NESTCON BERHAD ("NESTCON" OR THE "COMPANY")

(I) PROPOSED JOINT DEVELOPMENT;
(II) PROPOSED DIVERSIFICATION; AND
(III) PROPOSED ACQUISITION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

*For the purpose of this announcement, the information set out in this announcement is updated to 8 February 2025, being the latest practicable date prior to the date of this announcement ("**LPD**").*

1. INTRODUCTION

On behalf of the Board of Directors of Nestcon ("**Board**"), M & A Securities Sdn Bhd ("**M&A Securities**") wishes to announce that the Company proposes to undertake the following:

(i) joint development between Nestcon PJS Sdn Bhd (a 70%-owned subsidiary of Nestcon Property Sdn Bhd ("**Nestcon Property**") (formerly known as Nestcon Development Sdn Bhd), which in turn is a wholly-owned subsidiary of Nestcon) ("**Nestcon PJS**" or "**Developer**") and Kumpulan Wilayah Sejati Sdn Bhd ("**KWSSB**" or "**Landowner**") to undertake, in a joint manner, the development of 2 adjoining parcels of leasehold vacant development lands located in Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor ("**Development Lands**") ("**Proposed Joint Development**");

(ii) diversification of the existing business operations of Nestcon and its subsidiaries (collectively, the "**Group**") to include property development ("**Property Development Business**") ("**Proposed Diversification**"); and

(iii) acquisition of 3 units of office space with accessorised car parking bays within a high-rise mixed commercial development known as 'Nest 2 Residences' for a total cash consideration of RM15.1 million ("**Proposed Acquisition**").

Further details on the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED JOINT DEVELOPMENT

On 3 March 2025, Nestcon PJS and KWSSB had entered into a joint development agreement ("**JDA**") to jointly undertake a mixed development potentially comprising commercial lots and serviced apartments on the Development Lands ("**Project**"). Further details of the Development Lands are set out in Section 2.1.

Pursuant to the terms of the JDA, KWSSB as the owner of the Development Lands, shall provide the Development Lands and Nestcon PJS as the appointed Developer for the Project, shall be responsible for all matters pertaining to the sales, marketing, administration, design, planning, development, construction, management and finance of the Project, subject to the terms and conditions as stated in the JDA. Please refer to **Appendix I** for the salient terms of the JDA.

In accordance with the terms of the JDA, KWSSB shall be entitled to a total sum of RM10.0 million ("**Landowner's Entitlement**") for contributing the Development Lands to the Developer pursuant to the Proposed Joint Development. The payment schedule for the Landowner's Entitlement is set out in Section 2.2.

A summary of the Project is set out as follows:

Name of Project	:	To be determined
Type of development	:	Mixed development potentially comprising commercial lots at ground floor and serviced apartments (estimate 480 units)
Estimated gross development value ("**GDV**")(1)	:	RM211.7 million
Estimated gross development cost ("**GDC**")(1)(2)	:	RM174.3 million
Estimated gross profit	:	RM37.4 million
Landowner's Entitlement	:	RM10.0 million
Current stage or percentage of completion	:	Not applicable as the Project has not commenced as at LPD
Expected commencement date and completion date	:	The Project is expected to commence immediately upon the Developer obtaining the approved advertisement permit and developer licence ("**APDL**") from the relevant authorities, which is expected to be obtained by 4th quarter of 2025 and to be developed over an estimated period of 5 years
Status of approvals for development	:	As at the date of this announcement, the necessary approvals for the development has yet to be obtained.

Notes:

(1) Based on the estimation in the preliminary feasibility study provided by the management of Nestcon PJS, which may vary subject to amongst others, the final Development Order and building plans approved by the relevant authorities.

(2) The estimated GDC includes mainly the construction costs, which consist of, amongst others, piling costs, building costs and infrastructure costs, amounting to RM174.3 million as well as Landowner's Entitlement amounting to RM10.0 million.

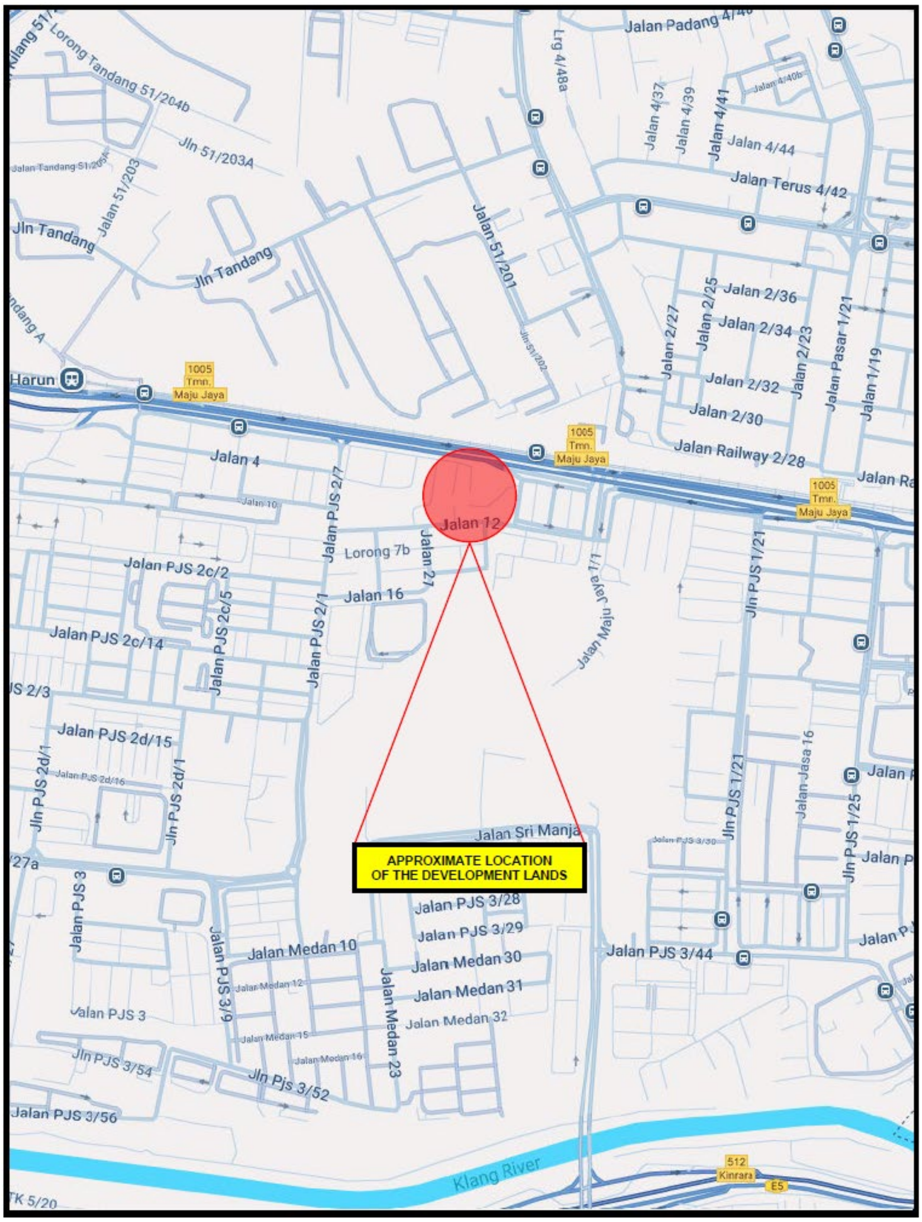
For information purpose, as at LPD, the Developer has yet to obtain any approvals from the relevant authorities for the development of the Project. As stipulated in the JDA, KWSSB shall deliver the vacant possession of the Development Lands upon request by the Developer. Upon the execution of the JDA, KWSSB shall execute and deliver a power of attorney in favor of the Developer to complete all aspect of the Project effectively.

2.1 Information on the Development Lands

The Development Lands comprise 2 adjoining parcels of leasehold vacant development lands in Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor with a total net land area of approximately 10,084.7 square metre ("**sq m**") and KWSSB is the registered owner of the Development Lands. The Development Lands are located within the vicinity of Petaling Jaya Selatan ("**PJ South**") which have access to frontage visibility of New Pantai Expressway ("**NPE**") and surrounded by matured neighbourhoods.

The location of the Development Lands allows for easy connectivity to various parts of the Klang Valley via NPE or internal roads to the south link to Lebuhraya Shah Alam ("**KESAS**"). Nestled in the middle of established schemes between Petaling Jaya Selatan ("**PJS**") 1 and PJS 2 coupled with easy access to Petaling Jaya, Kuala Lumpur and Subang Jaya, the Development Lands are considered untapped for its development potential.

