

Banking Facilities accepted by Kobay Group

Pursuant to Chapter 9.04(e) of the Listing Requirements, the Board of Directors of Kobay Technology Bhd. ("Kobay" or "the Company") wishes to announce that on 8 July 2022, Bend Weld Engineering Sdn. Bhd. (Registration No. 199001011995 (203565-P) ("BWE"), the wholly owned subsidiary company of Kobay Industries Sdn. Bhd. who in turn is a wholly owned subsidiary of Kobay, have accepted the following credit facilities offered by Messrs. Hong Leong Islamic Bank Berhad and Messrs. Hong Leong Bank Berhad ("the Bank") to finance the working capital and purchase of machineries.

Bank	Banking Facilities ["the Facility/(ies)"]	Facility Amount, Interest Rate, Tenure	Security(ies)
(1) Hong Leong Islamic Bank Berhad	CM Flexi Term Financing-I Purpose : Purchase machineries	RM2,000,000-00 Islamic Effective Cost of Fund ("ICOF")+1.25% per annum Monthly repayment until fully settled at end of the financing tenure	1) A first open monies specific debenture over machinery/equipment to be financed by the Bank under Hong Leong CM Flexi Term Financing-I to secure the payment of RM2,000,000-00 together with any profits, compensation charges and all amounts due and payable under the Facility(ies) thereon 2) Corporate Guarantee of Kobay for RM2,000,000-00 together with any profits, compensation charges and all amounts due and payable under the Facility(ies) thereon
(2) Hong Leong Islamic Bank Berhad	Commodity Murabahah Revolving Credit-I Purpose : Working Capital	USD500,000-00 ICOF+1.25% per annum To be fully settled at end of the financing tenure (shall not exceed 6 months)	1) Corporate Guarantee of Kobay for USD500,000-00 together with any profits, compensation charges and all amounts due and payable under the Facility(ies) thereon
3) Hong Leong Bank Berhad	USD Forward Exchange Contract (USD FEC) Facility Purpose : To hedge forward exchange exposure	USD50,000-00 The tenure is twelve (12 months)	1) A Facilities Agreement to secure repayment of the principal sum of USD50,000-00 together with interest thereon and all monies due and payable 2) Corporate Guarantee of Kobay for the principal sum of USD50,000-00 plus interest thereon and all other monies owing under or in respect of the Facilities and the relevant documents.

Risks associated with the above banking facilities are Interest Rate Risk, Credit Risk and Liquidity Risk. The Group is subject to Interest Rate Risk when interest rates change which may affect the Group bottom line. The credit risk is, in part, determined by its debt to equity ratio as rising borrowing will increase the overall credit risk of the Company, which, in turn, causes bankers to raise interest rates on new borrowings. Liquidity risk is the risk to the Group's financial condition arising from its inability to meet its contractual obligations. The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby banking facilities.

This announcement is dated 8 July 2022.