

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0143
COMPANY NAME : Key ASIC Berhad
FINANCIAL YEAR : May 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is responsible in formulating and reviewing of strategic plans, key policies and monitoring the Group's business operations. The Board delegates the day-to-day management of the Company's business to the management team but reserves for its consideration significant matters such as the following:-</p> <ul style="list-style-type: none">▪ Approval of financial results;▪ Declaration of dividends;▪ Risk appetite setting;▪ Credit policy;▪ Business (Acquisition/Disposal);▪ Capital Expenditures;▪ Corporate Proposal; and▪ Budget <p>The Board's role is to oversee the performance of the Management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board Meetings when reviewing the unaudited quarterly results. During the meeting, the Board participates in the discussion on the performance of the Group.</p> <p>The Board assumes the following responsibilities:-</p> <ul style="list-style-type: none">▪ Reviewing, adopting and monitoring strategic plan for the Group to ensure that the Group's goals are clearly established; <p>The Group's annual business plans and annual budget are presented to the Board for review and approval. The Board deliberates and reviews the progress of the Group's business plans at least once in every quarter to ensure that the Group is steering</p>

	<p>towards the correct direction, which is also reflecting the latest market conditions and internal capabilities. Actual achievement is compared to the budget and causes of any shortfall are identified if any to facilitate the decision making by the Board.</p> <p>In conjunction with this, the Board reviews the annual budget for the reasonableness of the budget assumptions and the achievability of the budgeted financial results.</p> <p>The Board reviews the actual performance against the budgeted operational and financial performance of the Group on quarterly basis. Justifications will be provided by the key management should there be any material variances.</p> <ul style="list-style-type: none"> ▪ Overseeing the conduct of the Company’s business; <p>The CEO is responsible in overseeing the day-to-day management of the business operations of the Group. He is supported by a team of Senior Management and each divisional team is in turn guided by the written procedures established by the ISO9001:2015 standard and other internal controls as check and balance. The Board is updated on a quarterly basis on the summary of significant business activities and financial performance of the Group. With this, the Board is able to assess the performance of the Group through the updates from the Management.</p> <ul style="list-style-type: none"> ▪ Identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks; <p>Risk Management is regarded as an integral part of the business operations. With the system of Internal Control in place, and periodical review by internal and external parties to ensure full compliance in its commitment, the Board monitors any risk that might be faced by the business and operations of the Group. The key management personnel are then responsible in managing the identified risks.</p> <p>The Board is overall responsible for maintaining and ensuring the integrity of a sound system of Internal Control which supports effective and efficient operations to safeguard shareholders’ interests and the Group’s business and assets.</p> <p>The Statement on Risk Management and Internal Controls is set out on pages 34 to 37 of the 2022 Annual Report and provides an overview of the state of internal controls within the Group.</p> <ul style="list-style-type: none"> ▪ Succession planning, including appointing, training, fixing the compensation of the key managements and to review the Succession Policy from time to time;
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	<p>The Nomination Committee (“NC”) reviews the performance of the Board and the Board Committees. The Board will evaluate together with the NC the suitability and experience of potential candidates to fill in any gaps should there be such a need. Succession planning for key management personnel will be monitored by the Human Resource Department. The Board had at the recommendation made by the NC, approved and adopted a Succession Planning Policy. An interim executive transition committee shall be established as in the case of filling key executive position prior to the right permanent candidate is hired. The full written succession planning policy has been made available in our corporate website at www.keyasic.com for further reference.</p> <ul style="list-style-type: none"> ▪ Ensuring measures are in place to assess and overseeing Management’s performance for strengthening the Group’s performance; <p>Management’s performance objectives are set annually and assessed on quarterly basis. Quarterly performance bonuses are awarded to those outstanding employees. Causes for those failing to achieve their own individual objectives are identified and corrective measures shall be put in place in order to help such employee to achieve its objective before the conclusion of the performance evaluation period.</p> <ul style="list-style-type: none"> ▪ Developing and implementing an investor relations programme or shareholder communications policy for the Group; and <p>The Board recognises the importance of communications to its shareholders and investors to ensure that they are well informed of the Group’s performance and latest developments. The Board ensures that the corporate website maintains up-to-date information. The website serves as a major platform to provide details of corporate information, financial results and also latest developments of the Group to shareholders and investors.