

KOBAY TECHNOLOGY BHD.

General Announcement

PROPOSED GROUP REORGANIZATION VIA INTER-COMPANY ACQUISITION OF WHOLLY-OWNED SUBSIDIARY COMPANY

1. INTRODUCTION

The Board of Directors of Kobay Technology Bhd. ("Kobay") wishes to announce that Kobay has on 8 February 2021 undertake a group reorganization via inter-company's acquisition of the 100% equity interest in Masset Capital Sdn Bhd ("Masset Capital") (formerly known as Omni Value Chain Sdn Bhd) from Kobay Industries Sdn Bhd ("KISB"), a wholly-owned subsidiary at a net asset value of RM112,000.00 ("reorganization").

2. BACKGROUND INFORMATION

Information on Masset Capital

Masset Capital was incorporated on 27 March 2015 as Upfront Project Sdn. Bhd. It changed its name to Omni Value Chain Sdn Bhd on 23 July 2015 and subsequently changed its name to Masset Capital Sdn Bhd on 1 September 2020. Its current paid up capital is RM300,000.00 comprising of 300,000 ordinary shares.

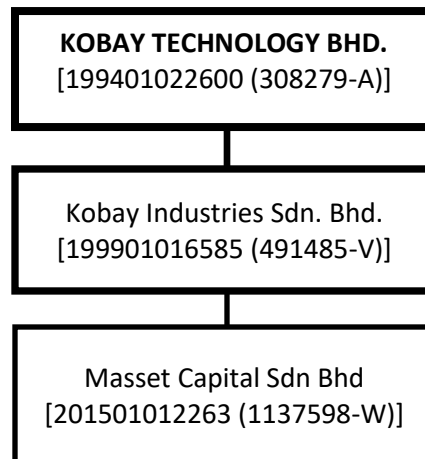
The intended principal activities of Masset Capital is investment holding company.

Information on KISB

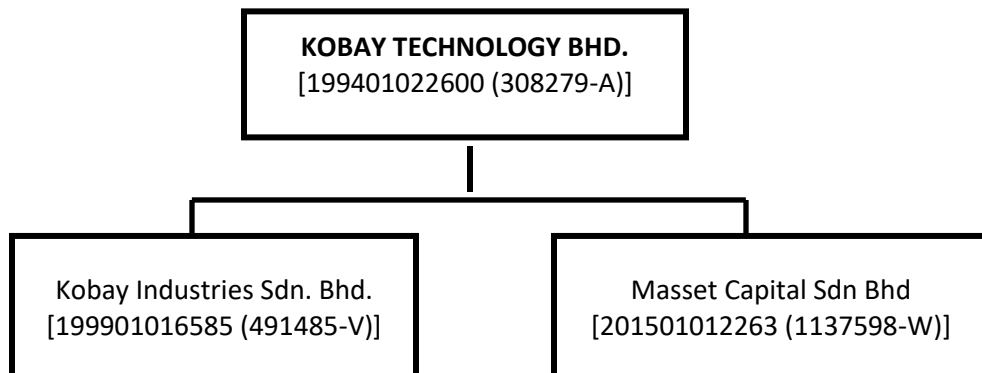
KISB was incorporated under the Companies Act, 1965 on 16 August 1999 under the name Bright Consolidated Sdn. Bhd. On 2 November 1999, it changed its name to Lipo Corporation Sdn Bhd and subsequently, on 1 December 2000, it was converted to a public company. On 22 October 2001, Lipo was listed on Second Board of Bursa Malaysia Securities Berhad (now known as Main Market of Bursa Malaysia Securities Berhad) but delisted its listing on 16 November 2012. It was converted into a private company and changed its name to Lipo Corporation Sdn. Bhd. on 22 January 2013 and subsequently changed its name to Kobay Industries Sdn Bhd on 5 April 2018.

KISB is principally involved in investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiaries of KISB consist of manufacturing of precision machined components and parts, precision metal stamping and sheet metal parts, precision plating and surface treatment.

Organization Structure prior to Reorganization



Organization Structure after Reorganization



3. RATIONALE AND PROSPECT OF THE REORGANIZATION

The restructuring is for better managing and controlling of the activities under the same portfolio. All non manufacturing activities eg. Property development, investment holdings etc are under Kobay Technology and all manufacturing activities subsidiaries are streamlined under Kobay Industries.

4. BASIS AND JUSTIFICATION FOR ARRIVING AT THE PURCHASE CONSIDERATION

The purchase Consideration was arrived based on the net tangible assets value of the Company as at 30 November 2020 and will be fully satisfied in cash.

5. FINANCIAL EFFECT OF THE REORGANIZATION

(a) **On earnings and earnings per share**

The change of equity interest is not expected to have any material effects on the earnings of Kobay Group for the financial year ending 30 June 2021.

(b) **On net assets and gearing**

The change of equity interest does not have any effect on net assets and gearing of Kobay Group for the financial year ending 30 June 2021.

(c) **On share capital and substantial shareholders' shareholdings**

The change of equity interest does not have any effect on the paid up capital and substantial shareholders' shareholdings of Kobay.

6. PERCENTAGE RATIO

The percentage ratio is not applicable to the proposed reorganization pursuant to Paragraph 10.02(g) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements of Bursa Securities as the reorganization is between Kobay and its wholly-owned subsidiary, KISB.

7. RISK FACTORS

There is no risk and liability to be assumed by Kobay arising from the reorganization.

8. APPROVAL REQUIRED

The reorganization does not require approval from the shareholders of Kobay or any regulatory authorities

9. INTEREST OF DIRECTORS AND/ OR SUBSTANTIAL SHAREHOLDERS AND/ OR PERSON CONNECTED TO THEM

None of the directors and/or substantial shareholder of Kobay or any person connected with them (as defined in Section 197 of the Companies Act, 2016) have any interest, direct or indirect, in the reorganization.

10) STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of Kobay after due consideration of all aspects of the reorganization, is of the opinion that the consideration is reasonable and is in the best interest of the Company.

This announcement is dated 8 February 2021