

**KOBAY TECHNOLOGY BHD (“KOBAY” OR “COMPANY”)  
General Announcement**

**Internal Reorganization of Pharmaceutical and Healthcare Division**

**1. INTRODUCTION**

The Board of Directors of Kobay (“**Board**”), wishes to announce that the Company had on 3 May 2024 completed the internal reorganization of its Pharmaceutical and Healthcare Division.

Kobay, Lim Beng Cheong (“**LBC**”), Chong Huei Shin (“**CHS**”), Tan Kim Fah (“**TKF**”) and Tee Yee May (“**TYM**”) (collectively referred to as “**Sellers**”) had on 9 April 2024, entered into a Share Swap Agreement (“**Agreement**”) with Avelon Healthcare Group Sdn. Bhd. (“**AHGSB**” or “**Purchaser**”) to dispose their entire equity interests (“**Sale Shares**”) in Avelon Healthcare Sdn. Bhd. (“**AHSB**”), Galaxy Healthcare Sdn. Bhd. (“**GHSB**”), Avelon Arise Sdn. Bhd. (“**AASB**”) and Arise Healthcare Sdn. Bhd. (“**ARHSB**”) (collectively referred to as “**Subject Companies**”), to AHGSB, a 70.0% owned subsidiary of Kobay, for an aggregate disposal consideration of RM22,580,536 (“**Disposal Consideration**”) to be satisfied by way of issuance of 205,277,600 new ordinary shares in AHGSB (“**AHGSB Shares**”) at an issue price of RM0.11 per AHGSB Share (“**Internal Reorganization**”).

Further details of the Internal Reorganization are set out in the ensuing sections.

**2. DETAILS OF THE INTERNAL REORGANIZATION**

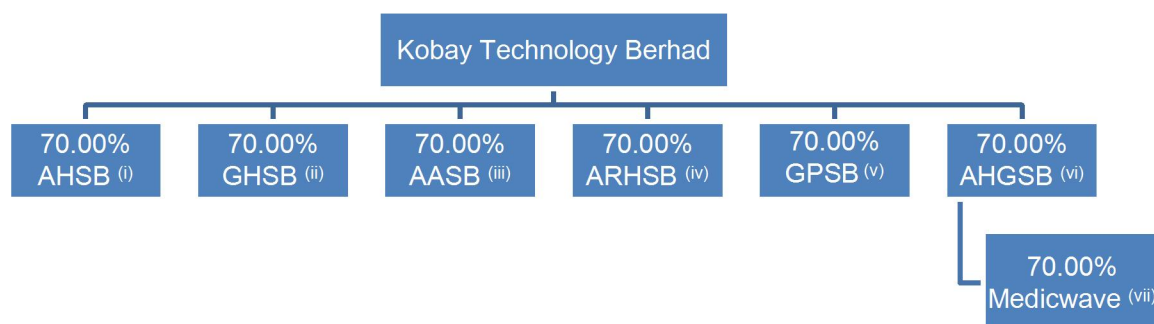
**2.1 Background information**

Kobay has vide an extraordinary general meeting held on 22 July 2021 obtained its shareholders approval for the acquisition of 70% equity interest in AHSB, GHSB, AASB, ARHSB and Galaxis Pharma Sdn. Bhd. (“**GPSB**”). The said acquisition was completed in August 2021.

On 20 December 2023, Kobay had incorporated a 70% owned subsidiary, AHGSB to facilitate the internal reorganization of the Pharmaceutical and Healthcare Division.

On 4 March 2024, Kobay had announced the completion of its acquisition of 70% equity interest in Medicwave (M) Sdn. Bhd. (“**Medicwave**”) by AHGSB.

**Pharmaceutical and Healthcare Division prior to the completion of the Internal Reorganization**



**Notes:**

- (i) The other shareholders of AHSB are LBC (15.00%) and CHS (15.00%).
- (ii) The other shareholders of GHSB are LBC (15.00%) and CHS (15.00%).
- (iii) The other shareholders of AASB are LBC (11.45%), CHS (11.45%) and TKF (7.10%).
- (iv) The other shareholders of ARHSB are LBC (10.00%), CHS (15.00%) and TYM (5.00%).
- (v) The other shareholders of GPSB are LBC (15.00%) and CHS (15.00%).

