



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

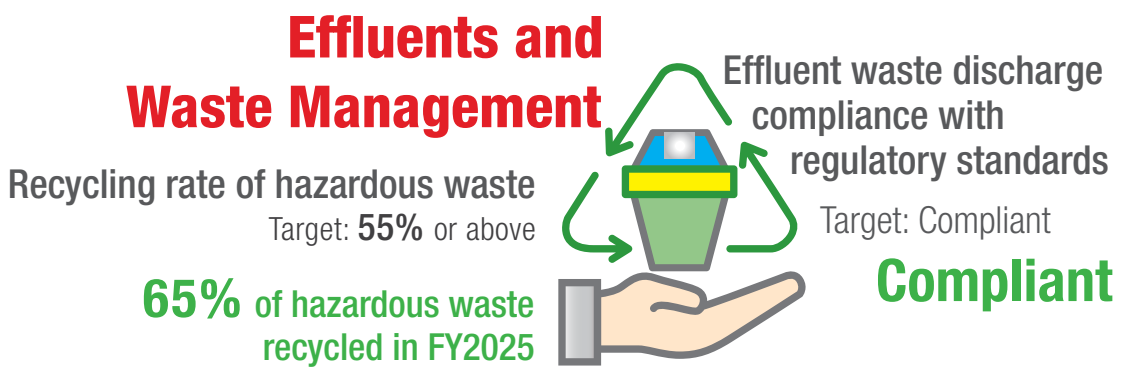
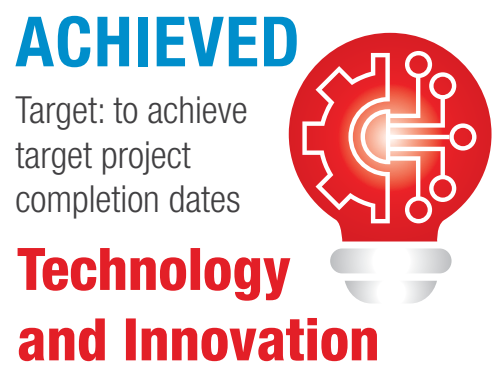
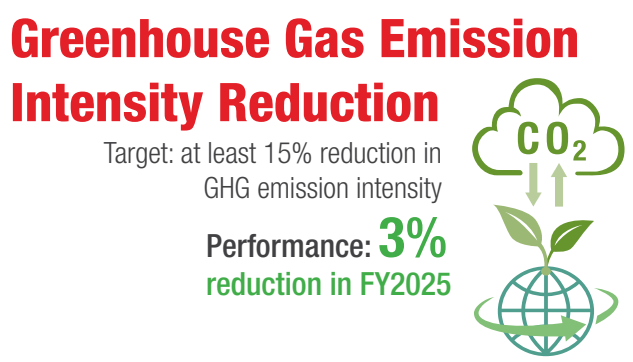
2025

**INTEGRATED
ANNUAL
REPORT**

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UNISEM'S FY2025 Performance Highlights



ABOUT This Report

Unisem (M) Berhad (“Unisem” or “the Company”) presents this integrated report for the financial year ended 31 December 2025 (“FY2025”) to communicate the business strategy, performance, and long-term value creation of Unisem and its subsidiaries (“Unisem Group” or the “Group”) in financial and non-financial terms.

Unisem’s Integrated Annual Report FY2025 (“IAR25” or this “Report”) is comprised of the following reports:

Integrated Annual Report FY2025

- IAR25 is the primary report that presents our value creation story, where we are heading, and how we have progressed.

Sustainability Report FY2025 (“SR25”)

- SR25 discusses our sustainability performance, including our economic, environmental, and social impacts and how we manage them.

Financial Report FY2025

- The Financial Report 2025 includes our audited financial statements and offers a comprehensive overview of our financial performance for the fiscal year.

The SR25 and Financial Report FY2025 are appended in our IAR25.

*Click [here](#) or go to page 91 for Sustainability Report FY2025
Click [here](#) or go to page 192 for Financial Statements FY2025*



REPORTING SCOPE

And Boundary

The scope of this Report includes all companies within the Unisem Group which are consolidated based on financial control. The Corporate Structure on page 12 illustrates the Group's companies included in this report, including details of companies which are excluded from the scope.

This IAR25 presents the Group's financial and non-financial performance for the period from 1 January 2025 to 31 December 2025.

Basis of Preparation

This Report has been prepared:

- in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa");
- considering the promulgations of the Malaysian Code on Corporate Governance (as on 28 April 2021);
- in compliance with applicable standards of the Malaysian Financial Reporting Standards ("MFRS");
- in compliance with the IFRS S2 - Climate-related Disclosures ("IFRS S2"); and
- by applying the International Integrated Reporting <IR> Framework (2021).

This Report has also considered or incorporated the following, particularly in the preparation of the SR25:

- the Global Reporting Initiatives ("GRI") Standards;
- the Semiconductors Sustainability Account Standard of the Sustainability Accounting Standards Board ("SASB"); and
- elements of the Responsible Business Alliance and its Code of Conduct ("RBA Code of Conduct").

The Group's Greenhouse Gases ("GHG") emissions reporting has been prepared in accordance with ISO 14064-1:2018.

Alignment with IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1") and IFRS S2

In accordance with the MMLR, the Group is required to align its reports with both IFRS S1 and IFRS S2 beginning from the Group's disclosures for the financial year ending 31 December 2027, with a climate-first transitional adoption for the Group's FY2025 disclosures.

In line with the reporting requirements, this Report is prepared with a climate-first approach, leveraging the Group's existing practices and processes relevant to the Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The Group has also enhanced its materiality assessment by adopting a double materiality assessment which is better aligned with IFRS S1 and the Group's sustainability reporting needs.

Application of Double Materiality

The Group applied a double materiality approach, i.e. financial materiality and impact materiality, to assess the matters that are material to the Group's value creation for the business as well as its stakeholders over the short, medium, and long term.

In our application of the double materiality assessment, we considered our business model, value chain and the capitals, the internal and external environment of the business, and our stakeholders' views and concerns.

This year represents the first year the Group adopts a double materiality assessment.

Forward-looking Statements

This Report contains forward-looking statements regarding Unisem's future performance, business environment, and prospects. While these statements were developed based on underlying assumptions that we believed are realistic at the time of the preparation of this Report, they may be rendered inaccurate subject to changes in underlying assumptions, emerging risks, uncertainties, and important future factors which could result in variations between actual results and our expectations.

Assurance

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

Reports	Independent Auditors/ Verification Companies
Financial Statements FY2025	KPMG PLT
SR25 (selected disclosure)	Baker Tilly Monteiro Heng Governance Sdn Bhd and BeyondGood Consultancy

Board's responsibility statement

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

CHAIRMAN'S Letter to Stakeholders

Dear Valued Stakeholders,

On behalf of the Board of Directors,
I am pleased to present Unisem
(M) Berhad's Integrated Annual
Report for the financial year ended
31 December 2025 ("FY2025").

JOHN CHIA SIN TET
Chairman



CHAIRMAN'S Letter to Stakeholders

This report sets out how the Group's strategy, governance, and operating model work in concert to create durable value. We measure success not only by financial performance, but by the resilience of our business, the quality of our execution, and our long-term contribution to employees, customers, and the communities in which we operate.

Financial and Operational Performance

FY2025 was a year of strong top-line momentum alongside deliberate, disciplined investment. Group revenue grew by 18.4% year-on-year, from RM1.581 billion in FY2024 to RM1.872 billion, underpinned by continued robust performance at Unisem Chengdu.

The Group's net profit increased from RM60.7 million in FY2024 to RM86.7 million in FY2025. This outcome was supported by the strength of our Chengdu operations as well as a one-time gain arising from the dissolution of Unisem (Mauritius) Holdings Limited and its subsidiaries, including the realisation of foreign exchange translation reserves. These positives were partially offset by losses at Unisem Ipoh, driven by higher operating costs and the expected start-up expenses associated with our new Gopeng Plant.

In Malaysia, the Group also navigated a more challenging cost environment, including increases in minimum wages, mandatory Employee Provident Fund (EPF) contributions for foreign workers, and the expansion of the Sales and Service Tax scope. Cost discipline remains a management priority, and the Board is satisfied that the Group's overall portfolio strength provides the financial capacity to absorb these pressures while sustaining critical long-term investments. The Group closed the year with a solid liquidity position, supported by RM239.0 million in cash and RM450.5 million in unutilised banking facilities.



CHAIRMAN'S Letter to Stakeholders



Our Gopeng Plant represents a strategic investment in future capacity and capability. While operational ramp-up is progressing according to plan, the facility had not yet reached optimal utilisation in FY2025 and incurred normal start-up costs, including depreciation, workforce training, and initial low-volume utilisation. As a result, the Malaysia segment recorded a net loss for the period, attributable to this intentional and strategic investment phase.

At the same time, Unisem Chengdu delivered a strong operating year, successfully expanding its Phase 3 manufacturing capacity in FY2025 and marking an important milestone in the Group's growth. The expansion was undertaken in response to firm order visibility and reflects the site's proven execution capabilities, process reliability, and customer relevance. Unisem Chengdu continues to operate at healthy utilisation levels and remains a critical earnings and growth pillar for the Group as we progressively scale to meet long-term demand.

The Group's total bank borrowings increased from RM187.1 million in FY2024 to RM406.4 million in FY2025, primarily to fund capital expenditure related to plant expansion. Notwithstanding this increase, the Group maintained a prudent capital structure, with a low debt-to-equity ratio of 0.19 as at 31 December 2025.

The Company and Board remain confident in the long-term fundamentals of the semiconductor industry and

in Unisem's positioning within it. Our investments in capacity, technology, and process excellence are designed to secure a durable competitive advantage and to ensure we are well placed to meet evolving customer requirements over the long term.

Delivering Sustainable Performance

As we pursue growth, sustainability remains integral to how we operate and make strategic decisions. The Group continues to align its practices with the Responsible Business Alliance ("RBA") Code of Conduct, both across our own operations and throughout our supply chain, reinforcing our commitment to ethical business practices, environmental stewardship, and workforce well-being.

During the year, we strengthened our understanding of the Group's environmental footprint, including expanded Scope 3 emissions reporting in our Sustainability Report. In support of global climate action and in alignment with Malaysia's national aspirations, Unisem has set a Net Zero target for 2050.

Consistent with the applicable IFRS Sustainability Disclosure Standards, we enhanced our climate analysis to better inform risk management and long-term resilience planning. The results underscore the importance of the Group's strategic priorities, particularly operational excellence, awareness of resource consumption and close collaboration with customers and partners.

CHAIRMAN'S Letter to Stakeholders



Our Gopeng Plant - housing corporate functions, a centre of excellence, and key production activities - was designed with sustainability and efficiency in mind. The facility incorporates energy efficient systems and improved safety workflows, and we are pleased to report that it has been awarded Silver GreenRE Certification. The Board believes these investments will yield both operational and sustainability benefits over time.

Based on our climate risk assessment and review of sustainability material matters, we are confident in the Group's ability to remain resilient over both the short and long term. We will continue to strengthen our climate governance, data quality, and risk mitigation capabilities as part of our broader enterprise risk framework.

Prospects and Outlook

According to the World Semiconductor Trade Statistics ("WSTS") organisation, the global semiconductor market is forecasted to grow by more than 25% in the coming year, reaching approximately USD975 billion. Growth is expected across all regions and product segments, with Memory and Logic projected to lead, each expanding by over 30% year-on-year (Source: WSTS, 2 December 2025).

While growth prospect remain encouraging, the Board remains alert to ongoing geopolitical developments and macroeconomic uncertainties that could affect supply chains and demand dynamics.

Looking ahead to 2026, the Board expects an improvement in Group performance. Management is responding to market uncertainty with intensified business development efforts, disciplined financial management, and continued enhancements in production quality and efficiency, supported by recent capacity expansions in both Ipoh and Chengdu.

Appreciation

On behalf of the Board, I extend our sincere appreciation to our customers, suppliers, government partners, and financial institutions for their continued support. I thank our employees for their commitment and professionalism, particularly during this important phase of transformation and investment. I am also grateful to my fellow Board members for their counsel and collaboration. Finally, we thank our shareholders for their trust and confidence in Unisem's Board and Management.

On behalf of the Board

JOHN CHIA SIN TET
Chairman

ABOUT Unisem

Unisem (M) Berhad (“Unisem” or “the Company”) is a global provider of semiconductor assembly and test services for many of the world’s most successful electronics companies.

Unisem Group offers an integrated suit of packaging and test services, as follows:

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

VISION

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

MISSION

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

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

VALUES

Teamwork Commitment Trust Proactive Caring

ABOUT Unisem



Unisem Group is committed to delivering long-term sustainable value for our stakeholders, including shareholders, customers, employees, and partners, while safeguarding the resilience and integrity of our business. We uphold good governance standards, promote environmental stewardship, and actively foster social and economic development. We believe that holistic and balanced approach to value creation, underpinned by our core values, supports our ambition to be a leading global provider of turnkey assembly and test solutions, exemplifying responsible business conduct and corporate citizenship.

These focuses of the Group are also aligned with globally recognised development goals, specifically the 8 Sustainable Development Goals (“SDGs”) identified as most relevant to our business activities and sustainability-related impacts. In light of global efforts to combat climate change, the Group has also been placing increasing focus on initiatives to reduce the emissions of greenhouse gases towards our goal of Net Zero by 2050.

Where We Operate

With approximately **7,400 employees** worldwide, Unisem has **3** semiconductor packaging and testing facilities and **2** wafer bumping facilities in Simpang Pulai and Gopeng, Perak, Malaysia and Chengdu, Sichuan, People’s Republic of China (“China”). We are headquartered in Kuala Lumpur, Malaysia.

About 50% of Unisem Group’s customer base comprises primarily fabless companies and 50% comprises integrated device manufacturers. 45% of Unisem Group’s sales from operations are to customers in the United States of America, 41% to Asia and 14% to Europe.

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

Our Operation Sites

UNISEM (M) BERHAD ("Unisem Ipoh")

SIMPANG PULAI, PERAK, MALAYSIA ("Simpang Pulai Plant")

- Commenced operations in 1992
 - 2,300 employees
- Total built-up areas 570,000 square feet
- Provides full turnkey solutions - packaging capabilities include all types of copper leadframe and laminate based packages, modules, WLCSP, flip chip and pre-molded MIS based packaging with EMI shielding option.
- Fully certified with ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ANSI/ESD S20.20-2014, ISO 45001:2018, Certificate of Green Partner (Sony), ISO26262, and RBA VAP.

GOPENG, PERAK, MALAYSIA ("Gopeng Plant")

- Commenced operations in 2025
 - 900 employees
- Total built-up areas 570,600 square feet
 - Cleanroom : Class 100, 1,000, 10,000 and 50,000
- Provides full turnkey solutions - packaging capabilities include all types of copper leadframe and laminate based packages, modules, flip chip and pre-molded MIS based packaging with EMI shielding option.
- Fully certified with ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ANSI/ESD S20.20-2014, ISO 45001:2018.
- Awarded GreenRE Certification (IND v1.0) Silver
- Newly certified with IECQ QC08000:2017 - HSPM (Hazardous Substance Process Management) Certificate





UNISEM ADVANCED TECHNOLOGIES SDN BHD ("UAT")

SIMPANG PULAI, PERAK, MALAYSIA

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

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

CHENGDU, SICHUAN, PEOPLE'S REPUBLIC OF CHINA

("Chengdu Plant")

- Commenced operations in 2006
- 3,900 employees
- Total built-up areas 1,137,000 square feet
- Provides full turnkey solutions - packaging capabilities include a wide range of advanced leadframe and substrate packages, leadless packages, modules, MEMs, wafer level CSP and flip chip.
- Offers a wide range of bumping services for wafer size of 200mm diameter. Services include copper pillar bumps and solder bumps as well as pad redistribution and re-passivation.
- Fully certified with ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ANSI/ESD S20.20-2014 and ISO 45001:2018, Certificate of Green Partner (Sony), Samsung ECO Partner, IECQ QC080000: 2017 - HSPM (Hazardous Substance Process Management) Certificate, Global Security Verification (GSV), and RBA VAP.

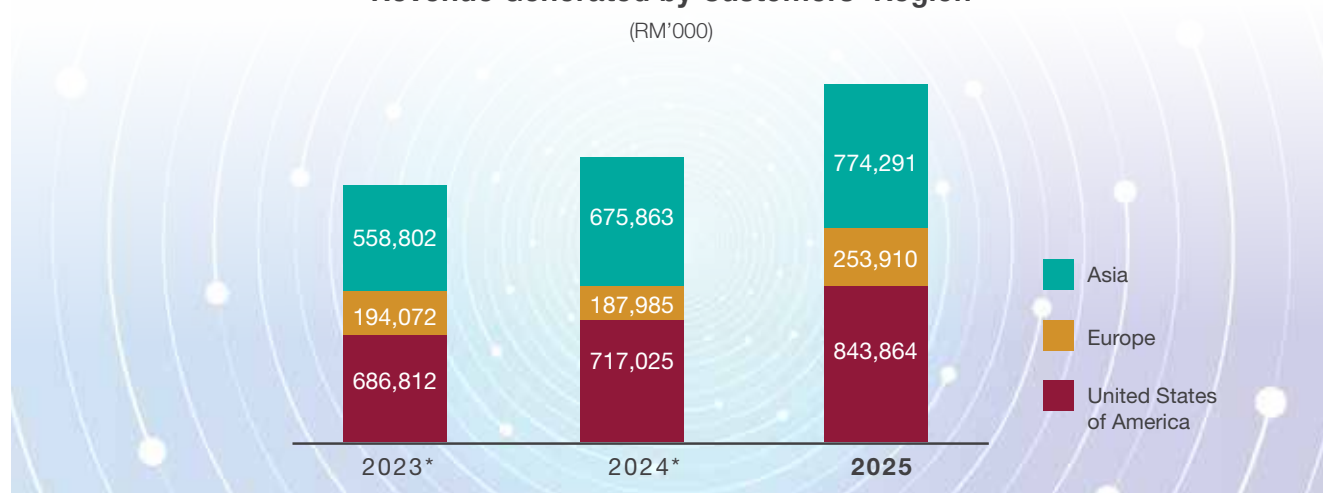


Our Market Presence

Our customers are located globally and include leading brand names in the semiconductor and electronics industry. The table below illustrates our Group revenue by customer region, which is determined by the customer's contractual billing location.

Revenue Generated by Customers' Region

(RM'000)

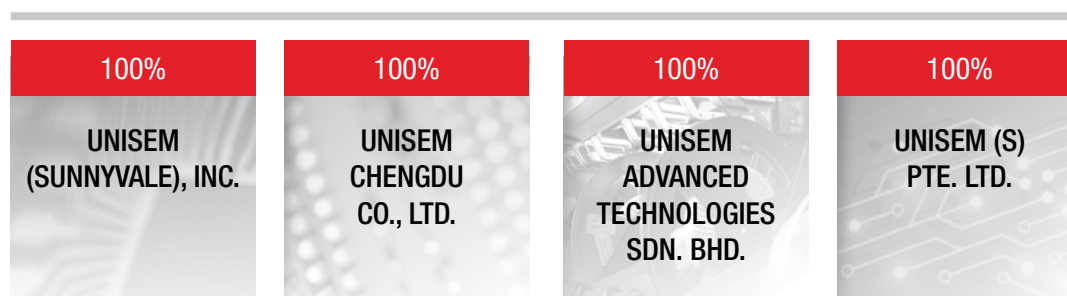


* In the current year, the Group revenue by customer region is presented based on the contractual billing location of the customers, instead of the location of customer's head office. Accordingly, the comparative figures have been restated to conform with the current year's presentation.

Corporate Structure



UNISEM (M) BERHAD



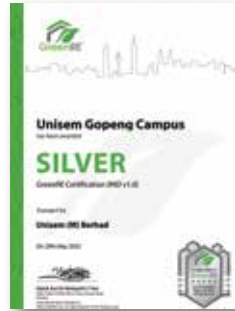
Note:

The Group has deconsolidated the foreign subsidiaries during the current financial year, which include (i) Unisem (Mauritius) Holdings Limited; (ii) Unisem International (Hong Kong) Limited; (iii) PT Unisem; (iv) Unisem Chengdu International Import & Export Co. Ltd..

Awards & Recognition



RENASAS
2024 Excellent Quality Award
UNISEM CHENGDU
MAR 2025



GREENRE
2025 Green Building
Silver Certification
UNISEM GOPENG
MAY 2025



SWINDON SILICON
2024 Best Supplier Award
UNISEM CHENGDU
MAY 2025



POWER INTEGRATIONS
Best Support During Critical Ramp
UNISEM IPOH
AUG 2025



UNITED MONOLITHIC SYSTEMS
20 Years Value Partnership
UNISEM IPOH
SEPT 2025



RBA
VAP - Silver Status
UNISEM CHENGDU
NOV 2025



NVT 伏达半导体
2025 最给力合作团队支持奖
(2025 Most Supportive Team
Collaboration Award)
UNISEM CHENGDU
JAN 2026



SEW
2025 优秀供应商
(2025 Best Supplier Award)
UNISEM CHENGDU
JAN 2026



ECW
2025 最佳服务支持奖
(2025 Best Services
Support Award)
UNISEM CHENGDU
JAN 2026




LEN
2025 年度最佳技术合作奖
(2025 Best Technology
Partnership Award)
UNISEM CHENGDU
JAN 2026



SCT
2025 年度最佳服务供应商
(2025 Best Supplier Award)
UNISEM CHENGDU
FEB 2026

OUR Milestones



1992
Unisem started with Ipoh, Simpang Pulai factory



2011
Unisem Chengdu Phase 2 expansion and install wafer bump capability



1998
Listed on Kuala Lumpur Stock Exchange Main Board



2012
Unisem expands WLCSP & Bumping capability



2006
Commenced Wafer Bump service at UAT



2006
Launched Chengdu factory



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

OUR Milestones



2019

Offer Package level EMI shielding

12" wafer bumping capability at UAT



2024

Unisem Gopeng Plant, Phase 1 completed



2021

Unisem Chengdu Phase 3 expansion



2025

Unisem Gopeng IECQ QC080000:2017 - HSPM certified and Silver GreenRE Certification



2022

Phase 1, Gopeng Plant ground breaking

Unisem Chengdu Phase 3 completed

CORPORATE GOVERNANCE



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BOARD OF Directors & Profile

JOHN CHIA SIN TET

Chairman/Group Managing Director

Malaysian, Male

Mr John Chia Sin Tet, aged 76, was appointed Chairman of the Company on 13 June 1991, Managing Director on 11 March 1998 and the Group Managing Director on 1 November 2007. Mr John Chia is a Barrister at Law and a Member of the Lincoln's Inn, United Kingdom. He is also the Chairman of the Executive Management Committee.

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

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

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

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



BOARD OF Directors & Profile



Mr Francis Chia Mong Tet, aged 74, is the Executive Director - Group Finance of the Company. He was appointed to the Board of the Company on 19 June 1989 as a Non-Executive Director and subsequently appointed as Executive Director on 1 February 2006. Mr Francis Chia is a Fellow of the Institute of Chartered Accountants (England and Wales) and is also a member of the Malaysian Institute of Accountants.

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

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

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

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

Mr Alexander Chia Jhet-Wern, aged 45, was appointed to the Board of the Company as Executive Director on 26 February 2014. He is a member of the Executive Management Committee and Environmental, Social, and Governance (“ESG”) Committee.

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

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

Mr Alexander Chia is a son of Mr John Chia Sin Tet.

BOARD OF Directors & Profile



**NELLEITA
BINTI OMAR**
Independent Director,
Malaysian, Female

**PATRICK NG
GAN HOOI**
Independent Director
Malaysian, Male

Puan Nelleita binti Omar, aged 50, was appointed to the Board of the Company on 25 February 2022 as an Independent Director. She graduated from the London School of Economics with a Bachelor of Science in Economics and a Master of Science in Development Studies, the latter as a Chevening Scholar.

Puan Nelleita is the Chairman of the ESG Committee and a member of the Audit & Risk Management Committee, the Nomination Committee, and the Remuneration Committee. She is the Senior Independent Director of the Company.

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

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

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

Mr Patrick Ng Gan Hooi, aged 56, was appointed to the Board of the Company on 30 July 2024 as an Independent Director. He graduated from University of Newcastle (Australia) in 1990 with a Bachelor of Commerce (Accounting) degree. He served as a Council member of the Malaysian Institute of Certified Public Accountants and is a member of the Institute of Chartered Accountants (England and Wales), Chartered Accountants Australia & New Zealand, Malaysian Institute of Accountants and a Fellow of the Certified Public Accountants of Australia.

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

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

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

BOARD OF Directors & Profile



**TEH
MUY CH'NG**
Independent Director
Malaysian, Female

**NOOR ALINA BINTI
MOHAMAD FAIZ**
Independent Director
Malaysian, Female

Mdm Teh Muy Ch'ng, aged 54, was appointed to the Board of the Company on 9 December 2022 as an Independent Director. Mdm Teh is a Chartered Accountant, a member of Malaysian Institute of Accountants (MIA), Australian Society of Certified Practising Accountants, and a Certified Financial Planner with the Financial Planning Association of Malaysia. She graduated from the Curtin University of Technology, Perth, Australia with a Bachelor of Commerce (Accounting) degree.

Mdm Teh is the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee, the Nomination Committee, and the ESG Committee.

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

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

Mdm Teh currently serves as an independent non-executive director of Northern Solar Holdings Berhad. She sits on the board of several private limited companies. She does not have other directorships in public listed companies.

Puan Noor Alina binti Mohamad Faiz, aged 51, was appointed to the Board of the Company on 30 July 2024 as an Independent Director. She is a lawyer by profession and read law at the University of Leicester, United Kingdom. Puan Noor Alina is a member of the Middle Temple and was called to the Bar of England and Wales in 1998.

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

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

Puan Noor Alina currently serves as an independent non-executive director of Kawan Food Berhad. She sits on the board of a private limited company and an unlisted public company. She does not have other directorships in public listed companies.

BOARD OF Directors & Profile



**XIAO
ZHIYI**

Non-Executive Director
Chinese, Male

**CUI
WEIBING**

Non-Executive Director
Chinese, Male

Mr Xiao Zhiyi, aged 49, was appointed to the Board of the Company on 30 January 2019. He graduated from Fudan University in Shanghai with a Doctor's degree in Microelectronics and Solid-State Electronics and holds a Master's degree (MBA) in General Management from Adelphi University in the USA. He is also a member of the Executive Management Committee.

Mr Xiao currently serves as Vice President of Tianshui Huatian Electronic Group Co., Ltd. Since 2013, he has concurrently held the position of General Manager of Huatian Technology (Kunshan) Electronics Ltd.. From 2021, he has also been the General Manager of Huatian Technology (Jiangsu) Co., Ltd., and since 2023, he has taken on the additional role of Chairman at Jiangsu Pangu Semiconductor Technology Co., Ltd.

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

Mr Cui Weibing, aged 58, was appointed to the Board of the Company on 30 January 2019. He graduated from Northwest University, Xi'an, China in 1990 with a Bachelor's degree major in Physics.

Mr Cui is the General Manager of Huatian Technology (Xi'an) Co., Ltd., a position which he has held since April 2025. He began his career at Tianshui Huatian Microelectronics Co. Ltd ("TSHM") in 2003 as Assistant Plant Manager and Assembly Manager. In 2004 and 2005, he was the Vice General Manager of Tianshui Huatian Technology Co., Ltd ("TSHT"), in charge of engineering, quality and manufacturing. He then served as General Manager of TSHM from 2006 to 2015, before leading Tianshui Huatian Electronics Group Co., Ltd. (2015-2021) and subsequently as General Manager of TSHT from March 2021 to March 2025.

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

In 2010, Mr Cui was appointed as a Non-Independent Director of TSHT, a company listed on the Shenzhen Stock Exchange. He also sits on the board of a few private limited companies of the TSHT Group. Other than his directorship in TSHT, Mr Cui does not have other directorships in public listed companies.

BOARD OF Directors & Profile



Mr Chang Wenyong, aged 59, was appointed to the Board of the Company on 28 February 2025. He graduated from Wuxi Radio Industrial School in 1988 with Vocational Secondary Education Diploma in Semiconductor Devices. In December 2007, he obtained the certificate from the Executive Research Program on Corporate Governance and Capital Operations held by the School of Continuing Education at Tsinghua University.

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

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

Mdm Chen Yan, aged 41, was appointed to the Board of the Company on 28 February 2025. She graduated from Xi’an University of Finance and Economics in 2007 with a degree in Statistics.

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

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

Additional Information

1. Save as disclosed above, none of the Directors has any family relationship with any other Director and/or major shareholder of the Company.
2. Save as disclosed below and in Note 27 under Notes to the Financial Statements none of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business or related party transactions with the Company or its subsidiaries:
 - (i) Mr Xiao Zhiyi, Mr Cui Weibing, Mr Chang Wenyong and Mdm Chen Yan represent the interest of Tianshui Huatian Technology Co., Ltd (“TSHT”), pursuant to the Collaboration Agreement dated 12 September 2018 between TSHT and John Chia Sin Tet, Alexandar Chia Jhet-Wern, Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd. Mr Xiao Zhiyi and Mr Cui Weibing are also non-independent directors of TSHT and Mr Chang Wenyong is the Secretary to the Board of TSHT. The principal activities of TSHT are provision of semiconductor integrated circuits testing and packaging and wafer bumping services. The products and services offered by TSHT and its subsidiaries are similar to that offered by Unisem and its subsidiaries. Given the nature of business of both Unisem Group and TSHT group of companies, there is potential conflict of interest. Mr Xiao Zhiyi, Mr Cui Weibing, Mr Chang Wenyong and Mdm Chen Yan are not involved in the day-to-day operations of Unisem Group. They will recuse themselves from participating in any discussions on matters relating to the conflicts and will abstain from deliberation and voting on such matters at Board meetings.
 - (ii) Mr Francis Chia Mong Tet is deemed to have a potential conflict of interest by reason of his pre-IPO investment in Sum Technology Berhad, which upon completion of the IPO will render him a substantial shareholder of Sum Technology Berhad. Sum Technology Berhad’s subsidiary, Sum Technic Sdn Bhd, is a supplier/vendor to the Company. Notwithstanding the foregoing, Mr Francis Chia Mong Tet is not a director and is not involved in the management or day-to-day operations of Sum Technology Berhad or its subsidiaries. Accordingly, he shall abstain from all deliberations and voting on any related matters at meetings of the Board.
3. Other than traffic offences none of the Directors has been convicted of any offence within the last five years. There were no public sanctions and/or penalties imposed on the Directors by the relevant regulatory bodies during the financial year.

PROFILE OF Secretaries

SUM MEE JIUN

Company Secretary
Malaysian, Female

Ms Sum Mee Jiun, aged 43, was appointed to the Board of the Company on 31 December 2025. She is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). She holds a valid practicing certificate from Suruhanjaya Syarikat Malaysia (SSM), which qualifies her to act as the company secretary under the Companies Act 2016. She holds a Bachelor of Accounting degree from Universiti Sains Malaysia.

Ms Sum joined the Company in 2025 as a Senior Finance Manager, responsible for the finance matters of Unisem Ipoh. She was promoted to Senior Manager of Group Affairs and Finance in 2026. Prior to joining the Company, she spent 17 years (2007–2024) at the audit firm Deloitte PLT, where her last position was Audit Senior Manager.

WONG SIEW YEEN

Company Secretary
Malaysian, Female

Ms Wong Siew Yeen, aged 56, was appointed to the Board of the Company on 29 October 2024. She is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a qualified company secretary under the Companies Act 2016 with more than 20 years' experience in corporate secretarial practice.

Ms Wong is a Director of Tricor Corporate Services Sdn Bhd.

PROFILE OF Senior Management

KEVIN KHOO CHUNG SHIN

Senior Vice President, Group Chief Operating Officer
Malaysian, Male

Mr Kevin Khoo, aged 58, is the Senior Vice President and Group Chief Operating Officer of Unisem Group, a distinguished role he has held since 1 March 2023. Mr Khoo holds a Bachelor's Degree in Electrical Engineering from Oklahoma State University, Stillwater, Oklahoma, United States of America.

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

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

QUEK SUAN HONG

Chief Operating Officer - Unisem Chengdu
Malaysian, Male

Mr Quek Suan Hong, aged 76, is the Chief Operating Officer of Unisem Chengdu operations, a position he has held since 2011. As the Chief Operating Officer of Unisem Chengdu, he is the driving force behind the success and efficiency of the organisation. Mr Quek holds a Diploma in Automotive Engineering in Malaysia and passed the certification from Institute of the Motor industry (London).

Mr Quek has a seasoned professional experience of over 50 years in the semiconductor assembly and test industry. His time with Unisem Group began in November 2005 when he joined Unisem Chengdu as Senior Operations Manager overseeing all manufacturing operations. His dedication and exemplary performance led to his promotion to the role of Chief Operating Officer in 2011, where he has since played a critical role in driving the success of Unisem Chengdu. Prior to joining Unisem, he spent 28 years at Motorola (M) Sdn Bhd from 1974 to 2002, where he held various key positions ranging from production supervisor to Senior Operations Manager.

LIEW KOK CHUEN

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

Mr Liew Kok Chuen, aged 57, is the Vice President, Leadless and Test Operations of Unisem Ipoh, a position he has held since 2022. In this capacity, he is responsible and oversees all manufacturing operations of Unisem Ipoh. Mr Liew holds a Degree in Social Science from the National University of Malaysia.

Mr Liew carries with him over 30 years of experience in the semiconductor assembly and test industry. His journey with the Company commenced in 2003 when he joined as a Manufacturing Manager. Mr Liew assumed the leadership and responsibility of the leadless operations at Unisem Ipoh since 2010. Due to his exemplary performance and dedication, he was promoted to the position of Vice President, Leadless and Test Operations in 2022. Prior to his tenure at the Company, Mr Liew was with Carsem (M) Sdn Bhd where he served as a Production Superintendent for 9 years from 1994 to 2003 with his last position as Senior Section Manager.

PROFILE OF Senior Management

LEE JEE KHEONG

General Manager - UAT
Malaysian, Male

Mr Lee Jee Kheong, aged 58, is the General Manager of UAT, a position he has held since 2024, overseeing all manufacturing operations at the bumping facility. Mr Lee holds a Diploma in Mechanical Engineering and a Diploma in Manufacturing.

Boasting over 33 years of semiconductor assembly experience, Mr Lee joined Unisem Ipoh in 1992 as a Manufacturing Supervisor. His exemplary performance earned him a promotion to Manager in 2005, where he led the Ledged Department until 2010. In 2011, he advanced to Operations Manager of the WLCSP Department before assuming his position at UAT in 2024.

Before his tenure with Unisem Ipoh, Mr Lee gained foundational experience as a Production Supervisor at JVC Singapore in 1988 to 1990 and later at Carsem (M) Sdn Bhd in 1991 to 1992.

WONG WAI LING

Vice President, Group Finance
Malaysian, Female

Ms. Wong Wai Ling, aged 51, has been promoted to Vice President of Group Finance, effective 1st March 2026. Ms. Wong, who has served as the Senior Manager of Group Finance since 2018, is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

With a distinguished career spanning over 29 years, Ms Wong began her professional journey at Deloitte PLT, Ipoh from 1997 to 1999. She then advanced to the position of Group Accountant at Heritage Hotel, Ipoh, from 1999 to 2006. She joined Unisem in March 2006 as a Management Accountant and subsequently progressed through the ranks to her current senior leadership position.

In her role, Ms Wong oversees all Group finance and accounting activities. Her portfolio also includes spearheading the Group's Environmental, Social, and Governance (ESG) initiatives, ensuring sustainable and responsible practices are thoughtfully integrated into business operations.

None of the senior management has any family relationship with any other Director and/or major shareholder of the Company. None of the senior management has any conflict of interest or potential conflict of interest, including interest in any competing business or related party transactions with the Company or its subsidiaries. Other than traffic offences none of the senior management has been convicted of any offence within the last five years. There were no public sanctions and/or penalties imposed on the senior management by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE

Overview Statement

The Board of Directors (the “Board”) of Unisem (M) Berhad (“Unisem” or the “Company”) is pleased to present this Corporate Governance Overview Statement, delineating the corporate governance framework adopted by Unisem and its subsidiaries (collectively referred to as the “Group”). This statement provides a concise overview of the Group’s corporate governance practices, highlighting key focus areas and outlining future priorities for ongoing governance enhancement.

The Board is committed to furnish stakeholders with an informative and comprehensive disclosure detailing the integration of corporate governance best practices into the fabric of the Group’s overall decision-making processes. In line with this commitment, a detailed Corporate Governance Report, structured according to the updated prescribed format, is provided. This report offers a thorough account of the application of the Group’s corporate governance practices in accordance with the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 31 December 2025.

For your convenience, the Corporate Governance Report can be accessed on our corporate website, www.unisemgroup.com and is also available via announcement on the website of Bursa Malaysia Securities Berhad. Both the Corporate Governance Overview Statement and the Corporate Governance Report are prepared in compliance with paragraph 15.25 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (“MMLR”), and they are presented with reference to the guidance outlined in Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad.

It is recommended to read this Corporate Governance Overview Statement in conjunction with the other statements in this Integrated Annual Report, such as the Statement on Risk Management and Internal Control, the Audit & Risk Management Committee Report, and the Sustainability Report. This holistic approach ensures a comprehensive understanding, as certain corporate governance elements may be further clarified in the respective statements or reports.

Corporate Governance Approach

The Board acknowledges that a well-defined corporate governance structure is essential for the effective execution of strategies and business plans, vigilant performance monitoring, and the prudent management of risks. For the financial year ended 31 December 2025, the Board also ensures that Unisem, as a Large Company¹, also reports its corporate governance commitment authentically based on prescribed regulatory guidelines.

The Group’s approach to corporate governance is based on the following principles:

- Cultivating a strong Group culture with a keen emphasis on integrity.
- Contributing to the prosperity of stakeholders rather than exploiting them, achieved through an understanding of stakeholder needs.
- Embracing a “substance over form” approach to corporate governance by meaningfully adopting practices that embody the underlying objectives behind them.
- Recognising that excellence in corporate governance is not a one-size-fits-all solution, and therefore, conducting thorough critical reviews before establishing corporate governance systems, policies, and procedures.
- Identifying opportunities to implement or update corporate governance systems, policies, and procedures to enhance both strategic and tactical decision-making.

Acknowledging that enhancing corporate governance is an ongoing process, the Board ensures regular reviews of the Group’s corporate governance framework. This practice aims to maintain its continued relevance and alignment with the objectives and commitments of the Group.

¹ Large Companies are companies on the FTSE Bursa Malaysia Top 100 Index or companies with market capitalisation of RM2 billion and above at the start of the companies’ financial year.

CORPORATE GOVERNANCE

Overview Statement

Summary of Corporate Governance Practices

For the financial year ended 31 December 2025, Unisem adhered to all practices outlined in the MCCG, with the exception of the following:

- Practice 1.3 (Demarcation of the Board Chairman and Managing Director roles);
- Practice 5.2 (Board to comprise a majority of Independent Directors); and
- Practice 13.3 (Listed companies should leverage technology to facilitate voting and remote shareholders' participation at general meetings).

These exceptions are made with due consideration of the organisation's distinctive circumstances, and the Group remains committed to robust corporate governance practices while maintaining flexibility to align with its operational needs and strategic objectives.

Unisem has provided meaningful explanations for its departures from the above Practices, leveraging the flexibility accorded by the application principles of the MCCG. Where applicable, Unisem is committed to on-going efforts to implement the above Practices within a reasonable timeframe.

The explanations provided on the said departures are supplemented with a description on the alternative practices in place to achieve the Intended Outcome, measures that Unisem has taken or intends to take and the timeframe for review or adoption of the relevant Practices. For more detailed information on Unisem's application of each individual MCCG practice, please refer to the Corporate Governance Report available on our corporate website at <https://www.unisemgroup.com/company-info/corporate-governance/> and through an announcement on the website of Bursa Malaysia Securities Berhad.

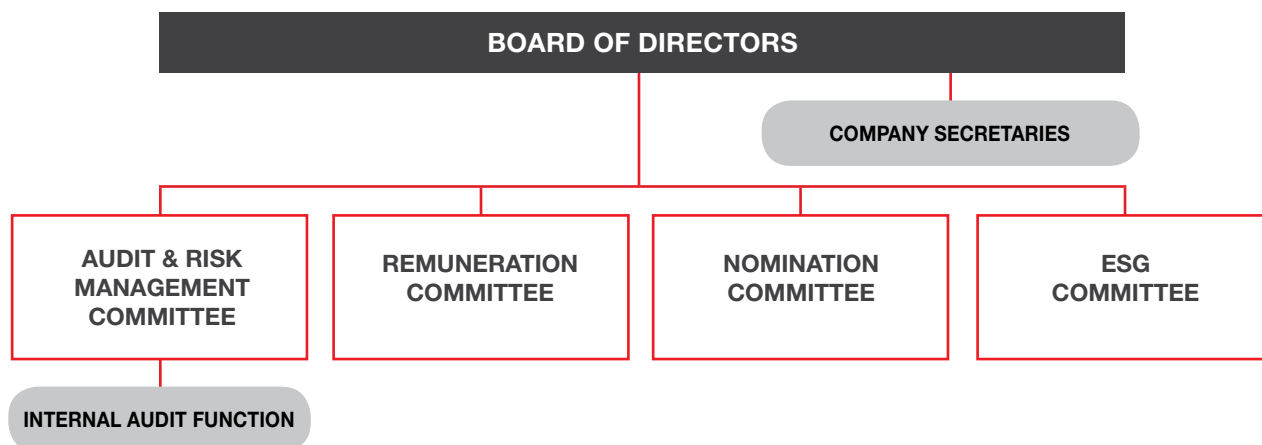
A summary of Unisem's corporate governance practices, in accordance with the MCCG, is presented in the following pages of this Corporate Governance Overview Statement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board acknowledges its roles and responsibilities, which include guiding the strategic direction, setting short, medium, and long-term goals, and overseeing the achievement of these objectives.

To enhance oversight in specific responsibility areas, the Board has instituted four Board Committees: the Audit & Risk Management Committee, Remuneration Committee, Nomination Committee, and ESG Committee. While each Committee operates independently, the Board maintains collective oversight and stays informed about their activities through regular updates provided by the Board Committee Chairpersons. Any recommendations originating from these Committees are then presented to the Board for approval. The existing governance architecture is visually represented below:



CORPORATE GOVERNANCE

Overview Statement

The Board entrusts the day-to-day management of the Group to the Executive Management Committee, while retaining authority over significant matters. Throughout the year, the Board's primary focus was overseeing the execution of strategic and business plans by the Management. Critical issues deliberated by the Board included strategy formulation, budget reviews, proposals for corporate initiatives, and the ongoing monitoring of financial performance and key performance indicators.

In fulfilling their responsibilities, both the Board and Board Committees receive support from two competent and qualified Company Secretaries. Serving as advisors to the Board, these Company Secretaries possess the knowledge and experience required to execute their duties.

The roles, responsibilities, and authorities of the Board, Board Committees, individual Directors, and Company Secretaries are clearly delineated in the Board Charter which serves as a definitive governance document. This Charter is accessible on the Company's website and undergoes periodic reviews to ensure alignment with the dynamic operating environment of the Group. In the financial year, the Board reviewed and approved the Board Charter on 28 February 2025. The latest version, reviewed and approved on 24 February 2026, is now accessible on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

Concerning Board meetings, both the Board and its Committees have convened with sufficient regularity to deliberate on matters within their purview. Directors have committed ample time to prepare, attend, and actively engage in Board and Board Committee meetings. Led by the Chairman, Directors are encouraged to express their views and actively contribute towards making the meetings deliberative and participatory forums. Throughout the year, the Board convened five (5) times to discuss key matters relevant to the Group.

The attendance of individual Directors at both Board and Board Committee meetings is detailed below:

Director	Board	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee	ESG Committee
Executive Directors					
Mr John Chia Sin Tet (Chairman)	5/5				
Mr Francis Chia Mong Tet	5/5				
Mr Alexander Chia Jhet-Wern	5/5				2/3
Independent Directors					
Puan Nelleita binti Omar	5/5	9/9	1/1	1/1	3/3
Mdm Teh Muy Ch'ng	5/5	9/9	1/1	1/1	3/3
Puan Noor Alina binti Mohamad Faiz	5/5	9/9	1/1	1/1	3/3
Mr Patrick Ng Gan Hooi	5/5	9/9	1/1	1/1	3/3
Non-Executive Directors					
Mr Cui Weibing	5/5				
Mr Xiao Zhiyi	5/5				
Mr Chang Wenying	5/5				
Mdm Chen Yan	4/5				

Legend: ■ Board/Board Committee Chairman ■ Member

CORPORATE GOVERNANCE

Overview Statement

The Roles of Chairman and Group Managing Director

The roles and responsibilities of the Chairman and Group Managing Director are currently assumed by one individual, namely, Mr John Chia Sin Tet due to unique circumstances influenced by industry intricacies and his founding member traits. To address potential risks, the Board has established checks and balances, incorporating a policy in the Board Charter requiring unanimous decisions aligned with Unisem's best interests. In the event of a single dissenting voice, the resolution in question will be deferred or aborted. The presence of a Senior Independent Director and greater number of Non-Executive Directors on the Board of Unisem also seeks to ensure that deliberations are not tilted unfavourably towards the favour of Management.

Integrity and Ethics

The Board emphasises the utmost importance of upholding the highest standards of integrity and ethics, ensuring full compliance with relevant laws and regulatory requirements related to anti-corruption, and effectively managing key corruption risks associated with Unisem. Taking a central role in this effort, the Board of Directors established the anti-corruption program, as outlined in section 4.1.3 of the Guidelines on Adequate Procedures issued by the National Centre for Governance, Integrity, and Anti-Corruption (GIACC), in accordance with subsection (5) of section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act").

To nurture an ethical culture within the Group, the Board formalised and implemented Unisem's Code of Ethics, which is subject to regular review and monitoring. Unisem's Code of Ethics was crafted with reference to the Responsible Business Alliance Code of Conduct.

The Code of Ethics supports the Company in adhering to the corporate liability provision outlined in the MACC Act, which became effective on 1 June 2020. Annual refresher training programs are conducted for Unisem staff, and written acknowledgments are obtained from the value chain, including vendors and suppliers, confirming compliance with the Group's policies on anti-corruption and bribery.

For comprehensive information, Unisem's Code of Ethics, Anti-Corruption and Bribery Policy, and Whistle Blowing, Ethics & Compliance Policy are accessible on our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility/>.

The Unisem's Conflict of Interest Policy was reviewed by the ARMC for the purposes of identifying, evaluating, approving, reporting and monitoring conflict of interest ("COI") for Directors and key senior management. Among others, the policy was expanded to include potential COI situations involving indirect financial interest, non-financial interest (e.g. those arising from family, business or professional relationships), or competing loyalties or interests. The ARMC reports to the Board any COI situations that arise, persist or may arise and oversees the measures taken to resolve, eliminate or mitigate such conflicts. Disclosures of COI situations are also included in the ARMC Report within the Integrated Annual Report.

Sustainability Strategies and Considerations

In terms of providing oversight on sustainability, encompassing strategies, priorities, and targets at Unisem, the Board holds responsibility, while operational execution lies within the purview of Management. For further information on the company's sustainability initiatives, priorities, targets, and overall performance, a detailed articulation is provided in the Sustainability Report.

The Board actively stays informed about contemporary sustainability developments through ongoing capacity-building efforts. The Board's proactivity and responsibility in this area are evaluated through the Board Effectiveness Evaluation exercise as well as disclosures of trainings attended throughout the year. Additionally, the integration of sustainability considerations into key areas, such as executive performance evaluations, has become a strategic priority for the Board.

CORPORATE GOVERNANCE

Overview Statement

Board Composition

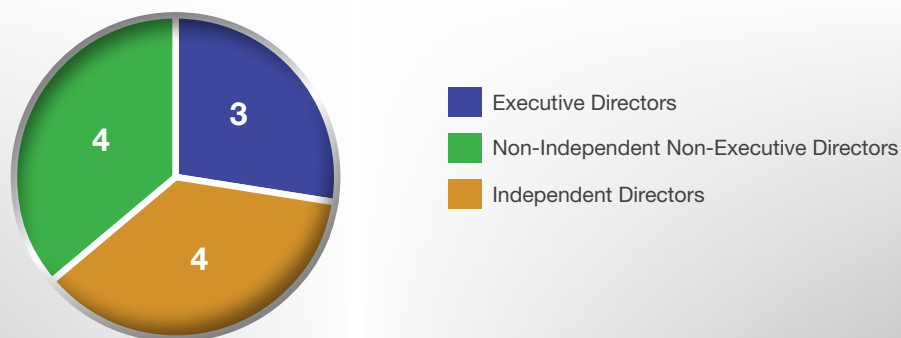
The Board is committed to ensuring that its composition adequately embodies the necessary mix of skills, experience, and diversity.

The current Board configuration consists of three (3) Executive Directors, four (4) Independent Directors and four (4) Non-Executive Directors. The four (4) Non-Executive Directors represent the interest of Tianshui Huatian Technology Co., Ltd (“TSHT”) pursuant to the Collaboration Agreement dated 12 September 2018 between TSHT and John Chia Sin Tet, Alexander Chia Jhet-Wern, Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd (“Collaboration Agreement”).

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

Independence is contributed by the higher proportion of Non-Executive Directors on the Board relative to Executive Directors, the active participation of Independent Directors in the Board and the Board Committees as well as a Board culture of open dialogue and objectivity. The presence of a Senior Independent Director also establishes a channel for Independent Directors to voice concerns, particularly related to governance.

BOARD COMPOSITION



Appointment and Re-election of Directors

Appointments to the Board undergo a formal, rigorous, and transparent process, considering objective criteria set by the Board. The Nomination Committee (“NC”) evaluates factors such as leadership experience, skill sets, knowledge, diversity of background, meeting of fit & proper criteria, professionalism, and time commitment. In the case of Independent Directors, the NC assesses their ability to contribute detached impartiality and objective judgment to boardroom deliberations.

CORPORATE GOVERNANCE

Overview Statement

In compliance with paragraph 15.01A of the MMLR, the Board, with support from the NC, has developed the Fit and Proper Policy for the appointment and re-election of Directors. The Fit and Proper Policy is accessible on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

According to the Company's Constitution, every year at the Annual General Meeting ("AGM"), one-third of the Board of Directors retire from office and offer themselves for re-election by the shareholders of the Company, under individual election resolutions. Directors appointed by the Board are subject to re-election at the AGM following their appointments under individual election resolutions. Under the Company's Constitution, shareholders of the Company have the right to vote annually for re-election of the Directors. The bases for recommending the re-election of Directors, as assessed by the NC, are detailed in the *Statement Accompanying Notice of the Annual General Meeting* on page 258 of this Integrated Annual Report.

