

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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This Circular has been reviewed by M & A Securities Sdn Bhd, being the Adviser to Nestcon Berhad ("**Nestcon**") for the Proposed Acquisition (as defined herein).



NESTCON BERHAD

(Registration No. 202001008684 (1365004-W))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED 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")

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF NESTCON
IN RELATION TO THE PROPOSED ACQUISITION**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M & A SECURITIES SDN BHD

(Registration No.197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B



ASIA EQUITY RESEARCH SDN BHD

(Registration No. 201401027762 (1103848-M))

(Licensed to provide advisory services in corporate finance and investment advice)

The Extraordinary General Meeting ("**EGM**") of the Company will be held at DoubleTree by Hilton Shah Alam i-City, Finance Avenue, 40000 Shah Alam, Selangor on Thursday, 28 August 2025 at 10:00 a.m. The Notice of EGM and Proxy Form are enclosed together with this Circular.

A member entitled to attend, participate and vote remotely at the EGM is entitled to appoint not more than 2 proxies to attend, participate and vote on his/her behalf. In such event, the completed and signed Proxy Form should be lodged at the Company's share registrar, Symphony Corporate Services Sdn Bhd ("**Symphony**") office at S-4-04, The Gamuda Biz Suites, Jalan Anggerik Vanilla 31/99, 40460 Kota Kemuning, Shah Alam, Selangor not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via Symphony's Online website at <https://www.symphonycorporateservices.com.my>. Please refer to the Administrative Guide for the EGM for further details. The lodging of the Proxy Form shall not preclude you from attending, participating and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 26 August 2025 at 10:00 a.m.

Date and time of EGM : Thursday, 28 August 2025 at 10:00 a.m.

This Circular is dated 9 July 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

"ACE Market"	: ACE Market of Bursa Securities
"Act"	: The Companies Act, 2016, as amended from time to time, and any re-enactments thereof
"AER" or "Independent Adviser"	: Asia Equity Research Sdn Bhd (Registration No. 201401027762 (1103848-M)), being the independent adviser appointed to advise the non-interested Directors and non-interested shareholders in relation to the Proposed Acquisition
"Announcement"	: Announcement dated 3 March 2025 pursuant to the Proposals
"Board"	: Board of Directors of Nestcon
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CCC"	: Certificate of completion and compliance
"Circular"	: This circular to shareholders of Nestcon dated 9 July 2025
"Datuk Ir. Dr. Lim"	: Datuk Ir. Dr. Lim Jee Gin, being Nestcon Group's Managing Director and major shareholder
"Development Lands"	: 2 adjoining parcels of leasehold vacant development lands held under H.S.(D) 288583 PT 1979, Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor and H.S.(D) 135580 PT 5104, Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor
"Director(s)"	: The director(s) of Nestcon and shall have the meaning given in Section 2(1) of the Act and Capital Markets and Services Act 2007
"EGM"	: Extraordinary general meeting
"EPS"	: Earnings per Share
"FYE"	: Financial year ended/ ending 31 December, as the case may be
"Government"	: Government of Malaysia
"Henry Butcher" or "Independent Valuer"	: Henry Butcher Malaysia Sdn Bhd (Registration No. 198701001968 (160636-P)), being the independent valuer appointed for the Proposed Acquisition
"IAL"	: Independent advice letter from the Independent Adviser in relation to the Proposed Acquisition, as set out in Part B of this Circular
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities, as may be amended from time to time
"LPD"	: 16 June 2025, being the latest practicable date prior to the date of printing of this Circular
"M&A Securities"	: M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))

DEFINITIONS (Cont'd)

