

KeyASIC

KEY ASIC BERHAD

(Company Number 707082-M)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 202,000,000 NEW ORDINARY SHARES OF RM0.10 EACH ("ISSUE SHARES") COMPRISING:

- 10,000,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM0.40 PER SHARE, PAYABLE IN FULL ON APPLICATION;
- 16,500,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES AT THE RETAIL PRICE OF RM0.40 PER SHARE, PAYABLE IN FULL ON APPLICATION; AND
- 175,500,000 ISSUE SHARES AVAILABLE BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL INVESTORS AND SELECTED INVESTORS AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING, PAYABLE IN FULL UPON ALLOCATION

IN CONJUNCTION WITH OUR LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THE RETAIL PRICE WILL BE SUBJECT TO A REFUND IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN RM0.40 PER SHARE. THE FINAL RETAIL PRICE WILL EQUAL THE INSTITUTIONAL PRICE

Adviser, Underwriter, Sole Bookrunner, Sole Placement Agent and Sponsor

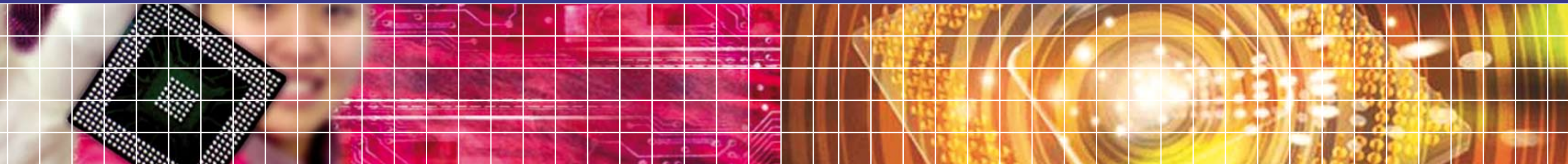


CIMB Investment Bank Berhad (18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

PROSPECTUS

KEY ASIC BERHAD (707082-M)



INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGH INVESTMENT RISK. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE RISK FACTORS IN SECTION 4 OF THIS PROSPECTUS

IMPORTANT NOTICE

OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL THE INFORMATION CONTAINED IN THIS PROSPECTUS. THEY CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES THAT, TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING. OUR DIRECTORS ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST HAVE BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

CIMB INVESTMENT BANK BERHAD ("CIMB"), AS OUR ADVISER, UNDERWRITER, SOLE BOOKRUNNER, SOLE PLACEMENT AGENT AND SPONSOR, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS ON THE PUBLIC ISSUE, AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (FOR WHICH OUR DIRECTORS ARE FULLY RESPONSIBLE) INCLUDED IN THIS PROSPECTUS HAVE BEEN STATED BY OUR DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY OUR REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED OUR PUBLIC ISSUE. HOWEVER, THE APPROVAL IS NOT AN INDICATION THAT THE SC RECOMMENDS THE PUBLIC ISSUE. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. THE SC IS ALSO NOT RESPONSIBLE FOR THE CONTENTS OF THIS PROSPECTUS AND MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS. THE SC SHALL NOT BE LIABLE FOR ANY LOSS THAT YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

OUR ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") SHALL NOT BE TAKEN AS AN INDICATION OF THE MERITS OF OUR COMPANY, OUR SHARES OR THE PUBLIC ISSUE.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE PUBLIC ISSUE AND THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER BEFORE APPLYING FOR OUR SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS AND THE ACCOMPANYING APPLICATION FORMS, HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS. THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB AT www.eipocimb.com. IN ADDITION, YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB BANK BERHAD AT www.cimbclicks.com.my, MALAYAN BANKING BERHAD AT www.maybank2u.com.my AND RHB BANK BERHAD AT www.rhb.com.my VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

IMPORTANT NOTICE (CONT'D)

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO THE RISKS OF DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (A) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (B) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COSTS THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (C) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (A) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (B) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

IMPORTANT NOTICE (CONT'D)

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ON ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO YOU PREMISED ON FULL AND ACCURATE DISCLOSURE ON ALL MATERIAL INFORMATION CONCERNING THE PUBLIC ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, EG. DIRECTORS, PROMOTERS AND ADVISER, ARE RESPONSIBLE.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITER TO UNDERWRITE THE INITIAL PUBLIC OFFERING AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED, DEPOSITED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE OR DEEMED TO BE ISSUED, CIRCULATED OR DISTRIBUTED, AND THE PUBLIC ISSUE WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE SUBJECT TO THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. THE PUBLIC ISSUE TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

WE WILL NOT MAKE OR BE BOUND TO MAKE ANY ENQUIRY BEFORE ANY ACCEPTANCE IN RESPECT OF THE PUBLIC ISSUE AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA. WE WILL NOT ACCEPT ANY LIABILITY WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION TO IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE PUBLIC ISSUE WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OF MALAYSIA.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE PUBLIC ISSUE WOULD BE IN COMPLIANCE WITH THE TERMS OF THE PUBLIC ISSUE AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE PUBLIC ISSUE IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION TO IT.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

IMPORTANT NOTICE (CONT'D)

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("US SECURITIES ACT"). OUR SHARES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES ("US") OR TO US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT ("REGULATION S")), EXCEPT IN A TRANSACTION PURSUANT TO AN EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, OUR SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S.

OUR SHARES ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC BASED ON THE LATEST AUDITED FINANCIAL YEAR AND THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THE PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC, AND THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, EITHER ON THE LAST FRIDAY OF THE MONTH OF MAY OR NOVEMBER.

CHARACTERISTICS OF THE MESDAQ MARKET OF BURSA SECURITIES:

YOU SHOULD BE AWARE THAT THE MESDAQ MARKET IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS OF BURSA SECURITIES IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD BEFORE LISTING. AS SUCH, WHILST POTENTIAL INVESTMENT RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGHER INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENT, YOU SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, WE STRONGLY RECOMMEND YOU TO SEEK ADVICE FROM A SECURITIES PROFESSIONAL/ADVISER.

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INDICATIVE TIMETABLE

The following events are scheduled to take place on the following tentative dates:

Event	Tentative Dates
Opening of the Institutional Offering	11 January 2008
Opening of the Retail Offering	11 January 2008
Closing of the Institutional Offering	17 January 2008
Price Determination Date	17 January 2008
Closing of the Retail Offering	18 January 2008
Balloting Date	22 January 2008
Allotment Date	25 January 2008
Listing Date	31 January 2008

Note:

The Institutional Offering will open and close at the dates stated above or such other time(s) or date(s) as our Directors, Underwriter and Sole Bookrunner may mutually decide at their absolute discretion. Applications for the Issue Shares pursuant to the Retail Offering will open and close on the date(s) stated above or such other time(s) or date(s) as our Directors and Underwriter may mutually decide at their absolute discretion.