Board Diversity

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

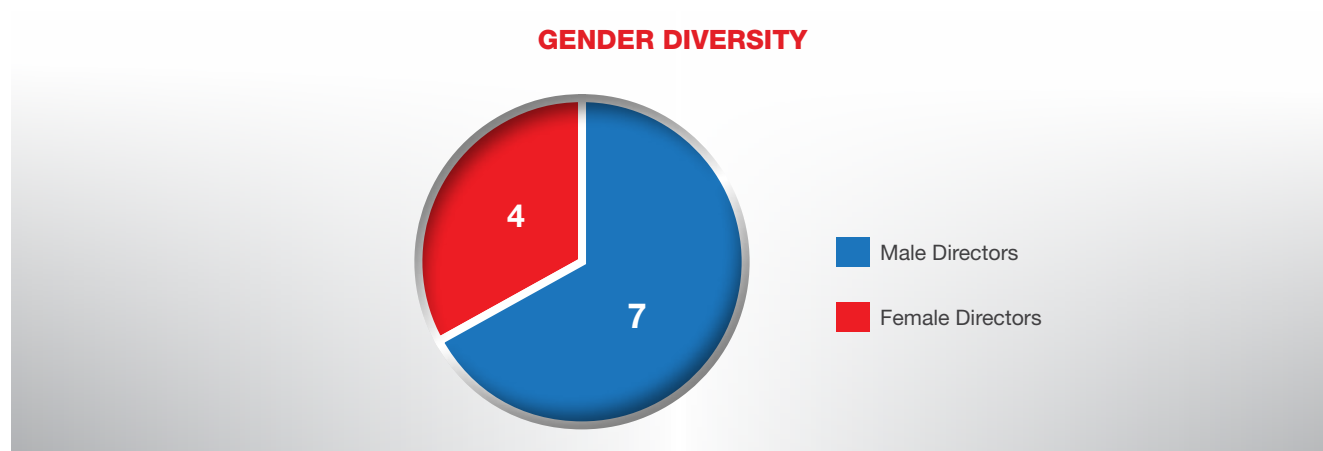
- legal & regulatory requirements,
- corporate governance & risk management,
- semiconductor industry operations, quality management,
- accounting & finance,
- leadership & strategy, and
- information technology.

The Board recognises the value of cognitive diversity as an effective means to prevent 'groupthink,' address potential blind spots, and avoid insularity, especially within the dynamic technological environment in which the Group operates. Having members who bring diverse perspectives and possess good understanding of the challenges and disruptions inherent in the business landscape is crucial for overseeing necessary changes to ensure sustainability and adaptability of Unisem. With four (4) Non-Executive Directors who are Chinese nationals, the Board benefits from broadened perspectives, fostering collaboration with the Malaysian Directors.

Gender diversity is a notable achievement for the Board, with four (4) female Directors out of a total of eleven (11) board members, translating to a commendable 36% female representation on the Board. This commitment to diversity enhances the Board's ability to navigate the complexities of the business landscape and make informed decisions reflective of a broad range of perspectives.

CORPORATE GOVERNANCE

Overview Statement



Board Effectiveness Evaluation and Directors' Training

Annually, the Board conducted a formal and comprehensive performance and effectiveness assessment of the Board, Board Committees, and individual Directors, including Independent Directors. In the financial year under review, the Board Effectiveness Evaluation ("BEE") exercise covered the following key areas:

- Fiduciary Role & Responsibilities,
- Board Structure & Composition,
- Board Procedures & Meeting Effectiveness,
- Board Culture & Conduct,
- Directors' Skill Sets,
- Board Contribution & Performance and Calibre & Personality, and
- Independent Directors' Assessment and Declaration.

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

Based on the BEE exercise findings and upon the NC's recommendation, the Board expressed satisfaction with its overall performance for the year, including that of the Board Committees and individual Directors. Aligned with the BEE exercise outcomes, the NC affirmed the objectivity of Independent Directors and recommended the appointment and re-election of the Directors who retire in accordance with Regulations 115 of the Constitution of the Company and being eligible offer themselves for re-election at the upcoming AGM.

Additionally, recommendations for improving the overall effectiveness of the Board were outlined, including:

- fostering deeper internal engagement, enhanced pre-meeting briefings, and prioritising continuous training and strategic deliberation; and
- continuous training and skill development focus on enhancing board effectiveness in strategic governance, risk resilience (including financial, geopolitical, cybersecurity, and systemic risks), financial and ESG reporting, and the oversight of emerging technologies and climate-related issues.

During the financial year under review, the NC has assessed the training needs of the Directors through the annual assessment or the BEE exercise. The Company Secretary continuously identifies and recommends suitable development programmes for Directors based on their training needs.

CORPORATE GOVERNANCE

Overview Statement

The list of training programmes in the course of continuing professional education that were attended by the Directors of Unisem are outlined below:

Date of Training	Type of Training	Attended by
17 January 2025	2024 Annual Report Disclosure Training organised by Shenzhen Stock Exchange	Mdm Chen Yan
22 March 2025	IC Path Innovation and Frontier Technology Strategy for Packaging and Testing organised by China Integrated Circuit Innovation Alliance	Mr Xiao Zhiyi
18 April 2025	Analysis of Sustainability Information Disclosure organised by Shenzhen Stock Exchange	Mr Cui Weibing
30 April 2025	Board Roundtable Governance of AI organised by Deloitte	Mdm Teh Muy Ch'ng
8 May 2025	Trump's Tariffs and the Global Economy. What's Next and What Can Be Done? organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
15 May 2025	IC Path Innovation and Frontier Technology Strategy for Packaging and Testing organised by National Strategic Alliance for Technological Innovation in the Integrated Circuit Packaging and Testing Industry Chain	Mr Xiao Zhiyi
22 May 2025	ICDM LIP Alumni Networking Session #1 organised by Institute of Corporate Directors Malaysia	Mr Patrick Ng Gan Hooi
29 May 2025	Board Interview Dialogue - What Boards Are Really Looking For organised by Institute of Corporate Directors Malaysia	Mdm Teh Muy Ch'ng
9-10 June 2025	Bursa Malaysia Mandatory Accreditation Programme (MAP) organised by Bursa Malaysia	Mr Chang Wenying Mdm Chen Yan
9-10 July 2025	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Bursa Malaysia	Mr Chang Wenying Mdm Chen Yan
14 July 2025	SECTORAL SERIES: Navigating Trade Shocks and Sustainability Transitions organised by Bursa Malaysia	Puan Nalleita binti Omar Mr Patrick Ng Gan Hooi
15 July 2025	Harmony or Power Play? Decoding Board-Management Relationships organised by Institute of Corporate Directors Malaysia	Puan Noor Alina binti Mohamad Faiz
7 August 2025	Detecting & Deterring Financial Statement Fraud organised by Malaysian Institute of Accountants	Mr Patrick Ng Gan Hooi
9 September 2025	Bursa Malaysia's Board Simulation – Balancing Risks & Opportunity in Sustainability Leadership organised by Bursa Malaysia	Puan Nalleita binti Omar
10 September 2025	The 11th Everest Forum organised by China Integrated Circuit Innovation Alliance	Mr Xiao Zhiyi
11-12 September 2025	High-Quality International Expansion Special Topic organised by Shenzhen Stock Exchange	Mr Chang Wenying
6 October 2025	Economic Indicators and Monetary Policy: A Guide for Business Leaders organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
14-15 October 2025	Forbes Global CEO Conference 2025 organised by Forbes Asia	Mr Alexander Chia Jhet-Wern

CORPORATE GOVERNANCE

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Date of Training	Type of Training	Attended by
7 November 2025	The Director's Networking Group 2025 on "Corporate Cultism: The Silent Threat in the Boardroom" organised by Institute of Enterprise Risk Practitioners	Mdm Teh Muy Ch'ng
13 November 2025	Leading for Impact (LIP) Alumni Sharing and Networking Session organised by Institute of Corporate Directors Malaysia	Mr Patrick Ng Gan Hooi Mdm Teh Muy Ch'ng
21 November 2025	The Chairpersons' Circle organised by Bursa Malaysia	Mr John Chia Sin Tet
25 November 2025	Audit Oversight Board's Conversation with Audit Committees organised by Securities Commission Malaysia	Mdm Teh Muy Ch'ng Puan Nelleita binti Omar
10 December 2025	Webinar on Introduction to New Disclosure Requirements for Shariah Screening organised by Securities Commission Malaysia and Bursa Malaysia	Puan Noor Alina binti Mohamad Faiz
	MIA Sustainability Showcase 2025 organised by Malaysian Institute of Accountants	Mdm Teh Muy Ch'ng
17 December 2025	Trust on Trial: Fiduciary Duties in the Modern Boardroom organised by Institute of Corporate Directors Malaysia	Puan Noor Alina binti Mohamad Faiz

Note:

Pursuant to Paragraph 15.08 of the MMLR, all directors except for Mr Francis Chia Mong Tet attended training programs during the financial year ended 31 December 2025.

Mr Francis Chia did not attend any formal training sessions during the year due to unforeseen personal circumstances. The Board views this as an exceptional circumstance and confirms that Mr Francis Chia remains effective in his role, as he stays informed through regular management briefings and internal reports. His continued competence was further validated by the BEE, in which he achieved a strong performance rating.

Remuneration

A fair and competitive remuneration package is essential for attracting, retaining, and motivating Directors and Senior Management personnel, aligning their goals with the overall objectives of the Group. In light of this, the Group has adopted a remuneration framework that considers the structure of the organisation and the intricacies of the competitive semiconductor industry. The Remuneration Committee ("RC") evaluates and determines the appropriateness of remuneration packages for Directors and Senior Management, with subsequent communication to the Board.

For Executive Directors and Senior Management, remuneration packages include components structured to tie rewards to both individual and corporate performance. Executive Directors receive additional remuneration through Board of Directors' fees ("Directors' Fees"). Non-Executive Directors, including Independent Directors, on the other hand, are remunerated solely through Directors' Fees.

The Non-Executive Directors who represent the interest of TSHT do not receive Directors' Fees as it is the policy of the TSHT Group that no fees are to be paid to their employees who sit on the board of any company in the TSHT Group.

Directors' Fees are reviewed annually, considering market best practices and taking into account the roles, time commitment, contributions, and responsibilities associated with each Director's position. The specific skills or expertise that Directors bring to the Board are also considered in determining remuneration.

Independent Directors receive competitive but not excessive compensation to avoid any perception of dependency. No severance payments or ex-gratia payments are granted to Directors or Senior Management personnel.

CORPORATE GOVERNANCE

Overview Statement

Detailed disclosure of the remuneration of individual Directors is available in the Company's Corporate Governance Report under Practice 8.1 and are as follows:

No	Name	Directorate	Group and Company (RM)						Total
			Fee	Allowance [^]	Salary [@]	Bonus	Benefits-in-kind	Other emoluments	
1	Mr John Chia Sin Tet	Executive Director	312,000	-	3,532,193	-	33,952	-	3,878,145
2	Mr Francis Chia Mong Tet	Executive Director	166,400	-	2,082,457	-	12,442	-	2,261,299
3	Mr Alexander Chia Jhet-Wern	Executive Director	166,400	-	418,791	-	44,477	-	629,668
4	Puan Nelleita binti Omar	Independent Director	225,400	-	-	-	-	-	225,400
5	Mdm Teh Muy Ch'ng	Independent Director	225,400	-	-	-	-	-	225,400
6	Puan Noor Alina binti Mohamad Faiz	Independent Director	225,400	-	-	-	-	-	225,400
7	Mr Patrick Ng Gan Hooi	Independent Director	255,400	-	-	-	-	-	255,400
8	Mr Cui Weibing	Non-Executive Director	-#	-	-	-	-	-	-
9	Mr Xiao Zhiyi	Non-Executive Director	-#	-	-	-	-	-	-
10	Mr Chang Wenying [%]	Non-Executive Director	-#	-	-	-	-	-	-
11	Mdm Chen Yan [%]	Non-Executive Director	-#	-	-	-	-	-	-
12	Mr Ju Feng [*]	Non-Executive Director	-#	-	-	-	-	-	-
13	Mdm Xu QinQin [*]	Non-Executive Director	-#	-	-	-	-	-	-

As it is a policy of the TSHT group that no fees are to be paid to directors who sit on any board of the TSHT group of companies, there are no directors' fees for directors who represent the interests of TSHT in Unisem (M) Berhad.

[^] The term "Allowance" that is reflected as a subheading or component in the table above refers to meeting allowance for the Board and Board Committees. Unisem does not accord any allowance to Directors for attending the Board and Board Committee meetings.

[@] Salary includes defined contribution plans.

[%] Mr Chang Wenying and Mdm Chen Yan were appointed to the Board on 28 February 2025.

^{*} Mr Ju Feng and Mdm Xu QinQin resigned from the Board on 28 February 2025.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Management Committee

The Board has established the Audit & Risk Management Committee ("ARMC"), comprising exclusively of Independent Directors. Throughout the financial year under review the ARMC was chaired by Mr Patrick Ng Gan Hooi, the Independent Director, distinct from the Chairman of the Board. The ARMC assumes a robust and comprehensive oversight role, addressing financial reporting, reviewing related party transactions, conflict of interest and potential conflict of interest situations, overseeing external and internal audit processes, and taking ownership of Unisem's risk management framework.

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ARMC members possess the necessary financial literacy and business acumen, supporting a thorough understanding of matters under their purview. In the execution of their responsibilities, ARMC members are granted full access to both internal and external auditors, who directly report to the ARMC. The ARMC has established policies and procedures to assess the suitability and independence of the external auditor. During the financial year, the external auditor has provided assurance that its personnel maintained independence throughout the audit in compliance with relevant professional and regulatory standards. The ARMC's Terms of Reference are published on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

For a detailed overview of the role and activities of the ARMC, refer to the ARMC Report of this Integrated Annual Report.

Risk Management and Internal Audit

The Board recognises that the foundation for achieving its value creation targets lies in the Group's robust risk management and internal control architecture. To effectively address risks arising from a competitive global environment and the economic repercussions of the ongoing US-China trade tension, the Group continues to be guided by its comprehensive risk management framework which was designed to identify, analyse, monitor, and manage material risks, including contemporary risks such as those related to sustainability.

The ARMC plays a key role in overseeing risk management by monitoring the implementation of the Group's sustainability-related policies. The ARMC, together with the ESG Committee, identifies emerging sustainability trends, assesses their implications for the Group, and evaluates the Group's progress toward achieving sustainable outcomes.

For the internal audit function, the Company has engaged the services of Baker Tilly Malaysia, which keeps the ARMC informed about the adequacy and effectiveness of internal controls, risk management, and governance. The internal audit function operates independently of the business activities or operations of other units within the Group. Using a risk-based audit approach in alignment with the annual audit plan, the internal audit function follows the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).

Further information on the Group's risk management and internal control framework is made available in the Statement on Risk Management and Internal Control of this Integrated Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Engagement with Stakeholders

Unisem is committed to timely and transparent communication with stakeholders regarding material business matters. Mandatory disclosures are made through announcements to Bursa Malaysia Securities Berhad and on Unisem's user-friendly corporate website. The website offers easy navigation for stakeholders to access crucial information, including recent announcements, quarterly financial results, and copies of notices and minutes of general meetings.

The publicly available Integrated Annual Report on the corporate website provides comprehensive details about the Group's business activities and performance, covering financial and non-financial aspects for the financial year. While prioritising transparency, Unisem maintains a balance with legal and regulatory requirements governing the release of potentially material and price-sensitive information. To further enhance stakeholder engagement, the Board has appointed Puan Nalleita binti Omar as the Senior Independent Director to serve as the designated point of contact for queries on Unisem-related matters.

Puan Nalleita binti Omar can be contacted via the following avenues:



Mail:
Lot No. 9(H), 9th Floor UBN Tower,
10 Jalan P. Ramlee, 50250 Kuala Lumpur



Telephone: (603) 2072 3760
Fax: (603) 2072 4018
Email: SID@unisemgroup.com

CORPORATE GOVERNANCE

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Conduct of General Meeting

The Board values general meetings as a platform for shareholders to engage in constructive dialogue with the Board and Management. The AGM serves as a key forum for this interaction, where shareholders are encouraged to pose questions, seek clarification and provide feedback.

Except for the period during and immediately after the Covid-19 pandemic, when general meetings were held online, the Company has customarily convened physical meetings to facilitate closer interaction between the Board, Management and shareholders. During the financial year ended 31 December 2024, Unisem conducted its 36th AGM on 28 April 2025 at the Concorde Hotel Kuala Lumpur. The Chairman and Group Managing Director, Directors residing in Malaysia and Company Secretaries were present at the venue while Directors outside Malaysia attended the AGM via video conferencing.

The Board remains committed to enhancing shareholder accessibility and participation. While physical meetings continue to be the primary format, the Board acknowledges the value of enabling remote participation and voting in absentia to facilitate broader shareholder engagement. The Company will continue to evaluate the feasibility of convening hybrid general meetings, taking into consideration cost implications, technological readiness and cybersecurity safeguards, with a view to enhancing participation where practicable.

All resolution set out in the notice of the AGM were voted by poll and an independent scrutineer was appointed to validate the votes for each resolution. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the meeting was released to Bursa Malaysia on the same meeting day. The minutes of the AGM (including the questions raised at the meeting and the answers thereto) were made available on the Company's website, <https://www.unisemgroup.com/investor-relations/agm/>, no later than 30 business days after the AGM.

Focus Areas During the Year (2025)

In 2025, the Group's corporate governance focus areas included:

1. Board Composition and Diversity	Maintaining a well-balanced Board with diverse skills, experience, and perspectives, emphasising factors such as industry knowledge and international viewpoints.
2. Director Performance and Evaluation	Conducting rigorous assessments, including self and peer evaluations, to inform decisions on re-election and identify areas for improvement.
3. Fit & Proper Assessment	Evaluating Directors' alignment with the Fit & Proper Policy, considering integrity, competence, and capability for re-election suitability.
4. Risk Management and Internal Controls	Continuing a strong focus on risk management and internal controls, adapting to emerging risks, and ensuring effective internal control mechanisms.
5. Conflict of Interest Policy	The Conflict of Interest Policy provides the framework for the identification, evaluation, approval, reporting and monitoring of conflict of interest involving Directors and key senior management.
6. Stakeholder Engagement	Committing to stakeholder engagement through timely disclosures, enhancing communication channels, and maintaining mechanisms for addressing queries and feedback.
7. Sustainability Integration	Review of double materiality; undertaking climate risk and scenario analysis; checking compliance with IFRS Sustainability Disclosure Standards; and strengthening ESG team capacity.

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

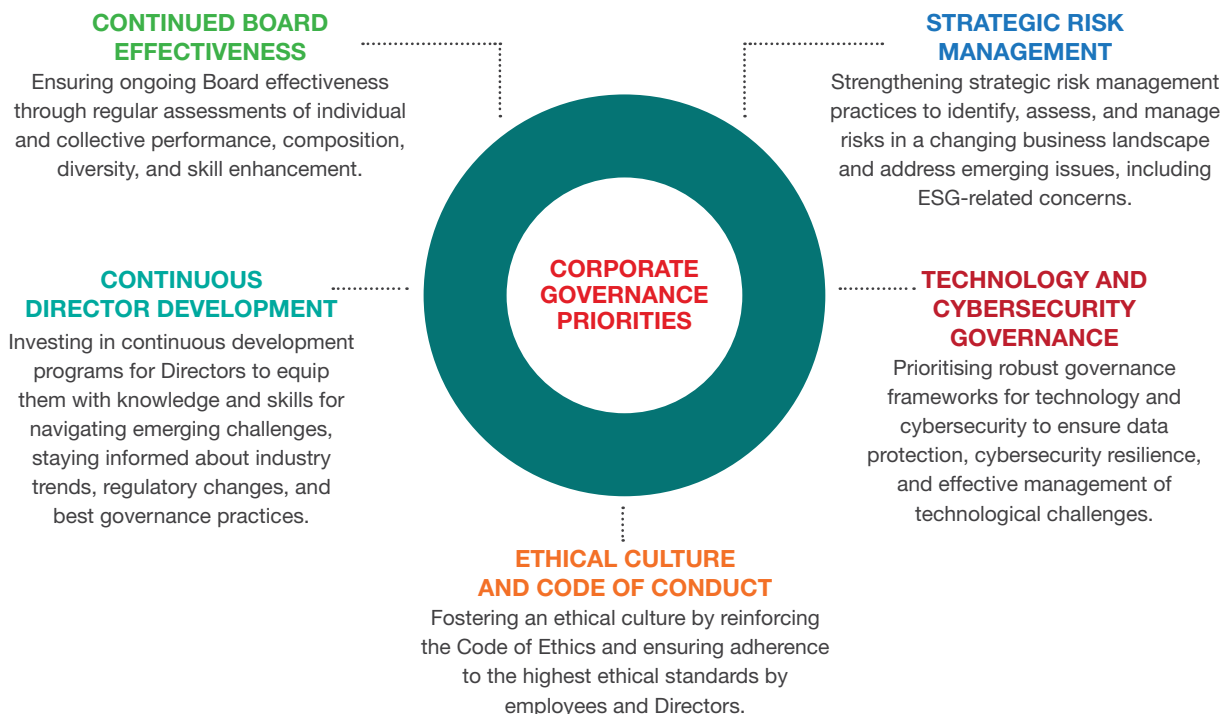
CORPORATE GOVERNANCE

Overview Statement

Corporate Governance Priorities (2026 and Beyond)

Regular assessments and adjustments will be made to stay aligned with emerging trends and challenges in the business environment.

Some of the Group’s corporate governance priorities for 2026 and beyond are as follows:



NOMINATION COMMITTEE REPORT

COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

The Nomination Committee (“NC”) comprises wholly of Independent Directors.

In 2025, the NC met one (1) time and the Chairman and members of the Committee attended all the meetings.

Name	Designation	Directorship	No. of Meetings Attended in 2025
Puan Noor Alina binti Mohamad Faiz	Chairman	Independent Director	1/1
Puan Nalleita binti Omar	Member	Independent Director	1/1
Mdm Teh Muy Ch’ng	Member	Independent Director	1/1
Mr Patrick Ng Gan Hooi	Member	Independent Director	1/1

In 2025, the Company Secretary was in attendance at all the meetings. The Company Secretary circulates the minutes of NC meeting to the Committee and at the Board Meeting for notation. The Chairman of the NC also briefs the Board on the highlights and key issues deliberated during the NC meeting.

CORPORATE GOVERNANCE

Overview Statement

TERMS OF REFERENCE

The terms of reference which include composition, authority, responsibilities, meetings and specific duties of the NC are disclosed and published on the Company's website under Company Info - Corporate Governance section. <https://www.unisemgroup.com/company-info/corporate-governance/>

SUMMARY OF WORK

The summary of work of the NC for the financial year is set out below:-

Board and Board Committees Composition and Succession Planning

The NC conducted a comprehensive review during the financial year, focusing on crucial aspects related to the Board and Board Committees' composition and succession planning. Key highlights of the NC's work include:

1. **Board Size and Composition Review:** The NC reviewed the current size and composition of the Board, identifying potential gaps or areas for enhancement.
2. **Review of Board Committees:** Evaluation of the size and composition of various Board Committees was undertaken to ensure their effectiveness and alignment with the Group's strategic objectives.
3. **Selection Criteria for Board Candidates:** The NC reviewed the selection criteria applied to potential candidates for Board positions, ensuring that they possess the requisite skills, expertise, and diversity to contribute effectively.
4. **Succession Planning:** A review of the succession plan for the Board and the Board Committees was conducted. This included considering the timing, process and requirements/criteria for filling vacancies created by retiring Directors, to ensure a smooth transition and continuity in leadership.

Appointment & Re-election of Directors

The NC has actively engaged in the comprehensive process of appointing and re-electing Directors during the financial year. The key highlights of the NC's work include:

1. **Review of Potential Non-Executive Directors:** The NC conducted an assessment of two candidates for appointment as Non-Executive Directors. This involved evaluating their leadership experience, skill sets, knowledge, diversity of background, fit & proper status, professionalism, and commitment of time.
2. **Assessment of Impartiality and Objectivity:** The NC conducted assessment of the candidates' ability to bring detached impartiality and objective judgment to boardroom deliberations were critically assessed, ensuring their capacity to contribute impartial and independent perspectives.
3. **Bases for Re-election Recommendations:** The NC formulated the criteria for recommending the re-election of Directors due for rotation/retirement. This included an assessment of the contributions made by Directors seeking re-election.
4. **Review of Directors' Service Tenure:** The NC conducted a review of the service tenure of Directors, considering the balance between continuity and the infusion of fresh perspectives within the Board.

Board Effectiveness Evaluation

The NC actively engaged in the Board Effectiveness Evaluation ("BEE") process during the financial year. The key highlights of the NC's involvement in the BEE include:

1. **Review of BEE Questionnaires:** The NC reviewed the questionnaires designed for the BEE, ensuring they were comprehensive and aligned with the organisation's objectives.

CORPORATE GOVERNANCE

Overview Statement

2. **Assessment of Board and Committee Performance:** The NC assessed the outcomes of the annual performance assessments for both the Board and its Committees. This involved evaluating the independence of independent directors, the contribution of each individual director, and the overall performance of the Board and its Committees.
3. **Proposed Improvement Plan:** The NC reviewed the results of the BEE exercise for the financial year and recommended a proposed improvement plan to enhance the effectiveness of the Board.
4. **Updates on Improvement Plan:** Updates on the actionable improvement plan from the previous BEE cycle were received and reviewed, ensuring that progress was being made on identified areas for enhancement.
5. **Skill Sets and Competency Assessment:** Via the BEE exercise, the NC assessed the Board's skill sets and the level of competency to meet the current and future needs of the Company, ensuring alignment with strategic objectives.
6. **Training Needs Assessment:** The NC conducted an assessment of the training needs of Directors, utilising insights from both the annual assessment and the BEE exercise.

Framework, Policy & Guidelines

The NC actively contributed to the development and refinement of the organisation's governance framework, policies, and guidelines during the financial year. Key activities undertaken by the NC in this regard include:

1. **Fit and Proper Policy:** The NC reviewed the existing Fit and Proper Policy for the appointment and re-election of Directors. Any relevant amendments deemed necessary were recommended to the Board for adoption.
2. **Review of Board Policies & Procedures:** The NC reviewed the Board Policies & Procedures to ensure alignment with prevailing rules and regulations. Any relevant amendments deemed necessary were recommended to the Board for adoption.
3. **Terms of Reference for NC:** The NC reviewed the Terms of Reference of the NC. Any relevant amendments deemed necessary were recommended to the Board for adoption.

ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review,

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

There were no unutilised proceeds raised from corporate proposal.

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

Other than as disclosed in Note 26 under the Notes to the Financial Statements of this Integrated Annual Report, there were no material contracts or loans between the Company and its subsidiaries that involve Directors' or major shareholders' interests.

(iii) Directors' Responsibility Statement on Annual Audited Financial Statements

The Directors are responsible for preparing the annual audited financial statements and the Board ensures that the financial statements and other financial reports of the Company are prepared in accordance with the applicable approved accounting standards in Malaysia and the requirements of the Companies Act 2016.

AUDIT AND RISK MANAGEMENT

Committee Report

COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

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

Name	Designation	Directorship	No. of meetings attended in 2025
Mr Patrick Ng Gan Hooi	Chairman	Independent Director	9/9
Puan Nelleita binti Omar	Member	Independent Director	9/9
Mdm Teh Muy Ch'ng	Member	Independent Director	9/9
Puan Noor Alina binti Mohamad Faiz	Member	Independent Director	9/9

The ARMC met nine (9) times in 2025 and the Chairman and members of the Committee attended all the meetings.

The Company Secretary, Executive Director – Group Finance, Vice President – Group Finance, Senior Manager – Group Finance, were in attendance at the meeting. The Committee met with the Head of Internal Audit every quarter and with the External Auditors two (2) times a year.

TERMS OF REFERENCE

The terms of reference which include composition, authority, responsibilities, meetings and specific duties of the ARMC are disclosed and published on the Company’s website under Company Info - Corporate Governance section. <https://www.unisemgroup.com/company-info/corporate-governance/>

SUMMARY OF WORK

The summary of work of the ARMC for the financial year is set out below:-

Integrity of Reporting

The ARMC played a crucial role in upholding the financial reporting integrity. During the financial year ended 31 December 2025 key activities undertaken by the ARMC include:

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

AUDIT AND RISK MANAGEMENT

Committee Report

Oversight of External Audit

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

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

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

The Committee held independent meetings with the external auditors during the year and reviewed, agreed, discussed and challenged their audit plan, including their assessment of the financial reporting risk profile of the Group. On 24 February 2026, the Committee discussed the views and conclusions of KPMG PLT ("KPMG") in the audit summary memorandum including management's treatment of significant transactions and areas of judgement during the financial year 2025 and KPMG confirmed they were satisfied that these had been treated appropriately in the financial statements.

The Committee met with KPMG on 28 February 2025 and 30 October 2025 without the presence of management and in reply to questions from the Committee, KPMG confirmed:

- There were no matters to report arising from the audit that, in the Auditors' professional judgement, are significant to the oversight of the financial reporting process;
- No significant difficulties were encountered during the audit;
- The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit; and
- No other significant audit matters were discussed or corresponded upon with management beyond those detailed in the audit summary report.

External Auditors

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

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

AUDIT AND RISK MANAGEMENT

Committee Report

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

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

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

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

In line with current professional standards, the Company requires the partner in-charge to rotate after seven (7) years, with a cooling-off period of at least five (5) years. The independent review partner is also required to rotate after seven (7) years, with a cooling-off period of at least three (3) years.

The Board has a policy that requires a former key audit partner/engagement partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

Risk Management And Internal Control

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

- Received updates on ESG and sustainability-related risks as part of Group's enterprise risk management framework;
- Received periodic updates from Management and the internal audit function on cybersecurity controls, resilience measures and remediation actions where necessary;
- Reviewed the Internal Auditors' quarterly reports detailing the risk-based audit work. Assessed management's responses and received assurance that significant findings were adequately addressed;
- Reviewed the Internal Auditors' enterprise risk management reviews, specifically those conducted with management on the three main plants. Ensured that risks were identified and action plans were established to effectively mitigate these risks;
- Reviewed with internal auditors the related party transactions ensuring that the terms were equitable and not more favourable to the related parties than those generally available to the public;
- Reviewed the Conflict of Interest Policy together with the various policies which stipulate the framework and appropriate control and measures for management of conflicts and Non-Assurance Services Pre-Approval Policy;
- Reviewed the *Annual Declaration Form on Conflict of Interest by Directors and Key Senior Management* submitted by Directors and Key Senior Management;
- Reviewed conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- Scrutinised the Group's various policies and procedures to reasonably ensure the adequacy of internal accounting and financial reporting controls;
- Examined the Group's insurance arrangements and related risk management strategies;

AUDIT AND RISK MANAGEMENT

Committee Report

- Assessed the Group's treasury policies, including those related to debt issuance and hedging; and
- Reviewed with management the annual budget of the Group together with the underlying business plans, marketing strategies, major assumptions and sensitivity analysis on the impact of foreign exchange rate to the revenue, EBITDA and profit attributable to shareholders.

Oversight of Internal Auditors

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

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

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

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION

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

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

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

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

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

A summary of work of the internal audit function encompasses:

- Presentation of the annual internal audit plan for approval by the Committee.
- Implementation of audits as per the endorsed audit plan, alongside special reviews initiated upon request from the Committee and senior management.

AUDIT AND RISK MANAGEMENT

Committee Report

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

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

1. Order Processing, Billing and Collection;
2. Procurement and Vendor Management;
3. IT General and Cybersecurity Controls;
4. Environmental, Social & Governance (ESG) Review; and
5. Recurrent Related Parties Transactions.

In 2025, the ARMC received and reviewed the internal audit reports issued for the abovementioned areas, incorporating recommendations and corrective actions along with the timeframe for implementation. The ARMC is not aware of any significant breakdowns or material weaknesses in the system of internal control that have resulted in material losses during the financial year.

The cost associated with the internal audit function of the Group for the financial year ended 31 December 2025 amounted to RM335,840.

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

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

- (i) Mr Xiao Zhiyi, Mr Cui Weibing, Mr Chang Wenying and Mdm Chen Yan represent the interest of Tianshui Huatian Technology Co., Ltd (“TSHT”), pursuant to the Collaboration Agreement dated 12 September 2018 between TSHT and John Chia Sin Tet, Alexander Chia Jhet-Wern, Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd. The principal activities of TSHT are provision of semiconductor integrated circuits testing and packaging and wafer bumping services. The products and services offered by TSHT and its subsidiaries are similar to that offered by Unisem and its subsidiaries. Given the nature of business of both Unisem Group and TSHT group of companies, there is potential conflict of interest.

Mr Xiao Zhiyi and Mr Cui Weibing are also non-independent directors of TSHT.

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

- (ii) Mr Francis Chia Mong Tet is deemed to have a potential conflict of interest by reason of his pre-IPO investment in Sum Technology Berhad, which upon completion of the IPO will render him a substantial shareholder of Sum Technology Berhad. Sum Technology Berhad’s subsidiary, Sum Technic Sdn Bhd, is a supplier/vendor to the Company. Notwithstanding the foregoing, Mr Francis Chia Mong Tet is not a director and is not involved in the management or day-to-day operations of Sum Technology Berhad or its subsidiaries. Accordingly, he shall abstain from all deliberations and voting on any related matters at meetings of the Board.

STATEMENT ON Risk Management and Internal Control

The Board of Directors (“Board”) of Unisem (M) Berhad (“Unisem”) seeks to promote a risk-conscious culture and is highly committed to maintaining a sound system of internal control and risk management and reviewing its adequacy and effectiveness in the Company and its subsidiaries (collectively referred to as the “Group”). To this end, the Board is pleased to present the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of internal control and risk management of the Group for the financial year ended 31 December 2025.

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and Practice 10.2 of the Malaysian Code on Corporate Governance (“MCCG”). In preparing this Statement, guidance has been drawn from the Statement on Risk Management and Internal Control (SORMIC): Guidelines for Directors of Listed Companies (the “SORMIC Guide 2025”), a publication endorsed by Bursa Malaysia Securities Berhad pursuant to paragraph 15.26(b) of the MMLR. This Statement has been reviewed by the Audit & Risk Management Committee and approved by the Board of Directors on 24 February 2026.

Board Responsibility

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

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

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

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

Risk Management Framework

The Group has instituted an ERM framework which is consistent with that espoused by the Committee of Sponsoring Organisations of Treadway Commission (“COSO”). The ERM framework is designed to systematically identify, analyse, monitor and report key risks and the likelihood of risk occurrence as well as the magnitude of impact using a self-assessment approach. In addition, the framework outlines the significant risks that the Group is exposed to such as strategic, organisation structure, operational, processes, regulatory, people culture, technologies, reputation and ESG and other sustainability risks. The Board recognises that ESG and climate-related risks are increasingly material to the Group’s long-term resilience. These risks are integrated into the Group’s ERM framework and are subject to periodic assessment, monitoring and mitigation planning, including oversight by the ARMC and ESG governance structures where applicable.

STATEMENT ON Risk Management and Internal Control

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

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

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

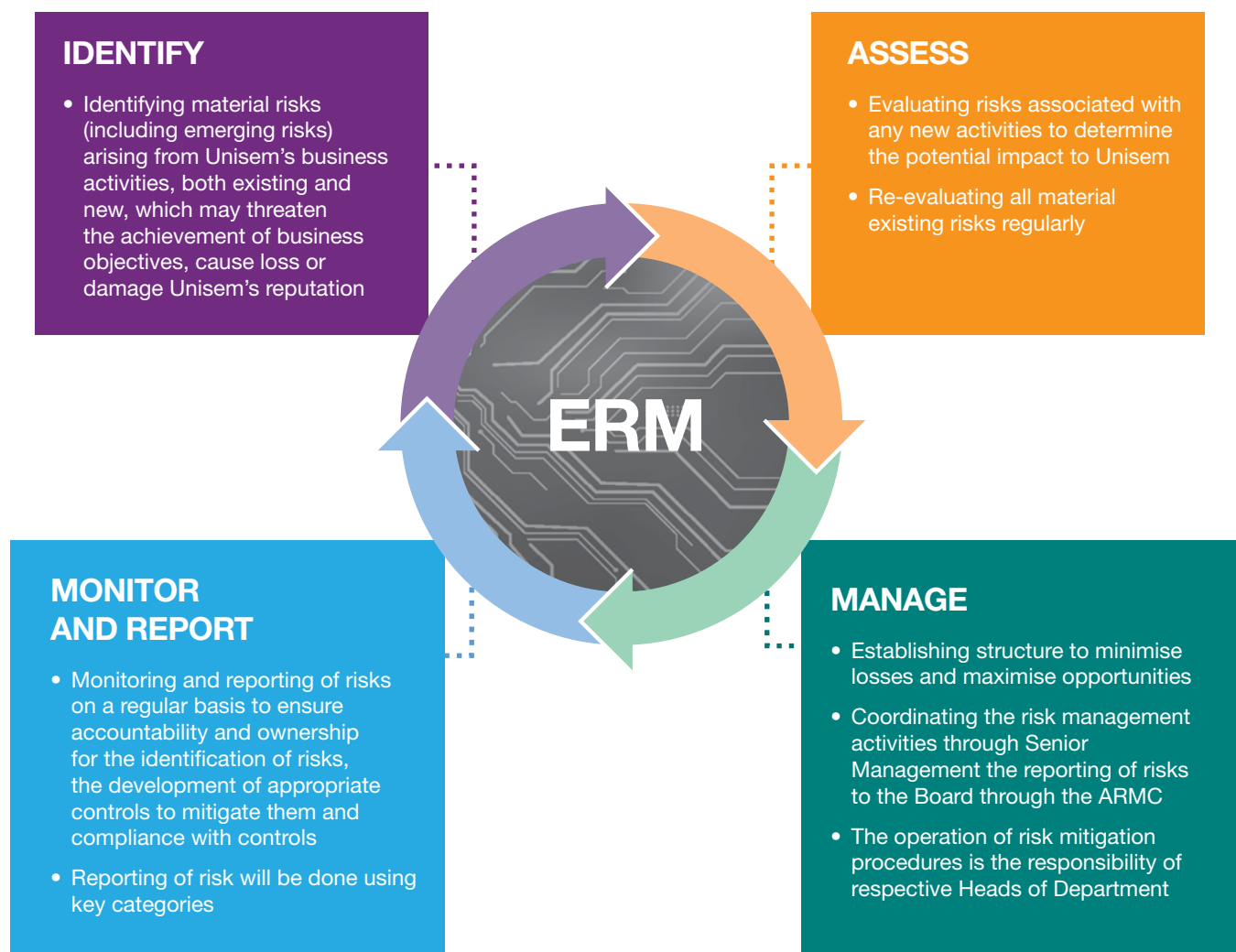


Diagram 1: Enterprise Risk Management Framework

STATEMENT ON Risk Management and Internal Control

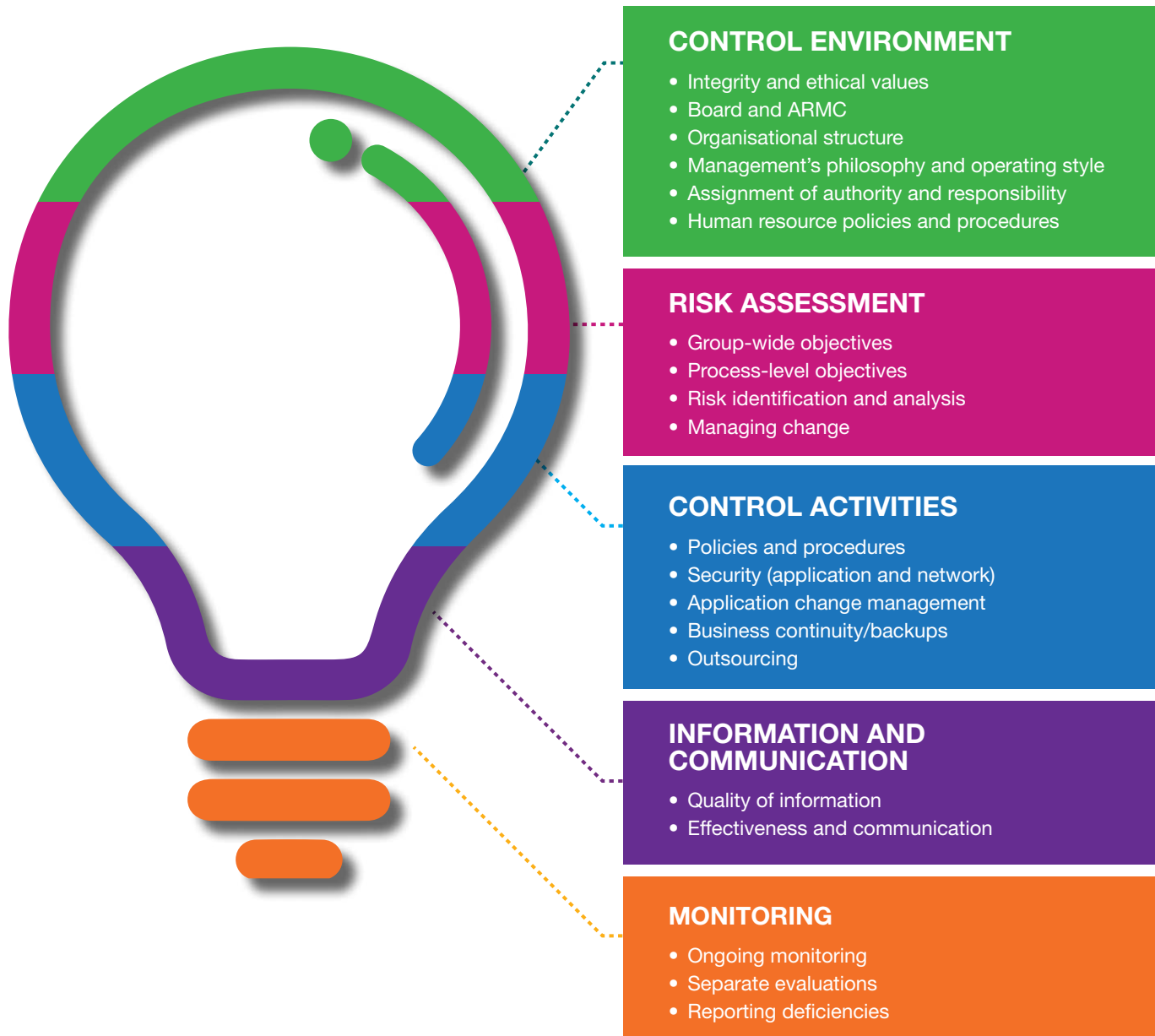


Diagram 2: Alignment with the elements of the Committee of Sponsoring Organisations of Treadway Commission (COSO)

STATEMENT ON Risk Management and Internal Control

Internal Control Framework

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

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

STATEMENT ON Risk Management and Internal Control

Other than facilitating the annual risk assessment and evaluation for Unisem, the Group's internal audit function independently assesses the adequacy and integrity of the Group's internal control systems. The internal audit function reports directly and provides assurance to the ARMC through the execution of internal audit work based on a risk-based internal audit plan which is approved by the ARMC before the commencement of work. Furthermore, the internal audit function performs follow up on the implementation of agreed management action on a quarterly basis to ensure all findings reported previously are addressed. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit work is closely aligned with the International Professional Practices Framework (IPFF), promulgated by the Institute of Internal Auditors.

For the financial year ended 31 December 2025, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes namely, order processing, billing and collection; procurement and vendor management; IT general and cybersecurity controls; environmental, social & governance (ESG) review; and recurrent related party transactions. In addition, the internal audit function also assists the ARMC to carry out a review to ensure recurrent related party transactions are carried out at arm's length basis.

The outsourced internal audit function is currently headed by Mr Kuan Yew Choong who reports directly to the ARMC. He is a Professional Member of the Institute of Internal Auditors Malaysia and has two decades of experience in the field of internal auditing and is equipped with the knowledge and expertise in the realm of risk management, internal controls and governance practices. He also possesses full professional certification from the Association of Chartered Certified Accountants. Mr Kuan is the Partner of Internal Audit & Risk Advisory at Baker Tilly Malaysia. He is supported by a team of up to four (4) internal audit personnel in completing different internal audit assignments carried out since their appointment. All the personnel in the internal audit function are free from any family relationship with any Directors and/or major shareholder and they do not have any conflict of interest with Unisem throughout the financial year. During the year under review, the total cost incurred for the internal audit work of the Group amounted to RM335,840.

Review by the External Auditors

In accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors, KPMG PLT has reviewed this Statement for inclusion in this Integrated Annual Report of the Company for the financial year ended 31 December 2025.

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

The external auditors reported that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Integrated Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Section 7 of the SORMIC Guide 2025, nor was it factually inaccurate.

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

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

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group's risk management and internal control system is adequate and effective to safeguard the interests of stakeholders and the Group's assets. The Board is not aware of any material weaknesses or deficiencies in the system of internal control that have resulted in material losses to the Group.

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

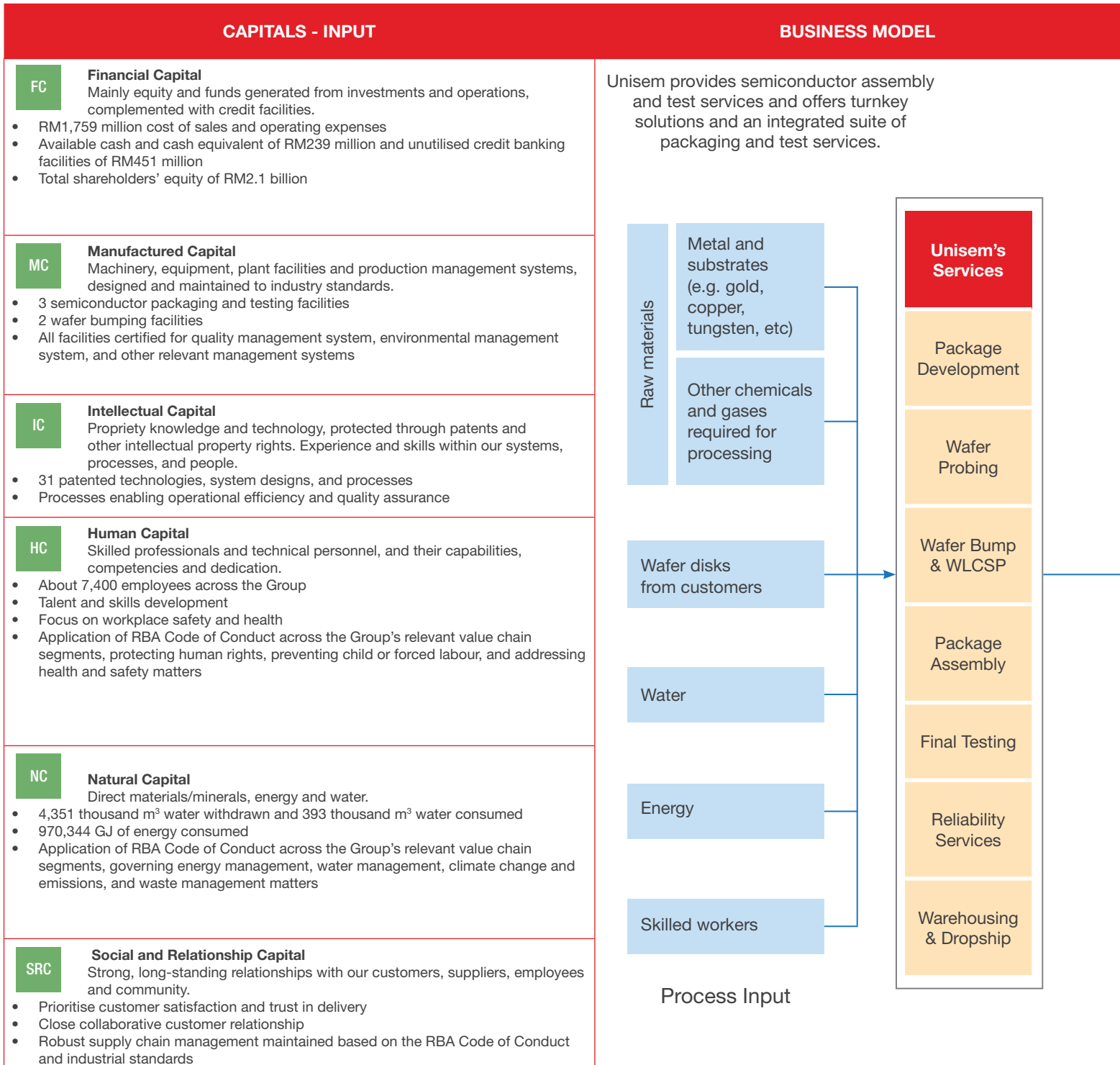
OUR VALUE CREATION



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UNISEM'S Value Creation Process

Unisem established its role as an integrated service provider in the semiconductor value chain, serving clients in the semiconductor and electronics industries. Our technical and process capabilities enable us to run our business and deliver values to our stakeholders including clients, employees, communities, and the environment, considering a balance of stakeholders' needs and interest. The Group strategically allocates capitals, including financial, manufactured, intellectual, human, social and relationship, and natural capitals, to create value, placing particular emphasis on the Group's defined Value Creation Focus Areas. Business strategies and priorities are closely aligned with the Value Creation Focus Areas to enable long-term business sustainability.



UNISEM'S Value Creation Process

In ensuring the protection and preservation of stakeholders' value, such as topics pertaining to environmental protection, safety and health, and employees' rights, the Group takes cognisance and has developed policies to guide how we do business responsibly and aim towards developing and maintaining a sustainable business environment for all.

