

Kobay Technology Bhd.

General Announcement

Subject : Proposed Recurrent Related Party Transactions

1.0 Introduction

The Board of Directors of Kobay Technology Bhd. ("Kobay" or "the Company") wishes to announce that as at on 13 June 2025, its wholly owned subsidiary company, Kobay UA Sdn. Bhd. [Registration No. 201801046422 (1308454-A)] ("Kobay UA") has received orders from PenAi Industries Sdn. Bhd. [Registration No. 202501005697 (1607111-T)] ("PenAi") to provide the contract manufacturing service for Electronic and Electrical Industries ("E&E Industries") with a consideration of approximately RM4,500,000-00 (Ringgit Malaysia: Four Million and Five Hundred Thousand only) (hereinafter refer to as "the Project").

2.0 Information of Parties

Kobay UA was incorporated in Malaysia on 21 December 2018 and is a wholly owned subsidiary of Kobay. Its principal activities had changed from property letting to providing contract manufacturing services for various kind of industries on 12 February 2025. The current issued capital of the Company is RM14,100,000 comprising of 1,500,000 ordinary shares and 12,600,000 redeemable convertible non-cumulative preference shares. Kobay UA has obtained the principal approval to manufacture from MIDA on 27 May 2025 and has decided to commence its manufacturing activities thereafter. The current Director of Kobay UA are Mr. Yee San Khien and Mdm Chan Mun Shee, both are Malaysian.

PenAi is a company incorporated in Malaysia with an issued capital of RM100,000-00 (Ringgit Malaysia : One Hundred Thousand Only). It is principally involved in supply chain management and providing solution to electronic and electrical industries. There are two Directors in PenAi, Mr. Tan Chen Ghee and Mdm Tan Lean EK Koon, both are Malaysian.

As of the date of this announcement, Dato' Seri Koay Hean Eng is the sole shareholder of PenAi and he has indirect interest in Kobay vide its substantial equity interest in Kobay's major shareholder, Kobay Holdings Sdn. Bhd.. Mr. Tan Chen Ghee, the Director of PenAi, is the son-in-law of Dato' Seri Koay.

3.0 The Project and its prospect

Kobay is desirous moving up the value chain and intend to venture into new arena that is synergistic to its manufacturing core business. Kobay UA now plans to begin its own manufacturing operations, leveraging its technical capabilities and skilled workforce to serve clients across various industries.

The Project refers to the manufacturing services for E&E Industries which was subcontracted out by PenAi to Kobay UA for which is in the ordinary course of business of Kobay UA and are on the normal commercial terms that is not more favourable to the related party than those generally available to the public. The Project sum is approximately RM4,500,000-00 and the details of the Project will be specified in the purchase order to be issued by PenAi to Kobay UA.

The Board believes that the Project will not only contribute positively to the Group but also enable Kobay UA to venture into the new arena of the value chain.

4.0 Source of Fund

The Project will be funded partly by financial institution loan and partly from internally generated fund.

5.0 Risk Factor of the Project

Kobay UA has decided to embark on the contract manufacturing services and is ready to receive any order from potential client after the change of its business activities.

With order received from PenAi, Kobay UA is expected to kick start its manufacturing activities and expected the Project will contribute positively to the earnings of Kobay UA upon its delivery of the goods completed per the purchase order to be received from PenAi.

The Board has exercised due care in considering the potential risks and benefits associated with the Project and the Board has concluded that the Project believed to be a strategic importance and will help to create a stable stream of revenue to Kobay UA thus benefiting the shareholders and stakeholders.

6.0 Financial Effects of the Project

The Project is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and the substantial shareholders' shareholdings of the Company for the financial year ending 30 Jun 2025. The Project is expected to contribute positively to the future earnings of Kobay UA.

7.0 Percentage Ratio

The highest percentage ratio applicable to the Project pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements is 1.2% based on the latest audited financial statements of the Company.

8.0 Approval Required

The Project is not subject to the approval of the shareholders of the Company at the time of this announcement. However, should the Project sum triggers the threshold stated in Chapter 10 of the Main Market Listing Requirement, the Company will seek the approval of the shareholders and the relevant authorities, if applicable.

9.0 Interest of Directors and Major Shareholders and/or Person Connected to Them

Save as disclosed below, none of the Directors of Kobay and/or any persons connected with them have any interest, direct or indirect in the Project.

Dato' Seri Koay Hean Eng, being the Director of Kobay, has indirect interest in Kobay vide its major shareholder, Kobay Holdings Sdn. Bhd. where Dato' Seri Koay owned 75% of the equity interest in Kobay Holdings Sdn. Bhd.. Mr. Koay Zee Ee who is the Director of Kobay and son of Dato' Seri Koay shall abstain and continue to abstain from deliberations and voting in respect of the Project.

10.0 Total Amount Transaction with the Same Related Party for the Preceding 12 months.

There was no transaction with the same related party for the preceding 12 months.

11.0 Statement by the Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company, after having considered all aspects of the Project, including but not limited to the rationale of the Project, the basis and justification of arriving at the Project sum and the terms of the Project, is of the view that the Project is :-

- (i) in the best interest of the Company;
- (ii) carried out at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public; and
- (iii) fair, reasonable and is not detrimental to the interest of the minority shareholders/non-interested shareholders of the Company

12.0 Director Statement

The Board (save for the Interested Director), after having considered all aspects of the Project and after careful deliberation, is of the opinion that the Project is :-

- (i) in the best interest of the Company;
- (ii) carried out at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public; and
- (iii) fair, reasonable and is not detrimental to the interest of the minority shareholders/non-interested shareholders of the Company

The view of the Board (save for the interested Director) was arrived at after having considered, among others, the rationale and the prospects of the Project.

This announcement is dated 13 June 2025.