

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the next course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

Bursa Malaysia Securities Berhad ("Bursa Securities") has prescribed Share Buy-back Statement of this Circular to Shareholders as an exempt document. As such, Bursa Securities has not perused the information of this Statement prior to its issuance.

Bursa Securities takes no responsibility for the contents of this Circular to Shareholders, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



(Company No.: 308279-A)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

in relation to

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL  
OF SHARE BUY-BACK AUTHORITY;**

AND

**NOTICE OF ANNUAL GENERAL MEETING**

The Notice of the Twentieth (20<sup>th</sup>) Annual General Meeting of the Company to be held at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang on Thursday, 18 December 2014 at 2.30 p.m. or any adjournment thereof together with the Form of Proxy are enclosed in this Circular.

The Form of Proxy should be lodged at the Registered Office of the Company at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang, not later than forty-eight (48) hours before the time of the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting if you subsequently wish to do so.

This Circular is dated 26 November 2014

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## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular (definitions denoting the singular number shall also include the plural number and vice versa, where applicable):-

“Act”	: The Companies Act 1965, as amended from time to time including any re-enactment thereof
“AGM”	: Annual General Meeting
“Board”	: Board of Directors
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“Code”	: The Malaysian Code on Take-overs and Mergers 2010, as amended from time to time and any re-enactment thereof
“CMSA”	: The Capital Markets and Services Act 2007
“Director/(s)”	: Shall have the meaning given in section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company.
“EPS”	: Earnings Per Share
“FYE”	: Financial Year End
“KHSB”	: Kobay Holdings Sdn. Bhd. (280918-D)
“Kobay” or the “Company”	: Kobay Technology Bhd. (308279-A)
“Kobay Group” or the “Group”	: Kobay and its subsidiaries
“Listing Requirements”	: The Main Market Listing Requirements of the Bursa Securities and Practice Notes issued thereunder including any amendments thereto that maybe made from time to time.
“LPD”	: 31 October 2014, being the latest practicable date before the printing of this Circular
“Major Shareholder”	: Includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in Kobay (or any other corporation which is its subsidiary) and the nominal amount of that shares, or the aggregate of the nominal amounts of those shares, is :-

- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or
- (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the Company.

For the purpose of the definition, “interest in shares” has the meaning given under section 6A of the Companies Act, 1965.

“Market Day”	: A day on which Bursa Securities is open for trading of securities
“Proposed Share Buy-back”	: The proposed renewal of authority for Kobay to purchase its own shares up to 10% of the Company’s issued and paid-up share capital at any given point in time, if deemed fit and expedient by the Directors of the Company
“Related Party(ies)”	: A director or major shareholder of Kobay or person connected with such a director or major shareholder as defined under Chapter 1 and Chapter 10 of the Listing Requirements of Bursa Securities
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“SC”	: Securities Commission
“share(s)”	: Ordinary share(s) of RM1 each
“VWAP”	: Volume weighted average market price

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# STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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**STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-  
BACK AUTHORITY**

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(Company No.: 308279-A)

(Incorporated in Malaysia)

## **STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

### **1. INTRODUCTION**

At the Company's Nineteenth (19<sup>th</sup>) AGM held on 18 December 2013, the Board of Directors of Kobay had obtained its shareholders' approval to renew the authority to the Company to purchase and/or hold its own shares up to a maximum of ten per cent (10%) of the total issued and paid-up share capital of Kobay through Bursa Securities pursuant to Section 67A of the Act.

In accordance with Para 12.07(3) of the Listing Requirements, this authority shall lapse at the conclusion of the forthcoming AGM which has been scheduled to be held on 18 December 2014.

On 24 October 2014, the Company has announced to Bursa Securities that it proposes to seek a renewal of the authorisation for the Proposed Share Buy-back from its shareholders at the forthcoming AGM.

