

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

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Circular in relation to the Proposed Bonus Issue (as defined herein), the Proposed Increase in Authorised Share Capital (as defined herein) and the Proposed Amendments (as defined herein) and the Proposed Amendments of Articles of Association prior to the issuance of this Circular as the said contents fall under the category of Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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(Company No. 308279-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**PART A**

**IN RELATION TO THE**

- (I) **PROPOSED BONUS ISSUE OF UP TO 34,040,375 NEW ORDINARY SHARES OF RM1.00 EACH IN KOBAY TECHNOLOGY BHD ("KOBAY") ("BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM1.00 EACH IN KOBAY ("KOBAY SHARES" OR "SHARES") HELD, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE");**
- (II) **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF KOBAY FROM RM100,000,000 COMPRISING 100,000,000 KOBAY SHARES TO RM200,000,000 COMPRISING 200,000,000 KOBAY SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL"); AND**
- (III) **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF KOBAY ("PROPOSED AMENDMENTS")**

**PART B**

**PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser for Part A*



**AFFIN HWANG**  
CAPITAL

**AFFIN HWANG INVESTMENT BANK BERHAD (14389-U)**  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Kobay to be held at 4<sup>th</sup> Floor, Wisma Kobay, No.42-B, Jalan Rangoon, 10400 Georgetown, Penang, on Wednesday, 14 December 2016 at 3.30 p.m. or immediately following the conclusion or adjournment of the 22<sup>nd</sup> Annual General Meeting ("**AGM**") of the Company, scheduled to be held at the same venue and on the same date at 2.30 p.m., whichever shall be later, together with the accompanying Proxy Form are enclosed herewith. The Proxy Form should be completed and lodged at the Registered Office of the Company at 3<sup>rd</sup> Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang, not less than 48 hours before the time set for holding the EGM or at any adjournment thereof, as indicated below. The lodging of the Proxy Form shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	: Monday, 12 December 2016 at 3.30 p.m.
Date and time of the EGM	: Wednesday, 14 December 2016 at 3.30 p.m.

This Circular is dated 7 November 2016

**PART A**

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- (I) PROPOSED BONUS ISSUE;**
  - (II) PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL; AND**
  - (III) PROPOSED AMENDMENTS**
-

## DEFINITIONS

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Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	:	Companies Act, 1965
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad
AGM	:	Annual General Meeting
Announcement	:	Announcement dated 25 October 2016 in relation to the Proposals
Board	:	The Board of Directors of Kobay
Bonus Shares	:	Up to 34,040,375 new Kobay Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to the shareholders of Kobay dated 7 November 2016
Director(s)	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning of Section 2(1) of the Capital Markets & Services Act 2007
Entitled Shareholders	:	Shareholders of Kobay whose names appear in the Record of Depositors of the Company on the Entitlement Date
Entitlement Date	:	A date to be determined and announced later by the Board, on which the names of the shareholders of Kobay must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Bonus Issue
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per Share
ESOS	:	Kobay Employees' Share Option Scheme 2016, which was established on 19 April 2016
FYE	:	Financial year ended/ending, as the case may be
Kobay or Company	:	Kobay Technology Bhd (308279-A)
Kobay Group or Group	:	Kobay and its subsidiaries collectively
Kobay Share(s) or Share(s)	:	Ordinary shares of RM1.00 each in Kobay
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and all amendments thereto

## DEFINITIONS (CONT'D)

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LPD	:	20 October 2016, being the latest practicable date prior to the issuance of this Circular
NA	:	Net assets
Proposals	:	Proposed Bonus Issue, Proposed Increase in Authorised Share Capital and Proposed Amendments, collectively
Proposed Amendments	:	Proposed amendments to the Memorandum and Articles of Association of Kobay to facilitate the Proposed Increase in Authorised Share Capital
Proposed Bonus Issue	:	Proposed bonus issue of up to 34,040,375 new Kobay Shares on the basis of one (1) Bonus Share for every two (2) existing Kobay Shares held on the Entitlement Date
Proposed Increase in Authorised Share Capital	:	Proposed increase in the authorised share capital of Kobay from RM100,000,000 comprising 100,000,000 Kobay Shares to RM200,000,000 comprising 200,000,000 Kobay Shares
RM and sen	:	Ringgit Malaysia and sen respectively
Record of Depositors	:	A record provided by Bursa Depository pursuant to Chapter 24 of the Rules of Bursa Depository

References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, our subsidiaries. All references to “you” are to our shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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**NOTICE OF EGM** **ENCLOSED**

**PROXY FORM** **ENCLOSED**



(Company No. 308279-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office**