		VALUE CREATION FOCUS AREAS	DESIRED OUTCOMES & INDICATORS	OUTCOME (FY2025)
Positive Output	Customised package design to best suit customers' needs	F1 Maintaining presence and relevance in the market	<ul style="list-style-type: none"> Self-sustaining cash generation Revenue growth Sustainable profit generation and shareholders' return 	<ul style="list-style-type: none"> RM1.87 billion in revenue RM86.7 million Group profit for the year RM239 million cash and cash equivalent as at the end of the financial year Total single-tier dividend distributed during FY2025 to shareholders - RM129 million Capital expenditure of RM506 million
	IC packages			
	Logistics services	F2 Optimising value for stakeholders	<ul style="list-style-type: none"> Enhancing capabilities through strategic investment in new facilities and capacity expansion Enhancement and upgrading of facilities to enhance operational efficiency Focused investments in facilities for targeted products 	<ul style="list-style-type: none"> Completed Gopeng Plant and successfully obtained a certification required to commence operations Upgrading facilities and equipment in accordance with Unisem's environmental roadmap with estimated savings of RM2.97 million per year for the Group from energy savings.
	Hazardous waste (e.g. electronic waste, spent solvents)	F3 Protecting and supporting our people	<ul style="list-style-type: none"> Development and adoption of latest technology in line with market demand Achievement of Unisem's Technology Road Map Maintaining optimum level of operational efficiency and quality for products and services 	<ul style="list-style-type: none"> Achieved targets and timeline of Unisem's Technology Road Map Approximately 5 new package modules developed 31 new patents registered
Non-hazardous waste (e.g. paper, plastic, cardboard boxes)				
Negative Output	Effluent (e.g. rinse water)	F4 Being a responsible business and corporation	<ul style="list-style-type: none"> Safe workplace with zero confirmed incidents of discrimination or human rights issues Injury frequency rate for industrial accidents <1.50 across the Group Continuous training for employees 75% employees receive minimum 6 hours of training per year Personal and professional growth in employees Employee satisfaction rate >3.80 out of maximum score of 5.00 Stabilise and retain talent with a target rate of Malaysia at 25% and China at 45% Above 20% women in management positions 	<ul style="list-style-type: none"> 0.68 injury frequency rate 90.4% employees received minimum of 6 training hours Employee satisfaction score of 3.76 Overall turnover rate of 33% 24.0% of management positions were held by women
	Emissions			
Process Output			<ul style="list-style-type: none"> Compliance with regulatory requirements Minimum negative environmental impact 55% recycling rate for total scheduled waste 	<ul style="list-style-type: none"> 65% of total scheduled waste recycled No non-compliance issues with environmental laws and regulations 173.3 tCO_{2e} of Scope 1 and Scope 2 GHG emissions 3% decrease in GHG intensity (base year: 2020) 82% reduction of water consumption intensity (base year: 2020)
			<ul style="list-style-type: none"> Upholding of Unisem core values Robust collaborative relationship with customers Expansion of clientele and market presence High rate of customer satisfaction Strong, sustainable, and responsible supply chain 	<ul style="list-style-type: none"> Key customers satisfaction score of 95% Completed 20 audits on key direct material suppliers and service agents

VALUE CREATION

Focus Areas and Key Trade-offs

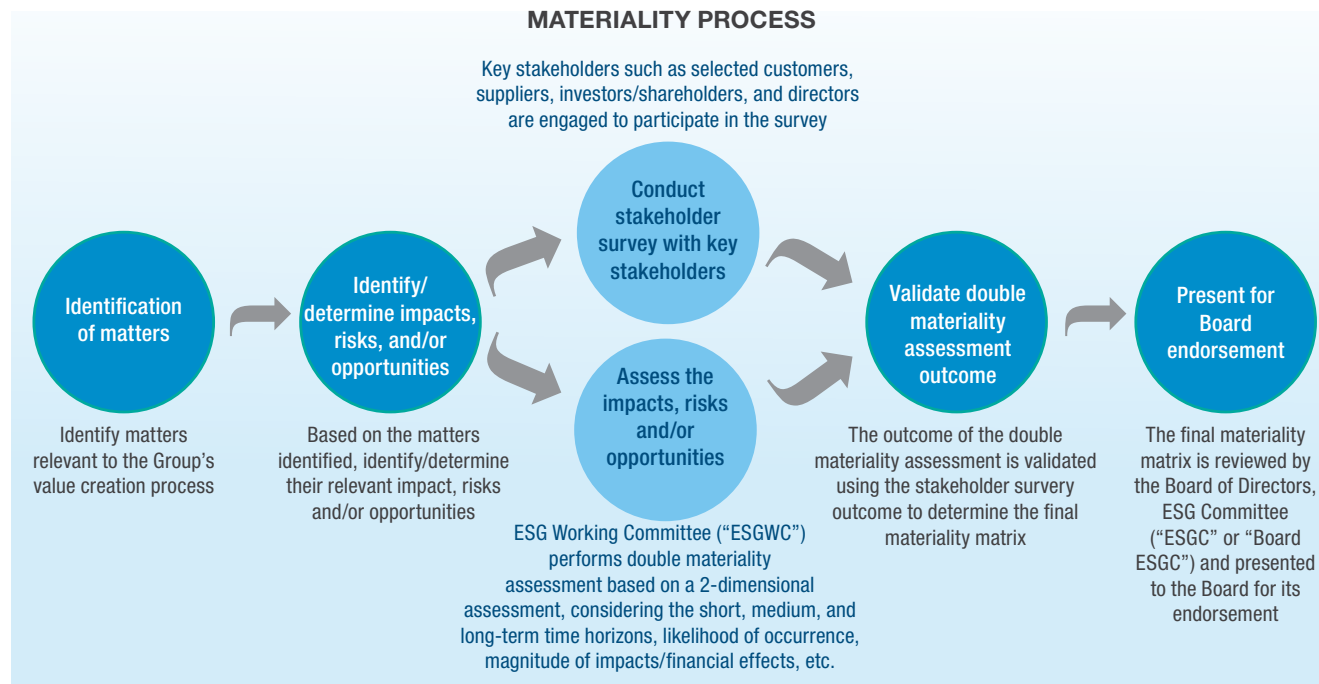
The Group's value creation for stakeholders can be summarised into four (4) broad Value Creation Focus Areas. These are what we want to achieve for the business as well as our key stakeholders. The Value Creation Focus Areas also serve as a basis for considering the interests and values of the business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

We also acknowledge that there will be trade-offs of capitals throughout the value creation process, and we seek to manage these trade-offs diligently, guided by our Core Values, principles and policies.

Value Creation Focus Areas	Description	Relevant Material Matters	Capital Trade-offs
<p>F1</p> <p>Maintaining presence and relevance in the market</p>	<p>The semiconductor industry is fast-moving and Unisem needs to remain relevant in the market by ensuring our products and services keep up with technological trends and customer demand.</p> <p>This includes enhancing technological capabilities and innovative solutions, including smart manufacturing, to sharpen our competitive edge. This is critical for retaining customers and attracting new customers.</p> <p>Having a robust supply chain is also important for supporting our relevance and presence in the market.</p>	<p>M1 M2 M4</p> <p>M9 M15</p>	<p>The Group's strategic decision to expand its production capacity presents a trade-off between short-term efficiency and financial returns. The expansion represents a necessary strategic trade-off that boosts the Group's capacity to capture future growth opportunities, as well as supporting the Group's shifts towards more efficiency production operations.</p> <p>Expanded production capacity also means greater consumption of natural resources in the production process, including increased emissions and usage of energy and water. In line with our climate change commitment, we undertake ongoing initiatives to enhance operational efficiency, guided by our various sustainability-related policies and the Group's Net Zero by 2050 target.</p>
<p>F2</p> <p>Optimising value for stakeholders</p>	<p>All successful businesses strive to achieve an optimum balance between delivering value to customers through quality products and services, investing for future growth, creating healthy financial returns for shareholders and minimising negative impacts on the environment.</p> <p>We strive to optimise the use of resources and minimise the production or release of negative externalities.</p>	<p>M4 M5 M6</p> <p>M10 M11 M12</p> <p>M14 M15 M17</p>	<p>Technology and advanced production equipment are crucial capabilities, in which the Group continuously invest, including through Research & Development ("R&D") activities, to maintain technologically relevant in the market. Not all R&D activities yield positive outcomes but they are critical to the Group's sustainability in the market.</p>
<p>F3</p> <p>Protecting and supporting our people</p>	<p>We are committed to protecting our people including ensuring a safe and healthy working environment, supporting their professional development, and contributing to the development of talents in the industry.</p> <p>People development increases our productive capacity and also supports the growth of local talents.</p>	<p>M3 M7 M8</p> <p>M11 M13 M16</p>	<p>The adoption of automation technologies, particularly in our new plants, presents a trade-off between increasing labour efficiency and generating jobs. We accept this trade-off in line with sectoral and national objectives of improving total factory productivity as well as generating high-skilled occupations and capabilities. Any significant job displacement to the present workforce will be mitigated via reskilling or placement assistance, if relevant.</p>
<p>F4</p> <p>Being a responsible business and corporation</p>	<p>Unisem expects all its facilities, key suppliers and employees to commit to the Group's ESG framework.</p> <p>This includes respecting human rights in accordance with the Universal Declaration of Human Rights and minimising waste as well as playing our part in global efforts to combat climate change.</p>	<p>M3 M4 M5</p> <p>M7 M8 M9</p> <p>M10 M11 M12</p> <p>M13 M14 M17</p>	<p>The adoption of international standards with regard to environmental and social practices may result in higher compliance cost. In addition, global and regional developments focusing on sustainable and responsible business often result in greater compliance-related expenses. The Group acknowledges these costs as necessary for developing a sustainable business environment, and it seeks to manage these effects by pursuing cost efficiency.</p>

MATERIAL Matters

As the Group begins to align our disclosures with the IFRS S1 and S2, we enhanced our materiality assessment by adopting a double materiality approach. The double materiality approach considers two perspectives of value creation, i.e. **financial materiality** - considering matters material to the financial value of the business; and **impact materiality** - considering matters that are material in relation to the business' impact to the environment and society. Such a materiality approach allows the Group to consider value creation and materiality to align with the various reporting frameworks adopted, including IFRS S1 and S2, GRI Standards, Intergrated Reporting <IR> Framework, and others.



The materiality process begins with identifying matters that are relevant to the Group's business model and value creation model, including their impacts, risks and opportunities. Short, medium, and long-term time horizons are considered to ensure the assessment sufficiently captures matters that may impact ongoing operations, long-term sustainability, as well as as the business' financial value across different timeframes.

Materiality assessment is carried out by the ESGWC considering the financial materiality and impact materiality dimensions, i.e. double materiality, including considerations of how the matters identified may potentially create or erode value for the business, the environment, and/or society. The assessment is conducted considering the likelihood and magnitude of impact of the matters and the process has also incorporated the Group's existing risk assessment parameters.

The assessment outcome is summarised and documented as a materiality matrix.

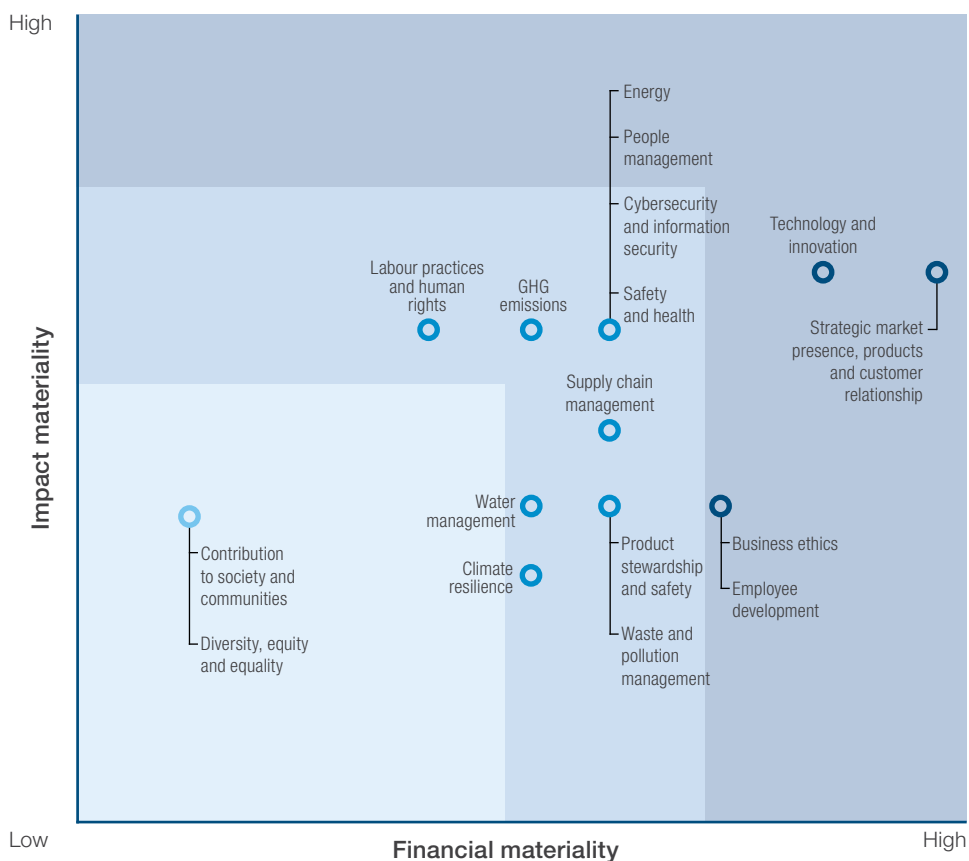
At the same time, the Group also engages with key stakeholders such as customers, suppliers, investors/shareholders, and Directors via stakeholder surveys designed specifically to obtain input and feedback on their perspectives with regard to the importance of the matters to them. The stakeholder survey outcome is compared against the materiality matrix to validate the ESGWC's assessment. Such validation helps to enhance Management's perception and understanding of the matters assessed, and the materiality matrix may be adjusted to reflect and incorporate the outcome of the stakeholder survey.

The final materiality matrix arising from the Group's FY2025 materiality assessment has been reviewed by the ESGC and endorsed by the Board.

The outcome of the materiality matrix is considered in the Group's review of its business strategies and strategic priorities, its management of sustainability matters, as well as risk management processes. Materiality assessment is carried out once in two years.

MATERIAL Matters

The follow matrix illustrates the outcome of Unisem Group's FY2025 double materiality assessment.



High materiality	Medium materiality	Low materiality
<ul style="list-style-type: none"> M1 Strategic market presence, products, and customer relationship M2 Technology and innovation M3 Business ethics M4 Employee development 	<ul style="list-style-type: none"> M5 Energy M6 People management M7 Cybersecurity and information security M8 Safety and health M9 Supply chain management M10 GHG Emissions 	<ul style="list-style-type: none"> M11 Product stewardship and safety M12 Waste and pollution management M13 Labour practices and human rights M14 Water Management M15 Climate resilience
		<ul style="list-style-type: none"> M16 Diversity, equity, and equality M17 Contribution to society and communities

CREATING VALUE For Stakeholders

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

We adopt a culture of open communication to encourage stakeholders to share their feedback, with a view to facilitate mutual improvement and building stronger stakeholder relationships. We adopt an “open door” policy with employees to maintain 2-way open communication and listen to the voice of our employees, customers, the respective stakeholders groups. There are also readily available communication channels for stakeholders to provide their views and comments or to submit their grievances or complaints, e.g., the Group’s Ethics Hotline and whistle-blowing channel.

Stakeholder Assessment and Prioritisation

Stakeholders are considered in the context of how they shape our internal and external business environment, their influence and reliance on our business model, how they affect our access to and relationships with the 6 capitals, as well as our legal and social obligations to them. Based on these considerations, Unisem prioritises stakeholders and establishes appropriate engagement strategies which help us manage relationships, align interests communicate our business and sustainability strategies, priorities, and performance. We regularly engage stakeholders to hear their views, and we also have channels through which they can initiate dialogues with us.

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

Stakeholder engagement is also used to support the Group’s conduct of materiality assessment. This year, we carried out dedicated sustainability surveys for customers, suppliers, investors/shareholders, and Directors to seek their input on the Group’s double materiality assessment. Through these surveys, stakeholders’ feedback and comments were taken into consideration and used to verify the double materiality assessment performed by the Group.

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
Shareholders	<ul style="list-style-type: none"> Annual general meetings Quarterly announcements Announcement on Bursa’s website Sustainability survey 	<ul style="list-style-type: none"> Continuous business growth and sustainability 		<ul style="list-style-type: none"> Chairman’s Letter to Stakeholders Our Value Creation Strategy Review and Performance SR25, Managing Our Business SR25, How We Do Business




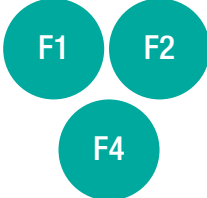
CREATING VALUE For Stakeholders

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
Directors	<ul style="list-style-type: none"> Quarterly and ad-hoc Board and Board Committee meetings Sustainability survey 	<ul style="list-style-type: none"> Continuous business and operational improvement Risk management Compliance with laws, regulations, and industry standards Financial results Interests of stakeholders and shareholders Continuous investment in R&D Minimising environmental impacts 		<ul style="list-style-type: none"> Corporate Governance Overview Statement, Audit and Risk Management Committee Report, and Statement on Risk Management and Internal Control Our Value Creation Strategy Review and Performance SR25, Managing Our Business SR25, How We Do Business
Senior Management	<ul style="list-style-type: none"> Management meetings Ad-hoc meetings 	<ul style="list-style-type: none"> Ensuring safe, humane working environment and respecting human rights Continuous business and operational improvement Ensuring customer requirements are met, including protecting customer data Supply chain management, including eliminating conflict minerals Adherence to RoHS, REACH and environmental regulations Talent retention by providing competitive compensation and benefits packages for employees Proper management and disposal of hazardous waste Energy efficiency R&D 		<ul style="list-style-type: none"> Our Value Creation Strategy Review and Performance SR25, Managing Our Business SR25, How We Do Business SR25, Our People SR25, The Environment

CREATING VALUE For Stakeholders

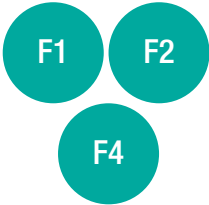

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
Employees	<ul style="list-style-type: none"> Annual Employee Climate Survey Quarterly forums held by the site COOs with employees on financial and operational updates “Open-door” practices to provide feedback Annual performance evaluation sessions Ethics hotline/whistleblowing channel 	<ul style="list-style-type: none"> Ensuring safe, humane working environment and respecting human rights Continuous business and operational improvement Nurturing culture, including provision of learning and development opportunities Competitive compensation and benefits packages for employees Proper management and disposal of hazardous waste 		<ul style="list-style-type: none"> SR25, How We Do Business SR25, Managing Our Business SR25, Our People
Customers	<ul style="list-style-type: none"> Quarterly business reviews Annual customer satisfaction surveys Ad-hoc meetings and audits Ethics hotline/whistleblowing channel Sustainability survey 	<ul style="list-style-type: none"> Quality assurance and reliable products and services Competitive pricing and on-time delivery RBA-compliant operations at Unisem, as well as compliance with local and international regulations (e.g. RoHS and REACH) Ensuring safe, humane working environment and respecting human rights New product development projects 		<ul style="list-style-type: none"> SR25, Managing Our Business SR25, How We Do Business SR25, Our Focus on Customers
Suppliers/ Contractors	<ul style="list-style-type: none"> Annual supplier audits Supplier briefings Conduct of Self-Assessment Questionnaires Ad-hoc tender exercises and meetings Ethics hotline/whistleblowing channel Sustainability survey 	<ul style="list-style-type: none"> Fair tender practices Competitive pricing Business continuity Quality materials/parts/services Freely chosen labour Fair wages Responsible Mineral Initiative 		<ul style="list-style-type: none"> SR25, How We Do Business

CREATING VALUE For Stakeholders

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
In-house Union	<ul style="list-style-type: none"> Monthly formalised union meetings Ad-hoc meetings 	<ul style="list-style-type: none"> Industrial harmony between Management and employees Employees' rights and Unisem's responsibility in providing welfare to employee Resolving misunderstandings and grievances Maintaining high levels of productivity, efficiency, and discipline 		<ul style="list-style-type: none"> SR25, How We Do Business SR25, Our People
Law enforcers/regulators	<ul style="list-style-type: none"> Regular reporting (e.g. annual air quality and waste disposal reports, workplace incident reports) Quarterly announcements Ad-hoc report submissions as and when requested by regulators 	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Corporate governance Environmental, Social, and Governance-related disclosures 		<ul style="list-style-type: none"> SR25, How We Do Business SR25, Our People SR25, Our Focus on Customers SR25, The Environment
Ministry/local council	<ul style="list-style-type: none"> Annual council meetings 	<ul style="list-style-type: none"> Support towards local communities, including contributions to community matters Administrative management of foreign workers Noise monitoring and health, safety, and environmental management 		<ul style="list-style-type: none"> SR25, Our People SR25, The Environment
Financial Institutions	<ul style="list-style-type: none"> Ad-hoc focus group discussions 	<ul style="list-style-type: none"> Business continuity opportunities 		<ul style="list-style-type: none"> Our Value Creation Strategy Review and Performance SR25, How We Do Business SR25, Managing Our Business

CREATING VALUE

For Stakeholders

Stakeholder Group	Engagement Approach	Focus Areas	Relevant Value Creation Alignment	Key Information
Rating agencies/ analysts	<ul style="list-style-type: none"> Quarterly credit reports and analyst briefings 	<ul style="list-style-type: none"> Business continuity, transparency, and fair financial reporting 		<ul style="list-style-type: none"> Our Value Creation Strategy Review and Performance SR25, How We Do Business SR25, Managing Our Business
Local communities	<ul style="list-style-type: none"> On-going grievance channels Volunteering programmes 	<ul style="list-style-type: none"> Noise monitoring and health, safety, and environmental management Contributions towards local communities, such as volunteering projects and donations 		<ul style="list-style-type: none"> SR25, Our People

STRATEGY REVIEW & PERFORMANCE



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UNISEM'S STRATEGIC Priorities & Highlights

Unisem's Strategic Priorities and Highlights

Global demand for semiconductors experienced a strong resurgence in 2025, driven by demand for AI-related technologies, data centres, EV-related technologies, and others. At the same time, heightening geopolitical uncertainties and tensions led to shifts and adjustments to the global semiconductor value chain. Despite geopolitical uncertainties and risks, the semiconductor industry is expected to continue to experience growth in the coming years to support the technological development and global race towards advance technology including AI.

In Malaysia, the semiconductor industry experienced strong growth and has increasingly deepened its strategic importance in the global semiconductor supply chain. This is further supported by government incentives to drive the industry to develop into a high-value, high-technology player in the global semiconductor ecosystem. Malaysia has been and is also increasingly becoming attractive to well-known players in the semiconductor and electronics industries.

The Unisem Group, with a presence in Malaysia and China, is positioned well to serve customers who intend to diversify and manage their risks against geopolitical risks and challenges.

The Group's ability to create and deliver value in the longer term lies with its competitiveness in the industry, often in terms of pricing, capabilities, and quality. Our Strategic Priorities are developed taking into consideration the business nature of enhancing profits while doing operating responsibly. Some of the critical priorities include continuously driving operational efficiency, pushing utilisation, and market expansion.



UNISEM'S STRATEGIC Priorities & Highlights

Strategic Priorities

Strategic Priority A

Pursuit of operational excellence and quality products and services

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

We continue to focus on driving utilisation at Chengdu Phase 3 Building and the Gopeng Plant, increasing process qualification and our order books. At the desired levels of utilisation of both facilities, the Group will be able to achieve greater operational and resource efficiency. Meanwhile, the Group's overall profit margin is expected to continue to be suboptimal until economies of scale is achieved.

Energy remains to be a significant element in production operating expenses at approximately 8% in FY2025, compared to 9% in FY2024. Approximately 19% of the Group's energy consumption was derived from renewable energy, mainly generated by PV power generation systems installed at Gopeng Plant.

The Gopeng Plant achieved a symbolic milestone this year by initiating its revenue contribution to the Group. Supported by continuing process qualifications, we are executing a gradual production shift from the Simpang Pulai Plant to the more efficient Gopeng facility. These efforts are complemented by targeted client expansion to enhance utilisation and secure a profitable operational scale.

On the other hand, Unisem Chengdu reported a notable increase in revenue and delivered a strong profit contribution to the Group, supported by the additional capacity from its Phase 3 expansion.

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

Gopeng Plant and Chengdu Phase 3 Building are equipped with advanced automation technologies and designed with efficient process layout considerations. They are expected to enhance the Group's overall operational efficiency and quality as utilisation is driven to a desired level.

When considering operational efficiency in the medium to longer term, we incorporate considerations including fluctuation of input material cost, geopolitical risks, market conditions and environment, and climate-related considerations such as potential impact of carbon price and climate policies. These considerations are assessed and managed via the Group's risk management process, as relevant.

During the year, we performed a climate risk assessment guided by climate scenario analysis to assess the potential financial impacts related to climate-related risks and opportunities. The climate risk assessment serves as a basis for the Group to anticipate climate-related risks and opportunities and consider how they affect operational efficiency. We have also set an internal carbon price of RM15 per tonne carbon dioxide equivalent to consider its financial impacts. Refer to **Climate-related Financial Disclosures** for more details.

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

Key Capitals



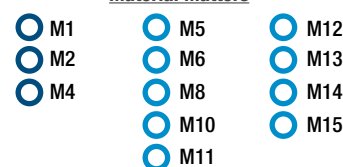
Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2025 Highlights

- Gopeng Plant began to contribute to the Group's revenue
- Renewable energy (including renewable energy sources of purchased electricity) makes up about 19% of our total energy consumption.
- 18.4% y-o-y revenue growth, against a target to have growth from the previous year.
- Meeting target of injury frequency rate (for industrial accidents) below 1.50. FY2025's injury frequency rate is 0.68.
- Our results show a partial 3.0% reduction in GHG emissions but a 2.8% increase in energy intensity, missing our targets of 15% and 10% reductions from the 2020 baseline.
- 65% hazardous waste recycling rate, against a target of 55%.
- Employee satisfaction score of 3.76 out of 5.00, against a target of 3.80.
- No incidents of significant human rights or labour standards violations.
- 90.4% employees had minimum 6 hours training against a target of 75%.
- Exceeded our target of 80% reduction in water consumption intensity at 82% reduction.

Reference

- Managing Our Business - Business Performance, SR25
- Our Environment - Managing Waste and Effluent, SR25
- Our People - Employee Development, SR25
- Management Discussion and Analysis
- Financial Statements

UNISEM'S STRATEGIC Priorities & Highlights

Strategic Priorities

Strategic Priority B

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

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

The pace of technological development affects the industry's value chain and its players including our customers. As a provider of turnkey solutions, we continue to work closely with customers to develop packaging solutions that meet their innovation needs. We also regularly engage with customers to understand how we can support the global advancement of the industry. This also builds, strong, credible, and trustworthy relationships in our supply chain. The key to success is not to take any of our stakeholders for granted.

US-China tensions continued to sustain in 2025 while the semiconductor market continued to see relocations and supply chain reshuffling, with countries competing to attract semiconductor-related investments and operations. With a presence in Malaysia and China, Unisem Group continues to place emphasis on developing and expanding its clientele, including clients from diversified global supply chains and international production strategies. The Group's strategic target to boost utilisation for its Gopeng Plant and Chengdu Phase 3 Building also hinges on our ability to obtain production orders, which remains to be a key focus of the Group's business growth strategy.

During the financial year under review, the Group's overall revenue increased by 18.4% compared to FY2024, led by AI-related and EV products.

On the other hand, we continue to develop collaborative relationships with our supply chain partners, in addition to undertaking rigorous assessment and management of supply chain to safeguard the integrity of our supply chain.

Long-term strategic collaborative relationships also refer to the Group's relationship with its talents, where the Group relentlessly invests in its employees to develop talent and elevate capability, as well as aggressively seeks to recruit talents.

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

Key Capitals



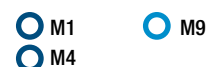
Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2025 Highlights

- Higher demand for AI-related products, including smart phones, and EV products. We expect a similar trend to continue.
- Business development activities focused on expanding clientele, supported by the capacities and capabilities of our new facilities.
- Customer satisfaction of 95% in FY2025, meeting targets.
- 80% suppliers audit performed on all our 25 key suppliers at least once in the past two years.

Reference

- Our Focus on Customers - Serving Our Customers, SR25
- Managing Our Business - Supply Chain Management, SR25

UNISEM'S STRATEGIC Priorities & Highlights

Strategic Priorities

Strategic Priority C

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

Technological capabilities are fundamental to our services and product offerings, ensuring we remain competitive in an increasingly complex industry. This has become even more critical in recent years, as rapid advancements in technology have transformed the market landscape. Environmental properties of semiconductor products such as energy efficiency, eco-friendly materials, and product safety are also driving demand for more complex and advanced technological capabilities.

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

We drive our technological advancements through our Technology Roadmap, which outlines our short- and medium-term development targets and action plans. To support our business and customer growth strategy, we are committed to allocating resources to expand our capacity and capabilities, especially in our Malaysian operations. This includes ongoing assessments of our existing equipment to determine whether upgrades are needed to enhance productivity, energy efficiency, and overall performance.

A significant milestone this year was the commencement of mass production of microphone MEMS for a tier-one smartphone manufacturer. This achievement was made possible by our past investments in package assembly technology and equipment.

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

Our Technology Roadmap also incorporates investments to enhance process efficiency, including the adoption of automation technology in our new plants to drive efficiency and upgrades or replacements to existing equipment to achieve better environmental performance such as energy and emission efficiency.

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

Key Capitals



Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2025 Highlights

- The new Gopeng facility is currently in the qualification process for microphone MEMS production. Once completed, it will utilise state-of-the-art assembly technologies and advanced materials.
- Mass production for this product line has already commenced at our Chengdu Plant, leveraging these latest technologies and materials.
- Started to allocate resources and invest in equipment supporting the market needs, such as EV and cloud computing, as well as investments in enhancing operational efficiency.
- Development activities in accordance with our Technology Road Map.
- Completed 2 projects and added 5 new projects. Amongst these are projects undertaken jointly with customers to suit their specific product needs.
- A total of 5 new processes and materials were qualified in 2025 to meet customer needs.
- To date, Unisem has obtained a total of 31 patents.
- In FY2025, the Group's research and development expenditure amounted to about RM9.6 million i.e. 1% of revenue.

Reference

- Managing Our Business - Pushing Our Technological Boundaries, SR25
- Our People - Employee Development, SR25

UNISEM'S STRATEGIC Priorities & Highlights

Strategic Priorities

Strategic Priority D

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

In addition to complying with locally applicable laws and regulations, we also take into consideration international practices and standards pertaining to environmental, social, and ethical matters.

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

We strive to inculcate a culture that is constantly aware of the environmental and social issues within and around our industry and to consider them, as relevant, in our business and operations. Where necessary, we work together with business associates to advance environmental and social practices, thereby elevating responsible conduct within the supply chain.

The Group continued to carry out initiatives to manage and monitor its progress towards its Net Zero by 2050 target. The Group's Scope 1 and Scope 2 emissions continued to be estimated and reported. We measure our emissions intensity and take active initiatives to reduce emissions intensity, in alignment with our strategic priorities to pursue operational excellence.

One of our key efforts include sourcing electricity from sources with higher proportion of renewable energy in Unisem Chengdu, where approximately 40% of electricity purchased is derived from renewable energy. On the other hand, our recently completed Gopeng Plant is equipped with solar PV power generation systems. In FY2025, approximately 19% of the Group's energy consumption is derived from renewable sources.

We will continue to look out for opportunities and instruments such as renewable energy certificates to drive the Group towards achieving its Net Zero by 2050 target. The Group may also consider carbon credits to offset residual emissions.

In addition, we continue to collaborate with suppliers and business associates to track and report our upstream transportation-related emissions data for direct materials. Scope 3 emissions disclosed in this Report includes the following:

- Category 1 - Purchase of Goods and Services;
- Category 2 - Capital Goods;
- Category 4 - Upstream Transportation and Distribution;
- Category 6 - Business Travel; and
- Category 7 - Employee Commuting.

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

Key Capitals



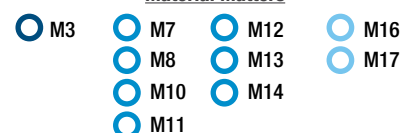
Value Creation Focus Areas



Associated Risks and Opportunities



Material Matters



FY2025 Highlights

- Achieved target to remain compliant with regulatory standards.
- Our operations are compliant with Responsible Business Alliance ("RBA") standards and have passed RBA Validated Assessment Program reviews.
- Revised Environmental Roadmap with targets up to 2025 and targets to enhance resource efficiency and reduction in emission intensity of our operations.
- Ongoing efforts to progress towards our target of Net Zero in 2050.

Reference

- How We Do Business - Our RBA Obligations, SR25
- The Environment, SR25
- Climate-related Financial Disclosures

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

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

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority D

RO 1

Political, economic and regulatory risks

Political, geo-political, economic and regulatory development in Malaysia and other countries could have a significant effect on the financial performance of our Group. Any adverse development or uncertainties in the above external factors could materially affect the financial condition and business prospects of our Group.

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

Mitigation Approaches:

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

Associated Opportunities:

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

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

FY2025 Highlights:

Rising US-China tensions and protectionist policies disrupted the semiconductor supply chain. This caused volatility in material prices and exchange rates. Customers began diversifying suppliers and service partners. US tariffs did not impose direct costs on Outsourced Semiconductor Assembly and Test ("OSAT") companies. The financial impact was absorbed elsewhere. The tariffs still created major market uncertainty. Customers delayed orders and reassessed global supply chains. OSATs faced unstable demand and accelerated costly relocation of capacity. Malaysia remained relatively competitive, supported by a combination of relatively lower geopolitical risk, stable business environment, cost competitiveness, and geographical location.

Unisem Group closely monitors key factors influencing customer strategy and operational excellence focus, including material prices, exchange rates, market sentiment, country policies, and others. We rigorously manage our risks, including through tools like scenario analysis and continuously evaluate alternatives to support business continuity. Our strategic priority to foster close, collaborative relationships with customers and business associates remains crucial as we seek to capture opportunities arising from the ongoing supply chain shifts.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

RO 2

Dependence on experienced personnel and manpower

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority C

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

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

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

Mitigation Approaches:

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

Associated Opportunities:

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

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

FY2025 Highlights:

As the semiconductor industry in Malaysia expands in response to growing demand in the industry and ongoing supply chain paradigm shift, competition for skilled technical workers and labour continued to intensify. On the other hand, the Malaysian government continued to adopt stringent policies for the import of foreign labour and labour shortage continued to persist. In addition, Malaysia has also seen a gradual increase in statutory minimum wage in recent years. Cost of hiring and relevant challenges remained, especially for the Malaysian operation.

In order to satisfy the increased workforce requirements arising from the commencement of production at the Gopeng Plant, we adopted proactive and aggressive hiring initiatives, especially for critical positions.

In addition, the adoption of Industrial 4.0 technology in our new plants, i.e. Gopeng Plant and Chengdu Phase 3 Building, enables technology assisted production processes to enhance operational excellence while reducing reliance on manpower.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

R0 3

Affected Strategic Priorities

Dependence on major customers

Strategic Priority B

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

Mitigation Approaches:

- We continue to strengthen our long-term relationships and partnerships with our existing customers to enable mutual growth.
- As a turnkey services provider, Unisem is equipped with a wide range of service capabilities to serve the different needs of our customers and grow our customer base. We also continue to expand our service capabilities to cater to the evolving market demand and retain market presence.
- We carry out rigorous financial monitoring to ensure a healthy financial position and cash flow, including any red flags arising from dependence on major customers.
- We review and expand our business proposition/model to increase our customer base and diversify concentration risks. We focus on attracting new customers impacted by geopolitical shifts, including supply chain diversification trends, while also offering services related to emerging technologies such as AI, data centres, and EV products.

Associated Opportunities:

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

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

FY2025 Highlights:

Our customer base remains concentrated with a few major customers. Our growth in FY2025 was primarily driven by our China plant capturing sales for the domestic Chinese market. The Gopeng Plant, now in its start-up phase, has recently begun the qualification process and is focused on capturing new customers. While it has not yet contributed meaningfully to revenue, this initiative is central to our long-term diversification strategy.

Our goal is to develop the Gopeng Plant into a future centre of excellence. As it secures qualifications and builds capacity, it will enable us to offer more integrated, high-value services to key customers globally.

Alongside this strategic development, we continue to expand our client portfolio and have successfully added several notable new customers this year through active marketing efforts.

During the financial year under review, the Group's revenue grew by 18.4%.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

R0 4

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority C

Cyclical nature of the semiconductor industry

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

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

Mitigation Approaches:

- We closely monitor the industry trends and market sentiment to identify cyclical downturns and adjust our business strategies accordingly.
- We take cognisance of the cyclical nature of the industry and strategically plan our financial and operations to address issues arising from a downturn, such as ensuring sufficient cash flow buffer and minimising expenses during times of low utilisation.
- We continue to serve our customers during cyclical downturns via collaborative research and new product development activities to support their future business.
- We offer a range of services and solutions that help us diversify and mitigate the impact of cyclical downturns which may occur at different times for different products and services.
- We target to increase and diversify our customer base, supported by our technical capabilities, to allow us to capture the cycle of different products and optimise our facilities' utilisation.

Associated Opportunities:

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

FY2025 Highlights:

In 2025, the semiconductor market experienced stronger demand, driven primarily by the rapid growth of AI-related technologies and automotive applications, particularly electric vehicles (EVs). Consumer application-driven products regained momentum, while data centre and cloud-related demand accelerated - supported in part by increased foreign investment in Malaysia's data infrastructure.

Supported by the Group's holistic offering of services, we were able to capture opportunities in the uptrends of various product categories during the year. In addition, such market trends have also driven up the number of process qualifications at our Gopeng Plant and supported utilisation growth during the year, which is also expected to sustain into the next year.

We continue to conduct ongoing monitoring of market sentiments, including through direct engagement with customers to refine our business strategies and respond to evolving demand and conditions.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

RO 5

Competitive industry environment

Affected Strategic Priorities

Strategic Priority A

Strategic Priority B

Strategic Priority C

Strategic Priority D

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

Should our existing or new competitors offer manufacturing services at a lower cost or engage in aggressive pricing in order to increase market share, our Group's turnover may decline if our Group is not able to provide more competitive pricing.

A reduction in pricing without any cost reduction will adversely affect our Group's profitability.

Mitigation Approaches:

- In order to enhance our competitive edge, we seek to create and deliver value to customers at optimum cost by pursuing operational excellence. The two new facilities, Gopeng Plant and Chengdu Phase 3 Building are expected to provide the Group a better edge over operational efficiency.
- The Group undertakes a product and service differentiation strategy that sets Unisem apart from competitors by supporting customers' research and development needs as well as the ability to serve customers in specific niche markets within the OSAT industry.

Associated Opportunities:

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

FY2025 Highlights:

The Group's planned development its centre of excellence seeks to enhance its research and design services, providing embedded support to clients in their design process and serving as a differentiation in services compared to competitors.

As the Group focuses on increasing utilisation at the new plants, we expect higher operational efficiency to be achieved, thereby enabling greater cost margins to maintain our competitiveness.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

RO 6

Cybersecurity Risks

Affected Strategic Priorities

Strategic Priority A

Strategic Priority C

Strategic Priority D

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

We handle and manage confidential information that is critical for safeguarding customer trust, business continuity, as well as the long-term competitive edge of our business. Not being able to protect this information from cyberattacks may cause significant consequences for the business.

Mitigation Approaches:

- We have internal controls to guide employees in the safe and proper usage of IT infrastructure and tools so as to protect the integrity of the Group's information system.
- We perform reviews of our information system to identify and remedy system weaknesses and implement additional controls to prevent, detect, and reduce the impact of possible cyberattacks.

Associated Opportunities:

Nil

FY2025 Highlights:

We continued to review and monitor the integrity and security of our systems, including performing assessments, enhancement, and tests to ensure our information and data, including customers' data, other personal data, intellectual property, and other business information remain secure. Amongst other enhancements, we had engaged external consultants to do the penetration or vulnerability test annually and provide awareness training to employee on spam and cyber threat email.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

R0 7
Climate Risks

Affected Strategic Priorities

Strategic Priority A

Strategic Priority D

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

We acknowledge that climate-related risks and opportunities present certain uncertainties to the Group's focus on its strategic priorities. Scenario assessments and risk assessments were conducted in alignment with the IFRS S2 sustainability disclosure requirements to understand the Group's business resilience against different possible climate futures and climate-related risks and opportunities.

Refer to the **Climate-related Financial Disclosures** section for details.

Mitigation Approaches:

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

Associated Opportunities:

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

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

FY2025 Highlights:

This year, the Group enhanced its climate-related scenario analysis and climate risk assessments to obtain a more detailed understanding of the climate-related risks and opportunities that may be faced by the Group in different possible climate futures.

We also applied an internal carbon price of RM15 per tonne of carbon dioxide equivalent to estimate the Group's potential cost for its Scope 1 and Scope 2 emissions. Based on FY2025 performance, an introduction of carbon price would cost the Group approximately RM2 million in the short term.

In addition, the Group made significant strides in decarbonising its operations and infrastructure. This is evidenced by the Green Building certification awarded to the Gopeng Plant, which affirms its sustainable design and construction.

In FY2025, the Group's overall renewable energy consumption saw a decrease. The reduction was attributable to lower hydropower procurement, an effect that was only partially counterbalanced by the commencement of clean energy supply from the Gopeng Plant's dedicated solar facility. These concerted actions not only reduce our exposure to future carbon-related costs but also strengthen our operational resilience, enhance our market position, and contribute positively to the global transition towards a low-carbon economy.

ASSOCIATED RISKS & OPPORTUNITIES

And How We Manage Them

Legend			
VALUE CREATION FOCUS AREAS	STRATEGIC PRIORITIES	RISK AND/OR OPPORTUNITIES	CAPITALS
<p>F1</p> <p>Maintaining presence and relevance in the market</p>	<p>Strategic Priority A</p> <p>Pursuit of operational excellence and quality products and services</p>	<p>RO 1</p> <p>Political, economic and regulatory risks</p>	<p>FC</p> <p>Financial Capital</p>
<p>F2</p> <p>Optimising value for stakeholders</p>	<p>Strategic Priority B</p> <p>Development of long-term collaborative business partnerships with our customers and business associates</p>	<p>RO 2</p> <p>Dependence on experienced personnel and manpower</p>	<p>MC</p> <p>Manufactured Capital</p>
<p>F3</p> <p>Protecting and supporting our people</p>	<p>Strategic Priority C</p> <p>Development of technological capabilities to stay current with market trend and demand</p>	<p>RO 3</p> <p>Dependence on major customers</p>	<p>IC</p> <p>Intellectual Capital</p>
<p>F4</p> <p>Being a responsible business and corporation</p>	<p>Strategic Priority D</p> <p>Alignment with international standards in relation to sustainability management in the areas of environmental and social relationships</p>	<p>RO 4</p> <p>Cyclical nature of the semiconductor industry</p>	<p>HC</p> <p>Human Capital</p>
		<p>RO 5</p> <p>Competitive industry environment</p>	<p>NC</p> <p>Natural Capital</p>
		<p>RO 6</p> <p>Cybersecurity Risks</p>	<p>SRC</p> <p>Social and Relationship Capital</p>
		<p>RO 7</p> <p>Climate Risks</p>	
MATERIAL MATTERS			
High materiality	Medium materiality		Low materiality
<ul style="list-style-type: none"> M1 Strategic market presence, products, and customer relationship M2 Technology and innovation M3 Business ethics M4 Employee development 	<ul style="list-style-type: none"> M5 Energy M6 People management M7 Cybersecurity and information security M8 Safety and health M9 Supply chain management M10 GHG Emissions 	<ul style="list-style-type: none"> M11 Product stewardship and safety M12 Waste and pollution management M13 Labour practices and human rights M14 Water Management M15 Climate resilience 	<ul style="list-style-type: none"> M16 Diversity, equity, and equality M17 Contribution to society and communities

CLIMATE-RELATED

Financial Disclosures

In aligning the Group's disclosure with IFRS S2, we have enhanced our climate-related financial disclosures which were previously prepared in accordance with the TCFD Recommendations Aligned Disclosures ("TCFD Disclosures"). The climate-related financial disclosures provide insights into the Group's potential climate-related risks and opportunities and business resilience across various possible climate scenarios. The disclosures also represent the Group's transparency and accountability towards investors and shareholders regarding long-term business sustainability in relation to climate-related matters.

This section provides a summary of the Group's climate-related financial disclosures with reference to the relevant sections in this Report.

The Group is reporting under the IFRS Sustainability Disclosure Standards for the first time and it has applied the transition reliefs of the IFRS Sustainability Disclosures Standards as well as the transition reliefs of Bursa Malaysia.

Governance

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

The Board holds the ultimate accountability for the integration of sustainability matters, including climate-related matters, in Unisem's strategies, which includes climate-related matters, including setting the direction and overseeing their implementation in operations. The Group has a clear oversight structure for the management of sustainability-related matters at the Management level including identifying a designated individual to manage sustainability strategically at the Management level whilst having direct reporting lines to the Board ESGC.

The ESGC assists the Board in reviewing the proposed strategies, initiatives, and assessments made by the Senior Management, including materiality assessments, sustainability opportunities and risk management assessments. This also includes the climate-related scenario analysis and climate risk assessment conducted by the Management.

The Board and ESGC also review the Group's engagement with key stakeholders bi-annually to ensure adequate engagement with our stakeholders to understand their views and feedback and to address their concerns.

The ESGC is aided by the Group Chief Operating Officer ("GCOO") who is supported by the ESGWC, the CSR Working Committee ("CSRWC") and the Business Development Group. The head of ESGWC approves and signs off ESG policies while the CSRWC is responsible for implementing sustainability into daily operations to ensure it aligns with the strategic sustainability direction set by the Board, in relation to Labour, Ethics, Health and Safety, Environment, Supply Chain Management and Management Systems.

Unisem Group has set a target to achieve Net Zero by 2050. The Group has been enhancing its climate scenario analysis and climate risk assessment to gather information to support the Group's development of strategies to achieve its long-term Net Zero target. The Board, supported by the ESGC and ESGWC, oversees the development of our climate strategies and monitors progress toward the long-term 2050 Net Zero goal. This is done as part of the Group's regular strategic review process, ensuring alignment with prudent resource allocation and the balanced management of our capitals.

The responsibilities of the Board and Board Committees in relation to sustainability including climate-related matters are reflected and documented in Unisem's Board Charter and Board Committee Terms of Reference, as relevant.

In addition, the Board, through the Nomination Committee, ensures that the Directors possess the necessary competence, skills, and knowledge in relation to overseeing the Group's business sustainability especially in relation to climate-related matters. Sustainability and climate-related topics are considered in the Directors' Skill Sets Assessment. While the Group has yet to explicitly link the remuneration of Directors and Senior Management to climate-related performance, the remuneration currently takes into consideration the Group's overall sustainability performance.

CLIMATE-RELATED Financial Disclosures

Reference and notes:

- Board Charter and Board Committee Terms of Reference
- Corporate Governance Overview Statement
- Material Matters
- Sustainability Governance, SR25

Climate-related Risks and Opportunities and Climate-related Strategies

This year, the Group conducted a review of its scenario analysis to assess the resilience of our business in different possible climate futures, taking into consideration climate scenarios where:

- (I) a scenario where global warming can be contained to 2°C or lower - this scenario is aligned with the objectives of the Paris Agreement;
- (II) current trajectory scenario - this scenario represents the current pace and trends of business environment and governmental policies;
- (III) a scenario where global warming cannot be contained within the 2°C or lower scenario and resulted in considerably higher average surface temperature. These scenarios were chosen to assess “better” and “worse” case scenarios of global warming, and we adopt an assumption that the current climate trajectory lies in between both chosen scenarios. We used qualitative descriptions and parameters for the scenarios chosen.

Through the scenario analysis, we also identify the relevant climate-related risks and opportunities which may be faced by the Group and their potential financial effects. In determining the climate-related risks and opportunities, we considered both transition and physical risks. Transition risks are risks associated with transitioning to a lower-carbon economy, including policy, legal, technology, and market risks to address mitigation and adaptation requirements related to climate change. On the other hand, physical risks are related to climate change events or shifts in climate patterns. Selected risks and opportunities undergo further assessment, including quantification, to estimate their financial implications.

The scenario analysis is applied to the Group’s business model and broader value chain, including the production process, supply chain, and product and market demand, for both Unisem Malaysia and Unisem Chengdu. These range of scenarios were chosen to model current scenario (Scenario II), best climate scenario (Scenario I), and worst climate scenario (Scenario III), which the Group believes to be adequately diverse to assess the Group’s business resilience. The scenario analysis has also taken into consideration different levels of intensity of government policies, market conditions, surface temperature, energy forms and costs, and others.

The outcome of the scenario analysis and the assessment of climate-related risks and opportunities are further considered in the Group’s risk management processes, business strategy reviews, and major decisions, as relevant. The significant climate-related risks and opportunities, strategies or initiatives may also be developed to ensure they are effectively managed in our business.

Time horizons

Short-, medium-, and long-term time horizons are used in the scenario analysis and we define the time horizons as follows:

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

The selection of the time horizons have taken into consideration the investment-to-production cycles of packaging and testing services, relevant research and development cycles, as well as market cycles of different products. In addition, we have also taken into consideration the time horizons adopted by other semiconductor companies including those of our customers.

CLIMATE-RELATED Financial Disclosures

Climate-related Risks and Opportunities

A summary of the risks and opportunities identified through the scenario analysis is as follows. The following sections provide further details on the more significant transition risks and physical risks.

	Scenario I	Scenario II	Scenario III
Transition Risks			
Policy and Legal	<ul style="list-style-type: none"> Implementation of more aggressive carbon price which puts pressure on energy cost. 	<ul style="list-style-type: none"> Implementation of moderate carbon price. Energy cost increases moderately. 	<ul style="list-style-type: none"> No carbon price Potential emergency regulations following climate disasters, leading to abrupt policy shifts.
Technology/ Raw Material	<ul style="list-style-type: none"> Greater competition in the aspects of energy efficiency and novel technology More investments required to transition to more efficient equipment. 	<ul style="list-style-type: none"> Moderate competition in the aspect of energy efficiency. 	<ul style="list-style-type: none"> Higher raw material costs due to resource scarcity.
Market	<ul style="list-style-type: none"> Expect higher level of innovation and technical capabilities to meet customers' demand for energy-efficient and environmentally friendly products. 	<ul style="list-style-type: none"> Market continued to be driven by production cost-efficiency. 	<ul style="list-style-type: none"> Reduced consumer spending due to economic downturns caused by climate disasters.
Physical Risks			
Acute Physical Risk	<ul style="list-style-type: none"> Temporary disruption due to extreme weather (e.g. storm, flood, and drought events) affecting the supply chain and production operations. Slightly more financial resources required to mitigate or buffer for costs arising from disruptions in supply chain. 	<ul style="list-style-type: none"> Occasional extreme events that may cause moderate disruption to production. Moderate financial resources required to mitigate or buffer for costs arising from disruption in supply chain. 	<ul style="list-style-type: none"> Major disruptions to production due to frequent storm, flood, and drought events affecting the supply chain and damaged transportation networks. Greater financial resources required to mitigate or buffer for costs arising from disruptions in supply chain. Possible emerging challenges to market presence arising from access to supplies.
Chronic Physical Risk	<ul style="list-style-type: none"> Water scarcity issues impacting manufacturing processes that require large volumes of DI water. 	<ul style="list-style-type: none"> Moderate increase in average surface temperature. Moderate increase in energy cost arising from moderately higher energy demand for temperature regulation. 	<ul style="list-style-type: none"> Possible shortage of specific materials due to climate conditions. May pose challenges to material usage as well as technological challenges to use less materials or alternative materials for packaging. Higher operating costs to regulate the production environment. Greater increase in average surface temperature Significant increase in energy cost arising from high energy demand for temperature regulation.

CLIMATE-RELATED Financial Disclosures

	Scenario I	Scenario II	Scenario III
Opportunities			
Resource efficiency	<ul style="list-style-type: none"> Financial savings from efficiency gains and cost reduction from utilities. 	<ul style="list-style-type: none"> Financial savings from efficiency gains and cost reduction from utilities. 	<ul style="list-style-type: none"> Financial savings from efficiency gains and cost reduction from utilities.
Energy source	<ul style="list-style-type: none"> Saving on energy costs increase arising from carbon pricing. 	<ul style="list-style-type: none"> Saving on energy costs increase arising from carbon pricing and energy demand. 	<ul style="list-style-type: none"> Saving on energy costs arising from higher energy demand.
Products and services	<ul style="list-style-type: none"> Greater operational efficiency in resource and energy use may contribute to increased margin and higher competitive edge. The ability to innovate more energy-efficient products may help to attract customer demand for Unisem's products and services. 	<ul style="list-style-type: none"> Unpredictable regulations may allow the group to develop region-specific product lines in order maximising market access and margin. 	<ul style="list-style-type: none"> Higher operational efficiency, including ability to overcome delivery challenges and site challenges from physical risks, may attract customers.
Markets	<ul style="list-style-type: none"> The Group's current focus on managing environmental impacts may present Unisem as an attractive investment. 	<ul style="list-style-type: none"> Balanced management of environmental factors and ability to achieve cost efficiency will support market expansion. 	<ul style="list-style-type: none"> Possible changes to market dynamics, arising from exposures to physical risks such as water risks and delivery efficiency. We may be able to capture different markets from our presence in both China and Malaysia.

