

KEY ASIC BERHAD
[200501024949 (707082-M)]
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT 6TH FLOOR, UNIT 3, 8, FIRST AVENUE, BANDAR UTAMA, 47800 PETALING JAYA, SELANGOR DARUL EHSAN, ON THURSDAY, 31 MARCH 2022 AT 9.18 A.M.

Present at Broadcast Venue : N. Chanthiran A/L Nagappan (Chairman)

Present via video conferencing : Mr Eg Kah Yee (Executive Chairman/Chief Executive Officer)
Mr Benny T. Hu (Independent Non-Executive Director)
Ms Chen, Chia-Yin (Independent Non-Executive Director)
Prof. Low Teck Seng (Independent Non-Executive Director)

1. CHAIRMAN

On behalf of the Board, the Chairman welcomed all present at the Company's Extraordinary General Meeting ("EGM"), which was held remotely from the various locations through live streaming.

The Chairman informed that the Board took the well-being of the Company's shareholders, stakeholders and employees seriously during the COVID-19 pandemic and for their safety, the EGM was being convened entirely through live streaming from the Broadcast Venue at the Head Office of the Company.

The Chairman then introduced the Board members, Company Secretary of the Company, representatives from TA Securities Holdings Berhad and Wei Chien & Partners to the shareholders.

2. QUORUM

For a fully virtual general meeting, the quorum shall be determined by the number of members who logged in at the commencement of the meeting. The Chairman informed that there was a quorum, and he called the meeting to order at 9.18 a.m.

3. NOTICE

There being no objection, the notice convening the meeting, having been circulated earlier to all the members of the Company within the statutory period, was taken as read.

Before proceeding to the items on the agenda, the Chairman informed the shareholders that in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions tabled at the EGM would be voted by poll. Vaersa Advisory Sdn. Bhd. had been appointed as the Independent Scrutineer to validate the votes cast.

As this EGM was conducted entirely through live streaming from the Broadcast Venue at the Head Office of the Company, the resolutions to be tabled at the EGM would be put to vote remotely using the remote participation and voting or the RPV application. The voting on the resolutions could be done any time during the meeting. Alternatively, the shareholders could vote at the end of the EGM.

The Chairman informed that the Company had received a letter dated 2 March 2022 from the Minority Shareholder Watch Group (“MSWG”) and the Board would address the questions raised by MSWG during the Question and Answer Session.

The Chairman further briefed the shareholders on the administrative matters and how to raise questions to the Board during the EGM. The Chairman invited the poll administrator to brief the shareholders on the voting procedure.

**4. ORDINARY RESOLUTION 1
PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO 15% OF KEY ASIC’S TOTAL NUMBER OF ISSUED SHARES (EXCLUDING ANY TREASURY SHARES) AT ANY ONE TIME THROUGHOUT THE DURATION OF THE SCHEME FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF KEY ASIC AND ITS NON-DORMANT SUBSIDIARIES (“PROPOSED ESOS”)**

The Chairman informed that the full text of the Ordinary Resolution 1 was set out in the Notice of Meeting and the detailed information on the Proposed ESOS was set out in the Circular to Shareholders dated 25 February 2022. The following motion was put to the meeting for consideration.

“THAT, approval be and is hereby given to the Board of Directors (“Board”) to:

- (i) establish and administer the Proposed ESOS which involves the granting of options (“ESOS Options”) to all eligible directors and employees of Key ASIC and its non-dormant subsidiaries (“Group”) who meet the criteria of eligibility for participation in the Proposed ESOS (“Eligible Persons”) as set out in the by-laws governing the Proposed ESOS, a draft of which is set out in Appendix I of the circular to shareholders dated 25 February 2022 (“By-Laws”);*
- (ii) allot and issue such number of new Key ASIC Shares to the Eligible Persons from time to time as may be required in connection with the implementation of the Proposed ESOS while this approval is in force provided that the aggregate number of Key ASIC Shares to be allotted and issued shall not exceed 15% of the total number of issued Key ASIC Shares (excluding any treasury shares) at any one time throughout the duration of the Proposed ESOS AND THAT such new Key ASIC Shares to be issued upon exercise of the ESOS Options shall, upon allotment and issuance, rank equally in all respects with the then existing Key ASIC Shares, save and except that the holders of such new Key ASIC Shares to be issued pursuant to the exercise of ESOS Options will not be entitled to any dividends, rights, allotments or any other form of distributions that may be declared, made or paid to the Company’s shareholders, the entitlement date of which is prior to the date of allotment of such new Key ASIC Shares pursuant to the exercise of the ESOS Options and will be subject to all the provisions of the Constitution of the Company (including those relating to transfer and transmission of shares);*

- (iii) *modify and/or amend the By-Laws from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed ESOS; and*
- (iv) *extend the duration of the Proposed ESOS for a maximum period of an additional 5 years (the duration of the Proposed ESOS would then be for a total period of 10 years from the effective date of the Proposed ESOS), if the Board deems fit;*

THAT the By-Laws be and is hereby approved and adopted.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed ESOS with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit and/or as may be imposed or permitted by any other relevant authorities in connection with the Proposed ESOS.”