*For information purposes, GPSB's business has been consolidated into AHSB and hence, excluded from the Internal Reorganization. Subsequent thereto, Kobay, LBC and CHS had on 14 March 2024 entered into a Share Sale Agreement with Yeow Jiann Woei to dispose their entire equity interest in Galaxy Pharma Sdn. Bhd. ("GPSB") comprising 100 ordinary shares for a total cash consideration of RM100 ("GPSB Disposal"), which was completed on 25 March 2024. In view that the highest percentage ratio applicable to the GPSB Disposal is 0.36%, no announcement of the Disposal to Bursa Malaysia Securities Berhad ("Bursa Securities") is required pursuant to Paragraph 10.05(1) of the Main Market Listing Requirements of Bursa Securities.*

- (vi) The other shareholders of AHGSB are LBC (15.00%) and CHS (15.00%).
- (vii) The other shareholders of Medicwave are Chin Wai Foong (10.00%), Ho Pei Si (10.00%), Lim Lai Choo (10.00%) and AHSB (< 0.01%).

## **2.2 Information of the parties in relates to the Internal Reorganization**

### **2.2.1 AHGSB**

AHGSB was incorporated under the Companies Act, 2016 ("Act") on 20 December 2023. As at the date of this announcement, AGHSB has a share capital of RM100 consisting of 400 ordinary shares, which have been issued and are fully paid-up.

AHGSB's principal activity is investment holding and was incorporated to facilitate the Internal Reorganization.

The Directors of AHGSB are Dato' Seri Koay Hean Eng, CHS and Yee San Khien.

Upon completion of the Internal Reorganization, the shareholders of AHGSB are Kobay (70.00%), LBC (14.57%), CHS (14.70%), TKF (0.60%) and TYM (0.13%).

### **2.2.2. AHSB**

AHSB was incorporated under the Companies Act, 1965 on 18 June 2013. As at the date of this announcement, AHSB has a share capital of RM700,000 consisting of 700,000 ordinary shares, which have been issued and are fully paid-up.

AHSB is principally involved in the wholesale and retail sale of pharmaceutical and healthcare products. As at the date of this announcement, AHSB operates two (2) pharmacies under the "Park@City" brand name for which one of the pharmacy outlets located at Kepong was taken over from GPSB and one (1) warehouse store in Malaysia.

The Directors of AHSB are CHS, LBC, Yee San Khien, Koay Zee Ee, Chan Bee Luang and Chan Mun Shee (alternate director to Koay Zee Ee).

### **2.2.3 GHSB**

GHSB was incorporated under the Companies Act, 1965 on 29 August 2014. As at the date of this announcement, GHSB with a share capital of RM500,000 consisting of 500,000 ordinary shares, which have been issued and are fully paid-up.

GHSB is principally involved in the sale of healthcare products under the "Biobay" brand name. As at the date of this announcement, GHSB operates one (1) pharmaceutical store in Malaysia.

The Directors of GHSB are CHS, LBC, Yee San Khien, Koay Zee Ee, Chan Bee Luang and Chan Mun Shee (alternate director to Koay Zee Ee).

## 2.2.4 AASB

AASB was incorporated under the Companies Act, 1965 on 26 May 2016. As at the date of this announcement, AASB has a share capital of RM1,500,000 consisting of 1,500,000 ordinary shares, which have been issued and are fully paid-up.

AASB is principally involved in retail sale of pharmaceutical and healthcare products. As at the date of this announcement, AASB operates one (1) pharmacy in Malaysia under the “Park@City” brand name.

The Directors of AASB are CHS, TKF, Yee San Khien, Koay Zee Ee, Chan Bee Luang and Chan Mun Shee (alternate director to Koay Zee Ee).

## 2.2.5 ARHSB

ARHSB was incorporated under the Act on 7 September 2018. As at the date of this announcement, ARHSB has a share capital of RM100 consisting of 100 ordinary shares, which have been issued and are fully paid-up.

ARHSB is principally involved in retail sale of pharmaceutical and healthcare products. As at the date of this announcement, ARHSB operates one (1) pharmacy in Malaysia under the “Park@City” brand name.

The Directors of ARHSB are CHS, Tee Yee May, Yee San Khien, Koay Zee Ee, Chan Bee Luang and Chan Mun Shee (alternate director to Koay Zee Ee).

## 2.3 Internal Reorganization

The Internal Reorganization entails the disposal of Kobay’s 70% equity interests in its subsidiaries in the Pharmaceutical and Healthcare Division, namely AHSB, GHSB, AASB and ARHSB to AHGSB, for a total consideration of RM15,806,375 and satisfied by way of issuance of 143,694,320 new AHGSB Shares at an issue price of RM0.11 per AHGSB Share to Kobay. The issue price of RM0.11 per AHGSB Share under the Internal Reorganization was determined after taking into consideration the targeted enlarged total number of AHGSB Shares.

