

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 advisers immediately.

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KEYASIC

KEY ASIC BERHAD
(Registration No. 200501024949 (707082-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO 15% OF KEY ASIC BERHAD'S ("KEY ASIC") 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")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("EGM") of Key ASIC, the Administrative Guide for the EGM and the Proxy Form are enclosed in this Circular. The EGM will be conducted entirely through live streaming from the broadcast venue at Key ASIC's head office at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 31 March 2022 at 9.00 a.m. or any adjournment thereof.

A shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend and vote on his/her behalf. If you wish to appoint a proxy/proxies, you must complete and deposit the Proxy Form in accordance with the instructions thereon so as to arrive at the office of the Company's Share Registrar 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 less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. 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 : Tuesday, 29 March 2022 at 9.00 a.m.

Date and time of the EGM : Thursday, 31 March 2022 at 9.00 a.m. or any adjournment thereof.

This Circular is dated 25 February 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“5D-VWAP”	:	5-day volume weighted average market price
“Act”	:	Companies Act 2016
“Board”	:	Board of Directors of the Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“By-Laws”	:	By-laws governing the Proposed ESOS (a draft of which is set out in Appendix I of this Circular), as amended, modified and supplemented from time to time
“Circular”	:	This circular to shareholders of the Company dated 25 February 2022
“Date of Offer”	:	Date on which an Offer (including subsequent Offers) is made to the Eligible Persons by the ESOS Committee
“Director”	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“Effective Date”	:	Date of full compliance with all relevant requirements pursuant to the Listing Requirements in relation to the Proposed ESOS
“EGM”	:	Extraordinary general meeting of the Company
“Eligible Persons”	:	Directors or employees of the Company and its non-dormant subsidiaries who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws
“EPS”	:	Earnings per Key ASIC Share
“ESOS Committee”	:	A committee duly authorised and appointed by the Board to administer the Proposed ESOS in accordance with the provisions of the By-Laws
“ESOS Options”	:	Options which give a Grantee the right to subscribe for new Key ASIC Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-Laws
“Exercise Price”	:	Price payable for the subscription of new Key ASIC Shares upon exercise of ESOS Options granted under the Proposed ESOS
“FYE”	:	Financial year ended / ending, as the case may be
“Grantee”	:	An Eligible Person who has accepted the Offer in accordance with the By-Laws
“KAGL”	:	Key Aim Group Limited
“KAL”	:	Key ASIC Limited
“Key ASIC” or “Company”	:	Key ASIC Berhad
“Key ASIC Group” or “Group”	:	Key ASIC and its subsidiaries, collectively

DEFINITIONS (CONT'D)

“Key ASIC Shares” or “Shares”	:	Ordinary shares in Key ASIC
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	26 January 2022, being the latest practicable date prior to the printing of this Circular
“Maximum Scenario”	:	Assuming the Private Placement is completed prior to the implementation of the Proposed ESOS
“Minimum Scenario”	:	Assuming the Private Placement is not completed prior to the implementation of the Proposed ESOS
“NA”	:	Net assets attributable to the owners of the Company
“Offer”	:	A written offer made by the ESOS Committee from time to time to an Eligible Person to participate in the Proposed ESOS in the manner provided in the By-Laws
“Placement Shares”	:	New Key ASIC Shares to be issued pursuant to the Private Placement
“Private Placement”	:	Private placement of new Key ASIC Shares pursuant to the general mandate obtained from Key ASIC’s shareholders at its annual general meetings on 17 November 2020 (15 th annual general meeting (“AGM”)) and 12 November 2021 (16 th AGM) at an issue price to be determined and fixed at a future date (“General Mandate”). Bursa Securities had on 27 November 2020 approved the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities and on 25 November 2021 approved for an extension of time for a period of 6 months until 27 May 2022 for the Company to complete the Private Placement. For information purposes, Key ASIC may issue up to the remaining 43,466,125 Placement Shares pursuant to the General Mandate
“Proposed ESOS”	:	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 the Eligible Persons
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“TA Securities”	:	TA Securities Holdings Berhad

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

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

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 day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Certain figures in this Circular have been subject to rounding adjustments.

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSED ESOS. PLEASE READ THIS CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED ESOS BEFORE VOTING.

The Board is recommending that shareholders of Key ASIC vote **IN FAVOUR** of the resolutions in relation to the Proposed ESOS to be tabled at the forthcoming EGM.

Proposed ESOS	<p>Key ASIC is proposing to grant ESOS Options to the Eligible Persons to subscribe for new Key ASIC Shares of up to 15% of the total number of issued Key ASIC Shares, in accordance with the By-Laws.</p> <p>Section 2 of this Circular contains further details of the Proposed ESOS.</p>
Rationale	<p>The Proposed ESOS is intended to achieve the following objectives:</p> <ul style="list-style-type: none">(i) 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;(ii) to align the Eligible Persons' interests to those of the shareholders of Key ASIC to drive longer term shareholder value enhancement;(iii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;(iv) to instill a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long term development and growth of Key ASIC Group; and(v) to attract and retain high-calibre Eligible Persons, hence the loss of key personnel will be reduced. <p>The Proposed ESOS is extended to the non-executive Directors of the Group (excluding dormant subsidiaries) for their experience, knowledge and expertise in contributing to the Board's decision-making process.</p> <p>Section 3 of this Circular contains further details of the rationale for the Proposed ESOS.</p>
Exercise Price of ESOS Options	<p>Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be based on the 5D-VWAP of Key ASIC Shares immediately preceding the Date of Offer, with a discount of not more than 10% as determined by the Board upon recommendation of the ESOS Committee.</p> <p>Section 2.4 of this Circular contains further details of the Exercise Price.</p>

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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

25 February 2022

Board of Directors

Eg Kah Yee (*Executive Chairman and Chief Executive Officer*)
Benny T. Hu @ Ting Wu 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: Shareholders of Key ASIC

Dear shareholders,

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 THE ELIGIBLE PERSONS

1. INTRODUCTION

On 27 January 2022, TA Securities had, on behalf of the Board, announced that Key ASIC proposes to undertake the Proposed ESOS.

Bursa Securities had vide its letter dated 10 February 2022 approved the listing of and quotation for such number of new Key ASIC Shares, representing up to 15% of the total number of issued shares of the Company (excluding any treasury shares) to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities, subject to the conditions as stated in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED ESOS, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSED ESOS AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS will involve the granting of ESOS Options to the Eligible Persons to subscribe for new Key ASIC Shares at the Exercise Price in accordance with the By-Laws.

The Proposed ESOS will be administered by the ESOS Committee to be duly authorised and appointed by the Board.

The salient terms and conditions of the Proposed ESOS, which are governed by the By-Laws are as follows:

2.1 Maximum number of new Key ASIC Shares available under the Proposed ESOS

The maximum number of new Key ASIC Shares which may be allotted and issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS shall not in aggregate exceed 15% of the total number of issued shares in Key ASIC (excluding any treasury shares) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws.

2.2 Maximum allowable allotment and basis of allocation

The aggregate maximum number of ESOS Options that may be allocated to an Eligible Person at any time in each Offer made pursuant to the Proposed ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority, length of service, performance, contribution and potential contribution to the continued success of the Group and/or such other factors as the ESOS Committee may deem relevant, and subject to the following conditions:

- (i) the total number of new Key ASIC Shares to be issued under the Proposed ESOS shall not exceed 15% of Key ASIC's total number of issued shares (excluding any treasury shares) at any point in time throughout the duration of the Proposed ESOS.
- (ii) the eligible Directors and senior management of Key ASIC Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to persons connected with them;
- (iii) the allocation to an Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the number of issued shares (excluding any treasury shares) of the Company, does not exceed 10% of the total number of new Key ASIC Shares to be issued under the Proposed ESOS;
- (iv) not more than 70% of the ESOS Options shall be allocated, in aggregate, to the eligible Directors and senior management of the Group (excluding dormant subsidiaries); and
- (v) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee of the Group (excluding dormant subsidiaries) shall be determined by the ESOS Committee,

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines, rules and/or regulation issued by Bursa Securities, or any other requirements of relevant authorities as may be amended from time to time.

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.

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.

2.3 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following criteria as at the Date of Offer of the ESOS Options shall be eligible to participate in the Proposed ESOS:

- (i) the director or employee shall have attained the age of eighteen (18) years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) the person is:
 - (a) employed on a full time basis for at least twelve (12) months and is on the payroll of the Company and/or a subsidiary within the Group (excluding dormant subsidiaries), and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/she was transferred to a subsidiary within the Group (excluding dormant subsidiaries), in which case he/she must have been a confirmed employee in that subsidiary within the Group (excluding dormant subsidiaries) and has not served a notice of resignation or received a notice of termination; and
 - (b) a contract worker recruited under a contract of employment and has been employed within the Group (excluding dormant subsidiaries) for a period of at least twelve (12) months.
- (iii) the director has been appointed for at least twelve (12) months and remains appointed as a director of Key ASIC and/or any subsidiary within the Group (excluding dormant subsidiaries), as at the Date of Offer;
- (iv) the director or employee has not participated in any other employees' share option scheme implemented by any subsidiary within the Group which is in force for the time being; and/or
- (v) the director or employee has fulfilled such other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee from time to time.

The ESOS Committee may at its sole and absolute discretion determine additional criteria on eligibility and allocation of ESOS Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category/designation of employment as may be determined by the ESOS Committee, whose decision shall be final and binding. Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of such conditions of eligibility.

If any Eligible Person, who is the director, major shareholder or chief executive officer of the Company or its holding company ("**Interested Parties**") or a person connected with any of the Interested Parties, is eligible to participate in the Proposed ESOS, the specific allocation of ESOS Options granted by the Company to such Interested Parties and persons connected with them under the Proposed ESOS must first be approved by the shareholders of the Company at a general meeting provided that such Interested Parties and persons connected with them shall not vote on the resolution approving their respective allocation or allocation to persons connected with them.

Eligibility under the Proposed ESOS shall not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the Proposed ESOS and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of the By-Laws.

The ESOS Committee shall have the discretion to determine whether a director or employee participating in the Proposed ESOS shall at any one point in time participate or be eligible to participate in any other employees' share option scheme implemented by any other company within the Group. Such participation shall be subject to the rules and regulations governing employees' share option schemes or share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.