"NA"	: Net assets
"Nestcity Cemerlang" or "Vendor"	: Nestcity Cemerlang Sdn Bhd (Registration No. 201701021584 (1235750-A))
"Nestcon" or "Company" or "Purchaser"	: Nestcon Berhad (Registration No. 202001008684 (1365004-W))
"Nestcon Group" or "Group"	: Nestcon and its subsidiaries, collectively
"Nestcon PJS" or "Developer"	: Nestcon PJS Sdn Bhd (Registration No. 202401038077 (1583924-M))
"Nestcon Property"	: Nestcon Property Sdn Bhd (formerly known as Nestcon Development Sdn Bhd) (Registration No. 202401028164 (1574012-M))
"Nestcon Share(s)" or "Share(s)"	: Ordinary share(s) in Nestcon
"Official List"	: The list specifying all securities listed on the ACE Market of Bursa Securities
"Property 1"	: 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 2"	: N2-2-01, Level 2, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur
"Property 3"	: N2-3-01, Level 3, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur
"Proposals"	: Proposed Joint Development, Proposed Diversification and Proposed Acquisition, collectively
"Proposed Acquisition"	: Proposed acquisition of 3 units of office space within a mixed development known as 'Nest 2 Residences' located at Off Jalan Puchong, 58200 Kuala Lumpur for a total cash consideration of RM15.1 million
"Proposed Diversification"	: Proposed diversification of the existing business operations of Nestcon Group to include property development
"Proposed Joint Development"	: Proposed joint development between Nestcon PJS and Kumpulan Wilayah Sejati Sdn Bhd to undertake, in a joint manner, for the development and construction of the Development Lands
"Purchase Consideration"	: A total cash consideration of RM15.1 million pursuant to the Proposed Acquisition
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
"RM" and "sen"	: Ringgit Malaysia and sen, respectively

DEFINITIONS (Cont'd)

"SPA"	: A conditional sale and purchase agreement entered between Nestcon and Nestcity Cemerlang dated 3 March 2025 for the acquisition of the Subject Properties
"sq m"	: Square metre(s)
"Subject Development"	: A newly completed high-rise mixed commercial development known as 'Nest 2 Residences'
"Subject Properties"	: Property 1, Property 2 and Property 3, collectively
"Valuation Certificate"	: Valuation certificate on the Subject Properties issued by the Independent Valuer dated 28 February 2025, as set out in Appendix II of this Circular
"Valuation Report"	: Valuation reports on the Subject Properties issued by the Independent Valuer dated 28 February 2025

Any discrepancies in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITION. SHAREHOLDERS OF NESTCON ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDIX FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED ACQUISITION BEFORE VOTING AT THE FORTHCOMING EGM.

The Board (save for Datuk Ir. Dr. Lim) is recommending shareholders of Nestcon to vote **IN FAVOUR** of the resolution in relation to the Proposed Acquisition to be tabled at the forthcoming EGM.

Key information	Description	Reference to Part A of Circular
Summary	: Nestcon had entered into a conditional SPA with Nestcity Cemerlang to acquire the Subject Properties. In view of the interests of Datuk Ir. Dr. Lim in the Proposed Acquisition, the Proposed Acquisition is deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements and requires the approval of the shareholders of Nestcon.	Section 2
Risk factors	: (a) 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; (b) Nestcon Group will be seeking external financing to partially fund the Proposed Acquisition. Any future significant fluctuation of interest rates could have an effect on the Group's cash flows and profitability; and (c) The market value of the Subject Properties as appraised by the Independent 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.	Section 4
Approvals required and conditionality	The Proposed Acquisition is subject to the following approvals being obtained: (a) shareholders of Nestcon for the Proposed Acquisition at the forthcoming EGM; and (b) any other relevant authority, if required. The Proposed Acquisition is not conditional upon any other proposals undertaken or to be undertaken by the Company.	Section 7

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to Part A of Circular
Interests of Directors, major shareholders and/ or persons connected to them	: Saved for Datuk Ir. Dr. Lim, the Group's Managing Director who is interested in the Proposed Acquisition, none of the Directors and/ or major shareholders of the Company and/ or persons connected with them have any interest, whether direct or indirect, in relation to the Proposed Acquisition.	Section 9

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PART A

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION



NESTCON BERHAD

(Registration No. 202001008684 (1365004-W))
(Incorporated in Malaysia)

Registered Office:

No. D-09-02, Level 9,
EXSIM Tower,
Millerz Square @
Old Klang Road,
Megan Legasi,
No. 357, Jalan Kelang Lama
58000 Kuala Lumpur

9 July 2025

Directors:

Mohd Noor bin Setapa (*Independent Non-Executive Chairman*)
Datuk Ir. Dr. Lim Jee Gin (*Group Managing Director*)
Ong Yong Chuan (*Executive Director*)
Lim Joo Seng (*Finance Director*)
Yeoh Sheong Lee (*Independent Non-Executive Director*)
Nor Azzam bin Abdul Jalil (*Independent Non-Executive Director*)
Roslinda binti Awang @ Mat Yazid (*Independent Non-Executive Director*)

To: Shareholders of Nestcon Berhad

Dear Sir/ Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 3 March 2025, on behalf of the Board, M&A Securities announced that the Company proposed to undertake the Proposals. On 18 April 2025, an application was submitted to Bursa Securities to seek an extension of time for the submission of the Proposals' draft circular to Bursa Securities pursuant to Rule 9.32(1)(a) of the Listing Requirements.

On 4 June 2025, the Company had announced that there will be revision to the details of the Proposed Joint Development, and the Company requires additional time to conduct further due diligence on the Development Lands under the Proposed Joint Development, which is inter-conditional with the Proposed Diversification. The announcement on the updated details of the Proposed Joint Development and Proposed Diversification will be made in due course.

Following, the Company had decided to proceed with the Proposed Acquisition on a standalone basis. As such, the draft circular in relation to the Proposed Joint Development and Proposed Diversification shall be submitted to the Bursa Securities separately from the Proposed Acquisition after the updated details of the Proposed Joint Development have been finalised and announced.

On 9 June 2025, the Company had announced that Bursa Securities had resolved to approve the extension of time from 3 May 2025 until 30 June 2025 for the Company to submit the draft circular in relation to the Proposed Acquisition pursuant to Rule 9.32(1)(a) of the Listing Requirements.

On 1 July 2025, the Company had announced that the Company and Nestcity Cemerlang had on the same date agreed to extend the conditional period of the SPA from 1 July 2025 to 1 October 2025.

In addition to the above, in view of the interest of Datuk Ir. Dr. Lim in the Proposed Acquisition, the Proposed Acquisition is deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements. Please refer to Section 9 of Part A in this Circular for further details. Accordingly, AER has been appointed by the Board (save for Datuk Ir. Dr. Lim) to act as an Independent Adviser to advise the non-interested Directors and non-interested shareholders of Nestcon in relation to the Proposed Acquisition.

Further details on the Proposed Acquisition are set out in the ensuing sections in Part A of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITION, TO SET OUT THE BOARD (SAVE FOR DATUK IR. DR. LIM)'S OPINION AND RECOMMENDATION IN RELATION TO THE PROPOSED ACQUISITION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING BY WAY OF POLL ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

Nestcon had on 3 March 2025 entered into a conditional SPA with Nestcity Cemerlang to acquire 3 units of office space within a mixed development known as 'Nest 2 Residences', i.e. Property 1, Property 2 and Property 3, bearing postal addresses as follows respectively:

- (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);
- (b) N2-2-01, Level 2, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur; and
- (c) N2-3-01, Level 3, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur,

for a total Purchase Consideration of RM15.1 million, as detailed below:

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

Note:

- ⁽¹⁾ The Purchase Consideration will not be paid on a deferred basis and shall be paid in full to Nestcity Cemerlang within 120 days from the date on which all the conditions precedent of the SPA are fulfilled or deemed satisfied or waived by the Purchaser and Vendor ("**Unconditional Date**"). This is a commercial decision mutually agreed upon by the Purchaser and Vendor in accordance with the SPA.