The location of the Development Lands is set out as below:



*(Source: Henry Butcher Malaysia Sdn Bhd ("**Henry Butcher**"))*

Summary details of the Development Lands

Development Lands	:	Development Land 1	Development Land 2
Title No.	:	HSD 288583	HSD 135580
Lot No.	:	PT 1979	PT 5104
Mukim/Bandar/Pekan	:	Bandar Petaling Jaya Selatan	
District	:	Petaling	
State	:	Selangor	
Provisional land area	:	2,502.0 sq m	8,498.3976 sq m[(1)]
Tenure	:	Leasehold for 99 years expiring on March 17, 2112 thus the remaining unexpired term is approximately 87 years as at LPD	Leasehold 99 years expiring on January 18, 2099 thus the remaining unexpired term is approximately 74 years as at LPD
Registered owner	:	KWSSB	
Category of land use	:	Building	
Expressed condition	:	Residential Building	Commercial
Restriction in interest	:	This land can be transferred, leased or charged upon obtaining the consent of the relevant State Authority	This land cannot be transferred, leased or charged except with the consent of the relevant State Authority
Encumbrances	:	Nil	Nil
Market value as appraised by the Valuer	:	RM4.2 million	[(2)]RM22.0 million
Audited net book value	:	[(3)]RM1.6 million	[(3)]RM4.2 million

Notes:

(1) The provisional land area of Development Land 2 as per the title document is approximately 8,498.3976 sq m. However, a portion of the land measuring about 915.7 sq m which is located at the north-eastern portion of Development Land 2 has been compulsorily acquired by the authority vide Presentation No. 001N179/2005 registered on 8 March 2005. As such, the net land area owned by KWSSB is approximately 7,582.7 sq m.

(2) Based on the net land area owned by KWSSB of approximately 7,582.7 sq m.

(3) Based on latest available audited financial statements of KWSSB as at 31 December 2023.

2.2 Mode of satisfaction of the Landowner's Entitlement

Pursuant to the terms of the JDA, the Landowner's Entitlement will be fully satisfied in the following manner:

(i) RM5.0 million in 42 monthly instalments in accordance to the schedule below where the first instalment shall commence from the 13th month from the date the Developer obtains the approved APDL for the Project:

No. of Instalment	Instalment amount per month (RM)	Total amount (RM)
1st – 12th instalment	75,000	900,000
13st – 24th instalment	125,000	1,500,000
25st – 36th instalment	125,000	1,500,000
37st – 41st instalment	175,000	875,000
42nd instalment	225,000	225,000
Total		**5,000,000**

(ii) the balance of RM5.0 million within 3 months from the date the Developer obtains the certificate of completion and compliance ("**CCC**") in respect of all the buildings comprised in the Project, subject to an automatic extension of a further 30 days, if required by the Developer.

2.3 Basis and justification of arriving at the Landowner's Entitlement

The Landowner's Entitlement was arrived at on a 'willing buyer-willing seller' basis and after taking into consideration, amongst others, the following:

(i) the market value of the Development Lands of RM26.2 million ("**Market Value**"), as appraised by the independent registered valuer, namely Henry Butcher ("**Valuer**"), based on its valuation report dated 28 February 2025.

The Market Value of the Development Lands was arrived at based on the comparison approach of valuation ("**Comparison Approach**"), where the market value is derived from making comparison to similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.

The Comparison Approach is the only valuation method adopted for the Development Lands in view that there are no detailed planning approvals nor approved building plans for the Project as at LPD.

The Landowner's Entitlement of RM10.0 million represents a discount of RM16.2 million or approximately 61.8% to the market value of RM26.2 million as appraised by the Valuer;

(ii) The audited net book value of the Development Lands amounted to RM5.8 million as at 31 December 2023; and

(iii) The rationale and benefits of the Proposed Joint Development as set out in Section 5.1.

2.4 Information on Nestcon PJS

Nestcon PJS is a private limited company incorporated in Malaysia on 10 September 2024 under the Companies Act, 2016 ("**Act**"). Nestcon PJS is principally involved in property development and management.

As at LPD, Nestcon PJS has an issued share capital of RM1,000 comprising 1,000 ordinary shares, of which shareholding structure is as follows:

Name	Place of incorporation/ Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Nestcon Property	Malaysia	700	70.0	-	-
Lim Aik Hoe	Malaysian	150	15.0	-	-
Lim Aik Kiat	Malaysian	150	15.0	-	-
		1,000	**100.0**	**-**	**-**

As at LPD, the directors of Nestcon PJS are Ong Yong Chuan and Lim Joo Seng. None of the directors of Nestcon PJS hold shares in Nestcon PJS.

2.5 Information on KWSSB

KWSSB is a private limited company incorporated in Malaysia on 25 June 1985 under the Companies Act, 1965 and is deemed registered under the Act. KWSSB is principally involved in property development.

As at LPD, KWSSB has an issued share capital of RM300,005 comprising 300,005 ordinary shares and the shareholding structure of KWSSB is as follows:

Name	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Su Ming Yaw	Malaysian	150,000	50.0	-	-
Su Ming Keat	Malaysian	150,005	50.0	-	-
		300,005	**100.0**	**-**	**-**

As at LPD, the directors of KWSSB are Su Ming Yaw and Su Ming Keat.

2.6 Liabilities to be assumed by Nestcon Group

Save for the obligations and liabilities arising from or in connection with the JDA pursuant to the Proposed Joint Development, there are no liabilities, including contingent liabilities or guarantees expected to be assumed by and/ or that may remain with the Nestcon Group arising from the Proposed Joint Development.

2.7 Additional financial commitments

Save for the Landowner's Entitlement and financial commitments required for the implementation and completion of the Project, Nestcon PJS is not expected to incur any other additional financial commitment in relation to the Proposed Joint Development. The estimated financial commitments required to complete the Project is approximately RM174.3 million, which is the total GDC for the Project.

2.8 Source of funding

Nestcon PJS intends to fund the Project through a combination of internally generated funds and/ or bank borrowings. The breakdown of such funding is yet to be determined at this juncture as it will depend on, amongst others, the level of the Group's internal funds, availability and suitability of funding alternatives at the relevant time.

3. DETAILS OF THE PROPOSED DIVERSIFICATION

Presently, Nestcon Group is principally involved in the following:

(i) provision of construction services; and

(ii) engineering, procurement, construction and commissioning ("**EPCC**") of solar photovoltaic ("**PV**") systems, project management of renewable energy activities, as well as owning and operating solar PV assets ("**Renewable Energy Business**").

On 15 July 2024, the Company incorporated a wholly-owned subsidiary, Nestcon Property with the intention to explore any opportunities in the business of property development and management. At this juncture, the Group has not undertaken any property development activities. The Proposed Joint Development represents an opportunity for the Group to venture into the Property Development Business as it provides the Group with a prospect to diversify its earnings base.

The key financial performance of the Group for the past 3 financial years up to the financial year ended ("**FYE**") 31 December 2023 are as follows:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Revenue	**358,261**	**100.0**	**461,518**	**100.0**	**775,146**	**100.0**
- Construction works	358,261	100.0	454,869	98.6	759,205	97.9
- Renewable Energy Business	-	-	6,649	1.4	15,941	2.1
Profit/(Loss) after tax attributable to the owners of the Company	**12,211**	**100.0**	**(15,348)**	**100.0**	**3,492**	**100.0**
- Construction works	12,211	100.0	(15,090)	98.3	3,310	94.8
- Renewable Energy Business	-	-	(258)	1.7	182	5.2

Based on the above, the Group's financial performance in FYE 2022 was negatively affected, mainly due to the following:

(a) higher cost of raw materials such as steel, concrete, cement and diesel arising from the supply chain disruptions and global inflationary pressures; and

(b) higher labour cost arising from the implementation of Malaysia's revised minimum wage policy from RM1,200 to RM1,500 in 2022.

(Source: Nestcon's annual report FYE 2022)

Subsequently, the Group's financial performance in FYE 2023 has improved, mainly due to the commencement of new construction projects and higher level of the Group's construction activities in FYE 2023.

(Source: Nestcon's annual report FYE 2023)

Taking into consideration that the Project could potentially contribute an estimated gross profit of RM37.4 million to the Group (as set out in Section 2) as well as the Group's financial performance as stated above, the Board (save for Datuk Ir. Dr. Lim Jee Gin ("**Datuk Ir. Dr. Lim**") anticipates that, barring any unforeseen circumstances, the Group's Property Development Business may potentially contribute 25% or more of the net profits of the Group and/ or result in a diversion of 25% or more of the Group's net assets ("**NA**") in the future as the Group will continue to identify and secure additional projects to further expand the Property Development Business in the long term.