3<sup>rd</sup> Floor, Wisma Kobay  
No. 42B, Jalan Rangoon  
10400 Georgetown  
Penang

7 November 2016

**Board of Directors:**

Dr. Mohamad Zabdi Bin Zamrod (*Chairman / Independent and Non-Executive Director*)  
Dato' Koay Hean Eng (*Managing Director / Chief Executive Officer*)  
Koay Cheng Lye (*Executive Director / Chief Administrative Officer*)  
Lim Swee Chuan (*Executive Director / Chief Financial Officer*)  
Koay Ah Bah @ Koay Cheng Hock (*Non-Independent and Non-Executive Director*)  
Khaw Eng Peng (*Senior Independent and Non-Executive Director*)

**To: The Shareholders of Kobay**

Dear Sir/Madam,

- (I) PROPOSED BONUS ISSUE;**
  - (II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND**
  - (III) PROPOSED AMENDMENTS**
- (COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**
- 

**1. INTRODUCTION**

On 25 October 2016, Affin Hwang IB, on behalf of the Board, announced that the Company proposed to undertake the following corporate proposals:

- (i) Proposed Bonus Issue;
- (ii) Proposed Increase in Authorised Share Capital; and
- (iii) Proposed Amendments.

On 26 October 2016, Affin Hwang IB, on behalf of the Board, announced that the listing application in relation to the Proposed Bonus Issue had been submitted to Bursa Securities. Bursa Securities had vide its letter dated 31 October 2016, approved the listing of and quotation for up to 34,040,375 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities subject to the conditions as set out in **Section 6** of this Circular.

**THE PURPOSE OF THE PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDIX IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS TOGETHER WITH THE RECOMMENDATION OF YOUR BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.**

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS TOGETHER WITH THE APPENDIX OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Bonus Issue

#### 2.1.1 Details of the Proposed Bonus Issue

The Proposed Bonus Issue will entail the issuance of up to 34,040,375 Bonus Shares to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing Kobay Shares held by the Entitled Shareholders on the Entitlement Date.

The maximum number of 34,040,375 Bonus Shares was arrived at after taking into account the issued and paid-up share capital of the Company as at the LPD of RM68,080,750 comprising 68,080,750 Kobay Shares (inclusive of 181,500 treasury shares) ("**Treasury Shares**").

In order to facilitate the Proposed Bonus Issue, it is not the intention of the Company to grant any share options to any eligible employees pursuant to the ESOS prior to the Entitlement Date.

The actual number of Bonus Shares to be issued will depend on the issued and paid-up share capital of the Company on the Entitlement Date after taking into consideration the quantum of the Treasury Shares (which are not entitled to the Bonus Shares).

The Entitlement Date will be determined at a later date upon the receipt of all relevant approvals for the Proposed Bonus Issue. The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

In determining the shareholders' entitlements to the Proposed Bonus Issue, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as the Board, in their discretion, thinks expedient and in the best interest of the Company.

For illustration purposes, throughout this Circular, the proforma effects of the Proposals shall be based on the following 2 scenarios:

- |                         |   |
|-------------------------|---|
| <b>Minimum Scenario</b> | : Assuming none of the Treasury Shares are resold prior to the Entitlement Date |
| <b>Maximum Scenario</b> | : Assuming all the Treasury Shares are resold prior to the Entitlement Date     |

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### 2.1.2 Capitalisation of reserves

The Proposed Bonus Issue will be capitalised firstly from the Company's share premium account and the remaining from the retained profits account.

The proposed capitalisation for the Proposed Bonus Issue based on the Company's latest audited financial statements for the FYE 30 June 2016 are illustrated below:

#### **Minimum Scenario**

<b>Company Level</b>	<b>Share premium</b>	<b>Retained profits</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Audited as at 30 June 2016	2,345,604	33,737,031	36,082,635
<i>Less:</i>			
Amount to be capitalised pursuant to the Proposed Bonus Issue	(2,345,604)	(31,604,021)	(33,949,625)
Estimated expenses for the Proposals	-	(75,000)	(75,000)
<b>After the Proposed Bonus Issue</b>	<b>-</b>	<b>2,058,010</b>	<b>2,058,010</b>

#### **Maximum Scenario**

<b>Company Level</b>	<b>Share premium</b>	<b>Retained profits</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Audited as at 30 June 2016	2,345,604	33,737,031	36,082,635
<i>Less:</i>			
Amount to be capitalised pursuant to the Proposed Bonus Issue	(2,345,604)	(31,694,771)	(34,040,375)
Estimated expenses for the Proposals	-	(75,000)	(75,000)
<b>After the Proposed Bonus Issue</b>	<b>-</b>	<b>2,042,260</b>	<b>1,967,260</b>

Pursuant to Paragraph 6.30(1) of the Listing Requirements, the Board confirms that the Company has adequate reserves available for capitalisation of the Bonus Shares and such reserves required for capitalisation of the Bonus Shares are unimpaired by losses on a consolidated basis based on the latest audited consolidated financial statements of Kobay for the FYE 30 June 2016.