2.4 Exercise Price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be based on the 5D-VWAP of Key ASIC Shares immediately preceding the Date of Offer, with a discount of not more than 10% as determined by the Board upon recommendation of the ESOS Committee.

2.5 Ranking of the new Key ASIC Shares pursuant to the exercise of the ESOS Options

The new Key ASIC Shares to be issued pursuant to the exercise of any ESOS Options granted under the Proposed ESOS will be subject to the provisions of the constitution of the Company and 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 will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the shareholders where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new Key ASIC Shares.

2.6 Duration of the Proposed ESOS

The Proposed ESOS shall come into force on the Effective Date.

The Proposed ESOS shall be in force for a period of 5 years from the Effective Date. On or before the expiry of the above initial 5 year period, the Proposed ESOS may be extended or renewed, as the case may be, for a further period of up to 5 years at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee, subject always that the initial period and such extension of the Proposed ESOS shall not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date.

For the avoidance of doubt, no further sanction, approval or authorisation of the Company's shareholders in a general meeting is required for any such extension. In the event the Proposed ESOS is extended in accordance with the provision of the By-Laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities within thirty (30) days prior to the expiry of the Proposed ESOS.

Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities' requirements, guidelines or directives, the Proposed ESOS may be terminated by the Company at any time before its date of expiry without obtaining the approvals or consents from the Grantees or its shareholders, provided that the Company makes an announcement immediately to Bursa Securities.

For information purposes, the ESOS Options shall be exercisable from the period commencing from the Date of Offer, or such later date as may be determined by the ESOS Committee, and expiring on a date which the ESOS Committee may at its discretion decide provided that the exercise period shall not extend beyond the duration of the Proposed ESOS.

2.7 Rights of Grantee

The ESOS Options shall not carry any right to vote at any general meeting of the Company or to participate in any dividends, rights, allotments or any other form of distributions that may be declared, made or paid, or offer of further securities in the Company unless and until the Grantee becomes a shareholder of the Company by exercising the ESOS Options.

2.8 Retention period

The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer, disposal and/or assignment of the new Key ASIC Shares to be issued pursuant to the exercise of the ESOS Options as it deems fit. The Grantees are encouraged to hold the new Key ASIC Shares as investment rather than for any speculative purposes and/or the realisation of any immediate gain.

Notwithstanding the above, a Grantee who is a non-executive Director in Key ASIC and its subsidiaries (excluding dormant subsidiaries) shall not sell, transfer or assign his/her new Key ASIC Shares obtained through the exercise of the ESOS Options offered to him/her pursuant to the Proposed ESOS within 1 year from the Date of Offer of such ESOS Options or such period as may be prescribed by Bursa Securities.

2.9 Amendment and/or modification to the Proposed ESOS

Subject to the compliance with the By-Laws and the Listing Requirements and any other relevant rules and regulations, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall at its absolute discretion think fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the By-Laws upon such recommendation subject to the Company submitting a compliance letter to Bursa Securities each time an amendment or modification is made, stating that the said amendment or modification is in compliance with the provisions of the Listing Requirements pertaining to the Proposed ESOS and Rules of Bursa Malaysia Depository Sdn Bhd.

The approval of shareholders of the Company in a general meeting shall not be required in respect of additions, modifications or amendments to or deletions of the By-Laws save and except if such additions, modifications or amendments to or deletions would:

- (i) materially prejudice any rights which would have accrued to any Grantee without his/her prior consent;
- (ii) increase the number of Key ASIC Shares beyond the maximum number of new Key ASIC Shares imposed by the By-Laws available under the Proposed ESOS; or
- (iii) provide an advantage to any participant of the Proposed ESOS or group of participants of the Proposed ESOS or all participants of the Proposed ESOS.

2.10 Alteration of share capital and adjustment

In the event of any alteration in the share structure of the Company during the duration of the Proposed ESOS, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Key ASIC Shares or reduction of capital or any other variation of capital, Key ASIC shall cause such adjustment to be made to the number of ESOS Options granted to each Grantee (excluding the ESOS Options already exercised) and/or the Exercise Price.

Save as provided for in the By-Laws, the external auditors of the Company (acting as an expert and not as an arbitrator) must confirm in writing that the adjustments are in their opinion fair and reasonable.

2.11 Use of proceeds

The proceeds arising from the exercise of the ESOS Options, if any, will be used as general working capital of Key ASIC Group, as and when the proceeds are received throughout the duration of the Proposed ESOS, as the Board may deem fit. The proceeds for general working capital will be utilised to finance the Group's day-to-day operations including amongst others, repayment to trade payables, staff and administrative expenses and other operating expenses (i.e., utilities, office expenses). The exact amount of proceeds to be received, timeframe for the utilisation of proceeds and detailed allocation to each component of working capital cannot be determined at this juncture as these will depend on the timing and the number of ESOS Options granted and exercised at the relevant points of time and the Exercise Price.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED ESOS

The Proposed ESOS is intended to achieve the following objectives:

- (i) 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;
- (ii) to align the Eligible Persons' interests to those of the shareholders of Key ASIC to drive longer term shareholder value enhancement;
- (iii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iv) to instill a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long term development and growth of Key ASIC Group; and
- (v) to attract and retain high-calibre Eligible Persons, hence the loss of key personnel will be reduced.

The Proposed ESOS is extended to the non-executive Directors of the Group (excluding dormant subsidiaries) for the following reasons:

- (i) the non-executive Directors come from different professions and backgrounds and bring to the Group a degree of experience in corporate governance, risk management, business management and finance-related experience. They work closely with the executive Directors and contribute to the decision-making process of the Board. They are consulted on matters affecting the Group including strategic issues and planning, risk management policies, governance and regulatory compliance; and
- (ii) the award of ESOS Options will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive Directors and to motivate existing non-executive Directors to further promote the interests of the Group.

4. EFFECTS OF THE PROPOSED ESOS

4.1 Share capital

The Proposed ESOS is not expected to have any immediate effect on the Company's share capital until such time the ESOS Options are exercised into Key ASIC Shares. The pro forma effects of the Proposed ESOS on the share capital of Key ASIC are as follows:

Share Capital	Minimum Scenario		Maximum Scenario	
	No. of Key ASIC Shares	RM	No. of Key ASIC Shares	RM
Issued share capital as at the LPD	1,363,111,250	63,213,000	1,363,111,250	63,213,000
To be issued pursuant to the Private Placement	-	-	43,466,125	3,694,621 ⁽¹⁾
To be issued pursuant to full exercise of ESOS Options ⁽²⁾	1,363,111,250 204,466,600 ⁽³⁾	63,213,000 17,379,661 ⁽⁴⁾	1,406,577,375 210,986,600 ⁽³⁾	66,907,621 17,933,861 ⁽⁴⁾
Enlarged share capital	1,567,577,850	80,592,661	1,617,563,975	84,841,482

Notes:

(1) Based on an indicative issue price of RM0.085 per Placement Share, calculated based on a discount of RM0.0026 or approximately 2.97% to the 5D-VWAP of Key ASIC Shares up to and including the LPD of RM0.0876.

(2) Assuming the maximum grant and full exercise of the ESOS Options of up to 15% of the respective total number of issued Key ASIC Shares.

(3) These figures have been rounded down to the nearest hundred.

(4) Based on an indicative Exercise Price of RM0.085 per ESOS Option, calculated based on a discount of RM0.0026 or approximately 2.97% to the 5D-VWAP of Key ASIC Shares up to and including the LPD of RM0.0876.

4.2 NA and gearing

The effects of the Proposed ESOS on Key ASIC Group's NA would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options, which will be determined by a valuation technique such as the Trinomial Option Pricing Model after taking into account, among others, the Exercise Price, market price of Key ASIC Shares, volatility of Key ASIC Shares and exercise period of the ESOS Options. Whilst the granting of the ESOS Options under the Proposed ESOS is expected to result in recognition of a charge in the statement of comprehensive income of Key ASIC Group pursuant to the Malaysian Financial Reporting Standard 2 – Share-based Payment, as issued by the Malaysian Accounting Standards Board, the recognition of such Malaysian Financial Reporting Standard 2 charge would not affect the NA of the Key ASIC Group as the corresponding amount will be classified as an equity compensation reserve which forms part of shareholders' equity.

If none of the granted ESOS Options are exercised within the duration of the Proposed ESOS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the granted ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share capital account of the Company.

The Proposed ESOS will not have any immediate effect on the consolidated NA per Key ASIC Share until such time when the ESOS Options granted under the Proposed ESOS are exercised. The consolidated NA per Key ASIC Share following the exercise of the ESOS Options will increase if the Exercise Price exceeds the consolidated NA per Key ASIC Share at the point of exercise of the ESOS Options and conversely will decrease if the Exercise Price is below the consolidated NA per Key ASIC Share at the point of the exercise of the ESOS Options.

The Proposed ESOS is not expected to have an immediate effect on Key ASIC Group's gearing level until such time when the ESOS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Key ASIC Shares to be issued as well as the Exercise Price payable upon the exercise of the ESOS Options.

4.3 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the Company's substantial shareholders' shareholdings until such time the ESOS Options granted are exercised and any such effects would depend on the number of new Key ASIC Shares to be issued upon such exercise.

For illustrative purposes, the proforma effects of the Proposed ESOS on Key ASIC's substantial shareholders' shareholdings are as follows:

Minimum Scenario

	As at the LPD				(I) Assuming full exercise of ESOS Options			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
KAL	325,869,500	23.91	-	-	325,869,500	20.79	-	-
KAGL	-	-	325,869,500 ⁽¹⁾	23.91	-	-	325,869,500 ⁽¹⁾	20.79
Eg Kah Yee	1,600,000	0.12	325,869,500 ⁽²⁾	23.91	22,046,600 ⁽³⁾	1.41	325,869,500 ⁽²⁾	20.79

Notes:

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

(2) 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.

- (3) Assuming a maximum grant of 20,446,600 ESOS Options to Eg Kah Yee, which represent up to 10% of the ESOS Options that may be granted pursuant to the Minimum Scenario, and full exercise of such ESOS Options into new Key ASIC Shares.

