SEMICO CAPITAL BERHAD ("SEMICO" OR THE "COMPANY")

NON-RELATED PARTY TRANSACTION - JOINT VENTURE AND SHAREHOLDERS' AGREEMENT ENTERED BETWEEN SEMICO CAPITAL BERHAD, CHAN KEAN SENG AND KOSMARE SDN. BHD. ("PROPOSED JOINT VENTURE")

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1. INTRODUCTION

The Board of Directors of Semico Capital Berhad ("**Semico**" or the "**Company**") ("**Board**") wishes to announce that the Company had on 29 July 2026 entered into a Joint Venture and Shareholders' Agreement ("**JVSHA**") with Chan Kean Seng ("**CKS**") and Kosmare Sdn. Bhd. ("**Kosmare**" or the "**JV Corporation**") to establish a joint venture for the purpose of operating a family entertainment outlet, comprising arcade, card and prize machines, merchandise retail and related activities at a shopping mall known as "Pavilion Bukit Jalil" under a brand to be licensed from a brand owner ("**Project**").

Semico, CKS and Kosmare are collectively referred to as the "**Parties**".

Further details of the JVSHA are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED JOINT VENTURE

The Parties agree that the Proposed Joint Venture shall be carried out through Kosmare, an existing private company limited by shares incorporated in Malaysia which is currently owned by CKS.

Pursuant to the terms of the JVSHA and subject to the satisfaction or waiver of the Conditions Precedent (as defined in Appendix I of this announcement), the JV Corporation shall, on the Completion Date (as defined in Appendix I of this announcement), allot and issue:

(i) 490,000 new ordinary shares in Kosmare ("**Kosmare Shares**" or "**Shares**") to Semico, representing 49.00% of the equity interest in Kosmare, at an issue price of RM1.00 per Share, for a total subscription price of RM490,000; and

(ii) 510,000 Shares to CKS, representing 51.00% of the equity interest in Kosmare, at an issue price of RM1.00 per Share, for a total subscription price of RM510,000.

(hereinafter referred to as the "**Subscription**")

The Subscription was arrived at after taking into consideration the initial funding and working capital requirements of Kosmare. The issue price of RM1.00 per Kosmare Share was arrived at after taking into consideration the existing issued share capital of Kosmare.

Upon completion of the Subscription, Kosmare will be an associate company of Semico.

The Parties intend to undertake the Proposed Joint Venture where Kosmare shall implement the Project with the planned opening of the family entertainment outlet to the public for business on or before 1 December 2026.

Pursuant to the terms of the JVSHA, after the completion of the Subscription, Semico and CKS shall further provide funding in an aggregate amount ranging from RM3,000,000 to RM4,000,000, proportionate to their respective equity interest in Kosmare ("**Funding Requirement**"). Accordingly, Semico shall provide further funding of up to RM1,960,000 into Kosmare, being 49.00% of the Funding Requirement, whilst CKS shall fund up to RM2,040,000 into Kosmare, being the 51.00% of the Funding Requirement ("**Agreed Proportions**").

The Funding Requirement shall be fulfilled as follows: (a) in the case of CKS, by way of shareholders' loans; and (b) in the case of Semico, by way of the supply of arcade, card and prize machines, equipment and ancillary items by Semico Technology Sdn Bhd, ("**Semico Technology**"), a wholly-owned subsidiary of Semico, and/or further equity contributions (that is, cash applied directly as subscription monies for new Shares), and, for the avoidance of doubt, not by way of any loan or advance of money to Kosmare. The shareholders' loans of CKS and the credited value of Semico's contributions are to be capitalised and converted into fully paid Shares in the Agreed Proportions, whether by way of further subscription, set-off, capitalisation or conversion, subject always to the Companies Act 2016 ("**Companies Act**") and applicable law.

Pursuant to the terms of the JVSHA, the board of directors of Kosmare shall initially comprise 2 directors, unless Semico and CKS mutually agree in writing to increase the number of directors in Kosmare. Semico and CKS shall each be entitled to appoint 1 director in Kosmare and may remove or replace such director at any time.