### 2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Kobay Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the Bonus Shares.



#### 2.1.4 Listing of and quotation for the Bonus Shares

Bursa Securities had vide its letter dated 31 October 2016, approved the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

Upon obtaining all the necessary approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than 4 market days after the date of listing and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

### 2.2 Proposed Increase in Authorised Share Capital

As at the LPD, the authorised share capital of Kobay is RM100,000,000 comprising 100,000,000 Kobay Shares, of which RM68,080,750 comprising 68,080,750 Kobay Shares have been issued and fully paid-up.

The Proposed Increase in Authorised Share Capital will entail the increase in the authorised share capital of Kobay from RM100,000,000 comprising 100,000,000 Kobay Shares to RM200,000,000 comprising 200,000,000 Kobay Shares to facilitate the issuance of new Kobay Shares pursuant to the Proposed Bonus Issue as well as to cater for any increase in the share capital of the Company in the future.

### 2.3 Proposed Amendments

The Proposed Amendments are to facilitate the implementation of the Proposed Increase in Authorised Share Capital.

The details of the Proposed Amendments are as follows:

Clause / Article	Existing provision	Amended provision
Clause 5 in the Memorandum of Association	The capital of the Company is RM100,000,000.00 Malaysia Ringgit divided into 100,000,000 ordinary shares of RM1.00 each.	The capital of the Company is <b>RM200,000,000.00</b> Malaysia Ringgit divided into <b>200,000,000</b> ordinary shares of RM1.00 each.
Article 3 in the Articles of Association	The authorised share capital of the Company at the date of adoption of these Articles, is Ringgit Malaysia One Hundred Million (RM100,000,000.00) divided into One Hundred Million (100,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each.	The authorised share capital of the Company at the date of adoption of these Articles, is <b>Ringgit Malaysia Two Hundred Million (RM200,000,000.00)</b> divided into <b>Two Hundred Million (200,000,000)</b> ordinary shares of Ringgit Malaysia One (RM1.00) each

## 3. RATIONALE FOR THE PROPOSALS

### 3.1 Proposed Bonus Issue

The Proposed Bonus Issue is intended to reward the shareholders of the Company for their loyalty and continued support to the Kobay Group.

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for Kobay to reward its shareholders, as the Proposed Bonus Issue:

- (i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of Kobay Shares held, whilst maintaining their percentage of equity interest;
- (ii) will increase the issued and paid-up share capital of the Company to a level which better reflects the current size and scale of the Kobay Group's operations and assets employed; and
- (iii) is expected to enhance the marketability and trading liquidity of Kobay Shares on the Main Market of Bursa Securities.

### 3.2 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital is undertaken to facilitate the issuance of new Kobay Shares pursuant to the Proposed Bonus Issue as well as to cater for any increase in the share capital of the Company in the future.

### 3.3 Proposed Amendments

The Proposed Amendments are undertaken to facilitate the Proposed Increase in Authorised Share Capital.

## 4. EFFECTS OF THE PROPOSALS

The Proposed Increase in Authorised Share Capital and Proposed Amendments will not have any effects on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company, NA per Share, gearing, earnings and EPS of the Kobay Group.

However, the proforma effects of the Proposed Bonus Issue on the issued and paid-up share capital, substantial shareholders' shareholdings of the Company, NA per Share, gearing, earnings and EPS of the Kobay Group are illustrated based on the following 2 scenarios:

**Minimum Scenario** : Assuming none of the Treasury Shares are resold prior to the Entitlement Date

**Maximum Scenario** : Assuming all the Treasury Shares are resold prior to the Entitlement Date

### 4.1 Issued and paid-up share capital

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the issued and paid-up share capital of Kobay are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Kobay Shares	<sup>(a)</sup> RM	No. of Kobay Shares	<sup>(a)</sup> RM
Issued and paid-up share capital as at the LPD <sup>(b)</sup>	68,080,750	68,080,750	68,080,750	68,080,750
Kobay Shares to be issued pursuant to the Proposed Bonus Issue	<sup>(c)</sup> 33,949,625	<sup>(c)</sup> 33,949,625	34,040,375	34,040,375
<b>Enlarged share capital after the Proposed Bonus Issue</b>	<b><u><sup>(c)</sup>102,030,375</u></b>	<b><u><sup>(c)</sup>102,030,375</u></b>	<b><u>102,121,125</u></b>	<b><u>102,121,125</u></b>

**Notes:**

(a) Based on the ordinary shares of RM1.00 each in Kobay.