Maximum Scenario

	As at the LPD				(I) After the Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
KAL	325,869,500	23.91	-	-	325,869,500	23.17	-	-
KAGL	-	-	325,869,500 ⁽¹⁾	23.91	-	-	325,869,500 ⁽¹⁾	23.17
Eg Kah Yee	1,600,000	0.12	325,869,500 ⁽²⁾	23.91	1,600,000	0.11	325,869,500 ⁽²⁾	23.17

	(II) After (I) and assuming full exercise of ESOS Options			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
KAL	325,869,500	20.15	-	-
KAGL	-	-	325,869,500 ⁽¹⁾	20.15
Eg Kah Yee	22,698,600 ⁽³⁾	1.40	325,869,500 ⁽²⁾	20.15

Notes:

- (1) Deemed interested by virtue of its interest in KAL pursuant to Section 8 of the Act.
- (2) 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.
- (3) Assuming a maximum grant of 21,098,600 ESOS Options to Eg Kah Yee, which represent up to 10% of the ESOS Options that may be granted pursuant to the Maximum Scenario, and full exercise of such ESOS Options into new Key ASIC Shares.

4.4 Earnings and EPS

The Proposed ESOS is not expected to have any material effect on the earnings of the Key ASIC Group, save for the estimated expenses of RM100,000 to be incurred in relation to the Proposed ESOS and the possible impact of Malaysian Financial Reporting Standard 2 -Share-based Payment in recognition of a charge or expense in the statement of comprehensive income of Key ASIC Group arising from the granting of the ESOS Options by the fair value of the ESOS Options on the date of the granting of the ESOS Options, which will be determined by a valuation technique such as the Trinomial Option Pricing Model after taking into account, among others, the Exercise Price, market price of Key ASIC Shares, volatility of Key ASIC Shares and exercise period of the ESOS Options. This may therefore affect the Key ASIC Group's future earnings, with the quantum of such impact only determinable at the respective grant dates. However, the estimated cost does not represent a cash outflow for the Company as it is merely an accounting treatment.

The Board will analyse the potential impact of Malaysian Financial Reporting Standard 2 and any other applicable accounting standards on the Key ASIC Group's future earnings before allocating and granting ESOS Options to Eligible Persons. The future earnings and EPS of the Group would also depend on the number of ESOS Options exercised as well as the results of the usage of the proceeds raised therefrom.

4.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

5. HISTORICAL PRICES OF KEY ASIC SHARES

The monthly highest and lowest transacted prices of Key ASIC Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
<u>2021</u>		
February	0.175	0.085
March	0.155	0.100
April	0.290	0.115
May	0.200	0.135
June	0.180	0.120
July	0.140	0.110
August	0.120	0.110
September	0.145	0.110
October	0.125	0.085
November	0.110	0.070
December	0.090	0.060
<u>2022</u>		
January	0.100	0.070

The last transacted market price of Key ASIC Shares on 26 January 2022 (being the last trading date prior to the announcement of the Proposed ESOS and the LPD) was RM0.090.

(Source: Bloomberg Finance L.P.)

6. APPROVALS REQUIRED

The Proposed ESOS requires approvals to be obtained from:

- (i) Bursa Securities for the listing of and quotation for such number of new Key ASIC Shares, representing up to 15% of Key ASIC's total number of issued shares (excluding any treasury shares), to be issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities; and
- (ii) shareholders of Key ASIC at the Company's forthcoming EGM.

The approval of Bursa Securities is subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation.	To be complied
(b)	TA Securities is required to submit a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS.	To be complied
(c)	Key ASIC is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The Proposed ESOS is not subject to approval from any government authorities.

7. CONDITIONALITY OF THE PROPOSED ESOS

The Proposed ESOS is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

The Board confirms that there is no other corporate exercise announced by the Company but not yet completed before the date of this Circular, save for the Private Placement.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

All Directors and the chief executive officer of the Company are entitled to participate as Eligible Persons in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS insofar as it relates to their respective allocations under the Proposed ESOS. The Directors have therefore deliberated and voted on the Proposed ESOS as a whole at the relevant Board meeting and recommended to put forth the resolution pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meeting on the specific allocations of the respective ESOS Options to themselves as well as to persons connected with them (if any).

The Directors and chief executive officer will also abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolutions pertaining to the specific allocations of the respective ESOS Options to the Directors, chief executive officer and/or persons connected with them (if any).

Further, the Directors and chief executive officer have also undertaken that they shall ensure that persons connected with them will abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolutions pertaining to the specific allocations of the ESOS Options to themselves as well as persons connected with them (if any) to be tabled at the Company's forthcoming EGM.

The direct and indirect shareholdings of the Directors as at the LPD are set out below:

	Direct		Indirect	
	No. of Key ASIC Shares	%	No. of Key ASIC Shares	%
Directors				
Eg Kah Yee	1,600,000	0.12	325,869,500 ⁽¹⁾	23.91
Benny T. Hu @ Ting Wu Hu	-	-	-	-
N. Chanthiran A/L Nagappan	360,000	0.03	-	-
Chen, Chia-Yin	-	-	-	-
Prof. Low Teck Seng	-	-	-	-

Note:

(1) Deemed interest 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.

Save as disclosed above, none of the Directors, major shareholders, chief executive and persons connected to them have any interest, direct or indirect, in the Proposed ESOS.

9. RECOMMENDATION AND BASIS OF RECOMMENDATION

After having considered all aspects of the Proposed ESOS, the Board is of the opinion that the Proposed ESOS is in the best interests of the Company. Accordingly, the Board recommends that shareholders vote **IN FAVOUR** of the resolutions pertaining to the Proposed ESOS to be tabled at the forthcoming EGM.

In view that all of the Directors are deemed interested in the Proposed ESOS to the extent of their respective allocations (if any), as well as allocations to persons connected with them (if any) under the Proposed ESOS, they will abstain from forming an opinion and making any recommendation on the resolutions to be tabled at the forthcoming EGM on their respective allocations (if any) as well as allocations to persons connected to them (if any) under the Proposed ESOS.

10. TIMEFRAME FOR COMPLETION / IMPLEMENTATION

The Proposed ESOS is expected to be implemented in the 2nd quarter of 2022.

11. EGM

The notice convening the EGM, the Administrative Guide for the EGM and the Proxy Form are enclosed in this Circular. The EGM will be conducted entirely through live streaming from the broadcast venue at Key ASIC's head office at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 31 March 2022 at 9.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed ESOS.

If shareholders are unable to attend and vote remotely via the remote participation and voting facilities provided at the forthcoming EGM, they may appoint a proxy or proxies to attend and vote at the EGM on behalf of them. If shareholders wish to do so, they must complete and deposit the Proxy Form in accordance with the instructions thereon so as to arrive at the office of the Company's Share Registrar 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 less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

The lodging of the Proxy Form will not preclude the shareholders from attending and voting in person at the EGM should they subsequently decide to do so.

Shareholders WILL NOT BE ALLOWED to attend the EGM in person at the broadcast venue on the day of the EGM. Therefore, shareholders are strongly advised to participate and vote remotely at the EGM 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 EGM carefully and follow the procedures in the Administrative Guide in order to participate remotely.

12. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices set out in this Circular for further information.

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

EG KAH YEE
Executive Chairman and Chief Executive Officer

DRAFT BY-LAWS

BY-LAWS FOR KEY ASIC BERHAD'S EMPLOYEES' SHARE OPTION SCHEME

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these By-Laws, unless otherwise specified or where the context otherwise requires, the following definitions shall be deemed to have the following meanings:

Act	:	Companies Act 2016, as may be amended from time to time and including any re-enactment thereof;
Board	:	The board of Directors of the Company for the time being;
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W));
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W));
By-Laws	:	By-Laws governing the Scheme, as may be amended or modified from time to time in accordance with By-Law 17;
CDS Account	:	A central depository system account established by Bursa Depository for the recording of deposits and withdrawals of securities and dealings in such securities by a depositor;
Constitution	:	Constitution of the Company, as may be amended from time to time;
Date of Expiry	:	The last day of the Duration of the Scheme as provided in By-Law 20;
Date of Offer	:	The date on which an Offer (including subsequent Offers) (as described in By-Law 5) is made to the Eligible Person by the ESOS Committee;
Director	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007;
Duration of the Scheme	:	The duration of the Scheme as defined in By-Law 20 and includes any extension thereof;
Eligible Director(s)	:	Any director(s) who fulfils the criteria of eligibility set out in By-Law 3;
Eligible Person(s)	:	Any employee(s) and/or Eligible Director(s) of the Group who meets the eligibility for participation in the Scheme as set out in By-Law 3;
ESOS Committee	:	The committee comprising such persons as appointed and authorised by the Board to implement and administer the Scheme in accordance with the provisions of these By-Laws;
Grantee	:	An Eligible Person who has accepted the Offer in accordance with the provisions of By-Law 6;
Key ASIC or Company	:	Key ASIC Berhad (Registration No.: 200501024949 (707082-M));

DRAFT BY-LAWS (CONT'D)

Key ASIC Group or Group	:	The Company and its subsidiaries as defined in Section 4 of the Act (excluding dormant subsidiaries, if any) and where the context so requires, any one of them;
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendments which may be made from time to time;
Market Day	:	A day on which the stock market of Bursa Securities is open for trading of securities;
Maximum Limit	:	Shall have the meaning ascribed to it under By-Law 2.1 hereof;
Offer	:	Written offer(s) by the ESOS Committee to an Eligible Person to participate in the Scheme in the manner indicated under By-Law 5;
Option(s)	:	The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner indicated in By-Law 6 and where the context so requires, means any part of the Option(s) as shall remain unexercised;
Option Period	:	The period commencing from the Date of Offer, or such later date as may be determined by the ESOS Committee, and expiring on a date which the ESOS Committee may at its discretion decide PROVIDED THAT the option period shall not extend beyond the Duration of the Scheme;
Option Price	:	The price at which a Grantee is entitled to subscribe for one (1) new Share pursuant to the exercise of an Option in the manner indicated under By-Law 9;
Person(s) Connected	:	Shall have the meaning as ascribed to it under the Listing Requirements;
RM	:	Ringgit Malaysia;
Scheme	:	The employees' share option scheme for the granting of Options to Eligible Persons which will upon their acceptance thereof entitle them to subscribe for new Shares in accordance with the provisions of these By-Laws and such scheme shall be known as the "Key ASIC Berhad's Employees' Share Option Scheme"; and
Share(s)	:	Ordinary share(s) in the Company.

