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KEY ASIC BERHAD

*Registration No.: 200501024949 (707082-M)
(Incorporated in Malaysia)*

**PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR
TRADING NATURE**

The above proposal will be tabled as Special Business at the Eighteenth Annual General Meeting ("AGM") of Key ASIC Berhad ("Key ASIC" or "Company"). The Notice of the Eighteenth AGM of Key ASIC to be conducted entirely through live streaming from the broadcast venue at Key ASIC's Headoffice at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 November 2023 at 9.00 a.m. or any adjournment thereof, together with the Proxy Form, are enclosed together with the 2023 Annual Report of Key ASIC.

You are entitled to attend and vote at the AGM of the Company or to appoint a proxy or proxies to attend and vote on your behalf. The Proxy Form must be lodged at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on or before the date and time indicated below. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form: Monday, 13 November 2023 at 9.00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular: -

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual General Meeting
2023 Annual Report	: Annual Report of Key ASIC for the financial year ended 31 May 2023
ASIC	: Application Specific Integrated Circuit is a customised electronic device for a particular use, rather than intended for general-purpose use
Board	: Board of Directors of Key ASIC
Bursa Securities	: Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
CMSA	: Capital Markets and Services Act 2007
Directors	: Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Key ASIC Group or its holding company or a chief executive of the Key ASIC Group or its holding company
ECG	Electrocardiogram
EMR	Electronic Medical Record
IP	: Intellectual property refers to the building block for a chip in the integrated circuit industry
KAI (TW)	: Key ASIC Inc. (28112337), a wholly-owned subsidiary of Key ASIC
KAL	: Key ASIC Limited (674754), a Major Shareholder of Key ASIC
KASL	: Key ASIC Semiconductor Limited (2036754) (BVI), a wholly-owned subsidiary of Key ASIC
KASSB	: Key ASIC Semiconductor Sdn Bhd [200701018241 (776252-V)], a wholly-owned subsidiary of Key ASIC
Key ASIC or Company	: Key ASIC Berhad [200501024949 (707082-M)]
Key ASIC Group or Group	: Key ASIC and its subsidiaries, namely KASSB, KAI (TW), and KASL
Listing Requirements	: Main Market Listing Requirements of Bursa Securities and amendments thereof

DEFINITIONS (Cont'd)

LPD	: 1 September 2023, being the latest practicable date prior to the printing of this Circular
Major Shareholder	: Means a person who has an interest or interests in one or more voting shares in Key ASIC and the number or aggregate number of those shares, is: - (a) 10% or more of the total number of voting shares in Key ASIC; or (b) 5% or more of the total number of voting shares in Key ASIC where such person is the largest shareholder of Key ASIC. For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of Key ASIC or any other company which is its subsidiary or holding company.
NA	: Net assets
Palette System	: Palette System Sdn Bhd [200101002460 (538216-T)], a wholly-owned subsidiary of UCrest
Person Connected	: Shall have the same meaning as in Paragraph 1.01 of the Listing Requirements
Proposed Mandate	: The Proposed Renewal of the Existing Shareholders’ Mandate for the Recurrent Transaction and as set out in Section 1.4 of this Circular
RRPT or Recurrent Transaction	: Recurrent related party transactions of the Group which are of a revenue or trading nature that are necessary for the day-to-day operations and are in the ordinary course of business of the Group
Related Parties	: Directors, Major Shareholders or Persons Connected with such Directors or Major Shareholders
RM and sen	: Ringgit Malaysia and sen, respectively
SoC	: System-on-chip is an integrated component of a collection of electronic systems into a single integrated circuit
UCH	: United Crest Healthcare Pte Ltd (201317975C)
UCH China	: United Crest Healthcare (China) Co. Ltd (91310000MA1J9A9N84), a wholly-owned subsidiary of UCH
UCH Group	: UCH and its subsidiary, namely UCH China

DEFINITIONS (Cont'd)

UCrest	: UCrest Berhad [199701004560 (420056-K)]
UCrest Technology	: UCrest Technology Sdn. Bhd [201701032256 (1246426-P)], a wholly-owned subsidiary of UCrest
UCrest Technology Ltd	: UCrest Technology Ltd (1999946), a wholly-owned subsidiary of UCrest
UCrest Group	: UCrest and its subsidiaries, namely Palette System, UCrest Technology and UCrest Technology Ltd

All references to “our Company” in this Circular are to Key ASIC, references to “our Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, our Group. All references to “you” in this Circular are references of the shareholder of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Mandate. The Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Mandate before voting at the AGM.

