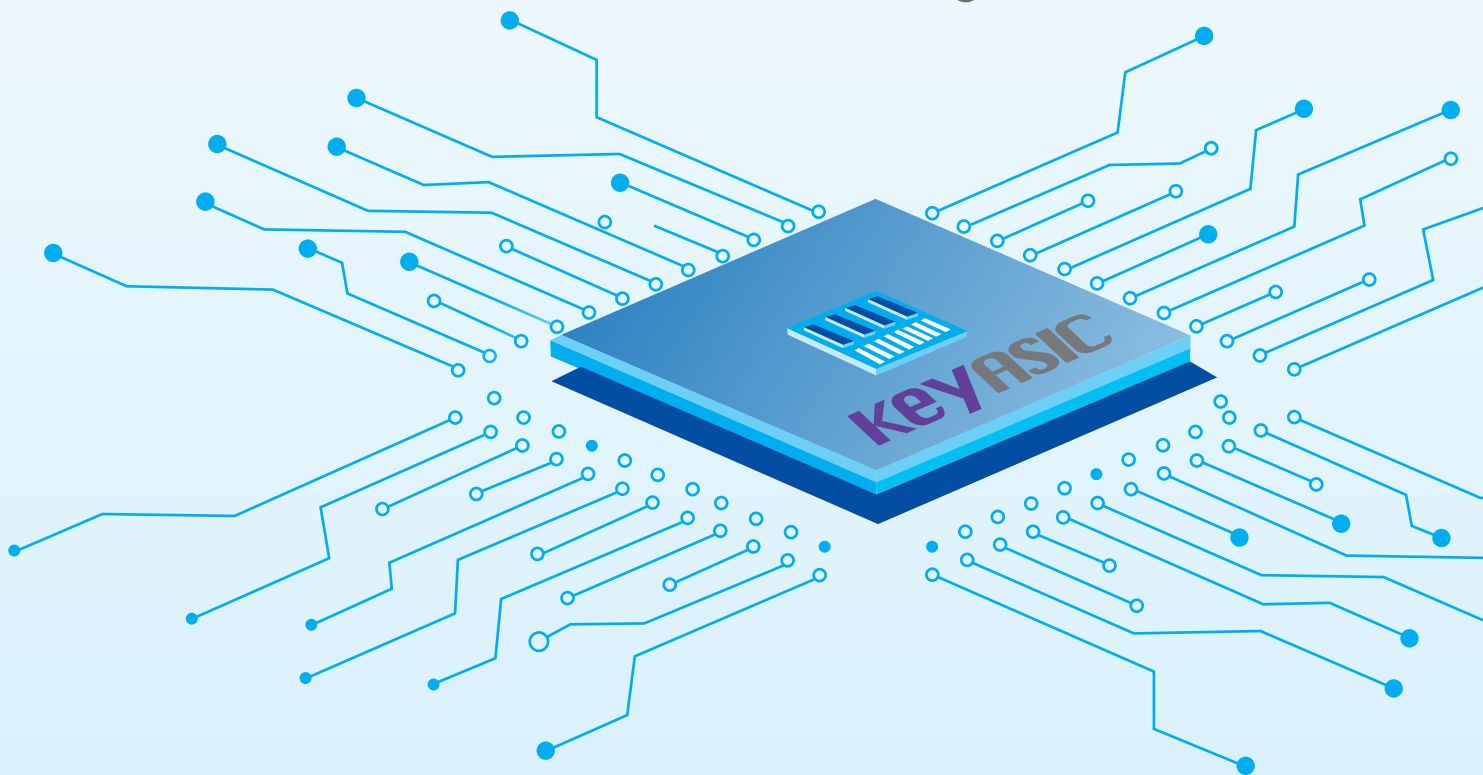


# keyASIC

**KEY ASIC BERHAD**

200501024949 (707082-M)

Digitalizing the world with  
Artificial Intelligence



ANNUAL REPORT

# 2024

# TABLE OF CONTENTS

<b>2</b> Corporate Information	<b>53</b> Statutory Declaration
<b>3</b> Board of Directors and Key Senior Management's Profile	<b>54</b> Independent Auditors' Report to the Members
<b>7</b> Chairman's Statement	<b>60</b> Statements of Financial Position
<b>9</b> Management Discussion and Analysis	<b>62</b> Statements of Profit or Loss and other Comprehensive Income
<b>12</b> Audit Committee Report	<b>63</b> Statements of Changes in Equity
<b>14</b> Corporate Governance Overview Statement	<b>66</b> Statements of Cash Flows
<b>29</b> Statement on Directors' Responsibility	<b>69</b> Notes to the Financial Statements
<b>30</b> Sustainability Statement	<b>129</b> Shareholding Statistics
<b>39</b> Statement on Risk Management and Internal Control	<b>132</b> Notice of Nineteenth Annual General Meeting
<b>43</b> Additional Compliance Information	<b>138</b> Statement Accompanying Notice of Annual General Meeting
<b>46</b> Directors' Report	<b>139</b> Administrative Guide for the Nineteenth Annual General Meeting
<b>52</b> Statement by Directors	Proxy Form Enclosed

## CORPORATE INFORMATION

**Eg Kah Yee**

*Executive Chairman, Chief Executive Officer*

**Datuk Md Zubir Ansori Bin Yahaya**

*Independent Non-Executive Director*

**Prof. Low Teck Seng**

*Independent Non-Executive Director*

**Chen, Chia-Yin**

*Independent Non-Executive Director*

**Benny T. Hu @ Ting Wu Hu**

*Non-Independent Non-Executive Director*

# BOARD OF DIRECTORS

### AUDIT COMMITTEE

Datuk Md Zubir Ansori Bin Yahaya  
*Chairman / Independent Non-Executive Director*

Chen, Chia-Yin  
*Independent Non-Executive Director*

Benny T. Hu @ Ting Wu Hu  
*Non-Independent Non-Executive Director*

### COMPANY SECRETARIES

Lau Yen Hoon  
(SSM PC No. 202008002143)  
(MAICSA 7061368)

Lee Shil Teng  
(SSM PC No. 202408000612)  
(MAICSA 7070507)

### REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9191  
Fax : 03-2783 9111  
Email: info@my.tricorglobal.com

### BUSINESS ADDRESS

6<sup>th</sup> Floor, Unit 3  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Tel : 03-7664 3300  
Fax : 03-7664 3301

### SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn. Bhd.  
Registration No. 197101000970  
(11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9299  
Fax : 03-2783 9222  
Email: is.enquiry@my.tricorglobal.com

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
(Main Market)  
Stock Name : KEYASIC  
Stock Code : 0143

### CORPORATE SOLICITOR

Rajah, Lau & Associates  
B-13-13, Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2710 5587  
Fax : 03-2710 5589

### AUDITORS

Messrs. UHY Malaysia  
(formerly known as UHY)  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03-2279 3088

### PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd  
Public Bank Berhad

### CORPORATE WEBSITE

www.keyasic.com

## BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT'S PROFILE

### EG KAH YEE

Executive Chairman,  
Chief Executive Officer

Malaysian  
Male  
Aged 64

**Eg Kah Yee** was appointed to the Board of Directors of Key ASIC Berhad ("Key ASIC" or "Company") as a Non-Independent Non-Executive Chairman on 15 June 2006. He was redesignated as the Chief Executive Officer on 30 October 2014. He graduated with Bachelor of Computer Science degree from West Virginia University, USA in 1983. He started his career as a research and development ("R&D") Engineer with Phoenix Data Systems Inc., Santa Clara, California, USA, before joining Daisy Systems Corporation ("Daisy"), a company listed on the NASDAQ Market and a pioneer in computer aided engineering in electronic designs, as R&D Project Manager.

While he was in Daisy, he assumed various positions such as Regional Technical Director, Country Manager (Taiwan) and Director of North Asia Region. In 1990, he joined Synopsys Inc., a company listed on the NASDAQ Market, which pioneered the high level design for Application Specific Integrated Circuit and Very-large-scale Integration, as Regional Manager for South Asia Pacific Operations and was subsequently promoted as General Manager for Asia Pacific Operations in 1992. He left Synopsys Inc. in 1996 and founded Palette Multimedia Berhad (now known as UCrest Berhad) in 1997 and has been the Chairman/Managing Director since then. Currently, he also sits on the Board of Directors of UCrest Berhad and various private limited companies. He is the Chairman of the Sustainability Committee of Key ASIC.

Save as disclosed, Mr Eg Kah Yee does not hold any directorship in other public companies and listed issuers.

He is a Major Shareholder of Key ASIC through Key ASIC Limited. He does not have any family relationship with any other Director and/or Major Shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries except that he shall be deemed interested in the recurrent related party transactions of a revenue or trading nature to be entered into with the related parties pursuant to the shareholders' mandate obtained at the Annual General Meeting by virtue of the nature of interest as disclosed in the Circular to Shareholders dated 30 September 2024<sup>(1)</sup>. He has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

*Note:*

<sup>(1)</sup> Please refer to the Circular to Shareholders dated 30 September 2024 for the information on the recurrent related party transactions.

### BENNY T. HU @ TING WU HU

Non-Independent  
Non-Executive Director

Taiwanese  
Male  
Aged 75

**Benny T. Hu @ Ting Wu Hu** was appointed to the Board of Key ASIC as Independent Non-Executive Director on 14 October 2009 and re-designated to Non-Independent Non-Executive Director on 26 August 2022. He graduated in Master in Business Administration degree from Wharton School, University of Pennsylvania and started his career as a Manager in Bankers Trust Company. He has more than 40 years of experience in finance and investment industry. He was the President and later Chairman of China Development Industrial Bank, the largest venture capital and investment firm in Taiwan with an investment portfolio over USD3 billion, from 1993 to 2004. The investment portfolio consists of over 500 investee companies, in which 80% of them are IT related companies. He has been actively involved in the semiconductor industry and was a former Vice Chairman and founder of World Semiconductor Manufacturing Corporation from 1996 to 2000. He

has been a member of Rand Corporation Asia Pacific board and a board member of Stanford Institute of Economic Policy Research since 2000. Currently, he is the Chairman of National Taiwan University Incubation and Innovation Company, which the main objective is to provide financial and operational assistance to Taiwan's start-up companies. He is also the Chairman of Senhwa Bioscience, Inc., a listed company on Taipei Exchange. In addition, he also chairs multiple integrated circuit or semiconductor related companies or focused venture funds. He is a member of the Audit Committee and Nomination Committee of Key ASIC.

Mr Benny Hu does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

### CHEN, CHIA-YIN

Independent Non-Executive  
Director

Taiwanese  
Female  
Aged 49

**Chen, Chia-Yin** was appointed to the Board of Directors of Key ASIC as an Independent Non-Executive Director on 24 June 2014. She vacated office pursuant to Paragraph 15.05(3)(C) of the Main Market listing requirements of Bursa Malaysia Securities Berhad and was re-appointed on 25 September 2020.

Her first career is with China Development Industrial Bank ("CDIB") as a Manager in Overseas Investment department mostly responsible for investment activities in the fields of banking and finance related acquisition projects in Southeast Asia, IT and Semiconductor venture investments in Japan and Silicon Valley, distressed asset joint venture investment project

in New York and managing portfolio investment worth US\$100 million. In year 2005, she joined Etron Technology Inc. as Senior Investment Manager in CEO office. At Etron, she managed portfolio investments and specialised in M&A, incubating startups and spinoffs, also sitting on the boards of the investee companies as Managing Directors until March 2012. Since then she has been pursuing her investment profession with Strait Capital Investment Group, responsible for overseas M&A, focusing on Semiconductor, pharmaceutical and medical service fields. She is a member of the Audit Committee, Remuneration Committee and Nomination Committee of Key ASIC.

Ms Chen does not hold any directorship in other public companies and listed issuers.

She does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### PROF. LOW TECK SENG

Independent Non-Executive  
Director

Singaporean  
Male  
Aged 69

**Prof. Low Teck Seng** was appointed to the Board of Directors of Key ASIC as Independent Non-Executive Director on 24 November 2017.

Prof. Low graduated with First Class Honours in Electrical & Electronic Engineering in 1978 from Southampton University and subsequently received his PhD from the same university in 1982. He joined National University of Singapore (NUS) in 1983 as an academic staff of the Department of Electrical Engineering. His research interests were in computational electromagnetics and spinelectronics.

