

THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the next course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the Share Buy-Back Statement and the Circular on Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to its issuance as it is an exempt document pursuant to Practice Note 18 of Bursa Securities’ Listing Requirements. Bursa Securities takes no responsibility for the contents of this Statement/Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement/Circular. You should rely on your own evaluation to assess the merits and risks of this Statement/Circular.



Registration No.: 199401022600 (308279-A)
(Incorporated in Malaysia)

PART A

SHARE BUY-BACK STATEMENT

in relation to

PROPOSED RENEWAL OF EXISTING SHARE BUY-BACK AUTHORITY;

AND

PART B

CIRCULAR TO SHAREHOLDERS

in relation to

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Important Dates And Time :

The resolutions in respect of the above proposals will be tabled as Special Businesses at the Thirtieth (30th) Annual General Meeting (“AGM”) of the Company to be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 29 November 2024 at 2.30 p.m. or any adjournment thereof.

If you decide to appoint a proxy or proxies for the AGM, you must complete and lodge the Form of Proxy at the Registered Office of the Company at 3rd Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang, not later than forty-eight (48) hours before the time of the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting if you subsequently wish to do so.

Date of Record of Depositors for the purpose of : Friday, 22 November 2024 at 5.00 p.m.
determining members entitlement to attend, vote and speak at the AGM

Last day and time for lodging the Form of Proxy : Wednesday, 27 November 2024 at 2.30 p.m.

Date and time for the AGM : Friday, 29 November 2024 at 2.30 p.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement/Circular (definitions denoting the singular number shall also include the plural number and vice versa, where applicable):-

“Act”	: The Companies Act 2016, as amended from time to time including any re-enactment thereof
“AGM”	: Annual General Meeting
“ARMC”	: Audit and Risk Management Committee
“Board”	: Board of Directors of the Company
“Bursa Securities”	: Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
“Code”	: The Malaysian Code on Take-overs and Mergers 2016 (including the Rules on Take-overs, Mergers and Compulsory Acquisitions), as amended from time to time and any re-enactment thereof
“CMSA”	: The Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
“Circular”	: This Statement/Circular to the shareholders of Kobay dated 30 October 2024 in relation to the Proposals
“Director/(s)”	: The director/(s) of Kobay and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“EPS”	: Earnings Per Share
“FYE”	: Financial Year End
“KHSB”	: Kobay Holdings Sdn. Bhd. [199301026180 (280918-D)]
“Kobay” or the “Company”	: Kobay Technology Bhd.[199401022600 (308279-A)]
“Kobay Group” or the “Group”	: Kobay and its subsidiaries
“Listing Requirements”	: The Main Market Listing Requirements of the Bursa Securities and Practice Notes issued thereunder including any amendments thereto that maybe made from time to time
“LPD”	: 9 October 2024, being the latest practicable date before the printing of this Statement/Circular

“Major Shareholder”	: Includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in Kobay (or any other corporation which is its subsidiary) and the nominal amount of those shares, or the aggregate of the nominal amounts of those shares, is :- (a) 10% or more of the total number of all the voting shares in the Company; or (b) 5% or more of the total number of all the voting shares in the corporation where such person is the largest shareholder of the Company. For the purpose of the definition, “interest in shares” has the meaning given under section 8 of the Companies Act, 2016
“Market Day”	: A day on which Bursa Securities is open for trading of securities
“Proposed Share Buy-back”	: The proposed purchase by Kobay of its own shares on the Bursa Securities of up to 10% of the Company’s total issued shares at any given point in time during the authorized period
“Proposed Renewal Shareholders’ Mandate”	: Proposed Renewal of Shareholders’ Mandate to be obtained by Kobay pursuant to Part E, Paragraph 10.09 subparagraph (2) of Chapter 10 of the Listing Requirements in relation to RRPTs that have been approved by shareholders in last AGM
“Related Party(ies)”	: A director or major shareholder of Kobay or person connected with such a director or major shareholder as defined under Chapter 1.01 of the Listing Requirements
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“RRPTs”	: Recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Kobay Group, entered/to be entered into by Kobay and/or its subsidiary companies, which involves the interest, direct or indirect, of the related parties
“SC”	: Securities Commission Malaysia
“Substantial Shareholder”	: Having the meaning given under Section 136 of the Act
“share(s)”	: Ordinary share(s) in Kobay
“Treasury Shares”	: Purchased Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 127 of the Act
“VWAP”	: Volume weighted average market price

All references to “you” and “your” in this Statement/Circular are to the shareholders of the Company.

Words referring to the singular shall, where applicable, include the plural and vice versa and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Statement/Circular to any enactment is a reference to that amendment currently enforced and as may be amended from time to time and any re-enactment thereof.

Any discrepancies in the tables between the amounts listed in the tables are the totals in this Statement/Circular are due to rounding.

Any reference to a time of day in this Statement/Circular shall be a reference to Malaysian time, unless otherwise stated.