Transition Risk

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

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

CLIMATE-RELATED Financial Disclosures

The following table shows the transition risks identified by Unisem:

Transition Risks	Description	Time Horizon	Current Status	Impact
Policy and Legal	The government has the capacity to enforce strategies for attaining these objectives, including the adoption of carbon pricing systems aimed at diminishing greenhouse gas emissions. Furthermore, new regulations might either limit the use of fossil fuels significantly or result in their complete abandonment.	Short-term	We have manufacturing sites in Malaysia and China, producing around 173.3 tCO ₂ (Scope 1 and Scope 2) in the year 2025.	The Malaysian government anticipates substantial industry involvement in reaching its emission targets. If carbon pricing is put into effect, it is projected that the related financial burdens on energy will rise.
Technology/ Raw Material	Our systems and applications have become increasingly complex. Consequently, the costs and time required for developing new products and technology have risen.	Long-term	<p>We recognised that there are a lot of potential in the development of new energy-saving/carbon reduction technologies.</p> <p>Currently, the Company has in place a Supplier Management Specification for Environmental, Health and Safety Related Substances in Parts and Materials to ensure the materials selected are environmentally compliant and recyclable at the end of shelf life.</p> <p>Besides that, Unisem strictly complies with regulations such as RoHS and REACH (supplier declaration) for raw materials and refuse projects involving high lead or mercury content.</p> <p>Additionally, adhere to ISO 14001:2015 standards for effective environmental management, ensuring a systematic approach to environmental conservation and sustainability.</p>	<p>There is a potential risk that we might face challenges in creating novel technologies aimed at decreasing energy usage, or alternatively, the expenses associated with this transition could be substantial.</p> <p>Our suppliers might lack the capability or resources for the ongoing development of innovative technologies.</p> <p>Imposing limitations on fossil fuels could potentially lead to the devaluation of assets and/ or necessitate the revision of products, along with the potential need to acquire new equipment or materials at greater expenses, all with reduced carbon impacts.</p>
Market	As global awareness of climate change rises, addressing the environmental effects of products has become a priority for our customers and other stakeholders. They might lean towards transitioning to products with reduced carbon footprints.	Medium-term	Our customers operate within regions where stringent national laws and regulations pertaining to greenhouse gas ("GHG") emissions quotas and usage are in effect. These requirements could potentially be transmitted to our products and services through our customers.	The semiconductor industry is highly competitive, and our capacity to compete depends on our ability to develop new and enhance our products to be more environmentally friendly. Failure to meet our customer expectations may lead to loss of competitive edge.

CLIMATE-RELATED Financial Disclosures

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

Physical Risk

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

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

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

CLIMATE-RELATED Financial Disclosures

Opportunities

Unisem has also identified the following potential opportunities for the business:

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

CLIMATE-RELATED

Financial Disclosures

Assessment of Risks and Opportunities

This year, we carried out further assessments on selected risks and opportunities to understand their potential impacts to Unisem's business. The selection of risks and opportunities subject to detailed assessment and disclosure in this section considered their materiality, available resources, and application of the outcome in decision making. This year, the Group placed focus on assessing the potential impact of an introduction of a carbon price in Malaysia and the potential increase in energy cost, considering their potential direct impact on operational expenses and margin. Energy cost comprises 7.5% of the Group's operating expenses in FY2025.

Carbon Pricing and Energy-related Expenses

The assessment of energy-related expenses considered the following:

- (i) introduction of carbon price;
- (ii) increase in energy demand; and
- (iii) increase in energy cost.

These considerations are applied to the Group's operations in Unisem Malaysia and Unisem Chengdu.

Based on the assessment conducted, we expect Scenario III to have more significant financial impact to the Group's overall energy-related expenses, contributed by an increase in energy demand as well as rising energy cost. Energy-related expenses may increase by more than 50% in the medium term which negatively impacts the Group's profit margin. On the other hand, Scenario I is expected to have relatively moderate financial impact, with about 16% increase in energy-related expenses in the medium term. The increase in energy-related expenses is projected to increase around 30% in the medium term. Amongst the energy-related expenses considered, carbon price or carbon tax related expenses are projected to be around RM4.7 million to RM9.4 million in the medium to long term for Scenario I; and around RM6.0 million to RM10.0 million in the medium to long term for Scenario II. The Group's effective management and enhancement of its operational efficiency remains crucial for profitability and competitiveness. Increases in energy-related expenses are not expected to significantly impact the Group's cash flow and liquidity in the short to medium term, supported by the Group's availability of cash and bank facilities. In addition, the Group maintains a low gearing ratio of 0.8x, indicating strong capital structure and substantial capacity to secure additional funding for both working capital needs and capital investments in the short, medium, and long term.

Climate Resilience and Strategy

Overall, Unisem Group's business is expected to remain resilient in the short, medium, and long term.

The Group's current strategic priorities remain highly relevant for capturing the opportunities posed by the various climate scenarios assessed – pursuing operational excellence to maintain competitiveness and developing strong collaborative relationship within the value chain. The energy-related factors assessed above are not only expected to impact Unisem Group's operations but the overall global market, while ongoing focus on operational efficiency has positioned the Group on the right track to tackle challenges brought by the different climate scenarios assessed. This is further supported by the Group's strong financial and capital structure that enables mobility of financial resources.

CLIMATE-RELATED

Financial Disclosures

Energy efficiency initiatives continued to be incorporated in the Group's 5-year Environmental Road Map, together with targets for energy intensity, emissions intensity, and water intensity. The initiatives, including past initiatives, have included efforts supporting the Group's transition to lower carbon operations, such as the incorporation of PV power generation system in the design of the Gopeng Plant and obtaining green building certificate for the plant, and adaptation efforts, such as the ongoing assessment and upgrading of equipment to reduce energy intensity and related cost. These energy efficiency initiatives are also central for the Group to reduce its carbon intensity, in alignment with the Group's Net Zero by 2050 target.

Internal Carbon Price

Beginning from 1 January 2026, the Group has set an internal carbon price of RM15 per tonne of carbon dioxide equivalent (RM15/tCO_{2e}). The internal carbon price will be incorporated in the Group's annual budget and considered in projects, investments, and operational activities. The incorporation will be carried out gradually. In the short term, a carbon price of RM15/tCO_{2e} is estimated to increase expenses by approximately RM2 million.

Reference and notes

- Corporate Governance Overview Statement
- Sustainability Governance, SR25
- The Environment, SR25

Risk Management

The Group utilises scenario analysis to support its identification, assessment, and prioritisation of climate-related risks and opportunities. Climate-related risks identified via the above-mentioned scenario analysis were selected and prioritised and put through a climate risk assessment. The climate risk assessment was carried out through specific discussions or workshops with Management, leveraging on the Group's risk assessment process, evaluating the likelihood and impact of the risks and opportunities. Thereafter, specific climate-related risks are further incorporated into Unisem's risk management process - they are managed, monitored, and reported via the risk management update and monitoring process.

The identified climate risks and opportunities are also considered in the Group's review and setting of business strategies and action plans, prioritised along other business sustainability matters identified via the Group's double materiality assessment.

There were no significant changes in the Group's climate risk management process compared to the previous financial year.

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

CLIMATE-RELATED

Financial Disclosures

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

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

Reference and notes

- Statement on Risk Management and Internal Control
- Audit and Risk Management Committee Report
- Sustainability Risks and Opportunities, SR25

Metrics and Targets

In Unisem, we monitor numerous metrics to measure our climate-related performance, taking into consideration the following reporting frameworks, amongst others:

- cross-industry metric categories of the IFRS S2;
- the Industry-based Guidance on Implementing IFRS S2;
- Semiconductors Sustainability Accounting Standard of the SASB Standards; and
- emissions-related indicators of the GRI Standards.

The Group’s emissions reporting has also obtained assurance in accordance with the ISO 14064-3.

GHG Emissions

Unisem Group reports the following GHG emissions:

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

Emissions reported are mainly arising from the consumption of energy and electricity and include CO₂, CH₄, and N₂O. Our measurement approach aligns with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), incorporating relevant tools and Global Warming Potential (“GWP”) values from the 2014 IPCC Fifth Assessment Report. The assessment methodology remains largely consistent with that adopted in the previous financial year.

CLIMATE-RELATED Financial Disclosures

The Group consolidates its emissions based on a financial control approach, covering all subsidiaries included in the Group's consolidated financial statements. Compared to FY2024, we included the following subsidiaries:

- Unisem (S) Pte. Ltd.; and
- Unisem (Sunnyvale), Inc.

Scope 1 and Scope 2 Emissions		FY2023 (^{'000 tCO_{2e}})	FY2024 (^{'000 tCO_{2e}})	FY2025 (^{'000 tCO_{2e}})
Unisem Group	Scope 1	2.4	4.7	5.0
	Scope 2 (market-based)	116.6	122.3	168.3
	Scope 2 (location-based)	139.9	144.2	151.2
	Scope 1 & Scope 2 (market-based)	119.0	127.0	173.3

There are no associates, joint ventures, or unconsolidated subsidiaries in which Unisem has interest.

Scope 3 Emissions	FY2023 (^{'000 tCO_{2e}})	FY2024 (^{'000 tCO_{2e}})	FY2025 (^{'000 tCO_{2e}})
Category 1 - Purchase of Goods and Services	N/A	32.7	43.5
Category 2 - Capital Goods	N/A	N/A	20.8
Category 4 - Upstream Transportation and Distribution	0.1	0.8	1.2
Category 6 - Business Travel	N/A	^ 0.1	^ 0.1
Category 7 - Employee Commuting	^ 0.2	^ 0.1	^ 0.1

^ covers Unisem Malaysia only

Targets

In alignment with the aspirations of the Paris Agreement to contain global warming below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C, the Group set a target of Net Zero by 2050. In support of the Group's adaptation and transition initiatives to further develop climate resilience, the Net Zero by 2050 target is further complemented by efficiency targets focusing on GHG emission, energy consumption, recycling rate of hazardous waste, and water consumption intensity, as follows:

1. Reduce GHG emissions intensity by 15% from 2020 baseline by 2027
2. Reduce energy consumption intensity by 15% from 2020 baseline by 2027
3. To achieve 60% recycling rate of total hazardous waste generated by 2027
4. Reduce water consumption intensity by 80% from 2020 baseline by 2027

The details of the metrics and targets are disclosed in THE ENVIRONMENT.

Reference and notes

- Unisem's FY2025 Performance Highlights
- The Environment, SR25

FIVE-YEAR Financial Highlights

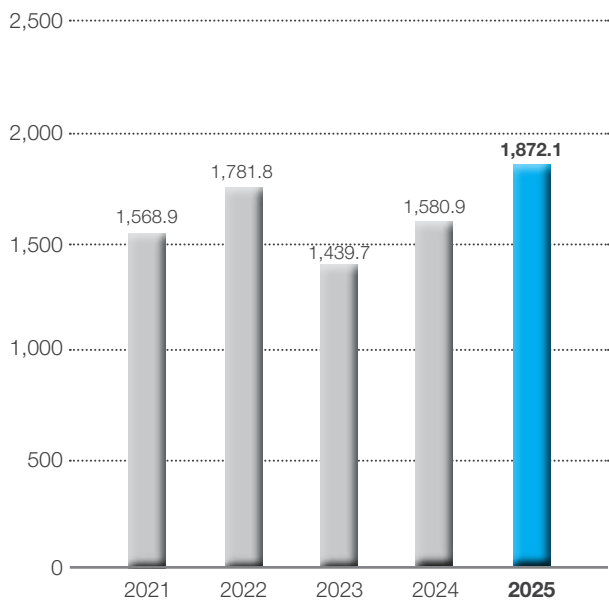
	2021*	2022*	2023*	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Highlights from Consolidated Statements of Profit or Loss for the year ended 31 December					
Revenue	1,568,923	1,781,838	1,439,686	1,580,873	1,872,065
EBITDA	407,670	479,688	305,515	293,374	365,050
Profit before taxation	222,628	279,680	100,412	82,314	113,159
Profit after taxation	198,243	243,411	81,946	60,668	86,650
Highlights from Consolidated Statements of Financial Position as of 31 December					
Property, Plant and Equipment	1,637,477	1,949,547	2,063,903	2,099,271	2,289,424
Current Assets	1,128,686	1,052,939	907,172	744,665	776,353
Other Non-Current Assets	16,798	16,323	16,703	47,469	46,193
Total Assets	2,782,961	3,018,809	2,987,778	2,891,405	3,111,970
Current Liabilities	463,760	453,797	351,441	456,093	863,103
Deferred Tax Liabilities	57,290	63,133	63,105	69,784	79,880
Other Non-Current Liabilities	95,793	85,473	188,067	117,932	66,823
Total Liabilities	616,843	602,403	602,613	643,809	1,009,806
Share Capital	1,036,677	1,036,677	1,036,677	1,036,677	1,036,677
Reserves	1,129,441	1,379,729	1,348,488	1,210,919	1,065,487
Shareholders' Equity	2,166,118	2,416,406	2,385,165	2,247,596	2,102,164
Key Financial Ratios					
EBITDA margin	26%	27%	21%	18%	19%
Net earnings per share - Basic (sen)	12.35	15.09	5.08	3.76	5.37
Net dividend per share (sen)	6.00	6.00	8.00	8.00	8.00
Debt / Equity ratio	0.08	0.08	0.10	0.08	0.19
Net assets per share (RM)	1.34	1.50	1.48	1.39	1.30

* Continuing Operations only

FIVE-YEAR Financial Highlights

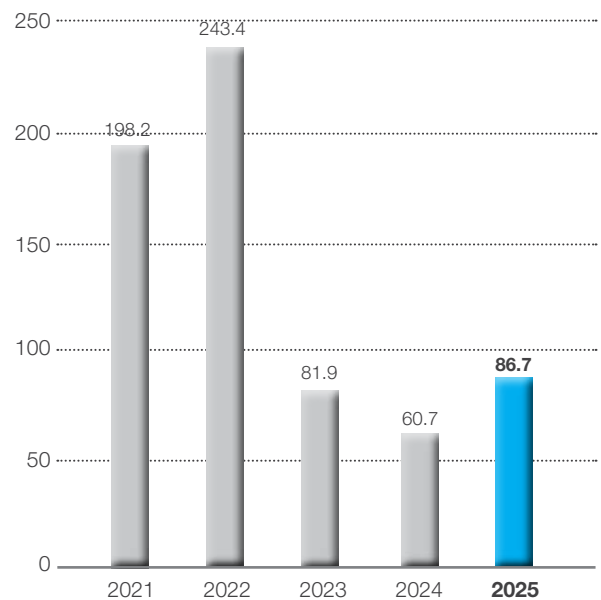
Revenue

(RM'million)



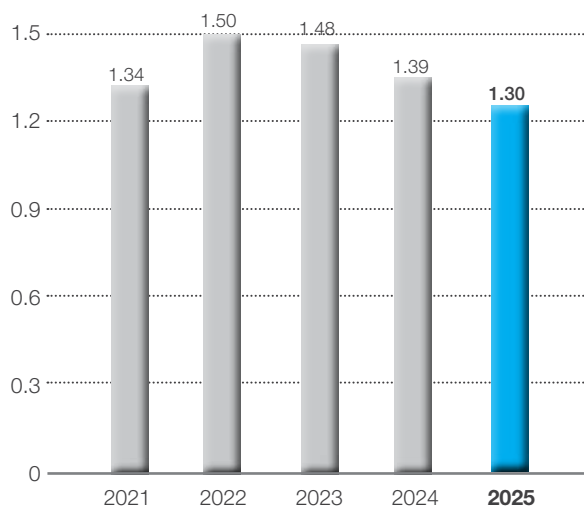
Profit After Taxation

(RM'million)



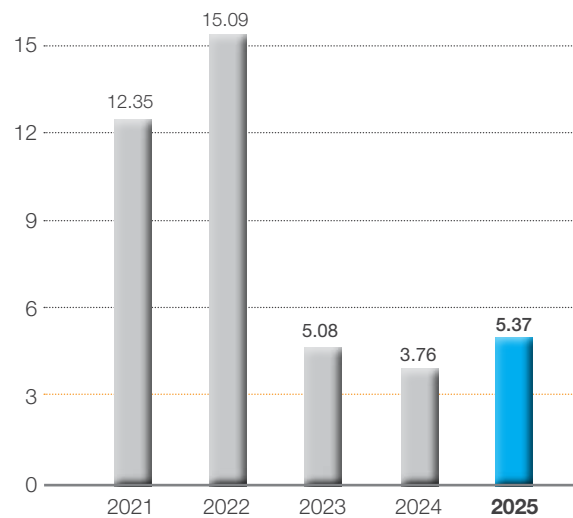
Net Assets Per Share

(RM)



Net Earnings Per Share

(Sen)



MANAGEMENT

Discussion and Analysis

FY2025 represents a deliberate investment year for Unisem, characterised by the strategic ramp-up of our new Gopeng Plant, alongside continued strong performance from our Chengdu Plant. Our manufacturing footprint in Simpang Pulai and Gopeng, Malaysia and in Chengdu, China, has proven to be a strategic advantage in an increasingly complex global semiconductor landscape. This diversified footprint enhances operational resilience, supply chain flexibility, and proximity to key customers.

As we enter FY2026, we are confident that our balanced approach, coupled with strong execution capabilities at all locations, positions us for sustainable growth and value creation for all stakeholders.

Financial Performance and Position

Unisem Group delivered improved financial performance in FY2025 with a revenue of RM1.872 billion and net profit of RM86.7 million, an increase of 18.4% and 42.8% respectively against the previous financial year.

FY2025 tax expense is recorded at RM26.5 million, representing an increase of 22.5% from FY2024 mainly due to higher revenue and profit before tax.

The Group's financial position as at 31 December 2025 comprised of cash and cash equivalents amounted to RM239.0 million with RM450.5 million unutilised bank facilities. The Group's total bank borrowings increased from RM187.1 million in FY2024 to RM406.4 million in FY2025, where RM23.7 million was non-current. The increase in bank borrowings was primarily to fund capital expenditures associated with plant expansion initiatives. Notwithstanding the higher borrowings, the Group maintained a prudent capital structure, with a low debt-to-equity ratio of 0.19 as at 31 December 2025.

The Group incurred capital expenditure amounted to approximately RM506.4 million for FY2025, financed by internally generated funds and bank borrowings. The investments were mainly directed towards plant expansion and facility enhancements, and upgrade of production equipment to support future growth and operational efficiency.

Delivering Sustainable Performance

As we pursue growth, sustainability remains integral to how we operate and make strategic decisions. The Group continues to align its practices with the Responsible Business Alliance ("RBA") Code of Conduct, both across our own operations and throughout our supply chain, reinforcing our commitment to ethical business practices, environmental stewardship, and workforce well-being.

During the year, we strengthened our understanding of the Group's environmental footprint, including expanded Scope 3 emissions reporting in our Sustainability Report. In support of global climate action and in alignment with Malaysia's national aspirations, Unisem has set a Net Zero target for 2050.

Consistent with the applicable IFRS Sustainability Disclosure Standards, we enhanced our climate analysis for a better inform risk management and long-term resilience planning. The results underscore the importance of the Group's strategic priorities, particularly operational excellence, awareness of resource consumption and close collaboration with customers and partners.

MANAGEMENT

Discussion and Analysis

Our Gopeng Plant - housing corporate offices, a centre of excellence, and key production activities was designed with sustainability and efficiency in mind. The facility incorporates energy-efficient systems and improved safety workflows, and we are pleased to report that it has been awarded Silver GreenRE Certification. The Board believes these investments will yield both operational and sustainability benefits over time.

Based on our climate risk assessment and review of sustainability material matters, we are confident in the Group's ability to remain resilient over both the short and long term. We will continue to strengthen our climate governance, data quality, and risk mitigation capabilities as part of our broader enterprise risk framework.

Prospects and Outlook

According to the World Semiconductor Trade Statistics (WSTS) organisation, the global semiconductor market is forecasted to grow by more than 25% in the coming year, reaching approximately USD975 billion. Growth is expected across all regions and product segments, with Memory and Logic projected to lead, each expanding by over 30% year-on-year (Source: WSTS, 2 December 2025).

While growth prospect remain encouraging, the Board remains alert to ongoing geopolitical developments and macroeconomic uncertainties that could affect supply chains and demand dynamics.

Looking ahead to 2026, the Board expects an improvement in Group performance. Management is responding to market uncertainty with intensified business development efforts, disciplined financial management, and continued enhancements in production quality and efficiency, supported by recent capacity expansions in both Ipoh and Chengdu.





SUSTAINABILITY REPORT

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SUSTAINABILITY

Report

ABOUT THIS SUSTAINABILITY REPORT

Unisem (M) Berhad (“Unisem” or the “Company”) presents this Sustainability Report (this “Report”) for the financial year ended 31 December 2025 (“FY2025”) to present the sustainability commitments, practices, progress and performance of Unisem and its subsidiaries (“Unisem Group” or the “Group”).

This Report is one of the three fundamental components of Unisem’s FY2025 Integrated Annual Report (“IAR25”).

SCOPE AND BASIS OF SCOPE

This Report for FY2025 mainly covers the key operating sites of the Group, namely the following:

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

Note: Unisem (M) Berhad and UAT are collectively referred to as “Unisem Malaysia”

These key operating sites at Unisem Malaysia and Unisem Chengdu represent the Group’s core revenue-generating operations and employ the Group’s entire workforce. This year, the Group has included the recently completed Gopeng Plant in its sustainability reporting scope following the commencement of operations of the Gopeng Plant. There were no significant changes to the Group’s operations and supply chain during the financial year.

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

SUSTAINABILITY

Report

Reporting scope for energy and greenhouse gas (“GHG”) emissions

In addition to the above, the Group also reports its energy consumption and GHG emission for all entities, as applicable, included in Unisem’s consolidated accounting group. In addition to Unisem Malaysia and Unisem Chengdu, this year we also included Unisem Singapore, represented by the office operations of Unisem (S) Pte. Ltd.. The Group does not have investees which are not included in the consolidate accounting group.

REPORTING FRAMEWORK AND STANDARDS

This Report has been prepared:

- in accordance with sustainability disclosure requirements of the MMLR;
- with reference to the IFRS S2 reporting requirements in relation to climate-related financial disclosures;
- in accordance with the GRI Standards;
- in alignment with the Semiconductors Sustainability Account Standard of the SASB Standards;
- incorporating elements of the RBA and its Code of Conduct; and
- taking into consideration the ESG assessment criteria relevant to the FTSE4Good Bursa Malaysia Index.

The Group is reporting under the IFRS Sustainability Disclosure Standards for the first time and it has applied the transition reliefs of the IFRS Sustainability Disclosures Standards as well as the transition reliefs of Bursa Malaysia.

Assurance

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

- an internal review by the Group’s internal auditors; and
- an independent limited assurance in accordance with recognised assurance standards for selected indicators.

INDEPENDENT ASSURANCE BY BEYONDGOOD CONSULTANCY

Type of Assurance	Independent Limited Assurance	
Scope	Operation assessed: <ul style="list-style-type: none"> • Unisem Malaysia • Unisem Chengdu • Unisem Singapore 	
Assurance Report	Please refer to page 180 for the Independent Limited Assurance Statement provided	
Subject Matters covered	Climate Change & Air Emissions	Scope 1 emission in metric tonnes of CO _{2e}
		Scope 2 emission in metric tonnes of CO _{2e}
		Scope 3 emission in metric tonnes of CO _{2e}
	Energy Management	Total energy consumption in joules or multiples
		Type of energy consumption in joules or multiples

Independent limited assurance was sought on the Group’s reported GHG emissions. The comprehensive review of GHG data by the sought expertise did not uncover any assumptions or calculation errors at the GHG data level, signifying that the corporate carbon footprint has not been materially misstated. The thorough analysis adheres to the principles of good scientific practice.

SUSTAINABILITY

Report

INTERNAL REVIEW BY THE INTERNAL AUDITOR

Type of Assurance	Internal Review	
Scope	Operation assessed: Unisem Malaysia and Unisem Chengdu	
Assurance Report	Please refer to page 180 for the Internal Audit Review Limited Assurance Statement provided	
Subject Matters covered	Occupational Health and Safety	Number of employees trained on health and safety standards
		Number of major and minor work-related accidents
		Injury frequency rate for industrial accidents
		Fatality rate
		Loss time incident/severity rate
	Customer Satisfaction	Satisfaction of key customers
	Growing the Business	Economic value table
		Proportion of local hires amongst employees
	Supply Chain Management	Audit of key direct material suppliers and key service agents
		Status of implementation of corrective action
		Summary of key material supplier's RBA audit
		Proportion of direct material spending on local suppliers
	Technology and Innovation	Research & Development ("R&D") Expenditure
	Effluents and Waste Management	Percentage of e-waste recovered
		Recycling rate of hazardous waste generated
		Total waste generated, diverted from disposal and directed to disposal
	Customer Privacy and Data Protection	Number of substantiated complaints concerning breaches in customers' privacy or data loss
	Anti-Corruption	Number and percentage of anti-corruption training
		Corruption risk assessment
		Number of confirmed corruption incidents
		Summary of incidents and cases report
	Employee Development and Diversity	Number of permanent and fixed-term contract by employee gender
		Percentage of permanent and fixed-term contract by employee
		Number of employees by gender, age range and employee category
		Ratio of basic by gender
		Number of training hours by employee category
		Percentage of employees achieving minimum 6 training hours
Proportion of employees within minimum 6 hours of training each year		
Average training hours per employee		
Average training cost per employee		
Average training hour per employee-by-employee category and gender		
Employee climate satisfaction		
Total number of employees turnover by category		
New hire and turnover headcount and percentage by age		

SUSTAINABILITY

Report

INTERNAL REVIEW BY THE INTERNAL AUDITOR

Subject Matters covered	Human and Labour Rights	Total hours and percentage of employees trained on labour standards and human rights issues
		Number of substantiated complaints concerning human rights violations
	Water Consumption	Total water withdrawal, water discharge and water consumption
		Proportion of water recycled over water withdrawn
		Water consumption intensity
		Compliance with air effluents and wastewater discharge regulations
		Summary of resource conservation outcomes
	Local Communities	Total amount contributed where the target beneficiaries are external to Unisem
		Total number of beneficiaries of the investment in communities
	Noise Monitoring	Boundary Noise Level

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

Contact

Further information regarding Unisem's policies and management processes is available on Unisem's corporate website at www.unisemgroup.com and queries regarding this Report can be directed to our Senior Manager of Group Affairs and Finance or the Senior Independent Director at the following address:

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 50250 Kuala Lumpur, Wilayah Persekutuan
 Malaysia

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

SUSTAINABILITY

Report

SUMMARY OF KEY PERFORMANCE AND IMPACTS

Sustainability Performance Highlights

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

Our key sustainability performance for FY2025 is summarised as follows:

UNISEM'S SUSTAINABILITY KEY PERFORMANCE INDICATORS		KPI	FY2025 TARGETS	FY2025 PERFORMANCE	
Strategic market presence, products, and customer relationship	Customer relationship	Satisfied key customers' rate	90%	95%	✓
	Growing of business	Revenue growth	To achieve revenue growth	18.4% Y-o-Y	✓
Technology and Innovation		Technology growth and development as per Technology Road Map	To achieve target project completion dates	All target dates achieved	✓
Business Ethics	Anti-Corruption	Zero confirmed incidents of corruption	Zero	Zero	✓
Employee Development		Percentage of employees achieving minimum 6 training hours	>75%	90.4%	✓
Energy		Percentage reduction in energy intensity compared to the base year 2020	10% reduction	2.8% increase	X
GHG Emission		Percentage reduction in GHG emission intensity compared to the base year 2020	15% reduction	3.0% reduction	X
People Management		To achieve employee satisfaction score of >3.80 out of 5.0	> 3.80	3.76	X
Safety and Health		Injury frequency rate for industrial accidents	<1.50	0.68	✓

SUSTAINABILITY

Report

UNISEM'S SUSTAINABILITY KEY PERFORMANCE INDICATORS	KPI	FY2025 TARGETS	FY2025 PERFORMANCE	
Cybersecurity and Information Security	Zero complaints received concerning breaches, leaks, thefts or losses of customer privacy and data	Zero	Zero	✓
Waste and Pollution Management	Compliance with regulatory standards	Compliance	Complied	✓
	Total scheduled (hazardous) waste recycling rate	55%	65%	✓
Supply Chain Management	Supplier audit for key direct material suppliers and labour and services agent	14	20	✓
Climate Resilience	Zero days production is halted at Unisem-owned facilities due to climate-related events	Zero days	Zero	✓
Product Stewardship and Safety	Compliance with European Union's Restriction of Hazardous Substance ("RoHS") directive/related international standard	Compliance	Complied	✓
Labour Practices and Human Rights	Zero confirmed incidents of discrimination/human rights issue	Zero	Zero	✓
Diversity, Equity, and Equality	Percentage of women in management positions	20%	24%	✓
Water Management	Percentage reduction in water consumption intensity compared to the base year 2020	>80% reduction	82%	✓
Contribution to Society and Communities	Continue contribution and to deliver corporate social responsibility ("CSR") support	12 CSR events	17	✓

SUSTAINABILITY

Report

Unisem's contribution to the SDGs

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

SDGs UNISEM'S ACTIVITIES/INITIATIVES



Safeguarding safe and healthy working environment

One of Unisem's focuses is to create a safe and healthy working environment for the employees. This includes integrating health and safety practices throughout the manufacturing process, ensuring a comprehensive approach to employee and community well-being. Our commitment extends beyond physical health to encompass human rights, labour standards, occupational safety and environmental stewardship.



Achieve gender equality

Unisem is actively contributing to the achievement of "Gender Equality" by promoting women's participation across all level of the Group. This includes a specific target of achieving above 20% women in management positions this year, as part of our broader commitment to increasing representation at the Board and senior leadership levels. We actively embrace diversity and uphold the principle of no-discrimination throughout our employment practices.



Enhanced water treatment and reducing water consumption

Unisem treats its wastewater beyond compliance standards before effluent is discharged. It also reuses/recycles water in its system to reduce water withdrawal. The Group also has targets to further reduce its water consumption intensity as part of its pursuit of operational efficiency.

In FY2025, we achieved a **82%** reduction in water consumption intensity against the base year of 2020.



Supporting vulnerable communities

One of Unisem's key focuses in its corporate social responsibility activities is on supporting vulnerable communities. We continue to support communities including the elderly, orphans, people with disabilities, as well as those in poverty. We extend our gratitude through both in-kind and cash donations and have also set up a "Charity corner" for all levels of employees to participate in volunteerism.

Good employment practices

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

SUSTAINABILITY

Report

SDGs

UNISEM'S ACTIVITIES/INITIATIVES



Driving innovation and technology in the OSAT industry

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



Driving responsible consumption across supply chain

Through adherence to the RBA Code of Conduct and regular audits on key suppliers, Unisem ensures the Group operates in an environmentally and socially sustainable way and also supports sustainable business practices in its supply chain.

We have audited **25** key direct material suppliers for their environmental and social compliance, at least once in the past two years.



Climate Change Commitment Statement

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

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



Driving Responsible in the Anti-Corruption Activities

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

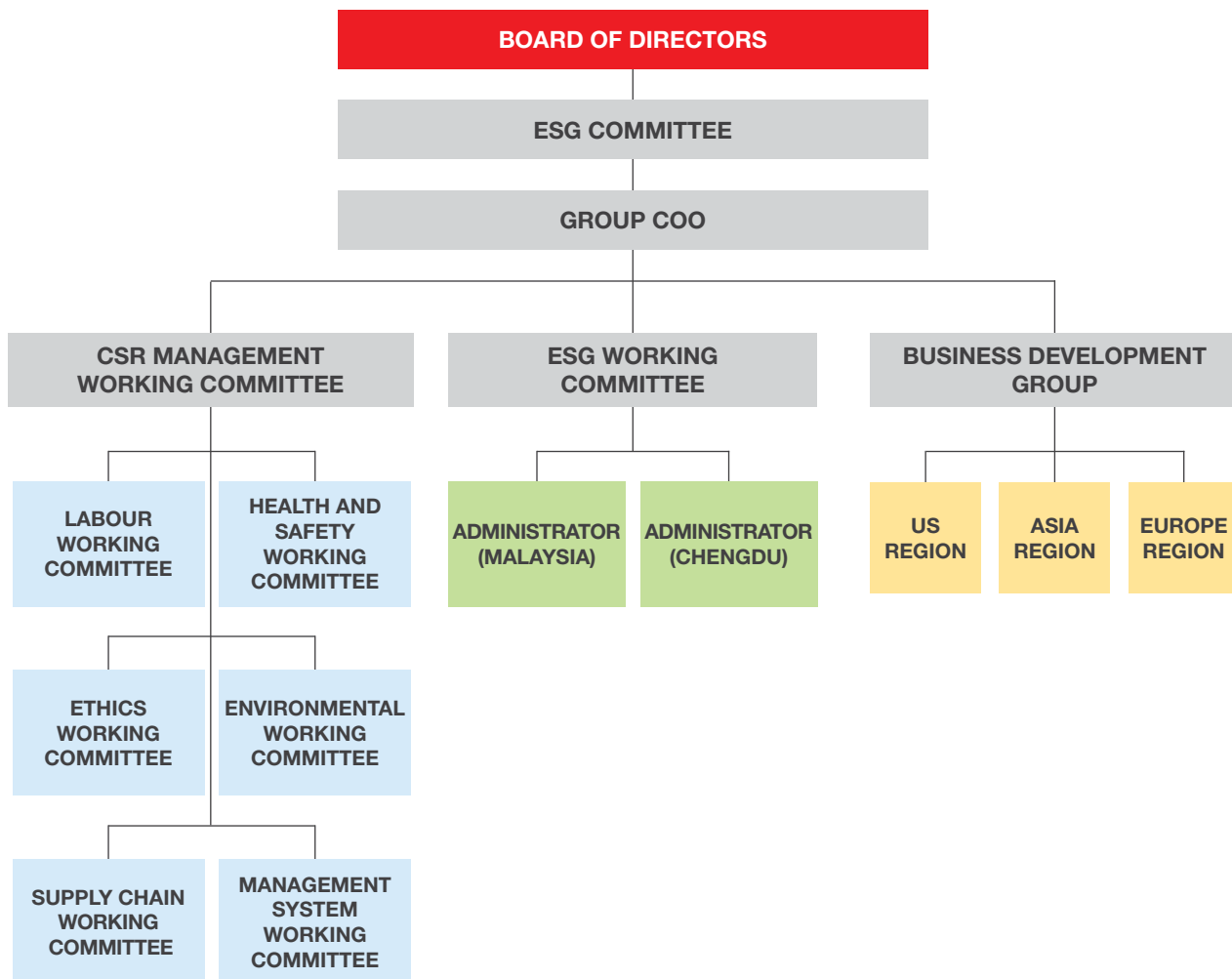
SUSTAINABILITY Report

SUSTAINABILITY GOVERNANCE

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

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

UNISEM SUSTAINABILITY GOVERNANCE STRUCTURE



SUSTAINABILITY

Report

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

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

The Senior Management is also responsible for executing the strategies and initiatives approved by the Board, while the progress and performance are periodically reported to the ESGC which subsequently presents to the Board. The sustainability key performance indicators (“KPIs”) disclosed in the Sustainability Performance Highlights section are reported to the Board for its assessment of the Group’s overall sustainability performance. The Board and the ESGC review the Group’s management of sustainability matters, including climate-related matters, at least twice a year.

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

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

Management-level Leadership and Accountability

For Unisem Malaysia and Unisem Chengdu facilities, dedicated ESG Working Committees (“ESGWC”) are in place to oversee and monitor the implementation of sustainability strategies, management performance, and the attainment of sustainability objectives at these operational sites. The ESGWC is further responsible for conducting annual reviews of stakeholder management and materiality assessments specific to each operating site.

In the context of the Group’s management of Environmental, Social, and Governance (“ESG”) matters, the Group Chief Operating Officer (“GCOO”) serves as a crucial link between the Group’s Management and the ESGWC. The GCOO takes on a leadership role in guiding the ESGWCs, which are specifically tasked with overseeing the management of ESG matters at the various sites within the organisation. This includes the handling of sustainability issues, engagement with stakeholders, and the pursuit of objectives, targets, and KPI.

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

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

SUSTAINABILITY

Report

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

SUSTAINABILITY

Report

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

Internal Audit

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

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

SUSTAINABILITY

Report



OUR APPROACH TOWARDS SUSTAINABILITY

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

This year, we updated how we perform materiality assessment to better align with the materiality definition adopted by IFRS S1 as well as our sustainability reporting needs. We adopted a double materiality approach which allows us to consider **financial materiality** and **impact materiality** to align with the various reporting frameworks adopted, including IFRS S1 and S2, GRI Standards, Integrated <IR> Framework, and others.

Materiality Assessment and Materiality Matrix

The Group's double materiality approach considers two perspectives of value creation:

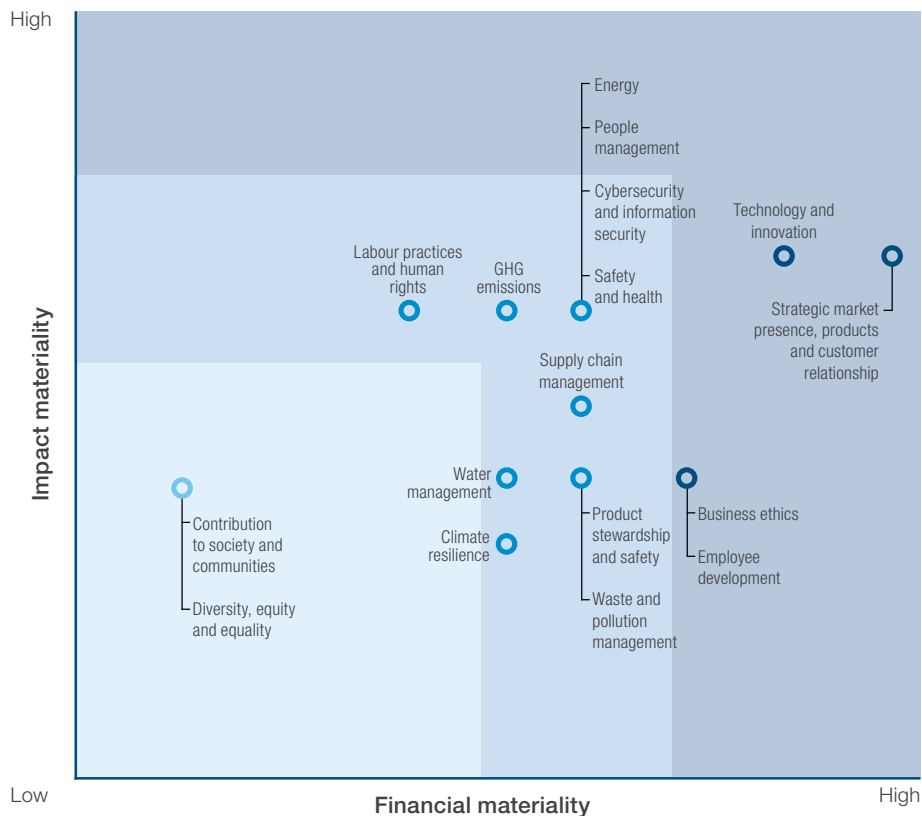
- **financial materiality** - considering matters materiality to the financial value of the business; and
- **impact materiality** - considering matters in relation to the business' impact to the environment and society.

Double materiality assessment is conducted in the context of the Group's business model and value creation model across the short-, medium-, and long-term time horizons. The ESGWC conducted the double materiality assessment which has also incorporated assessments of the likelihood and magnitude of the impact of the matters considered. The outcome - presented in a materiality matrix was further validated against the views and feedback of internal and external stakeholders, obtained via dedicated stakeholder survey engagements. Such stakeholder survey engagements are intended to be carried out once in every two years, alongside the Group's biennial comprehensive materiality assessment.

SUSTAINABILITY

Report

The ESGC subsequently reviewed Unisem Group’s FY2025 Materiality Matrix for the Board’s subsequent endorsement. Unisem’s FY2025 Materiality Matrix is as follows:



Unisem Group’s Materiality Matrix (FY2025)

High materiality	Medium materiality	Low materiality
<ul style="list-style-type: none"> M1 Strategic market presence, products, and customer relationship M2 Technology and innovation M3 Business ethics M4 Employee development 	<ul style="list-style-type: none"> M5 Energy M6 People management M7 Cybersecurity and information security M8 Safety and health M9 Supply chain management M10 GHG Emissions M11 Product stewardship and safety M12 Waste and pollution management M13 Labour practices and human rights M14 Water Management M15 Climate resilience 	<ul style="list-style-type: none"> M16 Diversity, equity, and equality M17 Contribution to society and communities

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STAKEHOLDERS

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

As a Group, we aim to maintain constructive channels of communication with our key stakeholder groups. Various “engagement channels of different natures are established to cater for different purposes, such as communication, discussions, reviews or assessments, making reports, etc. Different formats may also be used to optimise the effectiveness and adequacy of engagements.

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

The key stakeholder’s engagement group, engagement approach, areas of focus on stakeholders and our responses are disclosed in the **Creating Value For Stakeholders** in Unisem’s Integrated Annual Report FY2025.

Click [here](#) or go to page 57 for Creating Value For Stakeholders

SUSTAINABILITY RISKS AND OPPORTUNITIES

Sustainability matters are considered with respect to their impact, risks, and opportunities. Such considerations are incorporated in the Group’s business decisions, strategies, operations, and risk management processes, as appropriate. We also ensure significant sustainability-related risks, such as those which may affect the Group or function’s objectives from the perspectives of strategy, operations, culture, technology, reputation, and others, are managed and monitored via the Group’s Enterprise Risk Management (“ERM”) processes.

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

*Click [here](#) or go to page 46 for Statement on Risk Management and Internal Control
Click [here](#) or go to page 26 for Corporate Governance Overview Statement*

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

Sustainability Matters	Key Capitals	Linkage to Unisem’s Strategic Priorities	Description	Associated risks	Addressed in reporting section
M1 Strategic market presence, products, and customer relationship	FC SRC	Strategic Priority A Strategic Priority B Strategic Priority C Strategic Priority D	<p>The Group continue to aim for growth, looking out for opportunities to expand into new markets, increase sales, expanding or diversifying products and services, and onboarding new customers.</p> <p>Amongst others, this includes ensuring quality customer service and enhancing customer experience. Customer satisfaction levels provide a good indicator for the Group’s market relevant and positioning.</p>	<ul style="list-style-type: none"> • Competition risk • Unable to expand market presence • Adverse economic conditions • Inadequate or ineffective engagement with customers • Unable to deliver or keep up with customers’ demands or requirements • Lack of trust in relationship with customers 	Managing Our Business, SR25 Our Focus on Customers, SR25 Our People, SR25
M2 Technology and innovation	MC IC	Strategic Priority A Strategic Priority B Strategic Priority C	<p>Technology and innovation are crucial for us to keep up with the fast-paced development in the semiconductor industry.</p> <p>Technology and innovation also drive improvements in efficiency and productivity.</p> <p>By introducing new technologies, automation, and streamlined processes, we can optimise operations, reduce costs, and increase output.</p>	<ul style="list-style-type: none"> • Product and technology unable to keep up with industry trends • Unable to deliver or keep up with customers’ demands or requirements • Inadequate investment in capability and R&D • Loss of key skills, experience, or knowledge 	Managing Our Business, SR25 Our People, SR25
M3 Business ethics	SRC	Strategic Priority B Strategic Priority D	<p>Ethical business is fundamental to fostering trustworthy and respectful relationships with our business partners, employees, and stakeholders.</p> <p>This includes safeguarding a healthy business environment, promoting ethical business and transparency, and avoiding all forms of corruption such as bribery and abuse of power.</p>	<ul style="list-style-type: none"> • Non-compliance • Anti-corruption culture and policies not communicated effectively to employees and business associates • Corporate liability risk 	How We Do Business, SR25

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Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
M4 Employee development	HC IC	Strategic Priority B Strategic Priority C	<p>Skills, talents, and experience are crucial for driving the Group's strategies and achievement of objectives.</p> <p>The Group places emphasis on recruiting and retaining talents and skills, in addition to enhancing the overall workforce productivity.</p>	<ul style="list-style-type: none"> Lack of professional and personal development for employees Loss of key skills, experience, or knowledge 	Our People, SR25
M5 Energy	NC FC	Strategic Priority A Strategic Priority D	<p>Effective energy management and planning help to ensure operational continuity and optimise operational efficiency, supporting healthy profit margin for the business.</p> <p>In addition, energy management includes the incorporation of renewable energy sources to reduce environmental impact, as well as mitigating risks associated with fossil-based energy sources as local energy policies potentially shift to disincentivise the use of non-renewable energy sources.</p>	<ul style="list-style-type: none"> Power failure and disruption to operations Higher energy costs compress profit margins 	The Environment, SR25
M6 People management	FC SRC	Strategic Priority A Strategic Priority D	<p>Effective human capital management includes efficient workforce allocation and ensuring workforce availability to optimise operational efficiency and profit margin.</p>	<ul style="list-style-type: none"> Inadequate manpower Higher labour cost compress profit margin 	Our People, SR25
M7 Cybersecurity and information security	SRC	Strategic Priority B Strategic Priority D	<p>Safeguarding the company information and intellectual property from cyber threats including protecting customers' sensitive information and preventing data breaches.</p>	<ul style="list-style-type: none"> Non-compliance Data breaches Unauthorised access and use of information Key information not up to date Cyber security threats 	Our Focus on Customers, SR25
M8 Safety and health	HC	Strategic Priority A Strategic Priority B Strategic Priority D	<p>Creating a healthy, safe and conducive working environment for employees and people who visit our sites, particularly by minimising any health and safety-related risks that could arise.</p> <p>A safe working environment is also important for achieving operational efficiency and operational continuity.</p>	<ul style="list-style-type: none"> Non-compliance Employee safety and health risk 	How We Do Business, SR25 Our People, SR25

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Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
M9 Supply chain management	FC SRC	Strategic Priority A Strategic Priority B Strategic Priority D	<p>Ensuring supply chain supports operations from sourcing to delivery in a timely manner.</p> <p>Promoting responsible and sustainable procurement practices including assessing suppliers and their environmental and social impacts in accordance with the established criteria.</p>	<ul style="list-style-type: none"> Non-compliance by supply chain partners Subpar suppliers or supplies Unable to deliver to customers on time Disruptions in the supply chain for direct materials Impact on profit margin 	How We Do Business, SR25
M10 GHG Emissions	FC NC	Strategic Priority A Strategic Priority D	<p>GHG emissions management is amongst the Group's efforts to optimise operational efficiency, longer-term financial management, and support for global efforts combating climate change.</p> <p>GHG emissions management is also crucial for the Group's Net Zero by 2050 target.</p>	<ul style="list-style-type: none"> Impact on profit margin arising from potential introduction of carbon pricing-related schemes May failing short Net Zero 2050 Goal 	The Environment, SR25
M11 Product stewardship and safety	SRC	Strategic Priority A	<p>Minimising the health, safety, environmental, and social impacts of a product and its packaging throughout all lifecycle stages, while also maximising economic benefits</p>	<ul style="list-style-type: none"> Non-compliance Impact on profit margin Legal liabilities Reputation impact 	How We Do Business, SR25
M12 Waste and pollution management	NC	Strategic Priority A Strategic Priority D	<p>Efforts to reduce, reuse, recycle and responsibly disposal of waste, in addition to responsibly and efficiently recover materials which, otherwise, may incur high environmental or social costs to extract and produce. This includes noise pollution.</p>	<ul style="list-style-type: none"> Non-compliance Environmental disaster and pollution Noise affecting the local community (Unisem Malaysia) 	The Environment, SR25
M13 Labour practices and human rights	HC	Strategic Priority A Strategic Priority B Strategic Priority D	<p>Ensuring the protection of human and labour rights across our value chain.</p>	<ul style="list-style-type: none"> Non-compliance Labour disputes 	How We Do Business, SR25 Our People, SR25
M14 Water Management	NC	Strategic Priority A Strategic Priority D	<p>Efficient use of water and conservation of water resources. Ensuring water availability to support operations in the long-term.</p>	<ul style="list-style-type: none"> Water shortage Contamination of water used in production 	The Environment, SR25

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Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
M15 Climate resilience	FC	Strategic Priority A	Ensuring the Group's business remain viable in context of possible climate scenarios in the short, medium, and long term.	<ul style="list-style-type: none"> Disruption from extreme weather Supply chain instability 	The Environment, SR25
M16 Diversity, equity, and equality	HC	Strategic Priority B Strategic Priority D	Ensuring fair treatment to all employees with dignity and without any form of discrimination based on gender, race, religion, age, nationality, disability, etc.	<ul style="list-style-type: none"> Discrimination lawsuits Inability to attract talents 	Our People, SR25
M17 Contribution to society and communities	SRC	Strategic Priority D	Supporting communities that are economically disadvantaged through engagement programmes that create a positive social impact.	<ul style="list-style-type: none"> Reputational affected and erosion of trust from stakeholders Ineffectiveness 	Our People, SR25

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

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

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

At Unisem, business and operations are conducted and guided by the Group's CSR Policy that outlines our commitment to values of a good corporate citizen, addressing environmental and social aspects of our business and business relationships, as well as commitment to the stipulations set forth in the RBA Code of Conduct.

The CSR Policy represents the Unisem's tone from the top and is further supplemented by various other governance policies addressing the Group's environmental, ethical, climate, and social responsibilities, amongst others.

Highlights of the CSR Policy are as follows:

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

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

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HOW WE DO BUSINESS

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



Relevant Sustainability Matters

M3
Business ethics

M8
Safety and health

M9
Supply chain management

M11
Product stewardship and safety

M13
Labour practices and human rights

Relevant SDGs:



Sustainability Performance Highlights

- All Board of Directors and the entire employee workforce received anti-corruption training and communications
- No fines, penalties, or settlements relating to corruption
- Target to audit 14 suppliers achieved - FY2025: 20 suppliers audited
- No significant environmental or social impacts identified in association with key direct material suppliers

UPHOLDING BUSINESS ETHICS

Code of Ethics

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

All directors and employees are required to formally acknowledge the COE prior to commencement. This commitment is reinforced for employees through mandatory annual recertification, and all third-party partners are contractually bound to adhere to the Code’s principles when working for the Group.

Key topics addressed by the COE:

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

The COE is subject to annual review.

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

Anti-Corruption and Bribery

Unisem has established a comprehensive Group-wide Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”), reflecting the Group’s unwavering commitment to a zero-tolerance approach towards bribery and corruption. The Policy is established by the Board’s approval, underscoring the policy’s significance, with overall compliance falling under the purview of site Chief Operating Officer (“COO”) and General Managers. The ABAC Policy applies to directors, employees, and affiliates, encompassing agents, suppliers, contractors, and business partners. The ABAC Policy is reviewed annually.

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

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

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
Percentage of operations covered by corruption risk assessment	100%	100%	100%

Internal and external stakeholders

We ensure employees are aware of the Group’s anti-corruption policies and processes through periodic communication. Our communication channels, including emails, meetings, and our corporate website, are available in multiple languages - primarily English, Bahasa Malaysia, and Chinese - depending on the audience. In addition, annual refresher training on anti-corruption is provided to all directors and employees.

