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

MINUTES OF THE 36TH ANNUAL GENERAL MEETING ("AGM") 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.

Present	:	Mr John Chia Sin Tet – *Chairman and Group Managing Director* Mr Francis Chia Mong Tet – *Executive Director, Group Finance* Mr Alexander Chia Jhet-Wern – *Executive Director* Puan Nelleita binti Omar – *Senior Independent Director* Mr Patrick Ng Gan Hooi – *Independent Director* Mdm Teh Muy Ch'ng – *Independent Director* Puan Noor Alina binti Mohamad Faiz – *Independent Director* Ms Chin Hock Yee – *Company Secretary*
Present via video conferencing	:	Mr Xiao Zhiyi – *Non-Executive Non-Independent Director* Mr Cui Weibing – *Non-Executive Non-Independent Director* Mr Chang Wenying - *Non-Executive Non-Independent Director* Mdm Chen Yan - *Non-Executive Non-Independent Director*

The attendance of members/corporate representatives/proxies is as per the Summary of Attendance List.

CHAIRMAN

The Chairman welcomed the members and attendees to the 36th AGM of the Company. The Chairman then introduced the Board members, Company Secretary and the 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. The Chairman informed the meeting that the quorum requirement had 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 10 in the Notice of the 36th AGM ("Notice") shall be voted by poll.

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. Thereafter, there would be a question and answer ("Q&A") session. The voting by poll would be conducted after the Q&A session.

The Company has appointed our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the polling process by way of electronic voting (e-voting) and Quantegic Services Sdn Bhd as the Independent Scrutineer to verify the poll results.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 ("AFS 2024") AND THE REPORTS OF DIRECTORS AND AUDITORS THEREON

The Chairman informed that the AFS 2024 together with the Directors' and Auditors' Reports was meant for discussion only as the Companies Act 2016 ("the Act") did not require a formal approval of the shareholders for the AFS 2024. Therefore, the item was not put forward for voting.

The Chairman declared the AFS 2024 together with the Directors' and Auditors' Reports thereon be received.

2. ORDINARY RESOLUTION 1
PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM1,727,500 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Chairman moved to Ordinary Resolution 1 on 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. He put the following motion to the meeting for consideration:-

"THAT the payment of Directors' fees amounting to RM1,727,500 for the financial year ended 31 December 2024 be and is hereby approved."

3. ORDINARY RESOLUTIONS 2, 3 AND 4
RE-ELECTION OF MR XIAO ZHIYI, MR CUI WEIBING, AND PUAN NELLEITA BINTI OMAR 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 Xiao Zhiyi, Mr Cui Weibing, and Puan Nelleita binti Omar as Directors pursuant to Regulation 115 of the Constitution of the Company under Ordinary Resolutions 2, 3 and 4 respectively.

The Board recommends and supports the re-election of the 3 Directors. The bases and consideration for the recommendation have been clearly set out in the Statement Accompanying Notice of AGM on page 243 of the Integrated Annual Report.

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

"THAT Mr Xiao Zhiyi 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 Cui Weibing 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 Puan Nelleita binti Omar 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, 6, 7 AND 8
RE-ELECTION OF PUAN NOOR ALINA BINTI MOHAMAD FAIZ, MR PATRICK NG GAN HOOI, MR CHANG WENYING AND MDM CHEN YAN AS DIRECTORS PURSUANT TO REGULATION 118 OF THE CONSTITUTION OF THE COMPANY

The Chairman moved on to the next item on the agenda on the re-election of Puan Noor Alina binti Mohamad Faiz, Mr Patrick Ng Gan Hooi, Mr Chang Wenying and Mdm Chen Yan as Directors pursuant to Regulation 118 of the Constitution of the Company under Ordinary Resolution 5.

The Board recommends and supports the re-election of Puan Noor Alina binti Mohamad Faiz, Mr Patrick Ng Gan Hooi, Mr Chang Wenying and Mdm Chen Yan. The bases and consideration for the recommendation have been clearly set out in the Statement Accompanying Notice of AGM on page 243 of the Integrated Annual Report.

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

"THAT Puan Noor Alina binti Mohamad Faiz who retires pursuant to Regulation 118 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company."

"THAT Mr Patrick Ng Gan Hooi who retires pursuant to Regulation 118 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company."

"THAT Mr Chang Wenying who retires pursuant to Regulation 118 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company."