</p> <ul style="list-style-type: none"> ▪ Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The responsibilities of the Chairman should include leading the Board in the oversight of management and among others, includes the following roles and responsibilities:-</p> <ul style="list-style-type: none">(a) Providing support and guidance to Senior Management to assist and facilitate management succession planning;(b) Grooming and mentoring Senior Management to achieve consistently high levels of professionalism and excellent performances;(c) Chairing the Board meetings;(d) Providing leadership to the Board and is responsible for the developmental needs of the Board;(e) Ensuring that guidelines and procedures are in place to govern the Board's operation and conduct;(f) Ensuring the smooth functioning of the Board and the Governance structure and inculcating positive culture in the Board; and(g) Ensuring that procedures and processes are in place to facilitate effective conduct of business by the Board. <p>The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and sufficient time is allowed for discussion. When chairing Board meetings, the Chairman ensures the following:-</p> <ul style="list-style-type: none">(a) All relevant issues are on the agenda of Board meetings;(b) Board debates strategic and critical issues;(c) Board receives the necessary management reports relating to the Company's business on a timely basis;(d) All directors are able to participate openly in discussions at Board meetings;(e) Providing leadership to the Board and is responsible for the developmental needs of the Board; and(f) Encouraging active participation and allowing dissenting views to be freely expressed. <p>The Chairman of the Company also chairs at the general meetings of the Company and provide clarification on issues raised by the shareholders.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Although the positions of the Chairman and CEO are held by Mr Eg Kah Yee, however the Board consists of a majority of Independent Directors. The Board collectively views that Mr Eg Kah Yee's expertise is highly needed and the Board is confident that the current practice is best in maintaining the sustainability and the creativity of the Group in moving forward especially in time when the Group is struggling for profitability.</p> <p>The board believes that this leadership structure improves the Board's ability to focus on key policy and operational issues. The Board evaluates the appropriateness of the dual roles of the Chairman and Chief Executive Officer performed by the same individual and ensures that the arrangement will continue to be in the best interests of the Company and its shareholders as a whole.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board, Mr Eg Kah Yee is not a member of the Audit Committee, Nomination Committee and Remuneration Committee to ensure there is check and balance as well as objective review by the Board.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has direct access to the advice and services of the Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016.</p> <p>The Board is updated by the Company Secretary on new statutes and directives issued by the regulatory authorities. The Company Secretary has attended the Board and Committee meetings and ensured that all procedures are adhered.</p> <p>The roles of Company Secretary includes among others, the following:-</p> <ul style="list-style-type: none">(a) Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;(b) Ensure statutory records are kept and maintained in a proper manner, in compliance with all applicable laws and regulatory guidelines;(c) Advise the board on its roles and responsibilities;(d) Facilitate the orientation of new directors and assist in director training and development;(e) Advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;(f) Manage processes pertaining to the annual shareholder meeting;(g) Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and(h) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>The Company Secretaries also attend regular trainings to keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors, including Independent Non-Executive Directors, have full and timely access to information concerning the Company or other external information as they may feel necessary. Board papers and reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors at least five (5) business days prior to Board meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting. Management are invited to attend the Board and Board Committees meetings, where necessary, to brief and provide comprehensive explanation on pertinent issues.</p> <p>The Board and Board Committees leverage on technology to facilitate its meetings and adopt virtual meetings through the use of video conferencing.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation. The minutes of meetings would be distributed to all Directors and members on a timely manner for review and thereafter for confirmation at the next meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>A Board Charter has been established with the objectives to ensure that all Board Members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct, principles and practices of good corporate governance are applied accordingly. The Board Charter is reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter was last reviewed and updated on 30 May 2022.</p> <p>This Board Charter is made available at the Company's website at www.keyasic.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established the Code of Conduct and Ethics. The Code of Conduct and Ethics is based on the following principles:-</p> <ul style="list-style-type: none">(a) Conflicts of interest;(b) Corporate opportunities;(c) Protection of confidential information;(d) Protection and proper use of company assets;(e) Compliance with laws, rules and regulations;(f) Trading on inside information;(g) Compliance with the Code of Conduct and Ethics and reporting of any illegal or unethical behaviour;(h) Bribery and corruption;(i) Money laundering;(j) Preventing the abuse of power; and(k) Waivers and amendments. <p>The Code of Conduct and Ethics was reviewed and updated on 27 April 2018 and will be reviewed and updated periodically.</p> <p>In addition, the Board has also formalised an Anti-Bribery & Corruption policy to prevent, detect and address bribery and corruption via establishing a good corporate governance culture and ethical behavior amongst the Directors and employees of the Group. This policy is applicable to all Directors, employees, business partners of the Group.