposed Rights Issue of Warrants is renounceable in full or in part. Accordingly, the entitled shareholders of Unisem can subscribe for and/or renounce their entitlements to the Warrants in full or in part. The Warrants which are not taken up or not validly taken up shall be made available for excess applications by the entitled shareholders of Unisem and/or their renounees. It is the intention of the Board to allocate the excess Warrants in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

2.2.1 Basis of determining the issue price and exercise price of the Warrants

The final issue price and the exercise price of the Warrants shall be determined by the Board after receipt of all relevant approvals but before the Entitlement Date, after taking into consideration the market demand and liquidity of Unisem Shares, prevailing market conditions and the theoretical ex-bonus price of Unisem Shares pursuant to the Proposed Bonus Issue based on the five (5) day Volume Weighted Average Market Price (“**VWAMP**”) of Unisem Shares immediately preceding the price-fixing date to be determined by the Board.

2.2.2 Ranking of the new Unisem Shares

The new Unisem Shares to be issued pursuant to the exercise of the Warrants, if any, shall, upon issue and allotment, rank equally in all respects with the existing Unisem Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which precedes the relevant exercise date of the Warrants.

2.2.3 Indicative salient terms of the Warrants

- Total Issue : 168,540,346 Warrants to be issued.
- Tenure : Five (5) years from the date of issuance of Warrants.
- Exercise Period : The Warrants shall be exercisable at any time within the period commencing on, and inclusive of, the date of issue of the Warrants and ending on the date preceding the fifth (5th) anniversary of the date of issue of the Warrants, or if such date is not a market day, then it shall be the market day immediately preceding the said non market day, but excluding the five (5) clear market days prior to a books closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors and/or the Warrants Register is or are closed. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : The Exercise Price of the Warrants shall be determined at a later date by the Board after the approval of Bursa Securities in the following manner:
- (i) at a discount to be determined by the Board based on the five (5) day VWAMP of Unisem Shares immediately preceding the price fixing date; or
 - (ii) the par value of the Company's shares of RM0.50 each;
- whichever is higher.
- Entitlement : Subject to the provisions to be included in the Deed Poll, each Warrant shall entitle the registered holder during the Exercise Period to subscribe for one (1) new Unisem Share at the Exercise Price.
- Listing : Application will be made to Bursa Securities for the admission, listing of and quotation for the Warrants and the listing of and quotation for new Unisem Shares to be issued upon exercise of the Warrants.
- Ranking of the new Unisem Shares from exercise of Warrants : The new Unisem Shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment, rank equally in all respect with the existing Unisem Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which precedes the relevant exercise date of the Warrants.

Rights of Warrant holders on winding up, compromise or arrangement of the Company	: In case of a winding up, compromise or arrangement of the Company, every Warrant holder is entitled, within six (6) weeks from the last approval for the winding up, compromise or arrangement (as the case may be) to exercise his rights represented by the Warrants by payment of the Exercise Price within the said six (6) weeks and upon such exercise, shall be deemed and be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement (as the case may be) been the holder of new Unisem Shares arising from the exercise of the Warrants.
Adjustment in the Exercise Price and/or the number of Warrants held by Warrant holders in the event of alteration to the share capital	: Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each Warrant holder shall be adjusted by the Directors in consultation with the auditor or principal adviser, in the event of alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll.

2.2.4 Substantial Shareholders' Undertaking

The Company will endeavor to procure written irrevocable undertakings from its substantial shareholders to subscribe in full for their direct and indirect entitlements of the Warrants as at the Entitlement Date ("**Shareholder's Undertaking**"). If required, the Company will procure for the underwriting of the remaining portion of the Warrants for which no Shareholder's Undertaking is provided ("**Underwriting**"). The level of Underwriting will be determined after taking into consideration amongst others, the Shareholder's Undertaking, market condition, liquidity and the issue and exercise price of the Warrants.

2.3 Proposed ESOS

The Company proposes to establish and implement the Proposed ESOS which will involve the granting of ESOS options to eligible executive directors and eligible executives of Unisem and its subsidiaries ("**Unisem Group**") who meet the criteria of eligibility for participation in the Proposed ESOS, to subscribe for the new Unisem Shares in accordance with the By-Laws of the Proposed ESOS ("**By-Laws**").