Prof. Low Teck Seng was the Chief Executive Officer of the National Research Foundation ("NRF"), Prime Minister's Office, Singapore from July 2012 till August 2022. Prior to his appointment at NRF he was the Managing Director of the Agency for Science, Technology and Research. Prof. Low was instrumental in setting up the Magnetism Technology Centre ("MTC") in National University of Singapore ("NUS") in 1992. The MTC is the predecessor of the Data Storage Institute ("DSI"), a leading research institute focusing on data storage technologies. He was Dean of Engineering at the NUS from 1998 to 2000. Prof. Low was the founding principle of Republic Polytechnic.

Prof. Low is presently a tenured professor and Senior Vice President (Sustainability and Resilience) at the National University of Singapore. He is a Fellow of the Singapore Academy of Engineers; Fellow of the IEEE and International Fellow of the Royal Academy of Engineers, UK.

Prof. Low is also an Independent Non-Executive Director of UCrest Berhad. He is the Chairman of the Remuneration Committee of Key ASIC.

Save as disclosed, he does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

### **DATUK MD ZUBIR ANSORI BIN YAHAYA**

Independent Non-Executive  
Director

Malaysian  
Male  
Aged 66

**Datuk Md Zubir Ansori Bin Yahaya** was appointed to the Board of Directors of Key ASIC as Independent Non-Executive Director on 26 August 2022. He holds a Bachelor of Accounting (Honours) degree from Universiti Kebangsaan Malaysia. He also holds a certificate of Banking and Managerial Process from Asian Institute of Management ("AIM"), Manila. He is a Chartered Accountant as a member of Malaysian Institute of Accountants ("MIA").

Datuk Md Zubir has more than 35 years of strategic, finance and management experience in various sectors including Financial Services, Aviation, Transportation and Air Cargo Logistics, Information & Communications Technology, Retailing, Trading and Corporate Consultancy. He had previously served as Chairman to the Board of UiTM Holdings Berhad, MyFranchise Sdn. Bhd., and PNS ASQ Asia Sdn. Bhd., Board member of Focus Point Holdings Berhad, Perbadanan Nasional Berhad (PNS), Seacera Group

Berhad, MyCreative Ventures Bhd and board of several Malaysia Debt Ventures Berhad ("MDV")'s customers, namely P1 Sdn. Bhd., Aquawalk Sdn. Bhd., Commerce dot Com Sdn. Bhd., Jaalaa Sdn. Bhd., Lereno Sdn. Bhd. and Platinum Nanochem Sdn. Bhd. He was a member of the Global Technology Funds Evaluation Committee at MDeC and a Corporate Advisor to UMCIC, University of Malaya and several Committees on a national level such as an Executive member on the Local Advisory Panel for MSC Malaysia, Funding and Enabler Sub-Committees in Biotech Corporation, NEF Advisory Committee and Executive Council MyLab project for Ministry of Education. He left MDV in 2018 after serving as Managing Director/Chief Executive Officer for 13 years.

Datuk Md Zubir is the Chairman of the Audit Committee, Nomination Committee and Option Committee of Key ASIC. He is also a member of the Sustainability Committee of Key ASIC. He is a Director of UM Capital Berhad.

Save as disclosed, he does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### **THONG KOOI PIN**

Financial Controller

Malaysian  
Male  
Aged 52

**Mr Thong Kooi Pin** was appointed as the Financial Controller of Key ASIC Berhad on 25 September 2006. He graduated with a professional degree in Association of Chartered Certified Accountant ("ACCA") in 1998 and admitted as member of Malaysian Institute of Accountants ("MIA") as Chartered Accountant in year 2000. He further obtained his Master degree in Business Administration majoring in finance in year 2005 from Universiti Putra Malaysia.

Mr Thong Kooi Pin is a member of the Option Committee and Sustainability Committee of Key ASIC. He is also an Independent Non-Executive Director of Sik Cheong Berhad.

Save as disclosed, he does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

### WANG, WEI-KAI

Director of Production

Taiwanese  
Male  
Aged 45

**Mr Wang, Wei-Kai** was appointed as the Director of Production in March, 2022. He graduated with a Master degree in Applied Science and Technology of National Chiao Tung University Taiwan in 2020. He started his career as Integration Engineer with Qualcomm, Taiwan in 2009 before joining TDK Invernesses, Taiwan in 2017 where he assumed Foundry Engineer for the wafer process and IC development before joining Key ASIC.

Mr Wang, Wei-Kai is a member of the Sustainability Committee of Key ASIC. He does not hold any directorship in public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### LEE, HSIN-KAI

Vice President ("VP") of Marketing

Taiwanese  
Male  
Aged 64

**Mr Lee, Hsin-Kai** was appointed as the VP of Marketing of Key ASIC in July 2018. He graduated with a professional degree in Electronic Engineering of Tamkang University Taiwan, in 1982. He started his career as Marketing Manager with Cadence Taiwan office in 1998 for Marketing head of Electronic Design Automation ("EDA") and Intellectual Property ("IP") products before joining CoAsia Corporation in 2002 where he assumed Marketing Director for business development of Samsung Electronic's System LSI, Memory and Thin Film Transistor ("TFT") panel products before joining Key ASIC in 2010.

Mr Lee, Hsin-Kai does not hold any directorship in public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### CHEN, CHUN-LIANG

General Manager, ASIC Business

Taiwanese  
Male  
Aged 50

**Mr Chen, Chun-Liang** was appointed as the General Manager, ASIC Business in March 2023. He graduated with a Master degree in Electrical Engineering of National Taiwan University in 1999. He started his career as Research and Development ("R&D") as Vice President with Uleadtek, Taiwan in 2004 before joining Faraday Technology Corporation., Taiwan in 2016 where he assumed Central Marketing Manager to build-up product lines for Multi-standard Passive Optical Network, Power IC, datacom server SoC before joining Key ASIC. He has more than 10 years of experience in R&D.

Mr Chen, Chun-Liang does not hold any directorship in public companies and listed corporation.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## CHAIRMAN'S STATEMENT

***Dear  
Shareholders,***

*I am pleased to  
present the Annual  
Report and the  
Audited Financial  
Statements of  
Key ASIC Berhad  
("Group") for the  
year ended 31 May  
2024 ("FYE 2024").*

### ***Financial Performance***

The Group has posted a net loss of RM10.77 million for FYE 2024 as compared to a net loss of RM5.37 million for FYE 2023.

### ***Industry Trends and Development***

By end of 2023, revenue in the semiconductors market is projected to reach US\$607 billion. Integrated Circuits dominates the market with a projected revenue of US\$515 billion in 2024. Revenue is expected to show an annual growth rate (CAGR 2024-2029) of 10.06%, resulting in a market volume of US\$981 billion by 2029.