(b) Including 181,500 Treasury Shares held by the Company as at the LPD.

(c) After excluding 181,500 Treasury Shares held by the Company as at the LPD, which are not entitled to the Bonus Shares.

## 4.2 NA and gearing

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the NA and gearing of the Kobay Group based on its audited consolidated statement of financial position as at 30 June 2016 are as follows:

### Minimum Scenario

<b>Group Level</b>	<b>Audited as at 30 June 2016</b>	<b>After the Proposed Bonus Issue</b>
	<b>RM</b>	<b>RM</b>
Share capital	68,080,750	102,030,375
Treasury shares	(221,473)	(221,473)
Share premium	2,345,604	(a)_
Capital reserve	1,550,000	1,550,000
Currency translation reserve	235,937	235,937
Retained profits	68,334,148	(a)(b)36,655,127
<b>Equity attributable to owners of the Company / NA</b>	<b>140,324,966</b>	<b>140,249,966</b>
No. of Kobay Shares issued	(c)67,899,250	(c)101,848,875
<b>NA per Share (RM)</b>	<b>2.06</b>	<b>1.38</b>
Total borrowings (RM)	11,423,958	11,423,958
<b>Gearing ratio (times)</b>	<b>0.08</b>	<b>0.08</b>

#### **Notes:**

- (a) After capitalisation of RM2,345,604 from the share premium account and RM31,604,021 from the retained profits account of the Company pursuant to the Proposed Bonus Issue.
- (b) After deducting the estimated expenses in relation to the Proposals of approximately RM75,000.
- (c) Excluding Treasury Shares.

### Maximum Scenario

<b>Group Level</b>	<b>Audited as at 30 June 2016</b>	<b>After the Proposed Bonus Issue</b>
	<b>RM</b>	<b>RM</b>
Share capital	68,080,750	102,121,125
Treasury shares	(221,473)	(a)_
Share premium	2,345,604	(b)_
Capital reserve	1,550,000	1,550,000
Currency translation reserve	235,937	235,937
Retained profits	68,334,148	(b)(c)36,564,377
<b>Equity attributable to owners of the Company / NA</b>	<b>140,324,966</b>	<b>140,471,439</b>
No. of Kobay Shares issued	(d)67,899,250	102,121,125
<b>NA per Share (RM)</b>	<b>2.06</b>	<b>1.38</b>
Total borrowings (RM)	11,423,958	11,423,958
<b>Gearing ratio (times)</b>	<b>0.08</b>	<b>0.08</b>

**Notes:**

- (a) *Assuming all the Treasury Shares held by the Company are resold at its purchase cost such that there will be no gain or loss arising from such resale prior to the Entitlement Date.*
- (b) *After capitalisation of RM2,345,604 from the share premium account and RM31,694,771 from the retained profits account of the Company pursuant to the Proposed Bonus Issue.*
- (c) *After deducting the estimated expenses in relation to the Proposals of approximately RM75,000.*
- (d) *Excluding Treasury Shares.*

**4.3 Earnings and EPS**

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Kobay Group for the financial year ending 30 June 2017. However, there will be a corresponding dilution in the EPS of the Kobay Group as a result of the increase in the number of Kobay Shares arising from the Proposed Bonus Issue.

**4.4 Substantial shareholders' shareholdings**

The Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial shareholders of Kobay. However, the number of Kobay Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

**4.5 Convertible securities**

As at the LPD, the Company does not have any outstanding convertible securities.

**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest closing market prices of the Kobay Shares traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	<b>Low RM</b>	<b>High RM</b>
<b>2015</b>		
November	1.46	2.74
December	2.06	2.47
<b>2016</b>		
January	1.46	2.22
February	1.38	1.75
March	1.41	1.71
April	1.43	1.59
May	1.25	1.49
June	1.14	1.30
July	1.15	1.41
August	1.17	1.30
September	1.13	1.22
October	1.15	1.66
Last transacted price of Kobay Shares as at 24 October 2016 (being the latest date immediately before the Announcement)		1.29
Last transacted market price on 2 November 2016 (being the latest practicable date prior to the issuance of this Circular)		1.58

(Source: Bloomberg)

## 6. APPROVALS REQUIRED

The Proposals are subject to and conditional upon the approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The approval from Bursa Securities for the abovementioned was obtained vide its letter dated 31 October 2016, and is subject to the following conditions:

<b>No.</b>	<b>Conditions</b>	<b>Status of compliance</b>
(1)	Kobay and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	Noted.
(2)	Affin Hwang IB to inform Bursa Securities upon completion of the Proposed Bonus Issue;	To be complied.
(3)	Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and	To be complied.
(4)	Affin Hwang IB is required to make relevant announcements pursuant to Paragraphs 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements.	To be complied.