</p> <p>The Code of Conduct and Ethics and the Anti-Bribery & Corruption policy are available on the Company's website at www.keyasic.com.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of whistle blowing and is committed to maintain the standards of ethical conduct within the Group. The Company is committed to operating in compliance with all applicable laws, rules and regulations, including those concerning accounting and auditing, and prohibits fraudulent practices by any of its board members, officers and/or employees. The Board had established a Whistle Blower policy which outlines procedures for employees to report actions that an employee reasonably believes violate a law, or regulation or that constitutes fraudulent accounting or other practices without fear of reprisal. All reports and disclosures will be treated fairly and properly and addressed in an appropriate and timely manner while maintaining the identity of the complaining individual as confidential as possible. This policy applies to any matter which is related to the Company's business. This policy has accordingly been inserted in the employee manual/handbook.</p> <p>The Whistle Blower policy was reviewed and updated on 27 April 2018 and will be reviewed and updated periodically.</p> <p>The Whistle Blower policy is available on the Company's website at www.keyasic.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged the importance of incorporating sustainability considerations into the Company's business and corporate activities, and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boosts the business performance of the Company.</p> <p>The Board together with the Management takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. Performance against these clearly set out targets are communicated to the Company's internal and external stakeholders.</p> <p>The Board and the Management integrate Environmental, Social and Governance (ESG) factors into their investment decision-making process and the Group's overall strategy and operations in order to promote and build sustainability momentum within the Group.</p> <p>The Board has determined the organisation's sustainability strategy, to provides an oversight of the corporate sustainability policies and performance.</p> <p>The Board delegate the authority for management of the sustainability effort, including the economic, environmental and social sustainability issues to the senior management who will drive the Group's overall sustainability process which has been put in place to identify, assess, manage and report the Group's material sustainability matters and to ensure that the Group's sustainability process including advancing strategic decision making, coordinating and implementing sustainability action plans and accountability for business and sustainability results is effectively carried out.</p>

	The respective division's management heads are responsible for identifying, evaluating, monitoring and managing economic, environmental and social risks and opportunities directly.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	: Applied									
Explanation on application of the practice	<p>: The Board recognises the importance of building a sustainable business, therefore takes into consideration of the environmental, social and governance impact while developing corporate strategies.</p> <p>The Board regularly reviews the strategic direction of the Company and the progress of the Company’s operations, taking into account changes in the business and political environment and risk factors such as level of competition, market demand, technology changes etc.</p> <p>The Board promotes good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. Accordingly, the Company takes cognisance of the global environmental, social, governance and sustainability agenda.</p> <p>The Company recognises the value of a diversified and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the Company into the future. The Company is committed to leveraging the diverse backgrounds in terms of gender, ethnicity and age, experiences and perspectives of our workforce, to provide good customer service to an equally diverse customer base. The Company’s commitment in recognising the importance of diversity extends to all areas of our business including recruitment, skills, enhancement, appointment to roles, retention of employees, succession planning and training and development.</p> <p><u>Stakeholders Review & Engagement</u></p> <table border="1" data-bbox="531 1630 1406 1984"> <thead> <tr> <th data-bbox="531 1630 732 1704">Stakeholder Group</th> <th data-bbox="732 1630 1198 1704">Engagement Methodology</th> <th data-bbox="1198 1630 1406 1704">Frequency of engagement</th> </tr> </thead> <tbody> <tr> <td data-bbox="531 1704 732 1850">Customers</td> <td data-bbox="732 1704 1198 1850">Customer feedback management Complaint management Market research & innovation</td> <td data-bbox="1198 1704 1406 1850">Regular Regular Regular</td> </tr> <tr> <td data-bbox="531 1850 732 1984">Vendors</td> <td data-bbox="732 1850 1198 1984">Regular evaluation to conform to our ISO standard Vendor relationship management</td> <td data-bbox="1198 1850 1406 1984">Annually Regular</td> </tr> </tbody> </table>	Stakeholder Group	Engagement Methodology	Frequency of engagement	Customers	Customer feedback management Complaint management Market research & innovation	Regular Regular Regular	Vendors	Regular evaluation to conform to our ISO standard Vendor relationship management	Annually Regular
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Customers	Customer feedback management Complaint management Market research & innovation	Regular Regular Regular								
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	Governance & Regulators	Formal meetings/visits Licensing, audit & inspections	Ad-hoc Anually
	Employees	Employee performance appraisal Dialogue and engagement Employee engagement programmes	Annually Weekly Regular