Key information	Description	Reference to Circular
Summary of the Proposed Mandate	The Proposed Mandate entails the provision and receipt of products and services between Key ASIC Group and KAL, UCrest Group, Rajah, Lau & Associates and UCH Group	Section 1.4
Rationale for the Proposed Mandate	<p>The rationale for the Proposed Mandate is as follows:-</p> <ul style="list-style-type: none">(i) it will enable the Group to continue to carry out the RRPT necessary for the Group's day-to-day operations;(ii) it will enhance the Group's ability to pursue business opportunities which are time-sensitive in nature more expeditiously;(iii) it will eliminate the need to announce and convene separate general meetings of the Company from time to time to seek shareholders' approval on each occasion pursuant to the requirements of Paragraph 10.09 of the Listing Requirements, as and when potential transactions with the specified classes of Related Parties arise; and(iv) it will also substantially reduce expenses associated with the convening of such meetings on an ad-hoc basis, improve administrative efficiency and allow resources and time to be channeled towards attaining other corporate objectives and opportunities.	Section 1.9

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Key information	Description	Reference to Circular
Audit Committee Statement	Our Audit Committee has reviewed our RRPT procedures as mentioned in Section 1.6 and views that our procedures are sufficient to ensure that the RRPT will be made on arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.	Section 1.7
Interested parties and any conflict of interest	The interested Directors, interested Major Shareholders, and interested Persons Connected with them having any interest, direct or indirect, in the Proposed Mandate will abstain from voting and deliberation.	Section 1.10
Approvals required and conditionality	The Proposed Mandate is subject to the shareholders' approval being obtained at the forthcoming Eighteenth AGM.	Section 2
Board's recommendation	The Board, other than the interested Director, are of the opinion that the Proposed Mandate is in the best interest of the Company and its shareholders and recommends that you vote in favour of the resolution pertaining to the Proposed Mandate to be tabled at the forthcoming Eighteenth AGM.	Section 3

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KeyASIC

KEY ASIC BERHAD

Registration No.: 200501024949 (707082-M)
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

29 September 2023

Board of Directors:

Eg Kah Yee (*Executive Chairman, Chief Executive Officer*)
Datuk Md Zubir Ansori Bin Yahaya (*Independent Non-Executive Director*)
Chen, Chia-Yin (*Independent Non-Executive Director*)
Prof. Low Teck Seng (*Independent Non-Executive Director*)
Benny T. Hu @ Ting Wu Hu (*Non-Independent Non-Executive Director*)

To: The Shareholders of Key ASIC Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

The Company had on 25 November 2022, at its Seventeenth AGM, obtained the shareholders' mandate to allow the Group to enter into RRPT with Related Parties in the ordinary course of business which are necessary for the Group's day-to-day operations.

The authorisation obtained from the shareholders on 25 November 2022 for the RRPT shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless the authorisation to renew the shareholders' mandate is obtained at the forthcoming AGM.

On 19 September 2023, the Board had announced to Bursa Securities that the Company intends to seek shareholders' approval at the forthcoming AGM on the Proposed Mandate.

The purpose of this Circular is to provide you with information on the Proposed Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM of the Company. The Notice of the Eighteenth AGM (under "Special Business") together with the Proxy Form are enclosed in the 2023 Annual Report.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENT OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED MANDATE.