- (ii) the shareholders of Kobay at an EGM to be convened for the Proposals; and
- (iii) any other relevant authorities, if required.

## 7. INTER-CONDITIONALITY

The Proposals are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of the Company and/or persons connected to them have any interest, directly or indirectly, in the Proposals apart from their respective entitlements to the Bonus Shares as shareholders of Kobay, to which all other Entitled Shareholders are similarly entitled to.

## 9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and shareholders.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the first quarter of 2017.

The tentative timetable for the implementation of the Proposed Bonus Issue is as follows:

<b>Tentative timeline</b>	<b>Event</b>
Mid December 2016	<ul style="list-style-type: none"><li>▪ Convening of EGM to obtain the approval of our shareholders.</li><li>▪ Announcement of the Entitlement Date for the Proposed Bonus Issue.</li></ul>
Early January 2017	<ul style="list-style-type: none"><li>▪ Entitlement Date.</li><li>▪ Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.</li></ul>

## 11. CORPORATE EXERCISE ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.

## 12. EGM

The EGM, the notice of which is set out in this Circular, will be held at 4<sup>th</sup> Floor, Wisma Kobay, No.42-B, Jalan Rangoon, 10400 Georgetown, Penang, on Wednesday, 14 December 2016 at 3.30 p.m. or immediately following the conclusion or adjournment of the 22<sup>nd</sup> AGM of the Company to be held at the same venue and on the same date at 2.30 p.m., for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Proxy Form in accordance with the instructions contained thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 3<sup>rd</sup> Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang, not less than 48 hours before the time fixed for holding the EGM or at any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

## 13. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix II for further information.

Yours faithfully,  
For and on behalf of the Board of  
**KOBAY TECHNOLOGY BHD**

**DATO' KOAY HEAN ENG**  
Managing Director / Chief Executive Officer

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**PART B**

**PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

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## DEFINITIONS

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Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	:	Companies Act, 1965
EGM	:	Extraordinary General Meeting
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Director(s)	:	Shall have the meaning given in section 2(1) of the Capital Market and Services Act 2007 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 Company, its subsidiary or holding company or a chief executive officer of Kobay, its subsidiary or holding company.
Kobay or Company	:	Kobay Technology Bhd (308279-A)
Kobay Group or Group	:	Kobay and its subsidiaries collectively
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and all amendments thereto
LPD	:	20 October 2016, being the latest practicable date before the printing of this Circular
Major Shareholder	:	<p>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 :</p> <p>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or</p> <p>(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.</p> <p>For the purpose of the definition, “interest in shares” has the meaning given under section 6A of the Act</p>
Proposed Amendments of Articles of Association	:	The Proposed Amendments to the Company’s Articles of Association in view of the amendments made to the Listing Requirements

References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, our subsidiaries. All references to “you” are to our shareholders.



Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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**PART B****LETTER TO THE SHAREHOLDERS OF KOBAY IN RELATION TO THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION** **PAGE**

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**NOTICE OF EGM** **ENCLOSED**

**PROXY FORM** **ENCLOSED**



(Company No. 308279-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office**

3<sup>rd</sup> Floor, Wisma Kobay  
No. 42-B, Jalan Rangoon  
10400 Georgetown  
Penang

7 November 2016

**Board of Directors:**

Dr. Mohamad Zabdi Bin Zamrod (*Chairman / Independent and Non-Executive Director*)  
Dato' Koay Hean Eng (*Managing Director / Chief Executive Officer*)  
Koay Cheng Lye (*Executive Director / Chief Administrative Officer*)  
Lim Swee Chuan (*Executive Director / Chief Financial Officer*)  
Koay Ah Bah @ Koay Cheng Hock (*Non-Independent and Non-Executive Director*)  
Khaw Eng Peng (*Senior Independent and Non-Executive Director*)

**To: The Shareholders of Kobay**

Dear Sir/Madam,

**PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

---

**1. INTRODUCTION**

The Board had on 2 November 2016 announced that the Company proposed to seek its shareholders' approval for the Proposed Amendments of Articles of Association.