1.2 In these By-Laws:

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any requirements, policies and/or guidelines of Bursa Securities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior

DRAFT BY-LAWS (CONT'D)

- to the Date of Expiry and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) words importing the singular shall where the context so admits include the plural and vice versa;
 - (d) references to the masculine gender include the feminine and neutral genders and all such references shall be construed interchangeably in that manner;
 - (e) any liberty or power which may be exercised or any determination which may be made hereunder by the Board or the ESOS Committee may be exercised at the Board's or ESOS Committee's sole discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
 - (f) a "day" or "month" shall mean a calendar day or a calendar month;
 - (g) the headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and
 - (h) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 Subject to By-Law 2.2, the maximum number of new Shares which may be allotted and issued pursuant to the exercise of the Options granted under the Scheme shall not in aggregate exceed fifteen per centum (15%) of the total number of issued Shares (excluding any treasury shares) at any point in time during the Duration of the Scheme ("**Maximum Limit**").
- 2.2 Notwithstanding By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares to be issued arising from the exercise of the Options granted under the Scheme exceeds the Maximum Limit as a result of the Company purchasing, cancelling or reducing its own Shares in accordance with Section 127 of the Act or undertaking any other corporate proposal and thereby exceeding the Maximum Limit, then such Options granted prior to the adjustment of the issued Shares shall remain valid and exercisable in accordance with the provisions of the By-Laws. For the avoidance of doubt, no further Offers shall be made by the ESOS Committee until the total number of new Shares to be issued arising from the exercise of the Options granted or to be granted under the Scheme falls below the Maximum Limit at any point of time over the Duration of the Scheme.
- 2.3 Each Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.

3. ELIGIBILITY

- 3.1 Subject to the discretion of the ESOS Committee, only Eligible Persons who fulfil the following criteria as at the Date of Offer of the Options shall be eligible to participate in the Scheme:
 - (a) the director or employee shall have attained the age of eighteen (18) years on the Date of Offer and is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) the person is:
 - (i) employed on a full time basis for at least twelve (12) months and is on the payroll of the Company and/or a subsidiary within the Group, and his/her employment must have been confirmed on the Date of Offer, irrespective of whether he/she was transferred to a subsidiary within the Group, in which case he/she must have been

DRAFT BY-LAWS (CONT'D)

- a confirmed employee in that subsidiary within the Group and has not served a notice of resignation or received a notice of termination;
- (ii) a contract worker recruited under a contract of employment and has been employed within the Group for a period of at least twelve (12) months;
- (c) the director has been appointed for at least twelve (12) months and remains appointed as a director of Key ASIC and/or any subsidiary within the Group, as at the Date of Offer;
- (d) the director or employee has not participated in any other employees' share option scheme implemented by any subsidiary within the Group which is in force for the time being; and/or
- (e) the director or employee has fulfilled such other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee from time to time.
- 3.2 Any directors or employees of the Group who represent the Government or Government institutions/agencies and Government employees in the public service as defined under Article 132 of the Federal Constitution are not eligible to participate in the Scheme.
- 3.3 The ESOS Committee may at its sole and absolute discretion determine additional criteria on eligibility and allocation of Options to the Eligible Persons from time to time, and such criteria shall be made available to the Eligible Persons. An Eligible Person must fulfil such criteria and/or fall within such category/designation of employment as may be determined by the ESOS Committee, whose decision shall be final and binding. Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of such conditions of eligibility.
- 3.4 If any Eligible Person, who is the director, major shareholder or chief executive officer of the Company or its holding company ("**Interested Parties**") or a Person Connected with any of the Interested Parties, is eligible to participate in the Scheme, the specific allocation of Options granted by the Company to such Interested Parties and Persons Connected with them under the Scheme must first be approved by the shareholders of the Company at a general meeting provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving their respective allocation or allocation to Persons Connected with them.
- 3.5 Eligibility under the Scheme shall not confer an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options unless an offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of these By-Laws.
- 3.6 The ESOS Committee shall have the discretion to determine whether a director or employee participating in the Scheme shall at any one point in time participate or be eligible to participate in any other employees' share option scheme implemented by any other company within the Group. Such participation shall be subject to the rules and regulations governing employees' share option schemes or share issuance schemes as promulgated by Bursa Securities or any other relevant authorities.
- 3.7 An employee who during the Duration of the Scheme becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee), subject to the maximum allowable allotment for the category to which he/she has been admitted.
- 3.8 The allotment of Options under By-Law 3.7 shall be from the balance of the Options available under the Scheme, subject always to By-Law 2.1.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF NEW SHARES

- 4.1 Subject to any adjustments, which may be made under By-Law 14, the aggregate maximum number of Options that may be allocated to an Eligible Person at any time in each Offer made pursuant to the Scheme shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, amongst other factors, the Eligible Person's employment grade, seniority,

DRAFT BY-LAWS (CONT'D)

length of service, performance, contribution and potential contribution to the continued success of the Group and/or such other factors that the ESOS Committee may deem relevant, subject to the following:

- (a) the total number of new Shares to be issued under the Scheme shall not exceed the Maximum Limit;
- (b) the Eligible Directors and senior management of the Group do not participate in the deliberation or discussion of their own allocation of Options as well as allocation to Persons Connected with them;
- (c) the allocation to an Eligible Person who, either singly or collectively through Persons Connected with him/her, holds twenty per centum (20%) or more of the total number of issued shares in the Company (excluding any treasury shares), shall not exceed ten per centum (10%) of the total number of new Shares to be issued under the Scheme;
- (d) not more than seventy per centum (70%) of the Options shall be allocated, in aggregate, to the Eligible Directors and senior management of the Group; and
- (e) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Director or employee of the Group shall be determined by the ESOS Committee,

PROVIDED ALWAYS THAT it is in accordance with the Listing Requirements or any prevailing guidelines, rules and/or regulations issued by Bursa Securities and/or any other relevant authorities as may be amended from time to time.

- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the maximum allowable allotment for the Eligible Person.
- 4.3 An Eligible Person who holds more than one (1) position within the Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum allowable allotment of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 4.4 In the event that an Eligible Person is promoted or redesignated to a higher category of employment, the maximum allowable allotment applicable to such Eligible Person shall be the maximum allowable allotment corresponding to the category of employee of which he then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1 and the maximum allowable allotment as set out under By-Law 4.1. The ESOS Committee has the sole and absolute discretion in deciding whether to grant the Options or additional Options, as the case may be, notwithstanding any such change in the employee's maximum allowable allocation.
- 4.5 In the event that an Eligible Person is demoted or redesignated to a lower category of employment for any reason whatsoever, the maximum allowable allotment applicable to such Eligible Person shall be the maximum allowable allotment corresponding to the category of employee of which he is then a party, unless an Offer has been made and accepted by him before such demotion or redesignation and subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 2.1 and the maximum allowable allotment as set out under By-Law 4.1. Where the demoted Eligible Person has accepted the Offer which exceeds the maximum allowable allotment applicable to the lower category of employment, he shall not be entitled to any further allocation under such category.
- 4.6 The allocation and granting of the Options will be on a staggered basis over the Duration of the Scheme. The ESOS Committee may at its sole and absolute discretion decide whether the Options will be subject to any vesting period, and if so, to determine the vesting conditions, including whether such vesting are subject to performance target, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee.

DRAFT BY-LAWS (CONT'D)

- 4.7 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 Options as well as allocation of the Options to Persons Connected with him/her.
- 4.8 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the audit committee of Key ASIC at the end of each financial year as being in compliance with the criteria for allocation of Options which have been disclosed to the Eligible Persons. A statement by the audit committee of Key ASIC verifying such allocations shall be included in the annual report or annual audited financial statements of the Company, where applicable.
- 5. OFFER**
- 5.1 (a) Upon implementation of the Scheme, the ESOS Committee may at its discretion at any time as it shall deem fit during the Duration of the Scheme make one (1) or more Offers to any Eligible Person, based on the criteria of allotment set out in By-Law 4, to subscribe for new Shares in accordance with the terms of the Scheme.
- (b) Notwithstanding By-Law 5.1(a) above, where it involves a grant of Option to Eligible Persons who are members of the ESOS Committee, such grant of Options shall be decided by the Board subject to By-Law 3.
- 5.2 The actual number of Options which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and the number of new Shares so offered shall not be less than one hundred (100) Shares nor more than the maximum allowable allocation of such Eligible Person and shall be in multiples of one hundred (100) Shares.
- 5.3 Subject to By-Law 2, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first Offer provided always that the total aggregate number of new Shares to be offered to the Eligible Person (inclusive of Shares already offered under previous Offers, if any) shall not exceed the maximum allowable allotment as set out in By-Law 4.1.
- 5.4 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Offers may be granted to the Interested Parties or a Person Connected with the Interested Parties, unless the entitlement of that person under the Scheme has been approved by the shareholders of the Company in a general meeting and provided that such Interested Parties and Persons Connected with them shall not vote on the resolution approving his/her allocation.
- 5.5 The ESOS Committee will in its offer letter ("**Offer Letter**") to a Grantee state, inter alia, the number of Options that are being offered to the Grantee, the number of Shares that can be subscribed under the Offer, the Option Period, the Option Price determined in accordance with the provisions of By-Law 8, the closing date for acceptance of the Offer and the manner and conditions of exercise of the Options.
- 5.6 The Offer shall automatically lapse and be null and void in the event of death of the Grantee or the Grantee ceases to be a director or employed by the Key ASIC Group for any reason whatsoever prior to the acceptance of the Offer by the Grantee in the manner set out in By-Law 6.
- 5.7 Any Offer made by the ESOS Committee shall be in writing and such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 5.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register:
- (a) the names of the Grantees;
- (b) the addresses of the Grantees;

DRAFT BY-LAWS (CONT'D)

- (c) the maximum allowable allotment;
- (d) the number of Options offered;
- (e) the number of Options accepted;
- (f) the number of Options exercised;
- (g) the Date of Offer;
- (h) the Option Price; and
- (i) the Option Period.

5.9 In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 5.5 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within one (1) month of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter, except for Options which have already been exercised as at the date of the revised Offer Letter.