1. INFORMATION ON THE PROPOSED MANDATE

1.1 The Listing Requirements

Pursuant to the Paragraph 10.09 and Practice Note No. 12 of the Listing Requirements, the Company may seek shareholders' mandate to enter into RRPT with Related Parties subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year, where:
 - (i) the consideration, value of assets, capital outlay or costs of the aggregate transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios of such aggregate transactions is equal to or exceeds 1%,whichever is the higher;
- (c) issuance of a circular to shareholders by the Company containing information as specified in the Listing Requirements;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or Persons Connected with the interested Director or Major Shareholder must not vote on the resolution in respect of the related party transaction; and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. The interested Director or interested Major Shareholder must ensure that Persons Connected with him will also abstain from voting on the resolution approving the transactions; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the Company, exceeds the estimated value of the recurrent related party transaction disclosed under Section 1.4 of this Circular by 10% or more and must include the information as may be prescribe by Bursa Securities in its announcement.

The Proposed Mandate is subject to annual renewal and if approved, shall only continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Mandate was passed, at which time the Proposed Mandate will lapse, unless by a resolution passed at the AGM, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is the earlier.

1.2 Information on the Key ASIC Group

The Company is primarily engaged in fabless high-end turnkey ASIC/SoC design services and development of IPs.

The principal activities of the subsidiaries of Key ASIC as at LPD are set out in the table below: -

Name of Company	Country of Incorporation	Effective Equity Interest (%)	Principal Activities
KASSB	Malaysia	100	Providing manufacturing services to fabless design companies, providing design-for-manufacturing and design-for-test consultation and the sale of wafer and SoC products.
KAI (TW)	Republic of China	100	Provision of engineering design and turnkey services.
KASL	British Virgin Islands	100	ASIC design services provider

1.3 Classes of Related Parties for the Recurrent Transaction

Related Parties	Nature of Relationship	Principal Activities
KAL	KAL is a Major Shareholder of Key ASIC and Eg Kah Yee, a Director and Major Shareholder of Key ASIC is the sole director and shareholder of KAL through his shareholding in Key Aim Group Limited ("KAGL"). KAGL is a substantial shareholder of KAL.	Investment holding and sales and marketing of licenced IP and integrated chip
Rajah, Lau & Associates	Eg Kaa Chee, a senior partner in Messrs Rajah, Lau & Associates is the brother of Eg Kah Yee, a Director and Major Shareholder of Key ASIC.	Provision of legal related services
UCrest & Group	Eg Kah Yee, a Director and Major Shareholder of Key ASIC, is the Major Shareholder of UCrest. He is also the Chairman and Managing Director of UCrest.	Design, development and marketing of information technology related products and services
UCH & Group	Eg Kah Yee, a Director and Major Shareholder of Key ASIC, is also a Director and Major Shareholder of UCH. Jonathan Chuan Jack Eg, Eg Kah Yee's son, is also a Director and Major Shareholder of UCH.	Management Consultancy Services for Healthcare Organisations

1.4

Nature of the Recurrent Related Party Transactions

The nature of the Recurrent Transaction with Related Parties of which approval is being sought for the Proposed Mandate shall include, but are not limited to those described below: -

Transacting Party within Key ASIC Group	Related Party	Nature of the RRPT	Interested Related Parties	Estimated Value of Transactions as disclosed in the preceding year's circular (RM)	(1)Actual Value Transacted 25 November 2022 to LPD (RM)	(2)Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2024 (RM)
Key ASIC (recipient of licensed product)	KAL (provider of licensed product)	Licensing of IP and provision of electronic design automation tools by KAL	<i>Interested Director and Major Shareholder</i> Eg Kah Yee <i>Interested Major Shareholder</i> KAL KAGL	100,000,000	-	100,000,000
Key ASIC Group (recipient of services)	Rajah, Lau & Associates (provider of services)	Provision of legal related services	<i>Interested Director and Major Shareholder</i> Eg Kah Yee <i>Interested Person Connected</i> Eg Kaa Chee	250,000	-	250,000