"THAT Mdm Chen Yan who retires pursuant to Regulation 118 of the Constitution of the Company and being eligible, be and is hereby re-elected as Director of the Company."

5. ORDINARY RESOLUTION 9
APPOINTMENT OF 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

The Chairman moved on to Ordinary Resolution 9 on the re-appointment of Auditors.

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

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

6. ORDINARY RESOLUTION 10
AUTHORITY TO ALLOT SHARES

The Chairman proceeded with the Ordinary Resolution 10 on the authority to allot shares.

He explained that Ordinary Resolution 10 if passed, would grant a renewed general 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 general 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 Company had, at the 35th AGM 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 the Notice, no new shares of the Company were issued or allotted pursuant to this mandate

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 AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ANY OTHER BUSINESS

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

Q&A SESSION

The Chairman then addressed the questions raised 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 10 by poll and counting of votes by the Poll Administrator and verification of the results by the Independent Scrutineer. The Chairman adjourned the meeting at 12.13 p.m.

The Chairman resumed the meeting at 12.35 p.m. 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 10 carried.

CLOSURE

The Chairman thanked those present for their attendance and closed the meeting at 12.36 p.m.

Signed as a correct record,

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CHAIRMAN

Dated: 3 June 2025

Appendix A - Summary of Key Matters Discussed

The followings are the key matters discussed and the Company's response to all questions raised by shareholders during the AGM:

Q1. Why is there no presentation on the performance and outlook of the Company?
For the first quarter results, what are the reasons behind a higher revenue, higher cost of sale and lower profit compared to same quarter last year?

The dividend of RM32 plus million declared, has it passed the solvency test, cashflow from operations has gone down and the current ratio is also lower?

On the resolution relating to issue of shares, has the Company identified specific parties for the share issuance or is it a general mandate? What is the cost of this physical meeting and what would it be if conducted online?

<u>The Company's response</u>:

Company Performance and Outlook
Over the past one to two years, the semiconductor industry, particularly in the regions where we operate, has experienced a general slowdown. The outlook for the industry remains uncertain due to a challenging global environment shaped by geopolitical tensions, U.S.-imposed tariffs, countermeasures, and other trade restrictions. These external factors are beyond our control, but we remain hopeful that stability will return over time. In the meantime, we are committed to navigating the situation as effectively as possible.

Despite these macroeconomic headwinds, we take comfort in the enduring relevance of semiconductors. Virtually every device in use today relies on integrated circuits, which underscores the continued importance of our industry. As an outsourced semiconductor assembly & test ("OSAT") services provider, our operations in Malaysia and China offer a strong strategic advantage, primarily due to competitive cost structures in both countries.

Looking specifically at Unisem's performance, we are optimistic and expect a notable improvement in the second half of this year compared to last year. This confidence is based on encouraging signs from our China operations ("Unisem Chengdu" or "UC"), where we have observed a marked increase in business activity. The uptick is largely driven by accelerating domestic sourcing, as Chinese design houses are increasingly unable or unwilling to source ICs from U.S. or European suppliers and are instead turning to local manufacturers. This shift has directly benefited us.

In recent weeks, we have seen substantial improvements in both loading patterns and customer forecasts. In response, we are expanding capacity by facilitising additional cleanroom space in our Phase 3 building - completed last year - and placing orders for new equipment.

In contrast, our Ipoh, Malaysia operations ("Unisem Malaysia" or "UM") have underperformed over the past two quarters due to a decline in customer volume, which negatively impacted utilization rates and earnings. Furthermore, we have incurred substantial startup costs at our newly completed Gopeng Plant ("GP"), which came online 6 to 7 months ago. As we onboard new customers and work through various qualification stages, we are incurring utility and operational expenses without corresponding revenue. However, we are confident that by the third and fourth quarters, production volumes will ramp up significantly following the completion of customer qualifications. We believe the worst may be behind us in UM, both in our assembly and test plant and in the wafer bumping plant. We also expect to see notable improvements in UC in the coming months.

Dividend Payments and Financial Position
We have remained consistent in our commitment to paying quarterly dividends, and this continues to reflect our confidence in the Company's financial health. The Board of Directors has reviewed and passed the solvency test, meeting the required ratios for dividend distribution.