The purpose of this Statement is to provide you with the information on the Proposed Share Buy-back and to seek your approval for the Ordinary Resolution pertaining to the renewal of the authorisation on Proposed Share Buy-back to be tabled at the Twentieth (20<sup>th</sup>) AGM of the Company to be convened at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang on Thursday, 18 December 2014 at 2.30 p.m.. The Twentieth (20<sup>th</sup>) AGM notice and the Form of Proxy are enclosed together in this Statement.

### **2. DETAILS OF THE PROPOSED SHARE BUY-BACK**

#### **2.1 Proposed Share Buy-back Renewal**

2.1.1. Kobay is proposing to renew the Proposed Share Buy-back Authority to purchase its own shares up to a maximum of ten per cent (10%) of the total issued and paid up share capital at the forthcoming AGM subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, guidelines and requirements issued by relevant authorities at any time of the purchase.

2.1.2. Pursuant to Paragraph 12.07 (3) of the Listing Requirements, if the Proposed Share Buy-back Authority, being renewed, it will be continued in force until :-

- (i) the conclusion of next AGM;
  - (ii) the expiration of the period within which the next AGM is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by Kobay's shareholders in a general meeting,
- whichever occurs first.



- 2.1.3. As at LPD, Kobay has 68,080,750 ordinary shares issued and fully paid up whereby 728,200 ordinary shares purchased in the past are held as treasury shares. The maximum number of shares can be purchased under the Proposed Share Buy-back, if renewed, will be 6,079,875 ordinary shares or 10% of the Company's issued and paid up share capital excluding the treasury shares retained by Kobay.
- 2.1.4. According to the Record of Depositors and the Register of Substantial Shareholders of the Company as at LPD, the total percentage of the issued and paid up share capital of Kobay (excluding the 728,200 treasury shares) which is held by the public (in accordance with the public shareholding spread requirements of Bursa Securities pursuant to Paragraph 8.02) was 49.82% representing 33,558,093 shares in Kobay. Pursuant to the Proposed Share Buy-back renewal, the above public shareholding spread of Kobay would be reduced to approximately 40.80% representing 27,478,218 shares in Kobay.
- 2.1.5. In accordance with Section 67A of the Act, the Board may, at their discretion, deal with the purchased Kobay shares in the following manner :-
- (i) cancel all or part of Kobay shares so purchased; or
  - (ii) retain all or part of Kobay shares so purchased as treasury shares which may be distributed as share dividends to the shareholders of Kobay and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
  - (iii) combination of (i) and (ii) above, or
- in any other manner which may be prescribed by all applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force.
- In the event Kobay has ceased to hold all or any part of the purchased Kobay shares as a result of the above, Kobay may purchase additional number of Kobay shares provided that the total number of share so purchased shall not exceed ten per centum (10%) of the issued and paid up share capital of Kobay at any point in time.
- All rights attached to Kobay shares so purchased that held under treasury shares e.g. voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in Kobay including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.
- 2.1.6 Under Para 12.17 and 12.18 of the Listing Requirements of Bursa Securities :
- (i) Kobay may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the VWAP of Kobay shares for the five (5) Market Days immediately before the date of the purchase; and
  - (ii) Kobay may only resell all or any part of the treasury shares held at a price which is :-
    - a. not less than the VWAP for Kobay shares for the five (5) Market Days immediately before the date of the resale; or
    - b. not more than 5% discount of the VWAP of Kobay shares for the five (5) Market Days immediately before the resale provided that the resale takes place not earlier than 30 days from the date of purchase and the resale price is not less than the cost of purchase of the shares being resold.

During the last FYE 30 June 2014, the Company did not purchase any of its own shares. Disclosure has been included in page 31 of the Company's Annual Report 2014.

- 2.1.7 The Proposed Share Buy-back shall be made wholly out of the retained profits and/or share premium accounts of the Company. The audited retained profits and share premium accounts of the Company as at 30 June 2014 were RM11,931,673 and RM1,680,086 respectively. The retained profit and share premium accounts of the Company in the management account as at 30 September 2014 were RM11,436,758 and RM1,680,086 respectively.
- 2.1.8 The funding for the purchase by the Company of its own shares is expected to be internally generated. The Board will determine the allocation of an appropriate amount of the Group's internally generated funds for the purchase and the amount shall not exceed the aggregate balance standing in the retained profits and/or share premium accounts of the Company.