1.4 Nature of the Recurrent Related Party Transaction (Cont'd)

Transacting Party within Key ASIC Group	Related Party	Nature of the RRPT	Interested Related Parties	Estimated Value of Transactions as disclosed in the preceding year's circular (RM)	(1) Actual Value Transacted 25 November 2022 to LPD (RM)	(2) Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2024 (RM)
Key ASIC Group (provider of products and services)	UCrest & Group (recipient of product and services)	Sale of wireless storage devices and its related components (including after sales services)	<i>Interested Director and Major Shareholder</i> Eg Kah Yee	25,000,000	-	25,000,000
Key ASIC Group (recipient of products and services)	UCrest & Group (provider of products and services)	Outsourcing of internet hosting related services and its related components	<i>Interested Director and Major Shareholder</i> Eg Kah Yee	3,500,000	-	3,500,000
Key ASIC Group (provider of management services)	UCrest & Group (recipient of management services)	Outsourcing project management and engineering services related to use of SoC.	<i>Interested Director and Major Shareholder</i> Eg Kah Yee	1,500,000	-	1,500,000
Key ASIC Group (provider of products and services)	UCrest Group (recipient of product and services)	Sale of medical devices such as blood pressure monitor, ECG, oximeter, etc. including after sales service)	<i>Interested Director and Major Shareholder</i> Eg Kah Yee	5,000,000	-	5,000,000

1.4 Nature of the Recurrent Related Party Transaction (Cont'd)

Transacting Party within Key ASIC Group	Related Party	Nature of the RRPT	Interested Related Parties	Estimated Value of Transactions as disclosed in the preceding year's circular (RM)	(1) Actual Value Transacted 25 November 2022 to LPD (RM)	(2) Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2024 (RM)
Key ASIC Group (provider of products and services)	UCH (recipient of products and services)	IP Licensing, sales of Software License and Hardware including installation, troubleshooting and outsourcing	<i>Interested Director and Major Shareholder</i> Eg Kah Yee <i>Interested Person Connected</i> Jonathan Chuan Jack Eg KAGL KAL	15,000,000	-	15,000,000
Key ASIC Group (recipient of products and services)	UCH (provider of products and services)	IP Licensing, purchase of Software License and Hardware including installation, troubleshooting and outsourcing	<i>Interested Director and Major Shareholder</i> Eg Kah Yee <i>Interested Person Connected</i> Jonathan Chuan Jack Eg KAGL KAL	15,000,000	-	15,000,000

1.4 Nature of the Recurrent Related Party Transaction (Cont'd)

Transacting Party within Key ASIC Group	Related Party	Nature of the RRPT	Interested Related Parties	Estimated Value of Transactions as disclosed in the preceding year's circular (RM)	(1) Actual Value Transacted 25 November 2023 to LPD (RM)	(2) Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2024 (RM)
Key ASIC Group (provider of products and services)	UCH China (recipient of product and services)	IP Licensing, sales of Software License and Hardware including installation, troubleshooting and outsourcing.	<i>Interested Director and Major Shareholder</i> Eg Kah Yee <i>Interested Person Connected</i> Jonathan Chuan Jack Eg KAGL KAL	30,000,000	-	30,000,000
Key ASIC Group (recipient of products and services)	UCH China (provider of products and services)	Blockchain, Big Data Analytics, EMR Database Development and Management	<i>Interested Director and Major Shareholder</i> Eg Kah Yee <i>Interested Person Connected</i> Jonathan Chuan Jack Eg KAGL KAL	30,000,000	-	30,000,000

Note:

- (1) The actual value of the RRPT (for the period from 25 November 2022 to LPD) did not exceed by 10% or more of the estimated value as approved under the previous shareholders' mandate granted to the Company at the Seventeenth AGM held on 25 November 2022.
- (2) The estimated values may vary and are subject to changes and 30 November 2024 is the expected date of the next AGM.

1.5 Outstanding RRPT Receivables

As at LPD, there was no amount due and owing to the Group by the Related Party pursuant to the RRPT, which exceed the credit period. Hence, there was no late payment charges imposed on the Related Party.

