

Bursa Malaysia Announcement

Proposed acquisition of additional equity interest in Micro Surface Treatment Sdn. Bhd. by Lipo Corporation Sdn. Bhd.

1. INTRODUCTION

The Board of Directors of Kobay Technology Bhd. ("Kobay" or "the Company") wishes to announce that on 5 January 2018, Kobay's wholly owned subsidiary, Lipo Corporation Sdn. Bhd. (Company no. 491485-V)("Lipo") has entered into a Share Sale Agreement ("the Agreement") with Wong Siew Tian ("the Vendor"), a minority shareholder of Micro Surface Treatment Sdn. Bhd. (Company No. 549153-X) ("MST"), to acquire her entire equity interest of 2% in MST consisting of 5,000 ordinary issued shares for a total purchase consideration of RM66,689.78 (hereinafter referred to as "Proposed Acquisition").

2. DETAILS OF PROPOSED ACQUISITION

2.1 Background information on the Proposed Acquisition

Information on Lipo

Lipo was incorporated in Malaysia on 16 August 1999, is a wholly subsidiary of Kobay with an issued share capital of RM26,860,543.

Lipo is a management services and investment holding company

Information on MST

MST, a company incorporated in Malaysia on 31 May 2001, is a 88% owned subsidiary of Lipo with 250,000 ordinary shares have been issued and are fully paid-up. Its principal business is of precision plating and surface treatment.

Information on the Vendor

Ms Wong Siew Tian, NRIC No. 580111-01-5066, is a minority shareholder and also an employee of MST. She is holding 2% of equity interest in MST prior to the Proposed Acquisition.

2.2 Salient Terms of the Proposed Acquisition

The salient terms of the transaction agreed upon are as below :

- (a) Purchase Consideration : RM66,689.78;
- (b) Payment Term : Full payment upon execution of the Share Sale Agreement;
- (c) Other Conditions : upon execution of the agreement, the Vendor shall deliver the original share certificate and duly executed share transfer form to the Purchaser.

2.3 Basis and Justification of Determining the Purchase Price

The consideration of RM66,689.78 is based on 2% of the net tangible assets values of MST as at 30 November 2017.

2.4 Source of Funding

The Purchase Consideration will be satisfied entirely by Lipo's internally generated fund.

3 RATIONALE FOR PROPOSED ACQUISITION

Upon her retirement from MST, the vendor offers to sell and Lipo agrees to acquire her entire equity interest in MST.

The Proposed Acquisition will increase Lipo's equity interest in MST from 88% to 90%.

4 RISK FACTORS AND PROSPECTS

There are no liabilities including contingent liabilities and guarantees to be assumed by Lipo from the Proposed Acquisition. The Board does not envisage any specific risk associated with the Proposed Acquisition.

5 EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is not expected to have any material financial impact on the earnings, net assets, gearing and the share capital and substantial shareholding of Kobay Group in the current financial year ending.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM IN THE PROPOSED ACQUISITION

None of the Directors and/or substantial shareholders of Kobay or any person connected with them has any interest, direct or indirect, in the Proposed Acquisition.

7. STATEMENT BY DIRECTORS

The Directors are of the opinion that the Proposed Acquisition is in the best interest of the Company and it is fair and reasonable and is not detrimental to the Company and its Shareholders.

8. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Securities is 0.36%.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed upon execution of share transfer documentation within a month from the date of the Agreement.

10. APPROVALS SOUGHT

The Proposed Acquisition does not require approval from the shareholders of Kobay, Securities Commission, Foreign Investment Committee and other regulatory authorities.

11. DOCUMENTS AVAILABLE FOR INSPECTIONS

The Agreement will be made available for inspection at the registered office of Kobay at 3rd Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 Georgetown, Penang during the business hour from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 5 January 2018.