**THE PURPOSE OF THE PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION TOGETHER WITH THE RECOMMENDATION OF YOUR BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.**

**SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THE PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION TO BE TABLED AT THE FORTHCOMING EGM.**

**2. DETAILS OF THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

The details of the Proposed Amendments of Articles of Association are set out in **Appendix I** to this Circular.

**3. RATIONALE FOR THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

The Proposed Amendments of Articles of Association is to align the Company's Articles of Association with the amendments made to the Listing Requirements as well as to facilitate some administrative matters.

**4. EFFECTS OF THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

The Proposed Amendments of Articles of Association will not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, net assets, dividend policy, gearing and earnings and earnings per Share of Kobay.

**5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders of Kobay and/or person connected to them have any interest, directly or indirectly, in the Proposed Amendments of Articles of Association.

**6. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Board, having considered the amendments made on the Listing Requirements by Bursa Securities and other administrative matters of the Company, is of the opinion that the Proposed Amendments of Articles of Association is in the best interest of the Company and shareholders.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Amendments of Articles of Association to be tabled at the forthcoming EGM.

**7. APPROVALS REQUIRED**

The Proposed Amendments of Articles of Association is subject to the approval being obtained from the shareholders of Kobay at the forthcoming EGM.

The Proposed Amendments of Articles of Association is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

**8. EGM**

The EGM, the notice of which is set out in this Circular, will be held at 4<sup>th</sup> Floor, Wisma Kobay, No.42-B, Jalan Rangoon, 10400 Georgetown, Penang, on Wednesday, 14 December 2016 at 3.30 p.m. or immediately following the conclusion or adjournment of the 22<sup>nd</sup> AGM of the Company to be held at the same venue and on the same date at 2.30 p.m., for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposed Amendments of Articles of Association.

If you are unable to attend and vote in person at the EGM, please complete, sign and return the enclosed Proxy Form in accordance with the instructions contained thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 3<sup>rd</sup> Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang, not less than 48 hours before the time fixed for holding the EGM or at any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**KOBAY TECHNOLOGY BHD**

**DATO' KOAY HEAN ENG**  
Managing Director / Chief Executive Officer

## DETAILS OF THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION

Article No.	Existing articles	Proposed amendments
74	<p>(1) At any general meeting a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person or by proxy, unless a poll is demanded (before or upon the declaration of the result of a show of hands):</p> <p>(a) by the Chairman of the meeting;</p> <p>(b) by at least two (2) members present in person or by proxy;</p> <p>(c) by any member or members present or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or</p> <p>(d) by a members or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p> <p>Providing that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.</p> <p>(2) Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has been carried or lost or has not been carried by any particular majority, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number, proportion or validity of the votes, recorded in favour of or against such resolution.</p>	<p><b>At any general meeting, a resolution put to the vote of the meeting shall be decided by poll. The Company must appoint at least one (1) scrutineer to validate the votes cast at the general meeting. Such scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. If such scrutineer is interested in a resolution to be passed at the general meeting, the scrutineer must refrain from acting as the scrutineer for that resolution. For this purpose, "officer" and "related corporation" shall have the meaning assigned to them in Sections 4 and 6 of the Act respectively.</b></p> <p><b>No poll shall be demanded on the election of a Chairman of a meeting or on any question of adjournment.</b></p>
75	<p>The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand, or join in demanding a poll, and for the purposes of the last proceeding Article, a demand by a person as proxy for a member shall be the same as demand by the member.</p>	<p><b>To be deleted.</b></p>

## DETAILS OF THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION (CONT'D)

Article No.	Existing Articles	Proposed amendments
77	If a poll is duly demanded it shall be taken in such manner as the Chairman may direct (including) the use of a ballot or voting papers or tickets) and the result of a poll shall be deemed the resolution of the meeting at which the poll was demanded. The Chairman may (and if so directed by the meeting shall) appoint scrutineers for purposes of a poll, any may adjourn the meeting to some place and time fixed by him for the purpose of declaring the results of the poll. In case of any disputes as to the admission or rejection of a vote, the Chairman shall determine the same, and such determination made in good faith shall be final and conclusive.	To be deleted.
78	Subject to Article 74, a poll demanded on any question shall be taken either at once or at such time and place as the Chairman directs not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded.	To be deleted.
79	The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the business on which a poll has been demanded.	To be deleted.
80	The demand for a poll may be withdrawn, and notice must be given of a poll not taken immediately.	To be deleted.
81	In the case of an equality of votes, whether on show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.	In the case of an equality of votes, <del>whether on show of hands or on a poll,</del> the Chairman of the meeting <del>at which the show of hands takes place or at which the poll is demanded, as the case may be,</del> shall have a second or casting vote.
82	(2) Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with these Articles, on a show of hands every person present who is a member or member's representative or proxy or attorney shall have one (1) vote and in the case of a poll every member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for every share held by him. A person entitled to more than one vote need not use all his votes he uses on a poll in the same way.	(2) Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with these Articles, <del>on a show of hands every person present who is a member or member's representative or proxy or attorney shall have one (1) vote and in the case of a poll</del> every member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for every share held by him. A person entitled to more than one vote need not use all his votes he uses on a poll in the same way.