As such, the Board proposes to seek the approval from the shareholders of Nestcon for the Proposed Diversification pursuant to Rule 10.13(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), at an extraordinary general meeting ("**EGM**") to be convened.

Notwithstanding the Proposed Diversification, the Board will continue with the existing business operations of the Group in the same manner. The Board will continuously review the Group's business operations from time to time with the intention to improve the Group's financial performance and position.

3.1 Key management personnel

The Group has identified Ong Yong Chuan, Executive Director and Lim Joo Seng, Finance Director, to oversee and spearhead the operations of the Group's Property Development Business. For avoidance of doubt, Datuk Ir. Dr. Lim, being the Group Managing Director of Nestcon, will not be involved in the operations of the Group's Property Development Business in view of his interest in other property development business activities, details of which are set out in Section 11.

Their qualifications and experiences are set out below:

Ong Yong Chuan, a Malaysian male aged 50, is the Group's Executive Director. He graduated with a Bachelor of Engineering (Civil) (Hons) from Universiti Putra Malaysia in 1999.

He began his industrial training as a Site Engineer with Pembinaan Puncak Cergas Sdn Bhd in 1998 where he was involved in the planning, managing, executing and supervising of construction of schools using pre-cast components in Negeri Sembilan. He left to join Danau Reka Sdn Bhd in 2002 as a Project Engineer where he was involved in managing and supervising building construction projects up to his departure in 2006.

In 2007, he joined Baxtium Construction Sdn Bhd as a Director and shareholder where he was responsible for the overall planning and business development activities for the company. He was also responsible for managing and supervising the company's building construction works to ensure compliance with customers' requirements, in addition to fulfilling the project requirement in terms of quality, time and cost of projects.

In 2013, he co-founded Nestcon Builders Sdn Bhd (a wholly-owned subsidiary of Nestcon) ("**Nestcon Builders**") to venture into the provision of building construction services. In 2014, he left Baxtium Construction Sdn Bhd and joined Nestcon Builders as a Director.

Lim Joo Seng, a Malaysian female aged 51, is the Group's Finance Director.

She obtained her Bachelor of Commerce (Accounting) from Macquarie University in Sydney, Australia in 1998. She is a member of Certified Public Accountants of Australia and Malaysian Institute of Accountants, both since 2003.

Upon graduation, she started her career in 1999 as a Tax Assistant in Sekhar & Tan, where she was involved in preparation of tax returns for clients. In 2000, she joined Deloitte KassimChan as an Audit Senior, where she was involved in statutory audits for clients in various industries as well as special assignments relating to listing exercises and mergers and acquisitions. In 2004, she left the firm and joined Eversafe Engineering Sdn Bhd as Finance Manager and was responsible for the company's financial reporting and accounting matters.

In 2005, she left the company and joined Deloitte Touche Tohmatsu CPA Ltd as a Manager based in China and was responsible for leading, managing and coordinating audit engagements with clients from various industries. She was also involved in special assignments related to listing and financial due diligence. In 2010, she left and joined XinRen Aluminium Holdings Limited as a Chief Financial Officer, where she was responsible for overseeing its restructuring exercise and preparation of its listing in Singapore. She was also responsible for managing, coordinating and monitoring the company's projects from acquisitions of strategic companies to external funding exercises.

In 2017, she left XinRen Aluminium Holdings Limited and started providing financial advisory services on a freelance basis. She ceased providing financial advisory services on a freelance basis in 2019 prior to joining the Group in her current position in December 2019 and is mainly responsible for the Group's financial functions, which include financial planning, reviewing and reporting.

As at LPD, she is the Independent Non-Executive Director for KGW Group Berhad (a company listed on the ACE Market of Bursa Securities) and Nexion Technologies Limited (a company listed on the Hong Kong Stock Exchange).

Moving forward, upon the successful establishment of the Property Development Business, the Board intends to appoint additional personnel to assist the aforesaid key management personnel to manage the Property Development Business. The recruitment plan will depend on the size and requirements of the future development projects to be undertaken by the Group and the availability of suitable candidates.

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4. DETAILS OF THE PROPOSED ACQUISITION

Nestcon ("**Purchaser**") had on 3 March 2025 entered into a conditional sale and purchase agreement ("**SPA**") with Nestcity Cemerlang Sdn Bhd ("**Nestcity Cemerlang**" or "**Vendor**") to acquire 3 units of office space within a mixed development known as 'Nest 2 Residences' bearing postal address as follows:

(a) N2-G-01, Ground Floor, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur (consist of ground floor, upper floor (mezzanine) and level 1) ("**Property 1**");

(b) N2-2-01, Level 2, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur ("**Property 2**"); and

(c) N2-3-01, Level 3, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur ("**Property 3**"),

(collectively referred to as, "**Subject Properties**"), for a total cash consideration of RM15.1 million.

The Proposed Acquisition is deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements, in view of the interests of Datuk Ir. Dr. Lim as the major shareholder and Group Managing Director of Nestcon as set out in Section 11 below. Accordingly, Asia Equity Research Sdn Bhd ("**AER**" or the "**Independent Adviser**") has been appointed as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Acquisition and to undertake the following:

(i) comment whether the Proposed Acquisition is fair and reasonable so far as the non-interested shareholders of the Company are concerned;

(ii) comment whether the Proposed Acquisition is detrimental to the interest of the non-interested shareholders of the Company; and

(iii) advise the non-interested shareholders of the Company whether they should vote in favour of the resolution pertaining to the Proposed Acquisition at the EGM to be convened.

Pursuant to the Proposed Acquisition, Nestcon had entered into the SPA with the Vendor to acquire the Subject Properties for a total cash consideration of RM15.1 million ("**Purchase Consideration**") as detailed below:

Subject Properties	Build-up area (sq m)	Purchase Consideration (RM)
Property 1	1,128.0	
Property 2	682.0	15,100,000
Property 3	710.0	
Total	**2,520.0**	**15,100,000**

The Subject Properties are being acquired free from all encumbrances with vacant possession and are further subject to the terms and conditions of the SPA, the salient terms of which are set out in **Appendix II**.

4.1 Information on the Subject Properties

The Subject Properties are located within a newly completed high-rise mixed commercial development known as 'Nest 2 Residences' ("**Subject Development**"). The Subject Development consists of a block of 37-storey serviced apartments and hotel suites sitting atop a podium block which comprise the following:

(i) 1 level of carpark at basement floor;

(ii) hotel lobby and covered carpark at lower ground floor;

(iii) 3 levels of shop offices (the Subject Properties being part of this component) partially located from Ground floor to Level 3;

(iv) serviced apartment lobby located at ground floor;

(v) covered parking located at Level 2 to Level 9; and

(vi) common facilities floors located at Level 10 and Level 11.

The Subject Properties (highlighted in red below), being part of the Subject Development, is located off Jalan Puchong as set out below:

(Source: Henry Butcher)

Salient information on the Subject Properties are as follows:

<table>
<tr><td>Subject Properties</td><td>:</td><td>Property 1</td><td>Property 2</td><td>Property 3</td></tr>
<tr><td>Master Title No.</td><td>:</td><td colspan="3">Geran Mukim 4480</td></tr>
<tr><td>Master Lot No.</td><td>:</td><td colspan="3">Lot 101897</td></tr>
<tr><td>Building No.</td><td>:</td><td colspan="3">M1</td></tr>
</table>

Strate Title No.	:	Geran Mukim 4480/M1/2/4	Geran Mukim 4480/M1/4/9	Geran Mukim 4480/M1/5/10
Building No.	:	M1		
Storey No.	:	2	4	5
Parcel No.	:	4	9	10
Mukim	:	Petaling		
District	:	Kuala Lumpur		
State	:	Wilayah Persekutuan Kuala Lumpur		
Built-up area	:	(1)1,128.0 sq m	682.0 sq m	710.0 sq m
Tenure	:	Freehold		
Age of building	:	Approximately 1 year old		
Registered owner	:	Nestcon Cemerlang Sdn Bhd (currently known as Nestcity Cemerlang)		
Express condition for Master Title / Express condition for Strata Title	:	This land shall be used for commercial buildings for the purposes of hotel, shop office, office, serviced apartment and car park / Shop-office		
Existing and proposed use	:	The Subject Properties are vacant and Nestcon proposes to use the Subject Properties as its new corporate office		
Restriction in interest	:	Nil		
Encumbrance	:	Nil		
Market value as appraised by the Valuer	:	RM7.4 million	RM3.9 million	RM3.8 million
Audited net book value	:	(2)Not available	(2)Not available	(2)Not available

Notes:

(1) Consist of ground floor (208.0 sq m), upper floor (mezzanine) (92.0 sq m) and level 1 (828.0 sq m)

(2) Nestcity Cemerlang obtained the CCC of the Subject Development (including Subject Properties) in October 2024 and the audited financial statements of Nestcity Cemerlang as at 31 December 2024 is not available as at the date of this announcement, as such the audited net book value of the Subject Properties are not available. However, the Property 1, Property 2 and Property 3 are accounted under inventory in the management accounts of Nestcity Cemerlang as at 31 December 2024, amounting to RM5.7 million, RM3.0 million and RM3.0 million respectively.

