

KEYASIC

KEY ASIC BERHAD

(Company No. 707082-M)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Key ASIC Berhad will be held at Greens 2, Main Wing, Troicans Golf & Country Resort, Jalan Kelab Troicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 June 2016 at 9.00 a.m. to transact the following business:-

ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. [Please refer to Explanatory Note 1]
- To approve the payment of Directors' fees for the financial year ended 31 December 2015. [Resolution 1]
- To re-elect Benny T. Hu @ Ting Wu Hu who retires under Article 84 of the Company's Articles of Association. [Resolution 2]
[Please refer to Explanatory Note 2]
- To re-elect Eg Kah Yee who retires under Article 84 of the Company's Articles of Association. [Resolution 3]
[Please refer to Explanatory Note 2]
- To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 4]

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions/Special Resolution of the Company:-

- ORDINARY RESOLUTION I
AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES** [Resolution 5]
[Please see Explanatory Note 3]

"THAT subject always to the Companies Act 1965, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time at such price upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

- ORDINARY RESOLUTION II
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** [Resolution 6]
[Please see Explanatory Note 4]

"THAT approval be and is hereby given for N. Chanthiran a/l Nagappan who has served as an Independent Non-Executive Director of the Company since 14 December 2007 and will reach the nine years term limit on 13 December 2016, to continue to act as an Independent Non-Executive Director of the Company."

- ORDINARY RESOLUTION III
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** [Resolution 7]
[Please refer to Explanatory Note 5]

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 1.4 of the Circular to Shareholders dated 29 April 2016 ("Related Parties") provided that such transactions and/or arrangements are:-

- necessary for the day-to-day operations;
- are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- are not detrimental to the minority shareholders of the Company,

(collectively known as "Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the estimated aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during a financial year will be disclosed, in accordance with the Listing Requirements, in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

- ORDINARY RESOLUTION IV
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** [Resolution 8]
[Please see Explanatory Note 6]

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.05 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- an amount not exceeding the Company's share premium account of RM18,453,295 for the financial year ended 31 December 2015 at the time of purchase(s) will be allocated by the Company for the purchase of own shares; and
- the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividend.

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereof, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company or any person before that aforesaid expiry date and in any event in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities."

- ORDINARY RESOLUTION V
PROPOSED GRANTING OF OPTIONS TO THONG KOOI PIN, OFFICER** [Resolution 9]
[Please see Explanatory Note 7]

"THAT the Company be and is hereby authorised, at any time and from time to time during the duration of the ESOS, to grant to Thong Kooi Pin, the Officer of the Company, options to subscribe for such number of ordinary shares subject to the provisions of Clause 6 of the By-Laws of the ESOS and subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the By-Laws of the ESOS."

- SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION ("PROPOSED AMENDMENTS")** [Resolution 10]
[Please see Explanatory Note 8]

"THAT Article 138 of the Articles of Association of the Company be amended as follows:-

| Existing Provision | Amended Provision |
|--|---|
| The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in this Section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors and auditors reports shall not exceed four (4) months and within six (6) months after the expiry of its financial year end the Company must issue to its members an annual report. A copy of each such document shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 156), be sent to every member of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. For avoidance of doubt, the Company shall be entitled to send the copy of every balance sheet, profit and loss account (including every document required by law to be annexed thereto and the auditors' report to the members via CD-ROM or other electronic means). | The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in this Section. A copy of each such document shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 156), be sent to every member of the Company under the provisions of the Act or of these Articles. Nothing in this Article shall require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. For avoidance of doubt, the Company shall be entitled to send the copy of every balance sheet, profit and loss account (including every document required by law to be annexed thereto and the auditors' report to the members via CD-ROM or other electronic means). |

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and for expedient in order to give full effect to the Proposed Amendments with full powers to assent to any condition, modifications and/or amendments as may be required by any relevant authorities;

- To transact any other business of which due notice has been given.

By Order of the Board
WONG WAI FOONG (MAICSA 7001358)
JOANNE TOH JOO ANN (LS 0008574)
Company Secretaries
Kuala Lumpur
Dated: 29 April 2016

I. NOTES ON APPOINTMENT OF PROXY:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of Securities Industry (Central Depositories) Act 1991.

If more than one (1) proxy is appointed, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

Only members whose names appear in the Record of Depositors as at 8 June 2016 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend and/or vote on their behalf.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or an attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Unit 301-01, Sharehold, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy shall not be treated as valid.

II. EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Audited Financial Statements for the year ended 31 December 2015-Item 1 of Agenda
This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Re-election of Directors
The Board has considered the assessment of Benny T. Hu @ Ting Wu Hu and Eg, Kah Yee, The Directors standing for re-election and collected proxy to agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors.

**3. ORDINARY RESOLUTION I
Resolution Pursuant To Section 132D Of The Companies Act, 1965**
The Ordinary Resolution proposed under Resolution 5 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate").

The Ordinary Resolution proposed under Resolution 5, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, the Company had placed out 25,000,000 new Ordinary Shares ("Placement Shares") at weighted average price of RM0.191 per ordinary share and had raised proceeds of RM4,775,000. The Placement Shares issued by the Company had all been listed on the Main Market of Bursa Malaysia Securities Berhad ("Private Placement"). Details of the utilisation of proceeds from the Private Placement are set out in the "Additional Compliance Information" on page 28 of the 2015 Annual Report.

**4. ORDINARY RESOLUTION II
Continuing In Office as Independent Non-Executive Director**
Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval be sought for N. Chanthiran to continue to act as an Independent Director who has served in that capacity for more than nine years.

The Board has assessed the independence of N. Chanthiran a/l Nagappan and recommended that he continue to act as Independent Non-Executive Director based on the following:-

- He has not developed, established or maintained any significant personal or social relationship direct or indirect with the Executive Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of him to carry out his duties as an Independent Non-Executive Director.
- 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 him that would cause biases in his objective and independent judgement in board deliberation.

**5. ORDINARY RESOLUTION III
Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
The Ordinary Resolution proposed under Resolution 7, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interests of the minority shareholders.

**6. ORDINARY RESOLUTION IV
Proposed Renewal of Share Buy-Back Authority**
Please refer to the Statement to Shareholders dated 29 April 2016 for further information.

**7. ORDINARY RESOLUTION V
Proposed Granting of Option to Thong Kooi Pin, Officer**
The Ordinary Resolution proposed under Resolution 9, if passed, will empower the Directors to issue shares to Thong Kooi Pin, Officer of Key ASIC Berhad pursuant to the ESOS.

**8. SPECIAL RESOLUTION
Proposed Amendments to the Articles of Association**
The Special Resolution proposed under Resolution 10, if passed, will authorise the Directors to amend the Company's Articles of Association. The Proposed Amendments will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.