The salient terms of the JVSHA are set out in Appendix I of this announcement.

2.1 Information on Kosmare

Kosmare was incorporated in Malaysia under the Companies Act, 2016 on 27 November 2023 as a private company limited by shares. As at the date of this announcement, the principal activities of Kosmare are provision of business management consultancy services and other management consultancy activities. Pursuant to the JVSHA, Kosmare shall change its registered nature of business with the Companies Commission of Malaysia to reflect the Project upon completion of the Subscription.

As of the date of this announcement, the issued share capital of Kosmare is RM1,000, comprising 1,000 ordinary shares.

As at the date of this announcement, CKS is the sole director and sole shareholder of Kosmare.

2.2 Information on CKS

CKS is a Malaysian citizen and is the current legal and beneficial owner of Kosmare as at the date of this announcement.

CKS is the Managing Director of Kyma Kapital Sdn Bhd. He graduated and worked in Japan for 8 years where he gained valuable experience from a Japanese semiconductor trading company serving multinational clients such as Renesas Electronics, Sony, Sharp, and Apple. Fluent in English, Mandarin, Cantonese, Japanese, and Bahasa Malaysia, he brings strong cross-cultural communication skills and extensive international business exposure.

In view of his industry experience, business relationships and familiarity with the market, the Board believes that CKS is well-positioned to support the development and operations of the Proposed Joint Venture.

2.3 Source of funding and additional funding commitment

The payment of RM490,000 for the subscription of 49.00% equity interest in Kosmare shall be fully funded through internally generated funds of Semico and its subsidiaries ("**Semico Group**" or "**Group**").

In relation to the Funding Requirement by Semico, the additional funding contribution of an amount ranging from RM1,470,000 to RM1,960,000 to be provided by Semico may be satisfied, in whole or in part, through the supply of arcade, card and prize machines, equipment and ancillary items by Semico Technology. In the event that the funding contribution is made in cash, it will be funded via internally generated funds of the Semico Group.

3. BASIS AND JUSTIFICATION FOR THE SUBSCRIPTION AND FUNDING REQUIREMENT

The Subscription and the Funding Requirement amount was determined after taking into consideration the estimated initial set-up cost, operating expenses and capital expenditure for the arcade, card and prize machines required for the family entertainment outlet.

4. RATIONALE AND BENEFITS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture represents a strategic initiative for the Semico Group to expand and strengthen its family entertainment business through the joint venture with CKS to jointly establish and operate a family entertainment outlet comprising amongst others, arcade, card and prize machines and merchandise retailing, in which the Semico Group is currently involved in.

The Proposed Joint Venture also provides Semico Group with an opportunity to broaden its revenue streams and expand its presence within the growing family entertainment segment. Accordingly, the Board believes that the Proposed Joint Venture will complement Semico Group's existing business activities and create long-term value for the Group through potential business growth, increased market presence and the realisation of synergistic benefits arising from the collaboration with CKS.

5. LIABILITIES TO BE ASSUMED

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

6. FINANCIAL EFFECTS

The Proposed Joint Venture will not have any effect on the issued share capital or the substantial shareholders' shareholdings of the Company, as the Proposed Joint Venture does not involve issuance of new ordinary shares of the Company.

The Proposed Joint Venture will not have any material effect on the net assets, earnings per share, or gearing of Semico for the financial year ending 30 June 2027. However, barring any unforeseen circumstances, the Proposed Joint Venture is expected to contribute positively to the future earnings of the Group.

7. RISK FACTORS

7.1 Implementation risk of the Proposed Joint Venture

The implementation of the Project is conditional upon the fulfilment of the terms and conditions as stipulated in the JVSHA. There is no assurance that the Proposed Joint Venture will be implemented in accordance with the terms of the JVSHA i.e. achieving the project milestones and opening of the family entertainment outlet to the public for business on or before 1 December 2026.