Despite the significant capital investments in two new plants - one in Chengdu and the other in Gopeng - we have maintained a net cash position without the need for additional banking facilities. Our EBITDA is expected to continue improving in the coming quarters. In the first quarter of 2025, we recorded an EBITDA of RM70 million. Dividends were paid out of free cash flow, while part of the capital expenditure for GP was financed through borrowings.

At Unisem, we remain in a net cash position. Our overall cash position and balance sheet remain strong. As revenue and earnings improve, we anticipate corresponding improvements across all financial metrics, including current assets.

Issuance of Shares Under Sections 75 & 76 of the Act
The proposed resolution under Sections 75 and 76 of the Act relates to a general mandate, if approved would empower the Board to issue new shares without the need to convene a separate general meeting. It is important to note that any such issuance would still require the necessary approvals from both the Board and relevant regulatory authorities.

This mandate is a standard resolution that we seek annually from our shareholders, and although it has been approved in prior years, no new shares have been issued to date under this provision. Having this mandate in place provides us with flexibility and efficiency should we decide to raise funds through an equity issuance. Without it, we would incur additional costs and face delays in executing a share issue, which could hinder our ability to act swiftly in favorable market conditions.

The cost of convening a general meeting is hefty (estimated at RM200,000) for a physical AGM, and about half that for a virtual meeting. Beyond cost, timing is critical. Capital markets are volatile, and having the ability to act within a narrow window can make a meaningful difference in securing favorable pricing and successful execution.

Q2. The question is on the national semiconductors strategy and as mentioned on page 59 [of the Integrated Annual Report ("IAR")], is the company directly benefiting or leveraging [from the strategy]?
How likely is the company to utilize the unabsorbed RA? With RM400 million expiring this year?
As above 2/3 of our sales are of US customers. What is the potential impact on sales, profit and operations if the US proceed with the 35% tariff under section 232 despite current exemption on semiconductor, particularly concerning as one major US customer accounted for nearly 30% of sales.
"The board expect a better performance this year" - does this refer to revenue or profit after tax or other metrics?

<u>The Company's response</u>:

Customer Base and Market Dynamics
Approximately two-thirds of our customers are U.S.-based. However, it's important to understand the broader context: while these customers are headquartered in the U.S., 80 to 90% of the products we manufacture for them are destined for China and other Asian markets. For instance, one of our major U.S. customers in UC, their products are shipped directly into the Chinese market. Even in

UM, our U.S.-based customers are typically IC design houses servicing a wide array of clients across Asia.

China remains the world's largest and most important market for semiconductors. We value our long-standing relationships with American customers, some of which go back over 30 years, to when we first began operations in Simpang Pulai ("SP") 32 years ago.

In recent years, particularly over the last two years, some of our U.S. customers in the handset segment have experienced weaker demand, this has impacted us. However, we have also benefited from changes in global supply chain dynamics. UC has become more active due to increased domestic sourcing by local design houses, driven by reduced access to Western semiconductor suppliers. We expect UM to benefit from the emerging "China + One" supply chain strategy. Many Chinese and Taiwanese semiconductor companies are now looking to diversify their sourcing outside of China. Malaysia is a clear beneficiary of this trend. Among ASEAN countries, Malaysia offers the most complete and established semiconductor ecosystem, backed by more than five decades of investment from global players such as Intel, Motorola, Infineon, STMicroelectronics, and ON Semiconductor to name a few. Today, Malaysia is still ranked among the top six global producers of integrated circuits.

While there is increasing interest in onshoring semiconductor production in Western countries, the economic and practical challenges remain significant. After decades of relying on offshore manufacturing, reversing that trend would require massive investments and could lead to a significant increase in production costs. This reinforces our belief that outsourced manufacturing in Asia will remain a critical part of the semiconductor value chain for the foreseeable future.

Despite the current geopolitical uncertainty, we remain confident in the long-term strength of the industry and in our positioning. The OSAT model continues to be resilient, and we believe we are well placed to navigate both the risks and the opportunities ahead.

Reinvestment Allowance
We currently have a Reinvestment Allowance (RA) balance, amounting to approximately RM382.5 million. However, this incentive can only be applied against taxable profits generated by our Malaysian operations. Given that our Malaysian operations are currently not generating strong profitability, it is unlikely that we will be able to fully utilize the RA before it expires.

National Semiconductor Strategy and Readiness for Recovery
The recent announcement of Malaysia's National Semiconductor Strategy by the Prime Minister underscores the government's strong commitment to supporting and advancing the electronics and electrical ("E&E") sector. Within this sector, semiconductors remain the dominant contributor, accounting for approximately 60 to 70% of total E&E output. Given that the E&E sector contributes around 39% of Malaysia's total exports, the importance of semiconductors to the national economy is clear.