The ESOS Scheme will be administered by the option committee to be duly appointed and authorised by the Board ("**Option Committee**").

The salient terms and conditions of the Proposed ESOS, which are governed by the By-Laws are set out as below:

2.3.1 Maximum number of Unisem Shares available under the Proposed ESOS

The maximum number of new Unisem Shares, which may be allotted and issued pursuant to the exercise of the ESOS options which are granted under the ESOS Scheme, shall not exceed 10% of the issued and paid-up share capital of Unisem at any relevant point in time throughout the duration of the Proposed ESOS as provided in the By-Laws. The Company will, during the duration of the Proposed ESOS, keep sufficient authorised and unissued Unisem Shares to satisfy all outstanding options which may be exercisable from time to time.

2.3.2 Determination of eligibility

Subject to the discretion of the Option Committee, any eligible executive director(s) and eligible executive(s) of the Unisem Group shall be eligible to participate in the ESOS Scheme, if as the date on which an offer (including subsequent offers) is made by the Option Committee in writing to participate in the ESOS Scheme ("**Date of Offer**"), the executive:

- (i) is at least 18 years old;
- (ii) is confirmed in service in a managerial position on the Date of Offer; and
- (iii) fulfils any other criteria and/ or falls within such category as may be determined by the Option Committee from time to time.

(to be referred to as "**Eligible Executives**")

Subject to the discretion of the Option Committee, any executive director(s) of Unisem Group shall be eligible to participate in the ESOS Scheme if, at the Date of Offer, the executive director:

- (i) is at least eighteen (18) years of age on the Date of Offer; and
- (ii) specific allocation of new Unisem Shares to the director of the Company under the ESOS Scheme must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the ESOS Scheme.

(to be referred to as "**Eligible Directors**")

2.3.3 Exercise of option

- (i) The option granted can only be exercised from the Date of Offer and the number of new Unisem Shares comprised in the option which a grantee can subscribe shall at all times during the duration of the Proposed ESOS.
- (ii) Any new Unisem Shares comprised in an option which is exercisable in a particular year but has not exercised in that year, can be exercised in subsequent years within the duration of the Proposed ESOS, subject to the Proposed ESOS remaining in force.

2.3.4 Maximum allowable allotment and the basis of allocation

The maximum number of new Unisem Shares that may be offered under the ESOS Scheme shall be at the sole and absolute discretion of the Option Committee after taking into consideration, among others, the Eligible Directors' and Eligible Executives' position, performance, length of service and seniority in Unisem Group, respectively, or such other matters which the Option Committee may in its discretion deem fit subject to the following:

- (i) the number of ESOS options shall not exceed the amount stipulated in Section 2.3.1 of this announcement;
- (ii) the number of new Unisem Shares allocated, in aggregate, to the Eligible Directors of the Unisem Group does not exceed fifty per cent (50%) of the total number of new Unisem Shares to be issued under the ESOS Scheme; and
- (iii) the number of new Unisem Shares allocated to any Eligible Directors and/or Eligible Executives who, either singly or collectively through persons connected with such Eligible Director and/or Eligible Executives, holds twenty per cent (20%) or more of the issued and paid-up share capital of the Company, does not exceed ten per cent (10%) of the total number of new Unisem Shares to be issued under the ESOS Scheme;

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Main Market Listing Requirements of Bursa Securities ("MMLR") or any other requirements of the relevant authorities and as amended from time to time.

2.3.5 Effective date and duration of the Proposed ESOS

The effective date for the implementation of the Proposed ESOS shall be the date of full compliance with all relevant requirements of the MMLR ("**Effective Date**") including the following:

- (i) submission of the final copy of the By-Laws for the ESOS Scheme to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the MMLR and a checklist showing compliance with Appendix 6E of the MMLR;
- (ii) receipt of approval from Bursa Securities for the listing of the new Unisem Shares to be issued upon exercise of the ESOS options;
- (iii) the approval of the shareholders of Unisem for the Proposed ESOS being obtained;
- (iv) receipt of the approval(s) of any other relevant authorities, where applicable; and
- (v) fulfillment or waiver (as the case may be) of all applicable conditions attached to the above approvals, if any.

