

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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keyASIC
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 Fifteenth Annual General Meeting ("AGM") of Key ASIC Berhad ("Key ASIC" or "Company"). The Notice of the Fifteenth AGM of Key ASIC to be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 November 2020 at 9.00 a.m. or any adjournment thereof, together with the Proxy Form, are enclosed together with the Annual Report 2020 of Key ASIC for the financial year ended 31 May 2020.

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, the 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 should you be unable to attend the meeting. 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: Sunday, 15 November 2020, 9.00 a.m.

This Circular is dated 30 September 2020

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
Annual Report 2020	: Annual Report of Key ASIC for the financial year ended 31 May 2020
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 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 officer of the Key ASIC Group or its holding company
EGM	: Extraordinary General Meeting
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 substantial 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
Key ASIC Share(s) or the Share(s)	: Ordinary share(s) of Key ASIC
Listing Requirements	: Main Market Listing Requirements of Bursa Securities and amendments thereof

DEFINITIONS (Cont'd)

LPD	:	2 September 2020, 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 total number of that share, or the aggregate of the total 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 preceeding 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.
Market Day	:	A day between Monday and Friday, both days inclusive, on which Bursa Securities is open for trading of securities
NA	:	Net assets
UCH	:	United Crest Healthcare Pte Ltd (201317975C)
UCrest	:	UCrest Berhad [199701004560 (420056-K)]
Palette System	:	Palette System Sdn Bhd [200101002460 (538216-T)], a subsidiary of UCrest
UCrest Technology	:	UCrest Technology Sdn. Bhd [201701032256 (1246426-P)], a subsidiary of UCrest
UCrest Technology Ltd	:	UCrest Technology Ltd (1999946), a subsidiary of UCrest
UCrest Group	:	UCrest and its subsidiaries, namely Palette System and UCrest Technology and UCrest Technology Ltd.
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 Recurrent Transactions and as set out in Section 1.4 of this Circular
Recurrent Transactions	:	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
SC	:	Securities Commission
SOC	:	System-on-chip is an integrated component of a collection of electronic systems into a single integrated circuit

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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

30 September 2020

Board of Directors:

Eg Kah Yee (*Executive Chairman, Chief Executive Officer*)
Benny T. Hu (*Independent Non-Executive Director*)
N. Chanthiran a/l Nagappan (*Independent Non-Executive Director*)
Chen, Chia-Yin (*Independent Non-Executive Director*)
Prof Low Teck Seng (*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 ("PROPOSED MANDATE")

1. INTRODUCTION

The Company had on 22 November 2019, at its Fourteenth AGM, obtained the shareholders' mandate to allow the Group to enter into Recurrent Transactions of a revenue or trading nature 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 22 November 2019 for the Recurrent Related Party Transaction, 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 21 September 2020, 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 Fifteenth AGM (under "Special Business") together with the Proxy Form are enclosed in the Annual Report 2020, which is being sent to you together with this Circular.

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

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 Recurrent Transactions 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 lower;
- (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; 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.

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 Transactions

Related Parties	Nature of Relationship	Principal Activities
KAL	<p>KAL is a Major Shareholder of Key ASIC and Eg Kah Yee, a Director 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.</p> <p>Other substantial shareholders of KAL, which are also major shareholders of Key ASIC by virtue of Section 8 of the Act includes Principles Securities Limited ("PSL"), Top China Production Limited ("TCPL"), Chang Tao-Chun, Fang Chun-Jung and Chang Li-Ping.</p>	Investment holding and sales and marketing of licenced IP and integrated chip.

1.3 Classes of Related Parties for the Recurrent Transactions (Cont'd)

Related Parties	Nature of Relationship	Principal Activities
Rajah, Lau & Associates	Eg Kaa Chee, a senior partner in Messrs Rajah, Lau & Associates is the brother of Eg Kah Yee	Provision of legal related services
UCrest & Group	Eg Kah Yee, a Director 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	Eg Kah Yee is 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

1.4.1 The nature of the Recurrent Transactions with Related Parties of which approval is being sought under the Proposed Renewal of Existing Shareholders' Mandate shall include, but are not limited to those described below: -

Transacting Party within Key ASIC Group	Related Party	Nature of Recurrent Transactions	Interested Related Parties	Estimated Value of Transactions as (disclosed in the preceding year's circular) (RM)	(1) Actual Value Transacted 22 November 2019 to LPD 2019 to LPD (RM)	(2) Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2021 (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 PSL TCPL Chang Tao-Chun Fang Chun-Jung Chang Li-Ping	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 Transactions (Cont'd)

Transacting Party within Key ASIC Group	Related Party	Nature of Recurrent Transactions	Interested Related Parties	Estimated Value of Transactions as (disclosed in the preceding year's circular) (RM)	(1) Actual Value Transacted 22 November 2019 to LPD (RM)	(2) Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2021 (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)	Purchase 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 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 Key AIM Group Limited Key ASIC Limited	15,000,000	-	15,000,000