In light of global trade tensions, particularly around tariffs, the Malaysian government has taken a measured and pragmatic approach. Rather than retaliating with counter-tariffs, the government has expressed its preference for negotiation and compromise, recognising the importance of maintaining a conducive environment for foreign direct investment, especially in the semiconductor space.

We also note the recent agreement between the Malaysian government and Arm Holdings, which aims to facilitate broader access to Arm's intellectual property across the semiconductor value chain. This is expected to benefit local IC design houses, manufacturers, and assembly and test players, enabling them to move further up the value chain. While the immediate impact may not be felt across the board, it signals a clear intention by the government to support the industry in a targeted and meaningful way.

From Unisem's perspective, we are focused on near-term opportunities, especially in areas where we already have a strong presence and competitive edge. The local government and agencies such as MIDA have been engaging with us regularly to understand our needs and offer support where possible. However, we are also proactive in positioning ourselves for growth. Our strategy remains rooted in building competitiveness, whether through operational efficiency, capacity expansion, or technology readiness.

A key part of this strategy is our new facility in Gopeng. This plant offers double the cleanroom space and potentially double the capacity of our current SP facility. It was designed for scalability and efficiency, with improved process flow, infrastructure, and utility management. In contrast to our 33-year-old SP plant, which has evolved through incremental and sometimes ad hoc expansions, the GP facility was built with an integrated, future-ready approach.

As the industry recovers, which we anticipate could happen in the near term, we are well-positioned to benefit. Inventory levels at many of our customers are currently low, and when replenishment begins, we expect a sharp and rapid rebound in demand. Because we have already completed construction and are in the midst of customer qualification processes (which typically take three to four quarters), we believe we are well aligned to capture the upside at the right time.

We are currently hosting multiple customer visits to the new plant, and the feedback has been overwhelmingly positive. Beyond the added capacity, we also expect to benefit from improved operational efficiency and cost structure. GP is a significant step forward in our readiness to support the next phase of growth.

Clarification on Tariff Impact
It is important to clarify that tariffs imposed by the U.S. are not paid by exporters like us. These tariffs are levied on American importers, and ultimately, the additional cost is borne by U.S. consumers. From our standpoint, we do not incur any direct tariff-related costs when shipping to the U.S. The responsibility for tariff payment lies entirely with our customers if and when they import goods into the U.S. market.

It is also worth noting that, during the previous U.S. administration, semiconductors and integrated circuits were specifically exempted from certain tariff measures. While semiconductor manufacturing equipment may still be subject to duties, the chips themselves were largely excluded. However, with the current 90-day pause in place on the broader tariff framework, the outlook remains uncertain. At this stage, we are closely monitoring developments, but as of now, there has been no direct financial impact on our operations.

Q3. May I know what's the pricing difference between the products for China customer and US customer? Which one is more lucrative and besides You say the Chengdu plant is getting busier and busier, do you mean you are acquiring more new customers in China now and do you foresee your China customer will eventually overtake your US customers, please?

Regarding the Chinese market, it often relates to the globalized steep competition. And yet Unisem Chengdu is to be quite good. Do you face price competition situation in China and what is your strategy to counter the situation? Thank you.

The Company's response:

Profitability and Utilisation Rates
The average selling prices (ASPs) in both UC and UM are similar, and we do not see direct competition between our UC and UM operations. However, it's important to note that profitability and margins are not solely driven by production and sales; they are significantly impacted by utilisation rates. Our operations have high fixed overheads, meaning that many of our costs remain constant regardless of production volume.

For example, utilities are a fixed cost, whether our utilization is 55% or 85%, we must maintain constant temperature, humidity, and cleanroom conditions. Similarly, headcount salaries are fixed costs. While we may not be able to adjust our workforce quickly in response to fluctuations in demand, laying off employees during a downturn would be more costly in the long term due to retraining and reintegration expenses. Depreciation also remains fixed, regardless of our utilisation rate. Whether we are running at 90% capacity or 10%, depreciation remains the same.