Nevertheless, Semico and CKS shall endeavour to perform their respective obligations to ensure successful implementation of the Project within the timeframe stipulated in the JVSHA.

7.2 Investment risk

The Proposed Joint Venture is expected to contribute positively to the future financial performance of Semico. However, there is no assurance that the anticipated benefit of the Proposed Joint Venture or the Project will be fully realised in the future. As such, the anticipated benefits of the Project may be insufficient to offset the cost associated with the Proposed Joint Venture.

Nevertheless, the Board has exercised due care in considering the potential risks and benefits associated with the Proposed Joint Venture after taking into consideration, amongst others, the prospects of the Proposed Joint Venture. Semico will also work closely with CKS to ensure that the operations of Kosmare will be carried out effectively.

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

None of the directors, major shareholders of Semico, or persons connected with them have any interest, whether direct or indirect, in the Proposed Joint Venture.

9. APPROVALS REQUIRED

The Proposed Joint Venture is not subject to the approval of the shareholders of Semico.

10. DIRECTORS' STATEMENT

The Board, having considered all relevant aspects of the Proposed Joint Venture, is of the opinion that the Proposed Joint Venture is in the best interest of the Company.

11. HIGHEST PERCENTAGE RATIO APPLICABLE PURSUANT TO RULE 10.02(G) OF THE ACE MARKET LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Securities is 6.81%.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the JVSHA will be available for inspection at the Company's registered office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for three (3) months from the date of this announcement.

This announcement is dated 29 July 2026. .

DEFINITIONS AND INTERPRETATION

"Completion" means completion of the subscription for the Subscription Shares in accordance with Clause 4 below**.**

"Completion Date" means the fifth (5th) business day after the satisfaction (or waiver) of the last of the Conditions Precedent, or such other date as the Shareholders may agree in writing.

1. STATUS OF KOSMARE

1.1 The Parties agree that the Proposed Joint Venture shall be carried out through Kosmare Sdn Bhd, an existing private limited company incorporated in Malaysia and currently owned by CKS.

1.2 The use of Kosmare as the joint venture vehicle is conditional upon Semico being satisfied with its due diligence on Kosmare and CKS and Kosmare giving the clean shell warranties as set out in the JVSHA, save for matters expressly disclosed to Semico in writing and accepted by Semico in writing before Completion.

1.3 CKS shall deliver, or procure the delivery of, a warranty and disclosure letter in form and substance reasonably satisfactory to Semico confirming the clean shell warranties and disclosing any exceptions to the clean shell warranties accepted by Semico.

1.4 Between the date of the JVSHA and the Completion Date, the Parties shall cause and procure that Kosmare shall not undertake any business, enter into any contract, employ any person, incur any liability or take any other action other than as expressly contemplated by the JVSHA or as approved by Semico in writing.

2. CONDITIONS PRECEDENT

2.1 Completion is conditional upon the following conditions being satisfied or waived in writing by the Shareholders (as defined in Clause 6.1 below), on or before the date falling thirty (30) business days from the date of the JVSHA, or such later date as the Shareholders may agree in writing:

2.1.1 Semico having completed, to its satisfaction, legal, corporate, financial, and other due diligence on Kosmare and that CKS and Kosmare having delivered the relevant documents and information together with a warranty and disclosure letter to Semico;

2.1.2 where required, Kosmare having adopted, by special resolution, a Constitution in form and substance reasonably satisfactory to both Shareholders and consistent with the JVSHA, a final agreed copy of which shall have been delivered to each Shareholder prior to its adoption, provided that the Shareholders may waive this Condition Precedent in writing and proceed to Completion without the adoption of a Constitution if they agree to do so. If this Condition Precedent is so waived, the Shareholders shall procure that Kosmare adopts a Constitution, or amends its existing Constitution, so that it is consistent with the JVSHA within thirty (30) business days after Completion, or such other period as the Shareholders may agree in writing;