Subject to the By-Laws, the ESOS Scheme shall be in force for a period of five (5) years and may be extended for a further period of five (5) years, at the sole and absolute discretion of the Board upon the recommendation of the Option Committee, provided always that the initial period stipulated above and such extension of the ESOS Scheme shall not in aggregate exceed a duration of ten (10) years from the Effective Date. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any extension or renewal (as the case may be).

2.3.6 Option price

Subject to any adjustments in accordance with the By-Laws, the price payable for each new Unisem Shares upon exercise of an ESOS option shall be determined by the Board upon recommendation of the Option Committee and shall be based on the higher of the following:

- (i) the weighted average market price of Unisem Shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Date of Offer of the ESOS option with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or
- (ii) the par value of Unisem Shares of RM0.50 each;

and subject to adjustments in accordance with the By-Laws for the ESOS Scheme, where applicable.

2.3.7 Ranking of the new Unisem Shares

The new Unisem Shares to be allotted and issued upon exercise of the ESOS options, shall upon allotment and issuance, rank equally in all respects with the existing Unisem Shares, save and except that they will not be entitled to any dividends, voting rights, allotments and/or any other distributions that may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the new Unisem Shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

2.3.8 Listing of new Unisem Shares

The Company will make the necessary application to Bursa Securities for the listing of and quotation for the new Unisem Shares to be issued pursuant to the exercise of the ESOS options to be granted under the Proposed ESOS.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Bonus Issue

The Proposed Bonus Issue will increase the Company's issued and paid-up share capital to a level which would be more reflective of its existing scale of operations and assets employed, and to reward the shareholders for their continuous support to the Company by enabling them to have greater participation in the equity of the Company in terms of the number of shares held while maintaining their percentage of equity interests in Unisem. The Proposed Bonus Issue is also expected to further improve the liquidity and marketability of Unisem Shares as a result of an increase in the number of shares available.

3.2 Proposed Rights Issue of Warrants

The Proposed Rights Issue of Warrants will enable the Company to raise immediate gross proceeds from the issuance of the Warrants for the working capital requirements and defraying of expenses incidental to the Proposals. The Board is of the view that the Proposed Rights Issue of Warrants is currently the most appropriate avenue of fund raising for the Company based on the following:

- (i) upon exercise of the Warrants, the Proposed Rights Issue of Warrants will enable the Company to raise additional funds to finance the Unisem Group's future working capital and/or to finance capital expenditure in relation to potential future business investment or expansion;
- (ii) to further strengthen the capitalisation of the Company as well as improve the liquidity of Unisem Shares;
- (iii) to provide Unisem's shareholders with the opportunity to further increase their equity participation in the Company at a pre-determined price over the tenure of the Warrants; and
- (iv) no immediate dilution of the earnings per share ("**EPS**") until such exercise of the Warrants.

3.3 Proposed ESOS

The rationale for the Proposed ESOS is as follows:-

- (i) to reward and retain the Eligible Executives and Eligible Directors whose services are vital to the Unisem Group's operations, continued growth and future expansion. In addition, the Eligible Executives and Eligible Directors upon exercising their ESOS options will be able to participate directly in the equity of the Company;
- (ii) to instill a sense of loyalty and dedication among the Eligible Executives and Eligible Directors; and
- (iii) to encourage and motivate the Eligible Executives and Eligible Directors towards a higher level of productivity and performance.

4. UTILISATION OF PROCEEDS

The actual proceeds to be raised from the Proposed Rights Issue of Warrants cannot be determined at this juncture as it would depend on the final issue price of the Warrants and the exercise price of the Warrants.

For illustrative purposes, based on the theoretical ex-bonus price based on the five (5)-day VWAMP of Universal Shares up to and including 4 May 2010 of RM2.60, the Proposed Rights Issue of Warrants (including the issuance and assuming full exercise of the Warrants) is expected to raise gross proceeds of RM438.20 million.

The gross proceeds arising from the issuance of the Warrants are proposed to be used for working capital and defraying expenses pursuant to the Proposals.

