

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

MINUTES OF THE 32ND ANNUAL GENERAL MEETING (“32ND AGM”) CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT UNISEM (M) BERHAD, BOARD ROOM, LOT NO. 9(H), 9TH FLOOR UBN TOWER, 10 JALAN P RAMLEE, 50250 KUALA LUMPUR ON 28 APRIL 2021, WEDNESDAY AT 10.30 A.M.

Present at Broadcast Venue : Mr John Chia Sin Tet – *Chairman and Group Managing Director*
Mr Francis Chia Mong Tet – *Executive Director, Group Finance*
Ms Chin Hock Yee – *Company Secretary*

Present via video conferencing : Mr Alexander Chia Jhet-Wern – *Executive Director*
Dato’ Gregory Wong Guang Seng – *Senior Independent Director*
Mr Ang Chye Hock – *Independent Director*
Ms Lim Siew Eng – *Independent Director*
Puan Mahani Binti Amat – *Independent Director*
Mr Xiao Zhiyi – *Non-Independent Director*
Mr Cui Weibing – *Non-Independent Director*
Mr Ju Feng – *Non-Independent Director*
Ms Kuan Hui Fang – *Company Secretary*

The attendance of members/corporate representatives/proxies is as per the Summary of Attendance List via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website.

CHAIRMAN

The Chairman welcomed the members and attendees to the Company’s 32nd AGM. The Chairman informed that as part of the Company’s safety measures to curb the spread of the Covid-19 pandemic, the 32nd AGM was convened entirely through live streaming from the Broadcast Venue. The Chairman then introduced the Board members, Company Secretary and auditors to the shareholders.

NOTICE

The notice convening the meeting, having been circulated earlier to all members of the Company and advertised in the New Straits Times within the prescribed period, was taken as read.

QUORUM

The Chairman advised the meeting that the Constitution of the Company required the presence of at least two (2) members or proxies or corporate representatives to form a quorum. For a fully virtual general meeting, the quorum shall be determined by the number of members who logged-in at the commencement of the meeting.

The Chairman informed that the quorum requirement has been met at the start of the meeting and he called the meeting to order at 10.30 a.m.

The Chairman advised that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of a general meeting must be voted by poll. Pursuant to the Constitution of the Company, the Chairman declared that Ordinary Resolutions 1 to 7 in the Notice of the 32nd AGM shall be voted by poll. The poll would be conducted after all items on the agenda have been dealt with. The Chairman then briefed the shareholders on the flow of the meeting.

The meeting would go through all the resolutions as set out in the Notice of AGM. Thereafter, there would be a question and answer (“Q&A”) session. During the Q&A session, the Board and Management would address the questions that have been submitted by the shareholders electronically in advance of the 32nd AGM and also the questions posed by shareholders at 32nd AGM via real-time submission of typed texts in the query box.

The poll administrator was Tricor Investor & Issuing House Services Sdn Bhd (“Poll Administrator”) and the independent scrutineer was Asia Securities Sdn Berhad (“Scrutineer”).

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“AFS 2020”) AND THE REPORTS OF DIRECTORS AND AUDITORS THEREON

The Chairman informed that the AFS 2020 together with the Directors’ and Auditors’ Reports was meant for discussion only as the Companies Act 2016 did not require a formal approval of the shareholders for the AFS 2020. Therefore, the item was not put forward for voting.

The Chairman declared the AFS 2020 together with the Directors’ and Auditors’ Reports thereon be received.

**2. ORDINARY RESOLUTION 1
PAYMENT OF DIRECTORS’ FEES AMOUNTING TO RM1,458,000 FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The Chairman moved to the next item on the agenda i.e. Ordinary Resolution 1 on the payment of Directors’ fees amounting to RM1,458,000 for the financial year ended 31 December 2020, an increase of RM102,600 from RM1,355,400 for the financial year ended 31 December 2019. He put the following motion to the meeting for consideration:-

“THAT the payment of Directors’ fees amounting to RM1,458,000 for the financial year ended 31 December 2020 an increase of RM102,600 from RM1,355,400 for the financial year ended 31 December 2019 be and is hereby approved.”