1.6 Review and Disclosure Procedures for the Recurrent Transaction

The Company has implemented the review and disclosure procedures for the RRPT to ensure that the RRPT are conducted on arm's length basis and are based on normal commercial terms consistent with the Company's usual business practices and are on transaction prices and terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

To monitor the RRPT, the following review and disclosure procedures have been implemented: -

- (i) the management of Key ASIC will ensure that the RRPT will only be entered into after taking into account the pricing, expertise and other related factors. The transaction prices, which are on negotiated basis, will be determined by market forces, similar to those prices for transactions with unrelated third parties, and references will be made to surveys and/or valuations to be undertaken to gather information on market prices;
- (ii) a register will be maintained by the Company to record all the RRPT and will be made available to the Audit Committee for its quarterly review;
- (iii) wherever possible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, to determine whether the price and terms offered to/by Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

However, for certain transactions, the terms of the transaction (including pricing) cannot be compared with unrelated third parties as there are no unrelated customers and provider for similar products or services. The terms of these transactions thus, are negotiated on a willing buyer willing seller basis and based on the Group's usual business practices. Nevertheless, the Company will ensure that the RRPT are not detrimental to the Company or Key ASIC Group.

The thresholds for the relevant approving authority in relation to the RRPT are as follows: -

- (i) transactions which are RM232,000 (USD50,000 equivalent based on exchange rate as at LPD) and below in value, will be reviewed and approved by the Financial Controller (not being a person connected to the Related Party) designated by the Audit Committee from time to time for such purpose and tabled for review by the Audit Committee on a quarterly basis;
- (ii) transactions which are above RM232,000 (USD50,000 equivalent based on exchange rate as at LPD) in value will be reviewed and approved by the Audit Committee.

Subsequent to the review and/or approval of all the RRPT, these RRPT will be reported to the Board to ensure that they are properly transacted and monitored.

- (iv) the Audit Committee will undertake a periodic review of the RRPT to ensure that such transactions are undertaken at arm's length basis, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company. In its review and approval of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals; and

- (v) in the case of RRPT where any of the Director has a direct or indirect interest, he shall abstain from all deliberations and voting in respect of the said transaction. Where any member of the Audit Committee is interested in any transactions, that member shall abstain from voting in any matter relating to any decision to be taken by the Audit Committee with respect to such transactions.

1.7 Statement by the Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 1.6 above and is of the view that the said procedures are sufficient to ensure that the RRPT are undertaken at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. Key ASIC Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, which procedures and processes are reviewed on a quarterly basis by the Audit Committee. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the said transaction.

Furthermore, the Audit Committee of the Company shall also have the discretion to request for additional procedures to be followed if it considers such a request to be appropriate.

1.8 Disclosure in the Annual Report

Disclosure shall be made in the Company's annual report of the aggregate value of the RRPT during the financial year, stating: -

- (i) the types of the RRPT made; and
- (ii) the names of the Related Parties involved in each type of the RRPT made and their relationships with the Company,

and in the annual reports for the subsequent years that the Proposed Mandate continues to be in force.

1.9 Rationale of the Proposed Mandate

The RRPT are in the ordinary course of business of the Group and are undertaken at arm's length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public. They are likely to occur to some degree of frequency and arise at any time and from time to time.

The Proposed Mandate will enhance the ability of the Group to pursue business opportunities which are time-sensitive in nature and will eliminate the need for Key ASIC to announce and convene separate general meetings on each occasion to seek prior approval of the shareholders of the Company for the RRPT. This will substantially reduce the expenses associated with convening general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources and time to be channelled towards attaining corporate objectives.

The Group should have access to all available markets, including the Related Parties. The RRPT are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background, financial well-being and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have a good understanding of each other's business needs and expectations thus providing a platform where all parties can benefit from conducting the RRPT.

1.10 Interests of the Directors, Major Shareholders and/or Persons Connected with Them

Save as disclosed below, none of the Directors and/or Major Shareholders and/or Persons Connected with them, has any interest, direct and indirect, in the Proposed Mandate.

The interested Directors, interested Major Shareholders and Persons Connected with them and their respective interests in Key ASIC's issued share capital as at the LPD are as follows: -

Interested Director	Direct		Indirect	
	No. of shares	%	No. of shares	%
Eg Kah Yee	1,600,000	0.115	⁽¹⁾ 325,869,500	23.385
Interested Major Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Eg Kah Yee	1,600,000	0.115	⁽¹⁾ 325,869,500	23.385
KAL	325,869,500	23.385	-	-
KAGL	-	-	⁽²⁾ 325,869,500	23.385
Persons Connected	Direct		Indirect	
	No. of shares	%	No. of shares	%
Eg Kaa Chee	6,874,900	0.493	-	-
Jonathan Chuan Jack Eg	-	-	-	-
See Lee Ming	15,561,300	1.117	⁽³⁾ 7,427,688	0.533

Notes: -

1. Deemed interested by virtue of his interest in KAGL pursuant to Section 8 of the Act and KAGL is deemed interested by virtue of its interest in KAL pursuant to Section 8 of the Act.
2. Deemed interested by virtue of its interest in KAL pursuant to Section 8 of the Act.
3. Deemed interested by virtue of his interest in United Crest Equity Limited pursuant to Section 8 of the Act.

