

KOBAY TECHNOLOGY BHD.

General Announcement – Others

Subject : Proposed Divestment in Kual Technologies Sdn Bhd

1. INTRODUCTION

The Board of Directors of Kobay Technology Bhd (“Kobay”) wishes to announce that on 29 November 2021, Kobay had divested its 49% equity interest in Kual Technologies Sdn. Bhd. [Company No. : 199801000031(456157-P)] (“KUAL” or “the Company”) to Ms Poh Li Pheng (“the Investor”) consisting of 490,000 ordinary shares for a cash consideration of RM123,400-00 (hereinafter referred to as “Proposed Divestment”). Upon the completion of the Proposed Divestment, KUAL will become a 51% owned subsidiary of Kobay.

2. DETAILS OF THE PROPOSED DIVESTMENT

2.1 Background Information on the Proposed Divestment

Information on Kual Technologies Sdn. Bhd. (“KUAL”)

KUAL was incorporated in Malaysia on 2 January 1998. Its current issued and paid up capital is RM1,000,000-00 comprising of 1,000,000 ordinary shares for which Kobay owned 100% equity interest in the Company and to-date, the Company has yet to commence in business.

Information on the Investor

Ms Poh Li Pheng (NRIC No. 750616-07-5506) is interested to invest in the Company by taking over 490,000 ordinary shares in the Company’s issued and paid up capital for the total consideration sum of RM123,400-00 (Ringgit Malaysia : One Hundred and Twenty Three Thousand and Four Hundred Only)(“the Consideration Sum”).

2.2. Rationale and Benefits of the Proposed Divestment

Ms Poh Li Pheng has experience in aluminium extrusion and trading business in the past 5 years and she is interested to contribute her knowledge in assisting the Company to set up its manufacturing of aluminium frames for renewal energy and aluminium products for other industries.

The Company is interested to leverage onto Ms Poh’s experience where both parties agreed to jointly invest in KUAL to kick start the manufacturing of aluminium frames for renewal energy vide Ms. Poh’s acquisition of the 49% equity interest in KUAL from Kobay.

2.3 Basis and Justification of Determining the Consideration Sum

The Consideration Sum of RM123,400-00 is computed based on the Company’s net tangible assets as at 15 October 2021 amounting to RM251,762-00 for which was agreed by both parties and is on a “willing buyer willing seller” basis.

2.4 Salient Terms of the Proposed Divestment

The Consideration sum for the Proposed Divestment agreed by the parties shall be fully settled upon:-

- 1) delivery of the original share certificates and duly executed Section 105 form for the share transfer ;
- 2) duly signed Directors’ and/or Members’ resolution for the said share transfer; and
- 3) appointment of Ms Poh or her nominee to the Board of Directors of KUAL.

3. RISK FACTORS AND PROSPECTS

The Company has not commenced its business hence there is no risk encumbrance with the Proposed Divestment in relates to its current operation.

With Kobay has more than 35 years of manufacturing experience in metal parts coupled with Ms Poh's experience in aluminium extrusion and trading industries, Kobay will be able to venture into renewal energy industries.

This will enable Kobay to build its foothold into the up and coming sustainable industries, a brand new arena from those industries where Kobay has been serving in the past thus an enabler for Kobay to add another income stream to the Group.

4. EFFECTS OF THE PROPOSED DIVESTMENT

The Proposed Divestment 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 30 June 2022.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM IN THE PROPOSED DIVESTMENT

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 Divestment.

6. DIRECTORS STATEMENT/RECOMMENDATION

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

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Divestment pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Securities is 2.36%.

8. APPROVALS SOUGHT

The Proposed Divestment is not subject to the approval of the shareholders of Kobay or any regulatory authorities.

9. DOCUMENTS AVAILABLE FOR INSPECTIONS

The relevant documents 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 30 November 2021.