Thus, our profitability is highly dependent on maintaining high utilisation rates. In UC, where we are currently operating at 85-90% utilisation, margins are significantly higher. Although ASPs in both regions are the same, the higher utilisation in UC results in greater profitability. Conversely, with current utilisation in UM at 50%, margins are only just above breakeven. As we work to increase utilisation to 75%, we expect to see substantial improvements in profitability, with a direct positive impact on the bottom line.

Regarding recent production increases, much of the growth has been driven by existing customers rather than new ones. While we have seen some new Chinese IC design houses come on board, nurturing and qualifying new customers is a longer-term process. Typically, only a small percentage of startups succeed, and even fewer become long-term partners. That's why we are focusing on deepening our relationships with existing customers who have proven potential and alignment with our goals. In particular, growth in UC over the past few months, and in the upcoming quarters, will primarily be driven by the rapid expansion of our current customer base, fueled by increased domestic sourcing.

Competitive Landscape and Customer Profile in UC
While we compete to some extent with domestic Chinese OSAT players in China, our customer base in UC is distinct. Approximately 65% of our customers in UC are non-Chinese, primarily U.S. and European companies, despite the fact that a significant portion of their products is ultimately destined for the Chinese market.

One of the key reasons these multinational customers choose to work with us in UC, despite the availability of lower-cost Chinese OSAT alternatives, is supplier diversification. Many of these companies, including our largest customer, have had long-standing relationships with us, some spanning over 30 years. This deep-rooted trust and familiarity with our capabilities continue to be a significant advantage.

Our customer mix in UC, predominantly U.S. and European-headquartered firms, also impacts our pricing dynamics. Generally, these customers are less aggressive on pricing compared to domestic Chinese customers. As a result, our average selling prices and margins tend to be higher than those typically achieved by local Chinese OSAT players.

It's also important to highlight that while we operate efficiently in UC, the competitive landscape is not entirely level. Local Chinese OSATs often benefit from substantial government subsidies, far exceeding what we receive. Nonetheless, we maintain a disciplined approach to cost management and pricing, supported by a diversified customer base that includes both international and domestic clients. This balanced portfolio not only helps us navigate pricing pressures but also positions us well to weather changes in the market and capture value from multiple segments of the supply chain.

Q4. The electricity costs currently accounted for, how much of the operating cost?

The Company's response:
Utility costs in Malaysia have become a significant factor in our overall operating expenses in UM. In comparison, UC being in the Sichuan Province, China, benefits from materially lower utility rates, largely due to the availability of hydroelectric power. As a result, our utility expenses in UC are approximately 30 to 40% lower than those incurred in UM, even though we manufacture a larger volume of parts there.

In Malaysia, electricity tariffs have increased substantially in recent years. Tenaga Nasional Berhad (TNB) has implemented multiple rounds of tariff hikes, including a notable 30% increase in the past year alone. Looking ahead, there are ongoing discussions about further increases. These are likely driven by the need to fund large-scale capital expenditure to support expanding power generation capacity, particularly to meet the rising demand from data centers and industrial activity in regions such as Johor.

Given the scale of our operations, utility costs constitute a major expense line item, amounting to several million ringgit per month in UM. The upward trajectory of energy costs will continue to put pressure on margins unless mitigated by productivity gains or further operational efficiency measures.

Q5. You mentioned that you expect you can drive up [business volume] in the second-half. Is it referring to the plant in Chengdu or is it referring to the plant in Gopeng? I just want to know extra whether is it the ramp up from single customer or multiple customers and the end market exposures and the ramp up. Is it from the automotive packaged, data center, power package or even communication products?

Can we expect gross profit margin improvement moving forward like for example prior to 2023 the gross profit margins of the company is sitting around 15 to 18% and then I understand that in the past few quarters due to the low utilisation the gross margin went down and moving forward can we expect the numbers to maybe match up with the previous level?

You mentioned that the Chengdu plant will be doing well, and the local plant is not doing so good, can the good business in China off-set the one in Ipoh?

The Company's response:
The current ramp-up in UC is being driven primarily by strong demand from the automotive sector. We are seeing substantial growth from a key customer in power management which supplies components to the largest electric vehicle (EV) manufacturer in China. In addition, we are experiencing a significant uptick in orders from integrated circuit (IC) design houses catering to the Chinese smartphone market, notably brands such as Xiaomi, Honor, and Oppo, rather than Apple.