In the event the closing period of either the Institutional Offering or the Retail Offering is extended, any new dates for the balloting, allotment of the Issue Shares and our Listing will be announced in both widely circulated English and Bahasa Malaysia daily newspapers.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:

“Act”	:	Companies Act, 1965
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“Application”	:	The application for the Issue Shares by way of Application Forms, Electronic Share Application and Internet Share Application
“Application Forms”	:	The printed Application Forms for the application of the Issue Shares
“ATM”	:	Automated Teller Machine
“AQSB”	:	Atlantic Quantum Sdn Bhd (714363-K), a substantial shareholder of Key ASIC
“Board”	:	Board of Directors of Key ASIC
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-D)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“CAVSB”	:	Commerce Asset Ventures Sdn Bhd (330858-U), the holding company of CTVSB
“CDS”	:	Central Depository System
“Central Depositories Act”	:	The Securities Industry (Central Depositories) Act, 1991
“CIMB”	:	CIMB Investment Bank Berhad (18417-M)
“CMSA”	:	Capital Markets and Services Act, 2007
“CTVSB”	:	Commerce Technology Ventures Sdn Bhd (512485-M), a substantial shareholder of Key ASIC
“D&B Malaysia”	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M)
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“Electronic Share Application”	:	An application for the Issue Shares through a Participating Financial Institution’s ATM
“EPS”	:	Earnings per share
“Final Retail Price”	:	The final retail price per Issue Share to be paid by investors under the Retail Offering as determined in accordance with Section 3.6 of this Prospectus
“FPE”	:	Financial period ended 30 September
“FYE”	:	Financial year ended/ending 31 December
“GDP”	:	Gross domestic product

DEFINITIONS (CONT'D)

“Government”	:	Government of Malaysia
“ICPS”	:	Series A irredeemable convertible preference shares of RM1.00 each in Key ASIC
“IMRR”	:	Independent Market Research Report dated 27 June 2007 and the updated research report dated 14 December 2007 prepared by D&B Malaysia on the integrated circuit design industry in Malaysia
“Internet Participating Financial Institution(s)”	:	Participating financial institution(s) for Internet Share Application, namely CIMB, CIMB Bank Berhad, Malayan Banking Berhad and RHB Bank Berhad
“Internet Share Application”	:	Application for the Issue Shares through an online share application service provided by Internet Participating Financial Institutions
“Institutional Offering”	:	Offering of 175,500,000 Issue Shares, subject to clawback and reallocation, to be offered to institutional investors and selected investors in reliance on Regulation S
“Institutional Price”	:	The price per Issue Share to be paid by investors under the Institutional Offering. The Institutional Price will be determined at the Price Determination Date by way of bookbuilding in accordance with Section 3.6 of this Prospectus
“Issue Share(s)”	:	202,000,000 new Key ASIC Shares to be issued under the Public Issue
“IT”	:	Information technology
“KAGL”	:	Key Aim Group Limited (674096), a substantial shareholder of KAL
“KAL”	:	Key ASIC Limited (674754), a substantial shareholder of Key ASIC
“KASSB”	:	Key ASIC Semiconductor Sdn Bhd (776252-V), a wholly-owned subsidiary of Key ASIC
“Key ASIC” or “Company”	:	Key ASIC Berhad (707082-M)
“Key ASIC Group” or “Group”	:	Key ASIC and its subsidiary, namely KASSB
“Key ASIC Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.10 each in Key ASIC
“Khazanah”	:	Khazanah Nasional Berhad (275505-K), the holding company of AQS
“LAT”	:	Loss after taxation
“LBITDA”	:	Loss before interest, taxation, depreciation and amortisation
“LBT”	:	Loss before taxation

DEFINITIONS (CONT'D)

“Listing”	:	The admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital on the MESDAQ Market of Bursa Securities
“MDeC”	:	Multimedia Development Corporation Sdn Bhd (389346-D)
“MESDAQ Guidelines”	:	Guidelines for the Initial Public Offerings and Listings on the MESDAQ Market of Bursa Securities issued by the SC
“MIH”	:	Malaysian Issuing House Sdn Bhd (258345-X)
“MMLR”	:	Listing Requirements of Bursa Securities for the MESDAQ Market
“MSC”	:	Multimedia Super Corridor
“NTA”	:	Net tangible assets
“Participating Financial Institution(s)”	:	The participating financial institution(s) for the Electronic Share Application as listed in Section 16 of this Prospectus
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple(s)”	:	Price earnings multiple(s)
“Price Determination Date”	:	The date on which the Institutional Price and Final Retail Price will be determined
“Promoters”	:	KAL, AQSB and CTVSB collectively
“PSL”	:	Principles Securities Limited (353644), a substantial shareholder of KAL
“Public Issue”	:	Public Issue of 202,000,000 Issue Shares comprising: <ul style="list-style-type: none"> (i) 10,000,000 Issue Shares available for application by the Malaysian public at the Retail Price, payable in full on application; (ii) 16,500,000 Issue Shares available for application by our eligible Directors, employees and business associates at the Retail Price, payable in full on application; and (iii) 175,500,000 Issue Shares available by way of private placement to institutional investors and selected investors at Institutional Price
“R&D”	:	Research and development
“Regulation S”	:	Regulation S under the US Securities Act
“Retail Offering”	:	Offering of 26,500,000 Issue Shares, subject to clawback and reallocation comprising of: <ul style="list-style-type: none"> (i) 10,000,000 Issue Shares to the Malaysian public; and (ii) 16,500,000 Issue Shares to our eligible Directors, employees and business associates

DEFINITIONS (CONT'D)

“Retail Price”	:	RM0.40 per Share, being the initial price to be fully paid by investors under the Retail Offering
“Rights Issue”	:	A renounceable rights issue of 9,000,000 new ordinary shares of RM1.00 each in Key ASIC at an issue price of RM1.00 per share on the basis of approximately 175 new ordinary shares of RM1.00 each in Key ASIC for every 1,000 existing ordinary shares of RM1.00 each in Key ASIC held
“RM”	:	Ringgit Malaysia
“Rules of Bursa Depository”	:	Rules of Bursa Depository as issued pursuant to the Central Depositories Act
“SC”	:	Securities Commission
“SC Guidelines”	:	Policies and Guidelines on Issue/Offer of Securities issued by the SC
“Share Split”	:	Share split of every 1 existing ordinary share of RM1.00 each in Key ASIC held into 10 Key ASIC Shares after the Rights Issue
“Silterra”	:	Silterra Malaysia Sdn Bhd (368948-D)
“Sole Bookrunner”	:	CIMB
“Taiwan”	:	Taiwan, Republic of China
“TCPL”	:	Top China Production Limited (671952), a substantial shareholder of KAL
“TSMC”	:	Taiwan Semiconductor Manufacturing Company Limited
“Underwriter”	:	CIMB
“Underwriting Agreement”	:	The underwriting agreement dated 17 December 2007 between us and the Underwriter to underwrite 10,000,000 Issue Shares which are available for application by the Malaysian public, and 16,500,000 Issue Shares which are available for application by our eligible Directors, employees and business associates
“US Securities Act”	:	United States Securities Act of 1933, as amended
“USA”	:	United States of America
“USD”	:	United States Dollar

All references to “our Company” and “Key ASIC” are to Key ASIC Berhad (707082-M); references to “our Group” are to our Company and subsidiary; and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, shall include our subsidiary. All references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Words denoting the singular shall include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa, words denoting persons shall include natural persons, firms, companies, bodies corporate and unincorporated bodies, and a reference to a section is a reference to the relevant section of this Prospectus, unless otherwise expressly indicated.

DEFINITIONS (CONT'D)

Any laws, regulations and rules including the MMLR referred to in this Prospectus is a reference to that laws, regulations and rules including the MMLR as for the time being amended or re-enacted.

All references to dates and time are references to dates and time in Malaysia.