The interested Director, namely Eg Kah Yee had abstained, and will continue to abstain from all board deliberations and voting in the board resolution pertaining to the Proposed Mandate.

The interested Director, as named in the immediate paragraph above, and the interested Major Shareholders namely, Eg Kah Yee, KAL and KAGL and all Persons Connected with them will abstain from voting on the resolution, in respect of their direct and indirect shareholdings, approving the Proposed Mandate at the forthcoming AGM.

The interested Director and all the interested Major Shareholders as named in the paragraphs above have undertaken to ensure that the Persons Connected with them shall also abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposed Mandate at the forthcoming AGM.

2. APPROVALS REQUIRED

The Proposed Mandate is subject to the approval of the shareholders of Key ASIC at the forthcoming AGM. Save for the approval of the shareholders of Key ASIC, there are no other approvals required for the Proposed Mandate.

3. DIRECTORS' RECOMMENDATION

After due consideration of all aspects of the Proposed Mandate, the Directors (save for Eg Kah Yee who is deemed interested in the Proposed Mandate) are of the opinion that the Proposed Mandate is in the best interest of the Company. Accordingly, the Directors (save for Eg Kah Yee) recommend that shareholders vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at the Company's forthcoming AGM.

4. AGM

The Eighteenth AGM, the notice of which is enclosed in the 2023 Annual Report, will be conducted entirely through live streaming from the broadcast venue at Key ASIC's Headoffice at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 November 2023 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Mandate.

If you are unable to attend and vote remotely via the remote participation and voting facilities provided at the AGM, you may appoint a proxy or proxies to attend and vote at the AGM on your behalf. If you wish to do so, you must complete and return the Proxy Form enclosed in the 2023 Annual Report in accordance with the instructions therein as soon as possible and in any event, so as to arrive at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Shareholders WILL NOT BE ALLOWED to attend the AGM in person at the broadcast venue on the day of the AGM. Therefore, shareholders are strongly advised to participate and vote remotely at the AGM through live streaming and online remote voting using the Remote Participation and Voting Facilities provided by the Company. Please read the Administrative Guide for the AGM carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.

5. ADDITIONAL INFORMATION

Shareholders are advised to refer to Appendices in this Circular for additional information.

Yours faithfully
For and on behalf of the Board of Directors
KEY ASIC BERHAD

DATUK MD ZUBIR ANSORI BIN YAHAYA
Independent Non-Executive Director

ADDITIONAL INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by your Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL CONTRACTS

Neither the Company nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the date of this Circular, neither the Company nor its subsidiary companies are involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of Key ASIC are not aware of any proceedings, pending or threatened against the Company and/or its subsidiary companies or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of Key ASIC and/or its subsidiary companies.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of Key ASIC during office hours from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) Constitution of Key ASIC; and
- (ii) The Audited consolidated financial statements of the Group for the financial years ended 31 May 2022 and 31 May 2023.

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EXTRACT OF THE ORDINARY RESOLUTION TO BE TABLED AT THE AGM OF KEY ASIC IN RELATION TO THE PROPOSED MANDATE

ORDINARY RESOLUTION III

PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 1.4 of the Circular to Shareholders dated 29 September 2023 ("Related Parties") provided that such transactions and/or arrangements are:-

- (a) necessary for the day-to-day operations;
- (b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (c) are not detrimental to the minority shareholders of the Company,

(collectively known as "Shareholders' Mandate");

THAT such approval, shall continue to be in force until: -

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

THAT the estimated aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during a financial year will be disclosed, in accordance with the Listing Requirements, in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."