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PART A : STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the Company's Twenty-Ninth (29th) AGM held on 1 December 2023, the Board of Directors of Kobay had obtained its shareholders' approval to renew the authority for the Company to purchase and/or hold its own shares up to a maximum of ten per cent (10%) of the total number issued shares of Kobay through Bursa Securities pursuant to Section 127 of the Act and Para 12.09 of the Listing Requirements. This authority shall lapse at the conclusion of the forthcoming AGM which has been scheduled to be held on 29 November 2024.

On 16 October 2024, the Company has announced to Bursa Securities that it proposes to seek a renewal of the authorisation for the Proposed Share Buy-back from its shareholders at the forthcoming AGM.

The purpose of this Statement is to provide you with the information on the proposed renewal of share buy-back authority and to seek your approval for the ordinary resolution pertaining to the renewal of the authorization on proposed share buy-back to be tabled at the Thirtieth (30th) AGM of the Company to be convened at 4th floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 29 November 2024 at 2.30 p.m.

The Notice of AGM and the Form of Proxy are set out in the 2024 Annual Report of Kobay, which is available on Kobay's website at www.kobaytech.com.

YOU ARE ADVISED TO READ THIS STATEMENT TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

2.1 Proposed Share Buy-back

2.1.1. Kobay is proposing to renew the existing Share Buy-back Authority to purchase its own shares up to a maximum of ten per cent (10%) of the total number issued shares at the forthcoming AGM subject to compliance with the provisions of the Act and any prevailing laws, rules, regulations, guidelines and requirements issued by relevant authorities at any time of the purchase.

2.1.2. Pursuant to the Listing Requirements, if the Proposed Share Buy-back Authority, being renewed, it will be continued in force until :-

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that general meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Sections 340(1) & 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by Kobay's shareholders in a general meeting,

whichever occurs first.

2.1.3. As at LPD, Kobay has 326,180,803 ordinary shares issued whereby 6,000,000 ordinary shares purchased in the past are held as treasury shares. The maximum number of shares can be purchased under the Proposed Share Buy-back, if renewed, will be 26,618,080 ordinary shares or 10% of the Company's total number of issued shares minus the 6,000,000 treasury shares held with the assumption that the treasury shares will be held throughout the renewed period.

2.1.4. Treatment of Purchased Shares

In accordance with Section 127 of the Act, the Board may, at its discretion, deal with the purchased Kobay shares in the following manner :-

- (i) cancel Kobay shares so purchased;
- (ii) retain Kobay shares so purchased as treasury shares; or
- (iii) retain part of Kobay shares so purchased as treasury shares and cancel the remainder.

Where the purchased Kobay shares are held as treasury shares, the Board may :-

- (a) distribute all or part of the treasury shares as dividends to shareholder;
- (b) resell all or part of the treasury shares on Bursa Securities in accordance with the relevant prevailing rules of Bursa Securities;
- (c) transfer all or part of the treasury shares for the purposes of or under an employees' share scheme;
- (d) transfer all or part of the treasury shares as purchase consideration; or
- (e) Sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

Pursuant to Section 127(5) of the Act, the purchased Kobay shares unless held in treasury, shall be deemed to be cancelled immediately on purchase. Further, Section 127(8) of the Act provides that the holder of treasury shares shall not confer :

- (1) the right to attend and vote at meetings and any purported exercise of such rights is void; and
- (2) the right to receive dividends or other distribution, whether cash or otherwise of Kobay's assets including any distribution of assets upon winding-up of Kobay.

Kobay shall make an immediate announcement to Bursa Securities of any purchase/resale or cancellation of treasury shares. In the event Kobay wishes to purchase its own shares, Kobay is required to lodge a declaration of solvency to Bursa Securities and release an immediate announcement on the day the purchase is made.

The actual treatment of the purchased shares would depend on, inter-alia, the prevailing equity market conditions and the financial position of Kobay and decision will be made by the Board at the appropriate time.

2.1.5. Pricing of Share Purchase

In accordance to Para 12.17 of the Listing Requirements, Kobay may only purchase its own shares listed on Bursa Securities at a price which is not more than 15% above the VWAP of the shares for the five (5) Market Days immediately before the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, Kobay may only resell the treasury shares held on Bursa Securities at a price which is :-

- a. not less than the VWAP for Kobay shares for the five (5) Market Days immediately before the date of the resale; or
- b. at a discounted price of not more than 5% discount to the VWAP for the treasury shares for the five (5) Market Days immediately before the resale provided that the resale takes place not earlier than 30 days from the date of purchase and the resale price is not less than the cost of purchase of the shares being resold.

2.1.6. Funding

The funding for the purchase by the Company of its own shares is expected to be internally generated. The Board will determine the allocation of an appropriate amount of the Group's internally generated funds for the purchase and the amount shall not exceed the aggregate balance standing in the retained profits account of the Company.

The actual number of shares to be purchased and the timing of such purchase(s) would depend on, inter-alia, market conditions, retained profits account of the Company as well as the availability of financial resources/funds necessary to give effect to such purchase(s).

Depending on the quantum and the purchase price, the Proposed Share Buy-back may reduce the working capital and cash balance of Kobay.

The amount allocated for the Proposed Share Buy-back shall not exceed the retained profits account of the Company. The audited retained profits account of the Company as at 30 June 2024 was RM72,957,853. The retained profit account of the Company in the management account as at 9 October 2024 was RM75,427,344.