This Prospectus includes statistical data provided by us, and various third parties and cites third party projections regarding growth and performance of the industry in which we operates. This data is taken or derived from publicly available information published by industry sources and from our internal data. In each case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. We believe that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industry in which we operate. However, neither we nor our advisers have verified these figures.

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TECHNICAL GLOSSARY

“AGP”	:	Accelerated Graphics Port is an interface specification developed by Intel Corporation. AGP is based on PCI, but is designed specially for the throughput demands of 3-D graphics. Rather than using the PCI bus for graphics data, AGP introduces a dedicated point-to-point channel so that the graphics controller can directly access main memory. The AGP channel is 32 bits wide and runs at 66 MHz
“ARM”	:	The ARM architecture is a 32-bit reduced instruction set computer processor architecture developed by ARM Limited that is widely used in a number of embedded designs. Because of their power saving features, ARM CPUs are dominant in the mobile electronics market, where low power consumption is a critical design goal
“ASIC”	:	Application Specific Integrated Circuit is a customised electronic device for a particular use, rather than intended for general-purpose use
“ASSP”	:	Application Specific Standard Products is a semiconductor device designed for specific customer or produced as standard products
“CMOS”	:	Complementary Metal Oxide Semiconductor is a major class of integrated circuits. CMOS technology is used in chips such as microprocessors, microcontrollers, static RAM, and other digital logic circuits. CMOS technology is also used for a wide variety of analogue circuits such as image sensors, data converters, and highly integrated transceivers for many types of communication
“COT”	:	Customer-Owned-Tooling. Both the logical and physical designs are owned by the customers, while fabrication and packaging / testing are done by the suppliers. Such model ensures customers with more control over schedules, design, cost and the entire development process. This is because they have a choice of foundries that they can select
“CPU”	:	Central Processing Unit is a component in a digital computer that interprets computer program instructions and processes data
“DRC”	:	Design Rule Check provides design guidelines and rules to designer to determine whether a physical layout design of a chip satisfies a series of recommended parameters or design rules before signing-off the final database. The check is to verify the design and ensure the design can be fabricated by the foundry
“DSP”	:	Digital Signal Processing is the study of signals in a digital representation and the processing methods of these signals. DSP and analogue signal processing are subfields of signal processing
“DVB”	:	Digital Video Broadcasting is a suite of internationally accepted open standards for digital television
“DVD”	:	Digital Versatile Disc or Digital Video Disc is an optical disc storage media format that can be used for data storage, including movies with high video and sound quality
“EDA”	:	Electronic Design Automation is an application software for the development of IC and systems

TECHNICAL GLOSSARY (CONT'D)

“GDS II”	:	Graphic Design Station II is a database file format, which in the IC industry has been the de facto standard for IC layout data exchange
“I/O”	:	Input/Output or I/O is used to describe any program, operation or device that transfers data to or from a computer and to or from a peripheral device. Every transfer is an output from one device and an input into another
“IC”	:	Integrated Circuit is an integration of large numbers of tiny transistors into a small chip. It was an enormous improvement over the manual assembly of circuits using discrete electronic components
“IDM”	:	Integrated Device Manufacturer is a semiconductor company which designs, manufactures, and sells IC products. IDM is often used as a classification, to differentiate between a company which handles semiconductor manufacturing in-house, and a fabless company which outsources production to a third-party merchant foundry
“IEEE”	:	Institute of Electrical and Electronics Engineers, pronounced “I-triple-E”. Founded in 1963, IEEE is an organization composed of engineers, scientists, and students. IEEE is best known for developing standards for the computer and electronics industry
“IP”	:	Intellectual Property refers to the building block for a chip in an IC industry
“KeyIP”	:	KeyIP is our IP library for IC and system development
“KeyWare”	:	Key ASIC design ware is a design component or IP that enables customers to improve the speed or power of their design
“LAN”	:	Local Area Network is a geographically limited communication network that connects users within a defined area. A LAN is generally within a building or small groups of buildings and is managed and owned by a single enterprise
“MP3”	:	MPEG-1 Audio Layer 3 is a popular digital audio encoding, compression format, and algorithm, designed to greatly reduce the amount of data required to represent audio, yet still sound like a faithful reproduction of the original uncompressed audio to most listeners
“PCIe”	:	Peripheral Component Interconnect Express is a computer system bus/expansion card interface format. It was designed as a much faster interface to replace PCI, PCI-X, and AGP interfaces for computer expansion cards and graphics cards
“PDA”	:	Personal Digital Assistant is a handheld computer that serves as an organiser for personal information. It generally includes at least a name and address database, to-do list and note taker. PDAs may be combined with cellphones and other wireless technologies, providing a mobile office for people on the go
“PDK”	:	Process Development Kit is a tool kit that is released by foundry. It consists of software applets, design rule files, technology files and libraries. The PDK has to be released by foundry to enable the customers to design their products

TECHNICAL GLOSSARY (CONT'D)

"PMP"	:	Portable Multimedia Player is a self-reliant electronic device that is capable of storing and playing files in one or more media formats
"RTL"	:	Register Transfer Level is a way of describing the operation of a synchronous digital circuit. In RTL design, a circuit's behavior is defined in terms of the flow of signals (or transfer of data) between hardware registers, and the logical operations performed on those signals
"SoC"	:	System-on-Chip is an integrated component of a collection of electronic systems into a single IC
"SOI"	:	Silicon-on-Insulator is a type of semiconductor fabrication technique developed by IBM. Unlike CMOS-based chips that are doped with impurities that enable a chip to store capacitance that must be discharged and recharged, SOI chips are formed by setting transistor on a thin silicon layer that is separated from the silicon substrate by an insulating layer of thin silicon oxide or glass, which minimises capacitance (or the energy absorbed from the transistor)
"USB"	:	Universal Serial Bus is a serial bus standard to interface devices. It was originally designed for personal computers, but it has become common place on handheld devices such as portable memory devices, video game consoles, PDAs and portable media players
"VoIP"	:	Voice over Internet Protocol is the routing of voice conversations over the Internet or through any other IP-based network
"Wi-Fi"	:	Wireless Fidelity is a set of product compatibility standards for wireless local area networks based on the IEEE 802.11 specifications. New standards beyond the 802.11 specification, such as 802.16 (WiMAX), are currently in the works and offer many enhancements, anywhere from longer range to greater transfer speeds
"WiMAX"	:	Worldwide Interoperability for Microwave Access is to promote performance and interoperability of the IEEE 802.16 standard by the WiMAX Forum, formed in June 2001. WiMAX aims to provide wireless data over long distances, in a variety of different ways, from point to point links to full mobile cellular type access
"xDSL"	:	Refers to all types of Digital Subscriber Lines and is a technology that provides digital data transmission over the wires of a local telephone network