6. ACCEPTANCE OF THE OFFER

6.1 An Offer made by the ESOS Committee under By-Law 5 shall be valid for a period of fourteen (14) days from the Date of Offer or such longer period as may be determined or extended by the ESOS Committee on a case-to-case basis at its discretion. Subject to By-Law 6.2 below, a Grantee to whom the Offer is made may accept the Offer within this prescribed period by written notice to the ESOS Committee in the form prescribed by the ESOS Committee. The written notice shall be accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) or its equivalent in other foreign currencies as may be determined by the ESOS Committee, as consideration for the grant of the Option, regardless of the number of Options comprised therein. The date of receipt by the ESOS Committee of such written notice shall constitute the date of acceptance.

6.2 If an Offer is not accepted in the manner set out in By-Law 6.1, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect.

6.3 Any Option that has lapsed and become null and void pursuant to this By-Law 6, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.

6.4 Within fourteen (14) days after due acceptance of the Offer in accordance with the provisions of the By-Laws, the ESOS Committee shall issue to the Grantee an Option certificate in such form as may be determined by the ESOS Committee from time to time confirming the grant of the Option to an Eligible Person, the Option Price together with the number of Shares comprised in the Option, and where applicable, the Option Period and any vesting conditions as specified in the Offer Letter. For the avoidance of doubt, any Option so granted shall not be surrendered for cancellation.

6.5 The Company shall, on the Date of Offer, announce the following to Bursa Securities upon the Options offered under the Scheme:

- (a) Date of Offer;
- (b) Option Price;
- (c) number of Options offered;
- (d) market price of its securities on the Date of Offer;

DRAFT BY-LAWS (CONT'D)

- (e) number of Options offered to each Eligible Director, if any; and
- (f) vesting period of the Options offered, if any.

7. NON-ASSIGNABLE AND NON-TRANSFERABLE

An Option is personal to the Grantee. An Option shall be non-assignable and non-transferable and shall not be disposed of or otherwise subject to any encumbrances by the Grantee. Any attempt to transfer, assign, dispose or encumber any Option shall result in the automatic cancellation or termination of the Option.

8. OPTION PRICE

- 8.1 Subject to any adjustment made in accordance with these By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer, with a discount of not more than ten per centum (10%), as determined by the Board upon recommendation of the ESOS Committee.
- 8.2 The Option Price as determined by the Board shall be conclusive and binding on the Grantees.

9. EXERCISE OF OPTIONS

- 9.1 Subject to By-Law 18, an Option granted to a Grantee under the Scheme is exercisable only by that Grantee (in accordance with the terms set out in the Offer Letter) while the Grantee is in the employment by or appointment in the Group within the Option Period.
- 9.2 Subject to any adjustments in accordance with By-Law 14, the ESOS Committee may, at any time and from time to time before or after an Option is granted pursuant to By-Law 6, limit the exercise of the Option to a maximum number of new Shares and/or such percentage of the total new Shares relevant to the Option during such periods (as determined by the ESOS Committee) within the Option Period and impose any other terms and conditions deemed appropriate by the ESOS Committee at its absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of By-Law 17.
- 9.3 All Options to the extent that they have not been exercised upon the expiry of the Option Period or Duration of the Scheme (whichever the earlier) shall automatically lapse and become null and void and have no further effect.
- 9.4 The Grantee shall notify the ESOS Committee in writing in the prescribed form of the Grantee's intention to exercise the Option on any working days or such other period as may be stipulated by the ESOS Committee. The Option may be exercised in respect of such lesser number of Shares as the Grantee may so decide to exercise the Option subject to By-Law 5.2. Such partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance thereof at any time in the future but within the Option Period. The Option certificate shall be endorsed by the ESOS Committee stating, inter-alia, the number of new Shares which remain capable of being exercised.
- 9.5 In the event the balance of the Options, when exercised by a Grantee, shall result in less than one hundred (100) Shares, the said balance, if exercised, shall be exercised in a single tranche.
- 9.6 Every such notice to exercise the Option shall be accompanied by the relevant Option certificate and a remittance in Ringgit Malaysia or other foreign currencies as may be determined by the ESOS Committee, in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the subscription monies in relation to the number of Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Shares to the Grantee in accordance with the provisions of the Constitution, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa

DRAFT BY-LAWS (CONT'D)

Malaysia Depository Sdn Bhd, despatch the notice of allotment to the Grantee and make an application for the quotation of the new Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.

- 9.7 The Grantee who exercises his/her Option shall provide the ESOS Committee with his/her CDS Account number in the notice referred to in By-Law 9.4. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.
- 9.8 For Grantees who do not have CDS Account, such Grantees are required to open a CDS Account at their own cost and expense before they can exercise their Options.
- 9.9 Every Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of an Option if such issuance would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.10 The Company, the Board (including Directors who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Shares allotted and issued to a Grantee pursuant to the exercise of the Options by the Grantee; and/or
 - (b) any delay in crediting the said new Shares into the CDS Account of the Grantee with the nominee; and/or
 - (c) any other matter or dealing which is outside the control of the Company.

10. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company, or to participate in any dividends, rights, allotments or any other form of distributions that may be declared, made or paid, or offer of further securities in the Company unless and until the Grantee becomes a shareholder of the Company by exercising the Options.

11. RANKING OF THE NEW SHARES

- 11.1 The new Shares to be issued arising from the exercise of any Option granted under the Scheme will be subject to the provisions of the Constitution and shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the holders of such new Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the Company's shareholders where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new Shares.
- 11.2 The Grantees will not be entitled to any dividends, rights, allotments and/or other distributions until and unless such Grantees exercise their Options into new Shares and such new Shares are credited into the Grantees' respective CDS Accounts.
- 11.3 The new Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the entitlement date at the close of business to be entitled to attend and vote at the general meeting.

DRAFT BY-LAWS (CONT'D)

- 11.4 The new Shares under the Scheme will be subject to all the provisions of the Constitution relating to transfer, transmission or otherwise of the Shares.

12. RETENTION PERIOD

- 12.1 The new Shares to be allotted and issued to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer, disposal and/or assignment unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. However, Grantees are encouraged to hold the Shares as investment rather than for any speculative purposes and/or for the realisation of any immediate gain.
- 12.2 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offers, any conditions relating to any retention period or restriction on transfer, disposal and/or assignment of the new Shares to be issued arising from the exercise of an Option as it deems fit.
- 12.3 Notwithstanding the above, a Grantee who is a non-executive Director of any company within the Group must not sell, transfer or assign his/her Shares obtained through the exercise of the Options offered to him/her pursuant to the Scheme within one (1) year from the Date of Offer of such Options or such period as may be prescribed by Bursa Securities.

13. TAKE-OVER, DISPOSAL OF ASSETS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 13.1 In the event:
- (a) of a takeover offer being made, under the Malaysian Code on Take-overs and Mergers 2016 and Rules on Take-overs, Merger and Compulsory Acquisitions, for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer (“Offeror”) or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional, any unexercised Options may immediately be exercised by the Grantee or Grantee’s legal and personal representatives, as the case may be, during the offer period (as defined under the Rules on Take-overs, Mergers and Compulsory Acquisitions) or until the expiry of the Option Period, whichever is earlier;
 - (b) of the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of the Shares under the provisions of the Act and/or Capital Markets and Services Act 2007 or other relevant law applicable at the material time and gives notice to the Company that it intends to exercise such right on a specific date, any unexercised Options may immediately be exercised by the Grantee or Grantee’s legal and personal representatives, as the case may be, from the date of service of the said notice to the Company until and inclusive of the date on which the right of the compulsory acquisition is exercised or until the expiry of the Option Period, whichever is earlier; or
 - (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional, any unexercised Options may immediately be exercised by the Grantee or Grantee’s legal and personal representatives, as the case may be, commencing from the unconditional date of the said disposal until the date prescribed by the ESOS Committee within the Option Period;

subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:

- (a) the Option Period has not commenced; and/or
- (b) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

DRAFT BY-LAWS (CONT'D)

13.2 In the event of:

- (a) the court sanctioning a compromise or arrangement between the Company and its member for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies or a privatisation via selective capital reduction, the ESOS Committee may permit the exercise of any unexercised Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court or a date to be specified by the ESOS Committee within the Option Period up to such period as may be determined by the ESOS Committee provided that no Options shall be exercised after the expiry of the Option Period; or
- (b) the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any unexercised Options by the Grantee or Grantee's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the Option Period;

subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Option Period has not commenced; and/or
- (b) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

13.3 All Options which the ESOS Committee permits to be exercisable pursuant to By-Law 13 shall be automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the Option Period has not commenced or has not expired.

14. ALTERATION OF SHARE CAPITAL

14.1 In the event of any alteration in the capital structure of the Company during the Duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:

- (A) the number of Options granted to each Grantee (excluding the Options already exercised); and/or
- (B) the Option Price.

All adjustments shall be made at the discretion of the ESOS Committee and be confirmed in writing by the relevant parties, PROVIDED ALWAYS THAT:

- (i) upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall within twenty-one (21) Market Days thereof notify the Grantee (or his/her legal representatives where applicable) in writing of the adjusted Option Price, the adjusted number of new Shares comprised in the Option and/or the revised method of exercise of the Option and the effective date of such adjustment; and
- (ii) all adjustments (other than bonus issues, subdivision or consolidation of Shares) must be confirmed in writing by the external auditors for the time being of the Company as being in their opinion (acting as experts and not as arbitrators) fair and reasonable.

Any adjustment pursuant to this By-Law shall be made in accordance with the following formula:

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion of Shares, the Option Price shall be adjusted in the following manner:

DRAFT BY-LAWS (CONT'D)

$$\text{New Option Price} = \frac{L \times S}{M}$$

$$\text{New number of Option} = \frac{T \times M}{L}$$

where:

L = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion;

M = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion;

S = existing Option Price; and

T = existing number of Options held.

Each of such adjustment will be effective from the close of business of the Market Day following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of Shares to its ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of new Shares comprised in the Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \left(\frac{A + B}{A} \right) \right] - T$$

where:

A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights allotments and/or other forms of distributions) immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable); and

T = *T* in By-Law 14.1(a).