Upon completion of the Internal Reorganization, AHSB, GHSB, AASB and ARHSB became the wholly owned subsidiaries of AHGSB whilst AHGSB remained as a 70% owned subsidiary of Kobay.

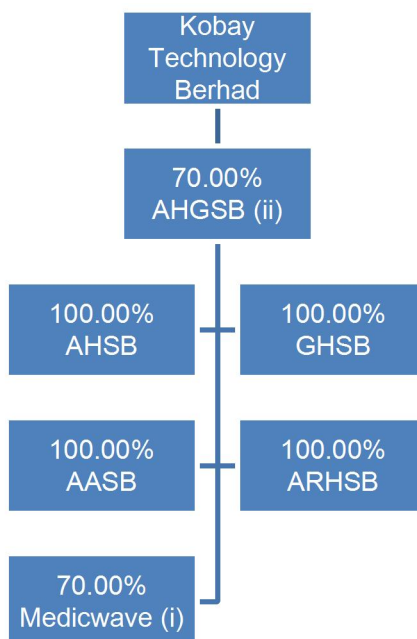
Details of Kobay’s shareholding in AHGSB before and after the Internal Reorganization are as follows:

	Before Internal Reorganization		No. of new AHGSB Shares issued pursuant to the Internal Reorganization				After Internal Reorganization	
			AHSB	AASB	ARHSB	GHSB		
	No. of AHGSB Shares	%	No. of AHGSB Shares	No. of AHGSB Shares	No. of AHGSB Shares	No. of AHGSB Shares	No. of AHGSB Shares	%
Kobay	280	70.00	100,712,570	12,084,870	3,808,490	27,088,390	143,694,320	70.00
LBC	60	15.00	21,581,265	1,976,030	544,070	5,804,655	29,906,020	14.57
CHS	60	15.00	21,581,265	1,976,030	816,105	5,804,655	30,178,055	14.70
TKF	-	-	-	1,227,170	-	-	1,227,170	0.60
TYM	-	-	-	-	272,035	-	272,035	0.13
<b>Total</b>	<b>400</b>	<b>100.00</b>	<b>143,875,100</b>	<b>17,264,100</b>	<b>5,440,700</b>	<b>38,697,700</b>	<b>205,277,600</b>	<b>100.00</b>

The Disposal Consideration was determined based on the adjusted net assets (“NA”) of AHSB, GHSB, AASB and ARHSB based on their respective audited NA as at 30 June 2023 and adjusted for dividends declared subsequent to the financial year end.

## 2.4 Pharmaceutical and Healthcare Division after the Internal Reorganization

On 3 May 2024, the Internal Reorganization was completed and the Pharmaceutical and Healthcare Division structure after the Internal Reorganization are illustrated as follows:



Notes:

- (i) The other shareholders of Medicwave are Chin Wai Foong (10.00%), Ho Pei Si (10.00%), Lim Lai Choo (10.00%) and AHSB (< 0.01%).
- (ii) The other shareholders of AHGSB are LBC (14.57%), CHS (14.70%), TKF (0.60%) and TYM (0.13%)

## 3. RATIONALE OF THE INTERNAL REORGANIZATION

The Internal Reorganization will enable Kobay to consolidate and rationalize the operation of its Pharmaceutical and Healthcare Division under AHGSB and subject to meeting all necessary requirements, facilitate the listing of AHGSB and its group of companies on Bursa Securities in the future.

## 4. EFFECTS OF THE INTERNAL REORGANIZATION

The Internal Reorganization does not have any effect on the share capital and substantial shareholders' shareholdings of Kobay as it does not involve any issuance of new ordinary shares in Kobay.

The Internal Reorganization is not expected to have any effect to the net assets, net assets per share, gearing, earnings and earnings per share of Kobay for the financial year ending 30 June 2024.

**5. APPROVALS REQUIRED**

The Internal Reorganization is not subject to approval of the shareholders of Kobay or any relevant governmental authorities.

**6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST IN THE INTERNAL REORGANIZATION**

None of the directors and major shareholders of Kobay and/or any persons connected to them have any direct or indirect interest in the Internal Reorganization.

**7. DIRECTORS STATEMENT**

The Board, after due consideration of all aspects of the Internal Reorganization, is of the opinion that the Internal Reorganization is in the best interest of the Company.

This announcement is dated 3 May 2024.