

KOBAY TECHNOLOGY BHD. (308279-A)

Subject: RELATED PARTY TRANSACTIONS

Purchase of material by Paradigm Metal Industries Sdn Bhd (wholly-owned subsidiary of Kobay Technology Bhd) from Anoz Industries Sdn. Bhd.

1. INTRODUCTION

The Board of Directors of Kobay Technology Bhd. ("Kobay") wishes to announce that its wholly-owned subsidiary, Paradigm Metal Industries Sdn Bhd ("PMI") wishes to purchase aluminium extrusion material with Anoz Industries Sdn. Bhd. ("Anoz") for amount of RM2,722,400. The details of the related party transaction (referred to as "the Transaction"), are as set out below :-

Subsidiary Company	Transacting parties	Interested parties	Nature of transactions	Total Cost
PMI	Anoz	Dato' Seri Koay Hean Eng being the Director of Kobay Group and Anoz and persons connected to him are also directors and major shareholders of Anoz	Purchase of aluminium extrusion material by PMI from Anoz	2,722,400

2. BACKGROUND INFORMATION

2.1 Information on Paradigm Metal Industries Sdn. Bhd. ("PMI")

PMI was incorporated in Malaysia on 3 October 1990. It is a wholly subsidiary of Kobay Industries Sdn. Bhd. who in turn is a wholly owned subsidiary of Kobay Technology Bhd. It has a paid-up capital of RM5,967,000 (Ringgit Malaysia : Five Million Nine Hundred Sixty Seven Thousand Only).

PMI is manufacturing of precision metal stamping and sheet metal parts.

2.2 Information on Anoz Industries Sdn. Bhd. ("Anoz")

Anoz was incorporated in Malaysia on 27 August 2002. The directors and major shareholders of the Company are persons connected to Dato' Seri Koay Hean Eng, Chief Executive Officer and a director of Kobay by virtue of their family relationship.

The directors namely Koay Wei Keong and Dennycia Koay Zee Wei, are son and daughter of Dato' Seri Koay Hean Eng and the major shareholder of the Company is Koay Wei Keong.

3. RATIONALE AND PROSPECT OF THE TRANSACTION

The Transaction as described above is necessary for the day-to-day operation of PMI and contribute to its operational sales revenue. PMI needs the material and Anoz is in the business. There is no liability to be assumed arising from the Transaction.

4. BASIS OF ARRIVIG AT THE PURCHASE PRICE

The Transaction is entered into at arm length based on normal commercial terms and pricing applicable to general public and are not prejudicial to the shareholders nor they are on terms more favorable to the interested parties than those generally available to the public and are also not detrimental to the minority shareholders of the Company.

6 FINANCIAL EFFECT OF THE TRANSACTIONS

The Transaction will not have any effect on the issued share capital and major shareholders' shareholdings of Kobay, and are not expected to have any effect on the earnings and net assets of Kobay for the financial year ending 30 June 2022.

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 1.3%.

8 APPROVAL REQUIRED

The Transaction is not subject to the approval from the shareholders of Kobay, Securities Commission, Foreign Investment Committee and other regulatory authorities.

9 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS INTERESTS

Saved as disclosed above, none of the other Directors and/or major shareholders of Kobay and/or persons connected with them have any interest, direct or indirect in the Transaction.

10 COMPLIANCE WITH THE SECURITIES COMMISSION'S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES

The Transaction is not subjected to the approval of the Securities Commission and does not fall under the Securities Commission's Policies and Guidelines on the issue/offer of Securities or any amendment thereof.

11 DIRECTORS' STATEMENT

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

This announcement is dated 15 November 2021