4.2 Basis and justification of the Purchase Consideration

The Purchase Consideration of RM15.1 million was arrived at on a 'willing-buyer willing-seller' basis after taking into consideration the total market value of the Subject Properties of RM15.1 million as appraised by the Valuer, vide its valuation report for the Subject Properties dated 28 February 2025.

The Purchase Consideration represents the market value of the Subject Properties of RM15.1 million based on the valuation conducted on the Subject Properties by the Valuer. The market value of the Subject Properties was arrived at based on the Comparison Approach, where the market value is derived from making comparison to similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. The Valuer also cross-checked the Comparison Approach with the Income Approach by Investment Method, where in the Investment Method, the capital value of the Subject Properties is derived from the net annual rental income being capitalised at an appropriate current market yield to arrive at its indicative capital value.

4.3 Information on the Vendor

Nestcity Cemerlang is a private limited company incorporated in Malaysia on 19 June 2017 under the Act. Nestcity Cemerlang is principally involved in property development.

As at LPD, Nestcity Cemerlang has an issued share capital of RM1,000,000 comprising 1,000,000 ordinary shares, of which its shareholding structure as at LPD are as follows:

		Direct		Indirect	
Name	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**
Datuk Ir. Dr. Lim	Malaysian	500,000	50.0	-	-
Datuk Kwong Jee Kong	Malaysian	450,000	45.0	-	-
Tang Chi Cheong	Malaysian	50,000	5.0	-	-
		1,000,000	**100.0**	-	-

As at LPD, the directors of Nestcity Cemerlang are Datuk Ir. Dr. Lim (non-executive) and Datuk Kwong Jee Kong (executive).

4.4 Liabilities to be assumed by Nestcon Group

Save for the obligations and liabilities arising from or in connection with the SPA pursuant to the Proposed Acquisition, there are no liabilities, including contingent liabilities or guarantees expected to be assumed by and/ or that may remain with the Nestcon Group arising from the Proposed Acquisition.

4.5 Additional financial commitments

Save for the Purchase Consideration, there is no additional financial commitment required by the Group for the Proposed Acquisition.

4.6 Source of funding

The Purchase Consideration will be fully satisfied in cash, which shall be financed via a combination of internally generated funds and bank borrowings, the proportion of which will be determined at a later date. Based on the latest unaudited financial statements of the Group, the Group has cash and bank balances of approximately RM82.7 million as at 31 December 2024.

4.7 Original cost of investment

Nestcity Cemerlang, being the developer of the Subject Properties, has obtained the CCC of the Subject Development in October 2024 and the development costs incurred for Property 1, Property 2 and Property 3 are RM5.7 million, RM3.0 million and RM3.0 million respectively.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Joint Development

The Proposed Joint Development allows the Group to venture into its first property development project.

The Project is expected to contribute positively to the earnings of the Group premised on the strategic location of the Development Lands which is within the vicinity of PJ South and have frontage visibility of NPE and surrounded by matured neighbourhoods, offering easy connectivity to various parts of the Klang Valley via NPE or the internal roads to the south link to KESAS.

In turn, the Project will provide an alternative source of income for the Group in addition to its existing businesses in construction works and Renewable Energy Business.

5.2 Proposed Diversification

In conjunction with the Proposed Joint Development, the approval of the shareholders will be sought for the Proposed Diversification as the Group is currently not principally involved in the property development business.

Moving forward, apart from the Project, the Group may also undertake other property development projects as and when the opportunities arise. In turn, property development activities are expected to contribute positively to the future earnings of the Group, premised on the prospects of the property market in Malaysia as set out in Section 7.2.

Further to the above, due to certain similarities in the nature of the Property Development Business and the Group's existing construction business, there may be synergies to be derived in the form of potential sharing of resources (e.g. manpower, machinery and equipment) as well as technical knowledge and/or experience (e.g. in the building and construction field).

5.3 Proposed Acquisition

As at LPD, Nestcon Group operates from the existing corporate office located in Bandar Puchong Jaya, Selangor. Nestcon Group's existing corporate office comprises (i) 3 units of commercial shoplot office which is rented from Datuk Ir. Dr. Lim; and (ii) 2 units of commercial shoplot office which is rented from third parties. Such 5 units of commercial shoplot office have a total built-up area of 1,040.51 sq m and currently accommodate up to a total of 79 employees. Moving forward, Nestcon Group intend to recruit up to a total of additional 50 employees in the next 24 months to cater for the Group's business growth.

The Proposed Acquisition will allow the Company to relocate from its existing corporate office to set up its new corporate office at the Subject Properties and own a permanent business premise for growing its business, operations and human resource capacity. Through this approach, Nestcon Group is able to set up a centralise business facility to better manage operating and cost efficiencies in the long run. In addition, the Subject Properties is expected to fulfil the demand of the Group for a strategic location as it is strategically located within Old Klang Road/ Jalan Puchong.

Premised on the above, the Board (save for Datuk Ir. Dr. Lim) is of the view that the Proposed Acquisition is in the best interest of the Group as it represents an opportunity for Nestcon to set up a new corporate office for the Group which is expected to increase the operational efficiency of employees that fosters a collaborative workspace from a centralised office location in the long term. Furthermore, the strategic positioning of the Subject Properties in a prime and strategic location, is anticipated to significantly bolster the visibility of the Group's corporate identity.

6. RISK FACTORS

6.1 Proposed Joint Development and Proposed Diversification

The Proposed Joint Development and Proposed Diversification are subject to the risks inherent in the real estate and construction industry, of which Nestcon Group is presently subject to. Therefore, Nestcon Group would be exposed to similar risks after completion of the Proposed Joint Development and Proposed Diversification. Nonetheless, the potential risks that may have an impact on Nestcon Group, which may not be exhaustive, pertaining to the Proposed Joint Development and Proposed Diversification are set out below:

6.1.1 Counterparty risk

The Proposed Joint Development is subject to counterparty risk as there is no assurance that the parties to the JDA will be able to fulfill their duties and obligations at all times in accordance to terms and conditions as stated therein. Any breach of material obligations may entitle the non-defaulting party to terminate the JDA and take necessary actions to claim damages or seek other remedies for any losses incurred as a result of the default or breach. As such, there is no assurance that Nestcon PJS will realise the anticipated benefits from the Proposed Joint Development and/or recover all costs or losses incurred arising from the termination.

Nestcon PJS shall endeavour to take all steps necessary to ensure that it is in continued compliance with its duties and obligation as set out in the JDA through the project management committee.

6.1.2 Non-completion or delay in the Project

The timely completion of the Project is critical for the Proposed Joint Development. Any delay in the completion of the Project could result from factors which are beyond the control of Nestcon PJS or KWSSB, such as delay in obtaining approvals/ permits necessary for the Project, shortage of raw materials and labour, adverse weather conditions and other unforeseen circumstances. If the Project does not complete in a timely manner, the Group may be unable to realise the expected return from the Project as set out in Section 2.

The Group seeks to mitigate this risk by managing and closely monitoring the progress of the Project. Nonetheless, there is no assurance that the efforts to be undertaken by the Group will prevent any delays in the completion of the Project.

6.1.3 Risk of property overhang

The Group's Property Development Business may face the risk of property overhang, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be a possibility of property overhang at the time of completion of its development projects in the future. This will affect the returns to be generated by the properties which the Group may acquire and/or develop in the future and in turn affect the Group's financial performance.

To mitigate the risk, the Group will closely monitor the developments in the property market as well as exercise careful planning prior to undertaking any property development projects. Nevertheless, despite the measures to be taken there can be no assurance that any property overhang situation will not have any adverse impact on Nestcon Group's financial performance.

