

KOBAY TECHNOLOGY BHD.

General Announcement _ Material Litigation

WRIT OF SUMMONS AND STATEMENT OF CLAIM RECEIVED BY PARADIGM METAL INDUSTRIES SDN. BHD. FROM SALUTICA ALLIED SOLUTIONS SDN. BHD., PENANG HIGH COURT SUIT NO. PA-22NCVC-130-08/2023

Pursuant to Paragraph 9.03 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Kobay Technology Bhd. (“Kobay”) wishes to inform that Paradigm Metal Industries Sdn. Bhd. [(Registration No. 199001013720(205290-X)] (“PMI” or “the Defendant”), a wholly-owned subsidiary of Kobay Industries Sdn. Bhd. who in turn is a wholly-owned subsidiary of Kobay, had on 15 August 2023 received a Writ of Summons and Statement of Claim filed by Messrs. Joel & Mei, the Solicitors acting on behalf of Salutica Allied Solutions Sdn. Bhd. [Registration No. 199001014672 (206341-H)] (“the Plaintiff”).

1. INFORMATION ON PMI

PMI is a wholly-owned subsidiary of Kobay Industries Sdn. Bhd. who in turn is a wholly-owned subsidiary of Kobay.

PMI is principally engaged in the manufacture of precision metal stamping, sheet metal and die casting parts. As of the date hereof, its total issued and paid-up capital is RM5,967,000.

2. THE DATE OF THE PRESENTATION OF THE WRIT OF SUMMONS AND STATEMENT OF CLAIM AND THE DATE OF THE WRIT OF SUMMON AND STATEMENT OF CLAIM WAS SERVED ON PMI

The Writ of Summons and Statement of Claim are both dated 11 August 2023 for which both were received by PMI on 15 August 2023 vide Messrs. Joel & Mei’s letter dated 15 August 2023 .

3. THE PARTICULARS OF THE CLAIM UNDER THE WRIT OF SUMMONS AND STATEMENT OF CLAIM

The Plaintiff is seeking and claiming PMI the following:-

- a) The sum of USD383,714.97, or alternatively the sum of RM1,757,222.71, to be paid by the Defendant to the Plaintiff or the account specified by the Plaintiff;
- b) Late payment interest of 1% per month is calculated from 01.08.2023 until the date of full settlement;
- c) Pre-judgment interest of 5% per annum on the amount of (a) and (b) above calculated from the date of filing of this action until the date of judgment;
- d) Judgment interest of 5% per annum on the amount of (a), (b) and (c) above calculated from the date of judgment until the date of full settlement;
- e) Cost for this suit; and
- f) Any other and/or further relief deemed expedient by this Honorable Court.

4. THE DETAILS OF THE DEFAULT OR CIRCUMSTANCES LEADING TO THE FILING OF THE WRIT OF SUMMON AND STATEMENT OF CLAIM ON PMI

Both the Plaintiff and PMI had entered into Framework Purchase Agreement dated 10 November 2021 (“Agreement”) where the Plaintiff has supplied to PMI various electronic products.

There were operational related disputes that remain unresolved by Plaintiff for which inclusive but not limited to wrongly built parts causing high rejection by end customer. End customer who has stopped order since Q2CY2022 and demand for detail inventory audit was carried out and the physical count report as at 10 August 2023 was signed off by three (3) parties include the end customer pending end customer decision on the compensation cost for those quality issue.

PMI has legitimate claims against the Plaintiff under the Agreement, details are within the knowledge of the Plaintiff, therefore PMI have strong defense of set-off and counter-claim against the Plaintiff.

5. THE FINANCIAL AND OPERATIONAL IMPACT OF THE WRIT OF SUMMON AND STATEMENT OF CLAIM ON THE GROUP FOR THE CURRENT FINANCIAL YEAR

The litigation is not expected to have other financial and operational impact to the Group for the current financial year as the judgement may not to be obtained before the current financial year ending 30 June 2024.

6. THE STEPS TAKEN AND PROPOSED TO BE TAKEN BY THE COMPANY IN RESPECT OF THE WRIT OF SUMMON AND STATEMENT OF CLAIM

PMI is seeking the legal advice to defense against this matter.

Further announcement(s) to Bursa Malaysia Securities Berhad will be made as and where there is any material development on the above matter in due course.

This announcement is dated 16 August 2023.