The actual number of shares to be purchased and the timing of such purchase(s) would depend on, inter-alia, market conditions, retained profits and share premium accounts of the Company as well as the availability of financial resources/funds necessary to give effect to such purchase(s).

Depending on the quantum and the purchase price, the Proposed Share Buy-back renewal may reduce the working capital and cash balance of Kobay.

## **2.2 Rationale of the Proposed Share Buy-back Renewal**

The Proposed Share Buy-back, if renewed, would enable Kobay to utilise its financial resources, which are not immediately required, for the purpose of purchasing its own shares, if deemed fit and expedient by the Board. The Proposed Share Buy-back renewal may enhance the EPS of the Company, which, in turn is expected to benefit the shareholders of the Company.

In addition, the purchased shares can be held as treasury shares and/or be resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

## **2.3 Potential advantages and disadvantages of the Proposed Share Buy-back Renewal**

The potential advantages and disadvantages of the Proposed Share Buy-back, if renewed, to the Company and its shareholders are as follows:-

Advantages:-

- (i) allows the Company the flexibility in attaining its desired capital structure; and
- (ii) rewards the shareholders in the event the treasury shares are distributed as share dividends.

Disadvantages:

- (i) the Proposed Share Buy-back will reduce the financial resources of the Group and may result in the Group forgoing better investment opportunities that may emerge in the future; and

- (ii) as the Proposed Share Buy-back can only be made out of retained profits and share premium accounts of the Company, it may result in the reduction of financial resources available for distribution to shareholders as dividends in the immediate future.

The Board will be mindful of the Company's and its shareholders' interests in undertaking the Proposed Share Buy-back and in the subsequent resale of treasury shares on Bursa Securities, if any.

### 3. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-back, if renewed, are illustrated below.

#### 3.1 Share capital

The Kobay shares that may be purchased pursuant the Proposed Share Buy-back renewal would have the following effect on the issued and paid-up share capital of the Company if the shares purchased are cancelled entirely:-

	No. of Kobay Shares
Issued and paid-up share capital as at LPD	68,080,750
Assuming treasury shares held as at LPD are cancelled	(728,200)
Assuming maximum number of shares to be purchased under the Proposed Share Buy-back are cancelled	(6,079,875)
	<hr/>
Reduced issued and paid-up share capital in the event that the purchased shares are cancelled	61,272,675
	<hr/>

However, there will be no effect on the issued and paid-up share capital of the Company if the shares so purchased are retained as treasury shares, resold, and/or distributed to shareholders as dividend.

#### 3.2 Directors' and major shareholders' shareholdings

The effects of the Proposed Share Buy-back renewal on the shareholdings of the Directors and major shareholders of Kobay would depend on the timing and the number of shares so purchased, if any. However, for illustration, the Proposed Share Buy-back renewal would have the following effect on the percentage of the shareholdings of the Directors and major shareholders, assuming that a maximum number of 6,079,875 shares are purchased from the public :

### 3.2.1 Directors

	As at LPD <sup>^</sup>		After Proposed Share Buy-back <sup>@</sup>	
	Direct	Indirect	Direct	Indirect
Dato' Koay Hean Eng	1,654,154 (2.46%)	17,523,007* (26.02%)	1,654,154 (2.70%)	17,523,007* (28.60%)
Koay Cheng Lye	1,058,995 (1.57%)	17,523,007* (26.02%)	1,058,995 (1.73%)	17,523,007* (28.60%)
Koay Ah Bah @ Koay Cheng Hock	884,665 (1.31%)	17,523,007* (26.02%)	884,665 (1.44%)	17,523,007* (28.60%)
Lim Swee Chuan	-	-	-	-
Dr. Mohamad Zabdi Bin Zamrod	-	-	-	-
Khaw Eng Peng	-	-	-	-

Notes :

- \* Deemed interest by virtue of their substantial shareholdings in KHSB, a substantial shareholder of Kobay
- <sup>^</sup> The percentage of shareholding is calculated based on 67,352,550 shares after deducting 728,200 treasury shares (retained by the Kobay as per Record of Depositors) from the fully issued and paid-up capital of Kobay as at LPD.
- <sup>@</sup> The percentage of shareholding is calculated based on 61,272,675 shares after deducting 6,079,875 shares (being purchased from the public shareholders and retained by Kobay as treasury shares pursuant to the Proposed Share Buy-back) from the fully issued and paid capital of Kobay as stated in section 3.1 above.