All Directors and employees of Unisem Group have been communicated on anti-corruption. The employees are trained through our eLMS (E-learning program) in FY2025.

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HOW WE DO BUSINESS

Directors and employees communicated and trained on the Group's anti-corruption	Unisem Malaysia		Unisem Chengdu	
	Number	Percentage	Number	Percentage
As at 31 December 2025				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	87	100%	63	100%
	3,278	100%	3,731	100%
Total	3,376	100%	3,794	100%
As at 31 December 2024				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	84	100%	57	100%
	3,124	100%	3,173	100%
Total	3,219	100%	3,230	100%
As at 31 December 2023				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	87	100%	52	100%
	3,067	100%	2,572	100%
Total	3,165	100%	2,624	100%

In addition, we assess our business associates for bribery and corruption risks including through a due diligence process for new suppliers and periodic assessments. We also periodically communicate with stakeholders regarding the Group's anti-corruption stance and expectations, especially for business associates categorised as high-risk or involved in high-risk sectors.

The Group refrains from making charitable donations or contributions to political parties, and it does not reimburse employees for political contributions made in their personal capacity. No political contributions were made in FY2025.

There were no reported incidents of corruption, cases of non-compliance with the Group's anti-corruption policies, or instances of related fines or penalties in FY2025.

Number of confirmed corruption incidents	FY2023	FY2024	FY2025
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

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

Conflict of Interest

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

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

A Conflict of Interest Policy for Directors and Senior Management is also established to ensure they carry out their duties and make decisions in the best interest of the Group's business stipulates the responsibilities of the Board, the ARMC, Directors, and Senior Management in relation to identifying and assessing conflict of interest situations, as well as the responsibilities of the Directors and Senior Management to periodically declare any actual, apparent, and potential conflict of interest situations.

Unisem's Whistle Blowing Channel

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

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

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

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

Types of cases	No. of cases		
	FY2023	FY2024	FY2025
Workplace grievances from employees	0	1	3
Whistleblowing from employees	1	0	0
Whistleblowing from external parties	0	0	0

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

The grievances all involved workplace harmony, triggered by communication problems. Each case was resolved through investigation followed by targeted counselling focused on improving communication skills between the involved parties. The outcomes were positive, reinforcing our commitment to a respectful and collaborative work environment.

All the above cases had been fully resolved.

OUR RBA OBLIGATIONS

The RBA is the world's largest industry coalition dedicated to corporate social responsibility across global supply chains. The standards and practices of the RBA are adopted and practised by leading brands in the electronic, retail, and automotive sectors.

RBA members and their supply chain partners are required to adhere to the RBA Code of Conduct, which is grounded in international norms and standards, including the Universal Declaration of Human Rights, the International Labour Organisation (“ILO”) International Labor Standards, the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises, as well as standards from the International Organisation for Standardisation (“ISO”) and Social Accountability International (“SAI”).

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

RBA Performance

Unisem’s alignment with the RBA Code of Conduct is assessed through two types of assessments. The Self-Assessment Questionnaire (“SAQ”) serves as an RBA self-assessment tool, enabling us to conduct an annual self-assessment and communicate the results to our customers. Meanwhile, the biennial Validated Assessment Program (“VAP”) constitutes an RBA third-party auditing process. The audit findings and results of the VAP are available for viewing by key customers and potential customers.

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

	Year	SAQ	SAQ Score*	SAQ Risk Rating**	VAP	VAP Score***
Unisem Malaysia	FY2023	Completed in January 2023	93.5	Low		
	FY2024	Completed in March 2024	80.1	Medium	Completed in November 2024	147.5
	FY2025	Completed in May 2025	78.7	Medium	Completed in May 2025 (Closure Audit)	184.4 (Silver Status)
Unisem Chengdu	FY2023	Completed in January 2023	94.8	Low	Completed in November 2023	134.8
	FY2024	Completed in April 2024	76.4	Medium	Completed in July 2024 (Closure Audit)	181.5 (Silver Status)
	FY2025	Completed in April 2025	77.9	Medium	Completed in November 2025	169.2 (Silver Status)

Note:

* The SAQ assessment method has been updated in 2024 and the outcome of SAQ assessment will be indicated by the SAQ Risk Rating from FY2024 onwards

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

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

SUPPLY CHAIN MANAGEMENT

Responsible Supply Chain Management

Effective and responsible management of the supply chain is crucial for our business. Having a reliable supply chain supports us in ensuring timely delivery, meeting shipment commitments, safeguard our reputation, integrity, and customer relationships.

In addition, we also aim to build a supply chain that is reliable, trustworthy, and shares the same ethical beliefs with respect to environmental management and social values. In this regard, we make efforts to align our supply chain with the Group's corporate responsibility values, as appropriate. Our commitment to responsible supply chain management is outline in the CSR Policy and COE, both of which are available in multiple languages and accessible to the employees and suppliers, as well as the public, on Unisem's corporate website.

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

Conflict-free Minerals

We adhere to a Conflict Minerals Policy, prohibiting the procurement and utilisation of conflict minerals such as tantalum, tin, tungsten, and gold within its supply chain. On top of that, Unisem is committed to the voluntary program for the ethical and responsible sourcing of cobalt and mica. The direction is aligned with global initiatives to mitigate armed conflicts associated with resource extraction from Conflict-Affected and High-Risk Areas or an equivalent and recognised due diligence framework. The Conflict Minerals Policy is communicated to all pertinent suppliers and is accessible on our corporate website.

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

Fair Procurement Practices

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

Building a Responsible Supply Chain via Engagement

We aim to acquire a comprehensive understanding of suppliers including identifying instances of non-compliance in the areas of environmental, social, and ethics, such as:

- human rights and labour standards, including safety and health standards, working hours, and freedom of association;

- environmental management issues, including climate change and emissions, energy use, water use, biodiversity impacts, pollution management, waste management and reduction, resource use and integrated supply chain management; and
- business ethics challenges or violations, such as anti-corruption.

We engage with supply chain business partners including communicating pertinent policies and RBA-related standards, carrying out evaluations or audits of key direct material suppliers, and conducting sessions and discussions with suppliers to address gaps in meeting regulations or requirements, including newly introduced ones which will come into effect.

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

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

Environmental and Social Assessment in Supply Chain

All key direct material suppliers and service providers undergo holistic sustainability assessment via the RBA SAQ and VAP Operations manual for suppliers’ audit. SAQ and Suppliers Audit represent different forms of assessment, as follows:

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

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

Suppliers Audit

We have a network of 25 shared key direct material suppliers, with whom our direct material spending comprises 85% of the Group’s total direct material procurement.

As part of our supplier audit strategy, we target to cover 80% of the 25 key direct material suppliers once in every two years. In addition, we also target to audit our key service agents.

In FY2025, we continued to meet our supplier audit target with 10 key direct material suppliers and 4 key service agents audited. As at December 2025, 80% of the 25 key material suppliers were audited at least once in two years.

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The following table summarises the target and number of key direct material suppliers and key service agents audited in the past 3 years. We target to audit 10 key direct material suppliers and 4 key service agents in FY2026.

Year	Target number of audits to be conduct		Number of audits completed	
	Key Direct Material Suppliers	Key Service Agents	Key Direct Material Suppliers	Key Service Agents
FY2023	10	4	9	5
FY2024	11	4	11	7
FY2025	10	4	10	10
FY2026	10	4		

The highlights of the key corrective actions arising from the key direct material supplier audits conducted in FY2025 are as follows:

RBA Category	Summary of key corrective actions
Labour	<ul style="list-style-type: none"> To update employee's employment contract on the termination notice period whereby all workers shall be free to terminate their employment without penalty if reasonable notice is given. To update the employee's employment contract on the termination notice period whereby it shall not exceed 1 month notice period. To update the employee's employment contract whereby if an employee resigns without reasonable notice period, the penalty shall not exceed 60% of 1-month gross base wage. To translate the worker's employment contract into their native language and conduct a pre-departure briefing to all workers to ensure workers understand the terms stated in the employment contract.
Occupational Safety and Health	<ul style="list-style-type: none"> To update internal procedures/employee handbook to ensure all workers are aware that they can remove themselves from imminent harm in their workplace and return once the situation is mitigated without fear of retaliation. To standardise the safety inspection for industrial powered vehicles to be conducted daily. To establish and implement a detailed procedure for managing expectant and nursing mothers including notification, risk assessment and work arrangement steps and conduct specific risk assessment for any identified expectant and nursing mothers. To attach inspection tags and inspect all fire extinguishers and fire hoses across the site on monthly basis.
Supply Chain Management	<ul style="list-style-type: none"> To establish audit checklist and conduct audits on service providers to ensure the major next tier suppliers implement the RBA Code requirements.
Environmental	<ul style="list-style-type: none"> To update the list of Hazardous Substance into the Hazardous Material Identification System and Globally Harmonized System Labels procedure to ensure workers understand what are the hazardous substance that they are working with. To conduct periodic stormwater monitoring to ensure water channels are protected from contamination.

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HOW WE DO BUSINESS

We follow up and monitor the implementation of corrective action plans and the status of implementation of the corrective actions as on 31 December 2025 is summarised as follows:

Status of Implementation of Corrective Action as of 31 December 2025	Audit Findings from FY2023 Supplier Audits	Audits Findings from FY2024 Supplier Audits	Audits Findings from FY2025 Supplier Audits
Implemented by the key direct material suppliers/ key service agents and verified by Unisem	95%	98%	96%

Self-Assessment Questionnaire (“SAQ”)

All 25 key direct material suppliers are expected to undergo self-assessment via the RBA SAQ process. A summary of the outcome as of 31 December 2025 is as follows:

	FY2023	FY2024	FY2025
Total number of shared key material suppliers	25	25	25
Environmental Impact			
Number of suppliers assessed for environmental impacts*	25	25	25
Note: *assessed at least once in the past 3 years			
Number of suppliers identified as having significant actual and potential negative environmental impacts	0	0	0
Description of the significant and actual environmental impact identified	Not applicable	Not applicable	Not applicable
Percentage of suppliers identified as having significant actual and potential negative environmental impact with which improvements were agreed upon as a result of assessment*	0% (0 / 25)	0% (0 / 25)	0% (0 / 25)
Note: *does not include closed cases where agreed-upon improvements have been implemented and verified by Unisem’s audit team			
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	0%	0%	0%

SUSTAINABILITY

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HOW WE DO BUSINESS

Social Impact	FY2023	FY2024	FY2025
Number of suppliers assessed for social impacts	25	25	25
Number of suppliers identified as having significant actual and potential negative social impacts	0	0	0
Description of the significant and actual environmental impact identified	Not applicable	Not applicable	Not applicable
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment*	0% (0 / 25)	0% (0 / 25)	0% (0 / 25)
Note: *does not consider closed cases where agreed-upon improvements have been implemented and verified by Unisem's audit team			
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	0%	0%	0%

Our contribution to the local economy and society

Through our business activities and procurement of goods and services, the Group contributes to the local economy by creating local employment opportunities and economic value. Where feasible and economically viable, the Group procures local, which also helps to support local businesses and minimise emissions associated with transportation. We also make corporate social responsibility contributions to the community.

	The proportion of direct material spending on local suppliers (%)		
	FY2023	FY2024	FY2025
Unisem Malaysia	23.5%	21.3%	25.7%
Unisem Chengdu	37.9%	27.7%	25.1%
Unisem Group	33.9%	25.8%	25.2%

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

Product Stewardship

In addition to controlling strictly to avoid the use of conflict minerals in our products, we also exercise diligence and ensure we comply with international regulations and customer requirements on the use of safe materials. This reinforces our acknowledgement of our responsibility in products that extend beyond our facilities, considering product life cycles and their impact on people and the environment.

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

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

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

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

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

SUSTAINABILITY Report

MANAGING OUR BUSINESS

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



Relevant Sustainability Matters

M1
Strategic market presence, products, and customer relationship

M2
Technology and innovation

M7
Cybersecurity and information security

Relevant SDGs:



Sustainability Performance Highlights

- Achieved strong revenue growth of 18.4% Y-o-Y during the period
- Distributed economic value of RM483.9m in wages and salaries; RM10.1m in corporate tax paid; and RM129.0m in dividends
- Achieved FY2025 target for Technology Road Map
- Completed all 2 R&D projects in Technology Road Map

BUSINESS PERFORMANCE

The following section summarises the Group's overall revenue growth for FY2025:

KPI	To achieve revenue growth		
	On-going growth of annual revenue		
Target			
Performance	FY2023	FY2024	FY2025
	-19.2%	9.8%	18.4%

The 18.4% year-over-year revenue growth in FY2025 provides a solid foundation for continued expansion. To continue this momentum, we will actively pursue new market opportunities, strengthen our customer relationships, and invest in the innovation of our core products and services. Details of the Group's financial performance and strategies on business growth are discussed in the Chairman's Letter to Stakeholders, Management Discussion & Analysis, and the Audited Financial Statements of Unisem's Integrated Annual Report FY2025.

Economic Value Generated and Distributed

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

Economic value generated and distributed	FY2023 RM'000	FY2024 RM'000	FY2025 RM'000
Revenue	1,439,686	1,580,873	1,872,065
Local Procurement (Local: i.e., Malaysia for Unisem Malaysia and China for Unisem Chengdu)	207,009	151,908	175,229
Wages and salaries	379,986	416,691	483,931
Corporate tax paid	20,727	18,650	10,050
Community Investments, Donations, and Non-Commercial Sponsorships	80	1,106	51
Dividends	129,046	129,046	129,046
Research and Development	8,074	8,029	9,590
Retained Earnings	1,070,225	991,112	934,278

Local Employment

Our operations also contribute to the local economy through the creation of employment opportunities. In Perak, Malaysia, Unisem stands as one of the largest private sector employers.

Proportion (%) of local hires amongst employees (FY2025)		
	Senior Management	Non-Senior Management
Unisem Malaysia	94.1%	74.6%
Unisem Chengdu	70.0%	100.0%

Note : In relation to local employment, "local" means Malaysian for Unisem Malaysia and PRC citizens for Unisem Chengdu.

QUALITY AND LEAN OPERATIONS

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

Our operations and processes are aligned with International Quality Management Systems standards, including ISO 9001:2015, IATF 16949:2016, and ISO 26262. Furthermore, we have now achieved certification to IECQ QC 080000:2017 - HSPM (Hazardous Substance Process Management) as of FY2025 for our Gopeng Plant. These certifications ensure standardised and consistent procedures across our operations, supported by robust standard operating procedures, error detection mechanisms, and a commitment to continuous improvement. Regular reviews and audits, including internal reviews and independent audits, are conducted periodically to ensure alignment with these standards.

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

People Development and Innovation

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

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

PUSHING OUR TECHNOLOGICAL BOUNDARIES

The Group’s research and development focuses are strategically planned and outlined in our Technology Road Map, which supports us in developing technical capabilities to keep up with the market and our customers’ need, as well as to optimise our operational efficiency and enhance competitiveness. In addition, our technological development focuses also include initiatives to address environmental and social risks such as developing safer working environments and more environmentally friendly processes or products.

The Group’s Technology Road Map is also aligned with our Strategic Priorities to further sharpen our edges, and it is currently focused on capturing in-trend products as those related to AI, cloud-computing, and EVs amongst others. The Technology Road Map is reviewed regularly and takes into consideration market and industry trends and the future plans and innovation requirements of customers.

We have completed all 2 projects targeted for completion in FY2025.

KPI	Progress of projects scheduled in Unisem Group’s Technology Road Map
Target	Meeting the project completion timeline as scheduled
Performance	Completed all 2 projects targeted for completion in FY2025

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2025
Completed Projects				
Power Stacked Module Packages	A breakthrough power module package enables the use of thicker inductors for high-power devices by overcoming the traditional design constraint of mold thickness. This innovation resolves a key limitation in achieving higher power density and performance.	<ul style="list-style-type: none"> A limited pool of qualified suppliers. Market adoption of a new package format. New equipment and specialised tooling required. 	Quarter 4 of 2025	<ul style="list-style-type: none"> Qualified the product and validated the proof of concept. Launched the new solution for customer availability.

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2025
Completed Projects				
New Concept MEMS Microphone	A new concept was developed in collaboration with IDM customers to achieve enhanced SNR performance.	<ul style="list-style-type: none"> Requires investment in new equipment. 	Quarter 2 of 2025	<ul style="list-style-type: none"> Successfully completed product qualification Full-scale production has officially commenced.
Existing Projects				
Flip Chip SLP Exposed die back	Top-side die exposure maximises thermal dissipation by exposing the silicon die's inactive side directly to the environment, a crucial technique for high-power GaN components.	<ul style="list-style-type: none"> Additional process and equipment required for die back exposure. 	Quarter 4 of 2026	Completed prototype sample for customer electrical characterisation and reliability testing.
MEMS Silicon Microphone	Qualify Gopeng Plant as an alternate source to Unisem Chengdu, mitigating political and geographic risk.	<ul style="list-style-type: none"> Requires investment in new equipment. 	Quarter 3 of 2026	The new production floor is operational, and we have begun moving equipment in.
TPMS MEMS Package and Full Turnkey Solution	Qualifying Gopeng Plant as an alternate source to Unisem Chengdu will mitigate supply chain risk, with final testing completing the full turnkey solution.	<ul style="list-style-type: none"> Additional processes and equipment are required for the MEMS die. 	Quarter 2 of 2026	<ul style="list-style-type: none"> Completed the qualification lot Awaiting customer reliability test results.
TSSOP High Density	A new high-density TSSOP package is now available, providing an alternative sourcing option.	<ul style="list-style-type: none"> Additional equipment is required. 	Quarter 2 of 2026	In the internal qualification phase.
New Projects				
Compression Mold	Evaluating compression molding for advanced packaging (BAW filter SiP, large FC dies, wafer-level molding).	<ul style="list-style-type: none"> Major capital investment required for additional essential equipment. 	Quarter 3 of 2026	Undergoing the internal buy-off justification process.
3D Package Power Package	A new 3D package is under development to meet the demanding power management requirements of next-generation, high-end GPU applications.	<ul style="list-style-type: none"> Additional equipment is required. Market adoption is a key factor for success. 	Quarter 2 of 2026	Engaged the customer in concept-phase planning.

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

1. Power Stacked Module Packages - The upgraded design supports thicker components, enabling higher power output. It is already qualified and ready for customers in late 2025. Challenges include finding suppliers and new equipment.
2. New Concept MEMS Microphone - Co-developed with a customer for better sound quality. It is already qualified and in production as of mid-2025. A key challenge was the need for new manufacturing tools.
3. A total of 9 new processes and materials were qualified in FY2025 to meet customer needs. Unisem has secured 31 patents to date.

R&D Expenditure

Unisem Group invested about RM9.6 million in R&D programs, representing close to 1% of the Group’s revenue in FY2025.

Unisem Group	FY2023	FY2024	FY2025
R&D expenditure (RM'000)	8,074	8,029	9,590
R&D expenditure as a percentage of Unisem Group revenue (%)	1%	1%	1%

SAFEGUARDING OUR IT SYSTEMS

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

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

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

SUSTAINABILITY

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OUR FOCUS ON CUSTOMERS

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



Relevant Sustainability Matters



Strategic market presence, products, and customer relationship



Cybersecurity and information security

Relevant SDGs:



Sustainability Performance Highlights

- Achieved 95% score for customer satisfaction target
- No fines or complaints received from outside parties or regulatory bodies

Serving Our Customers

Customer Relationship Management

Unisem prides itself as a customer-centric organisation, building customer satisfaction and loyalty by offering extraordinary services and quality products. Long-term partnerships with customers are key to business sustainability and continuity.

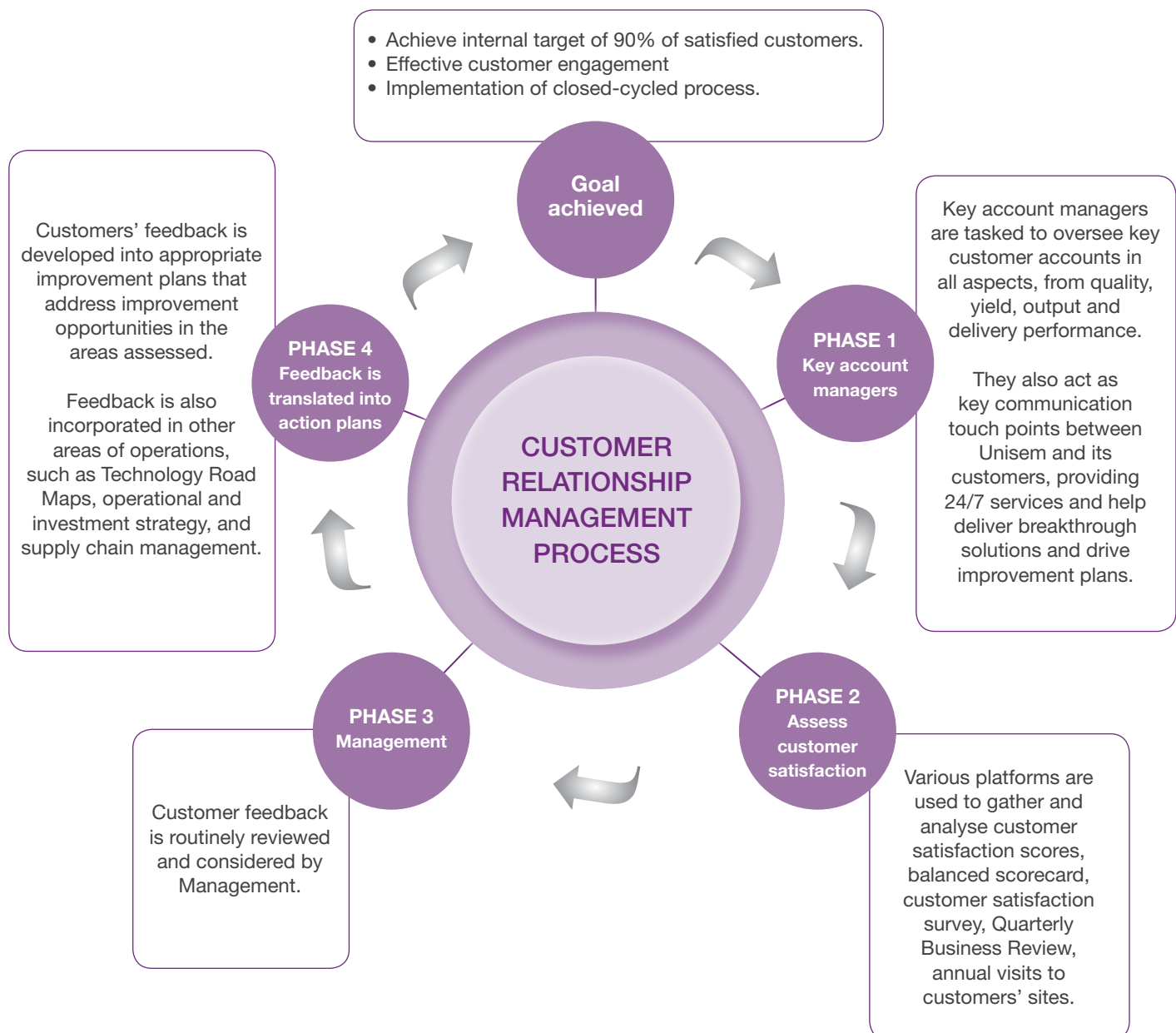
The Group's customer relationship management anchors on our dedicated customer account managers and teams who deliver focused and attentive support to key accounts. They play a strategic role to bridge alignment and capabilities between Unisem and its customers, as well as business associates within the supply chain. Operating globally, our customer management teams provide comprehensive support 24/7. Our teams also undergo regular professional and technical training, reinforcing our commitment to being a one-stop solution provider.

In addition, our recently established regional office in Singapore serves as a regional hub and marketing arm, and it also allows us to manage our businesses and customers from different regions or countries in a centralised location in Singapore.

Customer relationship management process

Our Customer Relationship Management practices are guided by a structured process to engage, serve, and manage customers including assessing their satisfaction and improving our services. The process enables us to gain insights into customers' needs, including specified yield and performance levels, enabling us to provide tailored advice and breakthrough solutions. During development and production, regular meetings are held with customers to keep them informed of the progress. In addition, we seek customer feedback through periodic customer feedback, discussions, and other engagement methods. These customer engagements are crucial and integral to our continuous improvement to keep up with our clients and markets.

CUSTOMER RELATIONSHIP MANAGEMENT PROCESS



Engagement and Collaboration with Customers

Unisem’s significant customer engagement activities are highlighted as follows:

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

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

During the financial year under review, Unisem Group achieved a score of 95%, surpassing our 90% target. This result is attributable to our strong focus on fulfilling customer expectations in terms of quality and on-time delivery.

KPI Target	Satisfaction of key customers		
	90% of key customers with customer satisfaction score of 80%		
Performance	FY2023 81%	FY2024 90%	FY2025 95%

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

- UMS 20 years Value Partnership FY2025 Best Suppliers for Unisem Malaysia;
- PI Best Support during Critical Ramp for Unisem Malaysia;
- RENESAS Excellent Quality Award FY2024 for Unisem Chengdu;
- SSSL Best Supplier Award FY2024 for Unisem Chengdu;
- NVT FY2025 Most Supportive Team Collaboration Award for Unisem Chengdu;
- SEW Best Supplier Award FY2025 for Unisem Chengdu;
- ECW Best Services Support Award FY2025 for Unisem Chengdu; and
- LEN Best Technology Partnership Award FY2025 for Unisem Chengdu.

PROTECTING OUR CUSTOMERS' PRIVACY AND DATA

Unisem is committed to safeguarding both the business and personal data of the Group and our customers, including customers' proprietary information, intellectual assets, and business-related data. Amongst others, we ensure systems and controls are in place to manage the ongoing threats to cybersecurity, protecting customers' sensitive information, and preventing leaks, threats or loss of customer information.

Unisem's cybersecurity is supported by controls and systems safeguarding the Group's IT systems and infrastructure.

Further details of the Group's IT-related controls are available in the "**Safeguarding our IT Systems**" section.

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

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

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

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

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

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

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

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

There were no fines or complaints received from external parties or regulatory bodies in FY2025. Additionally, there were no reported incidents of leaks, theft, or loss of customer data that came to our attention.

Number of substantiated complaints concerning breaches in customers' privacy or data loss	FY2023	FY2024	FY2025
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

SUSTAINABILITY

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OUR PEOPLE

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

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

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

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

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

Relevant Sustainability Matters

-  **M4**
Employee development
-  **M6**
People management
-  **M8**
Safety and health
-  **M13**
Labour practices and human rights
-  **M16**
Diversity, equity, and equality
-  **M17**
Contribution to society and communities

Relevant SDGs:



Sustainability Performance Highlights

- All employees trained on labour standards and human rights issues
- 3.76 employee satisfaction score in FY2025 against a target of 3.80
- No incidents of significant human rights or labour standards violations
- 90.4% employees having minimum 6 hours training against a target of 75%
- Kept injury frequency rate in target range at below 1.50 - FY2025: 0.68
- 24.0% of women in management positions against a target of 20.0%
- 16.6% and 47.8.% annual turnover rate for Unisem Malaysia and Unisem Chengdu in FY2025 against targets of 25.0% and 45.0%, respectively
- 853 employees received long service awards in FY2025

UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS

Unisem is committed to protecting and respecting human rights across its business operations, and we believe that fair and ethical treatment promotes a healthy work culture as well as contributing positively to productivity.

Our commitment is explicitly outline in our CSR Policy and Code of Ethics (“COE”) which are aligned with the RBA Code of Conduct and is seamlessly integrated into our human capital management principles encapsulated in “We Care, We Can”.



In both our operations and supply chain, we proactively address human rights risks through comprehensive processes of risk identification, assessment, and management. Risk assessments and reviews covering labour and human rights practices are conducted at least annually; and the relevant internal controls and processes are integrated into the Group’s business operations, particularly within Unisem’s employment practices and processes, and those of key suppliers. For instance, employees’ working hours are tracked and monitored in our system and employees’ overtime need to be requested and approved via the system, which does not allow overtime request for employees exceeding the maximum working hours (including overtime) permissible by law. This serves as an active control to prevent excessive working hours in our operations.

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

Personnel responsible for managing manpower is periodically updated and trained on acceptable human rights and labour standards, ensuring these standards are upheld within our operations. We also conduct annual Humane Treatment briefing, through which we inform and raise awareness among employees their rights at work and how to escalate or make reports in the event of a violation of labour practices or human rights at work. Any instances of human rights violations or labour-related issues can also be reported in accordance with the guidance in the WBEC Policy.

The Group also carried out various briefing or training addressing topics covering labour practices and human rights such as those addressing harassment and bullying (including sexual harassment), equal opportunities, and labour laws and regulations.

	FY2023	FY2024	FY2025
Total hours trained on labour standards and human rights issues	2,855	3,060	3,485
Percentage of employees trained on labour standards and human rights issues	100%	100%	100%

Independent internal audits overseen by the CSR Management Working Committee are also carried out from time to time to identify any gaps and improvement areas in relation to human rights and labour practices.

Following our third-party assessments and audits in FY2025, we noted no concerning risks relating to human rights violations within our operations. There were no incidents of human rights violations or significant breaches of labour practices reported.

Number of substantiated complaints concerning human rights violations	FY2023	FY2024	FY2025
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

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

Further details of the Group’s management of human rights and labour standards in its supply chain management are available in the “**Supply Chain Management**” section.

EMPLOYEE DIVERSITY

Equal Treatment and Opportunities

Unisem’s principles of equality and no discrimination are incorporated in the COE and aligned with the RBA Code of Conduct. These values are fundamental to creating shared value for our employees and society.

Unisem upholds equal employment opportunities and non-discrimination in its business and operations, especially in our hiring and employment practices such as recruitment, promotion, disciplinary actions, etc. Upholding non-discrimination means that no individual shall be treated unfairly based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status.

		Male		Female	
		Permanent	Fixed-term Contract	Permanent	Fixed-term Contract
Unisem Malaysia	2025	1,276	11	1,247	831
	2024	1,173	9	1,096	930
	2023	1,152	17	1,170	815
Unisem Chengdu	2025	511	1,473	621	1,189
	2024	469	1,313	570	878
	2023	402	964	520	738

In Unisem Group, we emphasise the realisation of employees' abilities through appropriate job and position allocation. In this regard, we believe that disabilities in any person shall not prohibit the demonstration and enhancement of their abilities and their contribution to the Group. We also strive to incorporate inclusivity in our business and operation, as well as enhancing accessibility at our offices and sites. As at 31 December 2025, the Group has 16 employees with disabilities.

In Unisem Malaysia, contract-based employees makes up approximately 25% of our workforce and a majority of them are foreign nationals. We provide additional focus on this employee category, ensuring human rights and labour standards assessments and reviews are conducted to prevent discrimination and guarantee the same basic human rights as for all other employees. As we provide accommodation to foreign workers, we ensure the accommodations provided comply with the applicable laws and regulations, such as in the aspect of their living conditions and amenities.

All non-Executives and Operators at Unisem Malaysia are represented by an in-house union irrespective of their nationality, and they are covered under collective bargaining agreements reviewed by the union every three years. Professional expatriates at Unisem Chengdu are primarily employed on a contract basis.

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

Percentage of permanent and contract-based employees		FY2023	FY2024	FY2025
Unisem Group	Full-time permanent employees	56%	51%	51%
	Full-time contract-based employees	44%	49%	49%

SUSTAINABILITY

Report

OUR PEOPLE

Number (Percentage)*	< 30 years old		30 - 50 years old		> 50 years old		Total	
	M	F	M	F	M	F	M	F
Board members	0	0	2	2	5	2	7 (64%)	4 (36%)
	0 (0%)		4 (36%)		7 (64%)		11	
Senior Management	0	0	15	1	33	5	48	6
	0 (0%)		16 (30%)		38 (70%)		54	
Management	0	0	43	22	23	8	66	30
	0 (0%)		65 (68%)		31 (32%)		96	
Executives	134	61	417	270	64	15	615	346
	195 (20%)		687 (72%)		79 (8%)		961	
Non-Executives	837	112	855	363	56	18	1,748	493
	949 (42%)		1,218 (55%)		74 (3%)		2,241	
Operators	497	1,659	286	1,269	11	85	794	3,013
	2,156 (57%)		1,555 (41%)		96 (2%)		3,807	
Total**	3,300 (46%)		3,541 (50%)		318 (4%)		7,159	

Note:

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

** Excluding figures in "Board members" category

For historical data of employees in percentage by age group/gender in relation to employee's category, refer to the "Other Sustainability Data and References".

Diversity & Inclusion Performance

We are committed to fostering an inclusive workplace that values diverse perspectives. In FY2025, we formalised this commitment by introducing our first specific target for gender diversity in leadership, aiming to achieve above 20% women participation in management-level positions.

KPI	Diversity, equity and equality		
	20% of women in management positions		
Target			
Performance	FY2023	FY2024	FY2025
	16.5%	17.7%	24.0%

This fiscal year marked a significant step with the introduction of our inaugural target for women in management, set at 20%.

We are proud to report that we not only met but significantly exceeded this goal, achieving 24.0%. This represents a strong leap forward from 17.7% in FY2024 and 16.5% in FY2023, demonstrating decisive and accelerated progress in our efforts to cultivate a more diverse and inclusive leadership team.

This positive trajectory highlights our focused initiatives on creating equitable opportunities for advancement and our commitment to building a robust pipeline of talented female leaders across the organisation.

As at 31 December 2025, the Group's total employees increased by about 11% to 7,159 mainly in Operators and Non-Executives to support the increased revenue growth this year.

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

Nevertheless, we guarantee equitable remuneration for all employees, providing compensations and benefits that align with their competency, capabilities, roles and responsibilities, free from discrimination or gender bias. A significant driver of the overall gender disparity is the concentration of male employees in senior roles, resulting in a wider representation gap at the management level and above.

Ratio of Basic Salary	Female			Male		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Unisem Malaysia						
Senior Management and Management	0.60	0.47	0.43	1.00	1.00	1.00
Executives and Non-Executives	1.00	0.99	0.96	1.00	1.00	1.00
Operators	1.05	0.98	1.39	1.00	1.00	1.00
Unisem Chengdu						
Senior Management and Management	0.63	0.62	0.69	1.00	1.00	1.00
Executives and Non-Executives	1.02	1.13	1.00	1.00	1.00	1.00
Operators	1.03	1.10	1.69	1.00	1.00	1.00

OCCUPATIONAL HEALTH AND SAFETY

The Group's workplace safety and health policy and priority are governed by the CSR Policy and Safety and Health Policy which are fundamental to our operations.

Unisem Group operates health and safety management systems that are aligned with international standards, which includes processes to enable a risk-based approach incorporating risk identification and assessment, control monitoring and review, and continuous improvement. All our facilities are certified with ISO 45001:2018 Occupational Health and Safety Management System.

Our safety and health practices are governed by formalised policies and procedures which are expected to be complied with by all employees. Any serious violations or breaches of the Group's safety and health policies and procedures can be reported via our reporting mechanisms outlined in the WBEC Policy.

Employees are also encouraged to escalate any safety and health concerns as part of our continuous improvement efforts, as well as early detection of hazards to mitigate risks.

Our Occupational Safety and Health Management System

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

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

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

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

Incident Response

Policies and procedures are in place to guide employees the appropriate response and actions in the event of incidents. In the event of incidents or accidents, employees shall prioritise their own safety, promptly removing themselves and others from potentially hazardous situations that could lead to injury or illness. Subsequently, they must report immediately to the designated safety officer or individuals in charge of the initiation of emergency responses.

All incidents will be accurately reported, documented, and thoroughly investigated. Corrective actions will be developed, implemented and followed-up until they are satisfactorily resolved. The Health and Safety Committee and the site COO shall be responsible for overseeing and monitoring the resolution.

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

Incident Response and Reporting of Unsafe or Unhealthy Work Conditions:



Employee Safety and Health Monitoring and Support

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

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

Safety and Health Training

We actively promote awareness regarding both occupational and non-occupational health and safety for employees, with additional emphasis to ensure that employees exposed to higher safety and health risks, receive comprehensive training to effectively prevent, manage, and navigate workplace hazards.

Our health and safety training programs can generally be categorised into the following:

- awareness training to ensure employees are familiar with the Group’s safety and health management systems and processes;
- customised training for distinct employee groups, targeting specific work activities and the associated health and safety risks.
- general safety and health training, fostering awareness and providing education to employees on both occupational and non-occupational health and safety matters.

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

The topics covered by our safety and health training in FY2025 are summarised as follows:

- Radiation safety and protection
- Machine testing
- Chemical and electrical safety precautions
- Ergonomic and material handling
- Fire and gas Emergency Response Program (“ERP”) procedures
- Hazardous Substance Process Management (“HSPM”)
- Occupational health awareness
- Enterprise safety production management
- Electrostatic protection system
- Safety and fire protection
- Work injury promotion and training
- X-R safety precaution for X-R Handler, X-R Operator and X-R ERT
- Chemical Spillage, Handling & Storage
- Fire Prevention
- ISO Requirement for hazard identification risk assessment risk control
- Safety Culture
- Hazard Identification, Risk Assessment and Risk Control (“HIRARC”)
- Understanding & Awareness on QC080000 Requirements & HSPM
- Safe Work Practices with Hazardous Energy

Number of employees trained on health and safety standards	FY2023	FY2024	FY2025
Unisem Group	6,625	5,896	7,187

Workplace Safety Performance

In FY2025, the Group recorded 4 major and 7 minor occupational accidents and no fatalities arising from occupational health and safety incidents.

The majority of these incidents were primarily attributed to falls, machine-related injuries, and chemical handling.

	FY2023	FY2024	FY2025
Fatality Rate	0	0	0
Loss Time Incident/Severity Rate ("LTIR")*	6	5	16
Major Occupational Accidents**	4	3	4
Minor Occupational Accidents***	9	9	7
Total Recordable Work-Related Injuries	13	12	11

Note:

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

** *Major Occupational accidents - accidents causing employees to be on medical leave for more than four days*

*** *Minor Occupational accidents - accidents causing employees to be on medical leave for at least one day to up to four days*

Processes are in place to investigate accidents, and all recordable accidents during the year were investigated to identify their root causes. Where required, action plans were developed and implemented to improve safety controls, such as enhancement to procedures, facility maintenance or upgrades, and further training.

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

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

This year, there were 8 cases of temporary hearing impairment, down from 14 last year. In response, we reinforced the correct use of hearing PPE and implemented regular hearing tests for relevant staff.

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

Injury Frequency Rate

We target to maintain our injury frequency rate below 1.50 accidents per million hours worked.

We are pleased to report a significant achievement in our unwavering commitment to workplace safety. In FY2025, our recordable injury frequency rate reached a new low of 0.68. This excellent result was accomplished alongside an increase in our total manpower, demonstrating that our safety culture and systems remain strong and effective even as we grow.

KPI	Injury frequency rate for industrial accidents			
	Target	Injury frequency rate for industrial accidents below 1.50 accidents per million hours worked*		
Performance		FY2023	FY2024	FY2025
		0.93	0.80	0.68

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

COMMUNICATIONS AND ENGAGEMENTS WITH EMPLOYEES

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

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

We view the outcome of the employee engagements as valuable insights which we take into consideration in decision-making. For instance, our materiality assessment and human capital strategies incorporate insights obtained from our employee engagement for better alignment.

In addition, prior to implementing substantial operational changes that could impact employees significantly, we ensure timely and transparent communication. Where deemed necessary and appropriate, we engage in consultation with employees for significant decisions.

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

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



Grievance Mechanisms

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

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

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

EMPLOYEE WELFARE

Our talent attraction and retention strategies are underpinned by a commitment to employee well-being. We offer competitive compensation and benefit packages that are benchmarked against industry standards and evolving market conditions. In addition to statutory benefits such as medical insurance, social security coverage, we provide additional insurance coverage and welfare programs designed to support the holistic livelihood of our employees.

These key compensation and benefits are summarised as follows:

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

These employee welfare and benefits further support our objective to cultivate a supportive work environment, through offering career satisfaction, fair remuneration, work-life balance, and ongoing personal and professional development.

At our operating sites, we have services, facilities, and amenities including universally accessible car parks for individuals with disabilities, dedicated mother’s rooms, recreation and sport facilities, and ample resting areas including dedicated spaces for female employees. The operating sites also hold sport and recreation programs from time to time to ensure employees engage in active lifestyles and work-life balance. The recently completed Gopeng Plant is also equipped with bicycle lanes and walkways to provide a “walkable” and low-carbon factory compound.

Employee welfare and benefits related topics also form part of the Group’s employee engagement topics to gain insight into employees’ needs and how the Group is able to support them.

FACILITIES AND PRIVILEGES

Unisem Malaysia

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

Unisem Chengdu

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

SPORTS & RECREATION

List of Activities / Event Organised

Unisem Malaysia

- Chinese New Year celebration - Lion Dance
- Perak Association For Intellectually Disabled (“PAFID”) Food Fair and Charity Run
- Inter-department activities - Bowling Competition, Archery Competition, contest on Ketupat Braiding
- Hari Raya Celebration - Let’s Eat Lemang
- Deepavali Celebration
- Christmas Celebration

Unisem Chengdu

- Inter-department activities - Flower Arrangement, Work Safety Month Campaign, and Mosaic Candle Holder Making Workshop
- Sports Day
- Quality Month Campaign Annually Appreciation Dinner
- Technical Improvement Commendation Conference Smart Manufacturing Contest
- Joyful Wellness Running Activity

EMPLOYEE DEVELOPMENT

The development of talents, skills, and experience is significant to the success of the Group’s strategic priorities and long-term objectives. Amongst the key qualities include the abilities and skillsets to optimise operational efficiency, manage relationships with business partners, innovate and keep up with the industry and the market. Comprehensive and ongoing employee development and training programs continued to be one of Unisem’s key focuses in human capital management.

In addition to key skills and ability training, we also provide training for employees to equip them with the requisite skills and knowledge to effectively fulfil their roles and responsibilities. Management and supervisory level personnel are also provided with training that aims to enhance their capabilities in managing people and teams, addressing complex workplace issues, and their leadership skills.

Our employee training strategy also includes nurturing new talents to support the business’ longer-term talent and skill requirements, as well as supporting the career and professional development of our employees. We are supportive of each employee’s holistic personal and professional development.

At Unisem, our training programs encompass both technical and non-technical aspects, including training that focuses on functional competencies, professional needs, operational job requirements, industry demands, and the development of essential interpersonal, team, and leadership skills, amongst others.

In line with the Group's CSR Policy and alignment with the values of the RBA Code of Conduct, our training program also incorporates environmental and social topics such as carbon emissions, human rights, ethics, and labour practices. Awareness of these topics are increasingly important as these considerations are integrated into business operations and the supply chain, particularly in the semiconductor industry. We also aim to develop an ethical, environmentally, and socially conscious workforce, beyond technical proficiency.

Training Assessment Needs

The Group's employee training program is developed to address training needs which are identified through collaborative efforts between the Training Department and the heads of relevant departments. The training needs assessment takes into consideration the Group's overall strategic priorities, business and operation needs, industry trends, the performance of the Group, functions, and individuals, and the individual's career aspirations.

We derive these considerations from our various employee engagement activities such as annual performance appraisals for all employees and informal discussions with employees as well as business performance reviews and Management meetings to ensure our training program facilitates a holistic development of our workforce. Training schedules are developed and reviewed annually and monitored for implementation.

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

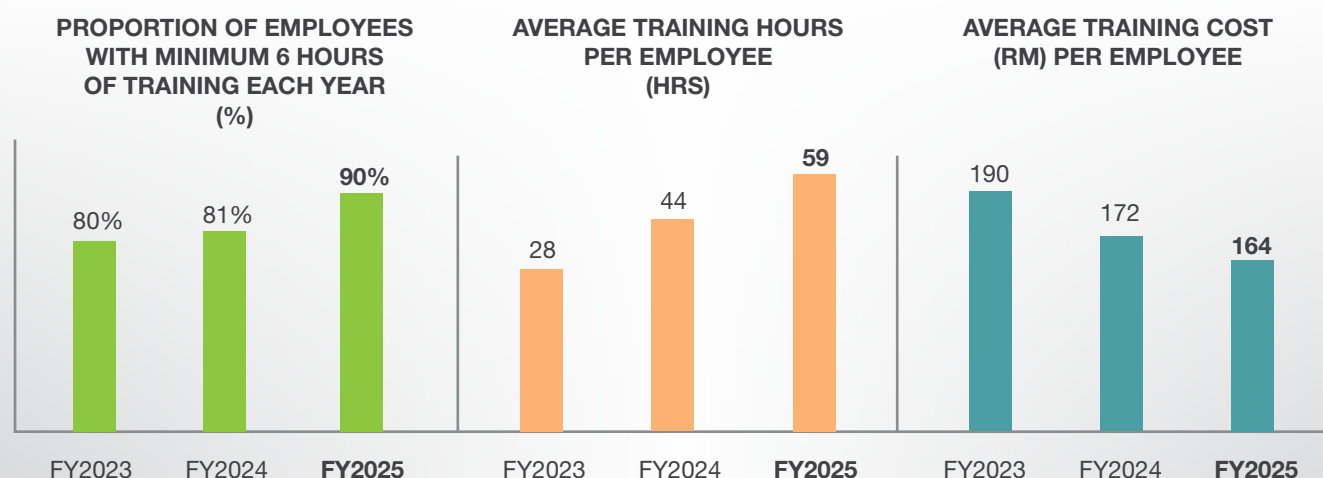
Total number of training hours – by employee category	FY2023	FY2024	FY2025
Senior Management and Management	4,071	4,008	3,814
Executives	30,050	33,945	43,683
Non-Executives	44,181	73,275	109,129
Operators	83,214*	169,593	263,284

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

We have set a target to provide at least 6 hours of training to at least 75% of our employees in the positions of Non-Executives and above. We are pleased to report a three-year record high in our employee engagement, which reached 90.4%. This result reflects a strong, committed, and aligned workforce. This investment in skills is designed to enhance individual capability and strengthen our overall organisational performance.

	FY2023	FY2024	FY2025
Percentage of employees achieving minimum 6 training hours	79.5%	81.2%	90.4%

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



Overall, we recorded a total of 419,910 training hours in FY2025 breakdown as follows:

Average training hour per employee - by employee category	FY2023	FY2024	FY2025
Senior Management	3.31	17.41	15.27
Management	45.30	35.26	31.14
Executives	35.27	37.72	45.46
Non-Executives	22.74	35.61	48.70
Operators	23.39	50.79	69.16

Average training hour per employee - by gender	FY2023	FY2024	FY2025
Male	38.32	46.60	67.63
Female	22.36	41.08	51.10
Total training hours	161,516	280,821	419,910
Total man-hours worked	13,975,392	15,025,614	16,281,855

Training programs and topics

The following table summarises the types of training programs we provided to employees in FY2025:

Types of Training Programmes	Description of Training
New Employee Program	To familiarise new employees with all aspects of the business, including operations, strategies and expectations. This programme also includes quality, environmental, health and safety awareness as well as our expectations for ethical conduct.
Quality Courses	Focusing on the need to build quality and reliable products and subsequently on-time delivery to customers.
Technical Courses	Keeping abreast with the latest, state-of-the-art equipment and methodologies.
Employee Rights and Remuneration Strategies	Ensuring relevant personnel are well-informed on the amendments to the Employment Act 1955 and the associated rights of employees, and talent retention strategies through remuneration packages.
Safety and Health	Complying with legal and occupational regulations and workplace safety and health
Environmental and Climate Change	Heightening awareness and caring for the environment to make our surroundings a better place to live-in. Includes understanding science-based target approach to manage climate change risks and carbon reporting.
Ethics, Anti-Corruption & Disciplinary	Educating employees on our COE, anti-corruption and disciplinary measures.
Soft Skills - Motivational/ Leadership/Supervisory	Development of leadership skills and personal effectiveness of our staff to better manage the complex and diverse people management challenges.
Statistical - Design of Experiment, Statistical Process Control, Statistical Method etc	Performing statistical techniques and analysis to promote engineering excellence in process and product development for engineering staff.
IT Courses - Network Security, Programming	Continuous enhancement of IT security platforms and systems.
Specific Requirements (e.g. RBA/TS16949/ ISO14001/ISO45001/SST/ X-Ray/HC080000 etc.)	Catering to the needs of customers, regulatory agency/government and international standards. Includes updates pertaining to the RBA Code of Conduct and updated requirements.

MEASURING EMPLOYEES' SATISFACTION

Employee Climate Survey ("Survey")

One of the Group's key employee engagement objective is to understand employees and seek their feedback on whether their expectations with regard to our working environment and relationships are met. Both formal and informal channels are established for this purpose. We also actively encourage employees to provide constructive feedback and suggestions to enhance the Group's working environment, operations, and relationship with employees.

The Group's Employee Climate Survey is conducted in both Unisem Malaysia and Unisem Chengdu, respectively, as a platform for employees to assess the Group and to express their views, including in the aspects of Management's leadership, job satisfaction, career development, employee welfare and benefits, and communication effectiveness. The Employee Climate Survey is carried out annually.

Based on the outcome of the survey, we analyse and determine areas where we have performed well, as well as areas requiring improvement, which are accompanied by enhancement plans and implemented and monitored by the respective personnel-in-charge. The survey outcomes are also shared with the site COO and the relevant Management personnel such as heads of functions and departments will be informed.

Last year, a series of targeted improvements were rolled out to boost employee morale, focusing on areas such as canteen offerings and reward systems. These efforts have brought our FY2025 employee satisfaction score to 3.76, placing us within close reach of our 3.80 target (out of 5.0). We are committed to building on this progress and will take further action to meet the target.

KPI	Employee Climate Survey		
	To achieve employee satisfaction score of >3.80 out of 5.0		
	FY2023	FY2024	FY2025
Target			
Performance	3.75	3.65	3.76

New Hire and Retention

Availability and stability of workforce continues to be an ongoing challenge to the industry, as well as the business. In alignment with our strategic priorities, the Gopeng Plant is designed to operate with greater efficiency, reducing reliance on manpower and associated costs. The Group also continued to review its production processes, streamline workforce allocation, and invest in automation technologies. Nonetheless, ongoing efforts continued to be placed in manpower management.

In addition to action plans to improve employee satisfaction, we continued to carry out active hiring and strengthen employee retention efforts.

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

Employee Category	FY2023	FY2024	FY2025
Senior Management and Management	18	9	19
Executives	83	67	81
Non-Executives	303	248	254
Operators	908	1,116	1,181
Total	1,312	1,440	1,535

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

FY2025	< 30 years old	30 - 50 years old	> 50 years old	Male	Female	Total
New Hire Headcount (New Hire Rate)*						
Unisem Malaysia	599 (84.0%)	104 (14.6%)	10 (1.4%)	283 (39.7%)	430 (60.3%)	713 (21.2%)
Unisem Chengdu	1,871 (78.2%)	518 (21.6%)	4 (0.2%)	1,172 (49.0%)	1,221 (51.0%)	2,393 (63.1%)
Turnover Headcount (Turnover Rate)*						
Unisem Malaysia	393 (70.3%)	129 (23.1%)	37 (6.6%)	184 (32.9%)	375 (67.1%)	559 (16.6%)
Unisem Chengdu	1,395 (77.0%)	407 (22.5%)	10 (0.5%)	958 (52.9%)	854 (47.1%)	1,812 (47.8%)

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

For historical data of new hire headcount (new hire rate), refer to the “**Other Sustainability Data and References**” section.