**3. ORDINARY RESOLUTIONS 2, 3 AND 4
RE-ELECTION OF MR FRANCIS CHIA MONG TET, MR JOHN CHIA SIN TET
AND MDM LIM SIEW ENG AS DIRECTORS PURSUANT TO REGULATION 115
OF THE CONSTITUTION OF THE COMPANY**

The Chairman informed the meeting that the next item on the agenda was on the re-election of Mr Francis Chia Mong Tet, Mr John Chia Sin Tet and Mdm Lim Siew Eng as Directors pursuant to Regulation 115 of the Constitution of the Company under Ordinary Resolutions 2, 3 and 4 respectively.

The Chairman put the following ordinary resolutions to the meeting for consideration:-

“THAT Mr Francis Chia Mong Tet who retires pursuant to Regulation 115 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company.”

“THAT Mr John Chia Sin Tet who retires pursuant to Regulation 115 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company.”

“THAT Mdm Lim Siew Eng who retires pursuant to Regulation 115 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company.”

4. ORDINARY RESOLUTION 5
APPOINTMENT OF DELOITTE PLT AS AUDITORS OF THE COMPANY

The Chairman moved on to Ordinary Resolution 5 on the re-appointment of Auditors.

He put the following motion to the meeting for consideration:

THAT Deloitte PLT be and is hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and the Directors be authorized to fix their remuneration.”

5. ORDINARY RESOLUTION 6
AUTHORITY TO ALLOT SHARES

The Chairman informed that the next item on the agenda was on the authority to allot shares.

He explained that Ordinary Resolution 6, if passed, would grant a renewed mandate and provide flexibility for the Company to empower the Directors of the Company, from the date this AGM, 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 renewed mandate would 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, would expire at the next AGM.

The Chairman put the motion to the meeting for consideration:-

“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.

THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company held after the approval was given;*
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or*

(iii) *revoked or varied by resolution passed by the shareholders of the Company in a general meeting,*

whichever is the earlier.”

ANY OTHER BUSINESS

The Chairman informed that no notice for other business pursuant to the Companies Act 2016 and the Constitution of the Company had been received.

Q&A SESSION

The Chairman then addressed the questions submitted prior and during the 32nd AGM by the shareholders.

The summary of questions and responses from the Company (Summary of Key Matters Discussed) is attached hereto as “Appendix A”.

CONDUCT OF POLL

Having dealt with all the items on the agenda, the meeting then proceeded to vote on Ordinary Resolutions 1 to 7 by poll at 11.20 a.m.. The Chairman adjourned the meeting at 11.30 a.m. for the counting of votes.

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, the Chairman resumed the meeting at 12.00 noon for the declaration of the results of the poll.

Based on the poll results attached hereto as “Appendix B”, the Chairman declared Ordinary Resolutions 1 to 7 carried.

CLOSURE

The Chairman thanked those present for their attendance and closed the meeting at 12.05 noon.

READ AND CONFIRMED BY

CHAIRMAN

Annexure A - Summary of Key Matters Discussed

The Company had received questions submitted prior and during the 32nd AGM by the shareholders and all the questions submitted were covered during the Q&A session at the AGM. The followings are the key matters discussed:

Q1. Is Unisem performance affected by the recent shortage of chips in semiconductor industry?

Submitted by TAN JUN YUAN

Will IC shortage in 2021 affect the operation and revenue? *Submitted by CHEW CHONG GHEE*

Is the shortages of wafer or IC affected Unisem business to certain extent? *Submitted by HO XI WEN*

Any shortage of raw material as we know global shortage in chips ? If yes, how does this affect the company sales performance? *Submitted by KUAN LAY MING*

Is shortage of chip affected unisem operation? *Submitted by LIM THEAN YEONG*

Is it worldwide wafer shortage will impact Unisem? *Submitted by TAN MENG KHAI*

Any impact to Unisem this year performance related to world wide chips shortages? *Submitted by LEE KONG YEAN*

Please advise the material impact to the Company in regard to the global chip shortage.

Submitted by LEE SOON THYE

The Company's response:

There appears to be a shortage of chips in most sectors of the industry due to under-investment in capacity when the pandemic broke out in early 2020. Most players in the semiconductor industry minimized capex to conserve reserves in anticipation of a dramatic slowdown. The slowdown was short-lived and the industry recovered strongly resulting in a shortage of chips especially in the automotive sector.

In line with the recovery, Unisem recovered strongly in the second half of 2020.

Some of our customers are affected by a shortage of wafers from the foundries like TSMC but overall we have enough of die-support (wafers from customers) to run our lines to almost optimal capacity.