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Profession	Nationality
Eg Kah Yee <i>(Non-Independent Non-Executive Chairman)</i>	1234, Jalan Timur 17 Jinjang Utara 52000 Kuala Lumpur	Company Director	Malaysian
Jalaluddin bin Mohd Jarjis <i>(Non-Independent Non-Executive Director)</i>	23, Jalan Datuk Sulaiman 5 Taman Tun Dr Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Benny T.Hu <i>(Independent Non-Executive Director)</i>	22F, 88 An Ho Road Taipei 106 Taiwan, Republic of China	Company Director	Taiwanese
Henry Choo Hon Fai <i>(Non-Independent Non-Executive Director)</i>	A-25-01, Suasana Sentral Condominium No.2 Jalan Stesen Sentral 5 50470 Kuala Lumpur	Company Director	Malaysian
Lai Yit Loong <i>(Independent Non-Executive Director)</i>	3-14-1, Jalan Gangsa Greenlane Heights 11600 Georgetown Pulau Pinang	Company Director	Malaysian
See Chin Lam <i>(Independent Non-Executive Director)</i>	12-G, Jalan Dungun Damansara Heights 50490 Kuala Lumpur	Company Director	Malaysian
N.Chanthiran a/l Nagappan <i>(Independent Non-Executive Director)</i>	77, Jalan BRP 1/8 Bukit Rahman Putra Sungai Buloh 47000 Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Benny T.Hu	Chairman	Independent Non-Executive Director
Lai Yit Loong	Member	Independent Non-Executive Director
N.Chanthiran a/l Nagappan	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Eg Kah Yee	Chairman	Non-Independent Non-Executive Director
Henry Choo Hon Fai	Member	Non-Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

NOMINATION COMMITTEE

Name	Designation	Directorship
Jalaluddin bin Mohd Jarjis	Chairman	Non-Independent Non-Executive Director
See Chin Lam	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Ng Yen Hoong (LS 008016)
 42A, Jalan PJU3/18H
 Damansara Indah Resort Homes
 47410 Petaling Jaya
 Selangor Darul Ehsan

Joanne Toh Joo Ann (LS 0008574)
 19, Jalan Pandan Indah 5/5
 Pandan Indah
 55100 Kuala Lumpur

REGISTERED OFFICE

: Level 14, Uptown 1
 No. 1, Jalan SS21/58
 Damansara Uptown
 47400 Petaling Jaya
 Selangor Darul Ehsan
 Tel: 03-7718 6188

HEAD OFFICE

Lot 6.03 Level 6
 KPMG Tower
 8, First Avenue
 Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel: 03-7729 3300
 Fax: 03-7729 1300
 Website: www.keyasic.com

AUDITORS AND REPORTING ACCOUNTANTS

: Tan Chin Huat & Co
 No. 232, 2nd Floor, Block A
 Damansara Intan
 No.1, Jalan SS20/27
 47400 Petaling Jaya
 Tel: 03-7726 8992

SOLICITORS FOR THE LISTING

: Rajah, Lau & Associates
 B-13-13, Block B, 13th Floor
 Unit 13, Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Tel: 03-2710 5585

1. CORPORATE DIRECTORY (CONT'D)

SOLICITORS FOR THE LISTING (CONT'D)		Wong Beh & Toh Level 12, West Block Wisma Selangor Dredging 142-C Jalan Ampang 50450 Kuala Lumpur Tel: 03-2713 6050
INDEPENDENT MARKET RESEARCHER	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd Level 9-3A, Menara Milenium Jalan Damanela Pusat Bandar Damansara 50490 Kuala Lumpur Tel: 03-2080 6000
PRINCIPAL BANKER	:	HSBC Bank Malaysia Berhad No. 2, Leboh Ampang 50100 Kuala Lumpur Tel: 1300-88-0181
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square No.8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2693 2075
SHARE REGISTRAR	:	PFA Registration Services Sdn Bhd Level 13, Uptown 1 No. 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-7718 6000
ADVISER, UNDERWRITER, SOLE BOOKRUNNER, SOLE PLACEMENT AGENT AND SPONSOR	:	CIMB Investment Bank Berhad 5th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel: 03-2084 8888
LISTING SOUGHT	:	MESDAQ Market of Bursa Securities
SHARIAH STATUS	:	Approved by the Shariah Advisory Council of the SC

2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION OF OUR GROUP AND THE PUBLIC ISSUE. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 OVERVIEW OF OUR GROUP

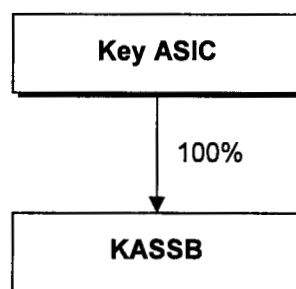
We were incorporated in Malaysia under the Act on 22 August 2005 as a private limited company known as Pearl Discovery Sdn Bhd. On 3 October 2005, we changed our name to Key ASIC Sdn Bhd. Subsequently, we were converted into a public limited company on 13 June 2007 and assumed our present name. On 14 April 2006, we were awarded with MSC Status by MDeC.

Our Company is principally engaged in fabless high-end turnkey ASIC/SoC design services and development of IPs whilst our subsidiary is principally engaged in the business of providing manufacturing management services to fabless design companies, provide design-for-manufacturing and design-for-test consultation and the sale of wafer and SoC products. The manufacturing process of the chips is outsourced to foundries and manufacturing partners.

We commenced operations on 22 August 2005 as a wholly-owned subsidiary of KAL. We began our design activity by designing IP and also application specific SoC platforms. These IPs are essential building blocks for SoC chips for consumer electronic and communication applications. The consumer electronic applications include MP3, PMP, DVB, DVD, digital home gateway and image processing chips. The IPs for the communication applications include VoIP, xDSL, Wi-Fi and WiMAX.

Our core competence is the capability of our design team to design SoC and ASIC from system specification and architectural level to GDS II. The key differentiator of our Company is our expertise in designing high performance, low power consumption and smaller size chips. We are also capable of designing low power consumption chips for mobile devices. Currently, we have two operations in Malaysia and they are located in Petaling Jaya and Cyberjaya.

Our Group structure is summarised as follows:



2. INFORMATION SUMMARY (CONT'D)

Details of our subsidiary are as follows:

Name of company	Date and country of incorporation	Effective equity interest %	Issued and paid-up share capital RM	Principal activities
KASSB	07.06.2007; Malaysia	100.00	2	Provision of manufacturing management services to fabless design companies, design-for-manufacturing and design-for-test consultation and sale of wafer and SoC products

We do not have any associated company as at 30 November 2007.

Further details on our Group's business and operations are disclosed in Section 5.4 of this Prospectus.

2.2 OUR COMPETITIVE STRENGTHS AND ADVANTAGES

We believe our competitive strengths and advantages lie in our capability to design high performance, low power consumption and smaller size chips.

Our strength in the above areas is to a large extent achieved through the following:

- Experienced management team and strong technical personnel
- Strong strategic partnership with foundry players
- Rich set of IP portfolio
- Possess high-end SoC designs
- Ability to design high-end CPU for consumer electronics
- One-stop solution service centre

Further details on our competitive strengths and advantages are disclosed in Section 5.4.8 of this Prospectus.

2.3 OUR FUTURE PLANS, STRATEGIES AND GROWTH PROSPECTS

We aspire to maintain our position as the leading fabless IC design company in Malaysia through our R&D Engineering Development Plan.

