CPE TECHNOLOGY BERHAD ("CPE")
REGISTRATION NO.: 202101015732 (1416032-X)

ESTABLISHMENT OF A JOINT VENTURE WITH KANEKITA CO., LTD.

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1. INTRODUCTION

Pursuant to Paragraph 9.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of CPE Technology Berhad ("BOD") wishes to announce that CPE had on 14 July 2026 entered into a Share Purchase and Joint Venture Agreement ("SPJVA") with Kanekita Co., Ltd., a Japanese corporation ("Kanekita"), to manufacture and sell materials and/or products utilizing passivation treatment technology and to regulate the relationship as shareholders of the joint venture company to be incorporated ("Proposed Joint Venture").

(CPE and Kanekita shall be collectively referred to as "Parties", and individually as "Party".)

2. DETAILS OF THE PARTIES OF THE PROPOSED JOINT VENTURE

(a) INFORMATION ON KANEKITA CO., LTD.

Kanekita Co., Ltd., a Japanese corporation, with its principal place of business at 2-7 Ajihara-cho, Tennoji-ku Osaka-City, Osaka 543-0023, Japan. Kanekita is principally involved in manufacturing and selling of the materials and/or products with surface treatment technology and related know-how ("Technology"). Kanekita has a registered capital of JPY80.0 million and an authorised share capital of 880,000 ordinary shares, of which 379,200 ordinary shares have been issued and are fully paid.

(b) INFORMATION ON CPE TECHNOLOGY BERHAD

CPE is a public company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, with its registered office at L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya, Johor. The principal activity of CPE is investment holding and through its subsidiaries, is principally engaged in the provision of precision engineering and machining services, including the manufacture and assembly of high-precision parts, components and sub-assemblies for including but not limited to the semiconductor, life sciences and automotive sectors.

3. SALIENT TERMS OF THE SHARE PURCHASE AND JOINT VENTURE AGREEMENT

The salient terms of the SPJVA are as follows:

3.1 Incorporation of the Joint Venture Company

A company shall be jointly incorporated by CPE and Kanekita within 60 days from the execution of SPJVA in the form of "private limited company" or "Sendirian Berhad" organized under the laws of Malaysia with an issued share capital of RM100, with CPE holding 50.5% of the ordinary shares and Kanekita holding the balance 49.5% ordinary shares ("JV Company"). CPE shall pay up its portion of the capital within 6 months from the date of incorporation, and Kanekita shall pay up its portion of the capital within 18 months from the date of incorporation of the JV Company. The shares shall be issued upon incorporation as fully issued but unpaid and shall be deemed fully paid upon completion of the respective capital contributions within the stipulated time frame. Each Party shall be granted preemptive rights to purchase a pro rata portion of any new securities issued by the JV Company.

The joint venture corporation has yet to be incorporated and, accordingly, its proposed name has not been finalised as at the date of this announcement.

3.2 Board of Directors of JV Company

The board of directors shall not be more than 3 members, 2 of whom will be nominated by CPE, one of whom will be nominated by Kanekita.

3.3 Scope

Kanekita to provide JV Company with sufficient technical support for the JV Company to manufacture and sell materials and/or products with the Technology.

3.4 Shareholder's Loan or Advance

Kanekita may, with the approval of the JV Company's board of directors, provide funding in the form of shareholder's loans or advances to procure and purchase equipment or materials for the JV Company's operations. The board of directors may subsequently approve the capitalisation of such loans or advances, which will be applied towards the payment of the unpaid portion of Kanekita's shares, in full or in part. The total amount to be capitalised and the timeframe for conversion will be determined by the board of directors and disclosed in the relevant Bursa Malaysia Securities Berhad announcement. It will also be stated that Kanekita's shares are initially issued as unpaid and will be paid up through the capitalisation of shareholder advances for equipment purchases.

3.5 Eventual share capital and number of issued shares of the JV Company

The Parties have agreed that the shareholding structure of the JV Company shall ultimately remain at 50.5% held by CPE and 49.5% held by Kanekita, unless otherwise mutually agreed in writing by the Parties.