Q2. Are we able to know much of Unisem current exposure or revenue are contributed from China HUATIAN? *Submitted by TAN JUN YUAN*

The Company's response:

TSHT and Unisem operate entirely independently of each other. We have only a very small number of common customers and there is insignificant overlap.

Q3. What is the CAGR for the next 3-5 years for UNISEM from the booming of EV and IoT? Is the company involved in business related to EV? *Submitted by TAN JUN YUAN*

Whole semiconductor industry is experiencing upcycle now. How long would you expect this situation to last? I noticed that Unisem had hired additional 400+ workers. May I know what is the growth plan behind? *Submitted by HO XI WEN*

EBITDA was around RM100 million for the past three quarters, how likely it can sustain or improve in the remaining quarters of 2021? Which products and services as well as market segments are more profitable? *Submitted by LEE SOON THYE*

strategy for next 12 months? *Submitted by TEH KIAN LANG*

The Company's response:

We believe that Unisem will continue to grow significantly for the next few years due to our business model of having a balanced portfolio of customers, products & services serving a broad spectrum of the semiconductor market.

Our plants in Malaysia and Chengdu are well sited. China is the biggest consumer of everything including semiconductors and therefore is a must-have destination for a manufacturing plant. Malaysia has been host to all semiconductor players in the world for over 30 – 40 years and with good infrastructure and an established eco system that continues to make Malaysia about the best place to have a semiconductor plant ex-China.

Consumer electronics and communication will continue to be major end segments for the parts we produce. There is a chip in everything we use; in our homes, offices, factories, cars etc. The application of chips has become more and more pervasive and has become an indispensable part of our lives.

The drivers for the next phase of growth would be the roll-out of 5G, IoTs, electric vehicles, autonomous driving and connectivity generally.

We believe Unisem is well placed to benefit from the global growth of semiconductors in the years ahead.

Q4. The expansion in Chengdu plant will increase the production capacity by how much?

Submitted by CHEW CHONG GHEE

For Chengdu plant CAPEX, actual utilization is still 0, is there any issue on the expansion progress? Submitted by SEE KELVIN

When Private Placement Utilization on Chengdu plant will start? As this latest quarter report show it not yet used, and this plant production utilization rate seems to be full already. Estimated when Ipoh and Chengdu plant new expansion will complete? Submitted by TAN MENG KHAI

Any plan for the RM800 million cash on hand? Submitted by LEE SOON THYE

The Company's response:

The expansion plan for the Group's Chengdu facility per the private placement announcement of 17 Nov 2020 was for the construction and facilitation of cleanroom of the Phase 3 facility. We have just awarded the tender for our Phase 3 facility in Chengdu and mobilisation and preliminary work have started. The construction has not commenced as yet. This third plant will have the floor space and clean room environment that will enable us to double our production capacity and sales.

We will utilise the proceeds from the private placement per our announcement of 17 Nov 2020. The capex plan of Unisem Chengdu and Unisem Ipoh per the private placement announcement is on track. The Phase 3 facility will be completed in 2 years. The capex in Unisem Ipoh is on going and will be completed within 12 months.

Q5. The expansion in Ipoh plant will increase the production by how much? Submitted by CHEW CHONG GHEE

Can you update us the latest utilization rate for each plant? Submitted by SEE KELVIN

How many percentage of capacity that unisem is running right now. Submitted by POH CHUN

KEAT

What is the current utilization rate? Any plan to increase capacity in near future? Submitted by KUAN LAY MING

What is the current utilization rate and capex for 2021 Submitted by OOI TEEK TEIA

Given the exceptionally high capex in Q1 2021, please enlighten us when and to what extent will the Company enjoy the fruits Submitted by LEE SOON THYE

The Company's response:

The expansion plan for the Group's Ipoh facility per the private placement announcement was for capacity expansion in our assembly, test and wafer bumping operations.

Thereafter our plant in Ipoh (Simpang Pulai) would be maxed out and there is no room to expand footprint. We have commissioned consultants to prepare and submit for approval the building plans for a new facility at Jalan Gopeng, Ipoh – about 10 km from our existing plant. This piece of property is about 32 acres in area and we will begin construction of the Phase 1 in the 2nd half of the year. The Phase 1 facility will have the production space to enable us to increase production by 50% of current capacity.