Leading the growth is data centers that are powered by Artificial Intelligence ("AI") or Graphics Processing Unit ("GPUs") together with multi-core Central Processing Unit ("CPUs") for the servers followed by Electric Vehicles ("EV"), medical technologies and networking are some of the areas of growth. Edge AI coupled with Internet of Things ("IoT") are rapidly growing. However, consumer electronics, mobile phones, and laptops are areas of slow growth and in some segments, the growth is negative.

Chips that require high performance will continue to move down from 5nm to 3nm, 2nm and eventually 1nm. CPU, GPU and memory are the chips that will demand smaller and smaller geometry. However, some of the main stream products that are currently at 55nm and 40nm will move down to 28nm/22nm in the next big wave.

In the 8" fab, the power chips are demanding higher and higher power largely due to the EV, power grids and robotics. Silicon Carbide ("SiC") and Gallium Nitride ("GaN") are some of the process technologies that are growing rapidly.

Due to the shortage of capacity during the pandemic, companies have rushed to build fabs and it is expected to have excess capacity in the next few years, possibly driving the price down.

### ***Prospect***

The Group has been investing continuously in developing Intellectual Property ("IPs") in advanced nodes such as 12nm, 7/6nm, 5nm and high power/voltage technologies. Additionally, the Group has been developing IP for 22nm with the strategy to capture designs at 55nm and 50nm moving down to the more advanced nodes.

As a result of the strategic investment in the development of such IPs, approximately 50% of the business in 2024 is in 28nm and below. We expect to capture more turnkey ASIC design business in advanced nodes to be 70% of the revenue in the future.

The Group has developed a few key IPs in advanced nodes that are used in almost every System-on-Chip ("SoC") and that has helped to capture a number of projects successfully. The Group will continue to invest in the development of IPs in the advanced nodes.



## CHAIRMAN'S STATEMENT (CONT'D)

Instead of developing AI chips for data centers, the Group leverages its strength of IoT technology to focus on developing edge AI chips integrated with IoT capabilities. The Group expects the growth of edge AI with IoT will be the next wave of growth in the applications of AI.

Consumer electronics are expected to recover and grow in 2025 as the economy continues to recover. Mobile phones and smart home products are expected to have CAGR of more than 10% in 2025.

In the area of sales and marketing, the Group has adopted the strategy of partnering with the local value added distributors to have better coverage in China and Japan markets. The US and Europe will be the next market to develop further.

### ***Appreciation***

I wish to express my gratitude to all the members of the Board of Directors who have continuously been rendering the management with invaluable advice and active participation during the development of the business. Furthermore, I would like to extend my heartiest appreciation to our dedicated and talented colleagues that have been contributing to the success of the Group.

Finally, I would like to extend my appreciation to the shareholders that have been supporting the Group in the capital market and the indispensable business partners and associates that have been growing with us.

Thank you,

**EG KAH YEE**

Executive Chairman, Chief Executive Officer

# MANAGEMENT DISCUSSION AND ANALYSIS

## General Description of the Group's Business

Turnkey ASIC design services, IP development and licensing and production of packaged tested chips are the core business, contributing most of the revenue of the Group. Strategically, the Group has invested in expanding its IP development and porting to the popular node of 28/22nm to capture the migration from 55nm and 40nm designs while porting to advanced nodes – 7nm, 5nm and below based on the market demand. This strategy has produced more than 50% of the projects in 28nm/22nm.

The Group has designed and implemented 3 generations of AI chips for its customers in the past few years. The AI chip was designed to be a co-processor, and it is generally used as the edge AI chips. The Group continues to produce these chips to its customers and there is significant growth recently.

In this AI rush, the market has been investing in the hardware infrastructure i.e. servers with GPU in the initial phase. This huge demand of server GPU is largely due to the rush to the development of various AI software applications that requires an exhaustive amount of computing resources in the training and learning of AI models. Meanwhile, those applications that require edge AI chip has started to grow. This has driven the demand for more IoT chips or AIoT ("AI and IoT"), 2 in 1 SoC. There is a continuous demand of the Group's SPG101, the IoT chip.

While developing the AI and IoT chips in the past few years, the Group has invested in the development of AI systems specifically for the healthcare industry. The AI system for retinal images captured with the fundus camera for eye diseases has been integrated into UCrest's iMedic™ and released as iMedic™ Optics and has started to generate revenue. There are a few other healthcare AI systems that the Group is currently developing and is expected to be released commercially in the near future.

## Financial Year Ended 31 May 2024 ("FYE 2024")

### Revenue

The Group's revenue for FYE 2024 was RM22.93 million compared with RM20.82 million in Financial Year Ended 31 May 2023. The higher revenue was due to higher demand for recurring services recorded in the financial year.

### Costs and expenses

Total costs and expenses before finance costs for FYE 2024 which amounted to RM34.38 million comprised of the following items:

- (a) Purchase and other direct costs amounted to RM17.96 million;
- (b) Administrative expenses amounted to RM5.23 million;
- (c) Other operating expenses amounted to RM11.19 million.

### Other operating income

Other operating income of the Group of RM0.72 million recorded was mainly due to foreign exchange gain on the Group's USD denominated assets as a result of the strengthening of US Dollar against Malaysia Ringgit and interest income.

### Loss attributable to Owners of the Company

Loss attributable to Owners of the Company was RM10.77 million or 0.79 sen per basic share. The loss is largely attributed to higher expenses recorded in the financial year.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Liquidity and capital resources

Cash and cash equivalents of the Group amounted to RM17.24 million.

The Group's net cash used in operating activities was RM4.77 million and capital expenditure in respect of property, plant and equipment was RM1.35 million.

The Group's financing activities recorded a net cash outflow in FYE 2024.

### Prospects

The strategy to invest in the development and porting of IP into 28nm/22nm, down to advanced nodes of 5nm has produced great results. We expect the initiative will contribute to most of the revenue in the ASIC business of the Group in the next few years. ASIC design services will continue to be the major revenue contributor in Fiscal year 2025.

However, with the release of the healthcare AI system for eye diseases, we are seeing a rapid growth of the utilization of the technology, and it is likely to be one of the key revenue contributors in the next few years. Healthcare AI systems that the Group continues to invest in will be one of the key pillars of the Group's revenue.