### 3.2.2. Major Shareholders

	As at LPD <sup>^</sup>		After Proposed share buy-back <sup>@</sup>	
	Direct	Indirect	Direct	Indirect
KHSB	17,523,007 (26.02%)	-	17,523,007 (28.60%)	-
Norinv Kapital Sdn. Bhd.	12,648,900 (18.78%)	-	12,648,900 (20.64%)	-
Dato' Koay Hean Eng	1,654,154 (2.46%)	17,523,007* (26.02%)	1,654,154 (2.70%)	17,523,007* (28.60%)
Koay Cheng Lye	1,058,995 (1.57%)	17,523,007* (26.02%)	1,058,995 (1.73%)	17,523,007* (28.60%)
Koay Ah Bah @ Koay Cheng Hock	884,665 (1.31%)	17,523,007* (26.02%)	884,665 (1.44%)	17,523,007* (28.60%)

Notes :

- \* Deemed interest by virtue of their substantial shareholdings in KHSB, a substantial shareholder of Kobay
- <sup>^</sup> The percentage of shareholding is calculated based on 67,352,550 shares after deducting 728,200 treasury shares (retained by the Kobay as per Record of Depositors) from the fully issued and paid-up capital of Kobay as at LPD.
- <sup>@</sup> The percentage of shareholding is calculated based on 61,272,675 shares after deducting 6,079,875 shares (being purchased from the public shareholders and retained by Kobay as treasury shares pursuant to the Proposed Share Buy-back) from the fully issued and paid capital of Kobay as stated in section 3.1 above.

### **3.3 Earnings**

The Proposed Share Buy-back is not expected to have any material impact on the earnings of the Group. However, the resultant reduction in the number of Kobay shares in issue would be expected to correspondingly increase the EPS of Kobay, at Company and Group levels, if the shares so purchased are cancelled or retained as treasury shares.

### **3.4 Dividends**

The Proposed Share Buy-back will reduce the amount of distributable reserves of the Company available for payment of dividends if the retained profits have been utilised to facilitate the Proposed Share Buy-back.

The Board of Directors of Kobay has recommended a first and final single tier dividend of 3.0 sen to be declared for the FYE 30 June 2014.

### **3.5 Net Assets**

The Proposed Share Buy-back may increase or decrease the net assets of Kobay and the Group depending on various factors which include the treatment of the shares purchased, i.e. to cancel or retain as treasury shares, the timing, purchase price and the number of shares so purchased, if any, and the eventual treatment of any treasury shares arising.

The Proposed Share Buy-back will reduce the net assets per share of Kobay Group when the purchase price exceeds the net assets per share of Kobay Group at the relevant point in time. On the contrary, the net assets per share of Kobay Group will be increased when the purchase price is less than the net assets per share of Kobay Group at the relevant point in time.

### **3.6 Working capital**

Although the Proposed Share Buy-back would reduce the working capital of the Group to the extent of the amount of funds utilized for the purchase of the Company's shares, it is not expected to have an adverse material effect on the working capital of the Group.

## **4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Share Buy-back renewal, none of the Directors and major shareholders of Kobay or any other companies which is its subsidiary and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Share Buy-back.