2.2 **Purchase, Resale and/or Cancellation of Treasury Shares**

During the last FYE 30 June 2024, the Company did not purchase any of its own shares. The Company, as at the LPD, holds a total of 6,000,000 Kobay shares as treasury shares as of the end of financial year 2024. There is no related resell or cancel during the financial year.

2.3 **Rationale of the Proposed Share Buy-back And Potential Advantages of the Proposed Share Buy-Back**

The Proposed Share Buy-back would enable Kobay to utilise its financial resources, which are not immediately required, for the purpose of purchasing its own shares, if deemed fit and expedient by the Board. The Proposed Share Buy-back may enhance the EPS of the Company, which, in turn may enhance the value of shareholder wealth. It will also allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn, stabilise the market price of Kobay Shares and hence, enhance investors' confidence.

In addition, the purchased shares can be held as treasury shares and/or be resold on Bursa Securities to reap potential capital appreciation without affecting the issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

2.4 **Potential Disadvantages of the Proposed Share Buy-back**

The potential disadvantages of the Proposed Share Buy-back to the Company and its shareholders are as follows:-

- (i) the Proposed Share Buy-back will reduce the financial resources of the Group and may result in the Group forgoing better investment opportunities that may emerge in the future; and
- (ii) as the Proposed Share Buy-back can only be made out of retained profits account of the Company, it may result in the amount available for distribution to shareholders as dividends in the immediate future.

The Board shall be mindful of the Company's and its shareholders' interests in undertaking the Proposed Share Buy-back and in the subsequent resale of treasury shares on Bursa Securities, if any.

3. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-back are illustrated below.

3.1 Share capital

The Kobay shares that may be purchased pursuant the Proposed Share Buy-back would have the following effect on the issued share capital of the Company if the shares purchased are cancelled entirely:-

	<u>No. of Kobay Shares</u>
Issued share capital as at LPD	326,180,803
Assuming treasury shares held as at LPG are cancelled	(6,000,000)
Assuming maximum number of shares to be purchased under the Proposed Share Buy-back are cancelled	(26,618,080)
Reduced issued share capital in the event that the purchased shares are cancelled	<u>293,562,723</u>

However, there will be no effect on the issued share capital of the Company if the shares so purchased are retained as treasury shares, resold, and/or distributed to shareholders as dividend.

3.2 Directors' and Substantial Shareholders' shareholdings

The effects of the Proposed Share Buy-back on the shareholdings of the Directors and Substantial Shareholders of Kobay would depend on the timing and the number of shares so purchased, if any. However, for illustration, the Proposed Share Buy-back would have the following effect on the percentage of the shareholdings of the Directors and Substantial Shareholders, assuming that a maximum number of 26,618,080 shares are purchased from the public:

3.2.1. Directors

	As at LPD [^]		After Proposed Share Buy-back [@]	
	Direct	Indirect	Direct	Indirect
Dato' Seri Koay Hean Eng	-	113,333,940* (35.40%)	-	113,333,940* (38.61 %)
Koay Zee Ee	-	113,333,940* (35.40%)	-	113,333,940* (38.61 %)
Koay Wooi Seong	-	12,281,694 ^s (3.84%)	-	12,281,694 ^s (4.18%)
Koay Cheng Lye	-	14,783,507 [#] (4.62%)	-	14,783,507 [#] (5.04 %)
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Lee Kooi Hoon	-	-	-	-

Note :

* Deemed interest by virtue of their substantial shareholdings in KHSB, a substantial shareholder of Kobay

^s Deemed interest by virtue of his substantial shareholdings in Premiargrow Capital Sdn. Bhd., a shareholder of Kobay

[#] Deemed interest by virtue of Koay Cheng Lye's substantial shareholding in Inna Capital Sdn. Bhd., a shareholder of Kobay

[^] The percentage of shareholding is calculated based on 320,180,803 after deducting 6,000,000 treasury shares (retained by the Kobay as per Record of Depositors) from the fully issued share capital of Kobay as at LPD.

[@] The percentage of shareholding is calculated based on 293,562,723 shares after deducting 26,618,080 shares (being purchased from the public shareholders) and 6,000,000 existing treasury shares retained by Kobay on the assumption that the treasury shares are cancelled from the fully issued share capital of Kobay as stated in section 3.1 above

3.2.2. Substantial Shareholders

	As at LPD [^]		After Proposed share buy-back [@]	
	Direct	Indirect	Direct	Indirect
KHSB	113,333,940 (35.40%)	-	113,333,940 (38.61 %)	-
Norinv Kapital Sdn. Bhd.	59,714,100 (18.65 %)	-	59,714,100 (20.34 %)	-

Note :

[^] The percentage of shareholding is calculated based on 320,180,803 after deducting 6,000,000 treasury shares (retained by the Kobay as per Record of Depositors) from the fully issued share capital of Kobay as at LPD.