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (c) If and whenever the Company shall make:

DRAFT BY-LAWS (CONT'D)

- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in respect of each such case, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 14.1 (c)(ii) hereof, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \left[\frac{C}{C - D^*} \right] \right] - T$$

where:

- T = T in By-Law 14.1(a);
- C = the Current Market Price (as defined in By-Law 14.1(g)) of each Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under By-Law 14.1(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under By-Law 14.1(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
 (bb) in the case of any other transaction falling within By-Law 14.1(c), the fair market value, as determined (with the occurrence of the external auditors and/or the adviser), of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (aa) of D above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = C in By-Law 14.1(c);
- E = the exercise price for one (1) additional Share under the terms of such offer or invitation or subscribe for one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

DRAFT BY-LAWS (CONT'D)

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or with right to acquire or subscribe for Shares; and

D^* = the value of rights attributable to one (1) Share (as defined below).

For the purposes of D^* above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

C = C in By-Law 14.1(c);

E^* = the exercise price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F^* = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purposes of By-Law 14.1(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within By-Law 14.1(b)) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) or By-Law 14.1(c)(iii) above and the entitlement date for the purpose of allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.1(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

DRAFT BY-LAWS (CONT'D)

<i>B</i>	=	<i>B</i> in By-Law 14.1(b);
<i>C</i>	=	<i>C</i> in By-Law 14.1(c);
<i>G</i>	=	the aggregate number of issued Shares on the entitlement date;
<i>H</i>	=	the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
<i>H*</i>	=	the aggregate number of new Shares under the offer or invitation to acquire or subscribe for Shares by way of rights;
<i>I</i>	=	the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
<i>I*</i>	=	the subscription price of one (1) additional Share under the offer of invitation to acquire or subscribe for Shares; and
<i>T</i>	=	<i>T</i> in By-Law 14.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.1(c)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Shares comprised in the Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

<i>C</i>	=	<i>C</i> in By-Law 14.1(c);
<i>G</i>	=	<i>G</i> in By-Law 14.1(d);
<i>H</i>	=	<i>H</i> in By-Law 14.1(d);
<i>H*</i>	=	<i>H*</i> in By-Law 14.1(d);
<i>I</i>	=	<i>I</i> in By-Law 14.1(d);
<i>I*</i>	=	<i>I*</i> in By-Law 14.1(d);

DRAFT BY-LAWS (CONT'D)

- J* = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders of the Company;
- K* = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
- T* = *T* in By-Law 14.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.1(b) and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 14.1(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided by in By-Law 14.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Shares comprised in the Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B* = *B* in By-Law 14.1(b);
- C* = *C* in By-Law 14.1(c);
- G* = *G* in By-Law 14.1(d);
- H* = *H* in By-Law 14.1(d);
- H** = *H** in By-Law 14.1(d);
- I* = *I* in By-Law 14.1(d);
- I** = *I** in By-Law 14.1(d);
- J* = *J* in By-Law 14.1(e);
- K* = *K* in By-Law 14.1(e); and
- T* = *T* in By-Law 14.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

DRAFT BY-LAWS (CONT'D)

- (g) For the purpose of By-Laws 14.1(c), (d), (e) and (f) above, the “**Current Market Price**” in relation to one (1) Share for any relevant day shall be the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments (other than on a bonus issue, subdivision or consolidation of Shares) must be confirmed in writing by either the external auditor or adviser, acting as an expert and not as arbitrator, by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (i) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen;
- (ii) in the event that a fraction of a new Share arising from the adjustment referred to in this By-Law 14.1 would otherwise be required to be issued, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (iii) upon any adjustment being made pursuant to this By-Law 14, the ESOS Committee shall, within twenty-one (21) Market Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his/her legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Options thereafter to be issued; and
- (iv) any adjustments made must be in compliance with the provisions for adjustment as provided in this By-Law 14.

In addition, the Company, shall at the request of the Grantee, furnish such Grantee with a copy of the certificate from the external auditor to the effect that the opinion of such external auditor or adviser, acting as an expert and not an arbitrator, an adjustment is fair and reasonable either generally or as regard such Grantee, and such certification shall be final and binding on all parties.

For the avoidance of doubt, any adjustments to the Option Price and/or the number of Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the external auditor or the adviser.

- 14.2 No adjustments shall be made to the Option Price and/or the number of new Shares comprised in the Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:

- (a) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
- (b) an issue of new Shares arising from the exercise of any conversions rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (c) an issue of securities as consideration or part consideration for an acquisition of securities, assets or business by the Group;
- (d) private placement or restricted issue of new Shares by the Company;
- (e) an issue of securities as a special issue of new Shares to Bumiputera parties or investors approved by the Ministry of International Trade and Industry, Malaysia and/or other relevant governmental authorities to comply with the government policy on Bumiputera capital participation;
- (f) a purchase by the Company of its own Shares and the cancellation of all or a portion of the Shares pursuant to the relevant provisions of the Act;

DRAFT BY-LAWS (CONT'D)

- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the shareholders in general meeting; or
 - (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever.
- 14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of the Act, By-Law 14.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.2 is applicable.
- 14.4 Notwithstanding the provisions referred to in the By-Laws, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Option Price and/or the number of Options should not be made or should be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws.
- 15. LISTING OF AND QUOTATION FOR THE NEW SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF OPTIONS**
- 15.1 An application will be made to Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Options on the Main Market of Bursa Securities.
- 15.2 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares for which the Grantee is entitled to subscribe.
- 16. ADMINISTRATION OF THE SCHEME**
- 16.1 The Scheme shall be administered by the ESOS Committee consisting of such persons appointed by the Board from time to time. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee and appoint replacement members to the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board.
- 16.2 The ESOS Committee may for the purpose of administering the Scheme do all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the Scheme, which the ESOS Committee may at its discretion consider to be necessary or desirable to give full effect to the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.
- 16.3 The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.
- 17. AMENDMENTS AND/OR MODIFICATIONS TO THE SCHEME**
- 17.1 The ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its absolute

DRAFT BY-LAWS (CONT'D)

discretion think fit, and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of these By-Laws upon such recommendation PROVIDED ALWAYS THAT no such addition, amendment or modification and/or deletion shall be made which would either:

- (a) materially prejudice the rights then accrued to any Grantees without his/her prior consent; or
 - (b) alter to the advantage of any Grantee without the prior approval of the shareholders in a general meeting, the provisions set out in these By-Laws.
- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws save and except if such additions, modifications or amendments to or deletions would:
- (a) materially prejudice any rights which would have accrued to any Grantee without his/her prior consent;
 - (b) increase the number of new Shares beyond the maximum number of new Shares available under the Scheme; or
 - (c) provide an advantage to any participant of the Scheme or group of participants of the Scheme or all the participants of the Scheme.
- 17.3 Subject to the compliance with the Listing Requirements and any other relevant rules and regulations, the prior approval of Bursa Securities and/or any other relevant authorities is not required for any subsequent amendment or modification to these By-Laws. However, a letter of compliance together with the amended new By-Laws shall be submitted to Bursa Securities within five (5) Market Days after the effective date of the amendments in the manner prescribed by the Listing Requirements, each time an amendment or modification is made, stating that the amendment or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Malaysia Depository Sdn Bhd as issued pursuant to the Securities Industry (Central Depositories) Act 1991.
- 17.4 For the purpose of complying with the provisions of the Listing Requirements, the relevant By-Laws shall not be amended or altered in any way whatsoever for the advantage of the participants of the Scheme without the prior approval of shareholders in general meeting, unless such amendment or alteration is otherwise allowed by the provisions of the Listing Requirements.

18. TERMINATION OF UNEXERCISED OPTIONS AND SUSPENSION

- 18.1 Subject to By-Laws 18.2 and 18.3, any unexercised Option in respect of the Scheme shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable, as the case may be, without any claim against the Company, the Board and the ESOS Committee upon occurrence of any one (1) or more of the following events:
- (a) service of a notice of resignation by the Grantee;
 - (b) service of a notice of termination on or termination or cessation of employment of the Grantee with the Group by reason of breach of contract or misconduct;
 - (c) bankruptcy of the Grantee; or
 - (d) any other circumstances prescribed by the ESOS Committee from time to time.

The Shares in respect of such unexercised Option may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

DRAFT BY-LAWS (CONT'D)

- 18.2 In the event of the termination or cessation of employment of the Grantee in any of the following circumstances:
- (a) retirement at or after attaining normal retirement age under the Group's retirement policy;
 - (b) retirement before the normal retirement age with the consent of his/her employer being a company within the Group;
 - (c) resignation or termination of the employment of the Grantee by reason of ill-health, injury or physical or mental disability;
 - (d) retrenchment or redundancy, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group;
 - (e) expiration of the employment contract of the Grantee; or
 - (f) any other circumstances as may be deemed as acceptable to the ESOS Committee,

the Grantee may apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any unexercised Option held by the Grantee ("**Request**") within such period as may be determined by the ESOS Committee upon occurrence of any one (1) or more of the above events subject to such terms and conditions as may be prescribed notwithstanding that:

- (i) the Option Period has not commenced; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

The ESOS Committee shall have the discretion to evaluate the Request on a case-to-case basis and its decision shall be final and binding.

Any unexercised Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable after such period as may be determined by the ESOS Committee upon occurrence of the events above, as the case may be, without any liability to or right to claim against the Company, the Board and the ESOS Committee. The Shares in respect of such Option may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

- 18.3 All Options which the ESOS Committee permits to be exercisable pursuant to the By-Law 18.2 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed by the ESOS Committee notwithstanding that the Option Period has not commenced or has not expired.

- 18.4 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service of such Grantee) the ESOS Committee shall have the right, at its discretion, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate on the Grantee's right to exercise his/her Options having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT:

- (a) in the event such Grantee shall subsequently be found not guilty of the charge which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise the Grantee's Option as if such disciplinary proceeding had not been instituted in the first place;
- (b) in the event such Grantee is found guilty of the charge and the same results in the dismissal or termination of service of such Grantee, the Options shall, immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such dismissal or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;

DRAFT BY-LAWS (CONT'D)

- (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise the Grantee's Option or any part thereof and if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
- (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period, the Option of such Grantee shall immediately lapse on the expiry of the Option Period without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under the By-Laws.