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board through the Nomination Committee assesses the training programmes attended by each of the Directors during the financial year to ensure that they keep abreast with the latest developments in the industry as well as the sustainability issues relevant to the Group, including factors that are driving climate change, sustainable finance and achieving a sustainable business model.</p> <p>Regular discussion of the Group’s specific trends, changes in the business environment and claim processes enable the Group to adapt to the market effectively and manage the Group insurance risks, including the exposure to natural disasters.</p> <p>The Board is also mindful of the need to keep abreast of the external trends in sustainability practices and will engage external consultants to provide training to the Board and senior management of the Company to enhance the Company’s sustainability efforts and initiatives.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	As addressing material sustainability risks and opportunities is the responsibility of the board and senior management, the performance evaluation of the board and senior management should consider how well the board and senior management have performed their respective roles. This may include, where applicable, progress against the achievement of sustainability targets and in addressing the Company’s material sustainability risks and opportunities. The performance evaluation conducted to promote accountability and identify issues that may require intervention by the board and/or senior management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC conducts annual assessment on the appropriateness, effectiveness and mix of skills of the Board and Board Committees, the Board's and Board Committees' composition, time commitment, performance, contribution and experience of each director.</p> <p>The NC has reviewed and conducted the assessment of the directors for appointment and re-election, and the tenure of directors on merit based, fit and proper and pursuant to the Listing Requirements and the Malaysian Code on Corporate Governance ("MCCG").</p> <p>On 26 August 2022, Mr N. Chanthiran A/L Nagappan ("Mr Chanthiran") resigned from the Board and Mr Benny T. Hu @ Ting Wu Hu ("Mr Benny") was re-designated as a Non-Independent Non-Executive Director in line with the amended definition of Independent Director as prescribed in the Listing Requirements. Both Mr Chanthiran and Mr Benny had served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years.</p> <p>Datuk Md Zubir Ansori Bin Yahaya ("Datuk Md Zubir") was newly appointed to the Board on 26 August 2022 in place of Mr Chanthiran upon the NC's satisfaction on the relevant criteria and the outcome of the fit and proper assessment.</p> <p>The NC after taking into account the assessment of the Directors, namely Ms Chen, Chia-Yin and Datuk Md Zubir who are retiring at the coming Annual General Meeting, is satisfied that they met the criteria as prescribed by the Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors, recommended their re-election for the Board's further recommendation to the shareholders for approval. The said Directors have also met the relevant requirements under the fit and proper assessment.</p> <p>The NC also opined that the newly appointed Director, Datuk Md Zubir would be able to provide valuable contributions to the Company based on his background, skills and vast experience on strategic, finance and management in various sectors.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	The current Board has five (5) members comprising one (1) Executive Director/Chief Executive Officer (Chairman), one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The composition of the Board comprises of a majority of Independent Non-Executive Directors. The Board, through the NC is satisfied that the current size and composition are effective for the proper functioning of the Board and that it fairly reflects the investment of shareholders and balance in view of the Group's business. Together, the Directors bring a wide range of experience relevant to the direction and objectives of the Group as most of them are veteran in the semiconductor industry. A brief description of the background of each Director is presented on pages 3 to 5 of the 2022 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>Mr N. Chanthiran A/L Nagappan and Mr Benny T. Hu @ Ting Wu Hu were first appointed as an Independent Non-Executive Directors on 14 December 2007 and 14 October 2009 respectively. They have both served the Board for more than nine (9) years. At the last AGM, the Company sought shareholders' approval to retain both Mr Chanthiran and Mr Benny as Independent Non-Executive Directors via a two-tier voting process.</p> <p>On 26 August 2022, Mr Chanthiran resigned from the Board and Mr Benny was re-designated as a Non-Independent Non-Executive Director in line with the requirements of the amended definition of Independent Director as prescribed in the Listing Requirements, where an Independent Director who has served for more than twelve (12) years must resign or be re-designated as a Non-Independent Director as per Bursa Malaysia Securities Berhad's letter dated 19 January 2022.</p> <p>Subsequent to the above, there is no Independent Non-Executive Director who has served for more than nine (9) years.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>As documented in the approved Board Charter, the Board may exercise the power pursuant to the Constitution to appoint a person who is willing to act to be a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the Nomination Committee.</p> <p>The appointment of new directorship would be through a formal and transparent selection process and would take into consideration the evaluation of the candidates' abilities in terms of their character, skills, knowledge, experience, expertise and integrity to discharge their responsibilities. In the case of candidates for the position of Independent Non-Executive Directors, evaluation will be made on the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board recognises the importance of diversity and would take into consideration diversity in the selection process.</p> <p>The Company has established a Directors' Fit and Proper policy which serves as a guide to the NC and the Board in their review and assessment of candidates that are to be appointed onto the Board and its subsidiaries as well as Directors who are seeking for re-election.</p> <p>The Board should consider the factors which includes but not limited to the following in assessing if a candidate meets the criteria under the policy:-</p> <p>(a) Character and integrity</p> <ul style="list-style-type: none">(i) Probity(ii) Personal integrity(iii) Financial integrity(iv) Reputation <p>(b) Experience and competence</p> <ul style="list-style-type: none">(i) Qualifications, training and skills(ii) Relevant experience and expertise