6.1.4 Financing risk

Nestcon Group will be seeking external financing to partially fund the Project. Its ability to obtain external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, or any restrictions imposed by the Malaysian government as well as the political, social and economic conditions in Malaysia. The Group may also be exposed to fluctuations in interest rate movements. Any future significant fluctuation of interest rates could have an effect on the Group's cash flows and profitability. Nevertheless, Nestcon Group will endeavor to manage its cash flow position and funding requirements prudently, to address the risk.

6.1.5 Political, economic and regulatory risk

The performance of the Group is dependent on the performance and growth of the economy and political conditions in Malaysia. Any adverse development and uncertainties in political, economic, market, interest rate, taxation, regulatory and social conditions could materially affect the Group's Property Development Business. These include but is not limited to, amongst others, political instability, economic downturn and unfavourable changes in governmental policies such as changes in the methods of taxation, interest rates or introduction of new regulations, which are generally beyond the management's control and affect all the players in the property development industry.

Notwithstanding that, the Group will constantly keep abreast with the political, economic and regulatory developments through various media, events and/ or seminars, and may also engage in discussion or meeting with the relevant stakeholders to evaluate, introduce and/ or undertake measures with the aim of mitigating impact of the aforementioned risks.

6.1.6 Dependency on key personnel

Nestcon Group is dependent on the operations and technical expertise of the project management team for the implementation of the Project. The loss of any key management personnel without suitable and timely replacement, or the inability to attract and retain other qualified personnel, may adversely affect Nestcon Group's ability to compete effectively in the property development industry.

Recognising the importance of the key management personnel, the Group will continuously adopt appropriate measures to attract and retain them by offering, amongst others, competitive remuneration packages and ongoing training and development programmes. The Group will strive to retain qualified experienced personnel who are essential to the Group's succession plan to ensure continuity and competency in the management team.

6.2 Proposed Acquisition

6.2.1 Non-completion risk

The completion of the Proposed Acquisition is subject to, amongst others, the fulfilment of the terms and conditions under the SPA including the conditions precedent set out in **Appendix II**. In the event any of the conditions precedent are not fulfilled or waived, the Proposed Acquisition may not be completed, which may result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.

The Group will take all reasonable steps to ensure that the conditions precedent are fulfilled and/ or waived within the stipulated timeframe as well as take steps to mitigate the occurrence of termination events in order to complete the Proposed Acquisition in a timely manner.

6.2.2 Financing risk

Nestcon Group will be seeking external financing to partially fund the Proposed Acquisition. Its ability to obtain external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, or any restrictions imposed by the Malaysian government as well as the political, social and economic conditions in Malaysia. The Group may also be exposed to fluctuations in interest rate movements. Any future significant fluctuation of interest rates could have an effect on the Group's cash flows and profitability. Nevertheless, Nestcon Group will endeavor to manage its cash flow position and funding requirements prudently, to address the risk.

6.2.3 Market valuation of the Subject Properties

The valuation of the Subject Properties by the Valuer is based on certain assumptions, which are subjective, uncertain and may differ materially from actual transactions in the market. Further, property valuations generally include subjective determination of certain factors relating to the Subject Properties, such as its location, relative market position and physical condition. The market value of the Subject Properties as appraised by the Valuer is not an indication of, and does not guarantee, an equivalent or greater sale price either at the present time or at any time in the future.

Nonetheless, it is the intention of the Group to hold the Subject Properties for the long-term as the Subject Properties are intended to be the Group's new corporate office.

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7. OUTLOOK AND PROSPECTS

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%), driven mainly by domestic demand. The strong investment activity was underpinned by the continued realisation of new and existing projects. Household spending was sustained amid positive labour market conditions and continued policy support. In the external sector, exports of goods and services continued to expand while capital and intermediate imports growth moderated. On the supply side, growth was mainly accounted for by expansion in the services sector, with increased support from both consumer-related and business-related subsectors. The manufacturing sector was supported by the E&E and primary-related clusters. The construction sector continued to record double-digit growth with robust activities in the residential, nonresidential and special trade subsectors. However, growth was weighed down by contraction in the commodities sector following lower oil palm output as well as the continued decline in oil production. On a quarter-on-quarter, seasonally-adjusted basis, growth declined by 1.1% (3Q 2024: 1.9%). For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports.

Going forward, while the global environment could be challenging, growth of the Malaysian economy will be driven by robust expansion in investment activity, resilient household spending and expansion in exports supported by Malaysia's strong economic fundamentals. On the domestic front, investment activities will be driven by the favourable progress of multi-year projects in both the private and public sectors and further lifted by the realisation of approved investments. Household spending will benefit from the continued support from employment and wage growth as well as Government policy measures. This includes the upward revision of the minimum wage and civil servant salaries. On the external front, the ongoing global tech upcycle, continued growth in non-electrical and electronic goods and higher tourist spending are expected to lift exports. The growth outlook remains subject to downside risks. Such risks include an economic slowdown in major trading partners amid the heightening risk of trade and investment restrictions and lower-than-expected commodity production. Nevertheless, potential upside to growth includes greater spillovers from the tech upcycle, more robust tourism activities and faster implementation of investment projects.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

The Malaysian economy's growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical & electronic (E&E) goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative, the Government-linked Enterprises Activation and Reform Programme (GEAR-uP), will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

The real estate and business services subsector expanded by 9.1% in the first half of 2024, supported by higher demand for professional services, particularly in engineering-related activities. The subsector is expected to grow by 8.1% in the second half of the year, supported by the increase of sales transactions from developers to buyers in the real estate segment and higher demand for professional, scientific & technical services. Furthermore, the enhancement of the Malaysia My Second Home visa scheme in June 2024 will help boost sales of the high-end segment of local property. For the year, the subsector is expected to grow by 8.6%.

In 2025, the real estate and business services subsector is forecast to increase by 6.3%, driven by sustained demand for professional services, particularly engineering related services in construction activities, including new data centre facilities. In addition, the expansion of the subsector will be supported by the improvement in sales of residential houses in the real estate segment. Meanwhile, the information and communication subsector is expected to grow by 2.6%, mainly attributed to the completion of the fifth-generation (5G) network that will enhance the coverage and network quality. Furthermore, a surge in investment for digital infrastructure, including data centres, will be crucial in improving the subsector's growth.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

7.2 Overview and outlook of the property development industry in Malaysia

The property market performance recorded an increase in the first half ("**H1**") 2024. A total of 198,906 transactions worth RM105.65 billion were recorded, showing an increase of 8.0% in volume and 23.8% in value compared to H1 2023, which recorded 184,140 transactions worth RM85.37 billion. Of the total transactions, 63.9% (127,043 transactions) and 32.5% (64,725 transactions) were transfers dated in 2024 and 2023, respectively while the remaining percentage share was for prior years' transfers.

Sectoral market activity performance showed upward movements. All subsectors recorded year-on-year growths in volume of transactions; residential (6.1%), commercial (22.4%), industrial (2.3%), agricultural (6.5%), and development land and others (12.1%). Value of transactions recorded higher increase for all sub-sectors i.e. residential, commercial, industrial, agriculture and development land and others, each at 10.4%, 41.5%, 23.4%, 37.8% and 59.3% respectively.

The residential sub-sector dominated the overall property market, with 61.3% contribution in volume. This was followed by agriculture (19.5%), commercial (10.9%), development land and others (6.4%) and industrial (1.9%). Similarly in value, residential took the lead with 46.8% share, followed by commercial (22.4%), industrial (12.8%), agriculture (9.2%) and development land and others (8.8%).

Residential market activity recorded a total of 121,964 transactions worth RM49.43 billion in H1 2024, a marginal increase of 6.1% in volume and 10.4% in value as compared to H1 2023. The improvement was supported by higher market volume in all states except Negeri Sembilan, Kedah, Sarawak, Terengganu, and Perlis, which reycorded a decline in market activity. Selangor contributed the highest volume and value to the national market share, capturing 22.3% in volume (27,174 transactions) and 30.6% in value (RM15.15 billion). Johor ranked second highest with 15.3% in volume (18,648 transactions) and 18.2% in value (RM9.02 billion). The four major states, namely Kuala Lumpur, Johor, Selangor, and Pulau Pinang, formed about 50% of the total national volume of transactions.

By type, demand continued to focus on terraced houses, which formed around 43.0% of the total residential transactions, followed by high-rise units (14.3%), vacant plots (15.3%), low-cost houses/flats (10.8%), semi-detached (7.9%), and other types.

The affordable house with a price range of RM300,000 and below remained in demand as the numbers dominated the volume, accounting for 53.1% of the total residential transactions. The price range bracket of RM300,001 to RM500,000 came in second (24.3%), followed by RM500,001 to RM1 million (17.3%), and more than RM1 million (5.3%). Of the total residential property transactions, 16.1% were primary market transactions (purchases from developers), while the remaining 83.9% were secondary market transactions (sub-sales).

