

KOBAY TECHNOLOGY BHD. (199401022600 (308279-A))

Subject:

Proposed Acquisition of Trademarks

1. INTRODUCTION

The Board of Directors of Kobay Technology Bhd. ("Kobay") ("the Company") wishes to announce that on 24 January 2025, Galaxis Healthcare Sdn. Bhd. [Registration No. 201401030948 (1107034-K)] ("GHSB" or "the Purchaser"), a wholly owned subsidiary company of Avelon Healthcare Group Sdn. Bhd. [Registration No. : 202301050597 (1544511-M)] ("AHGSB") who in turn is a 70% owned subsidiary company of Kobay, has entered into a Sales & Purchase Agreement (hereinafter referred to as "the Agreement") to acquire Trademarks from Ms. Chong Huei Shin (hereinafter referred to as "the Vendor") at a total consideration of RM2.2 million (Ringgit Malaysia : Two Million and Two Hundred Thousand Only) (hereinafter referred to as "The Proposed Acquisition").

2. BACKGROUND OF THE PROPOSED ACQUISITION

2.1 Information on GHSB

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

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 Chong Huei Shin ("the Vendor"), Lim Beng Cheong ("LBC"), Yee San Khien, Koay Zee Ee, Chan Bee Luang and Chan Mun Shee (alternate director to Koay Zee Ee).

2.2 Information on AHGSB

AHGSB was incorporated under the Companies Act, 2016 ("Act") on 20 December 2023. As at the date of this announcement, AHGSB has a share capital of RM22,580,636 consisting of 205,278,000 ordinary shares, which have been issued and are fully paid-up.

AHGSB's principal activity is investment holding.

The shareholders of AHGSB are Kobay (70.00%), CHS (14.70%), LBC (14.57%), Tan Kim Fah (0.60%) and Tee Yee May (0.13%).

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

2.3 Information of the Vendor and the Trademarks

The Vendor is common Director of GHSB, AHGSB and other wholly owned subsidiary companies of AHGSB, namely Avelon Healthcare Sdn. Bhd. ("AHSB"), Arise Healthcare Sdn. Bhd. ("ARHSB") and Avelon Arise Sdn. Bhd. ("AASB") (hereinafter referred to as "Avelon Group").

The Vendor holds 15% direct interest and 15% indirect interest through her spouse, LBC in AHGSB. LBC is also common director of AHSB, ARHSB and AA.

The Vendor is the registered proprietor of the trademarks as listed below (“the Trademarks”) together with the copyrights and design associated therewith were duly registered at the Malaysia Intellectual Property Corporation (“MyIPO”) :

No.	Product Name	Trademark No.	Date of Registration of Trademark at MyIPO
1	K'YANOLL	TM2018008815	12/09/2019
2	FITO-C	TM2020012072	23/6/2020
3	REZWEL	TM2020012073	23/6/2020
4	BBH2	TM2020003057	18/2/2020
5	Compleasure Plus+	TM2018008813	12/9/2021
6	OMVIZION	TM2021033548	8/9/2022
7	HARITY	TM2021033546	8/9/2022
8	MACOMEN	TM2021033545	8/9/2022
9	GYMCOCOSE	TM2021033549	8/9/2022
10	YO-SHIELD	TM2021033543	8/9/2022
11	URICARD	TM2021033541	8/9/2022
12	BIOBAY (NEW LOGO)	TM2019013275	4/11/2023
13	CELLOS 95	TM2022033256	11/1/2023
14	NOLEVAA	TM2022012548	20/5/2022
15	BIOBAY (OLD LOGO)	2014003176	20/3/2014
16	GASTOWIN	TM2022028562	7/12/2023
17	K'YANOLL LAB+	TM2020003055	18/2/2020
18	Comptrind	TM2020024705	3/11/2021

2.4 Purchase Consideration and Payment

The Purchase Consideration of the Proposed Acquisition amounting to Ringgit Malaysia Two Million Two Hundred Thousand (RM2.2 million) Only (“the purchase consideration”) was arrived based on the valuation conducted by an Independent Valuer, Messrs. Moore Advisory Sdn. Bhd. and the valuation value was reported between RM2.09 million to RM2.4 million.

The Purchase Consideration shall be remitted completely to the vendor within one (1) month from the date of this Agreement.

2.5 Salient terms of the Agreements

2.5.1. Terms of Sale

The Trademarks are sold -

- (i) free from all liens, charges and encumbrances; and
- (ii) with all rights attaching to it with effect from the date of this Agreement; and
- (iii) in reliance on the WARRANTIES stipulated in Clause 4 of the Agreement.

3. RATIONALE AND PROSPECT OF THE PROPOSED ACQUISITION

The Proposed Acquisition would provide GHSB with the opportunity to acquire the legal rights to use an established trademark, granting it exclusive ownership and control over the brand name and its associated intellectual property. The Proposed Acquisition would allow GHSB to safeguard its brand identity, reinforce consumer trust, and build long-term value by maintaining consistency in branding across all markets.

4. BASIS OF VALUATION, RISK AND LIABILITIES TO BE ASSUMED

The Purchase Consideration was arrived at a willing buyer and willing seller basis as stated in item 2.4 above.

The Board does not expect any material risk and liabilities, including contingent liabilities to be assumed by the Company arising from the Proposed Acquisition.

5. SOURCE OF FUNDS

The total Purchase Consideration of RM 2.2 million will be funded by internal fund.

6. EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will not have any effect on the share capital of the Company and the substantial shareholdings of the Company as the Proposed Acquisition does not involve issuance of new shares in the Company.

The Proposed Acquisition is not expected to have any material effect on the earnings and EPS of the Kobay Group for the financial year ending 30 June 2025.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Transaction pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Securities is 0.58%.

8. COMPLETION DATE

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed within one (1) month from the date of the Agreement.

9. APPROVAL SOUGHT

Save for the members' approval of AHGSB group, the Proposed Acquisition is not subject to any approval of the shareholders of Kobay or any relevant authorities.

10. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save for the Vendor, who is a related party, none of the directors and major shareholders of Kobay group and/or any person connected to them (as defined in Section 122A of the Companies Act, 1965) have any direct or indirect interests in the Proposed Acquisition.

11. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to the basis and justification of the purchase consideration, rationale, salient terms of the Agreement, effects of the Proposed Acquisition as well as the prospects of the AHGSB Group of Companies and the risks involved, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement with the Vendor dated 24th January 2025 are available for public inspection at Kobay's registered office located at 3rd Floor, Wisma Kobay, No. 42-B Rangoon Road, 10400 Georgetown, Penang, from Monday to Friday (except public holidays) at 9.00a.m. to 12.00noon and 2.00p.m. to 5.00p.m. for a period of three (3) months from the date of this announcement.

This announcement is dated 24th January 2025.