

Banking Facilities accepted by Kobay Group

Pursuant to Chapter 9.04(e) of the Listing Requirements, the Board of Directors of Kobay Technology Bhd. [Registration No. 199401022600 (308279-A)] ("Kobay" or "the Company") wishes to announce that on 24 February 2023, Kual Technologies Sdn. Bhd. [Registration No. 199801000031/456157-P)] ("Kual"), the wholly owned subsidiary company of Kobay, have accepted the following banking facilities amounting to USD26,200,000-00 offered by Messrs. HSBC Bank Malaysia Berhad [Registration No. 198401015221 (127776-V)] ("the Bank") with provision of corporate guarantee by Kobay amounting to USD18,200,000-00.

Banking Facilities ["the Facility/(ies)"]	Facility Amount, Interest Rate & Tenure	Securities
(1) Term Loan Purpose : To part finance machinery purchase.	USD 6,000,000-00 1.25% ("Margin") above the Applicable Term SOFR Reference Rate. The Availability Period of this Facility shall be 5 years including 6 months moratorium from the date of its first release.	1) A Facilities Agreement to secure repayment of the principal sum of USD16,200,000-00 together with interest thereon and all monies due and payable. 2) A specific debenture incorporating a fixed charge over the specific machinery to be financed under USD Fixed Term Loan and USD Revolving Credit to secure the repayment of the principal sum of USD6,000,000-00 together with interest thereon and all monies due and payable. 3) Corporate Guarantee by Kobay for the principal sum of USD16,200,000-00 plus interest thereon and all other monies owing under or in respect of the Facilities and the relevant documents.
(2) Revolving Loan Purpose : Working capital	USD2,000,000-00 1.25% ("Margin") above the Applicable Term SOFR Reference Rate.	
(3) Bank Guarantee Purpose : For issuance of security deposit/tender/performance bonds and other guarantee requirements	USD200,000-00	
(4) Combined Import Line Purpose : To finance imports and domestic purchases	USD8,000,000-00 -Documentary Credits (90 days) Interest 1.25% p.a above Applicable Term SOFR Reference Rate -Banker's Acceptance (90 days) Interest 0.85% p.a at daily rest above the Bank's Cost of Funds -Pre Shipment Buyer Loan (30 days) Interest 0.85% p.a at daily rest above the Bank's Cost of Funds -Post Shipment Buyer Loan (MYR-90 days) Interest 0.85% p.a at daily rest above the Bank's Cost of Funds -Foreign Currency Post Shipment Buyer Loan (90 days) Interest 0.85% p.a at daily rest above the Bank's Cost of Funds.	

Banking Facilities [“the Facility/(ies)”]	Facility Amount, Interest Rate & Tenure	Securities
5) Gross Foreign Exchange Contract Limit	USD10,000,000-00	Corporate Guarantee by Kobay for USD2,000,000-00.
Total :	Facility Amount USD26,200,000-00	Corporate Gurantee USD18,200,000-00

Risks associated with the above banking facilities are Interest Rate Risk, Exchange Risk, Credit Risk and Liquidity Risk. Kobay Group is subject to Interest Rate Risk when interest rates change which may affect the Group bottom line. As the borrowing is denominated in USD, the exchange rate of US Dollar against Malaysia Ringgit will affect the liability under the facilities outstanding. 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 Kobay Group’s financial condition arising from its inability to meet its contractual obligations. Kobay Group practices prudent liquidity risk management to minimize the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby banking facilities.

This announcement is dated 24 February 2023.