KPI		Annual Turnover Rates		
Target*	Unisem Malaysia	Annual turnover rate below 25%		
	Unisem Chengdu	Annual turnover rate below 45%		
Performance		FY2023	FY2024	FY2025
	Unisem Malaysia	14.0%	14.5%	16.6%
	Unisem Chengdu	33.2%	30.2%	47.8%

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

The company recorded an increase in its overall staff turnover rate for FY2025, reflecting dynamic labour market conditions and the competitive nature of talent retention across our industry and operating regions. This outcome was driven by a rise in the turnover rate at Unisem Chengdu to 47.8%, which exceeded its target of below 45%, offsetting the achievement of our target to keep turnover below 25% in Unisem Malaysia.

We are proactively addressing this trend through a renewed focus on our core human capital strategies. This includes reviewing our compensation frameworks, enhancing career progression pathways, and optimising workplace policies to ensure we remain an employer of choice.

In FY2025, 853 employees received Unisem’s long service awards which are awarded to employees upon their milestone anniversaries - the 5th, 10th, 15th, 20th, 25th, and 30th years of service.

We continue to with our employees to create a supportive and fulfilling working environment, as well as carrying out our duties as a responsible employer. We are also proud to highlight that, since inception, we have not had a single retrenchment exercise.

LOCAL COMMUNITIES

Both Unisem Malaysia and Unisem Chengdu operate within local industrial parks, with Unisem Malaysia having residential developments in proximity to the industrial park and our facilities. In defining our “local community” we extend our consideration beyond immediate surroundings to encompass the broader local economy and communities at the state and national levels.

We believe that it is important to maintain a positive relationship with the surrounding communities, and thus we adopt a local community engagement approach and framework that are guided by the following objectives:

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

We have designated personnel serving as contact points and established grievance channels that are easily accessible to the local community as a platform to raise concerns and feedback.

These channels and initiatives underscores our commitment to maintaining open lines of communication with our local community. They are important communication tool for addressing arising issues and the development of positive and mutually beneficial relationship with the local community.

Youth Development

Our trainee programs have become increasingly relevant to the Group’s business strategy, which aims to focus on developing talents and skills, for the industry as well as our business.

We collaborate with local universities and polytechnic institutions for our trainee programs. In addition to providing opportunities to young talents to gain experience and cultivate interest in our industry, we also take the opportunity to identify the talents and skills with the potential to support and contribute to the business in the longer term.

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

In addition, we also carry out the Graduate Engineer Program which was first introduced in 2023 to recruit fresh graduates from local universities and putting them through a series of functional and process rotation from operators to engineering and cross functional roles. The program allows our new recruits to gain holistic understanding of operations and the relevant challenges, while enabling a more comprehensive career development. All graduate engineers are assigned experienced and competent mentors to guide them throughout the program.

In FY2025, 133 trainees participated in Unisem Group’s internship program, where 27 individuals were offered full-time employment subsequent to the completion of their program. In addition, we recruited 14 graduate engineers through the Graduate Engineer Program during the year.

Contribution to Society

We acknowledge our corporate responsibility to support and uplift the local communities, especially those vulnerable and in need. We place priority in the promotion of education, safety and health, civic activities, sports and recreation, and this focus is subject to annual review considering alignment with the evolving community needs and considering the engagement outcomes of the Group’s initiatives. The Group’s motto - **“WE CARE, WE CAN”** further extends to our corporate responsibility beliefs and is incorporated in the Group’s overall community contribution directions.

The Group’s community contribution initiatives are carried out in various forms including monetary contribution, donation of goods, and employee volunteerism. We encourage diverse modes of contribution, including employee volunteerism, as we believe in the promotion of togetherness in society and the development of empathy and mutual support.

A CSR Event Calendar is developed to plan our annual CSR events in accordance with the community investment strategy. These include our month CSR activities, ESG sharing or briefing sessions including topics on ethics, compliance, and safety, health talks, and Earth Day participation, amongst others.

In Malaysia, we have a “Charity Corner” initiatives that continued to be carried out to encourage employees’ contribution of items, where the daily necessity required by the local community is listed on a dedicated corner and employees will volunteer to purchase any of the listed items.

Held on 15 December 2025 with the Perak Traffic Police (“PDRM”), our Road Safety & Awareness Program was a resounding success. From engaging talks by PDRM and Social Security Organisation (“SOCSO”) to the crowd-favourite Motorcycle Gimmick Show, it was a day of impactful learning. We were honoured to have the Chief Police Officer of Perak grace the event alongside our leadership. Together, we’re building a safer community.

Some of the community events carried out during FY2025 include donations and goods to support vulnerable communities including orphanages, homes for people and children with disabilities, homes for the elderly, schools, and sports events.

This year, we deepened our commitment to social responsibility through a major outreach initiative supporting 17 charitable organisations across Ipoh. This achievement marks a significant increase from our initial target of 12 events. With a combined contribution of RM76,000 from the company and our employees, we provided essential aid and hands-on support to hundreds of beneficiaries, including children, the elderly, and individuals with special needs. Our team volunteered their time for activities, workshops, and facility improvements at various homes and care centres, strengthening our bonds with the local community and making a tangible, positive impact in Perak. In FY2025, we contributed approximately RM76,000 in various forms of contribution for 516 beneficiaries. In addition, our employee contributed about 2,902 hours in participants’ volunteering hours in our community support activities.

KPI Target	Contribution to Society and Communities		
	To continue our contribution and deliver CSR support, targeting a minimum of 12 events		
	FY2023	FY2024	FY2025
Performance	12	12	17

	FY2023	FY2024	FY2025
Total amount invested where the target beneficiaries are external to Unisem (MYR'000)	80	1,118	76
Total number of beneficiaries of the investment in communities	26*	666*	516

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

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



Relevant Sustainability Matters

M5
Energy

M10
GHG Emissions

M12
Waste and pollution management

M14
Water Management

M15
Climate resilience

Relevant SDGs:



Sustainability Performance Highlights

- Missed our target of 15% reduction in GHG emission intensity - FY2025: 3.0% reduction
- Missed our target of 10% reduction in energy intensity - FY2025: 2.8% increased
- Exceeded our target of 80% reduction in water consumption intensity by 82% reduction
- Recycled 65% of hazardous waste compared to a target of 55%
- Compliant with air emissions laws and regulations
- Compliant with effluents and wastewater discharge regulations

OUR ENVIRONMENTAL MANAGEMENT APPROACH

The Group’s environmental management practices are guided by an Environmental Policy outlining our commitment to the conservation of natural resources, energy efficiency, environmental pollution reduction, proper handling of hazardous substances, and initiatives for recycling and reuse. It serves as a principal guidance for the environmental management and operations of all sites, in alignment with the RBA Code of Conduct. All the Group’s production sites are certified with ISO14001:2015 Environmental Management System and are subject to regular independent audits, including SAQ, VAP, customer audits, and internal audits.

We are committed to complying with the environmental standards and maintaining and pursuing improvements in our environmental management efforts. Unisem fully acknowledges its responsibility to properly manage waste to minimise the negative impacts to the environment and the detrimental effects on air, water, and soil quality as well as risks of hazardous material exposure to employees and the surrounding communities.

The site’s environmental management and performance are overseen by the respective Environmental Working Committee, including compliance with environmental laws, regulations, codes, standards, and overall alignment with Unisem’s commitments. Environmental performance is assessed by the Site Working Committees (“SWCs”) and reported annually to the Board through the ESG Committee.

See how we are assessed for environmental impacts. [Click here](#) or go to page 114 for Our RBA Obligations.

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

See how we manage our supply chain. Click [here](#) or go to page 116 for Supply Chain Management.

Addressing Climate Change

The Group acknowledges that, in relation to climate change, businesses need to safeguard and develop the resilience of their business to become sustainable; on the other hand, businesses also have the responsibility to work towards combating climate change.

This year, Unisem continued to enhance its assessment of climate-related financial impact to analyse the Group’s business resilience in the context of different possible climate scenarios in the future. These efforts also form part of the Group’s alignment with the IFRS S2 climate-related disclosures required by the MMLR.

See our climate-related financial disclosures. Refer to page 76 for Climate-related Financial Disclosures.

Unisem is supportive of the Paris Agreement’s objective to limit well below 2°C above pre-industrial levels and to limit the temperature increase to 1.5°C above pre-industrial levels, as well as the commitment of Malaysia to achieve net zero by 2050. In alignment with these aspirations, the Group formalised its Net Zero by 2050 through the establishment of the Group’s Climate Change Commitment Statement. The Net Zero target applies to absolute, net Scope 1 and Scope 2 emissions of the Group, including all subsidiaries, and covers all 7 GHGs referred to in the GHG protocol, i.e. CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. The Group aims to reduce direct and indirect emissions intensity in the medium term and aims to reduce absolute emissions in the long term. We may also consider using carbon credits to offset residual emissions to achieve the Net Zero target.

Unisem Group has established a Climate Change Commitment Statement to outline our commitment to achieving Net Zero by 2050, actively working to reduce our direct and indirect emission intensity in the medium term, with the ambition of reducing absolute emissions in the long term.

The Group’s approaches to managing its climate goals are multi-faceted and are summarised as follows:

Key Aspect	Description
Environmental Stewardship	Unisem’s commitment to responsible resource utilisation, energy efficiency, pollution mitigation, and hazardous substance management. Full certification of operational sites with ISO14001:2015 and alignment with RBA Code of Conduct.
Climate Change Commitment	Acknowledgment of the importance of addressing climate change. A commitment to achieving carbon neutrality by 2050, with active plans to reduce direct and indirect emission intensity.
Renewable Energy Integration	Exploration of avenues for transitioning to a low-carbon energy supply, including on-site renewable energy and collaboration with ecosystem partners.
Energy Efficiency and Conservation	Implementation of energy-efficient technologies across operations, including efficient cooling, lighting, solar power, ventilation systems, and continuous improvement in energy intensity metrics.

Key Aspect	Description
Sustainable Supply Chain Management	Collaboration with suppliers to encourage sustainable practices, prioritising those with strong environmental commitments. Efforts to minimise the environmental impact of collective operations.
Water Stewardship	Continuous exploration of innovative technologies to reduce emissions and enhance energy efficiency. Partnerships with service providers and organisations for the deployment of climate-friendly technologies.
Employee Engagement and Education	Employee education and training on climate change, sustainability, and their role in achieving climate goals. Opportunities for employees to contribute ideas and expertise to sustainability initiatives.
Transparency and Reporting	Commitment to transparent reporting of progress towards climate goals, including relevant indicators for stakeholders and adherence to evolving regulatory recommendations.

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

Any violations or breaches can be reported via the WBEC Policy. We are pleased to report that there were no significant cases of non-compliance with environmental laws or regulations or fines in FY2025.

Unisem Group's Environmental Roadmap

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

The Environmental Roadmap focuses on the following objectives:

1. Enhancement of awareness and education of stakeholders on environmental compliance;
2. Identification of continuous improvement projects in the reduction of industrial waste and water management;
3. Climate change - achieving Net Zero by 2050; and
4. Compliance with environmental regulatory and international standards.

Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		FY2023	FY2024	FY2025	FY2026	FY2027
Climate Change	Energy Saving Program (Scope 2 emission)	Assessment for Green Building Certification in Malaysia – Simpang Pulai Plant	Obtain Green Building Certification in Malaysia - Gopeng Plant	Obtain Green Building Certification in Malaysia - Simpang Pulai Plant	N/A	N/A
		Reduction in energy intensity by 5% against 2020 baseline	Reduction in energy intensity by 10% against 2020 baseline	Reduction in energy intensity by 10% against 2020 baseline	Reduction in energy intensity by 15% against 2020 baseline	Reduction in energy intensity by 15% against 2020 baseline
		Reduction in GHG intensity by 5% against 2020 baseline	Reduction in GHG intensity by 10% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline
		Replacement of old chilled water management system to energy saving system in Simpang Pulai Plant, Malaysia. (Improve HVAC)	Replacement of old chilled water management system to energy saving system in Simpang Pulai Plant, Malaysia. (Improve HVAC)	N/A	N/A	N/A
		Improve HVAC chilled water system COP (Coefficient of performance) by retrofitting old chiller set up c/w incorporating control algorithm to ensure chillers operates at optimum efficiency in Chengdu Plant, China.	Improve HVAC chilled water system COP (Coefficient of performance) by retrofitting old chiller set up c/w incorporating control algorithm to ensure chillers operates at optimum efficiency in Chengdu Plant, China.	NA	N/A	N/A

		Unisem Environmental Roadmap (5-year Plan)				
Initiatives	Programs	FY2023	FY2024	FY2025	FY2026	FY2027
Climate Change	Energy Saving Program (Scope 2 emission)	NA	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 1	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 2	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 3	N/A
		NA	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 1 to improve the system efficiency and eliminate distribution pressure losses.	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 2 to improve the system efficiency and eliminate distribution pressure losses.	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 3 to improve the system efficiency and eliminate distribution pressure losses.	N/A
		Installation of solar streetlight at employees' car park - Simpang Pulai plant, Malaysia	Installation of solar energy harvesting system for main guard house in Simpang Pulai plant, Malaysia.	Installation of solar streetlight at perimeter road - Simpang Pulai plant, Malaysia.	NA	N/A
		N/A	Installation of solar energy harvesting system in Malaysia - Gopeng Plant Phase 1	NA	NA	N/A
		Air Emission	Compliance with Air Emission Standard	Compliance with Air Emission Standard	Compliance with Air Emission Standard	Compliance with Air Emission Standard

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	FY2023	FY2024	FY2025	FY2026	FY2027
Water Management		N/A	Implement Reverse Osmosis System for De-ionized and chilled water – Simpang Pulai Plant Phase 1, Malaysia	Implement Reverse Osmosis System for Delonized and chilled water – Simpang Pulai Plant Phase 2, Malaysia	Upgrade compressed air network pipeline at Simpang Pulai Plant Phase 3, Malaysia to improve the system efficiency and eliminate distribution pressure losses.	N/A
		Reduction in Water Consumption Intensity by 5% against 2020 baseline	Reduction in Water Consumption Intensity by 10% against 2020 baseline	Reduction in Water Consumption Intensity by 80% against 2020 baseline	Reduction in Water Consumption Intensity by 80% against 2020 baseline	Reduction in Water Consumption Intensity by 80% against 2020 baseline
	3R Programs - Reuse, Reduce & Recycle		To recycle sawing water for cooling tower usage - Chengdu Plant Phase 1, China	To recycle sawing water for cooling tower usage - Chengdu Plant Phase 2, China	To recycle sawing water for cooling tower usage - Chengdu Plant Phase 3, China	N/A
		N/A	Rainwater harvesting system for process cooling tower in - Gopeng Plant Phase 1, Malaysia.	Rainwater harvesting system for process cooling tower - Simpang Pulai Plant Phase 1, Malaysia.	Rainwater harvesting system for process cooling tower - Simpang Pulai Plant Phase 2, Malaysia	Rainwater harvesting system for process cooling tower - Simpang Pulai Plant Phase 3, Malaysia.
Industrial Waste Reduction		Hazardous Waste recycling 52%	Hazardous Waste recycling 52%	Hazardous Waste recycling 55%	Hazardous Waste recycling 60%	Hazardous Waste recycling 60%
	3R Programs - Reuse, Reduce & Recycle	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 65%	Non-Hazardous Waste recycling 70%
	Effluent Waste Management	Compliance with Industrial Effluent Standard				

Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		FY2023	FY2024	FY2025	FY2026	FY2027
	Certification in environmental-related competencies	Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant				
		ISO14001, ISO45001 & QC080000 awareness and legal compliance register				
Education / Development Awareness / Certification	Heighten Awareness of employees & stakeholders on Environmental Matters & Management	N/A	Training for Internal Auditors on Environmental Matters & Management Compliance	N/A	Training for Internal Auditors on Environmental Matters & Management Compliance	N/A
		Training on environmental-related subjects for Board, employees and related stakeholders				
Compliance with Standards/Product Stewardship	Compliance and Declaration on Green requirements (e.g.: RoHS, REACH and other customer requirements) and continuous improvement in order to promote environmentally friendly products	ISO14001, ISO45001, QC080000 & ISO 14064 Certification Sony Green Partner RBA Compliance Customer Compliance QBR				

ENERGY MANAGEMENT, CLIMATE CHANGE, AND AIR EMISSIONS

The reduction of energy intensity and emissions intensity represent the Group's key focus areas in addressing climate change. The management of the Group's energy intensity and emissions intensity directly impacts the Group's cost-competitiveness, and it also prepares the Group for a gradual but expected transition to a lower carbon economy, in line with current overall government policies.

In terms of energy, electricity is our primary source of energy and is also a significant contributor to the Group's Scope 2 Emissions. Electricity cost also has a notable significance to our profit margins.

Overall, the Group focuses on pursuing energy efficiency through ongoing assessment, maintenance, and upgrades of our equipment and lighting systems. We also have invested in heat recovery systems and control systems to optimise our energy use.

During FY2025, we carried out an assessment to analyse the energy efficiency of our equipment in the Simpang Pulai Plant and, based on the outcome. We initiated a series of action plans to replace older equipment as well as redesigning the layout of certain processes as part of our strategic plan to develop the Simpang Pulai site to become a Centre of Excellence.

The Group has planned investments into initiatives intended to elevate the Simpang Pulai site's energy efficiency through the streamlining of functions and retrofitting of equipment. Concurrently, efforts are focused on boosting production activities at the Gopeng Plant, a facility designed for efficient operation.

At Unisem Chengdu, we also continued to retrofit older, less efficient equipment such as air cabinet, cooling tower, and compressors and dryers.

Unisem Malaysia, Gopeng Plant has been awarded the Green Building Certificate with Silver Status, issued by GreenRE. Our production operations incorporate the use of renewable energy in different ways. In Unisem Chengdu, we have chosen to purchase electricity derived from a higher percentage of renewable sources, which essentially contributes to a lower market-based Scope 2 emissions compared to other power providers. In Unisem Malaysia, our Gopeng Plant is designed with extensive PV power generation system which is expected to reduce our reliance on non-renewable energy.

Energy Consumption and Energy Intensity

In Unisem Group, energy consumption primarily involves:

- **Diesel and Petrol** - mainly used in company vehicles and fleet (e.g. forklifts and company cars);
- **Natural Gas** - used in boilers and generator sets;
- **Liquified Petroleum Gas** - used in the kitchen for meal preparation;
- **Purchased Electricity** - constituting more than 95% of the Group's energy consumption and GHG emissions. Electricity for Unisem Chengdu is supplied under a renewable energy contract with an electricity company in China, where approximately 40% of electricity purchased is derived from renewable energy.

The Group does not engage in the sale of electricity, heating, cooling, or steam. The Group's energy consumption is summarised as follows:

Annual energy consumption	FY2023 (GJ)	FY2024 (GJ)	FY2025 (GJ)
Energy source			
Liquid Petroleum Gas ("LPG")	942	1,140	1,425
Diesel	347	446	448
Petrol	2,775	1,966	2,628
Natural Gas	24,198	20,861	40,718
Purchased Electricity	746,038	783,217	925,125
Total Energy Consumed	774,301	807,630	970,344
Breakdown by operating site:			
Unisem Malaysia	427,158	414,895	496,531
Unisem Singapore	N/A	N/A	14
Unisem Chengdu	347,143	392,735	473,799

Annual energy consumption	FY2023 (GJ)		FY2024 (GJ)		FY2025 (GJ)	
Breakdown by type of energy:						
Renewable Energy	189,884	25%	196,858	24%	184,250	19%
Non-Renewable Energy	584,417	75%	610,772	76%	786,094	81%

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

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

	FY2020	FY2023	FY2024	FY2025
FY2025 Target				10% reduction in energy consumption intensity
Energy Consumption Intensity* (GJ/USD'000 Sales)	2.15	2.45	2.32	2.21
Reduction against FY2020**	baseline	13.7% increase	7.9% increase	2.8% increase

Note:

* Energy consumption intensity for the Unisem Group, including all subsidiaries

** FY2020 is selected as a base year, in alignment with the base year for the 5-year Environmental Roadmap for FY2023-FY2027.

During the reporting period, we significantly expanded our production capacity to meet growing demand through the commissioning of a new plant and the extension of our primary production floor. While this expansion drove a 20.1% increase in total energy consumption, a result of higher overall output and the inherent energy demands of older facility equipment, we achieved a notable improvement in our energy consumption intensity. As we integrate new operations, enhancing energy efficiency across both our modern and legacy assets remains a central focus of our operational strategy. The Group is in the process of developing a performance measurement approach, including a review of base years, that better reflects the Group's operation particularly the addition of the Gopeng Plant.

GHG Emissions and GHG Emission Intensity

In line with our climate change commitments, Unisem continues to strengthen the quality and transparency of its GHG emissions reporting. Beyond demonstrating our contribution to global climate action, robust emission disclosure has increasingly become a compliance expectation and a key indication of long-term business resilience and sustainability.

This year, we expanded our reporting scope to include Category 2: Capital Goods, in our emissions reporting. Unisem Group's FY2025 GHG emissions reporting covers the following:

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

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The Group is also including the emissions from the office operations of Unisem Singapore this year. Due to the much smaller scale of operation of Unisem Singapore, it contributed only 1.64 tonnes CO₂e to the Group in the form Scope 2 emissions via purchased electricity.

Emissions reported are mainly arising from the consumption of energy and electricity and include CO₂, CH₄, and N₂O. Our measurement approach aligns with the GHG Protocol, incorporating relevant tools and Global Warming Potential (“GWP”) values from the 2014 IPCC Fifth Assessment Report.

('000 tCO ₂ e)	FY2023	FY2024	FY2025
Direct (Scope 1) GHG emissions			
Unisem Malaysia	0.5	2.6	1.7
Unisem Singapore	N/A	N/A	0.0
Unisem Chengdu	1.9	2.1	3.3
Total Direct (Scope 1) GHG emissions	2.4	4.7	5.0
Indirect (Scope 2) GHG emissions (Market Based)			
Unisem Malaysia	67.4	65.4	103.6
Unisem Singapore	N/A	N/A	0.0
Unisem Chengdu	49.2	56.9	64.7
Total Indirect (Scope 2) GHG emissions (Market Based)	116.6	122.3	168.3
Indirect (Scope 2) GHG emissions (Location Based)			
Unisem Malaysia	92.9	88.5	80.8
Unisem Singapore	N/A	N/A	0.0
Unisem Chengdu	47.0	55.7	70.4
Total Indirect (Scope 2) GHG emissions (Location Based)	139.9	144.2	151.2
Direct and Indirect (Scope 1 and Scope 2) GHG emissions			
Unisem Malaysia	67.9	68.0	105.3
Unisem Singapore	N/A	N/A	0.0
Unisem Chengdu	51.1	59.0	68.0
Total Direct and Indirect (Scope 1 and Scope 2) GHG emissions	119.0	127.0	173.3

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('000 tCO _{2e})	FY2023	FY2024	FY2025
Total Indirect GHG emissions (Scope 3)			
Unisem Malaysia - Category 1 - Purchase of Goods and Services	N/A	13.2	15.4
Unisem Malaysia - Category 2 - Capital Goods	N/A	N/A	7.7
Unisem Malaysia - Category 4 - Upstream Transportation and Distribution	0.1	0.3	0.4
Unisem Malaysia - Category 6 - Business Travel	N/A	0.1	0.1
Unisem Malaysia - Category 7 - Employee Commuting	0.2	0.1	0.1
Unisem Chengdu - Category 1 - Purchase of Goods and Services	N/A	19.5	28.1
Unisem Chengdu - Category 2 - Capital Goods	N/A	N/A	13.1
Unisem Chengdu - Category 4 - Upstream Transportation and Distribution	N/A	0.5	0.8
Unisem Chengdu - Category 6 - Business Travel	N/A	N/A	N/A
Unisem Chengdu - Category 7 - Employee Commuting	N/A	N/A	N/A
Total Indirect GHG emissions (Scope 3)	0.3	33.7	65.7
Total GHG emissions (Scope 1, 2 & 3)			
Unisem Malaysia	68.2	81.7	128.9
Unisem Singapore	N/A	N/A	0.0
Unisem Chengdu	51.1	79.0	110.1
Total GHG emissions (Scope 1, 2 & 3)	119.3	160.7	239.0

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

	FY2020	FY2023	FY2024	FY2025
FY2025 Target				15% reduction on GHG Emission Intensity
GHG Emissions Intensity*/** (tCO _{2e} /USD'000 Sales)	0.407	0.376	0.365	0.395
Reduction against FY2020***	baseline	8% reduction	10% reduction	3% reduction

Note:

* GHG emission intensity for the Unisem Group, including all subsidiaries

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

*** FY2020 is selected as a base year, in alignment with the base year for the 5-year Environmental Roadmap for FY2023-FY2027.

We fell short of our 15% reduction target for Scope 1 & 2 emissions intensity due to two key factors in FY2025. The operational startup of our new plant increased our direct emissions, while a decrease in our procurement of hydro-sourced renewable energy raised the GHG emission intensity of our purchased electricity.

Other Air Emissions

Relevant laws, regulations, and the RBA Code of Conduct also govern various other air emissions including volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals, and combustion by-products generated from operations. Unisem has systems and processes to monitor and manage these emissions.

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

KPI & Target	FY2023	FY2024	FY2025
Compliance with Air Emission Laws and Regulations			
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

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

Types of air pollutant	Unit	Local Regulations and/or Standards	FY2023	FY2024	FY2025
Unisem Malaysia (based on Malaysian Laws, Regulations and Guidelines)					
Nitric acid	mg/Nm ³	30	0	0	0
Sulphuric acid	mg/m ³	5	0.1	0.02	0.01
Hydrochloric acid	mg/Nm ³	5	0	0	0.6
Hydrogen sulfide	mg/Nm ³	5	0	3.8	0.2
Oxides of nitrogen	mg/Nm ³	0.6	0.3	0	0
Sulphur dioxide	mg/Nm ³	30	1.7	0	0
Solid particles	mg/Nm ³	5	0	0	0
Particulate concentration	mg/m ³	80.0	5.3	1.61	18.8

Types of air pollutant	Unit	Local Regulations and/or Standards	FY2023	FY2024	FY2025
Unisem Chengdu (based on Chinese Laws, Regulations and Guidelines)					
Volatile organic compounds (VOCs)	mg/m ³	60.0	1.6	1.4	1.7
Sulphur oxides (SO _x)	mg/m ³	45.0	2.0	3.0	2.4
Sulphur dioxide (SO ₂)	mg/m ³	50.0	7.2	2.5	2.1
Nitrous oxides (Nox)	mg/m ³	150.0	25.6	16.8	15.6
Hydrogen fluoride (HF)	mg/m ³	9.0	0	0	0

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

MANAGING WASTE AND EFFLUENTS

We are committed to properly manage waste and minimise the negative impacts to the environment and ensure workplace safety and health.

We focus our efforts on optimising material use, minimising waste generation, and reducing landfill disposal, in alignment with our strategic priority to achieve operational excellence through building comprehensive and responsible materials management and handling.

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

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

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

The Group’s selection of waste contractors incorporates consideration of their capability to achieve high recovery or recycling rates. To further ensure compliance, waste contractors are subject to assessments, including Supplier Assessment Questionnaires (“SAQ”) and Validated Audit Process (“VAP”).

Our operations are also subject to internal audits, assessing the adequacy and effectiveness of Unisem’s environmental management systems, with findings reported to the Board.

Hazardous Waste and Recycling

Unisem has established policies and procedures to ensure the safe handling and disposal of hazardous waste, aligning with applicable laws, regulations, and industry codes and standards. Amongst others, the controls in place include regular training for relevant employees, the use of personal protective equipment (PPE), and dedicated waste storage areas before disposal. Licensed waste contractors are engaged for the disposal of hazardous waste, and their performance is regularly assessed and reviewed.

E-waste constitutes a significant portion of hazardous waste but has good recovery value for materials such as aluminium, gold, silver, and copper. We work with licensed contractors who recover e-waste offsite and provide detailed reports on the actual recovery rates for each batch of e-waste collected. These processes and reports enables us to understand the Group's e-waste management practices along our value chain, while supporting the value chain sustainability.

In FY2025, e-waste accounted for about 29% and 12% of Unisem Malaysia and Unisem Chengdu hazardous waste, respectively, measured by weight. Our average e-waste recovery rates for both Unisem Malaysia and Unisem Chengdu are 100% during the year.

	Percentage of e-waste recovered		
	FY2023	FY2024	FY2025
Unisem Malaysia	100.0	100.0	100.0
Unisem Chengdu	100.0	100.0	100.0

In addition, Unisem Chengdu has also engaged a vendor who can process sludge to recover materials such as solvent and metals. We will continue to explore opportunities with vendors to recover or recycle our hazardous waste.

KPI	Recycling Rate of Hazardous Waste Generated*		
	To achieve 55% recycling rate of total hazardous waste generated		
Target			
Performance	FY2023 49%	FY2024 58%	FY2025 65%

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

Non-Hazardous Waste and Recovery

For non-hazardous waste management, we also place emphasis in recycling and reusing materials. Our operational non-hazardous waste primarily consists of paper, cardboard, and plastics. We practise active waste sorting and separation, and the recyclable or recoverable waste is entrusted to waste contractors for offsite recovery, with detailed reports on the actual recovery rate provided for each batch of waste handled and processed.

Our vendors also play important roles in our waste management efforts. Instead of paper reels, we use reusable plastic reels which are returned to vendors for their reuse.

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

In FY2025, 64% of non-hazardous waste generated was successfully recovered through reuse or recycling.

Summary of how waste is handled

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

	FY2023			FY2024			FY2025		
	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)
Unisem Malaysia									
Hazardous waste									
E-waste	105	105	0	99	99	0	95	95	0
Other hazardous waste	290	121	169	211	113	98	231	132	99
Total hazardous waste	395	226	169	310	212	98	326	227	99
Non-hazardous waste									
Total non-hazardous waste	508	259	249	479	214	265	552	197	355
Total waste generated	903	485	418	789	426	363	878	424	454
Unisem Chengdu									
Hazardous waste									
E-waste	48	48	0	23	23	0	31	31	0
Other hazardous waste	175	30	145	183	63	120	230	122	108
Total hazardous waste	223	78	145	206	86	120	261	153	108
Non-hazardous waste									
Total non-hazardous waste	348	169	179	824	642	182	1,077	846	231
Total waste generated	571	247	324	1,030	728	302	1,338	999	339
Unisem Malaysia & Unisem Chengdu									
Total hazardous waste	618	304	314	516	298	218	587	380	207
Total non-hazardous waste	856	428	428	1,303	856	447	1,629	1,043	586
Total waste generated	1,474	732	742	1,819	1,154	665	2,216	1,423	793

Note: * 1 MT = 1,000 kg

FY2025					
Unisem Malaysia and Unisem Chengdu		Diverted from Disposal* (MT)^		Directed to Disposal** (MT)^	
Hazardous waste	Preparation for reuse	20	Incineration	119	
	Recycling	360	Landfilling	87	
	Other recovery options	0	Other disposal operations (chemical treatment)	1	
	Total	380	Total	207	
Non-hazardous waste	Preparation for reuse	0	Incineration	0	
	Recycling	1,043	Landfilling	586	
	Other recovery options	0	Other disposal operations	0	
	Total	1,043	Total	586	
Total	1,423		793		

Note:

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

** All waste is disposed by licensed vendors offsite

^ 1 MT = 1,000 kg

For historical data of total waste generated and disposal method, refer to the “Other Sustainability Data and References” section.

WATER USE AND EFFLUENT

Our operations are water intensive and are heavily reliant on a consistent water supply for various processes in our operations, such as Process Chilled Water (“PCW”) for cooling, Ultra-Pure Water (“UPW”) for cleaning in wet-processing processes, and Deionised Water (“DI”) for cleaning and rinsing semiconductor products and components. Water is also used in offices and for general maintenance activities such as cleaning and domestic consumption.

Unisem Malaysia and Unisem Chengdu are not located in water-stressed areas. Our primary water source is municipal water and water withdrawal is not known to have any strain on municipal water supply. We maintain active engagement with the relevant municipal government agencies to stay within permissible water withdrawal limits and to stay informed about any concerns relating to water-related impacts. We are committed to responsible water management, and we strive to maintain ongoing engagement with local authorities to address any potential environmental impacts.

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

		FY2023	FY2024	FY2025
Unisem Malaysia	Water Withdrawal by source (thousand m³)			
	*^Third-party water: Municipal water	1,860	1,945	2,199
	Water Discharge by destination (thousand m³)			
	^Third-party water: Municipal drainage	1,744	1,763	1,973
	Water Consumption (thousand m³)	116	182	226
Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	^^Third-party water: Municipal Water	1,496	1,866	2,152
	Water Discharge by destination (thousand m³)			
	^^Third-party water: Municipal Water	1,344	1,793	1,986
	Water Consumption (thousand m³)	152	73	166
Unisem Malaysia and Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	Third-party	3,356	3,811	4,351
	Water Discharge by destination (thousand m³)			
	Third-party	3,088	3,556	3,959
	Water Consumption (thousand m³)	268	255	392

Note:

* Classification based on GRI 303: Water and Effluents 2018

^ Freshwater (<1,000 mg/L Total Dissolved Solids) classified based on GRI 303: Water and Effluents 2018

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

Water Reuse and Recycling Initiatives

The Group has efficient water management systems to support its operations at all operating sites, from water production to water treatment, incorporating designs enabling efficient use of water, recycling, and reusing water. The water management systems include sophisticated rinse water collection systems and dedicated drainage which enables the reuse of lightly UPW for industrial purposes and irrigation. This water does not contain hazardous substances and is entirely safe.

At Unisem Chengdu, the production facility is equipped with a reverse osmosis system to process water for reuse in production.

In FY2025, we recycled and reused approximately 16% of the withdrawn water in Unisem Malaysia and 24% in Unisem Chengdu. Overall, this amounted to about 689 mega-litres of water.

	The proportion of water recycled over water withdrawn (%)		
	FY2023	FY2024	FY2025
Unisem Malaysia	16%	14%	16%
Unisem Chengdu	9%	22%	24%

Water consumption intensity

Supported by enhanced water recycling processes as well as strong revenue, the Group achieved efficient levels of water consumption which surpassed the targets set. This year, we revised the water consumption intensity target significantly, aiming for 80% reduction against the base year, pushing ourselves further to maintain an efficient level of water consumption.

In FY2025, we continued to maintain efficient water consumption levels at 4.86 m³/USD'000 sales, signifying a reduction of 82% against the base year.

	FY2020	FY2023	FY2024	FY2025
FY2025 Target				80% reduction in water consumption intensity
Water Consumption Intensity (m³/USD'000 Sales)	4.86	0.85	0.73	0.89
Reduction against FY2020*	Baseline	83% reduction	85% reduction	82% reduction

Note:

* FY2020 is selected as a base year, in alignment with the base year for the 5-year Environmental Roadmap for FY2023-FY2027.

Effluent Quality

Wastewater

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

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

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

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

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

KPI & Target	Compliance with effluents and wastewater discharge regulations:		
	<ul style="list-style-type: none"> Standard B under EQA (Industrial Effluents) Regulation 2009 Integrated Wastewater Discharge Standard (GB8978-1996) 		
Performance	FY2023	FY2024	FY2025
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

Resource Conservation Outcomes

Guided by our Environmental Roadmap, we attained various achievements in FY2025 including the savings or avoidance of resources highlighted in the following table:

Initiatives	Description	2025 Target	Progress as of 31 December 2025	Reduction Achieved in FY2025
Solar Power	Solar photovoltaic: 20 years Power Purchase Agreement with PLUS-XENERGY ASSETS Sdn Bhd.	Unisem Malaysia - Gopeng Plant	100% completed	Electricity: 7,685,160 kWh GHG Emission: 5,037 tCO ₂
Consolidation of Offices and scale down supply	Consolidation of office in Unisem Malaysia - Simpang Pulai and shutdown non-active production floors	Unisem Malaysia - Simpang Pulai	100% completed	Electricity: 6,470,310 kWh GHG Emission: 4,240 tCO ₂
High Power Water Pumps	Application of variable frequency drives (VFDs) for high power consumed water pumps	Unisem Malaysia - Simpang Pulai Phase 1 and Phase 2 to be completed in Q2 2026	5% Completion	Electricity: 208,889 kWh GHG Emission: 137 tCO ₂
Compressed air optimisation and losses reduction	Compressing air network efficiency involves minimising pipeline pressure drops and implementing capacity sharing to optimise airflow distribution and reduce energy consumption	Unisem Malaysia - Simpang Pulai to be completed in Q1 2026	5% Completion	Electricity: 13,909 kWh GHG Emission: 89 tCO ₂
Electrical Control Unit (ECU) fan retrofit for P1-AHU air cabinet	Replacement of AHU and MAU snailed fans with EC fan module	Unisem Chengdu - Completed 2 sets in Sept 2024 and May 2025 To complete 49 sets in Dec 2026	6% Completion	Electricity: 124,000 kWh GHG Emission: 68 tCO ₂
Conversion of P1 compressors 1&2 and dryers to high efficiency systems	Conversion of Air compressors to centrifuges and dryers to zero air consumption dryers	Unisem Chengdu - Phase 1 and Phase 2 Completion	100% completed	Electricity: 244,599 kWh GHG Emission: 129 tCO ₂
Total				Electricity: 14,746,867 kWh GHG Emission: 9,700 tCO₂

NOISE MONITORING

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

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

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

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

	Day			Night				
	Regulated limit	FY2023 Average	FY2024 Average	FY2025 Average	Regulated limit	FY2023 Average	FY2024 Average	FY2025 Average
Unisem Malaysia	65	66	64	59	60	66	62	59
Unisem Chengdu	65	54	55	55	55	47	46	46

SUSTAINABILITY Report

PERFORMANCE DATA TABLE FOR THE GROUP

Unisem (M) Berhad
IFRS S2

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Consumption	Liquid Petroleum Gas (LPG)	GJ	1425	NA	External (Limited)	LPG is used in kitchen for meal preparation
Energy Consumption	Diesel	GJ	448	NA	External (Limited)	Mainly used in company vehicles and fleet.
Energy Consumption	Petrol	GJ	2628	NA	External (Limited)	Mainly used in company vehicles and fleet.
Energy Consumption	Natural Gas	GJ	40718	NA	External (Limited)	Used in boilers and generator sets.
Energy Consumption	Purchased Electricity	GJ	925125	NA	External (Limited)	Constituting more than 95% of the Group's energy consumption and GHG emissions.
Energy Consumption	Total Energy Consumed	GJ	970344	NA	External (Limited)	With the expansion of our production capacity, this drove a 201% increase in total energy consumption.
Energy Consumption	Renewable Energy	GJ	184250 (19%)	NA	External (Limited)	Electricity for Unisem Chengdu is supplied under a renewable energy contract with an electricity company in China, where approximately 40% of electricity purchased is derived from renewable energy.
Energy Efficiency	Energy Consumption Intensity	%	2.8% increase against 2020 baseline	10% reduction in energy consumption intensity against 2020 baseline	Internal	Due to expansion of our production capacity, it drove a 2.8% increase in energy consumption intensity against base year 2020.
GHG Emissions	Scope 1	tCO ₂ e	5000	15% reduction in GHG emission intensity (Scope 1 & 2) against 2020 baseline.	External (Limited)	The operational startup of our Gopeng Plant increased our direct emissions.

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG Emissions	Scope 2 (Market Based)	tCO2e	168300	15% reduction in GHG emission intensity (Scope 1 & 2) against 2020 baseline.	External (Limited)	Decreased in our procurement of hydro-sourced renewable energy raised the GHG emissions intensity of our purchased electricity.
GHG Emissions	Scope 2 (Location Based)	tCO2e	151200	15% reduction in GHG emission intensity (Scope 1 & 2) against 2020 baseline.	External (Limited)	Decreased in our procurement of hydro-sourced renewable energy raised the GHG emissions intensity of our purchased electricity.
GHG Emissions	GHG Emission Intensity	%	3% reduction against 2020 baseline	15% reduction in GHG emission intensity (Scope 1 & 2) against 2020 baseline.	Internal	Missed our target of 15% reduction in GHG emission intensity due to the operational start-up of Gopeng plant and decreased in the procurement of hydro-sourced renewable energy.
GHG Emissions	Scope 3 - Category 1 - Purchased of Goods and Services	tCO2e	43500	NA	External (Limited)	NA
GHG Emissions	Scope 3 - Category 2 - Capital Goods	tCO2e	20800	NA	External (Limited)	NA
GHG Emissions	Scope 3 - Category 4 - Upstream Transportation and Distribution	tCO2e	1200	NA	External (Limited)	NA
GHG Emissions	Scope 3 - Category 6 - Business Travel	tCO2e	100	NA	External (Limited)	NA
GHG Emissions	Scope 3 - Category 7 - Employee Commuting	tCO2e	100	NA	External (Limited)	NA

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Other Air Emissions	Air Emissions Laws and Regulations	mg/m3	Compliance	Compliance with Air Emissions Laws and Regulations	Internal	Unisem Malaysia does not emit NOx or Volatile Organic Compounds in its operations while Unisem Chengdu does not emit particulate matters.
Managing Waste	Recycling Rate of Hazardous Waste Generated	%	65	To achieve 55% recycling rate of total hazardous waste generated	Internal	NA
Water Management	Water Consumption	m3	392000	NA	Internal	NA
Water Management	Water Consumption Intensity	%	82% reduction against 2020 baseline	80% reduction in water consumption intensity against 2020 baseline.	Internal	NA
Water Management	Effluent Quality	NA	Compliant	Compliance with effluents and wastewater discharge regulations	Internal	Unisem monitors over 20 indicators to assess effluent quality. Periodic independent checks on effluent quality are conducted by externally accredited laboratories.
Anti-Corruption	Percentage of employee who have received training on anti-corruption	%	100	100	Internal	All employees of Unisem Group have been trained on anti-corruption through eLMS (e-Learning Program) in FY2025.
Anti-Corruption	Percentage of directors who have been communicated on anti-corruption policy	%	100	100	Internal	All Directors have been communicated on anti-corruption policy.
Anti-Corruption	Percentage of operations assessed for corruption-related risks	%	100	100	Internal	NA

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti-Corruption	Confirmed incidents of corruption and action plan.	Number	0	0	Internal	There were no reported incidents of corruption, cases of non-compliance with the Group's anti-corruption policies or instances of related fines or penalties in FY2025.
Community/Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer.	MYR	76000	NA	Internal	With a combined contribution of RM76,000 from the company and our employees, we provided essential and hands-on support to hundreds of beneficiaries, including children, the elderly and individuals with special needs.
Community/Society	Total number of beneficiaries of the investment in communities	Number	516	NA	Internal	In FY2025, we made about RM76,000 in various forms of contribution for 516 beneficiaries.
Diversity	Percentage of Senior Management - Male	%	89	NA	Internal	NA
Diversity	Percentage of Senior Management - Female	%	11	NA	Internal	NA
Diversity	Percentage of Management - Male	%	69	NA	Internal	NA
Diversity	Percentage of Management - Female	%	31	NA	Internal	NA
Diversity	Percentage of Executive - Male	%	64	NA	Internal	NA
Diversity	Percentage of Executive - Female	%	36	NA	Internal	NA
Diversity	Percentage of Non-Executive - Male	%	78	NA	Internal	NA

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of Non-Executive - Female	%	22	NA	Internal	NA
Diversity	Percentage of Operators - Male	%	21	NA	Internal	NA
Diversity	Percentage of Operators - Female	%	79	NA	Internal	NA
Diversity	Percentage of Female in Management positions	%	24	20	Internal	Achieved 24% of women in Senior Management + Management level positions
Diversity	Percentage of Senior Management Under 30	%	0	NA	Internal	NA
Diversity	Percentage of Senior Management Between 30 - 50	%	30	NA	Internal	NA
Diversity	Percentage of Senior Management Above 50	%	70	NA	Internal	NA
Diversity	Percentage of Management Under 30	%	0	NA	Internal	NA
Diversity	Percentage of Management Between 30 - 50	%	68	NA	Internal	NA
Diversity	Percentage of Management Above 50	%	32	NA	Internal	NA
Diversity	Percentage of Executives Under 30	%	20	NA	Internal	NA
Diversity	Percentage of Executive Between 30 - 50	%	72	NA	Internal	NA
Diversity	Percentage of Executive Above 50	%	8	NA	Internal	NA

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of Non-Executive Under 30	%	42	NA	Internal	NA
Diversity	Percentage of Non-Executive Between 30 - 50	%	55	NA	Internal	NA
Diversity	Percentage of Non-Executive Above 50	%	3	NA	Internal	NA
Diversity	Percentage of Operators Under 30	%	57	NA	Internal	NA
Diversity	Percentage of Operators Between 30 - 50	%	41	NA	Internal	NA
Diversity	Percentage of Operators Above 50	%	2	NA	Internal	NA
Diversity	Percentage of Directors - Male	%	64	NA	Internal	NA
Diversity	Percentage of Directors - Female	%	36	NA	Internal	Gender diversity is a notable achievement for the Board, with 4 female Directors out of total of 11 board members, translating to a commendable 36% female representation on the Board.
Diversity	Percentage of Directors Under 30	%	0	NA	Internal	NA
Diversity	Percentage of Directors Between 30 - 50	%	36	NA	Internal	NA
Diversity	Percentage of Directors Above 50	%	64	NA	Internal	NA

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Health & Safety	Number of Work-Related Fatalities	Number	0	0	Internal	No recorded cases with high consequence work-related injury during the reporting period.
Health & Safety	Lost Time Incident Rate	Rate	16	NA	Internal	Lost Time Incident / Severity Rate is calculated as [(total no. of lost workdays/total no. of man-hours worked) x 1,000,000]
Health & Safety	Injury Frequency Rate	Rate	0.68	< 1.50	Internal	Injury Frequency Rate is calculated as [(total no. of work-related accidents/total no. of man-hours worked) x 1,000,000]
Health & Safety	Number of employees trained on health & safety standards	Number	7187	NA	Internal	Annual health & safety training programs are developed taking into consideration HIRARC assessment, incident reports, developments or changes in the operating environment, regulatory environment and the industry, as well as the overall health & safety performance of the Group.
Labour Practices and Standards	Percentage of employees achieving minimum 6 training hours.	%	90.4	75	Internal	The results reflects a strong, committed and aligned workforce.
Labour Practices and Standards	Percentage of full-time permanent employees	%	51	NA	Internal	NA
Labour Practices and Standards	Percentage of full-time contract-based employees	%	49	NA	Internal	No part-time employees in both Unisem Malaysia and Unisem Chengdu.

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Practices and Standards	Annual Turnover Rate - Unisem Malaysia	%	16.6	< 25	Internal	Annual turnover rate targets are different for Unisem Malaysia and Unisem Chengdu due to cultural and country differences.
Labour Practices and Standards	Annual Turnover Rate - Unisem Chengdu	%	478	< 45	Internal	Annual turnover rate targets are different for Unisem Malaysia and Unisem Chengdu due to cultural and country differences.
Labour Practices and Standards	Number of substantiated complaints concerning human rights violations	Number	0	0	Internal	There were no incidents of human rights violations or significant breaches of labour practices reported.
Supply Chain Management	Number of suppliers assessed for environmental impact	Number	25	25	Internal	No significant environmental impact identified.
Supply Chain Management	Number of suppliers assessed for social impact	Number	25	25	Internal	No significant social impact identified.
Supply Chain Management	Supplier Audits for Key Direct Material Suppliers	Number	10	10	Internal	NA
Supply Chain Management	Supplier Audits for Key Service Agents	Number	10	4	Internal	NA
Supply Chain Management	Proportion of spending of local suppliers	%	25.2	NA	Internal	NA
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	Internal	There were no fines or complaints from external parties or regulatory bodies in FY2025.

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Report

OTHER SUSTAINABILITY DATA AND REFERENCES

3-year Employee Parental Leave

Parental Leave	FY2023	FY2024	FY2025
Unisem - Malaysia and Chengdu			
Total number of employees that were entitled to parental leave – by gender			
Male	2,123	2,952	3,254
Female	1,975	3,451	3,880
Total number of employees that took parental leave – by gender			
Male	140	165	78
Female	134	168	98
Total number of employees that returned to work in the reporting period after parental leave ended – by gender			
Male	140	156	74
Female	133	166	71
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work – by gender			
Male	94	134	75
Female	59	100	70
Return to work rates of employees that took parental leave – by gender			
Male	100%	95%	95%
Female	99%	99%	72%
Retention rates of employees that took parental leave and were still employed 12 months after their return to work – by gender			
Male	98%	96%	48%
Female	87%	75%	42%

SUSTAINABILITY Report

ASSURANCE AND INTERNAL AUDIT REVIEW STATEMENTS

Letter of Independence Limited Assurance Statement

Introduction and Objectives of Work

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

Scope of Work

This GHG information in Unisem's 2025 Sustainability Report ("the Report") is the sole responsibility of the management of Unisem. BeyondGood Consultancy was not involved in the drafting of the Report.

Our sole responsibility was to provide independent limited assurance of the accuracy of the Subject Matter in reference to the most common GHG accounting and reporting standards which are the GHG Protocol, ISO 14064-1 and the GHG 2005 Emissions 2019 Standard. It is also a standard that requires companies to report direct emissions (Scope 1), energy indirect emissions (Scope 2), other indirect (Scope 3) greenhouse gas (GHG) emissions.

Organisational and Operational Boundaries

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

- Business unit or facility: Unisem Ipoh, UAT, Gongeng, KL ("Unisem Malaysia"); Singapore Office & Unisem Chengdu
- Country: Malaysia, Singapore and China
- Type of source: fuel, activities, and purchased electricity
- Type of activities: fleet fuel (e.g., diesel and petrol used in company vehicles) and natural gas used in boilers and generator sets; operations energy consumption; indirect GHG emissions from products & services, capital goods, employee commuting, business travel, and upstream freight transportation & distribution.
- Greenhouse Gas Emissions (Scope 1, Scope 2 location-based and market-based, and Scope 3).

BeyondGood Consultancy reviewed Unisem's company carbon footprint data related to the manufacturing operations by its fiscal year 2025. Our limited assurance on Unisem's carbon footprint - Scope 1, 2 & 3 related Carbon Footprint for Fiscal Year 2025 does not extend to any other information included in the Report.

Summary

This review checks the transparency of data and calculations, appropriateness of supporting GHG-related data and assumptions, and overall plausibility of the calculated corporate annual carbon footprint comprised of emissions derived from Unisem's operations in fiscal year 2025. This review and verification focuses on Scope 1, Scope 2, and Scope 3 emissions. This review and verification furthermore in accordance with ISO 14064-2: Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

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

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

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

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

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Indirect GHG emissions from purchased electricity (Scope 2) including the renewable energy and non-renewable electricity purchases, by location and market-based calculations.

Indirect GHG emissions from products & services, capital goods, employee commuting, business travel, and upstream freight transportation & distribution (Scope 3).

Based on the process and procedures conducted, there is no evidence that the Greenhouse Gas (GHG) assertion with regard to corporate carbon footprint is not materially correct and is not a fair representation of GHG data and information, and has not been prepared in accordance with the related International Standard on GHG quantification, monitoring, and reporting.