2.1.3 the Board of Directors of Kosmare ("**Board of Kosmare**") and, where required, the shareholder(s) of Kosmare having approved the allotment and issue of the Subscription Shares to Semico and CKS respectively, the resulting shareholding structure, the adoption of the JVSHA, the appointment of the directors contemplated under Clause 9 below and the related amendments to the register of members and other statutory registers;

2.1.4 no material adverse effect having occurred or being reasonably likely to occur in relation to the JV Corporation; and

2.1.5 CKS having procured that the director's advance of approximately RM8,038 is, on or before Completion, repaid, irrevocably waived, subordinated or capitalised (whether by way of being rolled into CKS's shareholders' loan), and a written reconciliation of the director's advance and of any other related-party balances of Kosmare having been delivered to, and found satisfactory by, Semico.

3. SUBSCRIPTION

Subject to the satisfaction (or waiver) of the Conditions Precedent, immediately following Completion, the issued and paid-up share capital of Kosmare shall comprise the holdings set out below:

Shareholders	No. of Shares	Paid-up (RM)	%
Semico Capital Berhad	490,000	490,000	49.00
Chan Kean Seng	510,000	510,000	51.00
Total	**1,000,000**	**1,000,000**	**100.00**

The Subscription Shares shall be issued free from all encumbrances and shall rank pari passu in all respects with all other Kosmare Shares then in issue.

4. COMPLETION

4.1 It is hereby agreed that the Completion shall take place on the Completion Date at the registered office of Kosmare (or at such other place as the Shareholders may agree) whereby CKS and Semico shall each pay their respective subscription monies to such bank account of Kosmare as Kosmare shall have nominated in writing, in such amounts as are necessary for the Subscription and Kosmare shall allot and issue the Subscription Shares to CKS and Semico respectively.

5. FURTHER FUNDING

5.1 Funding beyond the initial equity Subscription required to deliver the Project milestones and the business plan shall, unless the Shareholders unanimously agree otherwise, be funded after Completion by the Shareholders in the Agreed Proportions, pursuant to funding calls issued in accordance with the funding plan, as follows: (a) in the case of CKS, by way of shareholders' loans (which shall be unsecured and, unless the Board of Kosmare determines otherwise, interest-free), pending capitalisation as the Shares; and (b) in the case of Semico, by way of the supply of arcade, card and prize machines, equipment and ancillary items by Semico Technology and/or further equity contributions (that is, cash contributed by way of subscription for new Kosmare Shares) and, for the avoidance of doubt, not by way of any loan or advance of money to Kosmare.

The aggregate additional funding requirement to be contributed by the Shareholders shall be in the range of RM3,000,000 to RM4,000,000, unless otherwise unanimously agreed in writing by the Shareholders. Such additional funding requirement shall be funded by the Shareholders in the Agreed Proportions.

5.2 Unless otherwise approved as a reserved matter, each funding call shall require the Shareholders to make their respective funding contributions, in the manner set out in Clause 5.1 above, in the Agreed Proportions, with the intention that the Agreed Proportions (and, following any capitalisation under Clause 5.3 below, the resulting shareholdings) are maintained.

5.3 It is the mutual understanding and intention of the Parties that the shareholders' loans of CKS and the credited value of Semico's contributions, in each case advanced or contributed under this Clause 5 are to be capitalised and converted into fully paid Shares in the Agreed Proportions, at such time(s) and on such terms as the Board of Kosmare and the Shareholders may agree, whether by way of further subscription, set-off, capitalisation or conversion, subject always to the Companies Act and applicable law. Any cash to be contributed by Semico shall be contributed by way of further equity contribution (that is, applied directly as subscription monies for new Shares) and not by way of any loan or advance of money. Each Shareholder shall do all things reasonably necessary to give effect to such capitalisation so that the Agreed Proportions are maintained immediately following such capitalisation.

6. PROJECT IMPLEMENTATION

6.1 CKS and Semico (the "**Shareholders**") shall use their respective best endeavours to procure that Kosmare achieves all of the project milestones on or before 1 December 2026 (the scheduled grand opening of the outlet), or such later date as the Shareholders may unanimously agree in writing (**"Project Longstop Date"**). The Project Longstop Date shall be extended for such reasonable period as the Board of Kosmare may approve.