	<p>(iii) Relevant past performance or track record</p> <p>(c) Time and commitment</p> <p>(i) Ability to discharge role having regard to other commitments</p> <p>(ii) Participation and contribution in the board or track record</p> <p>The Board, via the NC, had assessed the relevant criteria including fitness and propriety of Datuk Md Zubir Ansori Bin Yahaya before approving his appointment as an Independent Non-Executive Director of the Company.</p> <p>The Chairman of the Board and the Company Secretary shall be notified of any new directorship by any Board members. The notification shall include an indication of time that will be spent. All the current Directors of the Company held less than five (5) directorships in listed companies.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The appointment of Directors was based on recommendation from the existing Board members.</p> <p>However, the Board had through the NC assessed the qualification and suitability of the newly appointed Directors prior to the appointment.</p> <p>The Board relies on the existing network and referrals from existing Board members, management and major shareholders as the primary means to source for new Directors as the Board deem that these referrals are able to source candidates with a sound understanding of the business of the Company.</p> <p>The Board, based on the recommendation of the NC, appointed Datuk Md Zubir Ansori Bin Yahaya as an Independent Non-Executive Director of the Company on 26 August 2022. Prior to his appointment, the NC had carried out and was satisfied with the outcome of the relevant assessments (including fit and proper assessment) and was of the view that his experience, expertise and skill set will be a good fit for the Board.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company shall release immediate announcement on the appointment of Directors, which are available at the Bursa Malaysia Securities Berhad's and the Company's websites.</p> <p>The profiles of all the Directors are set out in the 2022 Annual Report , which include their age, gender, directorships in other public companies and public listed companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.</p> <p>The NC annually reviews and assess the tenure of each Director and re-election of Director. The review and assessment shall be based on the fit and proper criteria and contingent on satisfactory evaluation of the Director's performance and contribution to the Board..</p> <p>The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next AGM.</p> <p>The NC has evaluated the character, skills, competency, knowledge, experience, professionalism, integrity of the new Director and time to effectively discharge his roles as Director and recommended to the Board for approval.</p> <p>The Board has provided a statement on their assessment and recommendation for the Directors who are subject to re-election at the forthcoming annual general meeting ("AGM") in the 2022 Annual Report and the Notice of AGM.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) has three (3) members, with a majority being Independent Non-Executive Directors:</p> <ul style="list-style-type: none">• Datuk Md Zubir Ansori Bin Yahaya (Independent Non-Executive Director)• Chen, Chia-Yin (Independent Non-Executive Director)• Benny T. Hu @ Ting Wu Hu (Non-Independent Non-Executive Director) <p>The NC is chaired by Datuk Md Zubir Ansori Bin Yahaya since 26 August 2022 in place of Mr Benny T. Hu @ Ting Wu Hu, who was re-designated from Chairman to a member of the NC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Group does not practice any form of objective or selection criteria in consideration of candidates to the Board. Any appointment and retention of directors is based on merit and without prejudice, taking into consideration the requirements for the Board to be effective with due regard for the benefits of gender diversity on the Board.</p> <p>The Board currently comprises of five (5) Directors, out of whom one (1) is women, which translates to a 20% female representation.</p> <p>However, the Company complied with the recent amendments to the Listing Requirements to have at least one (1) women director.</p>	
		The Board will take necessary efforts in to close the gap to achieve 30% women directors in our Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity as an essential virtue of good corporate governance and an attribute of a well-functioning Board. Diverse views enhance Board discussions and ensure that the discussions made by the Board have been considered from all points of view. The Board acknowledges that diversity presents itself in a number of forms, including but not limited to gender, age, cultural background, educational background, ethnicity, professional experience, skills and knowledge.</p> <p>The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board.</p> <p>The Board has on 27 April 2018 adopted a Gender Diversity Policy. Diversity encompasses various areas such as gender, age, ethnicity and cultural background and the Board firmly believe that a well diversified workplace could benefit the Company to achieve:-</p> <ul style="list-style-type: none">(a) a good morale between the workforce that leads to a healthy work culture where employees motivate each other to perform at a higher level;(b) with a gender-diverse workforce, the company can expand its customer base and offer better services;(c) improved employment and career development opportunities for women;(d) a gender-balanced team brings with it greater industry knowledge and helps the company access more resources, as well as multiple channels of information; and(e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