Beyond automotive and smartphones, we are also witnessing emerging demand in sectors such as artificial intelligence (AI) peripherals, consumer electronics, robotics, and general automation. These areas are expected to remain key growth drivers for the semiconductor industry globally, and China remains a major hub across all these segments. Fortunately, many of our top customers are well-positioned within these market segments, aligning our business with future demand trends.

At GP, a number of customers have successfully completed qualification processes. However, the "China + one" diversification strategy has, over the past 12 to 18 months, largely underdelivered relative to expectations. We had initially anticipated higher volumes from these customers two to three quarters earlier, but uptake was delayed for two main reasons: first, many of these companies continued sourcing from Chinese OSATs at lower cost, reducing the urgency to shift capacity; and second, the overall industry demand remained tepid.

That dynamic, however, is beginning to shift. With geopolitical tensions intensifying, we are now seeing accelerated engagement. Customers are no longer just exploring or preparing for potential diversification. They are actively qualifying us and initiating pilot runs, including wafer submissions. As a result, our Ipoh operations, particularly in GP, stand to benefit. While the impact will take a few more quarters to fully materialise, the trajectory is positive and reinforces our strategic positioning for future growth.

Margin Improvement
Our profitability is fundamentally driven by utilisation rates. As previously highlighted, our operations in UC continue to benefit from strong demand, resulting in consistently high utilisation levels. This trend is expected to persist in the coming quarters, supported by a robust business pipeline.

Given this outlook, we anticipate an improvement in top-line revenue. More importantly, the corresponding increase in utilisation is expected to drive a disproportionately higher improvement in our bottom-line performance, as fixed costs are absorbed more efficiently. The operating leverage inherent in our model positions us well to capitalize on volume recovery, particularly in UC.

UC Performance Highlights
Over the past two quarters, our profitability has been entirely driven by UC, while UM has operated at breakeven. This underscores the continued strength and resilience of our operations in UC, which remains a key contributor to the Group's financial performance.

Historically, UM was a cornerstone of our success and a source of pride. However, over time, margin pressures from declining average selling prices and rising operational costs have eroded its contribution. This prompted the strategic development of our new GP, which is expected to be a catalyst for recovery and future growth in UM.

We remain optimistic that the worst is behind us and that, with improving market conditions and customer performance, we will begin to see a positive turnaround in UM. A continued growth trajectory in UC, complemented by a rebound in UM, would represent an ideal outcome for the Group.

Q6. The tariffs may not directly affect you, but would the currency affect you?
A lot of noise saying that growth is slowing down, so the end product you supply will be slowing down or not.

Does the Company have a foreign currency hedging policy or just natural hedge?

<u>The Company's response</u>:

Foreign Exchange Impact
We have no control over currency fluctuations. That said, at current exchange rates, we remain comfortable with our position. While the direction of future movements is uncertain and largely unpredictable, the prevailing levels are within a range we consider manageable for our operations.

Foreign Exchange Management
We do not maintain an active hedging policy, as we are largely naturally hedged. The majority of our receivables are denominated in US dollars, while a significant portion of our payables, including equipment purchases and raw materials, is also in foreign currency. In addition, we have US dollar-denominated borrowings. Our local currency expenditures are primarily related to salaries, utilities and tax. We convert US dollars into local currencies as needed to meet these obligations.

Impact of Tariffs on Global Trade
The imposition of tariffs is likely to impact total global trade. Historically, such measures often trigger counter-tariffs and, in some cases, non-tariff barriers, which collectively contribute to a contraction in global trade. This environment can foster a sense of caution and pessimism among consumers and business decision-makers alike, potentially leading to reduced investment, consumption, and economic activity.

If trade restrictions persist over an extended period, it is reasonable to expect some level of global economic slowdown, including in the semiconductor sector. While the exact outcome remains uncertain, we remain hopeful that rational and constructive approaches will ultimately prevail.

Despite the broader challenges, we believe that certain players will emerge stronger from this period of uncertainty. We are committed to positioning ourselves to be among those who can navigate the volatility and capture new opportunities.

Q7. Do your products go into the defense industry. And the answer is yes. What proportion of it ends up in weapon of war?

The Company's response:
No, not that we are aware of.

Q8. You mentioned the restructuring in the Simpang Pulai plant. Can you provide more details? Will the major customer continue to generate a lot in income for the company in the long term?

The Company's response:
The SP facility was developed in phases, beginning with Phase 1 in 1992 – 1993, followed by Phase 2 three years later, and Phase 3 thereafter. As a result of this staggered expansion, the site layout has become fragmented, with multiple departments and five to six different test platforms spread across the facility. Space limitations have now been reached, and further physical expansion is no longer feasible.