**5. ORDINARY RESOLUTION 2
PROPOSED GRANTING OF ESOS OPTIONS TO EG KAH YEE**

The Chairman informed that the full text of the Ordinary Resolution was set out in the Notice of meeting and the following motion was put to the meeting for consideration.

*“THAT subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed ESOS, to offer and grant to Eg Kah Yee, being the Executive Chairman and Chief Executive Officer of the Company, options to subscribe for such number of new Key ASIC Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to him, if he, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Key ASIC Shares (excluding any treasury shares), does not exceed 10% of the ESOS Options granted, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.*

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Key ASIC Shares to Eg Kah Yee pursuant to the exercise of ESOS Options under the Proposed ESOS.”

**6. ORDINARY RESOLUTION 3
PROPOSED GRANTING OF ESOS OPTIONS TO BENNY T. HU @ TING WU HU**

The Chairman informed that the full text of the Ordinary Resolution was set out in the Notice of meeting and the following motion was put to the meeting for consideration.

“THAT subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed ESOS,

to offer and grant to Benny T. Hu @ Ting Wu Hu, being an Independent Non-Executive Director of the Company, options to subscribe for such number of new Key ASIC Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to him, if he, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Key ASIC Shares (excluding any treasury shares), does not exceed 10% of the ESOS Options granted, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Key ASIC Shares to Benny T. Hu @ Ting Wu Hu pursuant to the exercise of ESOS Options under the Proposed ESOS.”

**7. ORDINARY RESOLUTION 4
PROPOSED GRANTING OF ESOS OPTIONS TO N. CHANTHIRAN A/L NAGAPPAN**

As Resolution 4 was to deal with the Chairman's allocation of ESOS options to himself, he passed the chair to the Company's Independent Non-Executive Director, Prof. Low Teck Seng ("Prof. Low"), to proceed with Resolution 4.

Prof. Low informed that the full text of the Ordinary Resolution was set out in the Notice of meeting and the following motion was put to the meeting for consideration.

“THAT subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed ESOS, to offer and grant to N. Chanthiran A/L Nagappan, being an Independent Non-Executive Director of the Company, options to subscribe for such number of new Key ASIC Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to him, if he, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Key ASIC Shares (excluding any treasury shares), does not exceed 10% of the ESOS Options granted, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Key ASIC Shares to N. Chanthiran A/L Nagappan pursuant to the exercise of ESOS Options under the Proposed ESOS.”

Prof. Low passed the chair back to the Chairman to continue with the meeting.

**8. ORDINARY RESOLUTION 5
PROPOSED GRANTING OF ESOS OPTIONS TO CHEN, CHIA-YIN**

The Chairman informed that the full text of the Ordinary Resolution was set out in the Notice of meeting and the following motion was put to the meeting for consideration.

“THAT subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby

authorised, at any time and from time to time during the existence of the Proposed ESOS, to offer and grant to Chen, Chia-Yin, being an Independent Non-Executive Director of the Company, options to subscribe for such number of new Key ASIC Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to her, if she, either singly or collectively through person connected with her, holds 20% or more of the total number of issued Key ASIC Shares (excluding any treasury shares), does not exceed 10% of the ESOS Options granted, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Key ASIC Shares to Chen, Chia-Yin pursuant to the exercise of ESOS Options under the Proposed ESOS.”

**9. ORDINARY RESOLUTION 6
PROPOSED GRANTING OF ESOS OPTIONS TO PROF. LOW TECK SENG**

The Chairman informed that the full text of the Ordinary Resolution was set out in the Notice of meeting and the following motion was put to the meeting for consideration.

“THAT subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed ESOS, to offer and grant to Prof. Low Teck Seng, being an Independent Non-Executive Director of the Company, options to subscribe for such number of new Key ASIC Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to him, if he, either singly or collectively through person connected with him, holds 20% or more of the total number of issued Key ASIC Shares (excluding any treasury shares), does not exceed 10% of the ESOS Options granted, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Key ASIC Shares to Prof. Low Teck Seng pursuant to the exercise of ESOS Options under the Proposed ESOS.”