Any proceeds arising from any exercise of the Warrants in the future are dependent on the total number of the Warrants exercised during the tenure of the Warrants as well as the exercise price of the Warrants, which will be determined at a later date. Such proceeds to be raised from the exercise of Warrants, if any, will also be utilised as working capital and/or to finance capital expenditure of the Unisem Group in relation to potential future business investment/expansion that may arise.

The gross proceeds arising from the exercise of the ESOS options, if any, shall be utilised for the working capital of the Universal Group as and when received.

5. EFFECTS OF THE PROPOSALS

5.1 Share Capital

The proforma effect of the Proposals on the issued and paid-up share capital of Unisem is as follows:

	No. of Shares ('000)	Share Capital (RM'000)
Existing issued and paid-up share capital as at 31 December 2009	518,586	259,293
To be issued pursuant to Proposed Bonus Issue	155,576	77,788
Enlarged share capital pursuant to Proposed Bonus Issue	674,162	337,081
To be issued pursuant to the full exercise of Warrants	168,540	84,270
Enlarged share capital pursuant to Proposed Bonus Issue and upon full exercise of Warrants	842,702	421,351
To be issued pursuant to the full exercise of ESOS ⁽¹⁾	84,270	42,135
Enlarged share capital and paid-up share capital	926,972	463,486

Note:

(1) Assuming maximum number of ESOS options are granted after Proposed Bonus Issue and upon full exercise of Warrants, which represents 10% of the issued and paid-up share capital of the Company. The actual number of new Unisem Shares which may be offered to an Eligible Executives and Eligible Directors shall be in multiples of and not be less than one board lot or one hundred (100) Unisem Shares.

5.2 Net Assets (“NA”) and Gearing

The pro forma effects of the Proposals on the NA and gearing ratio of the Unisem Group are as follows:

		(I)	(II)	(III)
	Audited as at 31 December 2009 RM'000	After Proposed Bonus Issue RM'000	After (I), Proposed Rights Issue of Warrants and assuming full exercise of Warrants ⁽²⁾ RM'000	After (II) and Proposed ESOS RM'000
Share capital	259,293	337,081	421,351	463,486
Share premium	205,450	126,362 ⁽¹⁾	480,296	635,353 ⁽³⁾
Reserves	15,858	15,858	15,858	15,858
Retained earnings	469,427	469,427	469,427	469,427
Equity attributable to the shareholders of the Company	950,028	948,728	1,386,932	1,584,124
Number of Unisem Shares	518,586	674,162	842,702	926,972
NA per share (RM)	1.83	1.41	1.64	1.71
Borrowings (RM'000)	396,509	396,509	396,509	396,509
Gearing (times)	0.42	0.42	0.29	0.25

Notes:

- (1) After deducting estimated expenses of RM1.3 million in relation to the Proposals. The estimated expenses for the Proposals include underwriting expenses in relation to the Proposed Rights Issue of Warrants, if required. Any variation to the estimated expenses will result in an adjustment to the amount allocated to working capital purposes.
- (2) Based on the theoretical ex-bonus price based on the five (5)-day VWAMP of Unisem Shares up to and including 4 May 2010 of RM2.60, the Proposed Rights Issue of Warrants (including the issuance and exercise of the Warrants) is expected to raise gross proceeds of RM438.20 million.
- (3) Based on exercise price of RM2.34 per Unisem Share based on theoretical ex-bonus price of Unisem Shares after taking into account 10% discount to the five (5) day VWAMP of RM2.60.

The Proposed ESOS is not expected to have any immediate effect on the NA, NA per Share and gearing of the Unisem Group until such time when the ESOS options are granted. The effects on the NA and gearing of the Unisem Group will depend on the number of new Unisem Shares to be issued upon exercise of the ESOS options and the exercise price.

5.3 Earnings and EPS

5.3.1 Proposed Bonus Issue and Proposed Rights Issue of Warrants

The Proposed Bonus Issue and Proposed Rights Issue of Warrants are not expected to have any material effect on the earnings of the Unisem, except that the EPS of the Unisem Group will be diluted due to the new Unisem Shares to be issued pursuant to the Proposed Bonus Issue and exercise of the Warrants pursuant to the Proposed Rights Issue of Warrants.