Further details on our future plans, strategies and growth prospects are disclosed in Section 5.7 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.4 RISK FACTORS

We believe that there are certain risks involved in our business. These risks are set out in the section headed "Risk Factors" in Section 4 of this Prospectus and are summarised below:

2.4.1 Risks Relating to Our Shares

- Delay in or failure of our listings
- No prior market for our Shares
- Delay in settlement and trading

2.4.2 Risks Relating to Our Operations

- Design failure
- Technology know-how
- Outsourced facilities
- Infringement of intellectual properties by third parties
- Inventory risk
- Dependence on key personnel
- Dependence on key customer
- Changes in MSC status
- Limited operating history
- Delay in R&D
- Significant influence of the controlling shareholders over our business and policies
- Security and system disruption
- Breakout of fire, energy crisis and other emergencies

2.4.3 Risks Relating to Our Industry

- Rapid technology changes
- Cyclical nature of the semiconductor industry
- Inability to achieve economies of scale
- Lack of control over IC production
- Political, economic and regulatory considerations in Malaysia

2. INFORMATION SUMMARY (CONT'D)

2.4.4 Other Risks

- Foreign exchange fluctuations
- Actual results differ from the prospective financial information
- Uncertainty in the 3-year business development plan
- Forward looking statements

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2. INFORMATION SUMMARY (CONT'D)

2.5 SUMMARY OF FINANCIAL INFORMATION

You should read this section together with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and the Reporting Accountants' Letter on the Consolidated Profit Estimate and Forecast for the FYE 2007 and FYE 2008 as set out in Sections 11.3 and 11.6 of this Prospectus respectively, as well as the full text of this Prospectus.

Income Statement

The following table is a summary of our proforma consolidated income statements since incorporation up to the FYE 2006 and the 9-month FPE 2006 and 9-month FPE 2007, prepared on the assumption that the Group has been in existence throughout the period under review:

	<-----Audited-----> 22.08.2005* to 31.12.2005 RM		Unaudited FPE 2006# RM	Audited FPE 2007 RM
Revenue	-	50,644,477	33,779,672	28,880,660
Cost of sales	-	(43,967,600)	(31,935,504)	(14,479,293)
Gross profit	-	6,676,877	1,844,168	14,401,367
Other income	-	270,475	-	7,200
Other expenses	(7,703,060)	(1,335,816)	(927,318)	(1,927,346)
(LBITDA)/EBITDA	(7,703,060)	5,611,536	916,850	12,481,221
Depreciation	-	(38,819)	(20,456)	(63,561)
Amortisation	(577,942)	-	-	-
Interest income	18,319	81,190	67,549	577,565
(LBT)/PBT	(8,262,683)	5,653,907	963,943	12,995,225
Taxation	(3,664)	(12,574)	(9,846)	(156,172)
(LAT)/PAT	(8,266,347)	5,641,333	954,097	12,839,053
Weighted average no. of ordinary shares in issue (000)	2	23,981,644	21,178,389	32,300,000
Gross EPS ⁽ⁱ⁾ (sen)	N/A	23.58	4.55	40.23
Net EPS ⁽ⁱ⁾ (sen)	N/A	23.52	4.51	39.75
Gross profit margin (%)	N/A	13.18	5.46	49.87
Net profit margin (%)	N/A	11.14	2.82	44.46

Notes:

* Date of incorporation

The income statement for the 9-month FPE 2006 has not been audited and has been prepared for comparison purposes only.

N/A Not applicable

(i) Computed based on the consolidated PBT/PAT divided by the weighted average number of ordinary shares in issue.

Please refer to Section 11.1 of this Prospectus for further details on the historical financial information of our Company.

2. INFORMATION SUMMARY (CONT'D)

▪ Proforma Balance Sheets

Our proforma balance sheets as at 30 September 2007 as set out below have been prepared for illustrative purposes only on the assumption that the Listing had been completed on 30 September 2007 after taking into consideration the Rights Issue, Share Split and Public Issue.

	Audited as at 30 September 2007 RM	I After Rights Issue RM	II After I and Share Split RM	III After II, Public Issue and Utilisation of Proceeds RM
NON-CURRENT ASSETS				
Property, plant and equipment	1,007,030	1,007,030	1,007,030	1,007,030
Intangible assets	36,029,031	36,029,031	36,029,031	36,029,031
CURRENT ASSETS				
Trade receivables	14,269,651	14,269,651	14,269,651	14,269,651
Other receivables and prepaid expenses	1,877,056	1,877,056	1,877,056	1,877,056
Fixed deposits with licensed banks	8,540,862	8,540,862	8,540,862	8,540,862
Cash and bank balances	4,401,977	13,401,977	13,401,977	90,901,977
	<u>29,089,546</u>	<u>38,089,546</u>	<u>38,089,546</u>	<u>115,589,546</u>
CURRENT LIABILITIES				
Trade payables	86,118	86,118	86,118	86,118
Other payables and accrued expenses	794,635	794,635	794,635	794,635
Amount owing to holding company	69,840	69,840	69,840	69,840
Amount owing to related company	3,504,803	3,504,803	3,504,803	3,504,803
Tax liabilities	156,172	156,172	156,172	156,172
	<u>4,611,568</u>	<u>4,611,568</u>	<u>4,611,568</u>	<u>4,611,568</u>
NET CURRENT ASSETS				
	<u>24,477,978</u>	<u>33,477,978</u>	<u>33,477,978</u>	<u>110,977,978</u>
	<u>61,514,039</u>	<u>70,514,039</u>	<u>70,514,039</u>	<u>148,014,039</u>
FINANCED BY:				
Issued capital	51,300,000	60,300,000	60,300,000	80,500,000
Share premium	-	-	-	^57,300,000
Accumulated profit	10,214,039	10,214,039	10,214,039	10,214,039
Shareholders' equity	<u>61,514,039</u>	<u>70,514,039</u>	<u>70,514,039</u>	<u>148,014,039</u>
No. of ordinary shares assumed in issue	51,300,000	60,300,000	603,000,000	805,000,000
NTA (RM)	25,485,008	34,485,008	34,485,008	111,985,008
NTA per share (RM)	0.50	0.57	0.06	0.14

Note:

^ After deducting an estimated expense for the Listing of RM3.3 million.

2. INFORMATION SUMMARY (CONT'D)

Please refer to Section 11.1 of this Prospectus for further details on the historical financial information of our Company.

There has been no audit qualifications on our audited financial statements for all the financial years/period under review.

▪ Consolidated Profit Estimate and Forecast

FYE	Estimate 2007 RM 000	Forecast 2008 RM 000
Revenue	55,500	90,000
Consolidated PBT	18,783	32,278
Taxation	(182)	(795)
Consolidated PAT attributable to shareholders	18,601	31,483
Number of Key ASIC Shares in issue (000)	603,000	⁽ⁱ⁾ 805,000
Gross EPS ⁽ⁱⁱ⁾ (sen)	3.11	4.01
Net EPS ⁽ⁱⁱ⁾ (sen)	3.08	3.91
Gross PE Multiple ⁽ⁱⁱⁱ⁾ (times)	12.84	9.98
Net PE Multiple ⁽ⁱⁱⁱ⁾ (times)	12.97	10.23

Notes:

(i) Being the enlarged issued and paid-up share capital of Key ASIC Shares in issue on the assumption that the Listing will be completed by 31 January 2008.

(ii) Computed based on the consolidated PBT/PAT divided by the number of Key ASIC Shares in issue.

(iii) Based on the Retail Price of RM0.40 per Issue Share.

Please refer to Sections 11.6 , 11.7 and 11.8 of this Prospectus for further details on our profit estimate and forecast.

2. INFORMATION SUMMARY (CONT'D)

2.6 PRINCIPAL STATISTICS OF THE PUBLIC ISSUE**2.6.1 Share Capital**

	RM
<i>Authorised:</i>	
1,000,000,000 Key ASIC Shares	<u>100,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus:</i>	
603,000,000 Key ASIC Shares	60,300,000
<i>To be issued pursuant to the Public Issue:</i>	
202,000,000 Key ASIC Shares	20,200,000
Enlarged issued and paid-up capital	<u>80,500,000</u>
Market capitalisation (805,000,000 Key ASIC Shares x Retail Price)	322,000,000

2.6.2 Ranking of Shares

We have only one class of shares in Key ASIC namely, ordinary shares of RM0.10 each. The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued and paid-up ordinary shares. This includes voting rights and entitlements to all rights, dividends and other distributions that we may subsequently declare after the allotment of the Issue Shares.