The performance of the property market in the H1 2024 continue to improve, driven by stronger market activity, an improvement in market status, and encouraging construction activity. The strengthening of market activity was driven by a positive performance of transactions in all subsectors, supported by various initiatives outlined by the government under Budget 2024, including providing guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan (SJKP) and the extension of the stamp duty exemption period for property transfer documents for the purchase of first time home buyers valued at RM500,000 and below until December 2025.

The government has introduced several efforts and catalytic projects to drive the local economy while simultaneously stimulating the development of the property market. These include improving the flexibility of application requirements for the Malaysia My Second Home (MM2H) program, developing the Johor-Singapore Special Economic Zone (JS-SEZ), and establishing a Special Financial Zone in Forest City. Additionally, bolstering demands for property are positive, impact of developments such as the Rapid Transit Link (RTS) project in Johor, the East Coast Rail Link (ECRL), and the Pan Borneo Highway project in Sabah and Sarawak.

The expansion of the e-commerce sector, major industrial projects in the Northern Region, and the New Industrial Master Plan (NIMP) 2030 are expected to promote the performance of the industrial property market as well as serves as a catalyst for a stronger property market.

(Source: Property Market Report First Half 2024, Valuation and Property Services Department, Ministry of Finance Malaysia)

7.3 Prospects of Nestcon Group

As at LPD, Nestcon Group is principally involved in the provision of construction services and Renewable Energy Business.

The construction industry in Malaysia has been challenging in recent years due to the rising cost of construction materials and higher labour costs, which increased the Group's construction costs. The Group remains vigilant by undertaking prudent approaches and proactive steps to manage the risks and mitigate the impacts of rising construction costs, such as putting in place stringent cost control measures on the Group's operations and closely monitoring the prices of construction materials. Further, the Group has also made efforts to further improve its revenue and profitability by venturing into the Renewable Energy Business to diversify the Group's income stream. In May 2024, the Company obtained approval from its shareholders for the diversification of the Group's business to include Renewable Energy Business.

With regards to the Group's construction business, the Group has been actively participating in tenders for construction projects. As at LPD, the Group's unbilled contract value for its construction projects is approximately RM1.5 billion, which is expected to be recognised up to FYE 2028 based on expected progress. Several of the Group's existing construction projects are as follows:

Project name/ Location	Description	Estimated completion date	Contract value	Total value completed as at LPD	Estimated value of unbilled order book
			RM'000	RM'000	RM'000
Building segment					
Kyliez Project/ Kuala Lumpur	Construction of 1 block of 37-storey commercial development with other relevant facilities	14 April 2027	108,000	15,223	92,777
Kuchai Sentral Phase 2 Project/ Kuchai Lama	Construction of 1 block of 30-storey and 1 block of 34-storey apartment suites with other relevant facilities	2 November 2026	251,500	43,149	208,351
Civil engineering and infrastructure segment					
Iskandar Project/ Johor Bahru	Earthworks and main infrastructure works	27 November 2025	79,500	26,192	53,308
			439,000	**84,564**	**354,436**

With regards to the Group's Renewable Energy Business, the Group has been actively participating in tenders for EPCC of solar PV systems projects. As at LPD, the Group's unbilled contract value for its EPCC of solar PV systems projects is approximately RM70.4 million which is expected to be recognised in FYE 2025 and FYE 2026. Moving forward, the Group will proactively secure more contracts for the EPCC of solar PV systems as well as taking reasonable steps and efforts to build the reputation of Nestcon Group in the renewable energy industry in Malaysia.

With regards to the Proposed Diversification, the Group is proposing to embark on the Proposed Joint Development which in turn would allow the Group to undertake the Project as set out in Section 2. The Project, which is expected to yield an estimated GDV of RM211.7 million and estimated gross profit of RM37.4 million over a development period of 5 years, is expected to contribute positively to the future earnings of the Group.

The Proposed Joint Development and Proposed Diversification represent an opportunity for the Group to diversify and grow its earnings base by tapping upon the opportunities in the growing property market sector as set out in Section 7.2.

Premised on the above and after taking into consideration the above efforts by the Group, the prospects of the outlook of the Malaysian economy and property development industry as set out in Sections 7.1 and 7.2, the Board remains cautiously optimistic, barring any unforeseen circumstances, the Group's existing construction business, Renewable Energy Business, Property Development Business and Proposed Joint Development are expected to contribute positively to the Group's revenue and earnings as well as enhance the Company's shareholders' value in the future.

(*Source: Management of Nestcon*)

7.3.1 Prospects of the Subject Properties

As at LPD, Nestcon Group operates from the existing corporate office located in Bandar Puchong Jaya, Selangor. Nestcon Group's existing corporate office comprises of 3 units of commercial shoplot office renting from Datuk Ir. Dr. Lim and 2 units of commercial shoplot office renting from third parties, which all 5 units of commercial shoplot office have a total built-up area of 1,040.5 sq m and currently accommodate up to a total of 79 employees.

As part of the Group's business growth strategy, the Group intends to centralise its offices by relocating the existing corporate offices to the Subject Properties. With all employees in close proximity, the Group is able to improve the communication and collaboration across departments, which in turn improves the overall efficiency of business operations and workforce in tandem with the expected business expansion.

In addition, the Group recognises the increasing demand for building construction works as well as civil engineering and infrastructure works, underpinned by the acceleration of infrastructure and housing projects in Malaysia. Pursuant thereto, the Group also intends to enhance its workforce by expanding the headcount to scale up the business operations and support the increasing human labour requirements. Further, Nestcon Group intend to recruit up to a total of additional 50 employees in the next 24 months to cater for the Group's business growth. The Subject Properties have a total built up area of 2,520.0 sq m and able to accommodate up to a total of approximately 140 employees.

Further, the Subject Properties are located in an attractive investment destination within the Klang Valley (i.e. Old Klang Road/ Jalan Puchong) and the Board (save for Datuk Ir. Dr. Lim) believes that the strategic location will be able to cater to the Group's business growth as well as generate potential capital appreciation to the Subject Properties.

Barring any unforeseen circumstances, the Board (save for Datuk Ir. Dr. Lim) believes that the future prospects of the Subject Properties will remain favourable.

(*Source: Management of Nestcon*)

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

(a) shareholders of Nestcon at an EGM to be convened; and

(b) any other relevant authority, if required.

The Proposed Joint Development and the Proposed Diversification are inter-conditional. The Proposed Joint Development and the Proposed Diversification are not conditional upon the Proposed Acquisition and vice versa.

The Proposals are not conditional on any other proposals undertaken or to be undertaken by the Company.

9. HIGHEST PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Joint Development pursuant to Rule 10.02(g)(vii) of the Listing Requirements is approximately 24.69% calculated based on total GDC of the Project compared to the audited consolidated total assets of Nestcon Group for FYE 2023. Based on the percentage ratio, the Proposed Joint Development does not require the approval of the shareholders of Nestcon. However, the Proposed Joint Development is inter-conditional with the Proposed Diversification, as such, the Company will seek Nestcon shareholders' approval for the Proposed Joint Development.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g)(iii) of the Listing Requirements is approximately 11.64% calculated based on Purchase Consideration compared to the audited NA of Nestcon Group for FYE 2023. Based on the percentage ratio and as the Proposed Acquisition is deemed a related party transaction pursuant to the Listing Requirements, the Proposed Acquisition requires the approval of the shareholders of Nestcon.

10. EFFECTS OF THE PROPOSALS

10.1 Issued share capital

The Proposals will not have any effect on the issued share capital in the Company as it will not involve any issuance of new ordinary shares in Nestcon ("**Nestcon Shares**" or "**Shares**").

10.2 NA and gearing

Barring any unforeseen circumstances, the Proposals are not expected to have any immediate material effect on the NA and gearing of Nestcon Group. However, the effects on the future NA and gearing of Nestcon Group will depend on the manner of funding for the Proposed Joint Development and Proposed Acquisition. The Proposed Joint Development is expected to contribute positively towards to NA and gearing of the Group as and when the Project is completed and sold.

10.3 Earnings and Earnings per Share ("EPS")

The Proposals are not expected to have any immediate material effect on the earnings of the Group. However, the Board believes that the Proposals will contribute positively to the Group's future earnings and EPS as the Group expands its Property Development Business in the future.