The demand for SPG101 has recently come from aviation industry. The planes have been flying by wires by the pilots for decades, however, the manufacturers are modelling after the EV to get connectivity and intelligence for the comfort and convenience of passengers. Many airlines have offered Internet access, in many cases free, throughout the flights allowing passengers to stay always connected. Devices and creative gadgets will be installed to monetize on the passengers in the future.

### Risk Factors

#### Innovation Risks

Investment in the Research and Development of trendy technologies and development of cutting-edge products have always been the core philosophy and the innovation foundation of the Group, hence reducing the risk of innovation.

#### Competency Risks

The Group has recruited and on boarded 50% more talented engineers and senior managers in FY2023 and lifted the core competency of the Group significantly. Regular trainings have also been conducted to ensure engineers are well trained and knowledgeable are shared and passed on, further enhancing the competency.

Senior Technology Advisors from Silicon Valley are also onboarded to assist in the development of breakthrough cutting edge technology and products.

#### Information Technology ("IT") Risk

The Group has invested in strengthening the IT team as well as invested in upgrading and expanding the IT infrastructure constantly throughout the Group during the fiscal year. Network has been modernized, upgraded, and protected to prevent cybersecurity attacks. Communication bandwidths have been upgraded by multiple folds to support the online works and video conferencing meetings.

Backup scheme has been revamped to provide more secured and optimized backup storage system such that the valuable IPs and designs are well maintained.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Intellectual Property (“IP”) Risk

The Group has been awarded a few more patents in FY2024, indicating the R&D pioneering capabilities of the team. More patents have been filed in ASIC/SoC design, AI and IoT.

The Group will continue to invest in the development, filing and maintenance of the patents such that our IP are well protected from infringement.

### Production Risk

The Group has diversified its manufacturing partners, reducing the risk and reliability of single source. The overall semiconductor market has slowed down somewhat in FY2024 and hence, shortage is unlikely in FY2025 based on the current situation.

### Design Development Risk

The core competencies of the Group are Research, Design and Development of technologies and products. The Group has attracted top-notch talents at the senior level in the R&D department as well as on boarded young and talented engineers in IP development, ASIC/SoC implementation as well as AI software algorithms development. The Group has established an internal rule of hiring that we recruit only the top-notch and talented engineers in the R&D department to ensure the R&D capabilities are of the world class.

The Group has also engaged veteran technologist in the Silicon Valley as the Technology Advisor to impact their expertise and experience to our team of engineers, assisting the Group in its innovation and development.

### Geopolitical Risk

The political tensions between superpowers and multilateral sanctions imposed in the past two years are constantly changing the game rules of the industry. The Group has a sound business relationship with suppliers and partners of various countries, so these disruptive changes have no major negative impact on the Group thus far. The dynamic management team has the capabilities and talents to navigate through the distraction without much negative impact, instead, the Group is able to capitalize on the changes to the benefits of the Group.



# AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) was established on 4 October 2007 with the primary objective to provide assistance to the Board of Directors (“Board”) in fulfilling its fiduciary responsibilities relating to the corporate governance and practices for the Group, to improve the business efficiency and enhance the independent role of external and internal auditors.

## 1. COMPOSITION OF AUDIT COMMITTEE

The present members of the AC comprise of:-

### **Chairman**

Datuk Md Zubir Ansori Bin Yahaya – Independent Non-Executive Director

### **Members**

Chen, Chia-Yin – Independent Non-Executive Director

Benny T. Hu @ Ting Wu Hu - Non-Independent Non-Executive Director

## 2. TERMS OF REFERENCE

The Terms of Reference of the AC is available at the Company’s website at [www.keyasic.com](http://www.keyasic.com).

## 3. SUMMARY OF MEETING AND ACTIVITIES UNDERTAKEN

A total of four (4) meetings were held during the financial year ended 31 May 2024. The attendance records of the meetings are as follows:-

Name	Attendance
Datuk Md Zubir Ansori Bin Yahaya	4/4
Benny T. Hu @ Ting Wu Hu	3/4
Chen, Chia-Yin	4/4

The main activities undertaken by the AC during the financial year ended 31 May 2024 were as follows:-

- (i) reviewed the annual financial statements of the Group and recommended the same to the Board for their consideration and approval;
- (ii) reviewed the quarterly unaudited financial results of the Group in July 2023, October 2023, January 2024 and April 2024 prior to recommending them for approval by the Board. The financial results were presented by Management who attended to the queries raised by the AC. The AC was satisfied that the financial results had been prepared in accordance with Malaysian Financial Reporting Standards 134;
- (iii) reviewed the financial performance against the budget;
- (iv) reviewed and discussed on the Company’s plan for financial year ended 2024;
- (v) reviewed the recurrent related party transactions entered into by the Group and ensured that the transactions under the shareholders’ mandate were within the threshold as set in accordance with the mandate obtained from the shareholders;
- (vi) reviewed the Circular to shareholders in relation to the Proposed Renewal of the Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature before recommending the same to the Board for approval;



## AUDIT COMMITTEE REPORT (CONT'D)

### 3. SUMMARY OF MEETING AND ACTIVITIES UNDERTAKEN (CONT'D)

- (vii) discussed and reviewed the fees of the External Auditors and recommended the same to the Board for approval;
- (viii) reviewed and discussed with the External Auditors the Audit Committee Meeting Report for the financial year ended 31 May 2023 and Audit Planning Memorandum for the financial year ended 31 May 2024 from the External Auditors and recommended the same for the Board's notation;
- (ix) the assessment on the External Auditors was conducted by completing personalised evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditor Performance and independence Checklist. The AC had, with the assistance from the Management, assessed the performance, suitability and independence of Messrs. UHY Malaysia (formerly known as UHY) and recommended that Messrs. UHY Malaysia (formerly known as UHY) be re-appointed as the External Auditors of the Company.
- (x) reviewed and discussed with the Internal Auditors on the key risks of the Group covered in the Enterprise Risk Management Report and prepared by the Internal Auditors including the management action plans based on the recommendation highlighted by the Internal Auditors before updating the Board;
- (xi) reviewed and discussed with the Internal Auditors, the Internal Audit Plan, the Internal Audit Report on review of Sales and Marketing Management, Human Resource Management, and the Enterprise Risk Management including the management action plans based on the recommendation highlighted by the Internal Auditors;
- (xii) assessed the performance of the Internal Auditors, Vaersa Advisory Sdn. Bhd. based on personalised evaluation form. The AC was satisfied with the performance, adequacy of the scope, functions, competency and resources of the Internal Auditors and that it has the necessary authority to carry out its work;
- (xiii) reviewed and recommended for the Board's approval, the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Sustainability Statement and AC Report for inclusion in the Annual Report 2023; and
- (xiv) verified that the offer of 76,800,000 options under the Employees' Share Option Scheme ("ESOS") offered to the eligible Directors and employees in May 2024 is in accordance with the ESOS By-Laws.

