



FOR IMMEDIATE RELEASE

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MORE DESIGN WINS! KEY ASIC IOT INTO THE FITNESS AND SPECTROMETER MARKET

(Petaling Jaya, 20 March 2017) Key ASIC Berhad (Stock Code: 0143) announced today that it has made addition breakthrough of design wins in the IOT market. It has signed a contract with Alexandave Industries Limited, one of the leading fitness equipment companies in the world based in Taiwan, to develop the next generation of intelligent fitness and rehabilitation equipment. Taiwan is the largest design and producing country of fitness equipment in the world ranging from gym equipment to home equipment in the fitness and rehabilitation market. Alexandave has multiple brands of product lines. "ALEX" brand specializes in weight training equipment and the products are largely popular in Europe, Japan and North America. "ALEXIA" brand specializes in products on promoting the concept of "Age Well" for senior citizens to gain confidence, independence and to achieve quality way of life. In this arrangement, Key ASIC will design and manufacture the next generation of intelligent product for the senior citizens in improving their reflex and alertness. This mobile health product is not just useful for prevention of cardiovascular diseases but it is especially useful in the rehabilitation of stroke and dementia patients.

Fitness and rehabilitation are important components in healthcare and they are complimentary to medical care or treatment for almost all the chronic diseases. Approximately 50% of death are cardiovascular diseases related and probably 7 out of 10 people have some form of cardiovascular disease at the age 50 and above. Regular exercise is recommended by medical professionals to prevent or manage cardiovascular diseases. For patients who have suffered a stroke or heart attack, there are increasingly more intelligent home fitness and rehabilitation equipment being recommended by the physiologists in the recovery program.

Approximately 65% of the total world fitness equipment market of over USD10 billion is cardiovascular training equipment and about 30% is strength training equipment. The market is growing fast in recent years due to the global rise of fitness consciousness and health awareness. Increase obese population is also another key driver to the growth. 54 million gym memberships were registered in 2014 globally and it is expected to increase to 61 million by 2022. Home consumers of fitness equipment top the list of users and it is the fastest growing segment of the market.

“Healthcare IOT is the space that we have been focusing on getting the devices connected to the Internet and we expect to have more breakthrough in the fitness space as people are increasingly health conscious. The ability to connect fitness equipment to the Cloud to provide analysis of the activities and quick feedback to the users is important for users in tracking their effort and the effect of the activities performed on their health,” commented Eg Kah Yee, Chairman of Key ASIC Berhad. “We have our IOT products in the medical care market and we are now extending our technology into the fitness and rehabilitation market” he added.

The Company has launched its first IOT workshop on February 14, 2017 to any businesses who are in the process of entering or extending its business with IOT technology. Over 60 companies ranging from healthcare, fitness, equipment manufacturers, building management companies, senior care operators, schools, surveillance companies, textile companies, transportation companies, power companies, software developers and system integrators have attended, showing strong demand to transform the business to an IOT business model. The IOT workshop will be held in Malaysia in the near future and is expected to hit the road in China market as well. The Company expects to have more design wins in the fitness equipment market.

Additionally, Key ASIC also has signed an agreement with United Power Technology Research, Technology Corporation (UPRtek), an affiliate of the Phison Group in incorporating Mcard into their Spectromter. The basic function of a spectrometer is to take in light, break it into its spectral components, digitize the signal as a function of wavelength, and read it out and display it via a computer. The slit vignettes the light as it enters the spectrometer. The Company has shipped thousands of Mcard™ with the spectrometers.

The Company has already been shipping Mcard™ with the CPAP machines in the mobile health market for patients with sleep apnea problem since 2016.

About the Companies:

Key ASIC Berhad (Stock Code: 0143) is a public listed company on Mainboard of Bursa Malaysia. It specializes design and manufacturing of IOT chips and system, connecting any electronics and non-electronic items to the Internet. Kcard, Kdrive, Mcard and Mdrive are the

IOT products currently shipping in the market. It also offers turnkey ASIC design service and SoC design and manufacturing. Its customers are largely in the US, Russia and Asia. It has offices in Malaysia and Taiwan.



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Q & A

Q1: What is the contract amount?

A1: We have a very strict NDA with the customer and we are not able to disclose at this time. Furthermore, this is a product under development for our client and for confidentiality and competition reasons, we cannot disclose as much detail as we would like to at this time. We may be able to disclose more information when the product is officially launched by the client.

Q2: What is the financial contribution to KA?

A2: There is a design fee that contributes in the near term. It is a new product and we can only estimate based on the market size and the growth rate. We do not have any past market data to make accurate financial forecast at this time. However, we expect this product line to contribute over US\$1M when it goes into production and then will grow substantially after that.

Q3: What is the life cycle of this product?

A3: Healthcare products have much longer life cycle than consumer electronics and that is what we like about this. Most like this product will last about 5-10 years with some upgrades.

Q4: When will the product be released in the market?

A4: It is expected to be released around Q3-2017.

Q5: What other IOT deals are you working on?

A5: We are working on more fitness equipment companies to bring IOT to their business. We are also working on companies that are moving towards industrial 4.0 in automating their manufacturing plants.