2.6.3 Retail Price and Final Retail Price

The Retail Price is RM0.40 per Issue Share payable in full upon application.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date by way of bookbuilding. The Final Retail Price will equal the Institutional Price.

2. INFORMATION SUMMARY (CONT'D)

2.6.4 Purpose of the Public Issue

Our purpose and objective of the Public Issue are as follows:

- to facilitate our listing on the MESDAQ Market of Bursa Securities;
- to enhance our stature and recognition through our listing status for the market expansion of our Group's services;
- to provide our eligible Directors, employees and business associates as well as the Malaysian public an opportunity to participate in our equity and future performance; and
- to enable our Company to gain access to the capital market to source for funds, either through equity funding or borrowings, for our future expansion and continuous growth.

2.6.5 Use of Proceeds

The gross proceeds of RM80,800,000 from the Public Issue accruing to the Company, based on the Retail Price and Institutional Price of RM0.40 per Issue Share, will be used in the following manner:

Purpose	Timeframe for utilisation	Amount RM 000
R&D-Capital expenditure	Within 24 months of Listing	36,000
R&D-Operating expenditure	Within 24 months of Listing	8,200
Working capital	Within 12 months of Listing	33,300
Estimated listing expenses	Within 6 months of Listing	3,300
		80,800

If the Final Retail Price differs from the Retail Price, the total gross proceeds may vary accordingly and the difference will be deducted from the amount allocated for the purpose of working capital of the Group. Detailed information on the use of proceeds is set out in Section 3.8 of this Prospectus.

2.6.6 Shariah Status

We have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the Shariah Advisory Council of the SC as part of the process of determining our Shariah status at initial public offering. The Shariah Advisory Council of the SC has classified our securities as Shariah-compliant based on the latest audited financial year and the Shariah criteria adopted by the Shariah Advisory Council of the SC.

Further details on our Public Issue are disclosed in Section 3 of this Prospectus.

2.7 DIVIDEND FORECAST

Our Board does not intend to recommend or declare any dividend payment for the FYE 2007 and FYE 2008.

3. DETAILS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

This Prospectus is dated 11 January 2008.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the Registrar of Companies, who takes no responsibility for their contents.

We have received the SC's approval on 19 September 2007 and 13 December 2007 for the Public Issue. The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue. We have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the Shariah Advisory Council of the SC as part of the process of determining our Shariah status of the Public Issue. On 28 November 2007, the Shariah Advisory Council of the SC has classified our Shares as Shariah-compliant based on the audited financial statements of our Company for the FYE 2006. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May or November each year.

We have applied to Bursa Securities for the admission of our Company to the Official List of the MESDAQ Market of Bursa Securities and the permission to deal in and the listing of and quotation for all our Shares, including the Issue Shares. Our Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the Issue Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Central Depositories Act and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

In the case of an application by way of Application Forms, you shall state your CDS account number in the space provided in the Application Forms. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the Issue Shares. Whereas for application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the Internet financial services facilities with the Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying in your CDS account number into the online application form. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application or Internet Share Application.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

Our Company needs to comply with the public shareholding spread requirement as determined by Bursa Securities including a minimum of 1,000 public shareholders holding not less than 100 Shares each upon completion of the Public Issue. We expect to meet this public shareholding spread requirement at the point of Listing. If we fail to do so, we may not be allowed to proceed with the Listing. Should such an event occur, we will return in full, without interest, monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus. We have not authorised any person to provide you with information that is different from those contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, represent or imply that there has been no change in our affairs since the date of this Prospectus.

The distribution of this Prospectus and the sale of our Shares will not be registered under any possible securities legislation of any jurisdiction except Malaysia and the Issue Shares will not be placed out in any country other than Malaysia or to persons whom it may be unlawful to make such placement. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any Issue Shares in any jurisdiction or circumstances in which such offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation.

YOU ARE ADVISED TO MAKE YOUR OWN INDEPENDENT ASSESSMENT OF OUR GROUP AND SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR PUBLIC ISSUE AND AN INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT ABOUT THIS PROSPECTUS OR IN CONSIDERING YOUR INVESTMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISER IMMEDIATELY.

3.2 OPENING AND CLOSING OF APPLICATIONS

All applications for our Retail Offering will be accepted from 10.00 a.m. on 11 January 2008 to 5.00 p.m. on 18 January 2008, or such other time(s) and date(s) as our Directors and Underwriter may mutually decide in their absolute discretion.

The bookbuilding exercise for the Institutional Offering will begin on 11 January 2008 and will close on 17 January 2008, or such other time(s) or date(s) as our Directors, Underwriter and Sole Bookrunner may mutually decide in their absolute discretion.

We will announce any extension on the closing time and date of the Retail Offering in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia. We will not accept any late applications.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.3 INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Tentative Dates
Opening of the Institutional Offering	11 January 2008
Opening of the Retail Offering	11 January 2008
Closing of the Institutional Offering	17 January 2008
Price Determination Date	17 January 2008
Closing of the Retail Offering	18 January 2008
Balloting Date	22 January 2008
Allotment Date	25 January 2008
Listing Date	31 January 2008

Note:

The Institutional Offering will open and close at the dates stated above or such other time(s) or date(s) as our Directors, Underwriter and Sole Bookrunner may mutually decide at their absolute discretion. Applications for the Issue Shares pursuant to the Retail Offering will open and close at the date(s) stated above or such other time(s) or date(s) as our Directors and Underwriter may mutually decide at their absolute discretion.

In the event the closing period of either the Institutional Offering or the Retail Offering is extended, any new dates for the balloting, allotment of the Issue Shares and our Listing will be announced in both widely circulated English and Bahasa Malaysia daily newspapers.

3.4 DETAILS OF THE PUBLIC ISSUE

Our Public Issue is subject to the terms and conditions of this Prospectus, and upon acceptance of the applications, the Issue Shares will be allocated in the following manner, subject to the clawback and allocation provisions set out below:

- **Retail Offering**

Offering of 26,500,000 Issue Shares, representing about 3.29% of our enlarged issued and paid-up share capital, to be offered as follows:

- (i) 10,000,000 Issue Shares, representing about 1.24% of our enlarged issued and paid-up share capital, available for application by the Malaysian public; and
- (ii) 16,500,000 Issue Shares, representing about 2.05% of our enlarged issued and paid-up share capital, available for application by our eligible Directors, employees and business associates

at the Retail Price of RM0.40 per Share, payable in full on application and subject to refund of the difference in the event that the Final Retail Price is less than the Retail Price.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

As at 30 November 2007, our Group has 20 eligible Director and employees, and 4 eligible business associates who fulfil the eligibility criteria as follows:

(a) Eligible Directors and employees

All our Directors and employees are eligible to subscribe to our Share. Our Shares are allocated based on their own financial ability to take up the Shares. Employees who subscribe to our Shares must be a confirmed staff as at 30 November 2007, either permanent or on contract basis.

The number of Key ASIC Shares to be allocated to our Director is as follows:

Name	Designation	No. of Shares allocated
Lai Yit Loong	Independent Non-Executive Director	50,000

(b) Eligible business associates

We have allocated our Shares to our eligible business associates who have contributed to our success in the past.