5.3.2 Proposed ESOS

With the adoption of Financial Reporting Standard (“**FRS 2**”) on Share-Based Payment as issued by the Malaysian Accounting Standards Board, the potential cost of the granting of ESOS options under the Proposed ESOS will need to be measured at the grant date and recognised as an expense in the income statement. The total potential cost of the ESOS options granted would depend on inter alia, the number of ESOS options granted and the fair value of such ESOS options.

Hence, the effect of the Proposed ESOS on the earnings and EPS of the Unisem Group cannot be determined at this juncture as it is dependent upon inter alia, the above factors as well as the utilisation of proceeds arising from the exercise of the ESOS options.

Nevertheless, the Board has taken note of the potential impact of FRS 2 on the future earnings of the Unisem Group and shall take into consideration such impact in the allocation and granting of ESOS options to Eligible Directors and Eligible Executives.

5.4 Convertible Securities

As at the date of this announcement, the Company does not have any existing convertible securities.

5.5 Substantial Shareholders' Shareholding

The effects of the Proposals on the shareholding structure of the substantial shareholders of Unisem based on the Company's Register of Substantial Shareholders as at 3 May 2010 are as follows:

Shareholders	Existing shareholding as at 3 May 2010				(I) After Proposed Bonus Issue and Proposed Rights Issue of Warrants				(II) After (I) and assuming full exercise of Warrants				(III) After (II) and Proposed ESOS *			
	<---Direct--->		<--Indirect-->		<---Direct--->		<--Indirect-->		<---Direct--->		<--Indirect-->		<---Direct--->		<--Indirect-->	
	No. Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Bandar Rasah Sdn Bhd	130,600	25.18	-	-	169,780	25.18	-	-	212,225	25.18	-	-	212,225	22.89	-	-
Jayvest Holdings Sdn Bhd	10,667	2.06	130,600	25.18 ⁽¹⁾	13,867	2.06	169,780	25.18 ⁽¹⁾	17,334	2.06	212,225	25.18 ⁽¹⁾	17,334	1.87	212,225	22.89 ⁽¹⁾
John Chia Sin Tet	12,536	2.42	153,437	29.59 ⁽²⁾	16,297	2.42	199,468	29.59 ⁽²⁾	20,371	2.42	249,335	29.59 ⁽²⁾	20,371	2.20	249,335	26.90 ⁽²⁾
The estate of Soo Yut Kuan	-	-	141,267	27.24 ⁽³⁾	-	-	183,647	27.24 ⁽³⁾	-	-	229,559	27.24 ⁽³⁾	-	-	229,559	24.76 ⁽³⁾
Yen Woon @ Low Sau Chee	-	-	135,420	26.11 ⁽⁴⁾	-	-	176,046	26.11 ⁽⁴⁾	-	-	220,058	26.11 ⁽⁴⁾	-	-	220,058	23.74 ⁽⁴⁾

Notes:

* Assuming full exercise for the 84.27 million ESOS options to be granted into 84.27 million new Unisem Shares, representing 10% of the issued and paid-up share capital of the Company on the assumption the maximum number of ESOS options are granted after the Proposed Bonus Issue and upon full exercise of the Warrants. The allocations of the ESOS options to John Chia Sin Tet, the major shareholder of the Company who is also Eligible Director under the Proposed ESOS is not disclosed as the allocations of the ESOS options to the Eligible Directors have yet to be finalized.

⁽¹⁾ Deemed interested by virtue of its interest in Bandar Rasah Sdn Bhd.

⁽²⁾ Deemed interested by virtue of his interest in Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd and nominee company under pledged securities account.

⁽³⁾ Deemed interested by virtue of its interest in Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.

⁽⁴⁾ Deemed interested by virtue of his spouse and interest in Bandar Rasah Sdn Bhd and Lancar Indah Sdn Bhd.