[@] The percentage of shareholding is calculated based on 293,562,723 shares after deducting 26,618,080 shares (being purchased from the public shareholders) and 6,000,000 existing treasury shares retained by Kobay on the assumption that the treasury shares are cancelled from the fully issued share capital of Kobay as stated in section 3.1 above.

3.3 Earnings

The Proposed Share Buy-back is not expected to have any material impact on the earnings of the Group. However, the resultant reduction in the number of Kobay shares in issue would be expected to correspondingly increase the EPS of Kobay, at Company and Group levels, if the shares so purchased are cancelled or retained as treasury shares.

3.4 Dividends

The Proposed Share Buy-back will reduce the amount of distributable reserves of the Company available for payment of dividends if the retained profits have been utilised to facilitate the Proposed Share Buy-back.

3.5 Net Assets

The Proposed Share Buy-back may increase or decrease the net assets of Kobay and the Group depending on various factors which include the treatment of the shares purchased, i.e. to cancel or retain as treasury shares, the timing, purchase price and the number of shares so purchased, if any, and the eventual treatment of any treasury shares arising.

The Proposed Share Buy-back will reduce the net assets per share of Kobay Group when the purchase price exceeds the net assets per share of Kobay Group at the relevant point in time. On the contrary, the net assets per share of Kobay Group will be increased when the purchase price is less than the net assets per share of Kobay Group at the relevant point in time.

3.6 Working capital

Although the Proposed Share Buy-back would reduce the working capital of the Group to the extent of the amount of funds utilized for the purchase of the Company's shares, it is not expected to have an adverse material effect on the working capital of the Group.

4. PUBLIC SHAREHOLDINGS SPREAD

As at LPD, the public shareholding spread of the Company was 37.42%. The public shareholding spread is expected to be reduced to 31.74% assuming the Proposed Renewal of Existing Share Buy-Back Authority is implemented in full and all the Shares so purchased are cancelled. However, the Company will ensure that prior to any share buyback exercise, the public shareholding spread of at least 25% is maintained.

5. IMPLICATIONS RELATING TO THE CODE

Based on the shareholdings as set out in Section 3.2 above, should the Company acquire the full amount of shares representing ten per cent (10%) of its number of shares issued in the maximum scenario, the total direct and indirect equity interests of the substantial shareholder, namely KHSB and the Directors, namely Dato' Seri Koay Hean Eng, Mr. Koay Zee Ee, Mr. Koay Wooi Seong and Mr. Koay Cheng Lye that deemed acting in concert with each other would increase by approximately 3.21% from 35.40 % to 38.61% and 3.98% from 43.86% to 47.83% respectively.

Pursuant to Note 9 to Paragraph 4.01 under Part B, Rule 4 (Mandatory Offer) of the Code, a mandatory offer obligation arises when as a result of a buy-back scheme by the company :-

- (a) a person obtains controls in a company; or
- (b) a person holding more than 33% but not more than 50% of the voting shares or voting rights of a company, increases his holding of the voting shares or voting rights of the company by more than 2% in any 6-month period.

Therefore, KHSB and the said four (4) Directors would be obliged to undertake a mandatory offer for the remaining shares in the Company not held by them. It is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory take-over offer under the Code.

KHSB and parties deemed acting in concert will seek a waiver from the obligation to undertake a mandatory take-over offer for the remaining Shares not already owned by them under Paragraph 4.15 under Part B, Rule 4 (Mandatory Offer) of the Rules at an appropriate time.

6. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of Kobay Shares traded on Bursa Securities for the last 12 months from October 2023 to September 2024 are as follows:-

	High	Low
	RM	RM
2023		
October	1.79	1.76
November	1.53	1.44
December	1.36	1.32
2024		
January	1.23	1.17
February	1.25	1.21
March	1.73	1.66
April	1.70	1.62
May	2.34	2.16
June	2.17	2.11
July	2.25	2.18
August	1.70	1.64
September	1.51	1.44

The last transacted market share price on 9 October 2024 being the closing price of Kobay Shares at the latest practicable date prior to printing of this Statement was RM1.43.

(Source: https://www.bursamalaysia.com/trade/trading_resources/listing_directory/company-profile?stock_code=6971)

7. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-back Authority is subject to and conditional upon shareholders' approval at the forthcoming AGM.

The Proposed Renewal of Share Buy-back Authority is not conditional or inter-conditional upon any other corporate exercise being or proposed to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Share Buy-back renewal, none of the Directors and major shareholders of Kobay or any other companies which is its subsidiary and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Renewal of Share Buy-back Authority.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board of Directors having considered all aspects of the Proposed Renewal of Share Buy-back Authority, is of the opinion that the Proposed Renewal of Share Buy-back Authority is in the best interest of the Company and it is fair and reasonable and is not detrimental to the Company and its shareholders.

Accordingly, the Board of Directors recommends that you vote in favour of the resolution relating to the Proposed Renewal of Share Buy-back Authority to be tabled at the forthcoming AGM.

10. AGM

The AGM will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 29 November 2024 at 2.30 p.m..

If you are unable to attend and vote at the AGM in person, please complete, sign and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the Registered Office of the Company at 3rd Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang not later than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix of this Statement for further information.

This Statement is dated 30 October 2024.