- 18.5 In the event where a Grantee dies before the expiration of the Option Period and held unexercised Options, at the time of his/her death such unexercised Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his/her death provided that such exercise shall be no later than three (3) months thereafter unless otherwise approved by the ESOS Committee PROVIDED ALWAYS THAT such exercise shall always be subject to any restriction in the Offer Letter and PROVIDED FURTHER THAT no Option shall be exercised after the expiry of the Option Period. All unexercised or partially exercised Options of such Grantee shall become null and void after the expiry of the three (3) months period (or such other period as may be otherwise approved by the ESOS Committee) or upon the expiry of the Option Period, whichever is earlier.
- 18.6 Any Offer which has been made by the ESOS Committee to the Eligible Person but have not been accepted by the Eligible Person in the manner prescribed in By-Law 6.1 arising from the Grantee's death, cessation or termination of employment with the Group for whatever reason as the case may be, shall become null and void and be of no effect.
- 18.7 Any Option that has lapsed and become null and void pursuant to this By-Law 18, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.
- 18.8 The ESOS Committee may, at its absolute discretion, change or waive any of the requirements and/or timing as set out in the By-Law 18.2.

19. LIQUIDATION OR WINDING UP OF THE COMPANY

In the event that any order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and shall be null and void and have no further effect, in which event the Option shall be automatically terminated on the following date:

- (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
- (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

20. DURATION OF THE SCHEME

- 20.1 The effective date for the implementation of the Scheme ("**Effective Date**") shall be the date of full compliance with all relevant requirements of the Listing Requirements including the following:
 - (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance and a checklist showing compliance with the relevant requirements as may be

DRAFT BY-LAWS (CONT'D)

- prescribed by Bursa Securities (and/or such other documents as may be determined by Bursa Securities from time to time);
- (b) receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of Options granted under the Scheme;
 - (c) procurement of shareholders' approval for the Scheme in a general meeting;
 - (d) receipt of approval of any other relevant regulatory authorities, where applicable; and
 - (e) fulfilment of all conditions attached to the above approvals (if any).
- 20.2 The Scheme shall be in force for a period of five (5) years from the Effective Date. On or before the expiry of the above initial five (5)-year period, the Scheme may be extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee, provided always that the initial period and such extension of the Scheme shall not in aggregate exceed a duration of ten (10) years from the Effective Date. In the event the Scheme is extended and implemented in accordance with the terms of these By-Laws, the ESOS Committee shall inform the relevant parties of such extension, prior to the proposed extension of the Scheme.
- 20.3 The adviser of the Company shall submit a confirmation letter to Bursa Securities indicating full compliance with the relevant requirements of the Listing Requirements and stating the effective date of implementation of the Scheme together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting approving the Scheme. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.
- 20.4 Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force. For the avoidance of doubt, no further sanction, approval or authorisation of the Company's shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of these By-Laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities within thirty (30) days prior to the expiry of the Scheme.

21. TERMINATION OF THE SCHEME

- 21.1 Subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated by the Company at any time before its expiry without obtaining the approvals or consents from the Grantees or its shareholders provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:
- (a) the effective date of termination of the Scheme ("**Termination Date**");
 - (b) the number of Options exercised or Shares vested; and
 - (c) the reasons for termination of the Scheme.
- 21.2 In the event of termination as stipulated by By-Law 21.1 above, the following provisions shall apply:
- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
 - (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date;
 - (c) all Offers, Options and/or Shares which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and

DRAFT BY-LAWS (CONT'D)

- (d) all outstanding Options which have yet to be exercised by the Grantees shall automatically lapse on the Termination Date and become null and void.

22. DISPUTES/DIFFERENCES

- 22.1 In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or Grantee, as the case may be, as to any matter of any nature arising under the Scheme, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, within fourteen (14) days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the external auditors, for the time being of the Company, which the ESOS Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 22.2 Notwithstanding By-Law 22.1 above, matters concerning adjustments made pursuant to By-Law 14 shall be referred to the external auditor or adviser, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects.

23. COSTS AND EXPENSES

- 23.1 Save as otherwise provided for in the Scheme and the Constitution, all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company.

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Eligible Person.

- 23.2 Notwithstanding the above, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the Scheme and any holding or dealing of Shares to be allotted and issued pursuant to the exercise of the Options, including brokerage commissions and stamp duties.
- 23.3 Any cost in relation to the loss of Option certificate will be fully borne by the Grantee and such Grantee will have to sign a statutory declaration to declare the loss of the Option certificate.

24. TRANSFER TO/FROM THE GROUP

In the event that:

- (a) an employee or a director who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “**the Group**”) is subsequently transferred from such company to any company within the Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a member of the Group a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above;

(the first mentioned company in (a) and (b) is herein referred to as the “**Previous Company**”), such an employee of the Previous Company will be eligible to participate in the Scheme for its remaining

DRAFT BY-LAWS (CONT'D)

Option Period, if the affected employee becomes and is an Eligible Person within the meaning under the By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to (b) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the Duration of the Scheme, the Scheme shall apply to the employees of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of Eligible Person under By-Law 1 and the provisions of the By-Laws shall apply.

A company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from fifty per centum (50%) and above to less than fifty per centum (50%) so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

25. DIVESTMENT FROM THE GROUP

25.1 If a Grantee who was in the employment of a company in the Group which was subsequently divested, from the Group resulting in that company ceasing to be a subsidiary, unless approved by the ESOS Committee in writing, the Options unexercised on the date of such company ceasing to be a subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further Option under the Scheme.

25.2 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act) of the Company which have an existing employees' share option scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options unexercised on the date of transfer shall be null and void and be of no effect.

If the associated company does not have an existing employees' share option scheme in which the Grantee will be entitled to participate, the ESOS Committee shall have the absolute discretion to determine whether Options unexercised by the Grantee will continue to be capable of exercise and the period in which it is capable of being exercised.

25.3 Any Option that has lapsed and become null and void pursuant to this By-Law 25, shall, to the extent that it is then unexercised, be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.

26. SCHEME NOT A TERM OF EMPLOYMENT

The Scheme does not form part of nor constitute nor shall in any way be construed as a term or condition of employment of an Eligible Person. The Scheme shall not confer nor be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

27. COMPENSATION

27.1 Notwithstanding any provisions of these By-Laws:

(a) the Scheme shall not form part of any contract of employment between any company of the Group and any employee or director of the Group and the rights of any Grantee under the terms of his/her office and employment with the Company or any company within the Group shall not be affected by his/her participation in the Scheme or afford such Grantee any

DRAFT BY-LAWS (CONT'D)

additional rights to compensation or damages in consequence of the termination of such office or employment for any reason; and

- (b) the Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company or any company of the Group directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group.

- 27.2 No Grantee or his/her legal or personal representative shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her rights to exercise his/her Options or his/her Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

28. CONSTITUTION

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Constitution, the provisions of the Constitution shall at all times prevail.

29. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

The Company may implement more than one (1) employees' share option scheme provided that the aggregate number of Shares available under all the schemes implemented by the Company is not more than fifteen per centum (15%) of the total number of issued Shares (excluding any treasury shares) at any point in time during the Duration of the Scheme or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the Duration of the Scheme.

30. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Company, the Board and the ESOS Committee shall not under any circumstances and in any event be held liable to any person for any cost, charges, losses, expenses, damages or liabilities whatsoever arising, including but not limited to any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares subscribed for by a Grantee.

31. ERRORS AND OMISSIONS

If in consequence of an error or omission, the ESOS Committee discovers/determines that:

- (a) an Eligible Person who was selected by the ESOS Committee has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of Shares allotted and issued to any Grantee pursuant to an exercise of Option(s) under the Scheme on any occasion is found to be incorrect,

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or the aggregate number of new Shares to which the Grantee is correctly entitled to is credited into his/her CDS Account and/or to withdraw the Offer given to the employee or director who was erroneously selected as an Eligible Person.

DRAFT BY-LAWS (CONT'D)

32. SEVERABILITY

If at any time any provision of the By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

33. DECISION OF THE ESOS COMMITTEE

Any decision and/or determination made by the ESOS Committee under the By-Laws shall, in the absence of any manifest of error, be final and binding.

34. NOTICE

34.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or a Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.

34.2 Unless otherwise provided in the By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee or any correspondence to be made with an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, or registered letter addressed to the Eligible Person or Grantee at the place of employment or at the last address known to the Company as being his/her correspondence address or by electronic mail. Any notice served by hand, electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by electronic mail, such notice shall be deemed to have been received by the recipient on the next day immediately following the day on which the electronic mail is sent and if by registered letter would be in the ordinary course of post be delivered.

34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by the Company or the ESOS Committee under the By-Laws in relation to matters which may affect all the Eligible Persons or Grantees, as the case may be, the Company or ESOS Committee may give through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

35. GOVERNING LAW

35.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Eligible Person, by accepting the Offer, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

35.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

35.3 In order to facilitate the making of any Offer under the Scheme, the Board may provide for such special terms to the Eligible Person(s) who are employed by any company within the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having

DRAFT BY-LAWS (CONT'D)

been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the Scheme, as then in effect, unless the Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

- 35.4 No action has been or will be taken by the Company to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken by the Company to ensure compliance by the Eligible Person to whom an Offer is made, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer.
- 35.5 Any Eligible Person to whom an Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Eligible Person has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in the 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 or information contained in this Circular, or other facts and information the omission of which would make any statement in this Circular false or misleading.

2. CONSENT

TA Securities, as the Adviser for the Proposed ESOS, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its role as the Adviser for the Proposed ESOS.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither the Company nor its subsidiary companies are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of the Group.

5. MATERIAL COMMITMENT

As at the LPD, the Board confirms that there is no material commitment incurred or known to be incurred by the Company or the Group, which upon becoming enforceable, may have material impact on the financial position of the Group:

6. CONTINGENT LIABILITIES

As at the LPD, the Board confirms that there is no contingent liability incurred or known to be incurred by the Company or the Group, which upon becoming enforceable, may have a material impact on the financial position of the Company and/or the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Key ASIC at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from 8.30 a.m. to 5.30 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Key ASIC's Constitution;
- (ii) the Group's audited financial statements for the FYE 31 May 2020 and FYE 31 May 2021 as well as the Group's latest unaudited results for the 6-month financial period ended 30 November 2021;
- (iii) the letters of consent and conflict of interests referred to in **Sections 2 and 3** above; and
- (iv) the draft By-Laws.

