

**KOBAY TECHNOLOGY BHD (“KOBAY” OR THE “COMPANY”)
PROPOSED VARIATION OF UTILISATION OF BALANCE PROCEEDS RAISED FROM THE PRIVATE
PLACEMENT OF ORDINARY SHARES IN THE COMPANY**

1.0 INTRODUCTION

We refer to the Company’s announcements dated 5 November 2021, 8 November 2021, 11 November 2021, 16 November 2021, 25 November 2021, 26 November 2021, 26 April 2022, 5 May 2022, 9 November 2022 and 25 June 2024 in relation to the Private Placement. Unless otherwise stated, the terms used herein shall have the same meaning as defined in the said announcements.

Pursuant to the Private Placement, the Company had raised total gross proceeds of approximately RM110.445 million for the upgrading of setting up new aluminium manufacturing plant for Kobay Group’s manufacturing division. As at the date of this announcement, the Balance Proceeds from the Issuance of Shares and Private Placement stood at RM20.738 million (“Balance Proceeds”).

As part of the business strategic initiatives, the Board of Directors of Kobay Technology Bhd. (“the Board” or “the Company”) wishes to announce that the Company wishes to vary the utilisation of the Balance Proceeds raised from the Private Placement and reallocate the sum towards the working capital requirements of Kobay Group (“Proposed Variation”).

2.0 DETAILS OF THE UTILISATION AND PROPOSED VARIATION

Pursuant to the Proposed Variation and premised on the rationale set out below in this Announcement, the Board wishes to vary the utilisation of the Balance Proceeds in the following manner:-

| Utilisation Purposes | Original Utilisation | | | | Proposed Variation | | |
|---|-------------------------------|--|-----------------------------|--|---|-------------|--|
| | Original Utilisation (RM'000) | Amount utilised as at the date of this announcement (RM'000) | Balance unutilised (RM'000) | Timeframe for utilisation of proceeds | Proposed Revised Utilisation of the Balance Proceeds (RM'000) | Deviation % | Proposed Revised Time Frame for Utilisation of the Balance Proceeds (RM'000) |
| Setting up new aluminium manufacturing plant for the Group's manufacturing division | 59,995 | 39,259 | 20,738 | Original Time Frame - Within 24 months (from date of listing 26 November 2022) Revised Time Frame - Within 18 months (from 26 June 2024 till 25 February 2026) vide Bursa Announcement Reference No. GA1-25062024-00052 | (20,738) | 18.78 | - |
| Working capital | - | - | - | - | 20,738 | | Within 8 months till 25 February 2026 |
| Partial repayment of bank borrowings | 50,000 | 50,000 | - | - | - | | - |
| Estimated expenses in relation to the Proposed Private Placement | 450 | 450 | - | - | - | | - |
| Total | 110,445 | 89,709 | 20,738 | - | 20,738 | | - |

For the avoidance of doubt, the Proposed Variation will not impact our Group's commitment towards the capacity adequacy of our aluminium plant and machinery to ensure steady supply to our customers, as currently the aluminium extrusion plant has sufficient capacity servicing our existing and potential customers within foreseeable future.

3.0 RATIONALE FOR THE PROPOSED VARIATION

It is pertinent to note that the Proposed Variation forms part of our broader strategic initiatives which were formulated after a comprehensive review of our Group's business and operational framework.

The Proposed Variation arises from our Group's strategic decision to prioritise the utilisation of the Balance Proceeds towards the setting up our capability to provide manufacturing services for Electronic and Electrical Industries within eight (8) months, while the existing capacity of the aluminium extrusion plant is adequately equipped to meet existing and potential customers within foreseeable future. Such reallocation under the Proposed Variation is deemed to be a proactive and efficient financial strategy to align the deployment of the financial resources and enabling our Group to utilise the Balance Proceeds efficiently for immediate productive purposes.

In this regard, the Board is in opinion that the Balance Proceeds arising from the Private Placement shall be reprioritised and reallocated towards the working capital requirements of Kobay Group, as means to redeploy available capital to finance its project or operational needs. This in turn also allows with greater financial flexibility to support ongoing operations, fund day-to-day expenses, and respond more efficiently to emerging business needs, particularly in light of the evolving business environment and the need to maintain liquidity buffers for operational resilience and growth opportunities.

4.0 EFFECTS OF THE PROPOSED VARIATION

The Proposed Variation will not affect the issued share capital, substantial shareholders' shareholdings, earnings, or earnings per share of the Group. However, it is anticipated that the Proposed Variation will contribute positively to the Group's future earnings as the benefits of the revised utilization of the Private Placement proceeds are realized.

5.0 APPROVAL REQUIRED

The Proposed Variation is not subject to the approval of the shareholders of the Company or any regulatory authorities as the Private Placement was undertaken pursuant to the General Mandate. Nevertheless, the Board shall continue to be prudent in managing the Balance Proceeds and would disclose the status of the utilisation of the Balance Proceeds in its quarterly results and annual reports until its full utilisation.

6.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and major shareholders of Kobay Group and/or persons connected with them have any direct or indirect interest in the Proposed Variation.

7.0 DIRECTORS' STATEMENT

The Board, having taken into consideration all aspects including but not limited to the rationale and effects of the Proposed Variation, is of the opinion that the Proposed Variation is in the best interest of the Company and Group.

This announcement is dated 18 June 2025.