Registered office :
3rd Floor, Wisma Kobay,
No. 42-B Jalan Rangoon,
10400 George Town, Penang.

Date : 30 October 2024

Board of Directors :-

Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil (*Chairman / Independent and Non-executive Director*)
Dato' Seri Koay Hean Eng (*Managing Director / Chief Executive Officer*)
Koay Wooi Seong (*Executive Director / Chief Operating Officer*)
Koay Zee Ee (*Executive Director / Chief Operating Officer*)
Koay Cheng Lye (*Non-independent and Non-executive Director*)
Lee Kooi Hoon (*Senior Independent and Non-executive Director*)

To : Our Shareholders

Dear Sir/Madam,

PART B: PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

The Board of Kobay had on 16 October 2024 announced to the Bursa Securities that the Company proposed to seek from its shareholders a mandate in accordance with Paragraph 10.09 of the Listing Requirements in relation to the Proposed Renewal of Shareholders' Mandate on RRPTs as set out in Part B Section 2.5 of this Circular.

The Proposed Shareholders' Mandate, if approved by our shareholders, will take effect from the passing of the relevant ordinary resolution at our Thirtieth (30th) AGM and is subject to annual renewal.

The purpose of this Circular is to provide you with relevant details of the Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature together with our Board's recommendations thereon and to seek your approval for the ordinary resolution to be tabled at our forthcoming AGM.

The Notice of AGM and the Form of Proxy are set out in the 2024 Annual Report of Kobay, which is available on Kobay's website at www.kobaytech.com.

YOU ARE ADVISED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE.

2. PROPOSED SHAREHOLDERS' MANDATE

2.1 Introduction

Under Paragraph 10.09 and the Practice Note 12 of the Listing Requirements, the Company may seek shareholders' mandate in respect of RRPTs subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under subparagraph (1) of 10.09 of Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate shall include the information as set out in Annexure PN12-A of Practice Note 12;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Where the listed issuer has procured a shareholders' mandate pursuant to paragraph 10.09(2) of the Listing Requirements, the provisions of paragraph 10.08 of the Listing Requirements will not apply during the validity period of the shareholders' mandate.

2.2 Principal activities of the Kobay Group

Kobay is principally an investment holding and management services company, whilst the principal activities of its subsidiaries which are/will be dealing with the transacting parties are as follows:-

Subsidiary companies	Country of incorporation	Effective equity interest	Principal activities
Paradigm Metal Industries Sdn. Bhd. ("PMI")	Malaysia	100%	Manufacturing of precision metal stamping, sheet metal and die casting parts
Paradigm Precision Components Sdn. Bhd. ("PPC")	Malaysia	100%	Manufacturing of precision machined components

2.3 Classes of related parties

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties :-

- (i) Directors;
- (ii) Major Shareholders; and
- (iii) Person Connected to Directors and/or major shareholders.

2.4 Details of transacting parties

The details of the transacting parties with whom the Kobay Group is/will be transacting with are as follows:-

Company	Country of incorporation	Relationship	Principal activities
UA Materials Sdn. Bhd. ("UA")	Malaysia	Dato' Seri Koay Hean Eng, being the Director in Kobay Group and UA and persons connected to him are also directors and major shareholders of UA.	Trading in commodities particularly in metal products

Nature of relationship of the Interested Parties

- a) Dato' Seri Koay Hean Eng is a Director in Kobay Group and UA. He is deemed interested by virtue of his indirect interest in Kobay via Kobay Holdings Sdn. Bhd., the major shareholder of Kobay.
- b) Dato' Seri Koay Hean Eng and persons connected to him which are his son, Koay Wei Keong and his daughter, Dennyca Koay Zee Wei are all Directors of UA.
- c) Dato' Seri Koay Hean Eng and his son, Koay Wei Keong respectively holding 50% equity interest each in UA.

2.5 Details of the Proposed Shareholders' Mandate

The RRPTs which are carried out with the Related Parties are mainly for its day-to-day operations. The Related Parties are reliable suppliers/customers of goods and services required by the Kobay Group.

The RRPTs are to be entered into at arm's length based on Kobay's normal commercial terms and are not prejudicial to the shareholders nor they are on terms more favorable to the Related Parties than those generally available to the public and are also not to the detriment of the minority shareholders of the Company. Such RRPTs will be subject to the review procedures as set out Section 2.8 of this Circular.

The Company is seeking the shareholders' mandate for transactions to be entered into with Related Parties from the date of the forthcoming AGM up to the date of the next AGM as set out of this Circular.