Data reported by Unisem is as follows:

Location	Activity	CO ₂ e	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	Perfluorocarbons
Malaysia	Total Direct Emissions	Not available	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Fuel Combustion	154.63	Not available	Not available	Not available	Not available	Not available	1.39
	Direct Emissions - Mobile Combustion	71,927	71,701	0.003	0.001	Not available	Not available	Not available
	Direct Emissions - Stationary Combustion	65.05	64,725	0.004	0.001	Not available	Not available	Not available
	Purchased electricity (Location-based)	24,825.76	Not available	Not available	Not available	Not available	Not available	Not available
	Purchased electricity (Market-based)	1,025.18	Not available	Not available	Not available	Not available	Not available	Not available
	Company 1 - Purchased Goods and Services	1,641.23	Not available	Not available	Not available	Not available	Not available	Not available
	Company 2 - Capital Goods	773.47	Not available	Not available	Not available	Not available	Not available	Not available
	Company 3 - Indirect GHG emissions from upstream freight transportation	366.51	Not available	Not available	Not available	Not available	Not available	Not available
	Company 4 - Business Travel	51.72	51.26	0.21	1.64	Not available	Not available	Not available
Singapore	Total Direct Emissions	Not available	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Fuel Combustion	1.64	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Mobile Combustion	1,063.86	0.02	Not available	Not available	1.21	Not available	Not available
	Direct Emissions - Stationary Combustion	30.11	49,319	0.002	0.005	Not available	Not available	Not available
	Direct Emissions - Mobile Combustion	236.42	233,38,041	0.0000013	0.0000001	Not available	Not available	Not available
	Purchased electricity (Location-based)	7076.44	Not available	Not available	Not available	Not available	Not available	Not available
	Purchased electricity (Market-based)	6471.04	Not available	Not available	Not available	Not available	Not available	Not available
	Company 1 - Purchased Goods and Services	3860.72	Not available	Not available	Not available	Not available	Not available	Not available
	Company 2 - Capital Goods	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 3 - Indirect GHG emissions from upstream freight transportation	62.42	Not available	Not available	Not available	Not available	Not available	Not available
China	Total Direct Emissions	Not available	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Fuel Combustion	507.48	246,655	0.01	0.06	2.307	Not available	Not available
	Direct Emissions - Mobile Combustion	10,517.22	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Stationary Combustion	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Mobile Combustion	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Purchased electricity (Location-based)	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Purchased electricity (Market-based)	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 1 - Purchased Goods and Services	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 2 - Capital Goods	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 3 - Indirect GHG emissions from upstream freight transportation	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
Dubai	Total Direct Emissions	Not available	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Fuel Combustion	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Mobile Combustion	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Stationary Combustion	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Direct Emissions - Mobile Combustion	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Purchased electricity (Location-based)	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Purchased electricity (Market-based)	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 1 - Purchased Goods and Services	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 2 - Capital Goods	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available
	Company 3 - Indirect GHG emissions from upstream freight transportation	1,824.17	Not available	Not available	Not available	Not available	Not available	Not available

Reviewed Data and Plausibility Check

A verification and sampling plan as required by ISO 14046-3 has been established in the course of this review and verification, defining the level of assurance, objectives, criteria, scope, and materiality of the verification.

As part of this review and verification, Unisem disclosed the following data to BeyondGood Consultancy:

- Energy sources data for FY2025, including LFG, diesel, petrol, and natural gas purchased records by month for business units and facilities for Unisem Malaysia and Unisem Chengdu, China.

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Purchased electricity records for FY2025 by month for business units, office and facilities for Unisem Malaysia; Singapore's office and Unisem Chengdu, China.

Purchased electricity contract agreement for Unisem Chengdu, China; Unisem Gongeng on the renewable and non-renewable energy supply.

Purchased Good and Services record for FY2025 based on Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6 - US EPA for Unisem Malaysia and China.

Capital goods record for FY2025 based on Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6 - US EPA for Unisem Malaysia and China.

Upstream freight transportation GHG emissions records for FY2025 based on weight over distance method Well-to-Wheel (WTW) emission intensity for Unisem Malaysia and China.

Employee commuting to work with company bus record for FY2025 by suppliers based on Passenger Over Distance method, emission intensity of bus source is EPA Emission Factors for Greenhouse Gas Inventories for Unisem Malaysia.

Business Travel according to passenger-distance method in reference to US EPA Emission Factors for Unisem Malaysia.

Calculation methodology and emissions factors for the company's carbon footprint and methodological changes implemented in 2025.

The total company carbon footprint for the fiscal year 2025.

Detailed analysis of the Carbon Footprint including:

- The breakdown of the metric ton CO₂e equivalent; metric ton CO₂, metric ton CH₄, metric ton N₂O and metric ton refrigerants if applicable.

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

This review was done remotely.

Findings

The methodological changes implemented with the 2025 data are confirmed to lead to an improvement in terms of accuracy and real-use patterns representation of the results.

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

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

Conclusions

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

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

Attestation:

C. P. P. P.
Chin-Ling, Loh
Technical Reviewer
BeyondGood Consultancy 20180235059 (002853449-X)
Malaysia, Jan 25, 2026

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bakertilly

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10 February 2026

Unisem (M) Berhad
1, Persiaran Puteri Jaya 9,
Bandar Puteri Jaya,
31300 Ipoh, Perak.

STRICTLY CONFIDENTIAL

Dear Sir/Mam,

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

Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly" or "we") has been engaged to perform an outsourced function to provide internal audit services for the review of Unisem (M) Berhad ("Unisem" or "the Group")'s Sustainability Reporting Process for the audit period from 1 January 2025 to 31 December 2025 for reporting to the Audit Committee ("AC").

Scope

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

Subject Matter

The subject matters covered by the internal audit review are listed in the table below, as presented in the Sustainability Report Financial Year 2025.

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

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

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Limitation of Use of this Letter

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

BakerTilly

Baker Tilly Monteiro Heng Governance Sdn Bhd (Company No. 351771-X)
Kuala Lumpur
Date: 10 February 2026

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GRI CONTENT INDEX

Statement of use	Unisem (M) Berhad has reported in accordance with the GRI Standards for the period from 1 January 2025 to 31 December 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER	
General Disclosures				
GRI 2: General Disclosures 2021	The organisation and its reporting practices			
	2-1 Organisational details	Legal name: Unisem (M) Berhad SR25: About this Sustainability Report	92	
		Nature of ownership: Public Limited Liability Company	-	
		Location of its headquarters: Malaysia	-	
		Countries of operation: Malaysia and China SR25: Scope and Basis of Scope	92	
	2-2 Entities included in the organisation's sustainability reporting	SR25: Scope and Basis of Scope	92	
	2-3 Reporting period, frequency and contact point	Reporting period: 1 January 2025 to 31 December 2025 SR25: About this Sustainability Report	92	
		Frequency: annually	-	
		Publication date: 27 March 2026	-	
		Contact Point: SR25: Contact	95	
	2-4 Restatements of information	There is no reinstatement of significant sustainability-related information in this Report.	-	
	2-5 External assurance	SR25: Assurance	93-95	
	Activities and workers			
	2-6 Activities, value chain and other business relationships	IAR25: About Unisem	8-13	
2-7 Employees	SR25: Employee Diversity	133-136		
2-8 Workers who are not employees	SR25: Employee Diversity	133-136		
Governance				
2-9 Governance structure and composition	IAR25: Corporate Governance Overview Statement	26-40		
2-10 Nomination and selection of the highest governance body	IAR25: Corporate Governance Overview Statement	26-40		

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER	
General Disclosures				
GRI 2: General Disclosures 2021	Governance			
	2-11 Chair of the highest governance body	IAR25: Corporate Governance Overview Statement	26-40	
	2-12 Role of the highest governance body in overseeing the management of impacts	IAR25: Corporate Governance Overview Statement	26-40	
	2-13 Delegation of responsibility for managing impacts	IAR25: Corporate Governance Overview Statement SR25: Sustainability Governance	26-40 100-103	
	2-14 Role of the highest governance body in sustainability reporting	IAR25: Corporate Governance Overview Statement SR25: Sustainability Governance	26-40 100-103	
	2-15 Conflicts of interest	IAR25: Audit and Risk Management Committee Report SR25: Upholding Business Ethics: Conflicts of Interest	41-45 113-114	
	2-16 Communication of critical concerns	IAR25: Corporate Governance Overview Statement IAR25: Creating Value for Stakeholders	26-40 57-61	
	2-17 Collective knowledge of the highest governance body	IAR25: Corporate Governance Overview Statement	26-40	
	2-18 Evaluation of the performance of the highest governance body	IAR25: Corporate Governance Overview Statement	26-40	
	2-19 Remuneration policies	IAR25: Corporate Governance Overview Statement	26-40	
	2-20 Process to determine remuneration	IAR25: Corporate Governance Overview Statement	26-40	
	2-21 Annual total compensation ratio	Not provided due to confidentiality constraints ¹	-	
	Strategy, policies and practices			
	2-22 Statement on sustainable development strategy	IAR25: Our Value Creation IAR25: Strategy Review and Performance	52-54 63-90	
	2-23 Policy commitments	SR25: Upholding Business Ethics SR25: Our RBA Obligations SR25: Supply Chain Management	111-114 114-115 116-120	
	2-24 Embedding policy commitments	SR25: Upholding Business Ethics SR25: Our RBA Obligations SR25: Supply Chain Management	111-114 114-115 116-120	

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

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
General Disclosures			
GRI 2: General Disclosures 2021	Strategy, policies and practices		
	2-25 Processes to remediate negative impacts	SR25: Materiality Assessment and Materiality Matrix SR25: Occupational Health and Safety SR25: Communications and Engagements with Employees SR25: Noise Monitoring IAR25: Creating Value for Stakeholders	104-105 136-140 140-141 170 57-61
	2-26 Mechanisms for seeking advice and raising concerns	SR25: Upholding Business Ethics: Unisem's Whistle-Blowing Channel	114
	2-27 Compliance with laws and regulations	SR25: Upholding Business Ethics SR25: Upholding Human Rights and Labour Standards SR25: The Environment: Our Environmental Management Approach	111-114 132-133 150-156
	2-28 Membership associations	IAR25: Where We Operate	9-11
	Stakeholder engagement		
	2-29 Approach to stakeholder engagement	IAR25: Creating Value for Stakeholders	57-61
	2-30 Collective bargaining agreements	SR25: Employee Diversity	133-136
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR25: Materiality Assessment and Materiality Matrix	104-105
	3-2 List of material topics	SR25: Materiality Assessment and Materiality Matrix	104-105
Strategic market presence, products, and customer relationship			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Managing Our Business	122-126
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SR25: Business Performance	122-123
	201-4 Financial assistance received from government	IAR25: Financial Statements : Notes to Financial Statements	219-220
Strategic market presence, products, and customer relationship			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	SR25: Supply Chain Management	116-120
Technology and Innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Quality and Lean Operations SR25: Pushing Our Technological Boundaries	123-124 124-126

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Business Ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Upholding Business Ethics: Anti-Corruption and Bribery	111-113
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	SR25: Upholding Business Ethics: Anti-Corruption and Bribery	111-113
	205-2 Communication and training about anti-corruption policies and procedures	SR25: Upholding Business Ethics: Anti-Corruption and Bribery	111-113
	205-3 Confirmed incidents of corruption and actions taken	SR25: Upholding Business Ethics: Anti-Corruption and Bribery	111-113
GRI 415: Public Policy 2016	415-1 Political contributions	SR25: Upholding Business Ethics: Anti-Corruption and Bribery	111-113
Employee Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Employee Development	142-145
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Energy Management, Climate Change, and Air Emissions: Energy Consumption and Energy Intensity	156-158
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	SR25: Energy Management, Climate Change, and Air Emissions: Energy Consumption and Energy Intensity	156-158
	302-3 Energy intensity	SR25: Energy Management, Climate Change, and Air Emissions: Energy Consumption and Energy Intensity	156-158
	302-4 Reduction of energy consumption	SR25: Energy Management, Climate Change, and Air Emissions: Energy Consumption and Energy Intensity	156-158
Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Supply Chain Management	116-120
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	SR25: Supply Chain Management	116-120
	308-2 Negative environmental impacts in the supply chain and actions taken	SR25: Supply Chain Management	116-120

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Supply Chain Management			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	SR25: Supply Chain Management	116-120
	414-2 Negative social impacts in the supply chain and actions taken	SR25: Supply Chain Management	116-120
Cybersecurity and Information Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Protecting Customers' Privacy and Data	130
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR25: Protecting Customers' Privacy and Data 130
Safety and health			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Occupational Health and Safety	136-140
	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR25: Occupational Health and Safety
403-2 Hazard identification, risk assessment, and incident investigation		SR25: Occupational Health and Safety	136-140
403-3 Occupational health services		SR25: Occupational Health and Safety	136-140
403-4 Worker participation, consultation, and communication on occupational health and safety		SR25: Occupational Health and Safety	136-140
403-5 Worker training on occupational health and safety		SR25: Occupational Health and Safety	136-140
403-6 Promotion of worker health		SR25: Occupational Health and Safety	136-140

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Safety and health			
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR25: Occupational Health and Safety	136-140
	403-8 Workers covered by an occupational health and safety management system	SR25: Occupational Health and Safety	136-140
	403-9 Work-related injuries	SR25: Occupational Health and Safety	136-140
	403-10 Work-related ill health	SR25: Occupational Health and Safety	136-140
Emissions			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR25: Energy Management, Climate Change, and Air Emissions: GHG Emissions and GHG Emission Intensity	156-162
	305-2 Energy indirect (Scope 2) GHG emissions	SR25: Energy Management, Climate Change, and Air Emissions: GHG Emissions and GHG Emission Intensity	156-162
	305-3 Other indirect (Scope 3) GHG emissions	SR25: Energy Management, Climate Change, and Air Emissions: GHG Emissions and GHG Emission Intensity	156-162
	305-4 GHG emissions intensity	SR25: Energy Management, Climate Change, and Air Emissions: GHG Emissions and GHG Emission Intensity	156-162
	305-5 Reduction of GHG emissions	SR25: Energy Management, Climate Change, and Air Emissions: GHG Emissions and GHG Emission Intensity	156-162
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR25: Energy Management, Climate Change, and Air Emissions: GHG Emissions and GHG Emission Intensity	156-162
	Product stewardship and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Product Stewardship	121
Waste and pollution management			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	SR25: Managing Waste and Effluents	162-166
	306-2 Management of significant waste-related impacts	SR25: Managing Waste and Effluents	162-166

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Waste and pollution management			
GRI 306: Waste 2020	306-3 Waste generated	SR25: Managing Waste and Effluents	162-166
	306-4 Waste diverted from disposal	SR25: Managing Waste and Effluents	162-166
	306-5 Waste directed to disposal	SR25: Managing Waste and Effluents	162-166
Labour practices and human rights			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Upholding Human Rights and Labour Standards	132-133
	GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR25: Upholding Business Ethics: Unisem's Whistle-Blowing Channel SR25: Upholding Human Rights and Labour Standards
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR25: Supply Chain Management SR25: Upholding Human Rights and Labour Standards	116-120 132-133
	GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	SR25: Supply Chain Management SR25: Upholding Human Rights and Labour Standards
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR25: Supply Chain Management SR25: Upholding Human Rights and Labour Standards	116-120 132-133
	GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	SR25: Supply Chain Management SR25: Upholding Human Rights and Labour Standards
412-2 Employee training on human rights policies or procedures		SR25: Upholding Human Rights and Labour Standards	132-133
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		SR25: Supply Chain Management SR25: Upholding Human Rights and Labour Standards	116-120 132-133
Water Consumption			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Water Use and Effluent	166-169

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	INFORMATION/ LOCATION	PAGE NUMBER
Water Consumption			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	SR25: Water Use and Effluent	166-169
	303-2 Management of water discharge-related impacts	SR25: Water Use and Effluent	166-169
	303-3 Water withdrawal	SR25: Water Use and Effluent	166-169
	303-4 Water discharge	SR25: Water Use and Effluent	166-169
	303-5 Water consumption	SR25: Water Use and Effluent	166-169
Diversity, equity, and equality			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Employee Diversity	133-136
	GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	IAR25: Financial Statements 226
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	SR25: Employee Diversity: Equal Treatment and Opportunities	133-135
GRI 401: Employment 2016	401-2 Benefits provided to full- time employees that are not provided to temporary or part-time employees	SR25: Employee Diversity Note: Unisem Group does not have part-time employees	133-135
	401-3 Parental leave	SR 25: Other Sustainability Data and References: Parental Leave	177
Contribution to society and communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR25: Local Communities	148-149
	GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	SR25: Business Performance: Local Employment 123
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SR25: Business Performance: Economic Value Generated and Distributed	123
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	SR25: Noise Monitoring	170

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SASB ALIGNMENT INDEX

General	Accounting Metric	SASB Code	Content Reference
Activity metric	Total production	TC-SC-000.A	Total number of units produced in FY2025 is 8,584,146 thousand number of units
Activity metric	Percentage of production from owned facilities	TC-SC-000.B	100% of the units produced are from facilities owned by Unisem Group.

Topic	Accounting Metric	SASB Code	Summary
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions and	TC-SC-110a.1	(1) Gross global Scope 1 (Direct) emissions amounted to 5.0 thousand tonnes of CO ₂ equivalent.
	(2) amount of total emissions from perfluorinated compound		(2) Not applicable. We do not use a significant amount of perfluorinated compounds.
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TC-SC-110a.2	<p>Unisem Group's Scope 1 emissions are relatively low amongst its total Scope 1 and 2 emissions, i.e. less than 3%, and majority of emissions are derived from energy use, particularly purchased electricity.</p> <p>The Group aims to reduce overall Scope 1 and 2 emissions by targeting to reduce emissions intensity via reduction in energy intensity.</p> <p>We have targets to reduce energy intensity and emissions intensity by 15% against the 2020 baseline.</p> <p>The Group is also exploring alternative sources of energy including renewable sources to potentially reduce emissions arising from fossil-based energy.</p>
Energy Management in Manufacturing	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	TC-SC-130a.1	<p>(1) Total energy consumption by the Group is 970,344 GJ</p> <p>(2) Total grid electricity purchased amounted to 925,125 GJ, i.e. 95% of total energy consumption.</p> <p>(3) Total renewable energy consumption is 184,250 GJ, i.e. 19% of total energy consumption.</p>

SUSTAINABILITY

Report

SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Water Management	(1) Total water withdrawn	TC-SC-140a.1	(1) Total water withdrawn by the Group is 4.35 million m ³
	(2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress		(2) Total water consumed by the Group is 0.39 million m ³ Unisem Group has facilities located in: <ul style="list-style-type: none"> • Simpang Pulai, Perak, Malaysia; • Gopeng, Perak, Malaysia; and • Chengdu, Sichuan, PRC. <p>All locations are not High or Extremely High Baseline Water Stress regions.</p>
Waste Management	(1) Amount of hazardous waste from manufacturing	TC-SC-150a.1	The Group generated 586 MT of hazardous waste from its production activities. 65% of this hazardous waste from manufacturing was recycled.
	(2) percentage recycled		Approximately 33% of this recycled hazardous waste was e-waste, which was handled by third party contractors compliant with applicable laws and regulations.
Workforce Health & Safety	Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards	TC-SC-320a.1	Unisem Group assesses, monitors, and reduces exposure of employees to human health hazards via its occupational safety and health management system, which includes: <ul style="list-style-type: none"> (a) Governance structure - Health and Safety Working Committee to oversee safety and health identification, assessment, management, and reporting processes (b) Risk-based approach - HIRARC reviews to identify hazards and risks (c) SOPs incorporating health and safety internal controls (d) Incident response and risk management procedures (e) Training and awareness
	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations		TC-SC-320a.2

SUSTAINABILITY

Report

SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Recruiting & Managing a Global & Skilled Workforce	Percentage of employees that require a work visa	TC-SC-330a.1	<p>(1) Unisem Group discloses the following data by location, i.e. Unisem Malaysia and Unisem Chengdu. 25.2% of Unisem Malaysia's employees are foreign nationals and 0.2% of Unisem Chengdu's employees are foreign nationals.</p> <p>In Unisem Malaysia, ongoing efforts are undertaken to attract local employees to reduce reliance on foreign workers and to develop local talent pool.</p> <p>(2) 47% and 53% of the Group's employees are employed in Malaysia and China, respectively.</p>
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-SC-410a.1	Unisem Group complies with RoHS Directive on restriction on the use of ten substances including lead.
	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	TC-SC-410a.2	Unisem Group does not produce end products or consumer products and hence this metric is not applicable.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-SC-440a.1	<p>Unisem Group has a Group Policy on Conflict Minerals which prohibit the use of conflict minerals including tantalum, tin, tungsten, and gold from conflict areas.</p> <p>Due diligence processes are in place to facilitate the responsible sourcing of conflict free minerals in the Group's production and supply chain. Further, the Group adheres to the RBA Code of Conduct and it requires suppliers to adhere to the same.</p>
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	TC-SC-520a.1	There were no legal proceedings associated with anti-competitive behaviour regulations reported during FY2025, i.e. there were no associated monetary losses.

The background of the page features a complex financial visualization. It includes a bar chart with green and yellow bars, a white line graph showing an upward trend, and various percentage values such as +4.82%, +3.40%, +4.62%, +3.25%, and +9.12%. The overall color scheme is warm, with shades of orange and yellow, suggesting a sunrise or sunset. The text 'FINANCIAL STATEMENTS' is prominently displayed in the center in a large, bold, red font with a white outline.

FINANCIAL STATEMENTS

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DIRECTORS' Report

for the year ended 31 December 2025

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(Loss) for the year attributable to: owners of the Company	86,650	(47,165)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- (i) in respect of the financial year ended 31 December 2024 as reported in the Directors' Report of that year:
 - a fourth interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 28 February 2025 and paid on 3 April 2025;
- (ii) in respect of the financial year ended 31 December 2025:
 - a first interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 24 April 2025 and paid on 4 July 2025;
 - a second interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 31 July 2025 and paid on 3 October 2025; and
 - a third interim single-tier dividend of 2.0 sen per share totalling RM32,261,582 was declared on 31 October 2025 and paid on 9 January 2026.

On 24 February 2026, the Directors declared a fourth interim dividend of 1.0 sen per share, single-tier, for the current financial year. The interim dividend has not been included as a liability in the financial statements for the financial year ended 31 December 2025 and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

DIRECTORS' Report

for the year ended 31 December 2025

DIRECTORS

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

John Chia Sin Tet
Francis Chia Mong Tet
Alexander Chia Jhet-Wern
Ng Gan Hooi
Nelleita binti Omar
Teh Muy Ch'ng
Noor Alina binti Mohamad Faiz
Xiao Zhiyi
Cui Weibing
Chang Wenyong (appointed on 28 February 2025)
Chen Yan (appointed on 28 February 2025)
Ju Feng (resigned on 28 February 2025)
Xu QinQin (resigned on 28 February 2025)

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

Gilbert Lawrence Chiu
Gadis Aditya Siregar

DIRECTORS' INTERESTS IN SHARES

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

	NUMBER OF ORDINARY SHARES				AT 31.12.2025
	AT 1.1.2025	BOUGHT	(SOLD)	TRANSFERRED IN/(OUT)	
Interest in the Company					
Direct interest					
John Chia Sin Tet	167,869,806	2,690,400	(4,600,000)	43,000,000	208,960,206
Alexander Chia Jhet-Wern	9,200,000	100,000	-	-	9,300,000
Francis Chia Mong Tet	1,000,000	-	-	-	1,000,000
Indirect interests by virtue of shares held by companies in which a director has interests					
John Chia Sin Tet	315,054,900	3,042,400	(150,000)	(43,000,000)	274,947,300
Francis Chia Mong Tet	7,580,960	100,000	-	-	7,680,960

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

None of the other Directors holding office at 31 December 2025 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' Report

for the year ended 31 December 2025

DIRECTORS' BENEFITS

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

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2025 are as follows:

	FROM THE COMPANY RM'000
Directors of the Company	
Executive:	
Fees	645
Other emoluments	5,771
Defined contribution plans	262
	6,678
Non-executive fees	932
	7,610

The estimated monetary value of benefits-in-kind received and receivable by the Directors of the Company other than in cash from the Company amounted to approximately RM91,000.

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

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its subsidiaries. The amount of insurance premium paid during the year amounted to RM52,000.

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

DIRECTORS' Report

for the year ended 31 December 2025

HOLDING COMPANIES

The immediate and ultimate holding companies of the Company during the financial year and up to the date of this report are Huatian Technology (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, and Tianshui Huatian Technology Co., Ltd., a company incorporated in People's Republic of China and listed on Shenzhen Stock Exchange, respectively.

SUBSIDIARIES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year other than those disclosed in Note 28 to the financial statements.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the Group's gain on dissolution of foreign subsidiaries and the Company's waiver of debt owing to a foreign subsidiary as disclosed in Note 19 to the financial statement, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

DIRECTORS' Report

for the year ended 31 December 2025

AUDITORS

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

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

	GROUP RM'000	COMPANY RM'000
Audit fee:		
- KPMG PLT	315	285
- Member firm of KPMG International Limited	286	-
- Other auditors	43	-
Non-audit fees:		
- KPMG PLT	3	3
- Member firm of KPMG International Limited	88	-
- Other auditors	6	6
	741	294

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

JOHN CHIA SIN TET

Director

FRANCIS CHIA MONG TET

Director

Date: 27 February 2026

STATEMENTS OF Financial Position

as at 31 December 2025

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Property, plant and equipment	2	2,289,424	2,099,271	970,118	877,871
Right-of-use assets	3	46,193	47,469	40,018	40,495
Investments in subsidiaries	4	-	-	598,027	598,098
Intangible assets	5	-	-	-	-
Total non-current assets		2,335,617	2,146,740	1,608,163	1,516,464
Inventories	6	295,897	248,127	138,811	125,456
Trade and other receivables	7	240,980	215,451	95,062	80,344
Amount owing by a subsidiary	8	-	-	26,191	20,507
Tax recoverable		524	2,734	203	2,686
Cash and cash equivalents	9	238,952	278,353	80,284	66,207
Total current assets		776,353	744,665	340,551	295,200
Total assets		3,111,970	2,891,405	1,948,714	1,811,664
EQUITY					
Share capital	10	1,036,677	1,036,677	1,036,677	1,036,677
Reserves	10	1,065,487	1,210,919	227,949	404,160
Total equity attributable to owners of the Company		2,102,164	2,247,596	1,264,626	1,440,837
LIABILITIES					
Borrowings	11	23,681	78,277	23,681	78,277
Deferred income	12	43,054	39,353	-	-
Deferred tax liabilities	13	79,880	69,784	-	-
Lease liabilities		88	302	-	-
Total non-current liabilities		146,703	187,716	23,681	78,277
Borrowings	11	382,739	108,830	354,355	108,830
Trade and other payables	14	471,850	340,737	268,624	135,015
Amount owing to subsidiaries	8	-	-	37,428	48,705
Amount owing to other related companies	8	433	140	-	-
Current tax liabilities		7,878	6,188	-	-
Lease liabilities		203	198	-	-
Total current liabilities		863,103	456,093	660,407	292,550
Total liabilities		1,009,806	643,809	684,088	370,827
Total equity and liabilities		3,111,970	2,891,405	1,948,714	1,811,664

The notes on pages 206 to 241 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS And Other Comprehensive Income/(Loss)

for the year ended 31 December 2025

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	15	1,872,065	1,580,873	544,939	542,271
Raw materials and consumables used		(771,860)	(613,782)	(174,256)	(154,858)
Changes in inventories of finished goods and work-in-progress		22,115	14,743	8,242	1,908
Depreciation of property, plant and equipment	2	(245,026)	(217,583)	(100,327)	(86,799)
Amortisation of right-of-use assets	3	(871)	(519)	(477)	(186)
Waiver of debt owing to a foreign subsidiary	8	-	-	11,615	-
Gain on dissolution of foreign subsidiaries		23,771	-	44	-
Directors' remuneration	27	(7,610)	(8,024)	(7,610)	(8,024)
Employee benefit expenses		(476,321)	(408,667)	(181,198)	(167,785)
Other gains and losses		15,967	7,040	16,841	2,661
Other operating income		24,117	31,941	13,993	12,526
Other operating expenses		(337,194)	(310,748)	(166,770)	(165,204)
Operating income/(loss)		119,153	75,274	(34,964)	(23,490)
Investment income	16	6,852	14,007	1,496	7,314
Finance costs	17	(12,846)	(6,967)	(12,175)	(6,675)
Profit/(Loss) before tax		113,159	82,314	(45,643)	(22,851)
Tax expense	18	(26,509)	(21,646)	(1,522)	(2,518)
Profit/(Loss) for the year	19	86,650	60,668	(47,165)	(25,369)
Other comprehensive loss					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(79,265)	(69,191)	-	-
Realisation of foreign currency translation reserve ("FCTR") upon dissolution of foreign subsidiaries		(23,771)	-	-	-
Total other comprehensive loss		(103,036)	(69,191)	-	-
Total comprehensive loss for the year attributable to owners of the Company		(16,386)	(8,523)	(47,165)	(25,369)
Earnings per share	20				
Basic and diluted (sen)		5.37	3.76		

The notes on pages 206 to 241 are an integral part of these financial statements.

STATEMENTS OF Changes in Equity

for the year ended 31 December 2025

GROUP	NOTE	NON-DISTRIBUTABLE RESERVES			DISTRIBUTABLE RESERVE	TOTAL RM'000
		SHARE CAPITAL RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000		
At 1 January 2024		1,036,677	85,382	192,881	1,070,225	2,385,165
Profit for the year		-	-	-	60,668	60,668
Other comprehensive loss for the year		-	-	(69,191)	-	(69,191)
Total comprehensive (loss)/income for the year		-	-	(69,191)	60,668	(8,523)
Dividends	21	-	-	-	(129,046)	(129,046)
Transfer to capital reserve		-	10,735	-	(10,735)	-
At 31 December 2024 / 1 January 2025		1,036,677	96,117	123,690	991,112	2,247,596
Profit for the year		-	-	-	86,650	86,650
Exchange differences on translating foreign operations		-	-	(79,265)	-	(79,265)
Realisation of FCTR upon dissolution of foreign subsidiaries		-	-	(23,771)	-	(23,771)
Total comprehensive (loss)/income for the year		-	-	(103,036)	86,650	(16,386)
Dividends	21	-	-	-	(129,046)	(129,046)
Transfer to capital reserve		-	14,438	-	(14,438)	-
At 31 December 2025		1,036,677	110,555	20,654	934,278	2,102,164

Note 10

Note 10

Note 10

Note 10

The notes on pages 206 to 241 are an integral part of these financial statements.

STATEMENTS OF Changes in Equity

for the year ended 31 December 2025

COMPANY	NOTE	SHARE CAPITAL RM'000	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	TOTAL RM'000
At 1 January 2024		1,036,677	558,575	1,595,252
Loss and total comprehensive loss for the year		-	(25,369)	(25,369)
Dividends	21	-	(129,046)	(129,046)
At 31 December 2024/1 January 2025		1,036,677	404,160	1,440,837
Loss and total comprehensive loss for the year		-	(47,165)	(47,165)
Dividends	21	-	(129,046)	(129,046)
At 31 December 2025		1,036,677	277,949	1,264,626

Note 10

Note 10

The notes on pages 206 to 241 are an integral part of these financial statements.

STATEMENTS OF Cash Flows

for the year ended 31 December 2025

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		113,159	82,314	(45,643)	(22,851)
Adjustments for:					
Depreciation of property, plant and equipment	2	245,026	217,583	100,327	86,799
Amortisation of right-of-use assets	3	871	519	477	186
Amortisation of deferred income	12	(5,422)	(5,669)	-	-
Gain on disposal of property, plant and equipment		(1,328)	(280)	(909)	(156)
Property, plant and equipment written off		117	57	40	39
Waiver of debt owing to a foreign subsidiary	8	-	-	(11,615)	-
Gain on dissolution of foreign subsidiaries		(23,771)	-	(44)	-
Investment income	16	(6,852)	(14,007)	(1,496)	(7,314)
Finance costs	17	12,846	6,967	12,175	6,675
Write-down of inventories		291	210	-	-
Unrealised gain on foreign exchange		(11,983)	(12,042)	(14,071)	(8,636)
Operating profit before changes in working capital carried down		322,954	275,652	39,241	54,742
Changes in working capital:					
Inventories		(55,673)	(28,124)	(13,355)	(303)
Trade and other receivables		(35,878)	(23,380)	(15,853)	(1,973)
Trade and other payables		62,774	56,918	26,161	19,855
Amount owing to other related companies		293	(76)	-	-
Cash generated from operations		294,470	280,990	36,194	72,321
Tax refunded		2,471	273	2,394	273
Tax paid		(10,050)	(18,650)	(1,433)	(3,389)
Net cash from operating activities		286,891	262,613	37,155	69,205

STATEMENTS OF Cash Flows

for the year ended 31 December 2025

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received		7,106	15,177	1,625	7,987
Repayment from subsidiaries - net		-	-	(5,684)	(2,711)
Proceeds from disposal of property, plant and equipment		1,745	966	2,550	827
Proceeds from dissolution of a foreign subsidiary		-	-	48	-
Acquisition of property, plant and equipment	A	(451,342)	(266,173)	(114,576)	(128,287)
Acquisition of right-of-use assets		-	(31,038)	-	(31,038)
Investment in a subsidiary		-	-	-	(6,478)
Net cash used in investing activities		(442,491)	(281,068)	(116,037)	(159,700)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from revolving credits	C	293,100	50,000	259,070	50,000
Proceeds from deferred income		11,600	-	-	-
Repayment of revolving credits	C	(4,220)	(34,794)	-	-
Repayment of term loans	C	(58,621)	(50,703)	(58,621)	(50,703)
Advances from subsidiaries	C	-	-	4,517	6,244
Dividends paid	21	(96,785)	(129,046)	(96,785)	(129,046)
Finance costs paid		(13,176)	(13,361)	(12,703)	(12,671)
Payment of lease liabilities	B	(171)	(110)	-	-
Net cash from/(used in) financing activities		131,727	(178,014)	95,478	(136,176)
Net (decrease)/increase in cash and cash equivalents		(23,873)	(196,469)	16,596	(226,671)
Effect of foreign exchange rate changes		(15,528)	(6,169)	(2,519)	726
Cash and cash equivalents at 1 January		278,353	480,991	66,207	292,152
Cash and cash equivalents at 31 December		238,952	278,353	80,284	66,207

STATEMENTS OF Cash Flows

for the year ended 31 December 2025

Notes to the statements of cash flows

A. Acquisition of property, plant and equipment

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

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Additions during the year	2	506,399	314,946	194,255	135,321
Borrowing cost capitalised		-	(5,475)	-	(5,475)
Unpaid additions		(150,655)	(95,598)	(105,888)	(26,209)
Cash payment in respect of additions in:					
Current year		355,744	213,873	88,367	103,637
Prior year		95,598	52,300	26,209	24,650
		451,342	266,173	114,576	128,287

B. Cash outflows for leases as a lessee

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		1,778	1,890	463	403
Included in net cash used in financing activities:					
Interest paid in relation to lease liabilities		23	20	-	-
Payment of lease liabilities	C	171	110	-	-
		194	130	-	-
Total cash outflows for leases		1,972	2,020	463	403

STATEMENTS OF Cash Flows

for the year ended 31 December 2025

Notes to the statements of cash flows (continued)

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

GROUP	TERM LOANS RM'000	REVOLVING CREDITS RM'000	LEASE LIABILITIES RM'000	TOTAL LIABILITIES FROM FINANCING ACTIVITIES RM'000
At 1 January 2024	195,045	35,264	-	230,309
Non-cash transaction:				
- Additions	-	-	624	624
Net changes (used in)/from financing cash flows	(50,703)	15,206	(110)	(35,607)
Foreign exchange movement	(7,235)	(470)	(14)	(7,719)
At 31 December 2024/1 January 2025	137,107	50,000	500	187,607
Net changes (used in)/from financing cash flows	(58,621)	288,880	(171)	230,088
Foreign exchange movement	(7,604)	(3,342)	(38)	(10,984)
At 31 December 2025	70,882	335,538	291	406,711

COMPANY	TERM LOANS RM'000	REVOLVING CREDITS RM'000	AMOUNT OWING TO SUBSIDIARIES RM'000	TOTAL LIABILITIES FROM FINANCING ACTIVITIES RM'000
At 1 January 2024	195,045	-	43,391	238,436
Net changes (used in)/from financing cash flows	(50,703)	50,000	6,244	5,541
Foreign exchange movement	(7,235)	-	(930)	(8,165)
At 31 December 2024/1 January 2025	137,107	50,000	48,705	235,812
Non-cash transaction:				
- Waiver of debt	-	-	(11,615)	(11,615)
Net changes (used in)/from financing cash flows	(58,621)	259,070	4,517	204,966
Foreign exchange movement	(7,604)	(1,916)	(4,179)	(13,699)
At 31 December 2025	70,882	307,154	37,428	415,464

The notes on pages 206 to 241 are an integral part of these financial statements.

NOTES TO THE Financial Statements

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

Principal place of business

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

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

Registered office

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

The financial statements of the Group for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

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

The immediate and ultimate holding companies of the Company during the financial year and up to the date of this report are Huatian Technology (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, and Tianshui Huatian Technology Co., Ltd., a company incorporated in People’s Republic of China and listed on Shenzhen Stock Exchange, respectively.

These financial statements were authorised for issue by the Board of Directors on 27 February 2026.

1. BASIS OF PREPARATION

1.1 Statement of compliance

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

NOTES TO THE Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

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

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

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

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

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency*

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

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

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

- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026 except for amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* which is not applicable to the Group and to the Company.
- from the annual period beginning on 1 January 2027 for the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2027.

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

NOTES TO THE Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

1.2 Basis of measurement

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

1.3 Functional and presentation currency

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

1.4 Use of estimates and judgements

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

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

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

- Note 2.2 - Measurement of recoverable amount of property, plant and equipment
- Note 4.1 - Measurement of recoverable amount of cost of investments in subsidiaries
- Note 13 - Recognition of deferred tax assets
- Note 23.4.1 - Measurement of expected credit loss (“ECL”)

NOTES TO THE Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	ELECTRICAL INSTALLATION RM'000	OFFICE EQUIPMENT RM'000	AIR- CONDITIONERS RM'000	MOTOR VEHICLES RM'000	FURNITURE AND FITTINGS RM'000	PRODUCTION SUPPORT EQUIPMENT RM'000	CAPITAL WORK-IN- PROGRESS RM'000	TOTAL RM'000
At cost										
At 1 January 2024	503,809	3,824,596	23,631	70,540	19,427	2,690	19,087	113,130	317,693	4,894,603
Additions	7,907	57,672	3,795	3,033	7	673	1,552	321	239,986	314,946
Disposals	(405)	(16,077)	-	-	-	(711)	(12)	-	-	(17,205)
Write-offs	-	(2,919)	-	(445)	-	-	(28)	(37)	-	(3,429)
Transfers	284,619	184,993	9,346	12,439	-	84	1,183	3,067	(495,731)	-
Translation reserve	(21,209)	(91,319)	-	(723)	(265)	(38)	(354)	(5,616)	(7,945)	(127,469)
At 31 December 2024/ 1 January 2025	774,721	3,956,946	36,772	84,844	19,169	2,698	21,428	110,865	54,003	5,061,446
Additions	14,967	56,393	5,636	1,487	309	629	3,544	1,324	422,110	506,399
Disposals	-	(22,932)	-	-	(1,198)	(188)	(2)	-	-	(24,320)
Write-offs	-	(800)	-	(94)	(309)	-	(16)	(347)	-	(1,566)
Transfers	76,153	258,668	-	-	-	-	2,570	23,894	(361,285)	-
Translation reserve	(22,242)	(103,098)	-	(754)	(226)	(46)	(410)	(6,035)	(12,139)	(144,950)
At 31 December 2025	843,599	4,145,177	42,408	85,483	17,745	3,093	27,114	129,701	102,689	5,397,009
Accumulated depreciation										
At 1 January 2024	104,012	2,554,123	18,330	60,462	14,938	1,250	11,543	66,042	-	2,830,700
Charged for the year	14,687	191,696	1,218	2,367	720	324	1,413	5,158	-	217,583
Disposals	(405)	(16,059)	-	-	-	(43)	(12)	-	-	(16,519)
Write-offs	-	(2,879)	-	(434)	-	-	(26)	(33)	-	(3,372)
Translation reserve	(3,755)	(57,823)	-	(652)	(239)	(25)	(253)	(3,470)	-	(66,217)
At 31 December 2024/ 1 January 2025	114,539	2,669,058	19,548	61,743	15,419	1,506	12,665	67,697	-	2,962,175
Charged for the year	17,620	211,645	2,460	3,407	1,169	377	2,075	6,273	-	245,026
Disposals	-	(22,515)	-	-	(1,198)	(188)	(2)	-	-	(23,903)
Write-offs	-	(700)	-	(78)	(309)	-	(15)	(347)	-	(1,449)
Translation reserve	(4,372)	(64,807)	-	(688)	(214)	(26)	(304)	(3,853)	-	(74,264)
At 31 December 2025	127,787	2,792,681	22,008	64,384	14,867	1,669	14,419	69,770	-	3,107,585
Carrying amount										
At 1 January 2024	399,797	1,270,473	5,301	10,078	4,489	1,440	7,544	47,088	317,693	2,063,903
At 31 December 2024/ 1 January 2025	660,182	1,287,888	17,224	23,101	3,750	1,192	8,763	43,168	54,003	2,099,271
At 31 December 2025	715,812	1,352,496	20,400	21,099	2,878	1,424	12,695	59,931	102,689	2,289,424

NOTES TO THE Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	ELECTRICAL INSTALLATION RM'000	OFFICE EQUIPMENT RM'000	AIR- CONDITIONERS RM'000	MOTOR VEHICLES RM'000	FURNITURE AND FITTINGS RM'000	CAPITAL WORK-IN- PROGRESS RM'000	TOTAL RM'000
At cost									
At 1 January 2024	104,526	1,663,109	21,495	53,853	14,418	1,911	12,187	290,375	2,161,874
Additions	5,474	56,665	3,789	2,891	7	673	1,002	64,820	135,321
Disposals	(405)	(11,919)	-	-	-	(711)	(12)	-	(13,047)
Write-offs	-	(454)	-	(351)	-	-	-	-	(805)
Transfers	284,619	36,012	9,346	12,439	-	84	1,140	(343,640)	-
At 31 December 2024/ 1 January 2025	394,214	1,743,413	34,630	68,832	14,425	1,957	14,317	11,555	2,283,343
Additions	9,166	57,792	5,613	1,398	309	215	2,765	116,997	194,255
Disposals	-	(18,075)	-	-	-	-	(2)	-	(18,077)
Write-offs	-	(461)	-	(20)	-	-	-	-	(481)
Transfers	18,678	70,614	-	-	-	-	2,573	(91,865)	-
At 31 December 2025	422,058	1,853,283	40,243	70,210	14,734	2,172	19,653	36,687	2,459,040
Accumulated depreciation									
At 1 January 2024	39,829	1,210,702	17,189	46,248	10,430	790	6,627	-	1,331,815
Charged for the year	4,966	76,896	1,030	2,143	720	223	821	-	86,799
Disposals	(405)	(11,916)	-	-	-	(43)	(12)	-	(12,376)
Write-offs	-	(416)	-	(350)	-	-	-	-	(766)
At 31 December 2024/ 1 January 2025	44,390	1,275,266	18,219	48,041	11,150	970	7,436	-	1,405,472
Charged for the year	7,986	85,040	2,275	2,903	707	228	1,188	-	100,327
Disposals	-	(16,434)	-	-	-	-	(2)	-	(16,436)
Write-offs	-	(434)	-	(7)	-	-	-	-	(441)
At 31 December 2025	52,376	1,343,438	20,494	50,937	11,857	1,198	8,622	-	1,488,922
Carrying amount									
At 1 January 2024	64,697	452,407	4,306	7,605	3,988	1,121	5,560	290,375	830,059
At 31 December 2024/ 1 January 2025	349,824	468,147	16,411	20,791	3,275	987	6,881	11,555	877,871
At 31 December 2025	369,682	509,845	19,749	19,273	2,877	974	11,031	36,687	970,118

NOTES TO THE Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2.1 Capitalised borrowing costs

In prior year, the borrowing costs of the Group and of the Company assessed to be directly attributable to the construction of the qualifying assets, that were capitalised as part of capital work-in-progress amounted to RM5,475,000. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 4.20%.

2.2 Impairment testing

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

Management used the fair value less costs of disposal method to determine the recoverable amount of the CGU, estimated by using cash flows projection based on past experience, actual operating results, approved 2026 financial budget and 4 years business plans with perpetual terminal value.

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

- (i) Projected revenue and budgeted earnings before interest, tax, depreciation and amortisation ("EBITDA") margin are determined based on management's estimate and published industry research on the industry trends with expected near term recovery and average selling price based on past performances of the subsidiary.
- (ii) Growth rate for the first year is determined based on the approved financial budget for 2026, while growth rate for the next 4 years is based on management's estimate and published industry research on the industry trends.
- (iii) A pre-tax discount rate of 11% was applied in determining the recoverable amount of the CGU.

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

Sensitivity to changes in key assumptions

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

- increase in pre-tax discount rate by 26.33%, or
- decrease in revenue by 34.32%.

NOTES TO THE Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2.3 Material accounting policy information

(a) Recognition and measurement

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

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

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis less the estimated residual value over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Residual value is re-assessed at the reporting date where applicable. Capital work-in-progress are not depreciated and are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

The estimated depreciation rates for the current and comparative periods are as follows:

• Buildings	2% to 2.25%
• Plant and machinery	10%
• Electrical installation	10%
• Office equipment	10% to 20%
• Air-conditioners	10% to 20%
• Motor vehicles	20%
• Furniture and fittings	10% to 20%
• Production support equipment	10%

3. RIGHT-OF-USE ASSETS

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	47,469	16,703	40,495	9,643
Additions	-	31,662	-	31,038
Amortisation	(871)	(519)	(477)	(186)
Translation reserve	(405)	(377)	-	-
At 31 December	46,193	47,469	40,018	40,495

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

NOTES TO THE Financial Statements

3. RIGHT-OF-USE ASSETS (CONTINUED)

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

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

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

3.2 Material accounting policy information

(a) Recognition and measurement

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

(b) Recognition exemption

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

4. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2025 RM'000	2024 RM'000
Unquoted shares - at cost		
At 1 January	843,247	836,769
Additions	-	6,478
Dissolution	(245,220)	-
At 31 December	598,027	843,247
Accumulated impairment losses		
At 1 January	245,149	245,149
Reversal of impairment losses	(245,149)	-
At 31 December	-	245,149
Carrying amount		
At 1 January	598,098	591,620
At 31 December	598,027	598,098

NOTES TO THE Financial Statements

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

NAME OF ENTITY	PRINCIPAL PLACE OF BUSINESS AND PLACE OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST	
			2025 %	2024 %
Unisem Advanced Technologies Sdn. Bhd.	Malaysia	Wafer bumping services.	100.00	100.00
Unisem Chengdu Co., Ltd.*	People's Republic of China	Packaging and testing of semiconductor devices.	100.00	100.00
Unisem (Mauritius) Holdings Limited ^{@##}	Republic of Mauritius	Under liquidation process in December 2025.	-	99.98
Unisem Chengdu International Import & Export Co., Ltd. ^{#+}	People's Republic of China	Struck off.	-	100.00
Unisem (S) Pte. Ltd. [^]	Singapore	Marketing, administrative and other support services.	100.00	100.00
Unisem (Sunnyvale), Inc. [@]	United States of America	Marketing and other support services.	100.00	100.00
Subsidiaries of Unisem (Mauritius) Holdings Limited:				
PT. Unisem ^{@##}	Indonesia	Dissolved in February 2025.	-	99.98
Unisem International (Hong Kong) Limited ^{^##}	Hong Kong	Under deregistration process in December 2025.	-	99.98

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

[@] No statutory audit required.

[#] Deconsolidated during the year.

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

⁺ Dormant in prior years.

Corporate exercises on new and existing subsidiaries

In prior year, a foreign subsidiary of the Company, Unisem (Mauritius) Holdings Limited transferred its entire equity in Unisem (Sunnyvale), Inc., consisting of 50,000 ordinary shares, to the Company at its carrying amount of USD1,499,456 (equivalent to RM6,477,501).

NOTES TO THE Financial Statements

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

4.1 Impairment testing

As at 31 December 2025, an investment in a subsidiary has been tested for impairment as there were indications of impairment due to continued reported losses by the subsidiary. The impairment testing was performed by comparing its carrying amount with the recoverable amount of the investment.

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

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

4.2 Material accounting policy information

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

5. INTANGIBLE ASSETS

GROUP	LICENSE FEES AND INTELLECTUAL PROPERTY RIGHTS RM'000	TECH-TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
At cost				
At 1 January 2024	16,890	22,035	1,083	40,008
Translation reserve	-	(434)	(28)	(462)
At 31 December 2024/1 January 2025	16,890	21,601	1,055	39,546
Write-offs	-	(15,634)	(1,011)	(16,645)
Translation reserve	-	(683)	(44)	(727)
At 31 December 2025	16,890	5,284	-	22,174
Accumulated amortisation and impairment losses				
At 1 January 2024	16,890	22,035	1,083	40,008
Translation reserve	-	(434)	(28)	(462)
At 31 December 2024/1 January 2025	16,890	21,601	1,055	39,546
Write-offs	-	(15,634)	(1,011)	(16,645)
Translation reserve	-	(683)	(44)	(727)
At 31 December 2025	16,890	5,284	-	22,174
Carrying amount				
At 1 January 2024/31 December 2024/ 1 January 2025/31 December 2025	-	-	-	-

The intangible assets comprised mainly license fees, intellectual property rights and tech-transfer support fees incurred to acquire and bring to use specific technology capabilities relating to the bumping of semiconductor devices. The carrying amounts of these intangible assets have been fully amortised in prior years.

NOTES TO THE Financial Statements

5. INTANGIBLE ASSETS (continued)

5.1 Material accounting policy information

(a) Recognition and measurement

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

(b) Amortisation

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

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

6. INVENTORIES

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Raw materials	158,144	139,679	62,584	63,710
Work-in-progress	49,271	31,937	17,443	9,338
Finished goods	9,344	6,639	491	354
Factory supplies	75,152	69,872	54,307	52,054
Goods-in-transits	3,986	-	3,986	-
	295,897	248,127	138,811	125,456
Recognised in profit or loss:				
Inventories recognised as cost of sales	1,731,425	1,471,127	588,521	548,494
Write-down of inventories	291	210	-	-

6.1 Material accounting policy information

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

7. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade receivables	227,305	202,008	92,849	77,897
Other receivables	5,099	4,011	120	180
Refundable deposits	1,598	1,906	583	555
Prepayments	6,978	7,526	1,510	1,712
	240,980	215,451	95,062	80,344

Trade receivables comprise amounts receivable for services rendered. The credit term granted ranges from 30 to 60 days (2024: 30 to 60 days). No interest is charged on overdue trade receivables.

NOTES TO THE Financial Statements

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

During the financial year, an amount of RM11,615,000 owing to a foreign subsidiary under liquidation process was waived and the amount waived was recognised in the profit or loss.

The amounts owing by/(to) subsidiaries arose mainly from expenses paid on behalf which are non-trade in nature, unsecured, interest-free and are repayable upon demand.