10. QUESTION AND ANSWER SESSION

The Chairman read out the questions raised by MSWG in their letter dated 2 March 2022 and the response from the Board (attached hereto as “Appendix A”).

At the invitation of the Chairman, Mr Eg Kah Yee, the Executive Chairman/ Chief Executive Officer, went on to address the following questions submitted by the shareholders during the EGM:-

- (i) **Question:**
How does this ESOS exercise benefit the shareholders?

Response:

ESOS is a type of incentive commonly offered in the Technology field especially in the semiconductor industry where talented people are the asset and key success of the Company. Through this ESOS exercise, it attracts, motivates, and retain talents, where they have vested interest in the growth and success of the Company, they are strived to keep the competitive position in the domestic market and also to be more competitive in the global marketplace, which opens the door to increased profits and benefit the shareholders.

(ii) **Question:**

Will the Board reward the shareholders who attended the EGM with vouchers?

Response:

The Board would consider the shareholders' request on door gift for the next General Meeting.

(iii) **Question:**

How does this ESOS exercise affect share price of the Company since the share price is already low?

Response:

Share price are affected by a few factors: -

- i. Global market
- ii. Local stock market
- iii. Policies announced by the government in the budget
- iv. Industry trends
- v. Profitability of the company

ESOS is an incentive scheme to attract talents, which helps the Company remain competitive and build excellent products to the market, which leads to a positive outlook to the Company's share price in the long run.

(iv) **Question:**

When will the Company turn profitable?

Response:

Currently, the semiconductor industry is experiencing shortage issue in the capacity of foundries, which is the reason for the shortfall in the Group's revenue. The Group is working hard to get more business for the future and to get capacity fulfilled. Even though the demand is high and there is a surge in price, times are challenging as the foundries have limited capacity to produce, only 50% of the capacity could be fulfilled. The issue will be eased when there is more capacity in the foundries, but it takes time for foundries to be built and completed.

There being no further questions raised, the Chairman proceeded with the polling process.

11. CONDUCT OF POLL

Having dealt with all the items on the agenda, the meeting proceeded to vote on Resolutions 1 to 6 by poll. The Chairman adjourned the meeting at 9.57 a.m. for the Poll Administrator and the Scrutineer to complete the counting and verification of the votes.

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, the Chairman called the meeting to order at 10.16 a.m.

Chairman presented the results of the poll (attached hereto as "Appendix B") to the meeting.

Based on the results presented, the Chairman declared Resolutions 1 to 6 are carried.

12. CLOSURE

The Chairman closed the meeting at 10.17 a.m. and thanked those present for their attendance.

Dated:

**READ & CONFIRMED AS
A CORRECT RECORD BY**

CHAIRMAN

KEY ASIC BERHAD [200501024949 (707082-M)]

QUESTIONS AND ANSWERS ARISING FROM THE LETTER FROM THE MINORITY SHAREHOLDER WATCH GROUP (“MSWG”)

Question:

The allocation and granting of the ESOS Options will be on a staggered basis over the duration of the Proposed ESOS. The ESOS Committee may at its sole and absolute discretion decide whether the ESOS Options will be subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting, are subject to performance targets, of which such determination will be carried out at a later date after the establishment of the Proposed ESOS and the formation of the ESOS Committee (page 2 of the circular to shareholders dated 25 March 2022).

Under what circumstances will the ESOS Committee allow the granting of New ESOS Options without being subject to any vesting period and performance targets?

Response:

The allocation and granting of the ESOS Options will be on a staggered basis over the duration of the Proposed ESOS. The ESOS Committee may at its sole and absolute discretion decide whether the ESOS Options will be subject to any vesting period, and if so, to determine the vesting conditions, including but not limited to performance targets, seniority, competency, competitiveness, of which such determination will be carried out at a later date after the establishment of the Proposed ESOS and the formation of the ESOS Committee.

In the event any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the ESOS Options as well as allocation of the ESOS Options to persons connected with him/her.

Question:

In line with better corporate governance, MSWG does not encourage the practice of giving options to independent non-executive directors (“INEDs”) as they are not executive management and as they are responsible for monitoring the option allocation to employees and executive directors. The very definition of ESOS i.e. Employees’ Share Option Scheme alludes to it being applicable to employees; independent directors are not employees.

Under the Proposed New ESOS allocation, there are four INEDs namely Benny T. Hu @ Ting Wu Hu, N. Chanthiran A/L Nagappan, Chen, Chia-Yin, and Prof. Low Teck Seng who are eligible to participate in the Proposed New ESOS and subscribe for new Key ASIC shares (Resolutions 3 to 6, Notice of EGM). The risk is that the independent directors may be fixated with their share price and this may affect their impartial decision-making, which should be made without reference to share price considerations.