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

Transacting Party within Key ASIC Group	Related Party	Nature of Recurrent Transactions	Interested Related Parties	Estimated Value of Transactions (disclosed in the preceding year's circular) (RM)	(1) Actual Value Transacted 22 November 2019 to LPD (RM)	(2) Estimated aggregate value from the date of the forthcoming AGM to next AGM by 30 November 2021 (RM)
Key ASIC Group (recipient of products and services)	UCH (provider 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 Key AIM Group Limited Key ASIC Limited	15,000,000	-	15,000,000
Key ASIC Group (provider of management services)	UCrest & Group (recipient of management services)	Outsourcing management services (Engineering Services)	<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 and its related components (including after sales service).	<i>Interested Director and Major Shareholder</i> Eg Kah Yee	5,000,000	-	5,000,000

Note:

(1) The actual value of the Recurrent Related Party Transactions (for the period from 22 November 2019 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 Fourteenth AGM held on 22 November 2019.

(2) The estimated values may vary and are subject to changes and 30 November 2021 is the expected date of the next AGM.

1.5 Outstanding Recurrent Related Party Transaction (“RRPT”) Receivables

As at LPD, there are no outstanding RRPT Receivables

1.6 Review and Disclosure Procedures for the Recurrent Transactions

The Company has implemented the review and disclosure procedures for the Recurrent Transactions to ensure that the Recurrent Transactions are conducted on arm’s length basis and are based on normal commercial terms consistent with the Company’s usual business practices and undertaken 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 Recurrent Transactions, the following review and disclosure procedures have been implemented: -

- (i) the management of Key ASIC will ensure that the Recurrent Transactions 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 Recurrent Transactions and will be made available to the Audit Committee for its quarterly review;
- (iii) wherever possible, at least 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 Recurrent Transactions are not detrimental to the Company or Key ASIC Group.

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

- (i) transactions which are RM207,475 (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 RM207,475 (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 Recurrent Transactions, these Recurrent Transactions 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 Recurrent Transactions to ensure that such transactions are undertaken at arm’s length, 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 Recurrent Transactions 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 members of the Audit Committee are 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 Recurrent Transactions 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 Recurrent Transactions 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 Recurrent Transactions 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 Recurrent Transactions during the financial year, stating: -

- (i) the types of the Recurrent Transactions made; and
- (ii) the names of the Related Parties involved in each type of the Recurrent Transactions 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 Recurrent Transactions are in the ordinary course of business of the Group and are undertaken at arm's length on normal commercial terms and on terms no 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 Recurrent Transactions. 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 Recurrent Transactions 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 Recurrent Transactions.

1.10 Directors' and Major Shareholders' Interests

Save as disclosed below, none of the Directors and/or major shareholders and persons connected to them as defined in the Listing Requirements, has any interest, direct and indirect, in the Proposed Mandate.

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

Interested Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Eg Kah Yee	1,500,000	0.129	⁽¹⁾ 325,869,500	28.089
Interested Major Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
KAL	325,869,500	28.089	-	-
KAGL	-	-	⁽¹⁾ 325,869,500	28.089
PSL	-	-	⁽¹⁾ 325,869,500	28.089
TCPL	-	-	⁽¹⁾ 325,869,500	28.089
Chang Tao-Chun	-	-	⁽¹⁾ 325,869,500	28.089
Fang Chun-Jung	-	-	⁽¹⁾ 325,869,500	28.089
Chang Li-Ping	-	-	⁽¹⁾ 325,869,500	28.089
Persons Connected	Direct		Indirect	
	No. of shares	%	No. of shares	%
Eg Kaa Chee	200,000	0.017	-	-

Notes: -

1. Deemed interested by virtue of their interest in KAL pursuant to Section 8 of the Act.

The interested Director, namely, Mr 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, KAL, KAGL, PSL, TCPL, Chang Tao-Chun, Fang Chun-Jung and Chang Li-Ping, 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 to be convened. 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) is 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 Fifteenth AGM, the notice of which is enclosed in the Annual Report 2020, will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 November 2020 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution, under the agenda of "Special Business", to give effect to the Proposed Mandate.

If you are unable to attend and vote in person at the AGM, you should complete and return the Proxy Form enclosed in the Annual Report 2020 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, the 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 completion and return of the Proxy Form will not, however, preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

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

N. CHANTHIRAN A/L NAGAPPAN
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

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 year ended 31 May 2019 and financial year ended 31 May 2020.

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

ORDINARY RESOLUTION NO. IV

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 30 September 2020 (“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”);

AND 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(2) 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;

AND THAT the estimated aggregate value of the transactions conducted pursuant to the Shareholders’ Mandate during a financial period 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.”