## DETAILS OF THE PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION (CONT'D)

Article No.	Existing Articles	Proposed amendments
88	On a poll, voters may be given either personally or by proxy or by attorney, and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.	<b>To be deleted (duplicates of Article 82)</b>
91	The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notary certified or office copy of such power or authority, shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote, or in the case of the poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.	The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notary certified or office copy of such power or authority, shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote, <del>or in the case of the poll, not less than twenty four (24) hours before the time appointed for the taking of the poll,</del> and in default the instrument of proxy shall not be treated as valid.
92	A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument of proxy, or the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given provided that no intimation in writing of such death, unsoundness of mind, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting (or in the case of a poll, before the time appointed for the taking of the poll) at which instrument is used.	A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument of proxy, or the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given provided that no intimation in writing of such death, unsoundness of mind, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting <del>(or in the case of a poll, before the time appointed for the taking of the poll)</del> at which instrument is used.



## FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular, and they collectively and individually, accept full responsibility for the accuracy of the information given in this Circular. They confirm that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

### 2. CONSENT AND DECLARATION OF CONFLICT IN INTEREST

Affin Hwang IB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB, being the Principal Adviser for the Proposals, hereby declares that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to the Company for the Proposals.

### 3. MATERIAL LITIGATION

As at the LPD, save as disclosed below, the Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:

The Company and its subsidiary, Ultimate Sanctuary Sdn Bhd (as plaintiffs), had on 30 September 2016, filed a civil suit against Jaswinder Kaur A/P Gurbachan Singh and Darshan Singh (as defendants and partners of a law firm known as Jaswinder Gill & Associates) for the return of a stakeholder sum amounting to RM3,400,000, together with interest and costs. The said sum of RM3,400,000 was deposited by the Company with Jaswinder Gill & Associates as stakeholder pursuant to a proposed joint development transaction, and was to be refunded in the event the said transaction did not materialise by 31 October 2015. The plaintiffs allege that the defendants breached their obligation to return the stakeholder sum amounting to RM3,400,000 pursuant to the stakeholding agreement.

The counsel for the plaintiffs have effected service of the writ and statement of claim on the defendants on 7 October 2016 and the court has fixed the matter for case management on 3 November 2016.

### 4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments 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:

<b>Property, plant and equipment</b>	<b>RM</b>
Amount contracted but not provided for	1,798,720

FURTHER INFORMATION (CONT'D)

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**5. CONTINGENT LIABILITIES**

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

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours (except for Saturday, Sunday and public holidays) from the date of this Circular up to and including the date of our forthcoming EGM, at the registered office of the Company at 3<sup>rd</sup> Floor, Wisma Kobay, No. 42B, Jalan Rangoon, 10400 Georgetown, Penang:

- (i) Memorandum and Articles of Association of Kobay;
- (ii) the audited consolidated financial statements of Kobay for the past two (2) FYE 30 June 2015 and 30 June 2016;
- (iii) the letter of consent referred to in **Section 2** above; and
- (iv) the relevant cause papers in respect of the material litigation referred to in **Section 3** above.

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(Company No. 308279-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of Kobay Technology Bhd ("**Kobay**" or the "**Company**") will be held at 4<sup>th</sup> Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang, on Wednesday, 14 December 2016 at 3.30 p.m. or immediately following the conclusion or adjournment of the 22<sup>nd</sup> Annual General Meeting of the Company scheduled to be held at the same venue and on the same date at 2.30 p.m., whichever shall be later, for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without any modifications:

### ORDINARY RESOLUTION 1

**PROPOSED BONUS ISSUE OF UP TO 34,040,375 NEW ORDINARY SHARES OF RM1.00 EACH IN KOBAY ("BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM1.00 EACH IN KOBAY ("KOBAY SHARES" OR "SHARES") HELD, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")**

**"THAT** subject to the passing of Ordinary Resolution 2, the Special Resolution 1 and the approvals of all relevant authorities being obtained, the Board of Directors of Kobay ("**Board**") be and is hereby authorised to capitalise an amount of up to RM34,040,375 from the share premium and retained profits account of the Company, and to apply such capitalised sums to make payment in full for up to 34,040,375 Bonus Shares to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing Kobay Shares held by the shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later;