- (a) The details of the nature and estimated annual value of the RRPT in respect of which the Company is seeking renewal and new mandate from its shareholders as contemplated under the Proposed Shareholders' mandate are as follows :-

Proposed Renewal of Shareholders' Mandate

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Estimated value as disclosed in the Circular to Shareholders dated 31 October 2023 RM	Actual value transacted from the date on which existing mandate was obtained up to LPD RM	*Estimated aggregate value from date of the forthcoming AGM to the date of the next AGM RM
PMI	UA	Dato' Seri Koay Hean Eng & persons connected	Purchase of aluminium and other materials by PMI from UA	1,300,000	394,119	1,000,000
PPC	UA	Dato' Seri Koay Hean Eng & persons connected	Purchase of aluminium and other materials by PPC from UA	3,000,000	1,666,795	3,000,000
TOTAL						4,000,000

Notes:- * The estimated transaction values for the period from the date of the forthcoming AGM up to the date of the next AGM are based on the information available at the point of estimation which includes business trend, agreement, orders, project estimate cost and sales forecast. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

All Recurrent Related Party Transactions within Kobay Group of which have not included in this Proposed Shareholders' Mandate and exceeding the threshold set in Paragraph 10.09 of the Listing Requirements are subject to make immediate announcement to Bursa Securities pursuant to the Listing Requirements.

2.6 Validity period

If approved at the forthcoming AGM, the Proposed Shareholders' Mandate, which is subject to annual renewal, will take effect from the date of the passing of the Ordinary Resolution thereto and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Sections 340 (1) & (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

2.7 Rationale for and benefit of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is to enable Kobay to seek mandate for the RRPTs to be entered into by the Group. The RRPTs are necessary for the day-to-day operations of the Group and contribute to its operational sales revenue. The RRPT(s) are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and may arise at any time and from time to time.

By obtaining the Proposed Shareholders' Mandate and where appropriate, the subsequent renewal thereof on an annual basis, the necessity to announce or convene separate general meetings from time to time to procure shareholders' prior approval for such transactions will not arise. This will reduce substantially the administrative time and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Aluminium is one of main raw material required to produce products of the Group. PMI and PPC have been purchasing aluminium from local and overseas suppliers.

Kobay aims to source material locally under its sustainability efforts besides achieving financial goal of higher profit and quality in its products to satisfy its customers. Hence, Kobay continuously encourages its subsidiaries to align in maintaining the Group's sustainability in Economic, Environmental and Social issues.

UA is able to source and supply to PMI and PPC for their requirements and comparing with other suppliers locally or overseas, it is able to provide a reasonable cost and better services for which will be in the best interest of the subsidiaries. Therefore, both the subsidiaries intend to increase their purchases from UA for better services and at the same time supporting local vendors.

2.8 Financial effects of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will not have any effect on the issued share capital and major shareholders' shareholdings of Kobay, and are not expected to have any effect on the earnings and net assets of Kobay for the financial year ending 30 June 2024.

2.9 Review procedures

To ensure that the RRPTs are undertaken on arm's length basis and on normal commercial terms, which are consistent with Kobay's usual business practices and policies (taking into consideration the prevailing market rate/prices of products/services rendered, preferential rates and discounts for bulk purchases by Related Parties) and are on terms not more favourable to the Related Parties than those extended to third parties/the public and are not to the detriment of the minority shareholders of Kobay, the Audit and Risk Management Committee ("ARMC") has been tasked with the review and approval of such transactions.

The ARMC currently comprises of:-

Name	Directorate/Position in ARMC
Lee Kooi Hoon	Senior Independent Non-executive Director/Chairman
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	Independent Non-executive Director/Member
Koay Cheng Lye	Non-independent Non-executive Director/Member

To monitor the RRPTs, the following review procedures have been implemented by the Company:-

- (i) records will be maintained by the Company for all RRPTs where the Group have entered into either pursuant to the 10.09(2) of Listing Requirements which was adopted by the Group or vide the shareholders' mandate obtained, if any;
- (ii) all members of the Board and ARMC who are directly or indirectly interested in any RRPTs shall declare their interest and abstain from deliberations and voting in respect of these RRPTs;
- (iii) the internal auditor will review the terms of the RRPTs as part of the annual audit activities;
- (iv) records, agreements, contracts and other relevant documents on all RRPTs will be made available to the ARMC for review;
- (v) transaction prices of such RRPTs to be entered into will always take into account the level of service (ie. in terms of the complexity of jobs), quality of service (ie. in terms of on time delivery and quality of products) and on competitive pricing in the open market and are not

- more favourable to the Related Parties than those generally available to the public and will not be detrimental to minority shareholders. Whenever possible, at least two other contemporaneous transactions with unrelated third parties for similar products/services will be used as comparison to determine whether the price and terms offered by Related Parties are fair and reasonable. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the pricing of products/services will be determined in accordance with the Group's usual business practices, policies and commercial terms in line with the industry practices for the same or substantially similar type of transactions made by the Group with unrelated third parties and the RRPTs are not detrimental to Kobay Group, and the RRPTs will be subjected to the same approval thresholds as per Group Financial Policies and Procedures applicable for the other non-related parties transactions; and
- (vi) the ARMC will review quarterly, the RRPTs that may arise within the Group to ensure that such transactions will be carried out at arm's length, and on normal commercial terms, and the terms are not more favourable than those generally available to the public and are not to the detriment of the minority shareholders. The ARMC shall assist to ascertain that all procedures established to monitor RRPTs have been complied with.