	The appointment of Chen, Chia-Yin reflects that the Board recognises the value of a lady member of the Board and is an initial step taken by the Board towards achieving a more gender diversified Board.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The NC assesses the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director as well as their character, integrity and time commitment, independence of Independent Directors on annual basis. The NC reviews annually the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.</p> <p>The summary of the assessment and its findings was tabled to the NC on 28 July 2022. Based on the summary as presented, the NC tabled its recommendations to the Board at the Board of Directors' Meeting held on 28 July 2022. The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well balanced with the right mix of skills. The Board was also satisfied with the contribution of each of the individual Directors.</p> <p>The Company has established a Directors' Fit and Proper policy which serves as a guide to the NC and the Board in their review and assessment of candidates that are to be appointed onto the Board and its subsidiaries as well as Directors who are seeking for re-election.</p> <p>For Directors who are subject to re-election at the forthcoming AGM, the NC, having considered the fit and proper assessment on the said Directors, was satisfied with the outcome before recommending the re-election for the Board's consideration.</p> <p>The Board had also through the NC assessed the independence of the independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a remuneration policy for the Directors and Senior Management to support and drive business strategy and long-term objectives of the Company and its subsidiaries.</p> <p>Among others, the following are some of the criteria adopted by the Company and its subsidiaries in considering the remuneration of the Senior Management:-</p> <ul style="list-style-type: none">• The overall performance of the Company and its subsidiaries;• General economic situation;• Prevailing market practice;• Salary position against market;• Skills and experience; and• Individual performance <p>The Remuneration Committee ("RC") is responsible to implement the policies and procedures on the remuneration for the CEO whilst the Board is responsible for approving the policies and procedures which govern the remuneration of the employees including CEO and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and the Company attracts, retains and motivates the Directors and Senior Management who are with strong credentials, high calibre and astute insights to run the business successfully.</p> <p>The remuneration package is reflective of the individual Director's and Senior Management's experience and level of responsibilities and it is structured to link to corporate and individual performance. The RC is responsible for determining the level and make up of CEO's remuneration and approved by the Board, with the presence of a</p>

	<p>majority of non-executive directors. The CEO however, does not participate in any way when determining his remuneration package.</p> <p>All Directors except Mr Eg Kah Yee, the Chief Executive Officer are paid fixed monthly directors' fees. The determination of the Directors' fee and remuneration package for Directors is a matter for the Board as a whole, depending on any additional responsibilities taken. The Directors' fee payable to Directors is presented to the shareholders at the Annual General Meeting for their approval.</p> <p>All Directors shall abstain from deliberations and voting on their own remuneration.</p> <p>The Remuneration Policy of Directors and Senior Management was adopted by the Board on 27 April 2018 and would be reviewed and updated periodically. The Remuneration Policy is available on the Company's website at www.keyasic.com.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") is responsible to implement policies and procedures relating to the remuneration of Executive Director, Non-Executive Directors and senior management. The duties and responsibilities of the RC are:-</p> <ul style="list-style-type: none">(a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors;(b) To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned; and(c) Ensure the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully. <p>The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole with the individuals concerned abstaining from discussion on their own remuneration. The Board shall determine the remuneration packages taking into consideration the recommendations of the RC.</p> <p>The Non-Executive Director(s) of the Company, who are also shareholders, had abstained from voting on the resolution in respect of their direct and indirect shareholdings (if any), approving the payment of Directors' fees at the AGM.</p> <p>With the establishment of the Remuneration Policy of Directors and Senior Management, RC is responsible to implement the policies and procedures as stated therein.</p>

	The RC's Terms of Reference is available on the Company's website at www.keyasic.com	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	In line with the Code, the disclosure of the Directors' remuneration is made on a named basis. Details of remuneration of Directors of the Company for the financial year ended 31 May 2022 are set out in the table on the following page.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Eg Kah Yee	Executive Director	-	-	90	-	-	11	101	-	-	360	-	-	11	371
2	Benny T. Hu @ Ting Wu Hu	Non-Executive Non-Independent Director	36	-	-	-	-	-	36	36	-	-	-	-	-	36
3	N. Chanthiran A/L Nagappan <i>(Resigned on 26 August 2022)</i>	Independent Director	36	-	-	-	-	-	36	36	-	-	-	-	-	36
4	Chen, Chia-Yin	Independent Director	36	-	-	-	-	-	36	36	-	-	-	-	-	36
5	Prof. Low Teck Seng	Independent Director	36	-	-	-	-	-	36	36	-	-	-	-	-	36
6	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis.	