6.2 For the purposes of the JVSHA, the Project shall be deemed to have ended, and full Project implementation shall be deemed to have been achieved, upon the grand opening of the outlet to the public for business (the **"Project Completion Date"**). With effect from the Project Completion Date, the rights and obligations of the Shareholders relating specifically to the project implementation phase shall be deemed satisfied and discharged, save for any rights and obligations that have accrued prior to the Project Completion Date and any provisions which by their nature are intended to survive.

6.3 With effect from the Project Completion Date and notwithstanding the end of the Project, the Parties shall continue to operate Kosmare, and shall procure that Kosmare continues to carry on the business as a going concern, with the view of generating sustainable profits and long-term value for the Shareholders, in accordance with the business plan, the annual budget, the JVSHA and applicable law. From the Project Completion Date onwards, the management, operation, services, fees and ongoing obligations of the Parties in relation to Kosmare and the business shall be governed by other provisions of the JVSHA.

7. PROJECT FAILURE AND NO-FAULT WIND-UP

7.1 A "**Project Failure**" shall be deemed to exist if:

7.1.1 the full Project implementation has not been achieved by the Project Longstop Date; and

7.1.2 such non-achievement is not attributable to the wilful default, gross negligence or material breach of the JVSHA by either Shareholder.

7.2 Upon the occurrence of a Project Failure, the Shareholders shall discuss in good faith for a period of twenty (20) business days to identify an alternative solution, remedial plan or restructuring of the Project.

7.3 If the Project Failure remains unresolved after the period referred to in Clause 7.2 above, CKS may elect, by written notice to Semico, to purchase all Shares held by Semico at a price to be agreed between the Shareholders or, failing agreement, at the fair market value determined in accordance with the JVSHA, together with the repayment or settlement of any outstanding amount owing by Kosmare to Semico or any member of the Semico Group, including any approved shareholders' loan, unpaid machine supply amount, service fee or reimbursable expense.

7.4 If CKS does not elect to purchase Shares held by Semico, or if such purchase is not completed within sixty (60) days after the determination of the fair market value or such other period as the Shareholders may agree, either Shareholder may give written notice to the other Shareholder requiring the JV Corporation to be wound up in accordance with the terms of the JVSHA.

8. MANAGEMENT AND OPERATIONAL MATTERS AND THE SHAREHOLDERS' OBLIGATIONS

8.1 Kosmare shall be responsible for the day-to-day operation of the business under the supervision and direction of the Board of Kosmare and in accordance with the business plan, the annual budget and the JVSHA.

8.2 Notwithstanding the aforesaid, the Shareholders agree and acknowledge that each of them shall be responsible for certain obligations to ensure that the business can be successfully and profitably operated. It has been agreed by the Shareholders that:

8.2.1 Project-implementation obligations:

Each Shareholder shall perform, and procure that its respective affiliates and personnel perform, the roles, functions and responsibilities allocated to it in the Management and Operational Role Matrix as set out in the JVSHA without any separate management fee, service fee, technical fee, advisory fee or other monetary consideration being payable by Kosmare to either Shareholder or its affiliates in respect of such roles, functions and responsibilities before the Project Completion Date, save only for: (i) the supply of arcade, card and prize machines, equipment and ancillary items by Semico Technology under arm's-length terms in accordance with the JVSHA; and (ii) reimbursement of out-of-pocket expenses reasonably and properly incurred and supported by documentary evidence, where approved in advance by the Board of Kosmare.

8.2.2 Ongoing Semico services (with management/service fee):

With effect from the commencement of business of the outlet or such other date approved by the Board of Kosmare, Semico shall (whether directly or through one or more members of the Semico Group, including Semico Technology) provide to Kosmare such ongoing finance, accounting, human resource, payroll, technical support, machine maintenance, machine servicing, machine refresh, supply-chain, procurement, financial reporting, listed-issuer compliance support, internal audit support, group reporting and such other services as may be agreed between Semico and Kosmare from time to time.