**THAT** any fractional entitlements arising from the Proposed Bonus Issue, if any, shall be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem fit or expedient, and in the best interest of the Company;

**THAT** the Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Kobay Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which precedes the date of allotment of the Bonus Shares;

**AND THAT** the Board be and is hereby authorised to give effect to the Proposed Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

### ORDINARY RESOLUTION 2

**PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF KOBAY FROM RM100,000,000 COMPRISING 100,000,000 KOBAY SHARES TO RM200,000,000 COMPRISING 200,000,000 KOBAY SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")**

**"THAT**, subject to the passing of Ordinary Resolution 1 and the Special Resolution 1, the authorised share capital of Kobay be and is hereby increased from RM100,000,000 comprising 100,000,000 Kobay Shares to RM200,000,000 comprising 200,000,000 Kobay Shares by the creation of an additional 100,000,000 new Kobay Shares;

**AND THAT** the Board be and is hereby authorised to give effect to the Proposed Increase in Authorised Share Capital with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as it may deem necessary or expedient to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.”

## **SPECIAL RESOLUTION 1**

### **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF KOBAY (“PROPOSED AMENDMENTS”)**

“**THAT** subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, approval be and is hereby given to the Board to approve the deletions, alterations, modifications, variations and additions to the Memorandum and Articles of Association of the Company as follows:

<b>Clause / Article</b>	<b>Existing provision</b>	<b>Amended provision</b>
Clause 5 in the Memorandum of Association	The capital of the Company is RM100,000,000.00 Malaysia Ringgit divided into 100,000,000 ordinary shares of RM1.00 each.	The capital of the Company is <b>RM200,000,000.00</b> Malaysia Ringgit divided into <b>200,000,000</b> ordinary shares of RM1.00 each.
Article 3 in the Articles of Association	The authorised share capital of the Company at the date or adoption of these Articles, is Ringgit Malaysia One Hundred Million (RM100,000,000.00) divided into One Hundred Million (100,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each.	The authorised share capital of the Company at the date or adoption of these Articles, is <b>Ringgit Malaysia Two Hundred Million (RM200,000,000.00)</b> divided into <b>Two Hundred Million (200,000,000)</b> ordinary shares of Ringgit Malaysia One (RM1.00) each.

**AND THAT** the Board be and is hereby authorised to give effect to the Proposed Amendments and to take all steps and do all acts and things in any manner as they may deem necessary to complete, finalise, implement and give full effect to the Proposed Amendments.”

## **SPECIAL RESOLUTION 2**

### **PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

“**THAT** the Proposed Amendments of Articles of Association as set out in **Appendix I** of this Circular, be and is hereby approved.

**AND THAT** the Directors and Secretary of the Company be and are hereby authorised to do all such acts, deeds and things to execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to give effect to and implement the Proposed Amendments of Articles of Association with full power to assent to any conditions, modifications, variations and alterations as may be imposed or permitted by the relevant authorities.”

By order of the Board

**CHAN MUN SHEE (MAICSA 7003071)**

**WONG MEE CHOON (MACS 01562)**

Company Secretaries

Penang

7 November 2016

**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 3<sup>rd</sup> Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 Georgetown, 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 5 December 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

(The rest of this page is intentionally left blank)



(Company No. 308279-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

## 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, **THE CHAIRMAN OF THE MEETING** as my/ our proxy, to vote for me/ us on my/ our behalf at the Extraordinary General Meeting of the Company to be held at 4<sup>th</sup> Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Wednesday, 14 December 2016 at 3.30 p.m. or immediately upon the conclusion or adjournment, as the case may be, of the 22<sup>nd</sup> Annual General Meeting of Kobay which has been scheduled to be held at the same venue on the same day at 2.30 p.m.

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.

RESOLUTIONS	FOR*	AGAINST*
ORDINARY RESOLUTION 1 - PROPOSED BONUS ISSUE		
ORDINARY RESOLUTION 2 - PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL		
SPECIAL RESOLUTION 1 - PROPOSED AMENDMENTS		
SPECIAL RESOLUTION 2 - PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION		

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

Total number of Shares held	
CDS Account Number	

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
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 3<sup>rd</sup> Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 Georgetown, 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 5 December 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretaries  
**KOBAY TECHNOLOGY BHD**  
(Company No. 308279-A)  
3<sup>rd</sup> Floor, Wisma Kobay  
No. 42-B, Jalan Rangoon  
10400 Georgetown  
Penang

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