		However, the Company would endeavour to ensure that the remuneration package of the employees are in line with the industry practices and the annual increments and bonuses pay-out are based on individual performances.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") has three (3) members with majority being Independent Non-Executive Directors. The following are the members of the AC:-</p> <ul style="list-style-type: none">• Datuk Md Zubir Ansori Bin Yahaya – Independent Non-Executive Director• Chen, Chia-Yin – Independent Non-Executive Director• Benny T. Hu @ Ting Wu Hu – Non-Independent Non-Executive Director <p>The AC is chaired by Datuk Md Zubir Ansori Bin Yahaya since 26 August 2022 in place of Mr Benny T. Hu @ Ting Wu Hu, who was re-designated from Chairman to a member of the AC. The Chairman of the AC is not the Chairman of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	None of the member of the AC were former key audit partners. The Terms of Reference of the AC was last reviewed and revised on 30 May 2022 to state that no former key audit partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group shall be appointed as a member of the AC, unless he/she has observed a cooling-off period of at least three (3) years before such appointment.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a transparent relationship with the external auditors through the AC, which has been accorded the authority to communicate directly with the external auditors. The auditors in turn are able to highlight matters which require the attention of the Board to the AC in terms of compliance with the accounting standards and other related regulatory requirements.</p> <p>The AC undertakes annual assessment of the suitability and independence of the External Auditors. The factors considered by the AC in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group.</p> <p>The AC is satisfied with the external auditors' confirmation of independence and their conduct of the audit in compliance with the Approved Standards of Auditing in Malaysia and International Standards of Auditing and compliance with the ethical requirements in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Internal Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</p> <p>The AC had on 28 July 2022 conducted an assessment on the suitability and independence of the External Auditors. Based on the assessment the AC was satisfied with Messrs UHY's competency, experience and independence. The Board, based on the AC's recommendation, would be tabling the re-appointment of Messrs UHY as the External Auditors of the Company at the Seventeenth AGM.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the AC are financially literate and have the relevant accounting or related experience and expertise to effectively discharge their duties. They are able to understand, analyse and objectively review matters under the purview of the AC including the financial reporting process.</p> <p>The AC members undertake continuous professional development by attending trainings, talks, workshops, conferences to keep themselves abreast with the relevant developments. The External Auditors will also brief the AC, updates on financial reporting developments and changes in regulatory environment.</p> <p>The Board, via the NC, had also conducted annual assessment on the performance of the AC and each of its members and is satisfied with the performance of the AC in fulfilling its duties as per the Terms of Reference of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of sound internal controls and risk management in safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the business risk totally. It should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or fraud.</p> <p>The Group has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and subject to continuous improvement.</p> <p>The features of the Group’s risk management and internal control framework covering the risk policy, risk appetite, risk assessment and the review process by the Board and Audit Committee and the key internal controls are presented in the Statement on Risk Management and Internal Control of the Annual Report. The Statement on Risk Management and Internal Controls is set out on pages 34 to 37 of the 2022 Annual Report and provides an overview of the state of internal controls within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has put in place an Enterprise Risk Management framework (“ERM”) which comprises the following elements:</p> <ul style="list-style-type: none"> • Communicate and disseminate across the organisation the vision, role and direction of the Group; • Provide guiding principles and approach towards risk management; • Process of identification, assessment, evaluation and management of the various principal risks which affect the Group’s business; • Creation of a risk-awareness culture and risk ownership for more effective management of risks; • Regular review, tracking and reporting on keys risks identified and corresponding mitigation procedures; and • Regular review of the effectiveness of the system of internal control. <p>The framework is applied to determine, evaluate and manage principal risks of the Group. This is complemented by the system of internal control that is integrated into the Group’s operations and processes.</p> <p>The disclosure on the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework is set out on pages 34 to 37 of the 2022 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee will review the compliance with policies, procedures and standards, relevant external rules and regulations. The AC had assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary.</p> <p>The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm to assist the Board and AC in providing independent assessment on the adequacy and effectiveness of the Group's system of internal control. The internal auditors have direct access and reports directly to the AC.