Any Issue Shares available for application by our eligible Directors, employees and business associates as stated above not subscribed for by the respective parties will be reallocated to our other eligible Directors, employees and business associates ("Reallocation").

- **Institutional Offering**

Offering of 175,500,000 Issue Shares, representing about 21.80% of our enlarged issued and paid-up share capital, available by way of private placement to institutional investors and selected investors at the Institutional Price to be determined by way of bookbuilding.

The Issue Shares available for application by our eligible Directors, employees and business associates ("Pink Form Offering"), the Malaysian public ("Public Offering"), institutional investors and selected investors by way of private placement ("Institutional Offering") as stated above shall be subject to clawback and reallocation provisions. The clawback and reallocation provisions shall be applicable in the following circumstances:

- (a) in the event of an under-subscription in the Pink Form Offering after the Reallocation above, our unsubscribed Shares under the Pink Form Offering may be reallocated to the Public Offering for subscription;

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (b) in the event of an over-subscription in the Public Offering and a corresponding under-subscription in the Institutional Offering, our unsubscribed Shares under the Institutional Offering may be clawed back and reallocated to the Public Offering, subject always that the number of Shares that may be clawed back from the Institutional Offering must not exceed the over-subscription in the Public Offering;
- (c) In the event of an under-subscription in the Public Offering and a corresponding over-subscription in the Institutional Offering, our unsubscribed Shares under the Public Offering may be clawed back from the Public Offering and reallocated to the Institutional Offering; and
- (d) The clawback and reallocation shall not apply in the event of over-application in both the Public Offering and the Institutional Offering.

The minimum number of Key ASIC Shares to be subscribed under this Public Issue is all the Issue Shares available under the Public Issue in order for us to meet the public spread requirement under the MMLR.

All the Issue Shares, except for the 175,500,000 Issue Shares under the Institutional Offering, are fully underwritten at an underwriting commission of 2.3% of the Retail Price.

3.5 SHARE CAPITAL

	RM
Authorised:	
1,000,000,000 Key ASIC Shares	<u>100,000,000</u>
Issued and fully paid-up as at the date of this Prospectus:	
603,000,000 Key ASIC Shares	60,300,000
To be issued pursuant to the Public Issue:	
202,000,000 Key ASIC Shares	20,200,000
Enlarged issued and paid-up capital	<u><u>80,500,000</u></u>
Market capitalisation (805,000,000 Key ASIC Shares x Retail Price)	322,000,000

Based on the Retail Price of RM0.40 per Issue Share, our market capitalisation upon listing on the MESDAQ Market of Bursa Securities will be RM322 million.

There is only one class of shares in our Company, being ordinary shares of RM0.10 each. The Issue Shares will rank equally in all respects with our other existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights, dividends and distribution that may be declared subsequent to the date of allotment of the Issue Shares.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

At any of our Company's general meeting, each of our shareholders shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or representative or proxy to a shareholder shall have 1 vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held. A proxy may but need not be a member.

Subject to any special rights attaching to any Shares that may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of liquidation of our Company, in accordance with our Articles of Association.

3.6 BASIS OF ARRIVING AT THE RETAIL PRICE, FINAL RETAIL PRICE AND REFUND MECHANISM

Upon application, the retail applicants will pay the indicative Retail Price of RM0.40 per Issue Share, which is determined and agreed upon between us, the Adviser, Underwriter and Sole Bookrunner, after taking into consideration, the following factors:

(i) Our operating and financial history

We achieved a PAT of RM12.84 million for the audited 9-month FPE 2007. Based on the issued and paid-up share capital of 32.3 million ordinary shares of RM1.00 each in Key ASIC, our net EPS is 39.75 sen. Further details of our historical financial information are outlined in Section 11.1 of this Prospectus.

(ii) Our proforma NTA per Share

On the assumption that our Company's Public Issue is completed on 30 September 2007, our proforma NTA per Share is RM0.14 (after deducting the estimated listing expenses of RM3.3 million). Further details of our Group's financial information are outlined in Section 11.1 of this Prospectus.

(iii) Our future earnings potential

Our Group's estimate and forecast PAT for the FYE 2007 and FYE 2008 are RM18.60 million and RM31.48 million respectively. Based on the enlarged number of Key ASIC Shares in issue of 603 million Shares for the FYE 2007 and 805 million Shares for the FYE 2008 respectively, our net PE Multiples are 12.97 times and 10.23 times based on the estimated and forecast net EPS of approximately 3.08 sen and 3.91 sen respectively. Further details of our Group's profit estimate and forecast is outlined in Sections 11.7 and 11.8 of this Prospectus.

(iv) Market valuation of similar companies listed on the MESDAQ Market of Bursa Securities

Our Board is of the view that the closest comparable company to us which is listed on the MESDAQ Market of Bursa Securities is BCT Technology Berhad ("BCT"). BCT designs and produces ASIC and ASSP semiconductors. BCT's products are used in power management, solid state lighting, display and wireless application products. Based on BCT's audited results for the latest FYE 2006, the PE Multiple at which BCT is trading as at 30 November 2007 is 4.31 times.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

(v) **Quality and strength of our management team**

Our key management has an average of 15 years of experience each in this industry and we are supported by a strong management team with expertise in the areas of operations, finance, human resources, R&D and quality control. Going forward, we believe that our key management team will be able to drive the growth of our Group and achieve our Group's aspirations to be the leading IC designer in Malaysia. Further details on our key management and their respective experience are set out in Section 7.3 of this Prospectus.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, which is expected to be on 17 January 2008 and will equal the Institutional Price.

The Institutional Price will be determined using a process known as "bookbuilding" in which prospective institutional investors will be invited to bid for the Issue Shares by specifying the number of Issue Shares they would be prepared to acquire at different prices. This "bookbuilding" process is expected to continue up to and to cease on or about 17 January 2008. Upon the completion of the "bookbuilding" process, the Institutional Price will be agreed between us and the Sole Bookrunner on the Price Determination Date.

In the event that the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without any interest thereon. The refund in the form of cheques will be despatched by ordinary mail to the address stated in the Application Form or to the address as stated in the Bursa Depository records for applications made via Electronic Share Application and Internet Share Application of the successful applicants, within 10 market days from the final ballot of the application at the successful applicants' own risk.

We will announce the Final Retail Price and Institutional Price in a widely circulated Bahasa Malaysia and English daily newspapers in Malaysia within 2 market days after the Price Determination Date. In addition, we will also send all successful applicants of the Retail Offering a written notice of the Final Retail Price and Institutional Price in the notices of allotment.

Investors should take note that the market prices of our Shares upon listing on the MESDAQ Market of Bursa Securities are subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.7 PURPOSES OF THE PUBLIC ISSUE

Our purpose and objective of the Public Issue are as follows:

- (i) to facilitate our listing on the MESDAQ Market of Bursa Securities;
- (ii) to enhance our stature and recognition through our listing status for the market expansion of our Group's services;
- (iii) to provide our eligible Directors and employees, business associates and the Malaysian public an opportunity to participate in our equity and future performance; and
- (iv) to enable our Company to gain access to the capital market to source for funds, either through equity funding or borrowings, for our future expansion and continuous growth of our Group.