## **5. IMPLICATIONS RELATING TO THE CODE**

Based on the shareholdings as set out in Section 3.2 above, should the Company acquire the full amount of shares representing ten per cent (10%) of its issued and paid up capital each in the maximum scenario, the total direct and indirect equity interests of the substantial shareholder, namely KHSB, and the Directors, namely Dato' Koay Hean Eng, Mr. Koay Cheng Lye and Mr. Koay Ah Bah @ Koay Cheng Hock that deemed acting in concert with each other would increase by approximately 3.11% from 31.36% to 34.47% respectively. In this instance, KHSB and the said three Directors would be obliged to undertake a mandatory offer for the remaining shares in the Company not held by them pursuant to the Code.

However, an exemption to undertake a mandatory offer may be granted by the SC under Paragraph 24.1, Practice Note 9 of the 2010 Code, subject to the aforesaid substantial shareholder and Directors obtaining the approval from the independent/minority shareholders of the Company, on a poll, at a meeting of shareholders, to increase their shareholdings in the Company to more than 33%, if the increase in shareholding of the aforesaid substantial shareholder and Directors in the Company is inadvertent and a mandatory offer obligation is triggered as a result of any action outside its direct participation. The aforesaid substantial shareholder and Directors intend to apply for an exemption under Paragraph 24.1, Practice Note 9 of the 2010 Code if the obligation is expected to be triggered as a result of the Proposed Share Buy-back.

**6. DIRECTORS' STATEMENT**

The Board of Directors having considered all aspects of the Proposed Share Buy-back, is of the opinion that, it is in the best interest of the Company.

**7. DIRECTORS' RECOMMENDATION**

The Board of Directors recommends that you vote in favour of the resolution relating to the Proposed Share Buy-back Renewal to be tabled at the forthcoming AGM.

**8. AGM**

The relevant extract of the Notice convening the Twentieth (20<sup>th</sup>) AGM of the Company for the Proposed Share Buy-back Renewal is enclosed. The AGM will be held at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang on Thursday, 18 December 2014 at 2.30 p.m. for the purpose of considering and if thought fit, passing the resolution to approve the Proposed Share Buy-back Renewal.

If you are unable to attend and vote at the AGM in person, please complete, sign and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the Registered Office of the Company not later than forty eight (48) hours before the time appointed for holding the AGM. The completion, signing and return of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

**9. FURTHER INFORMATION**

Shareholders are advised to refer to the attached Appendix I for further information.

This Statement is dated 26 November 2014.

**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board of Kobay and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. MATERIAL CONTRACTS**

Saved as disclosed below, the Board of Kobay is not aware of any material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Kobay and/or its subsidiary companies within the two (2) years immediately preceding the LPD.

- a) On 16 May 2013, a 70% owned subsidiary company, The 12 Avenues Sdn. Bhd. entered into a Joint Venture Agreement with two individuals to develop a piece of land held under Geran Mukim Lot 244, Tempat Sungai Renggam, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 1.34 acres;
- b) On 7 October 2013, LD Global Sdn. Bhd. ("LD"), the wholly owned subsidiary company of Kobay, entered into a sale and purchase agreement to acquire a piece of 6.8 acres freehold land in Pantai Tengah, Pulau Langkawi, for a purchase consideration of RM14,000,000 of which was completed on 9 January 2014;
- c) On 7 October 2013, LD entered into a Consultancy Agreement with Messrs. Karsan Asia Sdn. Bhd. (871779-A) ("KASB") to appoint KASB as the Project Management Consultant for LD's intended project located at Lot No. 2032 Mukim Kedawang, Pantai Tengah, Pulau Langkawi, Kedah;
- d) On 18 October 2013, Kobay has accepted a credit facilities of RM10 million from Public Bank Berhad as a standby facility to finance additional working capital of the Group; and
- e) On 28 May 2014, Kobay Land Sdn. Bhd. (formerly known as Fine Desserts Sdn. Bhd.) has entered into a Joint Venture Agreement with Messrs. Arabi Manjung Sdn. Bhd. (315382-H) to develop all that piece of land located at Mukim Lumut, Manjung Perak measuring 19.5 acres.

**3. MATERIAL LITIGATION**

The Board of Kobay confirmed that Kobay was not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of Kobay and has no knowledge of any proceeding pending or threatened against Kobay or its subsidiary companies or of any facts likely to give rise to any proceeding which may materially affect the business or financial position of Kobay or its subsidiary companies as at the LPD.