The amount owing to other related companies arose mainly from trade transactions with credit term of 30 days (2024: 30 days).

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash on hand and at banks	204,949	197,618	55,996	7,065
Short-term deposits with licensed banks	34,003	80,735	24,288	59,142
	238,952	278,353	80,284	66,207

The average effective interest rates per annum are as follows:

	GROUP AND COMPANY	
	2025 %	2024 %
Short-term deposits	3.30 - 4.55	3.30 - 5.65
Bank current accounts	0.50 - 4.20	0.50 - 5.00

10. SHARE CAPITAL AND RESERVES

Share capital

	GROUP AND COMPANY			
	2025		2024	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Issued and fully paid ordinary shares with no par value At 1 January/31 December	1,613,079	1,036,677	1,613,079	1,036,677

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

Reserves

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Capital reserve	110,555	96,117	-	-
Foreign currency translation reserve	20,654	123,690	-	-
Retained earnings	934,278	991,112	227,949	404,160
	1,065,487	1,210,919	227,949	404,160

NOTES TO THE Financial Statements

10. SHARE CAPITAL AND RESERVES (CONTINUED)

Capital reserve

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

Foreign currency translation reserve

Exchange rate differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Ringgit Malaysia are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Retained earnings

The entire retained earnings of the Company as of 31 December 2025 is available for distribution as single-tier dividends to the shareholders of the Company.

11. BORROWINGS

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unsecured:				
Term loans	70,882	137,107	70,882	137,107
Revolving credits	335,538	50,000	307,154	50,000
	406,420	187,107	378,036	187,107
Current	382,739	108,830	354,355	108,830
Non-current	23,681	78,277	23,681	78,277
	406,420	187,107	378,036	187,107

The Company has the following banking facilities:

- (i) USD35,000,000 (equivalent to RM141,684,000) (2024: USD35,000,000 (equivalent to RM156,464,000)) unsecured term loan from a local licensed bank which is repayable on semi-annual basis over four years commencing from October 2024. At the end of the reporting period, the unsecured term loan amounted to USD17,510,000 (equivalent to RM70,882,000) (2024: USD29,170,000 (equivalent to RM130,401,000));
- (ii) USD30,000,000 (equivalent to RM121,443,000) (2024: USD30,000,000 (equivalent to RM134,112,000)) unsecured term loan from a local licensed bank which is repayable on quarterly basis over five years commencing from June 2020. At the end of the reporting period, the unsecured term loan is fully repaid (2024: USD1,500,000 (equivalent to RM6,706,000));
- (iii) USD55,000,000 (equivalent to RM222,646,000) (2024: USD55,000,000 (equivalent to RM245,872,000)) and RM210,000,000 (2024: RM150,000,000) unsecured revolving credits facilities from three (2024: three) local licensed banks. At the end of the reporting period, the unsecured revolving credit amounted to RM307,154,000 (2024: RM50,000,000); and
- (iv) RM25,000,000 (2024: RM25,000,000) bank guarantee facilities from two (2024: two) local licensed banks.

NOTES TO THE Financial Statements

11. BORROWINGS (CONTINUED)

The subsidiaries have the following banking facilities:

- (i) USD56,909,000 (equivalent to RM230,373,000) (2024: USD55,645,000 (equivalent to RM248,755,000)) and USD30,000,000 (equivalent to RM121,443,000) (2024: USD30,000,000 (equivalent to RM134,112,000)) unsecured working capital loans from two (2024: two) foreign licensed banks which are repayable one year from drawdown. At the end of the reporting period, the unsecured revolving credit amounted to RM28,384,000 (2024: Nil);
- (ii) RM2,700,000 (2024: RM2,700,000) Islamic overdraft and bank guarantee facilities with two (2024: two) local licensed banks. These facilities are guaranteed by the Company. At the end of the reporting period, the Islamic overdraft remained undrawn; and
- (iii) RMB50,000,000 (equivalent to RM28,845,000) (2024: RMB50,000,000 (equivalent to RM30,620,000)) unsecured bank guarantee facilities from one (2024: one) foreign licensed bank.

The details of interest rates charged are as follows:

Group

- Term loans - 1.15% - 1.20% (2024: 1.15% - 1.20%) plus Secured Overnight Financing Rate ("SOFR")
- Revolving credits - 0.60% (2024: 0.60%) per annum plus Kuala Lumpur Interbank Offered Rate ("KLIBOR") or 0.50% - 0.85% (2024: 1.00%) per annum plus SOFR

Company

- Term loans - 1.15% - 1.20% (2024: 1.15% - 1.20%) plus SOFR
- Revolving credits - 0.60% (2024: 0.60%) per annum plus KLIBOR or 0.50% - 0.60% (2024: Nil) per annum plus SOFR

Significant covenants

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

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

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

12. DEFERRED INCOME

	GROUP	
	2025 RM'000	2024 RM'000
At 1 January	39,353	47,313
Addition	11,600	-
Amortisation	(5,422)	(5,669)
Translation reserve	(2,477)	(2,291)
At 31 December	43,054	39,353

NOTES TO THE Financial Statements

12. DEFERRED INCOME (CONTINUED)

The deferred income relates to government grants, received by a foreign subsidiary, primarily in respect of capital investments. These government grants are recognised as deferred income in the consolidated statement of financial position and are recognised in profit or loss on a systematic and rational basis over the useful lives of the related assets. Amount expected to be recognised as income in the next financial year is RM6,436,000 (2024: RM5,359,000).

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

13. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group						
Property, plant and equipment	-	-	(209,206)	(190,455)	(209,206)	(190,455)
Unabsorbed reinvestment allowances	50,796	69,219	-	-	50,796	69,219
Unabsorbed capital allowances	71,459	44,998	-	-	71,459	44,998
Deferred income	5,571	4,931	-	-	5,571	4,931
Provisions	1,502	1,523	-	-	1,502	1,523
Unrealised foreign exchange	-	-	(2)	-	(2)	-
Tax assets/(liabilities)	129,328	120,671	(209,208)	(190,455)	(79,880)	(69,784)
Set-off of tax	(129,328)	(120,671)	129,328	120,671	-	-
Net tax liabilities	-	-	(79,880)	(69,784)	(79,880)	(69,784)
Company						
Property, plant and equipment	-	-	(106,074)	(94,213)	(106,074)	(94,213)
Unabsorbed reinvestment allowances	50,796	69,219	-	-	50,796	69,219
Unabsorbed capital allowances	55,048	24,731	-	-	55,048	24,731
Provisions	232	263	-	-	232	263
Unrealised foreign exchange	-	-	(2)	-	(2)	-
Tax assets/(liabilities)	106,076	94,213	(106,076)	(94,213)	-	-
Set-off of tax	(106,076)	(94,213)	106,076	94,213	-	-
Net tax liabilities	-	-	-	-	-	-

NOTES TO THE Financial Statements

13. DEFERRED TAX LIABILITIES (CONTINUED)

Movement in temporary differences during the financial year:

	AT 1.1.2024 RM'000	RECOGNISED IN PROFIT OR LOSS (NOTE 18) RM'000	TRANSLATION RESERVE RM'000	AT 31.12.2024/ 1.1.2025 RM'000	RECOGNISED IN PROFIT OR LOSS (NOTE 18) RM'000	TRANSLATION RESERVE RM'000	AT 31.12.2025 RM'000
Group							
Property, plant and equipment	(169,399)	(25,156)	4,100	(190,455)	(23,651)	4,900	(209,206)
Unabsorbed reinvestment allowances	76,876	(7,657)	-	69,219	(18,423)	-	50,796
Unabsorbed capital allowances	21,859	23,155	(16)	44,998	26,461	-	71,459
Deferred income	6,038	(819)	(288)	4,931	957	(317)	5,571
Provisions	1,521	74	(72)	1,523	54	(75)	1,502
Unrealised foreign exchange	-	-	-	-	(2)	-	(2)
	(63,105)	(10,403)	3,724	(69,784)	(14,604)	4,508	(79,880)
Company							
Property, plant and equipment	(77,029)	(17,184)	-	(94,213)	(11,861)	-	(106,074)
Unabsorbed reinvestment allowances	76,876	(7,657)	-	69,219	(18,423)	-	50,796
Unabsorbed capital allowances	-	24,731	-	24,731	30,317	-	55,048
Provisions	153	110	-	263	(31)	-	232
Unrealised foreign exchange	-	-	-	-	(2)	-	(2)
	-	-	-	-	-	-	-

Recognised deferred tax assets

The Group is subject to income taxes of several jurisdictions. Judgement is required in determining the estimation of the provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

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

NOTES TO THE Financial Statements

13. DEFERRED TAX LIABILITIES (CONTINUED)

Recognised deferred tax assets (continued)

In assessing the extent of deferred tax assets to be recognised, management used profits projection based on past experience, actual operating results, approved 2026 financial budget and future business plans. The key assumptions on which management has based its profits projection are disclosed as follows:

- (i) Projected revenue and budgeted EBITDA margin are determined based on the management's estimate and published industry research on the industry trends with expected near term recovery and average selling price based on past performances.
- (ii) Growth rate is determined based on the approved financial budget for 2026, management's estimate and published industry research on the industry trends.

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

Unrecognised deferred tax assets

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

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unabsorbed reinvestment allowances	209,040	352,441	103,845	247,294
Unabsorbed investment tax allowances	108,161	102,573	5,588	-
Unabsorbed capital allowances	50,302	31,283	-	-
Unutilised tax losses	4,659	2,483	-	-
Others	1,666	490	-	-
	373,828	489,270	109,433	247,294

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

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

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unabsorbed reinvestment allowances				
Expiring in 2025	-	216,859	-	216,859
Expiring in 2031	103,845	30,435	103,845	30,435
Expiring in 2037	105,195	105,147	-	-
	209,040	352,441	103,845	247,294
Unutilised tax losses				
Expiring in 2028	779	779	-	-
Expiring in 2034	1,704	2,499	-	-
Expiring in 2035	2,176	-	-	-
	4,659	3,278	-	-

NOTES TO THE Financial Statements

13. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets (continued)

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

Global minimum top-up tax

Malaysia implemented the Global Minimum Tax effective 1 January 2025. The rules apply to multinational enterprise (“MNE”) group with a consolidated annual global turnover of at least EUR750 million in at least two out of four immediately preceding fiscal years. The policy aims to ensure that in-scope MNE group are subject to an effective tax rate of at least 15% in each of the jurisdictions in which they operate. The Group has assessed that this enacted legislation will have no material impact on its potential top-up tax.

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade payables	142,273	118,332	45,549	43,597
Other payables	231,537	175,364	166,600	72,834
Dividend payables	32,261	-	32,261	-
Accrued expenses	65,779	47,041	24,214	18,584
	471,850	340,737	268,624	135,015

Trade payables arose from trade purchases. The credit term granted to the Group and to the Company ranges from 30 to 60 days (2024: 30 to 60 days).

Other payables arose mainly from purchases of plant and machinery, indirect materials and spare parts. The amounts owing are unsecured, interest-free and with credit term of 30 to 60 days (2024: 30 to 60 days).

15. REVENUE

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Major services:				
Manufacturing services of semiconductor packaging, assembly, testing and wafer bumping	1,872,065	1,580,873	544,939	542,271
Timing and recognition				
- at a point in time	1,872,065	1,580,873	544,939	542,271

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

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

NOTES TO THE Financial Statements

15. REVENUE (CONTINUED)

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

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

16. INVESTMENT INCOME

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income from:				
Short-term deposits	6,852	14,007	1,496	7,314

17. FINANCE COSTS

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expense on:				
Term loans	5,573	6,049	5,573	6,049
Revolving credits	7,250	898	6,602	626
Lease liabilities	23	20	-	-
	12,846	6,967	12,175	6,675

18. TAX EXPENSE

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tax expense comprises:				
Current tax in respect of the financial year:				
Malaysian	1,554	2,974	1,554	2,790
Foreign	10,715	8,601	-	-
Over provision in prior years	(364)	(332)	(32)	(272)
	11,905	11,243	1,522	2,518
Deferred tax:				
Origination and reversal of temporary differences	14,604	10,403	-	-
	26,509	21,646	1,522	2,518

NOTES TO THE Financial Statements

18. TAX EXPENSE (CONTINUED)

Reconciliation of tax expense

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit/(Loss) before tax	113,159	82,314	(45,643)	(22,851)
Income tax calculated using Malaysian tax rate of 24% (2024: 24%)	27,158	19,755	(10,954)	(5,484)
Effect of reduced tax rate for a foreign subsidiary operating in promoted area	(15,247)	(11,350)	-	-
Effect of different tax rate of subsidiaries operating in other jurisdiction	(123)	(7)	-	-
Non-deductible expenses	1,583	2,049	1,293	1,940
Non-taxable income	(10,946)	(2,169)	(7,851)	(2,184)
Tax incentive claimed	-	(51,744)	-	(51,744)
Unrecognised deferred tax assets expired	52,046	-	52,046	-
Unrecognised deferred tax assets	(27,706)	65,345	(33,086)	60,216
Others	108	99	106	46
	26,873	21,978	1,554	2,790
Over provision in prior years	(364)	(332)	(32)	(272)
	26,509	21,646	1,522	2,518

19. PROFIT/(LOSS) FOR THE YEAR

NOTE	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit/(Loss) for the year is arrived at after charging/(crediting):				
Auditors' remuneration:				
Audit fees:				
- KPMG PLT	315	315	285	285
- Member firm of KPMG International Limited	286	305	-	-
- Other auditors	43	60	-	-
Non-audit fees:				
- KPMG PLT	3	3	3	3
- Local affiliates of KPMG PLT	-	65	-	65
- Member firm of KPMG International Limited	88	87	-	-
- Other auditors	6	7	6	-

NOTES TO THE Financial Statements

19. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	NOTE	GROUP		COMPANY	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Material expenses/(income)					
Amortisation of deferred income	12	5,422	5,669	-	-
Included in employee benefit expenses:					
- Contribution to Employees Provident Fund		49,929	43,867	12,643	11,832
Foreign exchange:					
- Realised (gain)/loss		(2,650)	5,282	(1,861)	6,130
- Unrealised (gain)/loss		(11,983)	(12,042)	(14,071)	(8,636)
Gain on disposal of property, plant and equipment		(1,328)	(280)	(909)	(156)
Grant income received		(974)	(361)	-	-
Property, plant and equipment written off		117	57	40	39
Gain on dissolution of foreign subsidiaries		(23,771)	-	(44)	-
Waiver of debt owing to a foreign subsidiary		-	-	(11,615)	-
Rental income		(2,747)	(2,977)	(3,495)	(3,698)
Research and development expenses		9,590	8,029	8,463	6,886
Expenses arising from leases					
Expenses relating to short-term leases	a	1,778	1,890	463	403

Note a

The Group leases office and apartments with contract terms of 1 to 3 years (2024: 1 to 3 years). These leases are short-term and/or leases of low-value items.

20. EARNINGS PER SHARE

Basic earnings per share is calculated based on the net profit attributable to owners of the Company divided by the weighted average number of shares in issue as follows.

	GROUP	
	2025	2024
Profit for the year (RM'000)	86,650	60,668
Weighted average number of ordinary shares in issue ('000)	1,613,079	1,613,079
Basic and diluted earnings per share (sen)	5.37	3.76

NOTES TO THE Financial Statements

21. DIVIDENDS

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

	SEN PER SHARE	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2025			
4th interim single-tier dividend for 2024	2.0	32,261	3 April 2025
1st interim single-tier dividend for 2025	2.0	32,262	4 July 2025
2nd interim single-tier dividend for 2025	2.0	32,262	3 October 2025
3rd interim single-tier dividend for 2025	2.0	32,261	9 January 2026
		129,046	
2024			
4th interim single-tier dividend for 2023	2.0	32,261	5 April 2024
1st interim single-tier dividend for 2024	2.0	32,262	5 July 2024
2nd interim single-tier dividend for 2024	2.0	32,262	4 October 2024
3rd interim single-tier dividend for 2024	2.0	32,261	20 December 2024
		129,046	

22. SEGMENT INFORMATION

Group

Business segments

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

Geographical segments

The Group's operations are located in Malaysia and People's Republic of China.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance are based on the geographical segments.

In the current year, geographical segment is presented based on the contractual billing location of the customer, instead of the location of customer's head office. Accordingly, the comparative figures have been restated to conform with the current year's presentation.

Approximately 93% (2024: 88%) of the revenue under United States of America ("USA") segment are shipped for the Asia region. Shipments are executed in accordance with customer's delivery instruction, which may differ from the contractual billing location.

NOTES TO THE Financial Statements

22. SEGMENT INFORMATION (CONTINUED)

Geographical segments by location of customers

THE GROUP	ASIA		EUROPE		USA		CONSOLIDATED	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Statement of Profit or Loss								
Revenue								
External sales	774,291	675,863	253,910	187,985	843,864	717,025	1,872,065	1,580,873
Results								
Segment results	27,824	25,067	7,525	8,921	59,884	41,611	95,233	75,599
Non-reportable segments							149	(325)
Gain on dissolution of foreign subsidiaries							23,771	-
Investment income							6,852	14,007
Finance costs							(12,846)	(6,967)
Profit before tax							113,159	82,314
Tax expense							(26,509)	(21,646)
Profit for the year							86,650	60,668

Non-current assets (except for financial assets) of the Group by geographical location of the assets are as follows:

	NON-CURRENT ASSETS	
	2025 RM'000	2024 RM'000
Malaysia	1,096,055	1,022,806
People's Republic of China	1,239,276	1,123,411
Others	286	523
	2,335,617	2,146,740

Major customer

During the financial year, revenue from one customer amounted to RM670,435,000 in USA contributed to more than 10% of the Group's revenue (2024: one customer amounted to RM447,181,000 in USA).

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

2025	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	AC RM'000	CARRYING AMOUNT RM'000	AC RM'000
Financial assets				
Trade and other receivables*	234,002	234,002	93,552	93,552
Amount owing by a subsidiary	-	-	26,191	26,191
Cash and cash equivalents	238,952	238,952	80,284	80,284
	472,954	472,954	200,027	200,027
Financial liabilities				
Borrowings	406,420	406,420	378,036	378,036
Trade and other payables*	470,807	470,807	267,656	267,656
Amount owing to subsidiaries	-	-	37,428	37,428
Amount owing to other related companies	433	433	-	-
	877,660	877,660	683,120	683,120

2024	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	AC RM'000	CARRYING AMOUNT RM'000	AC RM'000
Financial assets				
Trade and other receivables*	207,925	207,925	78,632	78,632
Amount owing by a subsidiary	-	-	20,507	20,507
Cash and cash equivalents	278,353	278,353	66,207	66,207
	486,278	486,278	165,346	165,346
Financial liabilities				
Borrowings	187,107	187,107	187,107	187,107
Trade and other payables*	339,552	339,552	133,915	133,915
Amount owing to subsidiaries	-	-	48,705	48,705
Amount owing to other related companies	140	140	-	-
	526,799	526,799	369,727	369,727

* Exclude non-financial assets and non-financial liabilities.

23.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	(7,874)	9,843	(10,800)	6,962
Financial liabilities at amortised cost	16,536	3,977	16,053	(3,817)
	8,662	13,820	5,253	3,145

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables and cash and cash equivalents. As for the Company, the exposure to credit risk also arose from amount owing by a subsidiary. There are no significant changes as compared to prior years.

23.4.1 Trade receivables

Risk management objectives, policies and processes for managing the risk

Credit risk with respect to trade receivables is limited. Credit limits are set and credit history is reviewed to minimise potential losses. Weekly review of trade receivables' aging is carried out to ensure that follow-up action is taken to recover the overdue debts.

The Group and the Company review the recoverable amounts of trade debts at the end of each reporting period to ensure adequate loss allowance is made for irrecoverable amounts.

Historically, the Group and the Company do not have much bad or doubtful debts as the amounts due from trade receivables are usually collectible, although at times, the trade receivables took longer than the credit period granted for the settlement of accounts.

The Group and the Company consider information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collateral held by the Group and by the Company) as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets are generally not recoverable. The debtor will be considered as credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities. There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

23.4.1 Trade receivables (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables (stated at gross) as at the end of the reporting period by geographic region was:

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
United States of America	107,653	116,746	50,317	62,375
Asia	61,289	54,762	22,839	14,148
Europe	58,363	30,500	19,693	1,374
	227,305	202,008	92,849	77,897

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days from the end of the credit terms granted. Any outstanding balances more than 30 days from the end of the credit terms granted are considered as past due.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation, bankruptcy, etc. Historically, the Group and the Company do not have many bad or doubtful debts as amounts due from trade receivables are usually collectible, although at times the trade receivables took longer than the credit terms granted for the settlement of accounts. There has been no change in the estimation techniques or significant assumptions made during the year.

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

23.4.1 Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables at the end of the reporting period.

GROUP	GROSS CARRYING AMOUNT RM'000	LOSS ALLOWANCE RM'000	NET BALANCE RM'000
2025			
Neither past due nor impaired	225,224	-	225,224
Past due but not impaired:			
1 - 60 days	1,804	-	1,804
61 - 120 days	277	-	277
	227,305	-	227,305
2024			
Neither past due nor impaired	200,288	-	200,288
Past due but not impaired:			
1 - 60 days	1,238	-	1,238
61 - 120 days	482	-	482
	202,008	-	202,008
COMPANY			
2025			
Neither past due nor impaired	91,081	-	91,081
Past due but not impaired:			
1 - 60 days	1,491	-	1,491
61 - 120 days	277	-	277
	92,849	-	92,849
2024			
Neither past due nor impaired	76,895	-	76,895
Past due but not impaired:			
1 - 60 days	994	-	994
61 - 120 days	8	-	8
	77,897	-	77,897

The Group and the Company did not recognise any allowance for impairment in the current and previous financial years.

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

23.4.2 Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions and the risks arising therefrom are minimised in view of the financial strength of these financial institutions. The Group's policy also limits the concentration of financial exposure to any single financial institution.

23.4.3 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees in respect of a banking facility granted to a local subsidiary. The Company monitors the ability of the subsidiary to service its outstanding banking facility.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk would be the outstanding banking facilities as at the end of reporting period. The Company has no exposure as the banking facilities of the subsidiary remain undrawn as of the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary's unsecured Islamic overdraft and bank guarantee facilities.

Recognition and measurement of impairment loss

The Company did not recognise the financial guarantee given to its subsidiary as the Directors are of the view that the subsidiary is able to fulfil the contracted obligations and is unlikely to default on the facility.

23.4.4 Intercompany balances

Risk management objectives, policies and processes for managing the risk

The inter-company balances of the Company mainly arise from non-trade transactions with a local subsidiary. The Company monitors the ability of the subsidiary to repay the balances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

23.4.4 Intercompany balances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers amount due by a subsidiary has low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary when it is payable, the Company considers the amount due to be in default when the subsidiary is not able to pay when demanded. The Company considers amount due to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for this amount due by subsidiary individually using internal information available.

The Company did not recognise any allowance for impairment in respect of amount due by subsidiary in the current and previous financial year as the risk of non-recovery is remote.

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its various payables, borrowings and lease liabilities.

The Group practices prudent liquidity risk management by maintaining rolling forecasts to ensure sufficient funds are available to meet operational needs. Sufficient credit facilities are also maintained for contingent funding of working capital requirements.

The Group and the Company have unutilised credit banking facilities of approximately RM450,471,000 and RM125,491,000 (2024: RM730,239,000 and RM345,872,000) respectively at the end of the reporting period.

The Group expects that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's financial obligations, capital expenditure and working capital needs for at least the next 12 months. The Group may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures and may seek to raise additional funds through public or private debt or equity financing or from other sources.

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile for the financial liabilities of the Group and of the Company as at the end of the reporting period based on undiscounted contractual payments.

GROUP	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE % PER ANNUM	CONTRACTUAL CASH FLOWS RM'000	UNDER ONE YEAR RM'000	ONE TO FIVE YEARS RM'000
2025					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	470,807	-	470,807	470,807	-
Borrowings	406,420	3.7 - 5.6	410,742	386,615	24,127
Amount owing to other related companies	433	-	433	433	-
Lease liabilities	291	6.0	303	214	89
	877,951		882,285	858,069	24,216
2024					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	339,552	-	339,552	339,552	-
Borrowings	187,107	4.4 - 5.6	196,699	114,937	81,762
Amount owing to other related companies	140	-	140	140	-
Lease liabilities	500	6.0	539	223	316
	527,299		536,930	454,852	82,078
COMPANY	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE % PER ANNUM	CONTRACTUAL CASH FLOWS RM'000	UNDER ONE YEAR RM'000	ONE TO FIVE YEARS RM'000
2025					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	267,656	-	267,656	267,656	-
Borrowings	378,036	3.7 - 5.6	382,358	358,231	24,127
Amount owing to subsidiaries	37,428	-	37,428	37,428	-
	683,120		687,442	663,315	24,127
2024					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	133,915	-	133,915	133,915	-
Borrowings	187,107	4.4 - 5.6	196,699	114,937	81,762
Amount owing to subsidiaries	48,705	-	48,705	48,705	-
	369,727		379,319	297,557	81,762

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency exchange risk when the Company or its subsidiaries enter into transactions that are not denominated in their functional currencies. Currently, the Group's and the Company's sales, purchases of raw materials, factory supplies and plant and equipment, cash and cash equivalents and borrowings are primarily denominated in United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group attempts to significantly limit the foreign currency exchange risk by having a natural hedge between its receivables and a substantial portion of its payables/bank borrowings and may also enter into forward currency exchange contracts, if required.

Exposure to foreign currency risk

The Group's and the Company's main exposure to foreign currency risk (other than the respective functional currencies of the Group entities), based on carrying amounts as at the end of the reporting period are as follows:

	DENOMINATED IN USD GROUP	
	2025 RM'000	2024 RM'000
Balances recognised in the statement of financial position		
Trade and other receivables	229,776	205,040
Cash and cash equivalents	160,822	225,607
Borrowings	(196,420)	(137,107)
Trade and other payables	(292,691)	(231,695)
Amount owing to other related companies	(433)	(140)
Net exposure	(98,946)	61,705

	DENOMINATED IN USD COMPANY	
	2025 RM'000	2024 RM'000
Balances recognised in the statement of financial position		
Trade and other receivables	92,849	77,965
Cash and cash equivalents	33,116	39,647
Borrowings	(168,036)	(137,107)
Trade and other payables	(143,140)	(73,135)
Net exposure	(185,211)	(92,630)

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 0.2% (2024: 0.2%) strengthening of RM against USD at the end of the reporting period would have increased/ (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	EQUITY/ PROFIT OR LOSS			
	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Functional currency/Foreign currency RM/USD	(150)	94	(282)	(141)

A 0.2% (2024: 0.2%) weakening of respective functional currencies of the Group entities against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to short-term deposits placed with licensed banks, borrowings and lease liabilities.

Risk management objectives, policies and processes for managing the risk

Management is positioned to utilise interest rate swap contracts or other hedging measures to reduce the impact of interest rate fluctuations, if required.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate instruments				
Short-term deposits with licensed banks	34,003	80,735	24,288	59,142
Lease liabilities	291	500	-	-
	34,294	81,235	24,288	59,142
Floating rate instrument				
Borrowings	406,420	187,107	378,036	187,107

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 150 basis points (“bp”) (2024: 150 bp) in interest rate at the end of the reporting period would have decreased the profit or loss after tax of the Group and of the Company by RM4,633,000 and RM4,310,000 (2024: RM2,133,000 and RM2,133,000) respectively. A decrease of 150 bp in interest rates would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables including tax rate being held constant.

23.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables, inter-company balances and trade and other payables, reasonably approximate their fair values due to the relatively short-term nature of these instruments.

The tables below analyses other financial instruments not carried at fair value.

	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE				TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000	RM'000	RM'000
GROUP						
2025						
Financial liabilities						
Borrowings	-	-	(406,420)	(406,420)	(406,420)	(406,420)
2024						
Financial liabilities						
Borrowings	-	-	(187,107)	(187,107)	(187,107)	(187,107)
Company						
2025						
Financial liabilities						
Borrowings	-	-	(378,036)	(378,036)	(378,036)	(378,036)
2024						
Financial liabilities						
Borrowings	-	-	(187,107)	(187,107)	(187,107)	(187,107)

NOTES TO THE Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.7 Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loan	Discounted cash flows using a rate based on the indicative current market rate of borrowing of the Company at the reporting date.

24. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment				
Approved and contracted for	114,801	46,166	80,100	23,680

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	GROUP	
	2025 RM'000	2024 RM'000
Borrowings	406,420	187,107
Lease liabilities	291	500
Total debt	406,711	187,607
Total equity	2,102,164	2,247,596
Debt-to-equity ratio	0.19	0.08

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE Financial Statements

26. RELATED PARTIES

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company are as follows:

Names of related party	Relationship
Huatian Technology (Baoji) Co., Ltd)
Tianshui Huatian Integrated Circuit Packaging Material Co., Ltd) Subsidiaries of Tianshui Huatian Technology Co., Ltd

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are represented by the carrying amounts in the statements of financial position.

	COMPANY	
	2025 RM'000	2024 RM'000
Subsidiaries		
Purchase of property, plant and equipment	1,513	-
Disposal of property, plant and equipment	(1,219)	-
Rental income	(834)	(834)
Management fees received/receivable	(576)	(576)
Marketing support fee paid/payable	2,275	2,628
Marketing support fees received/receivable	(1,742)	(1,714)
Marketing support fees received/receivable - markup	(122)	(120)
Purchase of materials	37	257
	GROUP	
	2025 RM'000	2024 RM'000
Other related companies		
Trade purchases	4,008	3,064

NOTES TO THE Financial Statements

27. DIRECTORS' REMUNERATION AND OTHER KEY MANAGEMENT PERSONNEL COMPENSATION

The directors' remuneration are as follows:

	GROUP AND COMPANY	
	2025 RM'000	2024 RM'000
Directors of the Company		
Executive:		
Fees	645	645
Other emoluments	5,771	5,787
Defined contribution plans	262	509
	6,678	6,941
Non-executive fees	932	1,083
	7,610	8,024

The remuneration of the Directors of the subsidiaries during the year is included under employee benefit expenses amounted to RM1,326,000 (2024: RM1,386,000).

The estimated monetary value of benefits-in-kind received and receivable by the Directors other than in cash from the Group and from the Company amounted to approximately RM91,000 (2024: RM149,000).

The compensation of other key management personnel (other than the Directors of the Company) are as follows:

	GROUP		COMPANY	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other key management personnel				
Short-term employee benefits	9,175	8,962	1,075	967

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

28. CONTINGENT LIABILITY

	GROUP AND COMPANY	
	2025 RM'000	2024 RM'000
Withholding tax payable	20,241	22,352

A wholly-owned foreign subsidiary of the Company distributed dividends in the prior years. These dividends attracted a 10% withholding tax under the subsidiary's tax regime. However, as the dividends received were reinvested by way of increasing the share capital of the subsidiary, the payment of the withholding tax is deferred as allowed by the authorities. The withholding tax will become payable when the Company disposes its interest in the investment of the said subsidiary by way of share transfer, share buy-back or liquidation.

STATEMENT By Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 198 to 241 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

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

JOHN CHIA SIN TET
Director

FRANCIS CHIA MONG TET
Director

Date: 27 February 2026

STATUTORY Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **FRANCIS CHIA MONG TET**, the Director primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 198 to 241 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
FRANCIS CHIA MONG TET (MIA CA: 1071)
at Kuala Lumpur, Wilayah Persekutuan on 27 February 2026.

FRANCIS CHIA MONG TET

Before me:

Notary Public

INDEPENDENT Auditors' Report

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Unisem (M) Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 198 to 241.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT Auditors' Report

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

1. Revenue recognition

Refer to Note 15 to the financial statements, Revenue

The key audit matter

The Group recorded RM1.87 billion of revenue from manufacturing services of semiconductor packaging, assembly, testing and wafer bumping for the current financial year ended 31 December 2025. We have identified revenue recognition as a key audit matter due to the significance of this amount to the financial statements.

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

- evaluated the design and implementation and tested the operating effectiveness of identified key controls over the process of revenue recognition;
- requested debtor confirmations and tested samples of revenue transactions by agreeing relevant details to supporting documents;
- performed sales cut-off by testing samples of transactions that were recorded before and after the financial year end; and
- checked the validity of manual journal entries relating to revenue to supporting documents.

2. Valuation of property, plant and equipment

Refer to Note 2 to the financial statements, Property, plant and equipment

The key audit matter

As at 31 December 2025, the carrying amount of property, plant and equipment of the Group was RM2.29 billion. There were indications of impairment on the property, plant and equipment in a subsidiary due to continued reported losses in the subsidiary. The Group has determined the recoverable amount of those property, plant and equipment based on the fair value less cost of disposal method which is calculated using cash flows projection. The cash flows projection involves significant judgement and estimation made by the Group on key assumptions such as projected revenue, EBITDA margin and discount rate, that are inherently uncertain.

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

- assessed the Group's impairment assessment at the end of the reporting period whether there is any indication that property, plant and equipment may be impaired in accordance with the relevant accounting standard;
- assessed the key assumptions used in the cash flows projection such as projected revenue and EBITDA margin by comparing them against internal and external sources of information;

INDEPENDENT Auditors' Report

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

2. Valuation of property, plant and equipment (continued)

How the matter was addressed in our audit (continued)

- involved our own valuation specialist to assess the appropriateness of the discount rate used in the cash flows projection;
- assessed the sensitivity of key assumptions to determine the impact of their changes to the recoverable amount; and
- considered the adequacy of the disclosures in the financial statements of the key assumptions used and sensitivity analysis.

We have determined that there are no key audit matters in the audit report of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT

Auditors' Report

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT Auditors' Report

To the Members of Unisem (M) Berhad
(Registration No.: 198901006009 (183314-V)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ipoh

Date: 27 February 2026

CHONG CHEN KIAN
Approval Number: 03232/02/2028 J
Chartered Accountant

DISCLOSURE OF Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements/ Paragraph 9.41(b) of the Main Market Listing Requirements, below are the financial data that are relevant for the purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	GROUP	
	2025 RM'000	2024 RM'000
Total Income		
Revenue	1,872,065	1,580,873
Other income	63,855	44,263
Interest/Finance income	6,852	14,007
Total	1,942,772	1,639,143
Total Assets	3,111,970	2,891,405

(b) Business Activities

	GROUP	
	2025 RM'000	2024 RM'000
Shariah Non-Compliant Activities		
Interest income	6,852	14,007
Total	6,852	14,007

(c) Component of Financial Position

	GROUP	
	2025 RM'000	2024 RM'000
(i) Cash Component		
<i>Islamic Account/Instruments</i>		
Cash at bank	26	13
	26	13
<i>Conventional Account/Instruments</i>		
Cash on hand	31	11
Cash at bank	204,892	197,594
Short-term deposits	34,003	80,735
	238,926	278,340
Total Cash Component	238,952	278,353

DISCLOSURE OF Financial Data for Shariah Screening

(c) Component of Financial Position (continued)

	GROUP	
	2025 RM'000	2024 RM'000
(ii) Debt Component		
<i>Islamic Financing</i>		
Current		
- Term loans	-	6,705
- Revolving credits	28,337	-
	28,337	6,705
<i>Conventional Financing</i>		
Current		
- Term loans	47,201	52,125
- Revolving credits	307,201	50,000
	354,402	102,125
Non-current		
- Term loans	23,681	78,277
	378,083	180,402
<i>Total Debt Component</i>	406,420	187,107

SHAREHOLDERS' Statistics

As at 23 February 2026

1. Issued Shares and Voting Right

The total number of issued shares of the Company stands at 1,613,079,110 ordinary shares, with voting right of one vote per ordinary share.

2. Analysis of Shareholdings

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
507	Less than 100	5,086	0.00
1,432	100 to 1,000	872,672	0.05
2,885	1,001 to 10,000	12,964,480	0.80
961	10,001 to 100,000	28,907,037	1.79
230	100,001 to less than 5% of issued Shares	522,098,307	32.37
3	5% and above of issued Shares	1,048,231,528	64.98
6,018		1,613,079,110	100.00

3. Substantial Shareholders (as per the Register of Substantial Shareholders)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	INDIRECT INTEREST	%
Huatian Technology (Malaysia) Sdn Bhd	716,898,922	44.44	-	-
Huatian Technology (Hongkong) Industrial Development Co., Limited	-	-	716,898,922	44.44 ^(a)
Tianshui Huatian Technology Co., Ltd.	-	-	716,898,922	44.44 ^(b)
Jayvest Holdings Sdn Bhd	179,357,400	11.12	14,250,000	0.88 ^(c)
John Chia Sin Tet	151,975,206	9.42	331,947,300	20.58 ^(d)
The Estate of Soo Yut Kuan	-	-	193,607,400	12.00 ^(e)

Notes:

- Deemed interest through Huatian Technology (Malaysia) Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- Deemed interest through Huatian Technology (Malaysia) Sdn Bhd and Huatian Technology (HongKong) Industrial Development Co., Limited pursuant to Section 8 of the Companies Act 2016.
- Deemed interest through SCQ Industries Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- Deemed interest through Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Sdn Bhd, his spouse, his son, his daughters and nominee companies/pledged securities accounts pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016.
- Deemed interest through Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

SHAREHOLDERS' Statistics

As at 23 February 2026

4. Thirty Largest Shareholders (as per the Record of Depositors, without aggregating securities from different securities accounts belonging to the same person)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1. Huatian Technology (Malaysia) Sdn Bhd	716,898,922	44.44
2. Jayvest Holdings Sdn Bhd	179,357,400	11.12
3. John Chia Sin Tet	151,975,206	9.42
4. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For John Chia Sin Tet (PB)	50,000,000	3.10
5. Citigroup Nominees (Tempatan) Sdn Bhd Bank Of Singapore Limited For John Chia Sin Tet	50,000,000	3.10
6. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 22)	44,322,600	2.75
7. Lembaga Tabung Haji	42,620,000	2.64
8. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	41,494,855	2.57
9. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	30,735,800	1.91
10. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	17,958,852	1.11
11. Kumpulan Wang Persaraan (Diperbadankan)	16,836,600	1.04
12. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For John Chia Sin Tet (7006964)	15,000,000	0.93
13. SCQ Industries Sdn. Bhd.	14,250,000	0.88
14. Citigroup Nominees (Asing) Sdn Bhd CBNY For Norges Bank (Fi 17)	13,616,100	0.84
15. Alexander Chia Jhet-Wern	9,100,000	0.56
16. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Focus Fund	6,235,200	0.39
17. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dividend Fund	5,600,000	0.35
18. Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	5,294,500	0.33
19. Maureen Teoh	5,000,000	0.31
20. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Areca Equitytrust Fund (211882)	4,962,000	0.31
21. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd.	4,375,800	0.27

SHAREHOLDERS'

Statistics

As at 23 February 2026

4. Thirty Largest Shareholders (as per the Record of Depositors, without aggregating securities from different securities accounts belonging to the same person) (cont'd)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
22. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN For DBS Bank Ltd (SFS-PB)	4,200,000	0.26
23. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teoh Ewe Jin (7006910)	4,117,000	0.26
24. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Value Fund	3,700,000	0.23
25. CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd For Hong Leong Assurance Berhad (LP Fund ED102)	3,650,000	0.23
26. Cartaban Nominees (Tempatan) Sdn Bhd Icapital.Biz Berhad	3,570,600	0.22
27. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Lim Ka Kian (PB)	3,443,400	0.21
28. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F Templeton)	3,014,100	0.19
29. Diane Chia Jhet-Yi	3,000,000	0.19
30. Janice Chia Jhet-Yen	3,000,000	0.19
	1,457,328,935	90.35

STATEMENT OF Directors' Interest

As at 23 February 2026

Directors' Shareholdings (as per the Register of Directors Shareholdings)

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	INDIRECT INTEREST	%
John Chia Sin Tet	151,975,206	9.42	331,947,300	20.58 ^(a)
Francis Chia Mong Tet	1,000,000	0.06	7,680,960	0.48 ^(b)
Alexander Chia Jhet-Wern	9,300,000	0.58	-	-
Xiao Zhiyi	-	-	-	-
Cui Weibing	-	-	-	-
Nelleita binti Omar	-	-	-	-
Teh Muy Ch'ng	-	-	-	-
Noor Alina binti Mohamad Faiz	-	-	-	-
Ng Gan Hooi	-	-	-	-
Chang Wenying	-	-	-	-
Chen Yan	-	-	-	-

Notes:

- (a) Deemed interest through Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Sdn Bhd, his spouse, his son, his daughters and nominee companies/pledged securities accounts pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016.
- (b) Deemed interest through nominee company/pledged securities account pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016.

LIST OF Properties

held by the Group as at 31 December 2025

LOCATION	DESCRIPTION	EXISTING USE	TENURE	LAND AREA/ BUILD-UP AREA (APPROXIMATE)	DATE OF ACQUISITION/ COMPLETION	APPROXIMATE AGE OF BUILDING (IN YEARS)	BOOK VALUE AS AT 31 DECEMBER 2025 (RM'000)
PT 12015 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Factory	99 years leasehold expiring 2094	62,960 sq m	July 1991	-	2,080
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	33	8,682
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	29	6,828
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	25	36,044
	Factory building wafer bumping	Factory	-	37,000 sq ft	August 2005	20	1,668
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Factory	99 years leasehold expiring 2100	115,500 sq m	October 2000	-	6,222
	Factory building	Factory	-	570,600 sq ft	June 2024	2	308,706
PN 1068258- PN 1068260, PN 1068263- PN 1068272, PN 1068274- PN 1068276, PN 1068278- PN 1068288, PN 1068290- PN 1068298, PN 1068277 & PN 1068289 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Agricultural land	Vacant	99 years leasehold expiring 2113	174,994 sq m	October 2024	-	30,630

LIST OF Properties

held by the Group as at 31 December 2025

LOCATION	DESCRIPTION	EXISTING USE	TENURE	LAND AREA/ BUILD-UP AREA (APPROXIMATE)	DATE OF ACQUISITION/ COMPLETION	APPROXIMATE AGE OF BUILDING (IN YEARS)	BOOK VALUE AS AT 31 DECEMBER 2025 (RM'000)
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential land	Hostel	99 years leasehold expiring 2104	20,429 sq m	June 2005	-	1,086
	Residential	Hostel	-	50,000 sq ft	June 2012	13	7,754
Chengdu Hi-Tech Zone, West Zone, Chengdu, Sichuan, P.R. China 13-(02)-006	Industrial land	Factory	49 years leasehold expiring 2055	9.647 hectare	December 2005	-	2,620
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	3,294
	Factory building	Factory	-	366,000 sq ft	December 2005	20	52,224
	Factory building	Factory	-	254,000 sq ft	December 2012	13	62,725
	Factory building	Factory	-	517,000 sq ft	December 2022	3	231,182

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting (“AGM”) of the Company will be held at the Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 28 April 2026, Tuesday at 10.30 a.m. to transact the following businesses:

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees amounting to RM1,576,400 for the financial year ended 31 December 2025, a decrease of RM151,100 from RM1,727,500 for the financial year ended 31 December 2024. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire pursuant to Regulation 115 of the Constitution of the Company:-
 - (i) Mr Francis Chia Mong Tet **Ordinary Resolution 2**
 - (ii) Mr John Chia Sin Tet **Ordinary Resolution 3**
 - (iii) Mr Alexander Chia Jhet-Wern **Ordinary Resolution 4**
 - (iv) Mdm Teh Muy Ch’ng **Ordinary Resolution 5**
4. To reappoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business:

To consider and, if thought fit, to pass the following resolution with or without modifications:-

5. **Authority To Allot Shares**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of the relevant authorities (if any shall be required), the Directors be and are hereby empowered to issue and allot shares in the Company from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.” **Ordinary Resolution 7**
6. To transact any other business for which due notice has been given.

By Order of the Board

SUM MEE JIUN
SSM PC No. 202508000508
(MIA 32665)

WONG SIEW YEEN
SSM PC No. 202008001471
(MAICSA 7018749)

Company Secretaries

27 March 2026
Kuala Lumpur

NOTICE OF Annual General Meeting

Notes:

1. A member entitled to attend this AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Only members whose names appear in the Record of Depositors as at 21 April 2026 are entitled to attend, speak and vote at this AGM of the Company to be held on 28 April 2026.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“SICDA”), it may appoint not more than two (2) proxies in respect of each securities account it holds, with ordinary shares of the Company standing to the credit of the said securities account to attend, participate and vote at this AGM.
4. Where a member is an exempt authorised nominee (as defined under the SICDA) which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.
7. The instrument appointing a proxy either in writing or in electronic form shall be deposited at the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the Drop Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via Vistra Share Registry and IPO (MY) portal (“Portal”) at <https://srmy.vistra.com> not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for further information on electronic submission of proxy form.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the Drop Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or adjourned general meeting at which the person named in the appointment proposes to vote.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of a poll.
10. Explanatory Note on Special Business

Ordinary Resolution 7

The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016 (“Act”)

The proposed Ordinary Resolution 7, if passed, will grant a renewed general mandate and provide flexibility for the Company to empower the Directors of the Company, from the date of the above Annual General Meeting, to issue new ordinary shares of not more than 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of ordinary shares, this renewal of general mandate will provide flexibility to the Company for any possible fund raising activities for purpose of financing future investments, major capital expenditure, acquisitions, and/or working capital purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company had, at the 36th Annual General Meeting held on 28 April 2025, obtained its shareholders’ approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As at the date of this Notice, no new shares of the Company were issued or allotted pursuant to this mandate.

The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. At this juncture, there is no decision to issue new shares.

STATEMENT ACCOMPANYING Notice of Annual General Meeting

DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE 37TH ANNUAL GENERAL MEETING OF THE COMPANY

The Directors who retire in accordance with Regulation 115 of the Constitution of the Company and being eligible offer themselves for re-election at the upcoming Annual General Meeting (“AGM”) are Mr Francis Chia Mong Tet, Mr John Chia Sin Tet, Mr Alexander Chia Jhet-Wern and Mdm Teh Muy Ch’ng (“Retiring Directors”).

The details of the Retiring Directors are set out in their respective profiles on pages 17 to 20 of this Integrated Annual Report. The details of their interest in the securities of the Company are set out in the Statement of Directors’ Interest on page 241 of this Integrated Annual Report.

Before presenting its recommendation to the shareholders, the Board, in collaboration with the Nomination Committee, methodically evaluated the Retiring Directors taking into account the following key factors:

- (a) performance and contribution of the Director;
- (b) fit & proper assessment of the Director;
- (c) current composition of the Board; and
- (d) tenure of each Director.

For the financial year under review, the Board conducted a formal and comprehensive performance and effectiveness assessment of the Board, Board Committees, and individual Directors, including Independent Directors. The Board Effectiveness Evaluation (“BEE”) exercise included performance criteria such as Fiduciary Role & Responsibilities, Board Structure & Composition, Board Procedures & Meeting Effectiveness, Board Culture & Conduct, Directors’ Skill Sets, Board Contribution & Performance and Calibre & Personality, and Independent Directors’ assessment and declaration.

The assessment of Director performance, derived from the 2025 BEE exercise, unequivocally indicates that the Retiring Directors have consistently met the criteria essential for an effective and high-performing Board. In addition, the Retiring Directors also met the stringent fit and proper criteria outlined in the Company’s Fit & Proper Policy.

The current composition of the Board is overall balanced and adequately embodies the necessary mix of skills, experience, and diversity. The duration of the respective tenures of the Directors enhances the overall board dynamic. This strategic mix gives a good balance, combining the experience and continuity offered by longer-tenured Directors with the fresh perspectives and insights brought by those with more recent appointments. Such diversity in tenure strengthens the Board’s effectiveness and governance, aligning with best practices in corporate governance.

Based on the aforementioned evaluation and careful consideration, the Board unequivocally endorses and advocates for the re-election of Mr Francis Chia Mong Tet, Mr John Chia Sin Tet, Mr Alexander Chia Jhet-Wern and Mdm Teh Muy Ch’ng to continue serving in their roles as Directors of the Company.

GENERAL MANDATE TO ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“THE ACT”)

The details on the proposed general mandate to issue new ordinary shares pursuant to Sections 75 and 76 of the Act are set out in the Explanatory Note on Special Business in the Notice of 37th Annual General Meeting and page 245 of the Integrated Annual Report.



I/We _____ NRIC/Company/Passport No. _____

of _____

being a Member/Members of Unisem (M) Berhad hereby appoint:-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

^and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 37th Annual General Meeting of the Company which will be held at the Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 28 April 2026, Tuesday at 10.30 a.m. or at any adjournment thereof, and to vote as indicated with ✓ in respect of the following resolutions. (If you do not do so, the proxy will vote or abstain from voting at his discretion):-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees amounting to RM1,576,400 for the financial year ended 31 December 2025		
Ordinary Resolution 2	To re-elect Mr Francis Chia Mong Tet as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 3	To re-elect Mr John Chia Sin Tet as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 4	To re-elect Mr Alexander Chia Jhet-Wern as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 5	To re-elect Mdm Teh Muy Ch'ng as a Director who retires pursuant to Regulation 115 of the Constitution of the Company		
Ordinary Resolution 6	To reappoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration		
Ordinary Resolution 7	To authorise the Directors under Sections 75 and 76 of the Companies Act 2016 to issue new shares of the Company		

^ Delete whichever is inapplicable.

Dated this _____ day of _____, 2026.

Signature/Common Seal

Tel No. : _____

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

Notes:

- Only members whose names appear in the Record of Depositors as at 21 April 2026 are entitled to attend, speak and vote at this AGM.
- A member entitled to participate at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds, with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee (as defined under the SICDA) which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.
- The instrument appointing a proxy either in writing or in electronic form shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the Drop Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via Vistra Share Registry and IPO (MY) portal ("Portal") at <https://smy.vistra.com> not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for further information on electronic submission of proxy form.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the Drop Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or adjourned general meeting at which the person named in the appointment proposes to vote.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by way of a poll.

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STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD [197101000970 (11324-H)]

SHARE REGISTRAR FOR

UNISEM (M) BERHAD [198901006009 (183314-V)]

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

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CORPORATE Information

BOARD OF DIRECTORS

Mr John Chia Sin Tet
Chairman/
Group Managing Director

Mr Francis Chia Mong Tet
Executive Director

Mr Alexander Chia Jhet-Wern
Executive Director

Puan Nelleita binti Omar
Independent Director

Mr Patrick Ng Gan Hooi
Independent Director

Mdm Teh Muy Ch'ng
Independent Director

**Puan Noor Alina
binti Mohamad Faiz**
Independent Director

Mr Xiao Zhiyi
Non-Executive Director

Mr Cui Weibing
Non-Executive Director

Mr Chang Wenying
Non-Executive Director

Mdm Chen Yan
Non-Executive Director

REGISTERED OFFICE

Lot No. 9(H)
9th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
Tel: (603) 2072 3760
Fax: (603) 2072 4018
Website: www.unisemgroup.com

COMPANY SECRETARIES

SUM MEE JIUN
SSM PC No. 202508000508
(MIA 32665)

WONG SIEW YEEN
SSM PC No. 202008001471
(MAICSA 7018749)

AUDITORS

KPMG PLT (LLP0010081-LCA)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor
Malaysia
Tel: (603) 7721 3388
Fax: (603) 7721 3399

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd [197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel: (603) 2783 9299
Fax: (603) 2783 9222

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

www.unisemgroup.com