2.10 Threshold for Approval

There is no specific threshold for approval of Recurrent Transactions to be entered into by Kobay Group with the Mandated Related Party, so long that such Recurrent Transactions are determine at arm's length and based on normal commercial terms which are not more favourable to the related parties than those generally available to the public and consistent with Kobay Group's procedures and policies established for monitoring of Recurrent Transactions. Where necessary, the Audit Committee and the Board will review the need to impose a threshold for approval of Recurrent Transactions, based on market practice and at the same time protecting the interests of the minority shareholders.

2.11 Disclosure

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of transactions conducted, types of transactions made, names of related parties involved and their relationship with the Company pursuant to the Proposed Shareholders' Mandate during the financial year, and in the Annual Reports for subsequent financial years that the Proposed Shareholders' Mandate continues to be in force.

2.12 Amount Due and Owing By Related Parties

As at LPD, there is no amount owing by the Related Party pursuant to the RRPTs that has exceeded the credit terms.

2.13 Statement by the Audit and Risk Management Committee

The ARMC of Kobay has considered the review procedures mentioned in Section 2.8 above and is of the view that the said procedures are adequate to ensure that all RRPTs will be identified, tracked, monitored and carried out at arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The ARMC may, at its discretion adopt new review and disclosure procedures and/or amend the existing procedures to ensure that the RRPTs are at all times, on the terms consistent with the Group's practices.

2.14 Approval required

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of Kobay at the forthcoming AGM.

2.15 Interests of Directors, major shareholders and/or persons connected with them

The shareholding information of the interested Director in Kobay Group, Dato' Seri Koay Hean Eng, Mr. Koay Zee Ee and/or person connected to Directors or major shareholders, Kobay Holdings Sdn. Bhd. as at LPD is available at section 3.2 of the Share Buy-back Statement.

The interested Director and/or person connected to the interested Directors who are deemed to be interested in the Proposed Shareholders' Mandate have abstained and will continue to abstain from all Board deliberations and voting on the RRPTs at the relevant Board of Directors' Meetings. All major shareholders and/or person connected to major shareholders who are deemed to be interested in the Proposed Shareholders' Mandate will also abstain from voting in respect of their direct and/or indirect shareholdings in Kobay on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM of the Company.

The interested Directors and/or major shareholders have undertaken to ensure that persons connected to them shall abstain from voting on the resolution relating to the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or major shareholders of Kobay and/or persons connected with them have any interest, direct or indirect in the RRPTs.

3. DIRECTORS' RECOMMENDATION

The Board of Directors, other than the interested Director is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company. Accordingly, the aforesaid Directors recommend that you vote in favour of the resolution relating to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

4. AGM

The AGM will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 29 November 2024 at 2.30 p.m.

If you are unable to attend and vote at the AGM in person, please complete, sign and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the Registered Office of the Company at 3rd Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang not later than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

5. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix of this Statement/Circular for further information.

Yours faithfully
For and on behalf of the Board of
Kobay Technology Bhd.,

Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Independent Non-executive Chairman

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

The Directors have seen and approved this Statement/Circular and they have collectively and individually accepted full responsibility for the accuracy of the information in this Statement/Circular. They have confirmed that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make a statement in this Statement/Circular false or misleading.

2. MATERIAL CONTRACT

Save as disclose below, Kobay and its subsidiaries have not entered into any material contract in the ordinary course of business, within the past two (2) years immediately preceding the date of this Statement/Circular :

Avelon Healthcare Sdn. Bhd. (AHSB), a 70% owned subsidiary, is acquiring and subscribing to 70% of Medicwave (M) Sdn. Bhd.'s shares for a total of RM15.12 million through:

- (a) A Share Sale Agreement dated 23 February 2024 to acquire 50% equity in Medicwave from 3 individuals (“the Vendors”) for RM10.8 million.
- (b) A Subscription Agreement dated 23 February 2024 to subscribe to 66,668 new shares for RM4.32 million.

Following the acquisition, AHSB has also entered into the following agreements:

- (i) Profit Guarantee Agreement dated 4 March 2024 entered into with the Vendors for the Vendors to guarantee to the Purchaser that Medicwave shall achieve the aggregate profit after tax of RM10,800,000 for the 36-months period commencing from 1 August 2023 to 31 July 2026; and
- (ii) Put and Call Option Agreement dated 4 March 2024 entered into with the Vendors whereby the Vendors agree to grant a call option to the Purchaser and the Purchaser agree to grant a put option to the Vendors, for the remaining 30.00% equity interest held by the Vendors in Medicwave ; and
- (iii) Shareholders Agreement dated 4 March 2024 entered into with the Vendors, Avelon Healthcare Group Sdn. Bhd. and Medicwave to record commitments of the respective shareholders and to regulate their rights and obligations in respect of the management of Medicwave’s business and affairs.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither our Company nor any of our subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings, pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Group :

- (a) Paradigm Metal Industries Sdn. Bhd. (‘PMI’) between Salutica Allied Solutions Sdn. Bhd. (‘SAS’)

On 11 August 2023, the supplier, SAS has filed Writ of Summons and Statement of Claim against PMI, a wholly-owned subsidiary of the Company. SAS is claiming against PMI for the sum of USD383,715 or equivalent to RM1.76 million for the supply of products (USD323,883) and late payment interest (USD59,832). PMI claimed that the delay in payment was due to operational related disputes that remain unresolved by SAS for which inclusive but not limited to wrongly built parts causing high rejection by end customer. PMI had filed an application to stay the Penang High Court proceeding on the basis that under the contract between the parties, the dispute between the parties to be resolved by way of arbitration and not in court. The hearing of the arbitration is scheduled on 16 June 2025 to 20 June 2025.