**4. MATERIAL COMMITMENTS**

As at the LPD, there is no material commitment incurred or known to be incurred by the Kobay Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/ position of the Kobay Group.

**5. CONTINGENT LIABILITIES**

As at the LPD, the Board of Kobay is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have material impact on the financial results/ position of the Kobay Group.

**6. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours from Mondays to Fridays (except public holidays) at the Registered Office of Kobay at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang, from the date of this Circular up to and including the date of the AGM:-

- (a) The Memorandum and Articles of Association;
- (b) The audited accounts of Kobay for the past two (2) financial years, FYE 30 June 2013 and 2014;
- (c) The quarterly report on the unaudited 3 months results for the period ended 30 September 2014; and
- (d) The material contracts referred to in Section 2 above.

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth (20<sup>th</sup>) Annual General Meeting (“AGM”) of Kobay Technology Bhd. will be held at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang on Thursday, 18 December 2014 at 2.30 p.m. for the following purposes:-

### ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2014 and the Reports of the Directors and Auditors thereon.	
2.	To approve the payment of first and final single tier dividend of 3.0 sen in respect of the financial year ended 30 June 2014.	Resolution 1
3.	To re-appoint Dr. Mohamad Zabdi Bin Zamrod as Company Director, who has attained age over seventy years old pursuant to Section 129(6) of the Companies Act 1965 and to retain him as Independent Non-executive Director (“Independent NED”) in accordance with Malaysian Code of Corporate Governance 2012 (“MCCG 2012”).	Resolution 2
4.	To re-elect Mr. Koay Cheng Lye as Company Director, who retires in accordance with Article 95 of the Company’s Articles of Association.	Resolution 3
5.	To re-elect Mr. Lim Swee Chuan as Company Director, who retires in accordance with Article 95 of the Company’s Articles of Association.	Resolution 4
6.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration.	Resolution 5

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7.	<b>ORDINARY RESOLUTION PAYMENT OF DIRECTORS’ FEES</b> “THAT the payment of Directors’ fees totaling Ringgit Malaysia Twenty Thousand (RM20,000) only to the Non-executive Directors for the financial year ended 30 June 2014 be and is hereby approved.”	Resolution 6
8.	<b>ORDINARY RESOLUTION AUTHORITY TO ALLOT SHARES IN ACCORDANCE TO SECTION 132D OF THE COMPANIES ACT, 1965</b> “THAT subject always to the Companies Act, 1965 (“the Act”) and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company from time to time 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 to be issued (inclusive employee share option scheme exercised by the employees, if any) pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad (“Bursa Securities”) AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.”	Resolution 7
9.	<b>ORDINARY RESOLUTION PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY</b> “THAT subject to the compliance by the Company with all applicable laws, regulations and guidelines pursuant to the Act, the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant authorities, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company (“shares”) as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and	Resolution 8

	<p>conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT the maximum number of shares purchased and/or held pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any given point in time and that the maximum amount of fund allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits and/or the share premium accounts of the Company.</p> <p>THAT authority be and is hereby given to the Directors to treat the shares so purchased by the Company pursuant to this Proposed Share Buy-back in accordance with the provision of the Act, which allows a Company that has purchased its own shares to either retain part of or entire shares as treasury shares or cancel part of or entire shares, or a combination of both. The shares so retained as treasury shares by the Company may, either be distributed as share dividends to shareholders or resell on Bursa Securities or in any manner pursuant to the Act, Bursa Securities Listing Requirements or any other relevant authority for the time being in force.</p> <p>THAT such authority from the shareholders would be effective immediately upon passing of this resolution and would continue to be in force until:-</p> <ul style="list-style-type: none"> <li>(i) the conclusion of the next AGM of the Company following the AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or</li> <li>(ii) the expiration of the period within which the next AGM is required by law to be held; or</li> <li>(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,</li> </ul> <p>whichever occurs first.</p> <p>AND THAT authority be and is hereby given to the Directors to take all such steps as are necessary or expedient to implement or to give effect of the Proposed Share Buy-back Authority with full powers to assent to any conditions, modifications, re-valuations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time.”</p>	
10.	To transact any other ordinary business of which due notice shall have been given.	