6. APPROVAL REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) the shareholders of Unisem at an Extraordinary General Meeting (“**EGM**”) to be convened;
- (ii) Bursa Securities, for the following:-
 - (a) for the listing of and quotation for the new Unisem Shares to be issued pursuant to the Proposed Bonus Issue;
 - (b) for the listing of and quotation for the new Unisem Shares to be issued pursuant to the exercise of the ESOS option(s) granted under the Proposed ESOS; and
 - (c) for the admission of Warrants to the Official List, listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue of Warrants and for the listing of and quotation for new Unisem Shares to be issued upon exercise of the Warrants, if any;
- (iii) Bank Negara Malaysia for the Proposed Rights Issue of Warrants in accordance with the Exchange Control Regulations.

The Proposed Rights Issue of Warrants is subject to the registration of the Abridged Prospectus by the Securities Commission. The Proposed Bonus Issue, Proposed Rights Issue of Warrants and Proposed ESOS are not inter-conditional.

7. ESTIMATED TIMEFRAME TO COMPLETION

Barring unforeseen circumstances, and subject to the receipt of all the approvals of the relevant parties and authorities, the Proposed Bonus Issue and Proposed Rights Issue of Warrants are expected to be completed by the third quarter of 2010. The Proposed ESOS is expected to be implemented by third quarter of 2010, for a period of five (5) years.

8. ESTIMATED TIMEFRAME FOR SUBMISSION TO REGULATORY AUTHORITIES

The relevant applications to the regulatory authorities in relation to the Proposals will be made within one (1) month from the date of this announcement.

9. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

9.1 Proposed Bonus Issue and Proposed Rights Issue of Warrants

None of the Directors nor major shareholders of Unisem nor any persons connected to them have any interest, whether direct or indirect, in the Proposed Bonus Issue and Proposed Rights Issue of Warrants beyond their respective entitlements as shareholders, which rights are also available to all other shareholders of the Company.

9.2 Proposed ESOS

The Executive Directors of Unisem, namely John Chia Sin Tet, Ang Chye Hock and Francis Chia Mong Tet (“**Interested Directors**”) are deemed interested in the Proposed ESOS to the extent of their respective allocations under the Proposed ESOS. Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of their respective allocations under the Proposed ESOS at the relevant Board meetings. Further the Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on resolutions pertaining to their respective allocations under the Proposed ESOS to be tabled at an EGM to be convened.

The Interested Directors have undertaken to ensure that any persons connected to them, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to their respective allocations under the Proposed ESOS to be tabled at an EGM to be convened.

The major shareholder of the Company, John Chia Sin Tet, who is also the Chairman and Group Managing Director of the Company, is entitled to participate in the Proposed ESOS and is therefore deemed interested in the Proposed ESOS and his entitlement under the Proposed ESOS. Francis Chia Mong Tet, the brother of John Chia Sin Tet is person connected to him and is also Eligible Director pursuant to the Proposed ESOS, and therefore John Chia Sin Tet is also deemed interested in the entitlement of Francis Chia Mong Tet. John Chia Sin Tet will abstain from voting in respect of his direct and indirect shareholdings in the Company on the ordinary resolutions pertaining to the Proposed ESOS as well as his entitlement and the entitlements of Francis Chia Mong Tet under the Proposed ESOS to be tabled at an EGM to be convened. He will also undertake that persons connected to him, if any, will abstain from voting on the relevant ordinary resolutions pertaining to the Proposed ESOS as well as his entitlement and the entitlement of Francis Chia Mong Tet under the Proposed ESOS to be tabled at an EGM to be convened.

Save as disclosed above, none of the Directors and major shareholders of Unisem or persons connected with them has any interest, direct and indirect, in the Proposed ESOS.

10. BOARD’S RECOMMENDATION

The Board, having considered all aspects of the Proposed Bonus Issue and Proposed Rights Issue of Warrants, is of the opinion that the Proposed Bonus Issue and Proposed Rights Issue of Warrants is in the best interest of the Company and its shareholders.

The Board (save for the Interested Directors) having considered all aspects of the Proposed ESOS, of the opinion that the Proposed ESOS is in the best interest of Unisem Group. Accordingly, the Board (save for the Interested Directors) shall recommend that their shareholders vote in favour of the resolutions to be tabled at an EGM to be convened to approve the Proposed ESOS.

11. ADVISER

Maybank IB has been appointed as Adviser to the Company for the Proposals.

This announcement is dated 5 May 2010.