### 4. INTERNAL AUDIT FUNCTION

Internal auditor reports directly to the AC. 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.

The Internal Auditors are required to conduct regular and systematic reviews on all operating units and submit an independent report to the AC for review and approval to ensure adequate coverage. During the financial year ended 31 May 2024, the internal audit reviews covered the areas on Sales and Marketing Management, Human Resource Management and Enterprise Risk Management. The Internal Auditors attended three (3) AC meetings held during the financial year 2024. The Group has incurred approximately RM16,000 in the financial year ended 31 May 2024 in maintaining the internal audit function.

### 5. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

Reviewed any related party transaction and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions on management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts, if any, at each AC quarterly meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises the importance of good corporate governance in discharging its responsibilities, protecting and enhancing shareholders' value through promoting and practising high standards of corporate governance throughout the Group. The Board adopts and applies the principles and best practices as governed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the Malaysian Code on Corporate Governance ("Code").

The Corporate Governance Report ("CG Report") provides the details on how Key ASIC has applied each Practice as set out in the Code during the financial year ended 31 May 2024 ("FYE 2024"). The CG Report is available on our corporate website at [www.keyasic.com](http://www.keyasic.com). Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed in the CG Report with explanations.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### 1.1 Board's Role and Responsibilities

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 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:-

- Approval of financial results;
- Declaration of dividends;
- Risk appetite setting;
- Credit policy;
- Business (Acquisition/Disposal);
- Capital Expenditures;
- Corporate Proposal; and
- Budget

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.

The Board assumes the following responsibilities:-

- (a) Reviewing, adopting and monitoring strategic plan for the Group to ensure that the Group's goals are clearly established;
- (b) Overseeing the conduct of the Company's business;
- (c) Identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- (d) Succession planning, including appointing, training, fixing the compensation of the key managements and to review the Succession Policy from time to time;
- (e) Ensuring measures are in place to assess and overseeing Management's performance for strengthening the Group's performance;
- (f) Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- (g) 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1.1 Board's Role and Responsibilities (Cont'd)

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Option Committee ("OC")
- Sustainability Committee ("SC")

The Board has defined the terms of reference for each Committee and the Chairman of these respective Committees report and update the Board on significant matters and salient matters deliberated by the Committees.

#### 1.2 Chairman of the Board

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:-

- (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
- (f) Encouraging active participation and allowing dissenting views to be freely expressed.

The Chairman also chairs general meetings of the Company and provide clarification on issues that may be raised by shareholders.

#### 1.3 Separation of Position of Chairman and Chief Executive Officer ("CEO")

Although the positions of the Chairman and CEO are held by Eg Kah Yee, however the Board consists of a majority of Independent Directors. The Board collectively views that 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.

In addition, the current composition of the Board comprises of a majority of Independent Non-Executive Directors. This provides a check and balance on the Company management with a view to safeguarding and protects the interest of all shareholders as a whole.

Currently, the Chairman of the Board is not a member of all the Board committees except the SC to ensure there is check and balance as well as objective review by the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1.4 Qualified and Competent Company Secretaries

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.

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.

Roles and responsibilities of the Company Secretaries can be found in the CG Report.

The Company Secretaries also attend regular conferences, trainings and seminar programmes to keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.

#### 1.5 Access to Information and Advice

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. Additionally, management was invited to brief in the meetings of the Board and Board Committees, where necessary. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including any dissenting view and matters where Directors abstained from voting and deliberation. The minutes of meetings will be circulated for the Board's and Board Committee's review in a timely manner.

The Board collectively, and each Director individually, has the right to seek independent professional advice in furtherance of their duties, at the Company's expense subject to the approval by the Board. Such request may be done via email or during the Board meeting.

### 2. Board Charter

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.

The Board Charter was last reviewed and updated on 30 May 2023 and would be reviewed and updated periodically.

This Board Charter is made available at the Company's website at [www.keyasic.com](http://www.keyasic.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3. Code of Conduct and Ethics, Whistle Blower Policy and the Anti-Bribery & Corruption policy

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Board established the Code of Conduct and Ethics based on the following principles:-

- (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 this Code and reporting of any illegal or unethical behavior;
- (h) Bribery and corruption;
- (i) Money laundering;
- (j) Preventing the abuse of power; and
- (k) Waivers and amendments.

The Code of Conduct and Ethics was reviewed and updated on 27 April 2018 and will be reviewed and updated periodically.

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 blowing 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. 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.

The Whistle Blower policy was reviewed and updated on 27 April 2018 and will be reviewed and updated periodically.

The Group adopts a zero-tolerance approach against all forms of bribery and corruption. The Board has 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.

The Anti-Bribery & Corruption policy adopted will be reviewed and updated periodically.

The Code of Conduct and Ethics, Whistle Blower policy and Anti-Bribery & Corruption policy are available on the Company's website at [www.keyasic.com](http://www.keyasic.com)

#### 4. Sustainability Governance

The Board believes that sustainable business practices are essential to the creation of long-term value, and that running the business in a responsible manner is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 4. Sustainability Governance (Cont'd)

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Sustainability Committee was established on 19 January 2023 which comprises two (2) Directors and four (4) representatives from the Management team and has been tasked with determining the organisation's sustainability strategy and provides an oversight of our corporate sustainability policies and performance.

#### 5. Time Commitments

The Board is primarily responsible for the strategic directions of the Group and is scheduled to meet at least four (4) times a year. However, additional meetings may be convened as and when deemed necessary as determined by the members of the Board.

During the FYE 2024, four (4) board meetings were held and the details of each Director's attendance are set out as follows:-

Directors	Meeting Attendance
Eg Kah Yee (Chairman)	4/4
Benny T. Hu @ Ting Wu Hu	4/4
Datuk Md Zubir Ansori Bin Yahaya	4/4
Chen, Chia-Yin	3/4
Prof. Low Teck Seng	4/4

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. This is demonstrated by among others, the satisfactory attendance and time spent by the Directors at the Board and Board Committees meetings during the financial year.