Where the value of the equipment contributed by Kanekita is insufficient to maintain its agreed equity interest, Kanekita shall make additional cash contributions to make up the shortfall. Conversely, where the value of the equipment contributed exceeds the amount required to maintain its agreed equity interest, the excess value shall be treated as a shareholder's loan or advance to the JV Company. Accordingly, the eventual paid-up share capital of the JV Company will depend on the aggregate capital contributions made by the Parties from time to time and cannot be determined at this juncture.

At the date of this announcement, the SPJVA does not prescribe any minimum aggregate capital commitment or total investment by the Parties beyond the initial issued share capital of RM100. Any future capital contributions or shareholder funding shall be subject to the requirements of the SPJVA and the operational requirements of the JV Company.

4. LIABILITIES TO BE ASSUMED BY CPE

Save for the obligations and liabilities arising from SPJVA, there are no other liabilities, including any contingent liabilities and guarantees, to be assumed by CPE pursuant to the Proposed Joint Venture.

5. SOURCE OF FUNDING

CPE expects to satisfy the capital contribution in the JV Company by way of internally generated funds and/or bank borrowings. The initial investment is not expected to have any material financial effect.

6. RATIONALE AND PROSPECTS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture enables CPE to leverage Kanekita's established expertise, proprietary know-how and specialized passivation treatment technology to enhance its precision engineering capabilities and expand its product offerings for the semiconductor manufacturing equipment industry.

Kanekita, on the other hand, will be able to leverage CPE's established manufacturing facilities, production capacity, operational capabilities and customer network to scale up the commercialisation of its technology and meet increasing market demand without the need to independently expand its manufacturing footprint.

The Proposed Joint Venture combines Kanekita's technological expertise with CPE's manufacturing capabilities, creating a complementary and mutually beneficial partnership that is expected to strengthen the competitive position of both parties. The Board believes that the collaboration will enhance the Group's long-term growth prospects through the production and sale of high-value stainless-steel components incorporating advanced passivation treatment technology for the semiconductor industry.

7. EFFECTS OF THE PROPOSED JOINT VENTURE

(a) Share Capital and Substantial Shareholders' Shareholding

The Proposed Joint Venture will not have any effect on the share capital and substantial shareholders' shareholding of CPE, as no new ordinary shares will be issued.

(b) Earnings Per Share, Net Assets Per Share and Gearing

The Proposed Joint Venture is expected to contribute positively to CPE's future profitability and hence future earnings per share. It is not expected to have any material impact on CPE's net assets per share or its gearing for the financial year ending 30 June 2026.

(c) Financial Effect

The Proposed Joint Venture will not have any material financial impact on CPE in the current financial year but is expected to contribute positively in the long term.

8. RISK FACTORS

The Proposed Joint Venture is subject to the terms and conditions of the SPJVA. There is no assurance that the Proposed Joint Venture will not be exposed to risks such as termination of the SPJVA and inability to fulfil the terms and conditions of the SPJVA apart from the risks inherent in the business.

The BOD of CPE will endeavour to take all necessary steps to ensure that the terms and conditions of the SPJVA which are within the control of CPE are met on a timely basis and will take the appropriate measures to mitigate the risks as and when it arises.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of CPE and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Joint Venture.

10. APPROVALS REQUIRED

CPE does not require the approval of its shareholders and/or any regulatory authority for the Proposed Joint Venture.

11. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Joint Venture is based on CPE's initial capital contribution in the JV Company, as the SPJVA does not presently prescribe any minimum aggregate capital commitment or total investment by the Parties beyond the initial issued share capital.

12. DIRECTORS' STATEMENT

The BOD, having considered all aspects of the Proposed Joint Venture, is of the opinion that the Proposed Joint Venture is in the best interests of CPE and its subsidiaries and upon execution of the SPJVA, expected to have a positive impact on CPE and its subsidiaries.

13. DOCUMENT FOR INSPECTION

The SPJVA is available for inspection during normal office hours at the registered office of CPE at L2-02, 1 Medini Hub, Persiaran Medini Utara 3, Medini Iskandar, 79000 Nusajaya Johor from Monday to Friday between 8.30 a.m. to 5.30 p.m. (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 14 July 2026.