10.4 Substantial shareholders' shareholdings

The Proposals will not have any effect on the Company's substantial shareholders' shareholdings as it will not involve any issuance of new Nestcon Shares.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

Saved as disclosed below, none of the Directors and/ or major shareholders of the Company and/ or persons connected to them have any interest, whether direct or indirect, in relation to the Proposals.

Datuk Ir. Dr. Lim is the Group's Managing Director and major shareholder. He is also a director and major shareholder of the Vendor as set out in Section 4.3. As such, he is interested in the Proposed Acquisition.

As at LPD, the direct and indirect shareholdings of Datuk Ir. Dr. Lim in Nestcon are set out below:

	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Datuk Ir. Dr. Lim	363,243,758	50.82	-	-

Datuk Ir. Dr. Lim has abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Acquisition at the relevant Board meetings. Datuk Ir. Dr. Lim and persons connected to him will also abstain from voting in respect of his direct and/ or indirect shareholdings in Nestcon on the resolutions pertaining to the Proposed Acquisition to be tabled at the EGM to be convened.

12. POTENTIAL CONFLICT OF INTEREST OF DATUK IR. DR. LIM

Pursuant to the Company's intention to explore any potential business opportunities in property development, Datuk Ir. Dr. Lim, being the Group's Managing Director had on 17 February 2025 updated his conflict of interest declaration to the Board on his interests in other companies which are principally involved in property development as follows:

Company	Principal activities	Nature of interest
Nestcity Cemerlang	Property development	Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder. He is also a director and major shareholder of Nestcity Cemerlang.
Nestcity Land Sdn Bhd	Property development	Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder. He is also a director and shareholder of Nestcity Land Sdn Bhd.
Nestcity Property Sdn Bhd	Property development	Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder. He is also a director and major shareholder of Nestcity Property Sdn Bhd.
Nestcity Development Sdn Bhd	Property development	Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder. He is also a director and major shareholder of Nestcity Development Sdn Bhd.
Picoland Sdn Bhd	Property development	Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder. He is also a director and major shareholder of Picoland Sdn Bhd.
Midasdes Sdn Bhd(1)	Property development	Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder. He is also a director and shareholder of Midasdes Sdn Bhd.

Note:

(1) As at LPD, Datuk Ir. Dr. Lim is in the midst of resigning as a director and disposing his entire shareholdings in Midasdes Sdn Bhd to a third-party.

Given the interest of Datuk Ir. Dr. Lim in other property development business activities as mentioned above, Datuk Ir. Dr. Lim and/ or the relevant parties have undertaken/ will undertake the following steps to mitigate the potential conflict of interest:

(i) Datuk Ir. Dr. Lim will not participate in any of the Group's Property Development Business as provided in an irrevocable written undertaking letter dated 27 February 2025 addressed to the Board. In the same undertaking letter, he also undertakes that, amongst others, he shall refrain from directly or indirectly soliciting or attempting to solicit any property development business activities that is in competition with the business of the Group. The undertaking shall remain in effect from the date of the undertaking letter and continue for as long as it is required by the Group. The Audit Committee shall conduct periodic reviews of the undertaking provided by Datuk Ir Dr. Lim to ensure compliance and to assess whether any adjustments or additional measures are necessary based on the evolving business landscape;

(ii) Nestcity Cemerlang, Nestcity Land Sdn Bhd, Nestcity Property Sdn Bhd, Nestcity Development Sdn Bhd and Picoland Sdn Bhd have vide letters dated 27 February 2025 granted Nestcon a right of first refusal to jointly undertake any property development projects which the companies intend to undertake in the future (on an arm's length basis under terms and conditions substantially the same as those proposed to or by any third party). This right shall not apply to projects which the companies had already initiated or committed prior to the date of those letters;

(iii) Datuk Ir. Dr. Lim shall update his declaration of conflict of interest to the Nestcon's Audit Committee and the Board in relation to his interests in other companies at the onset and as and when there are changes in his respective interests in companies outside the Group. The Board has adopted a practice for continuous monitoring and reporting to ensure that Datuk Ir. Dr. Lim's personal and business interests are proactively identified and managed; and

(iv) Where there are related party transactions between the Group and the companies in which Datuk Ir. Dr. Lim has interest, Datuk Ir. Dr. Lim and person connected to him will abstain from all Board deliberations and voting (in respective of his direct and/ or indirect shareholdings in Nestcon) in the matter that has given/will give rise to the conflict of interest situations.

In view of Datuk Ir. Dr. Lim's potential conflict of interest as mentioned above and pursuant to his irrevocable written undertaking letter dated 27 February 2025, he has voluntarily abstained from the deliberations and voting in relation to the Proposed Joint Development and Proposed Diversification at the relevant Board meetings. Datuk Ir. Dr. Lim and persons connected to him will also abstain from voting in respect of his direct and/ or indirect shareholdings in Nestcon on the resolutions pertaining to the Proposed Joint Development and Proposed Diversification to be tabled at the EGM to be convened.

Further, in accordance with Nestcon Group's conflict of interest policy, the Audit Committee has assessed the nature of the abovementioned potential conflict of interest situations by Datuk Ir. Dr. Lim and is satisfied that the aforementioned safeguarding measures and/ or necessary controls, alongside the conflict of interest policy, are in place in to strengthen the approach to managing and mitigating the potential conflict of interest situation, thereby enhancing governance at this juncture.

Premised on the above, the Board (save for Datuk Ir. Dr. Lim) is of the view that the abovementioned potential conflict of interest situation of the Group is sufficiently mitigated.

13. TRANSACTIONS WITH RELATED PARTIES

The aggregate total amount transacted between Nestcon Group and Datuk Ir. Dr. Lim in the past 12 months from the LPD is approximately RM0.1 million.

14. DIRECTORS' RECOMMENDATION

Proposed Joint Development and Proposed Diversification

The Board (save for Datuk Ir. Dr. Lim, who has abstained from deliberating and voting on the Proposals) after having considered the rationale and all aspects of the Proposed Joint Development and Proposed Diversification, the interest of Datuk Ir. Dr. Lim in other property development companies and the mitigating steps undertaken/ to be undertaken as disclosed in Section 12, as well as the evaluation of the Valuer on the Development Lands, is of the opinion that the Proposed Joint Development and Proposed Diversification are in the best interest of the Company and its shareholders.

Proposed Acquisition

The Board (save for Datuk Ir. Dr. Lim, who has abstained from deliberating and voting on the Proposals) after having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, basis and justification of arriving at the Purchase Consideration, effects of the Proposed Acquisition, terms and conditions of the SPA and the views of the Independent Adviser, is of the opinion that the Proposed Acquisition is:

(i) in the best interests of the Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of the Company.

15. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Nestcon, after having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, basis and justification of arriving at the Purchase Consideration, effects of the Proposed Acquisition, terms and conditions of the SPA and the views of the Independent Adviser is of the opinion that the Proposed Acquisition is:

(i) in the best interests of the Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of the Company.

16. ADVISERS

M&A Securities has been appointed as the Adviser for the Proposals.

As the Proposed Acquisition is deemed as related party transaction, AER has been appointed as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Nestcon on the Proposed Acquisition in accordance with the Listing Requirements.

17. ESTIMATED TIMEFRAME FOR COMPLETION

Proposed Joint Development

Barring any unforeseen circumstances, the JDA is expected to be unconditional by 4th quarter of 2025.

Proposed Diversification

Barring any unforeseen circumstances, the Proposed Diversification shall take immediate effect upon obtaining the approval of the shareholders of the Company at the Company's forthcoming EGM.

Proposed Acquisition

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by 4th quarter of 2025.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The JDA, SPA and valuation reports for the Development Lands and Subject Properties are available for inspection at the registered office of Nestcon at No. D-09-02, Level 9, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan, during normal business hours between Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 3 March 2025.

APPENDIX I – SALIENT TERMS OF THE JDA

The salient terms of JDA are as follows: -

1. JOINT DEVELOPMENT

The Landowner is desirous to collaborate with the Developer (including to provide the Development Lands) in connection with the development and construction of the Development Lands into a mixed-use development ("**Units**") upon the terms and conditions of the JDA.

2. CONDITIONS PRECEDENT

2.1 The JDA is conditional upon the following ("**Conditions Precedent**"): -

(a) satisfactory legal, financial and/or business due diligence findings including but not limited to the feasibility study, on the Development Lands and the Project by the Developer;

(b) the approval of the board of directors and/or shareholders of the Developer and/or its holding companies in relation to the JDA and/or its implementation (if applicable);

(c) the approval of the board of directors and/or shareholders of the Landowner in relation to the JDA and/or its implementation (if applicable);

(d) the attainment of the approved development order by the Developer for the Project from the relevant authorities with an approved plot ratio of not less than 4 and upon the terms and conditions agreeable by the Developer;

(e) the Landowner having obtained the conversion of the express condition of Development Land 1 from "residential" to "commercial" upon the terms and conditions agreeable by the Developer; and

(f) the Landowner having obtained the amalgamation of the Development Lands and the subsequent extension of a fresh lease of 99 years commencing from the date of issuance of the amalgamated title upon the terms and conditions agreeable by the Developer.