- (a) Why is the Proposed New ESOS extended to the four INEDs since they do not perform executive roles; the directors’ fee and other benefits they receive are supposed to be adequate to compensate the services rendered by them?
- (b) It is stated that the Proposed New ESOS is to recognise the contributions and services of the Eligible Persons that are considered vital to the operations and continued growth of the Key ASIC Group and to reward such Eligible Persons by allowing them to participate in Key ASIC Group’s profitability by way of potentially realising capital gains that may arise from appreciation in the price of the Key ASIC Shares (page iii of the circular to shareholders dated 25 February 2022).

What were the performance metrics adopted by the ESOS Committee to assess the eligibility of INEDs under the previous ESOS? Are such metrics applicable to INEDs under the Proposed New ESOS?

Response:

- (a) It is common in the US and other countries that directors including INED and even advisors or anyone who has helped or can help with the success of the company to be allotted ESOS so that their contribution or effort is tied to the success of the company. INEDs are contributing to the Company.

- (b) There are multiple parameters including but not limited to the introduction of business opportunities, strategic planning and contribution to future development in the performance metrics used by the ESOS Committee in assessing the eligibility of INEDs under the previous and Proposed New ESOS.

Question:

Given that all the five directors are interested parties in the Proposed New ESOS (Resolution 2 to 6, Notice of EGM), who will be the members of the ESOS Committee which is tasked to assess the eligibility of the recipients and to decide on the number of New ESOS Options to be granted?

Response:

The ESOS Committee will have the overall responsibility in administering the Proposed New ESOS, which will be implemented in accordance with the By-laws as well as the Main Market Listing Requirements.

The ESOS Committee will comprise the Managing Director, Executive Director, Independent Directors and representatives from Management who will assess the eligibility of the recipients and decide on the allocation of the ESOS Options based on individual KPIs, length of service, job performance and/or such other factors as the ESOS Committee deems fit. The respective ESOS Committee member will abstain from participating in the discussion and deliberation of their own eligibility and ESOS Options allocation.

The allocation of the ESOS Options under the Proposed New ESOS will also be verified by the Audit Committee in compliance with the eligibility and allocation criteria at the end of each financial year.

Question:

One of the intended objectives of the ESOS is to allow Eligible Persons to participate in the group's profitability by way of potentially realising capital gains that may arise from appreciation in the price of the Key ASIC shares (page iii of the circular to shareholders dated 25 February 2022).

Key ASIC was loss-making for the past 10 years except for FY18. What are the measures being taken to turnaround the company and do the Board expect the company to turnaround in the foreseeable future?

Response:

Automotive, healthcare and renewable energy are expected to have substantial growth in the next few years largely driven by the demand for electronic vehicles, telehealth and green energies. The use of IoT and AI over high-speed connectivity will enhance the growth further. The Group has been engaging in increasing number of potential customers in these fast-growing sections. The Group is capitalizing the core competencies in IoT specifically in the IoMT and AI enable the Group to have competitive advantage in the contribution to the business in the future.

KEY ASIC BERHAD

Extraordinary General Meeting

Venue: Unit 3, 6th Floor, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya.

Date: Thursday, 31st March 2022 at 9.00 a.m.**Result on Voting by Poll**

Resolution	Vote For				Vote Against				Total Votes			
	No. of Units	%	No. of P/S	%	No. of Units	%	No. of P/S	%	No. of Units	%	No. of P/S	%
Ordinary Resolution 1	486,493,598.00	96.0074%	17	80.9524%	20,231,600	3.9926%	4	19.0476%	506,725,198	100.0000%	21	100.0000%
Ordinary Resolution 2	151,617,810.00	88.2271%	14	77.7778%	20,231,600	11.7729%	4	22.2222%	171,849,410	100.0000%	18	100.0000%
Ordinary Resolution 3	486,493,498.00	96.0074%	16	76.1905%	20,231,700	3.9926%	5	23.8095%	506,725,198	100.0000%	21	100.0000%
Ordinary Resolution 4	486,493,498.00	96.0074%	16	76.1905%	20,231,700	3.9926%	5	23.8095%	506,725,198	100.0000%	21	100.0000%
Ordinary Resolution 5	486,493,498.00	96.0074%	16	76.1905%	20,231,700	3.9926%	5	23.8095%	506,725,198	100.0000%	21	100.0000%
Ordinary Resolution 6	486,493,498.00	96.0074%	16	76.1905%	20,231,700	3.9926%	5	23.8095%	506,725,198	100.0000%	21	100.0000%




Quincy Gan Hoong Huan