KeyASIC

KEY ASIC BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Key ASIC Berhad (“**Key ASIC**” or “**Company**”) will be conducted entirely through live streaming from the Broadcast Venue at Key ASIC’s head office at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 31 March 2022 at 9.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO 15% OF KEY ASIC BERHAD’S (“KEY ASIC” OR “COMPANY”) TOTAL NUMBER OF ISSUED SHARES (“KEY ASIC 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”)

“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.”

ORDINARY RESOLUTION 2

PROPOSED GRANTING OF ESOS OPTIONS TO EG KAH YEE

“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.”

ORDINARY RESOLUTION 3

PROPOSED GRANTING OF ESOS OPTIONS TO BENNY T. HU @ TING WU HU

“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.”

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF ESOS OPTIONS TO N. CHANTHIRAN A/L NAGAPPAN

“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.”

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF ESOS OPTIONS TO CHEN, CHIA-YIN

“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.”

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF ESOS OPTIONS TO PROF. LOW TECK SENG

“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.”

By Order of the Board

WONG WAI FOONG
SSM PC NO. 202008001472 (MAICSA 7001358)

JOANNE TOH JOO ANN
SSM PC NO. 202008001119 (LS 0008574)

Company Secretaries

Kuala Lumpur
25 February 2022

Notes:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the Extraordinary General Meeting ("General Meeting") to be present at the main venue of the meeting.*

*Shareholders **WILL NOT BE ALLOWED** to attend this General Meeting in person at the Broadcast Venue on the day of the Company's General Meeting. Therefore, shareholders are strongly advised to participate and vote remotely at the General Meeting through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company.*

Please read these Notes carefully and follow the Procedures in the Administrative Guide for the General Meeting in order to participate remotely.

2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 22 March 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
4. *A member of the Company who is entitled to attend and vote at the General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
6. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar 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. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar 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 less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging the proxy form is Tuesday, 29 March 2022 at 9.00 a.m.*

KEYASIC

KEY ASIC BERHAD

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

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF KEY ASIC BERHAD (“KEY ASIC” OR “THE COMPANY”)

Date : Thursday, 31 March 2022
Time : 9.00 a.m.
Broadcast Venue : Key ASIC’s head office
6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan

In view of the COVID-19 outbreak and as part of the safety measures, the Company will conduct the EGM on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting (“RPV”) facilities.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders/proxies **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

To attend the EGM remotely, all shareholders and proxies will have to register your request to participate with our Cisco Webex via the following link:

<https://keyasic-event.webex.com/keyasic-event-en/j.php?RGID=r8c6950735b274c172443c185e294eca9>

latest by **Tuesday, 29 March 2022 at 9.00 a.m.** Kindly refer to the Administrative Guide for more information on registration process enclosed with this Notification or at <http://www.keyasic.com/ir/finance-report>.

Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the status of the EGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

As part of our commitment to reduce paper usage, all documents related to the EGM are available on the Company’s website at <http://www.keyasic.com/ir/finance-report>.

We look forward to connecting with you via the RPV on the day of the EGM. Thank you for your continued support to the Company.

Should you require any assistance on the above, kindly contact us at 03-7664 3300 or egm@keyasic.com.

EG KAH YEE
Executive Chairman and Chief Executive Officer
25 February 2022

KEY ASIC BERHAD

Registration No. 200501024949 (707082-M)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING

1. REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM using RPV provided by Key ASIC Berhad (“Key ASIC”) via its Cisco Webex at the following link:

<https://keyasic-event.webex.com/keyasic-event-en/j.php?RGID=r8c6950735b274c172443c185e294eca9>

Shareholders who appoint proxy/proxies to participate via RPV in the EGM must ensure that the duly executed proxy forms are deposited in a hard copy form to the Company’s Share Registrar no later than **Tuesday, 29 March 2022 at 9.00 a.m.**

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to the Company’s Share Registrar not later than **Tuesday, 29 March 2022 at 9.00 a.m.** to participate via RPV in the EGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with the Company’s Share Registrar not later than **Tuesday, 29 March 2022 at 9.00 a.m.** to participate via RPV in the EGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at Cisco Webex at the following link:

<https://keyasic-event.webex.com/keyasic-event-en/j.php?RGID=r8c6950735b274c172443c185e294eca9>

As the EGM is a virtual EGM, members who are unable to participate in this EGM are strongly encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

2. PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the EGM remotely using the RPV are to follow the requirements and procedures as summarised below: -

	Procedure	Action
BEFORE THE EGM DAY		
(a)	Register as a user with Cisco Webex	<ul style="list-style-type: none">Using your computer, access the website at the following link: https://keyasic-event.webex.com/keyasic-event-en/j.php?RGID=r8c6950735b274c172443c185e294eca9Register as a user by completing the registration form.You may register anytime but no later than 9.00 a.m. on 29 March 2022.
(b)	Submit your request	<ul style="list-style-type: none">Read and agree to the Terms & Conditions and confirm the Declaration.Review your registration and proceed to submit.System will send an e-mail to notify that your registration for remote participation is received and will be verified.After verification of your registration against the General Meeting Record of Depositors as at 22 March 2022, the system will send you an e-mail to approve or reject your registration for remote participation.

KEY ASIC BERHAD

Registration No. 200501024949 (707082-M)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING

ON THE DAY OF THE EGM		
(c)	Login to Cisco Webex	<ul style="list-style-type: none">• If you don't have Cisco Webex, please download before EGM start.• Click join event which was provided to you via e-mail any time from 8.45 a.m. The live streaming will commence at 9.00 a.m. on 31 March 2022.
(d)	Participate through Live Streaming	<ul style="list-style-type: none">• Click join event to engage in the proceedings of the EGM remotely.• If you have any question for the Chairman/ Board, you may use the Q&A box to transmit your question. The Chairman/ Board will try to respond to relevant questions submitted by remote participants during the EGM. If there is time constraint, the responses will be provided to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none">• Member or Proxy may commence voting from 9.00 a.m. on Thursday, 31 March 2022 until a time when the Chairman announces the completion of the voting session of the EGM.• Indicate your voting for the resolutions that are tabled for voting.• Confirm and submit your votes.• Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results, followed by the announcement by the Chairman of the poll results.
(f)	End of remote participation	<ul style="list-style-type: none">• Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to **Cisco Webex** on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call us at 03-7664 3300 or e-mail to egm@keyasic.com for assistance.

3. ENTITLEMENT TO ATTEND AND VOTE

Only a member whose name appears on the Record of Depositor as at 22 March 2022 shall be entitled to attend and vote or appoint a proxy/proxies to attend and/or vote on his/her behalf in the EGM via RPV.

In view that the EGM will be conducted on a virtual basis, if you are unable to attend the meeting via RPV on 31 March 2022, you may appoint the Chairman of the EGM as proxy and indicate the voting instructions in the Proxy Form.

If you wish to personally participate in the EGM, please do not submit any Proxy Form. You will not be allowed to participate in the EGM together with a proxy appointed by you.

If you have submitted your Proxy Form prior to the EGM and subsequently decide to personally participate in the EGM, please proceed to register yourself for RPV at Cisco Webex at the following link:

<https://keyasic-event.webex.com/keyasic-event-en/j.php?RGID=r8c6950735b274c172443c185e294eca9>

KEY ASIC BERHAD

Registration No. 200501024949 (707082-M)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING

The original Proxy Form must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

4. NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the EGM since the meeting is being conducted on a virtual basis.

5. RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the EGM is allowed.

6. PRIVATE NOTICE TO SHAREHOLDERS UNDER THE PERSONAL DATA PROTECTION ACT 2010 (PDPA)

Key ASIC Berhad ("KAB" or "we" or "us" or "our") strives to protect your personal data in accordance with the Personal Data Protection Act 2010 ("the Act"). The Act was enacted to regulate the processing of personal data to comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in KAB.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in KAB
- To provide services to you
- To communicate with you as a shareholder/ proxy for a shareholder of KAB
- To better understand your needs as our shareholder
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selected events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, "the Purposes")

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone, and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, correspondence address, telephone number, facsimile number and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

KEY ASIC BERHAD

Registration No. 200501024949 (707082-M)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the KAB Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, "the Group") or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

In addition, you may request for access to your personal data by contacting your broker or alternatively Tricor Investor & Issuing House Services Sdn Bhd as shown above if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.

7. ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Key ASIC Berhad

General Line : 03-7664 3300
Fax Number : 03-7664 3301
Email : egm@keyasic.com
Contact persons :

Name	Contact Details
Prem	Direct line: 03-7664 3300 Email Address: premlatha@keyasic.com
Wynne	Direct line: 03-7664 3300 (ext : 105) Email Address: wynne@keyasic.com
Horry	Email Address: horryli@keyasic.com



KEY ASIC BERHAD
(Registration No. 200501024949 (707082-M))
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

PROXY FORM

I/We _____ Tel: _____
 of _____
 [Full name in block, NRIC/Passport/Registration No.] [Address]

being member(s) of **KEY ASIC BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be conducted entirely through live streaming from the Broadcast Venue at Key ASIC Berhad's head office at 6th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 31 March 2022 at 9.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	Proposed ESOS		
Ordinary Resolution 2	Proposed Granting of ESOS Options to Eg Kah Yee		
Ordinary Resolution 3	Proposed Granting of ESOS Options to Benny T. Hu @ Ting Wu Hu		
Ordinary Resolution 4	Proposed Granting of ESOS Options to N. Chanthiran A/L Nagappan		
Ordinary Resolution 5	Proposed Granting of ESOS Options to Chen, Chia-Yin		
Ordinary Resolution 6	Proposed Granting of ESOS Options to Prof. Low Teck Seng		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

Dated this _____ day of _____ 2022.

Signature of Shareholder or Common Seal

Contact No:

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the Extraordinary General Meeting ("General Meeting") to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend this General Meeting in person at the Broadcast Venue on the day of the Company's General Meeting. Therefore, shareholders are strongly advised to participate and vote remotely at the General Meeting through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company.

Please read these Notes carefully and follow the Procedures in the Administrative Guide for the General Meeting in order to participate remotely.



2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 22 March 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place at the General Meeting. A proxy may but need not be a member of the Company.*
4. *A member of the Company who is entitled to attend and vote at the General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
6. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar 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. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar 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 less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging the proxy form is Tuesday, 29 March 2022 at 9.00 a.m.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
KEY ASIC BERHAD
(Registration No. 200501024949 (707082-M))

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03 2783 9191 Fax : 03 2783 9111

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