#### **NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twentieth (20<sup>th</sup>) Annual General Meeting, the first and final single tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 30 June 2014 will be paid on 20 January 2015 to depositors registered in the Records of Depositors on 31 December 2014.

A depositor shall qualify for entitlement to the dividend only in respect of :-

- a) Shares transferred into the depositor's securities account before 4.00 p.m. on 31 December 2014 in respect of ordinary transfers;
- b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

**BY ORDER OF THE BOARD**

CHAN MUN SHEE (MAICSA 7003071)  
WONG MEE CHOON (MACS 01562)  
Company Secretaries

Penang, 26 November 2014

## NOTES :

1. A proxy may but need not be a member or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form, duly completed must be deposited with the registered office of the Company, at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang not less than forty eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized 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.
5. If the appointor is a corporation this form must be executed under the corporation's common seal, or under the hand of an officer or attorney duly authorized.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 December 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## EXPLANATORY NOTES :

### Resolution 2

Dr. Mohamad Zabdi Bin Zamrod who has attained the age above 70 years old has been re-appointed as Director of the Company last year under Section 129(6) and his tenure of service shall be ended in the forthcoming AGM. In accordance with MCCG 2012, the Nominating Committee has assessed the independency of Dr. Mohamad Zabdi Bin Zamrod, who has served as Independent and Non-executive Director for a cumulative term of more than 9 years, and recommended to Board of Directors to retain Dr. Mohamad Zabdi Bin Zamrod as Independent Director. In line with Recommendation 3.3 of MCCG 2012, the Board recommends and proposes to the shareholders' approval to retain Dr. Mohamad Zabdi Bin Zamrod as Independent Non-executive Director of the Company on the following justifications :-

- 1) He has fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad thus enable him to perform a check and balance role in the Board;
- 2) He has performed his duty diligently and in the best interest of the Company with his experience and independent view from a different perspective of the management; and
- 3) He does not hold any shares in the Company, no relationship with other Board members nor having any business dealing or transaction with the Company or the Group before his appointment till to-date.

### Resolution 6

The proposed Ordinary Resolution under item 7 is to obtain shareholders' approval for the payment of Directors' fees totalling Ringgit Malaysia Twenty Thousand (RM20,000) only to the four Non-executive Directors for the financial year ended 30 June 2014 as required under Article 103 of the Company's Articles of Association.

### Resolution 7

A mandate was sought and approved by the members during the Nineteenth (19<sup>th</sup>) AGM held on 18 December 2013. No new shares were issued and no proceeds were raised from the previous mandate.

If the proposed Ordinary Resolution is passed, the Directors will be empowered to issue and allot shares in the Company at any time and for such purposes as the Directors consider would be in the interests of the Company up to an aggregate not exceeding 10% of the Company's issued capital without the need to convene separate general meetings to obtain its shareholders' approval so as to avoid incurring additional cost and time. This authority unless revoked or varied at the general meeting, will expire at the next AGM.

The mandate will provide flexibility to the Company for any possible fund raising exercises including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s) and such other application as the Directors may deem fit and in the best interest of the Company.

#### Resolution 8

The proposed Ordinary Resolution under item 9 is of renewal and if passed, will allow the Company to purchase up to ten per cent (10%) of the total issued and paid-up share capital of the Company at any given point in time. This authority unless revoked or varied at the general meeting, will expire at the next AGM. The details of this proposal are set out in the Circular to Shareholders dated 26 November 2014.

#### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

The profile of the Directors who are standing for re-appointment and re-election (as per Resolution 2-4 as stated in the Notice of Annual General Meeting) at the Twentieth (20<sup>th</sup>) Annual General Meeting of Kobay Technology Bhd. which will be held at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang on Thursday, 18 December 2014 at 2.30 p.m., are stated on page 7 and 8 of the Annual Report 2014.