</p> <p>The functions of the internal auditors are to ensure a regular review of the adequacy and integrity of its internal control system. The internal auditors will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach based on COSO assessment model.</p> <p>The assessment of the internal audit are reported periodically to the AC. The recommendations arising from the internal audit and its implementations would be monitored.</p> <p>The Internal Auditors have conducted their work in consideration of the broad principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p> <p>The AC has performed an annual assessment on the performance of the Internal Auditors and was satisfied with the adequacy of the scope, function, competency and resources of the Internal Auditors and was of the view that they have the necessary authority to carry out their work during the financial year under review.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has appointed an outsourced internal audit service provider to carry out the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control in the Group.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The Internal audit function is outsourced to an independent professional firm, Vaersa Advisory Sdn Bhd. The internal audit team is headed by Mr Quincy Gan who possesses the relevant qualification and experience and is assisted by four members.</p> <p>The Internal Auditors has confirmed their independence and no relationship with all the Board members and top management and also free from any conflicts of interest, which could impair their objectivity and independence. Internal Auditors are evaluating internal control of Group with COSO framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to provide clear, accurate and timely disclosure of all material information to its stakeholders and the general public. The Company will ensure compliance with the disclosure requirements as set out in the Listing Requirements at all times.</p> <p>AGM also provides an effective means of communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM.</p> <p>Corporate information, financial information, the Company's announcements and other related communications and information are available at the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as defined under the MCCG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>Notice of the Sixteenth AGM is served to the shareholders on 30 September 2021, at least 28 days before the Sixteenth AGM which was held on 12 November 2021.</p> <p>The Notice of AGM includes details of the resolutions proposed along with relevant explanatory notes to enable shareholders to make informed decisions in exercising their voting rights.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors were present at the Company's Sixteenth AGM and Extraordinary General Meeting ("EGM") which were held virtually at the Broadcast Venue at 6 th Floor, Unit 3, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor on 12 November 2021 and 31 March 2022 respectively. In addition to the Board members, the senior management, external auditors (for AGM) and the representative from the adviser for the corporate exercise (for EGM) were present to respond to the shareholders' queries.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with its Constitution, the Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures in complying with the directives issued by the Malaysian Ministry of Health. These include the option of remote shareholders' participation at the general meeting.</p> <p>The Sixteenth AGM and EGM held on 12 November 2021 and 31 March 2022 respectively were conducted on a virtual basis through live streaming via Remote Participation and Voting ("RPV") facilities to facilitate remote shareholders' participation and had adopted the electronic voting (e-voting) for the conduct of poll on all resolutions. The appointed Poll Administrator and Independent Scrutineer conducted the polling/ e-voting process and verified the results of the poll.</p> <p>The entire AGM and EGM proceedings were held through the Company's Cisco Webex. The Administrative Details of the AGM and EGM as well as the user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board is proactive and ensure the Company's general meetings support meaningful engagement between the Board, senior management and shareholders.</p> <p>The shareholders were allowed to submit their questions during the live streaming of the general meetings via the real time submission of typed texts.</p> <p>The general meetings allocated sufficient time for shareholders to pose their questions and for the Chairman and management to respond to those questions accordingly. During the Sixteenth AGM, the Board had also responded to the questions submitted by the Minority Shareholders Watch Group.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>In view of the COVID-19 pandemic, the general meetings of the Company were conducted on virtual basis during the last financial year end.</p> <p>The shareholders posed their questions via real time submission of typed text at the chat box during the virtual meetings, all questions were addressed accordingly.</p> <p>The general meetings were allocated sufficient time for shareholders to pose their questions and for the Chairman, or management to respond to those questions accordingly.</p> <p>Detailed instruction and procedures on the registration, remote participation and the e-voting process were provided to the shareholders under the Administrative Guide for the AGM and EGM to facilitate the smooth conduct of the meetings. The voting procedures was also briefed during the meetings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the Sixteenth AGM and EGM, detailing the meeting proceedings including questions raised by the Minority Shareholders Watch Group and shareholders as well as the Company's responses thereto were made available on our corporate website at www.keyasic.com within 30 business days after the meetings.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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