To address these constraints and improve operational efficiency, we are currently in the process of relocating approximately 50% of our production, mainly QFN and other leadless packages, to GP. This strategic move will not only optimize our footprint but also allow us to restructure and streamline SP's floor layout.

Certain customer commitments will remain anchored in SP. Legacy and leaded package production will continue to be manufactured there. We have also recently engaged a Japanese customer allocating a dedicated section of the plant for their operations. Additionally, a key power management customer has requested to remain solely in SP, and we will honor that arrangement.

Freed-up areas from the ongoing transfer to GP will be consolidated to enhance utility efficiency. We plan to power down underutilized sections, undertake refurbishment, and eventually monetize those spaces through dedicated lines for selected customers. SP will remain a vital site for the Group and will not be decommissioned. Instead, it is undergoing a planned transformation to improve its profitability and sustainability.

To support this, we have invested in replacing all the old chillers and compressors with more energy-efficient systems. These upgrades reflect our commitment to extending the operational life of the SP site while aligning with energy and cost efficiency goals.

Q9. The company have already implemented renewable energy initiatives with installation of solar panel or solar energy system. Have we fully utilized the renewable energy segment difference, how much is already spent on it and the savings and the overall on the recyclables, wastes, how much has the company spent on it and what is the benefit on it?

On Human Resource, on workers safety, although minor, the number of work-related injuries shows double digits [12], can the Directors reduce it to single digit, what is the plan to reduce these incidents?

On pages 132 and 133 [of the IAR] on the employees' training. The total number of training hours for senior management for FY2024 is around 4000 hours, but on the other chart I can see that it's an increase from 3.31 to 17.41 average training hour, but for the management category it showed a reduce of 45.3 to 35.26 average training hour. What is the reason behind this change?

Page 157 [of the IAR], Noise Monitoring, I can see that the noise monitoring of the day and night limit had been reduced by regulator, what is the plan to reduce the noise compared to the regulated limit, especially in Malaysia?

The Company's response:

Sustainability and Energy Management at our Facilities
Our new plant in Gopeng (GP) has been developed as a certified Green Building, incorporating sustainability principles from the design stage. It was engineered to support the load of solar panel installations, enabling us to harness renewable energy on-site. However, it is important to note that the energy generated from solar panels can only account for approximately 20 to 25% of our total electricity consumption. This is primarily due to the high energy requirements of semiconductor manufacturing equipment, which significantly limits the proportion of demand that solar energy can meet. Nevertheless, this contributes meaningfully to both cost management and our sustainability targets.

Conversely, SP, being over three decades old, was not designed to accommodate the structural load of solar panels. Retrofitting the roof for solar implementation would involve significant structural modifications, which may not be economically justifiable at this stage. As such, any renewable energy upgrades at SP will need to be carefully evaluated for feasibility and cost-effectiveness.

The solar electricity generated under our current agreements is supplied at a fixed tariff rate, for a duration of 20 years. This arrangement provides a degree of cost predictability, especially as national electricity tariffs are expected to continue rising. While solar currently offsets only a portion of our total energy usage, it forms a core part of our broader energy strategy.

Our Group's environmental targets are guided by a five-year Environmental Roadmap, which outlines our priorities across a range of environmental topics, including climate change, water conservation, waste reduction, regulatory compliance, and environmental education. These priorities are shaped by global sustainability trends, emerging technologies, feedback from key stakeholders - including customers and regulators - and expert environmental guidance. We continue to implement and expand initiatives in areas such as industrial waste reduction and water management. Further details on our environmental performance and initiatives can be found in the Sustainability Report (pages 141 – 144 of the IAR).

Worker Safety and Incident Management
For FY2024, a total of 12 work-related injuries were reported, of which 9 cases were minor occupational accidents. Each recordable incident was thoroughly investigated to determine its root cause. Based on these findings, action plans were developed and implemented to strengthen safety measures. These include enhancements to operational procedures, facility maintenance and upgrades, as well as additional training for employees.

We are committed to continuously improve the standard of safety within our facilities. Our ongoing initiatives include the careful management and storage of chemicals, ensuring the availability and proper use of personal protective equipment (PPE), conducting rigorous workplace inspections, enforcing stringent radiation safety protocols, and performing comprehensive assessments of machinery and work procedures. These measures are part of our broader efforts to maintain a safe and secure workplace for all employees.