3.8 USE OF PROCEEDS

Based on the Retail Price and Institutional Price of RM0.40 per Issue Share, we will raise gross proceeds of RM80,800,000 from the Public Issue. We expect to use the proceeds for our core business as follows:

	Timeframe for utilisation	Notes	RM 000
R&D-Capital expenditure	Within 24 months of Listing	(i)	36,000
R&D-Operating expenditure	Within 24 months of Listing	(ii)	8,200
Working capital	Within 12 months of Listing	(iii)	33,300
Estimated listing expenses	Within 6 months of Listing		3,300
			80,800

Notes:

- (i) *Comprises of expenditure on licensing of IPs in the ordinary course of business, purchase of manufacturing tools, software for R&D, computer equipment, furniture and fittings, office equipments and renovation for R&D purposes that would generate future economic benefits to our Group over the period of time:*

	RM 000
(a) License of IP/ EDA tools	30,000
(b) Purchase of manufacturing tooling	4,638
(c) R&D production	1,130
(d) Others	232
	36,000

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

(ii) *Comprises of expenditure on the day-to-day operating expenditures relating to R&D purpose such as R&D employee related expenditures, general R&D maintenance expenditures, product prototyping, direct IP outsourcing and other R&D expenditures that would not qualify to be recognised as assets under FRS116: Property, Plant and Equipment:*

	RM 000
(a) <i>R&D employee related cost</i>	5,476
(b) <i>Communication expense</i>	866
(c) <i>Research and reference tools</i>	578
(d) <i>Travelling expense</i>	360
(e) <i>Outsourcing expense</i>	116
(f) <i>Office rental expense</i>	105
(g) <i>Others</i>	699
	8,200

(iii) *Comprises general administrative expenses, rental of premises, general travelling and related expenses, financing of wafer, shipping charges and other marketing expenses.*

If the Final Retail Price differs from the Retail Price, the total gross proceeds may vary accordingly and the difference will be deducted from the amount allocated for the purpose of working capital of the Group.

3.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage is payable by the Company at the rate of 1.0% of the Final Retail Price in respect of successful applications which bear the stamps of either CIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

CIMB, the Underwriter, had agreed to underwrite the 10,000,000 Issue Shares available for application by the Malaysian public, and the 16,500,000 Issue Shares available for application by our eligible Directors, employees and business associates. The underwriting commission is payable at the rate of 2.3% of the Retail Price.

The Underwriter may withdraw its obligation under the Underwriting Agreement after the opening of the Public Issue in the event there is any breach of the warranties, representations, or undertakings by our Company prior to the date of listing and on the occurrence of any unforeseen circumstances beyond reasonable control of the contracting parties.

The Sole Bookrunner will be paid, a placement fee of up to 2.3% of the Institutional Price for the Institutional Offering (excluding incentive fee, if any).

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We entered into an Underwriting Agreement on 17 December 2007 with the Underwriter for the underwriting of 10,000,000 Issue Shares available for application by the Malaysian public, and 16,500,000 Issue Shares available for application by our eligible Directors, employees and business associates ("Underwritten Shares"). The salient terms of the Underwriting Agreement as extracted from the Underwriting Agreement, are as follows:

- (i) obligation of the Underwriter to underwrite the Underwritten Shares under this Agreement is conditional on the performance by the Company of its obligations under this Agreement and conditional on the following:
 - (a) The Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 3 (Certificate) of this Agreement dated the Closing Date signed by a Director of the Company (on behalf of the Board);
 - (b) the Underwriter being reasonably satisfied that the Institutional Portion has been fully placed out on or prior to the Closing Date;
 - (c) The issue of the Prospectus not later than two (2) months from the date of this Agreement or such later date as the Underwriter and the Company may from time to time agree;
 - (d) The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Public Issue with the SC and its lodgement with the Registrar of Companies by the Issue Date;
 - (e) The approval-in-principle of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid-up share capital being obtained on terms acceptable to the Underwriter and the approval of the SC and approval-in-principle of Bursa Securities remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue has been completed) have been complied with;
 - (f) The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the Official List and its entire share capital listed and quoted on the MESDAQ Market without undue delay;
 - (g) The Underwriter receiving a copy certified by a Director or secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in form and substance acceptable to the Underwriter:
 - (aa) approving the Issue Documents, this Agreement and the transactions contemplated by it;
 - (bb) authorising a person to sign and deliver this Agreement on behalf of the Company;
 - (cc) authorising the issuance of the Issue Documents;

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (h) This Agreement being signed by all parties and stamped;
 - (i) The Public Issues not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Public Issue and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date; and
 - (j) The Underwriter being satisfied that the Company has complied with and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements thereto
- (ii) If:
- (a) In the event any of the conditions set out in Clause 6.1.7 (Details), or Clause 6.1.8 (Details) (to the extent not waived) are not satisfied by the Issue Date;
 - (b) Any of the Conditions other than those referred to in Clause 6.3.1 (Pre Issue Date) to the extent not waived are not satisfied by the Closing Date;

the Underwriter and the Company shall be entitled to terminate this Agreement and in such event the provisions of Clause 14 (Termination) shall apply, but without prejudice to the rights of the Underwriter under Clause 10 (Fees and Commission) and under Clause 12 (Costs and Expenses). The parties hereto shall be released and discharged from their respective obligations hereunder and this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save for any antecedent breaches.

- (iii) Notwithstanding anything contained in this Agreement, the Underwriter may by notice in writing to the Company given at any time before 5.00 p.m. on the Closing Date, terminate, cancel and withdraw their Underwriting Commitment if:
- (a) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 11 (Representations, Warranties and Undertakings) or which is contained in any certificate, statement or notice under or in connection with this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company by the Underwriter or by the Closing Date, whichever is the earlier; or
 - (b) there is failure on the part of the Company to perform any of its obligations contained in this Agreement; or

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (c) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Shares issued under the Public Issue; or
- (d) if there is a material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that provided in the Prospectus; or
- (e) the closing date of the application of the Issue Shares does not occur by 29 February 2008, subject to Clause 29 (Extension of Closing Date).
- (f) there shall have occurred, or happened any of the following *Force Majeure* circumstances:
 - (aa) any material adverse change, or any development involving a prospective change, in national monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia, foreign exchange market or money market or with regard to inter-bank offer or interest rates in Malaysia) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice the Public Issue; or
 - (bb) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on the Company; or
 - (cc) any event or series of events beyond the reasonable control of the parties including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares; or
 - (dd) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (ee) any material adverse change in financial conditions as stated in Clause 14.1.6.1 above to include stock market conditions and interest rates. For the avoidance of doubt and without prejudice to the foregoing, if the Bursa Securities Composite Index ("Composite Index") is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of this Agreement and prior to the Closing Date, lower than 900 points or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition; or
- (ff) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of the Group;
- (g) in the event that the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market does not occur before 29 February 2008 or is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriter;

which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group, the success of the Public Issue, or the listing of the Company on the MESDAQ Market or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.
- (iv) Upon any such notice(s) being given pursuant to Clause 14.1 (Termination), the Underwriter shall be released and discharged of their obligations without prejudice to their rights under this Agreement, and where the Underwriter have terminated or withdrawn their Underwriting Commitments pursuant to Clause 14.1 (Termination), this Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of this Agreement, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 11 (Representations, Warranties and Undertakings), under Clause 12 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination, under Clause 8.3.2 (Prospectus and Listing) for the payment of any taxes, duties or levies, and for any antecedent breach, Clause 11.3.6 (Representations, Warranties and Undertakings) and Clause 10.3 (Fees and Commission).