Currently, all Directors of the Company held less than five (5) directorships in other listed companies.

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. The Company does not have policy nor impose any time commitment on its Independent and Non-Executive Director's position to commit their time to the Company but the Board members are supportive of the Chairman whenever a board meeting is called to deliberate important matters related to the Group.

#### 6. Board Composition

The existing composition of the Board is as set out below:-

##### Directors

Eg Kah Yee  
Benny T. Hu @ Ting Wu Hu  
Datuk Md Zubir Ansori Bin Yahaya  
Chen, Chia-Yin  
Prof. Low Teck Seng

##### Designation

*Executive Chairman, Chief Executive Officer*  
*Non-Independent Non-Executive Director*  
*Independent Non-Executive Director*  
*Independent Non-Executive Director*  
*Independent Non-Executive Director*

The profile of each Director is presented under Profile of Directors on pages 3 to 5 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 6. Board Composition (Cont'd)

The current Board has five (5) members comprising one (1) Executive Director/Chief Executive Officer (Chairman), three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition of the Board comprises of a majority of Independent Non-Executive Directors. The Board, through the NC, review annually the structure, mix of skills, size and composition of the Board. The Board is satisfied that the current size and composition are effective for the proper functioning of the Board and 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.

##### 6.1 Appointments to the Board

As documented in the Board Charter, the Board may exercise the power pursuant to the Constitution to appoint a person who is willing to act as a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the NC.

The appointment of new directorship would be through a formal and transparent selection process which includes a fit and proper assessment and would take into consideration the evaluation of the candidates' abilities in terms of their characters, skills, qualifications, knowledge, experience, expertise, professionalism, integrity and time commitment 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.

##### 6.2 Boardroom and Gender Diversity

The Board recognises the importance of gender diversity and is committed to the extent practicable, to address the recommendation of the Code relating to the establishment of a policy formalising its approach to boardroom and workplace diversity.

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 diversify workplace could benefit the Company to achieve:-

- (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) improve 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;
- (e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity; and
- (f) encouraging active participation and allowing dissenting views to be freely expressed.

The appointment of Chen, Chia-Yin reflects that the Board recognises the value of a lady member of the Board and is a step taken by the Board towards achieving a more gender diversified Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 6.3 Independent Non-Executive Directors

The Independent Directors play a crucial supervisory function. Their presence is essential in providing unbiased views and impartiality to the Board's deliberation and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group. In order to ensure the effectiveness of the Independent Directors, the Board undertakes an assessment of its Independent Directors on annual basis to ensure the Independent Director can continue to bring independent and objective judgement to Board deliberation.

The Board takes note that the Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Non-Executive Director. If the Board continues to retain the Independent Director after nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

Shareholders' approval would be sought if an Independent Director who has served in that capacity for more than nine (9) years shall remain as an Independent Director. The NC will assess the independence of the Independent Director based on the assessment criteria developed by the NC and recommend to the Board for recommendation to the shareholders for approval. Justification for the approval would be provided. However, the tenure of an Independent Director is limited to not more than a cumulative period of twelve (12) years. After serving for twelve (12) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

The details of the Independent Non-Executive Director who has served for a cumulative term of more than nine (9) years can be found in the CG Report and the Notice of the forthcoming AGM.

#### 6.4 Re-election of Directors

In accordance with the Company's Constitution, Directors appointed during the year are required to retire and seek for re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Constitution also require one-third (1/3) of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every three (3) years.

The NC has considered the assessments of Eg Kah Yee and Datuk Md Zubir Ansori Bin Yahaya, the Directors standing for re-election at the forthcoming AGM and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NC had also conducted the fit and proper assessment on the abovementioned Directors and was satisfied with the outcome of the assessments.

The resolution for the re-election of each Director is voted separately at the AGM.

#### 6.5 Professional Developments

The NC had assessed the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the NC is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for directors of public listed companies except for MAP part II in relation to sustainability and the related roles of a Director which shall be attended by all the existing Directors on or before 1 August 2025 based on the amendments to the Listing Requirements of Bursa Securities. The Directors will continue to undergo other relevant training sessions to further enhance their knowledge in the latest statutory and regulatory developments as well as to keep abreast with development in the business environment to enable them to discharge their responsibilities efficiently.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 6.5 Professional Developments (Cont'd)

The Directors have attended the following trainings during the financial year 2024:-

Director	Trainings	Date
Eg Kah Yee	ESG Update and aligning ESG with your Business Strategies by Tricor Axcelasia Sdn Bhd	27-May-24
Datuk Md Zubir Ansori Bin Yahaya	ESG Update and aligning ESG with your Business Strategies by Tricor Axcelasia Sdn Bhd	27-May-24
Benny T. Hu @ Ting Wu Hu	The fighting over the management of a company by Securities & Futures Institute	9-Nov-23
	ESG Update and aligning ESG with your Business Strategies by Tricor Axcelasia Sdn Bhd	27-May-24
Chen, Chia-Yin	ESG Update and aligning ESG with your Business Strategies by Tricor Axcelasia Sdn Bhd	27-May-24
Prof. Low Teck Seng	Science of Cities by NUS Cities	31-Aug & 1-Sep-23
	Sustainability : The n3ext challenge by NUS Business School	23 & 24-Apr-2024
	Device Technologies for N3XT 3D MOSAIC Integration by Prof Philip Wong Stanford University and TSMC	25-Mar-24
	ESG Update and aligning ESG with your Business Strategies by Tricor Axcelasia Sdn Bhd	27-May-24

#### 6.6 Nomination Committee

The NC was established on 4 October 2007 and has been tasked with the responsibilities to recommend new appointment to the Board. The NC shall be appointed by the Board of Directors and shall comprise exclusively of Non-Executive Directors, a majority of whom are Independent Directors. The NC has three (3) members, with a majority being Independent Directors. The composition of the NC is as follows:

##### **Chairman**

Datuk Md Zubir Ansori Bin Yahaya (Independent Non-Executive Director)

##### **Members**

Chen, Chia-Yin (Independent Non-Executive Director)

Benny T. Hu @ Ting Wu Hu (Non-Independent Non-Executive Director)