2.2 Unless otherwise mutually agreed by the parties to renegotiate the terms and conditions of the JDA, in the event any or all of the Conditions Precedent cannot be fulfilled, then the JDA shall be terminated and become null and void.

3. ENTITLEMENTS

3.1 The Developer shall pay the Landowner's Entitlement in the manner set out in Section 2.2 of this announcement, failing which the Developer shall be liable to pay to the Landowner 8% interest. Upon full payment and/or settlement of the Landowner's Entitlement, the Developer's obligations and covenants under the JDA shall have been fulfilled and the Developer shall be released from its obligations and covenants towards the Landowner.

3.2 The Developer shall be entitled to, save and except the Landowner's Entitlement, all sales proceeds derived and collected from the sale of the Units and any unsold Units at the completion of the Project.

4. DEFAULT

In the event that before the completion of the Project: -

(a) the Developer shall cease or threaten to cease to carry out its business;

(b) a petition be presented or an order be made or a resolution be passed for the winding-up of the Developer or the Landowner;

(c) the Developer shall fail, neglect or omit to complete the Project within the prescribed completion period or the Developer shall abandon, suspend or neglect the Project for any reason whatsoever (force majeure events shall be excluded) for a consecutive period of 12 months or more;

(d) any party commits a material breach of any major terms, obligations, stipulation, covenants or undertakings contained in the JDA,

(e) the Developer commits such act or omission which will cause a material adverse effect to the completion of the Project on the Development Lands,

then in any such event the non-defaulting party shall be entitled to: -

(i) serve a written notice to the defaulting party to remedy or rectify such default within a period of no less than 30 days from the date of the said notice served on the defaulting party. If the defaulting party fails to remedy or rectify such default and the parties fail to resolve the matter amicably, the non-defaulting party shall be entitled to serve a notice of termination of the JDA to the defaulting party and Section 5 of this Appendix I shall apply; or

(ii) apply for specific performance against the defaulting party without prejudicing the non-defaulting's other rights under the JDA.

5. TERMINATION

5.1 In the event the JDA is legally terminated by the Landowner pursuant to Section 4 of this Appendix I: -

(a) the Landowner shall be entitled to the Landowner's Entitlement which shall become due and payable within 3 months from the date of termination of the JDA;

(b) the Landowner shall have no further recourse, claim and/or right over and in all aspects of the JDA;

(c) the power of attorney granted by the Landowner to the Developer ("**PA**") shall not be revoked and the original title of the Development Lands shall be delivered to and be kept by the Developer until the completion of the Project; and

(d) the Developer shall have all rights, interest and benefits over the Project and Units until the completion of all aspects of the Project.

5.2 In the event the JDA is legally terminated by the Developer pursuant to Section 4 of this Appendix I, the Developer shall have the option to: -

(a) proceed with the development of the Project whereby the Project shall belong to the Developer absolutely and the Developer shall have all rights, interest and benefits over the Project and Units until the completion of all aspects of the Project. The PA shall not be revoked and the original issue document of title of the Development Lands shall be delivered to and be kept by the Developer until the completion of all aspects of the Project. The Landowner shall be entitled to the Landowner's Entitlement which shall become due and payable within 3 months from the date of termination of the JDA; or

(b) hand over the Project to the Landowner along with all rights and interests attached to the Project whereby the Developer shall forthwith vacate the Development Lands or such part thereof and the PA shall be revoked. Thereafter, all monies paid by the Developer including but not limited to the Landowner's Entitlement shall be refunded by the Landowner to the Developer within 30 days from date of termination, failing which the Developer shall be entitled to levy a late payment interest of 8% and the Developer shall be entitled to claim from the Landowner for payment on a quantum merit basis for all work carried out on the Development Lands as well as any cost and expenses incurred by the Developer in relation to the Project and the Development Lands,

and thereafter the JDA shall become null and void and be of no further effect and force.

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APPENDIX II – SALIENT TERMS OF THE SPA

The salient terms of SPA are as follows: -

1. SALE AND PURCHASE OF THE SUBJECT PROPERTIES

The Vendor agrees to sell and the Purchaser agrees to purchase the Subject Properties free from all encumbrances and with vacant possession subject to all conditions of title at the Purchase Consideration upon all the terms and subject to all the conditions contained in the SPA.

2. CONDITIONS PRECEDENT

2.1 The sale and purchase of the Subject Properties is conditional upon the following ("**Conditions Precedent**"):

(a) the Purchaser having obtained the approval of its board of directors and/or shareholders for the acquisition of the Subject Properties in accordance with the terms and conditions of the SPA;

(b) the Vendor having obtained the approval of its board of directors and/or shareholders of for the acquisition of the Subject Properties in accordance with the terms and conditions of the SPA (if applicable); and

(c) the Purchaser having obtained and accepted a loan of no less than 70% of the Purchase Consideration from a financier to fund the acquisition of the Subject Properties.

2.2 The parties agree that in the event any or all of the Conditions Precedent cannot be fulfilled or waived within 120 days or such further periods as the parties may mutually agree ("**Conditional Period**") then either party shall be entitled to rescind the SPA by a notice in writing and thereafter the SPA shall be null and void.

2.3 The date where all the Conditions Precedent are fulfilled or deemed satisfied or waived by the parties in writing shall be referred to as "**Unconditional Date**".

3. MODE OF PAYMENT

The Purchase Consideration shall be paid or caused to be paid in full by the Purchaser to the Vendor within 120 days from the Unconditional Date ("**Completion Date**"), failing which the Vendor agrees to grant the Purchaser an extension of 30 days from the Completion Date to make payment in consideration of which the Purchaser shall pay the Vendor interest at the rate of 6%.

4. DEFAULT

4.1 In the event that the Purchaser fails to pay punctually the Purchase Consideration and late interest (if any) in accordance with the SPA, the Vendor shall be entitled by notice in writing to the Purchaser to terminate the SPA. In such event the Purchaser shall within 14 days from the date of such notice, pay to the Vendor 10% of the Purchase Consideration as agreed liquidated damages, failing which the Purchaser shall pay to the Vendor interest of 6% and shall return to the Vendor all documents in relation to the transfer of the Subject Properties, redeliver vacant possession of the Subject Properties and withdraw private caveat.

4.2 In the event of the Vendor failing or refusing to transfer the Subject Properties to the Purchaser and/or its nominee(s) free from all encumbrances in accordance with the SPA, the Purchaser shall be entitled at its option to either claim for specific performance of the SPA, any damages flowing therefrom and all cost (including legal cost) or by notice in writing to the Vendor terminate the SPA. In such event the Vendor shall within 14 days from the date of such notice refund to the Purchaser all sums paid to the Vendor free from interest and pay a further sum of 10% of the Purchase Consideration as agreed liquidated damages, failing which the Vendor shall pay to the Purchaser interest of 6% whereby the Purchaser shall return to the Vendor all documents in relation to the transfer of the Subject Properties, redeliver vacant possession of the Subject Properties and withdraw private caveat.

5. VACANT POSSESSION

The vacant possession to the Subject Properties shall be delivered by the Vendor to the Purchaser or its duly authorized agents upon full payment of the Purchase Consideration, failing which the Vendor shall, without prejudice and in addition to any other rights and remedies available to the Purchaser, pay to the Purchaser liquidated damages at the rate of 8% per annum on the Purchase Consideration to be calculated on a daily basis commencing from the date vacant possession was due to be delivered until the actual delivery of vacant possession.

6. DEFECT LIABILITY PERIOD

Any defects, shrinkage or other faults in the Subject Properties which shall become apparent within a period of 24 months after the date the Purchaser takes vacant possession of the Subject Properties shall be repaired and made good by the Vendor at its own cost and expenses within 30 days of receipt of the Purchaser’s written notice, failing which the Purchaser shall be entitled to recover from the Vendor the cost of repairing and making good the same from any sum which has been held by the Purchaser’s solicitors as stakeholder for the Vendor provided the Purchaser shall, after the expiry of the said period of 30 days, notify the Vendor of such cost before the commencement of the works and shall give the Vendor an opportunity to carry out the works himself within 14 days from the date the Purchaser has notified the Vendor of this intention to carry out the said works.

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