The Directors believe that they have good prospects of succeeding in the claim. However, since the arbitration hearing is at the preliminary stage, it is not possible to predict the final outcome with any degree of certainty.

(b) Khor Khye Hing Constructions Sdn. Bhd. ('KKH') between LD Global Sdn. Bhd. ('LD Global')

The main contractor of Lavanya Langkawi Serviced Villa Project ("Project"), KKH has filed Statement of Case in the Arbitration against LD Global, a wholly-owned subsidiary of the Company for the dispute between KKH and LD Global emanated from a contract dated 7 July 2017 for the construction of the project. KKH has claimed against LD Global for the alleged sum of RM2.3 million for the wrongful liquidated ascertained damages ("LAD") deduction, claim for additional variation orders and second moiety retention sum. LD Global has denied all the purported claims by KKH. LD Global has counterclaimed against KKH a sum of RM2.8 million which includes liquidated ascertained damages and costs of rectification of defects. The cross-examination had not completed yet and will be continued in the next tranche of the arbitration hearing which is now fixed on 21 November 2024 to 22 November 2024, 2 December 2024 to 3 December 2024.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

The Directors believe that they have good prospects of succeeding in the claim. However, since the arbitration hearing is at the preliminary stage, it is not possible to predict the final outcome with any degree of certainty.

(c) Bend Weld Sdn. Bhd. ('BWE') between FMC Technologies Limited ('FMC')

BWE has commenced proceedings in the High Court of England (Technology and Construction Court) against FMC. BWE is claimed for damages arising from wrongful termination by FMC of contracts together with the recovery of sums for unpaid invoices. BWE is claiming against FMC for the sum of USD1,726,417.33. However, FMC is defending the claim in full and has raised a counterclaim in the region of USD2,500,000. The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary. BWE has fully impaired the inventories and receivables relates to FMC. Therefore, the litigation is not expected to have a major impact on the operation of the Group.

The Directors believe that they have good prospects of succeeding in the claim. However, since the legal proceeding is at the preliminary stage, it is not possible to predict the final outcome with any degree of certainty.

4. MATERIAL COMMITMENTS

The Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office at 3rd Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Statement/Circular up to and including the date of the forthcoming AGM:

- (i) The Constitution of Kobay;
- (ii) The audited consolidated financial statements for the past two (2) years for FYE 30 June 2023 and FYE 30 June 2024;
- (iii) Material contract referred to in Section 2 above; and
- (iv) Material litigation referred to in Section 3 above.

**EXTRACT OF RESOLUTIONS TO BE TABLED AS SPECIAL BUSINESS AT THE
FORTHCOMING THIRTIETH AGM**

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT subject to the compliance by the Company with all applicable laws, regulations and guidelines pursuant to the Act, the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant authorities, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares in the Company (“shares”) as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT the maximum number of aggregate shares purchased or treasury shares held pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any given point in time and that the maximum amount of fund allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits account of the Company.

THAT authority be and is hereby given to the Directors to treat the shares so purchased by the Company pursuant to this Proposed Share Buy-back Authority in accordance with the provision of the Act, which allows a Company that has purchased its own shares to either retain part of or entire shares as treasury shares or cancel part of or entire shares, or a combination of both. The shares so retained as treasury shares by the Company may, either be distributed as share dividends to shareholders or resell on Bursa Securities or in any manner pursuant to the Act, Bursa Securities Listing Requirements or any other relevant authority for the time being in force.

THAT such authority from the shareholders would be effective immediately upon passing of this resolution and would continue to be in force until:-

- a. the conclusion of the next AGM of the Company following the AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act, 2016); or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first.

AND THAT authority be and is hereby given to the Directors to take all such steps as are necessary or expedient to implement or to give effect of the Proposed Share Buy-back Authority with full powers to assent to any conditions, modifications, re-valuations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time.”

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a mandate of the shareholders be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature ("RRPTs"), which are necessary for the day-to-day operations of the Company and/or its subsidiary companies (“Kobay Group”), to be entered into by the Kobay Group in the ordinary course of business, PROVIDED THAT such transactions are entered into at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in Part B Section 2.5 of the Circular to Shareholders of Kobay dated 30 October 2024 (“Proposed Shareholders’ Mandate”);

THAT disclosure of the breakdown of the aggregate value of transactions conducted will be made based on the type of RRPTs made, names of the related parties involved in each type of the RRPTs made and their relationship with the Company, in the annual report of the Company during the current financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders’ Mandate is in force;

THAT the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to give effect to the Proposed Shareholders’ Mandate with full powers to deal with all matters relating thereto and to complete and do all acts and things (including executing such documents as may be required) in connection with the Proposed Shareholders’ Mandate.”