The Terms of Reference of the NC is available at the Company's website at [www.keyasic.com](http://www.keyasic.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 6.6 Nomination Committee (Cont'd)

##### Summary of Activities undertaken by the Nomination Committee

During the financial year 2024, the following activities were undertaken by NC:-

- (a) Assessed the effectiveness and required mix of skills and experience and other qualities, including core competencies of the Board as a whole, the committees of the Board and the contribution of each existing Director and thereafter, recommended the findings to the Board;
- (b) Assessed the term of office and performance of the Audit Committee and each individual member;
- (c) Assessed the performance of the Nomination Committee and the Remuneration Committee;
- (d) Assessed the independence of the Independent Directors based on criteria set out in the Listing Requirements;
- (e) Reviewed and recommended the re-election of Benny T. Hu @ Ting Wu Hu and Prof. Low Teck Seng as Directors at the Eighteenth AGM;
- (f) Reviewed the training needs of the Directors; and
- (g) Reviewed the result of the performance evaluation of Directors.

On 30 July 2024, the NC assessed 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. 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.

The summary of the assessment and its findings was tabled to the NC on 30 July 2024. Based on the summary as presented, the NC tabled its recommendations to the Board of Directors at the Board of Directors' Meeting held on 30 July 2024.

The NC had on 30 July 2024 conducted assessment (including fit and proper assessment) on the Directors, Eg Kah Yee and Datuk Md Zubir Ansori Bin Yahaya, who are subject to retirement by rotation at the forthcoming AGM. The NC was satisfied with the assessment of the abovementioned Directors and recommended the re-election of the said Directors for the Board's further recommendation to the shareholders for approval.

The NC had also on 30 July 2024 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. Based on the recommendations from the NC, the Board had also assessed and would be proposing to shareholders for approval the continuation in office of Chen, Chia-Yin, who has served for more than nine (9) years, as an Independent Non-Executive Director of the Company at the forthcoming AGM. A two-tier voting process would be adopted when seeking the shareholders' approval to retain Chen, Chia-Yin as an Independent Non-Executive Director of the Company.

The Board's proposal for continuation in office of Chen, Chia-Yin as Independent Non-Executive Director was based on the following:-

- (i) She fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Thus, she would be able to function as a check and balance and bring an element of objectivity to the Board;
- (ii) She has devoted sufficient time and attention to her professional obligations for informed and balanced decision making; and
- (iii) She has exercised her due care during her tenure as an Independent Non-Executive Director of the Company and carried out her duties in the best interest of the Company and shareholders.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 6.6 Nomination Committee (Cont'd)

Other than Directors' fees, options granted and allowances paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to the Independent Directors that would cause biases in their objective and independent judgement in board deliberation.

#### 7. Remuneration Policy

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.

Among others, the following are some of the criteria adopted by the Company and its subsidiaries in considering the remuneration of the Senior Management:-

- 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

The Remuneration Committee ("RC") was established on 4 October 2007. The present members of the RC are Prof. Low Teck Seng and Chen, Chia-Yin. The RC's Terms of Reference is available on the Company's website at [www.keyasic.com](http://www.keyasic.com).

The 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.

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 majority of non-executive directors. The CEO however, does not participate in any way when determining his remuneration package.

All Directors except Eg Kah Yee, the Chief Executive Officer, are paid fixed monthly directors' fees. The determination of the monthly annual directors' fee and remuneration package for Directors is a matter for the Board as a whole, depending on any additional responsibilities taken. The monthly directors' fee payable to Directors is presented to the shareholders at the Annual General Meeting for their approval.

All Directors shall abstain from deliberations and voting on their own remuneration.

The Remuneration Policy of Directors and Senior Management was adopted by the Board on 27 April 2018. The Policy would be reviewed and updated periodically. The Remuneration Policy is available at the Company's website at [www.keyasic.com](http://www.keyasic.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 7. Remuneration Policy (Cont'd)

Details of remuneration of Directors of the Company for the financial year ended 31 May 2024 are as follows:-

Name of Directors	Directors' Fees (RM) (‘000)	Directors' Remuneration				Grand Total (RM) (‘000)
		Salary (RM) (‘000)	Bonus (RM) (‘000)	Benefits in Kind (RM) (‘000)	Other Emoluments (RM) (‘000)	
Group						
Executive Director						
Eg Kah Yee	–	360	–	–	–	360
Non-Executive Directors						
Benny T. Hu @ Ting Wu Hu	36	–	–	27	–	63
Chen, Chia-Yin	36	–	–	27	–	63
Datuk Md Zubir Ansori Bin Yahaya	36	–	–	30	–	66
Prof. Low Teck Seng	36	–	–	27	–	63
Total	144	360	–	111	–	615
Company						
Executive Director						
Eg Kah Yee	–	–	–	–	–	–
Non-Executive Directors						
Benny T. Hu @ Ting Wu Hu	36	–	–	27	–	63
Datuk Md Zubir Ansori Bin Yahaya	36	–	–	30	–	66
Chen, Chia-Yin	36	–	–	27	–	63
Prof. Low Teck Seng	36	–	–	27	–	63
Total	144	–	–	111	–	255

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 8. Directors' Fit and Proper Policy

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.

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:-

- (a) Character and integrity
  - (i) Probity
  - (ii) Personal integrity
  - (iii) Financial integrity
  - (iv) Reputation
- (b) Experience and competence
  - (i) Qualifications, training and skills
  - (ii) Relevant experience and expertise
  - (iii) Relevant past performance or track record
- (c) Time and commitment
  - (i) Ability to discharge role having regard to other commitments
  - (ii) Participation and contribution in the board or track record

The Directors' Fit and Proper policy was adopted by the Board on 27 April 2022. The Policy would be reviewed and updated periodically.

The Directors' Fit and Proper policy is available at the Company's website at [www.keyasic.com](http://www.keyasic.com).

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. Audit Committee

The Audit Committee ("AC") was established on 4 October 2007 with the primary objective to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate governance and practices for the Group, to improve the business efficiency and enhance the independent role of external and internal auditors.

The AC comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, as follows:-

##### **Chairman**

Datuk Md Zubir Ansori Bin Yahaya - Independent Non-Executive Director

##### **Members**

Chen, Chia-Yin – Independent Non-Executive Director

Benny T. Hu @ Ting Wu Hu – Non-Independent Non-Executive Director

The Chairman of the AC is not the Chairman of the Board.