There is no individual standing for election as new Director (excluding Directors standing for re-election) at this forthcoming Annual General Meeting.

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(Company No.: 308279-A)  
(Incorporated in Malaysia)

## PROXY FORM

I / We \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS),  
NRIC/Passport/Company No.: \_\_\_\_\_ of \_\_\_\_\_ (ADDRESS)

being a member / members of Kobay Technology Bhd. hereby appoint \_\_\_\_\_ NRIC/Passport/Company No.: \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him,  
\_\_\_\_\_ NRIC/Passport/Company No.: \_\_\_\_\_ of \_\_\_\_\_ or failing him/her,

Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf, and if necessary, to demand a poll, at the Twentieth (20<sup>th</sup>) Annual General Meeting of the Company to be held at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang on Thursday, 18 December 2014 at 2.30 p.m. or at any adjournment thereof in the manner indicated below:-

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific directions as to voting is given or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain from voting at his/her discretion.

Resolution No.	Title	For*	Against*
1	Payment of first and final single tier dividend of 3.0 sen for the year ended 30 June 2014		
2	Re-appointment and retain of Dr. Mohamad Zabdi Bin Zamrod as Independent NED		
3	Re-election of Mr. Koay Cheng Lye as Director		
4	Re-election of Mr. Lim Swee Chuan as Director		
5	Re-appointment Messrs. Crowe Horwath as Auditors		
6	Payment of Directors' fees		
7	Authority to Directors to issue shares under Section 132D of the Companies Act 1965		
8	Proposed Renewal of Share Buy-back Authority		

\* Please indicate your vote "For" or "Against" with an "X" within the box provided.

Total number of Shares held	
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Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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Signature / Common Seal of  
Shareholder(s)

### NOTES :

1. A proxy may but need not be a member or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form, duly completed must be deposited with the registered office of the Company, at Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang not less than forty eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized 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.
5. If the appointor is a corporation this form must be executed under the corporation's common seal, or under the hand of an officer or attorney duly authorized.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 December 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

STAMP

The Secretary  
**KOBAY TECHNOLOGY BHD.**  
Plot 30, Hilir Sungai Kluang 1,  
Bayan Lepas Industrial Park, Phase 4,  
11900 Bayan Lepas,  
Penang.

**To the Shareholders of Kobay Technology Bhd.**

**ANNUAL REPORT 2014**

Please be informed that the printed copy of the Company's Annual Report 2014 is available upon request.

Should you require a copy of the Annual Report, please fill in your details below and mail it to the Company Secretary. A hard copy of the Annual Report will be mailed to you within 4 market days from the date of receipt of the written request.

Shareholders may contact the Company Secretary for any queries and request at:

Plot 30, Hilir Sungai Kluang 1  
Bayan Lepas Industrial Park, Phase 4  
11900 Bayan Lepas, Penang  
e-mail: [cosec@kobaytech.com](mailto:cosec@kobaytech.com)  
website: [www.kobaytech.com](http://www.kobaytech.com)  
Tel: 04-6411888 ext 111 (Ms Chan) /04-2280020 (Ms Wong)  
Fax: 04-6412888/04-2280023

Please send me a copy of Kobay Technology Bhd.'s Annual Report 2014

No. of Shares	
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Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tel: \_\_\_\_\_

**HOW TO USE THE CD-ROM:**

**Minimum System Requirements:**

PC: Windows 98™ or later

Pentium II Processor recommended

32MB RAM or more

MAC: Power Macintosh and above

32MB RAM or more

**Application Requirements:**

Adobe Acrobat Reader™ 5.0 or later

**For PC users:**

- Double click on 'My Computer'
- Double click on CD-ROM drive Kobay AR 2014
- Double click on icon marked ReadFirst.html

**For Mac users:**

- Double click on Kobay AR 2014
- Double click on icon marked ReadFirst.html

STAMP

The Secretary  
**KOBAY TECHNOLOGY BHD.**  
Plot 30, Hilir Sungai Kluang 1,  
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11900 Bayan Lepas,  
Penang.