Q6. What are the major opportunities and challenges facing the company? What opportunities or challenges result from trends toward globalization? What are the company's key competitive advantages in global? Submitted by CHONG WAI MUN

What are the company's key competitive advantages in global? Have competitors introduced solution/products that threaten any of the company's major solutions/products? How is the company positioned for long-term growth, compared with competitors? What are the company's growth strategies? Submitted by CHONG WAI MUN

Does the company plan to diversify into new markets, products, or businesses? How does the company keep pace with technologies? What is the company's current market share in its major products? How does the company plan to expand market share? How effective are the company's research and development efforts in relation to its size? How does the company ensure that its employees' skills remain aligned and leading edge?

Submitted by CHONG WAI MUN

Does Malaysia market able service well and overseas market can contribute sustainability of group in next years of financial years? Submitted by KOW LIH SHI

What is Unisem competitive strength? What differentiate between the Group and its competitors in term of technology and capabilities? Submitted by HO XI WEN

The Company's response:

We believe that the current trade tensions especially between US and China has presented Unisem Chengdu with an opportunity to grow exponentially. As the US continues to impose sanctions against China from buying into US companies or products from US companies, the Chinese authorities have been left with no choice but to encourage the expansion of domestic capacity and enhance capability across the entire semiconductor supply chain – IC design houses, front end wafer foundries, Assembly & Test facilities, SMT and end product assembly plants etc. This phenomenon has been amply demonstrated in last year or so when all players in the supply chain including Unisem have been running at full capacity even as we continue to increase capacity rapidly.

On the flip side, Unisem Ipoh is also benefitting from customers that need supply from out-side of China. Malaysia would inevitably be a preferred choice due to our presence in the industry over the last few decades.

Our key competitive advantage is that we have the geographical spread being sited in China and Malaysia, the geographical spread of our customers – American, European and Asian particularly Chinese, Japanese and Korean.

Another competitive advantage is that we served several end segments of the market – automotive, communication i.e. smartphones and handheld devices, consumer electronics and industrial applications.

Unisem will focus on advanced packaging and higher value-added products and services and de-emphasize labour intensive operations. We will remain solely in the business of semiconductors.

We worked closely with our IC design customers, their end customers and our suppliers of equipment and materials to bring new packages and technologies to the market in a timely manner.

We have several hundred engineers of various disciplines in the Group that constantly keep abreast of innovations in design and process engineering.

Q7. Is the company involved in business related to EV? Submitted by TAN ZE CHIEN

The Company's response:

Yes, through our customers that supply chips to the automotive and power management sectors.

Q8. Is Unisem planning to venture into test and packaging business of third generation semiconductor? (SiC and GaN) Submitted by TAN ZE CHIEN

The Company's response:

Yes, we are working with a few customers for both Assembly & Testing of ICs on SiC & GaN package. Most high power devices are moving to SiC and GaN due to better thermal conductivity and efficiency which is suitable for high speed charging of devices. Most of these customers supply to infrastructure/base stations for high speed transmitting of data lines to support 5G networks.

Q9. Bursa Malaysia is encouraging all public listed companies to adopt good ESG practices in their business operations. What is our Company's annual budget in terms of percentage of total expenditure in pursuing the ESG agenda? Submitted by LIM KHENG JOO

The Company's response:

Unisem began adoption of good ESG practices in our operations years ago and was on the list of FTSE4Good Index. We fell out of that list two years ago only because our public shareholding spread fell below 25% due to the VGO exercise in 2019.

We do not have a fixed annual budget in pursuing the ESG agenda but we have an in-house team that monitors our operations not only for compliance purposes but as a matter of standard practice and good behaviour.

Q10. since the last bonus issue in Jul 2010, is there any plan to have bonus issue soon to reward loyal shareholders? Submitted by TAN SEONG KOK

Due to the public spread of just 23% and being cash rich of about RM 750 million, is there any plans for Unisem to do a bonus issue?. Submitted by YEAP BOON TAT

The Company's response:

There are no plans for bonus issue being contemplated by the Board at the moment. Our priority is to grow the revenue and improve the profitability of the Group. The management is continuously reviewing the option of a bonus issue when the financials of the Company can sustain the enlarged share base.

Q11. Regarding for public spread, will have any effect for the company?? Submitted by POH CHUN KEAT

The Company's response:

The Company has been granted an extension of time until 30 June 2021 to meet the 25% public spread requirement. The Company and its major shareholders intend to meet the public spread requirement before 30 June 2021. Please refer to the Public Shareholding Spread Status announcement dated 27 April 2021.