8.2.3 Ongoing CKS / operational services:

With effect from the commencement of business of the outlet or such other date approved by the Board of Kosmare, CKS and/or such operational personnel authorised, nominated or introduced by CKS, may provide or be engaged by Kosmare to provide ongoing outlet-management, day-to-day operations, customer-experience, landlord-liaison, brand-liaison, local-regulatory-liaison, marketing and such other services as may be agreed between CKS and Kosmare from time to time. Any employment, engagement, salary, remuneration, service fee or other compensation payable to CKS, or any such operational personnel shall be on arm's-length terms and approved by the Board of Kosmare as a reserved matter, and shall be documented in an employment agreement, service agreement or such other written arrangement as the Board of Kosmare may approve.

9. BOARD OF DIRECTORS

9.1 The Board of Kosmare shall initially consist of two (2) directors, unless the Shareholders unanimously agree in writing to increase the number of directors, whereby each Shareholder is entitled to nominate, appoint, remove and replace one (1) director, subject to the Companies Act.

10. TERM AND TERMINATION

10.1 This JVSHA shall come into force on the date of the JVSHA and shall continue until the earliest of:

10.1.1 one Shareholder ceasing to hold any Share;

10.1.2 the unanimous written agreement of all parties to terminate;

10.1.3 Kosmare being dissolved or wound up; or

10.1.4 Kosmare undertaking an initial public offering and/or having its shares (or any depositary receipts, instruments or securities representing or convertible into shares) admitted to listing or quotation on any stock exchange or securities market (whether in Malaysia or elsewhere), in which event the Parties shall procure that the JVSHA is terminated with effect from, and conditional upon, the date of such admission to listing, and the Parties shall enter into such replacement or supplemental arrangements (if any) as may be agreed between them and as are consistent with the listing requirements applicable to Kosmare; or

10.1.5 termination if any Condition Precedent has not been satisfied or waived.

11. CULPABLE DEFAULT EVENTS AND REMEDIES

11.1 Funding default and dilution:

Where the culpable default event as defined in the JVSHA consists of, or arises out of, a failure by a Shareholder (the **"Funding Defaulter"**) to make a funding contribution when due in accordance with the JVSHA and the funding plan approved by the Board of Kosmare, the non-defaulting party may, without prejudice to any claim for losses, subscribe for all or part of the Funding Defaulter's unpaid funding contribution by way of further subscription of Shares, and the Funding Defaulter shall be diluted accordingly.

11.2 Non-funding default:

On the occurrence of any culpable default event other than a funding default dealt with under the JVSHA, the non-defaulting party may, by serving a written notice on the defaulting Shareholder, require that the fair market value (and accordingly the culpable default call price and the culpable default put price) be determined in accordance with the JVSHA, and the non-defaulting party may serve an option notice to the defaulting Shareholder electing one of the following:

11.2.1 a call option requiring the defaulting Shareholder to sell all (but not less than all) of its Shares to the non-defaulting party (or its nominee) at the fair market value less a discount of fifty per cent (50%) ("**Culpable Default Call Price**");

11.2.2 a put option requiring the defaulting Shareholder to purchase all (but not less than all) of the Shares held by the non-defaulting party at the fair market value plus a premium of fifty per cent (50%) ("**Culpable Default Put Price**"); or

11.2.3 where the continuation of the joint venture is no longer commercially viable, require the Shareholders to procure that Kosmare be wound up.

11.3 Pre-Project-Completion default:

If a culpable default event occurs before the Project Completion Date, the defaulting Shareholder shall, in addition to the other remedies under the JVSHA, indemnify the non-defaulting party and its affiliates against all reasonable and evidenced costs, losses, liabilities and expenses suffered as a result of the culpable default event, including wasted project costs, deposits, professional fees, funding contributions, further equity contributions, approved Shareholders' loans, machine supply credits, termination costs, landlord claims, brand owner-related claims and liabilities under any key project agreement, provided that there shall be no double recovery for the same loss.