Employee Training
The change in the average training hours per employee for the Senior Management and Management categories is primarily due to the promotion of several managers to senior management positions during the year. This shift contributed to the adjustment in the training hours allocated to these categories.

Noise Monitoring
In response to the revised and lower regulated noise limits, UM has implemented proactive measures, including the construction of a noise barrier and the redirection of air emission ducts to the roof. We remain committed to regularly monitoring and mitigating boundary noise levels, ensuring compliance with the regulated standards and minimizing any noise impact on the surrounding environment.

Q10. Do the company need to hire more staff in the future for the new plant? Or the new plant is on IoT net automation or? AI feature only, so that can minimize the manpower in them.

The Company's response:
Recently, we hired an additional 300 employees to support operations in UC, driven by significant improvements in production. Today, the Group employs about 6,500 people producing double the volume of parts we used to do just a few years ago with a workforce of 8,000. This increase in productivity is primarily due to the acquisition of newer, higher-throughput machines and greater automation efforts. Our focus has been on achieving more with fewer resources, which remains a key priority for management.

We recognise that two factors will always increase: compensation and the need for skilled personnel. Effective headcount management is a crucial aspect of our management and focus. While full automation in semiconductor manufacturing remains unattainable (as human oversight is essential to run the machines), we continue to leverage advanced robotics in some of our operations. This reduces headcount while also minimizing human error.

Looking ahead, we will increase headcount, but with a focus on hiring higher-skilled workers who can perform more tasks efficiently. This approach aligns with our strategy of managing headcount carefully and in line with business needs. In both Malaysia and China, we are currently able to source the necessary engineers, supervisors, and technicians for our operations without significant challenges.

Q11. Request for light refreshment before the meeting and allow the shareholders to sit in the meeting room much earlier before the start of the meeting.

The Company's response:
Apologies for the delay and inconvenience caused to our shareholders as they waited outside while the meeting room was being prepared. We appreciate your patience. Many shareholders took the opportunity to relax, enjoy coffee and tea, and socialize with fellow attendees outside of the meeting room. In terms of refreshments, we arranged for coffee and tea, and provided hotel lunch vouchers to shareholders and proxy holders attending the meeting. Moving forward, we will explore ways to better accommodate shareholders at future AGMs to ensure a more comfortable and seamless experience.

Q12. Request for plant visit

The Company's response:
We do not encourage factory visits as they can sometimes lead to disruptions to the operations. Additionally, due to proprietary concerns with our customers, we have signed non-disclosure agreements, which restrict us from publicly identifying them by name, destination, or forum. Given the nature of these agreements, accommodating visits could potentially create complications. Furthermore, if we were to allow visits, we would face challenges in managing the growing number of requests, which could lead to larger groups attending over time. After careful consideration, we are unable to accommodate your request.

Appendix B

UNISEM (M) BERHAD

(183314-V)

Annual General Meeting

Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur,
No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur
On **28-April-2025** 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	1,360,417,150	99.9969	146	96.6887	42,500	0.0031	5	3.3113	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 2	1,353,206,568	99.4669	124	82.1192	7,253,082	0.5331	27	17.8808	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 3	1,353,166,568	99.4639	123	81.4570	7,293,082	0.5361	28	18.5430	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 4	1,360,205,250	99.9813	147	97.3510	254,400	0.0187	4	2.6490	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 5	1,360,067,750	99.9712	147	97.3510	391,900	0.0288	4	2.6490	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 6	1,360,205,250	99.9813	147	97.3510	254,400	0.0187	4	2.6490	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 7	1,353,166,568	99.4639	123	81.4570	7,293,082	0.5361	28	18.5430	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 8	1,353,204,068	99.4667	123	81.4570	7,255,582	0.5333	28	18.5430	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 9	1,360,418,150	99.9969	147	97.3510	41,500	0.0031	4	2.6490	1,360,459,650	100.0000	151	100.0000
Ordinary Resolution 10	1,278,263,250	93.9582	134	88.7417	82,196,400	6.0418	17	11.2583	1,360,459,650	100.0000	151	100.0000

QUANTEGIC SERVICES SDN BHD ★ SCRUTINEER ★ 201601034942 (1205883-W)

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD ★ 11324-H POLL ADMINISTRATOR

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