Q12. Is the drop in margin in the latest quarterly result due to raise in raw material price? How's recent raise in the price of copper and other raw material affect the margin? Submitted by YAP HONG YI

Please explain why the latest quarter profit margin is dropping Submitted by ONG ZHU HONG
According to latest quarter report, UNISEM mentioned that one of the main reasons that caused PBT dropped qoq is different product mix. Please elaborate and how to solve the problem? Submitted by KUAN LAY MING

The Company's response:

As explained in Note B2 of our quarterly announcement, the lower profit before taxation in the first financial quarter ended 31 March 2021 was mainly attributable to a difference in product mix, higher payroll cost, higher depreciation charges and the depreciation of USD/MYR exchange rates.

Q13. Please advise whether Company has set any dividend policy (not the known distribution).? Submitted by LEE SOON THYE

The Company's response:

In FY2020 the Company paid three dividends, a total of 6 sen per share. Going forward we will evaluate the dividend payout taking into consideration our operation and capital expenditure requirements.

Q14. How much wafer level packaging contributes to Unisem topline and bottomline ? 2) From whom do you buy your wafer level packaging equipments? From Penang based Mi Technovation? Submitted by LAU HOW SIONG

The Company's response:

The wafer level packaging and wafer bumping activities form about 35% of the Group's revenue. We

procure our equipment from various qualified vendors.

Q14. Questions asking for voucher/e-voucher/e-wallet/door gifts/food voucher/goodies *Submitted by STEPHEN LYE TUCK MENG, LIM KHENG JOO, TEE BENG CHOO, STEPHEN LYE TUCK MENG, STEPHEN LYE TUCK MENG, SEE YOOT WAH, TEE BENG NGO, TEE BENG HEE, TEE BENG NGO, TE SENG WHATT @ TAY SENG WHATT, YONG YANG HAR, ADRIAN TAY KIM MING, GOH WEE WEE, LEONG FOOK SEN@FRANCIS LEONG, LEONG FOOK SEN@FRANCIS LEONG, CHAN AH MOI, CHIEW CHOY @ CHOW CHIN HOI, SEE YOOT WAH, LEE SOON THYE, CHOW LEE MING, TAN TENG CHEE, TAN ENG WAUN, LEE CHONG SING, LUM PECK WAN, STEPHEN LYE TUCK MENG, LIM LENG YAW, KONG FON YEEN, HO FONG CHEE, TEH PENG TIN, TAN SAIK KUEN, LEE SUAN BEE, LEE ENG FOCK, HO FONG CHEE, LIEW CHEE MENG, LUM CHOONG YING, LUM PEK KAM, KOK SAK LIN, SHIRLEY TAN, TEH SUE LENG, MOHD TAHIR BIN MAULUT, NG SWEE PEU, CHONG LIM FAH, LOO YOK LAN, LEE KWAI YOONG, LEE TUCK FEONG, LAU SIEW HOON*

The Company's response:

We made a decision that there will be no voucher/e-voucher/e-wallet/door gifts/food voucher/goodies for participation in this AGM. It was stated in our Administrative Guide to Shareholders. We nonetheless hope that shareholders would continue to support Unisem and to participate in the deliberations at our general meetings. We will continue to strive for better outcomes in our operations and that will benefit all shareholders even more.

UNISEM SD BERHAD
(183314-V)

32nd Annual General Meeting
Lot No. 9(H), 9th Floor UBN Tower,
10 Jalan P Ramlee, 50250 Kuala Lumpur
On 28-April-2021 at 10:30AM

Result On Voting By Poll

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Ordinary Resolution 1	626,305,106	99.9887	438	91.2500	71,090	0.0113	42	8.7500	626,376,196	100.0000	480	100.0000
Ordinary Resolution 2	611,216,114	99.0910	400	86.9565	5,607,182	0.9090	60	13.0435	616,823,296	100.0000	460	100.0000
Ordinary Resolution 3	610,615,470	98.9937	407	88.4783	6,206,926	1.0063	53	11.5217	616,822,396	100.0000	460	100.0000
Ordinary Resolution 4	625,917,735	99.9268	443	92.4843	458,460	0.0732	36	7.5157	626,376,195	100.0000	479	100.0000
Ordinary Resolution 5	626,339,414	99.9941	449	93.7370	36,781	0.0059	30	6.2630	626,376,195	100.0000	479	100.0000
Ordinary Resolution 6	619,411,211	99.6271	420	88.6076	2,318,480	0.3729	54	11.3924	621,729,691	100.0000	474	100.0000