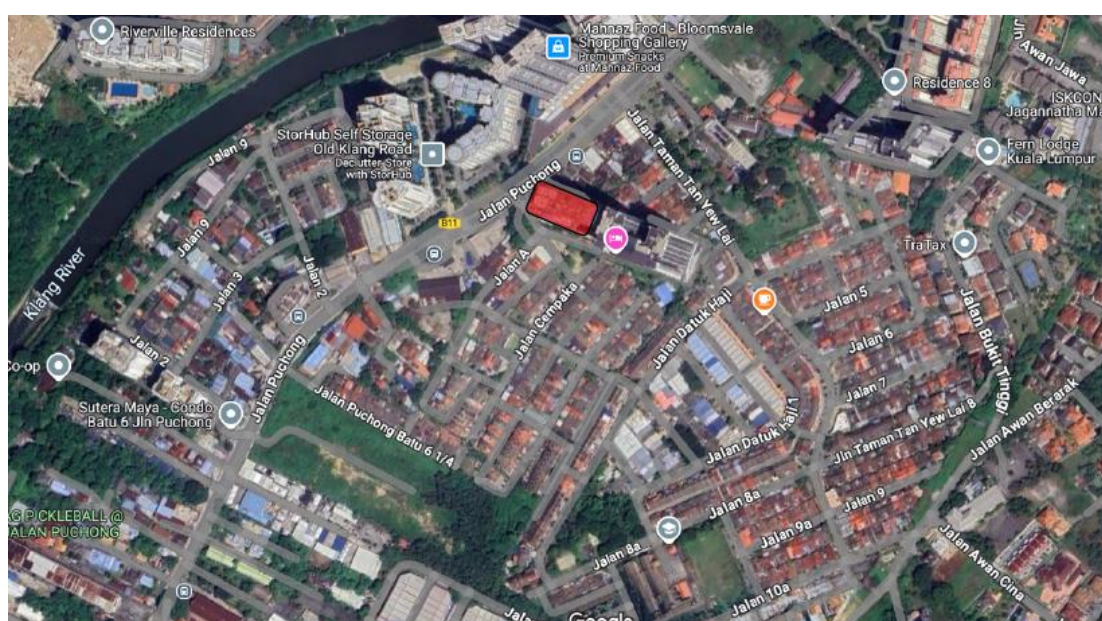
The Subject Properties are being acquired free from all encumbrances with vacant possession and are further subject to the terms and conditions of the SPA, the salient terms of which are set out in **Appendix I**.

2.1 Information on the Subject Properties

The Subject Properties are located within a newly completed high-rise mixed commercial development known as 'Nest 2 Residences'. 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:

Subject Properties	:	Property 1	Property 2	Property 3
Master Title No.	:		Geran Mukim 4480	
Master Lot No.	:		Lot 101897	
Building No.	:		M1	

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 / Net useable 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	:		Free from encumbrances	
Market value as appraised by the Independent 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 Circular, as such the audited net book value of the Subject Properties is 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.

2.2 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 Independent Valuer, vide its Valuation Report.

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 Independent Valuer on 15 January 2025. The market value of the Subject Properties was arrived at based on the Comparison Approach, where the market value is derived from making comparisons to similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. The Independent 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.

2.3 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:

Name	Nationality	Direct		Indirect	
		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).

2.4 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 other liabilities, including contingent liabilities or guarantees expected to be assumed by Nestcon Group arising from the Proposed Acquisition.

2.5 Additional financial commitments

Save for the Purchase Consideration as well as the renovation and fitting-out costs estimated at approximately RM4.0 million in total for the Subject Properties, there is no other additional financial commitment required by the Group for the Proposed Acquisition.

2.6 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 audited financial statements of the Group, the Group has cash and bank balances of approximately RM82.7 million as at 31 December 2024.

2.7 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.

3. RATIONALE

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 are rented from Datuk Ir. Dr. Lim at a rental rate of RM9,700 per month; and (ii) 2 units of commercial shoplot office, which are rented from third parties at a rental rate of RM3,200 per month. Such 5 units of commercial shoplot office have a total built-up area of 1,040.51 sq m as compared to the Subject Properties which have a total built-up area of 2,520.0 sq m. Nestcon Group's existing corporate office currently accommodate up to a total of 79 employees as compared to the Subject Properties which estimated will be able to accommodate up to a total 140 employees. Moving forward, Nestcon Group intends to recruit up to an 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 centralised 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.

4. RISK FACTORS

4.1 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 I**. 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.

4.2 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 endeavour to manage its cash flow position and funding requirements prudently, to address the risk.

4.3 Market valuation of the Subject Properties

The valuation of the Subject Properties by the Independent 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 Independent 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, the Board endeavours to continuously assess the property market outlook within the surrounding area of Jalan Puchong and 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.

5. OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), anchored by stronger domestic demand. Of significance, the ongoing investment upcycle led to the highest investment growth in a decade, with added impetus from the realisation of electrical and electronics ("E&E") and ICT projects. Household spending remained resilient, benefitting from favourable labour market conditions, continued wealth accumulation and effective policy support. On the external front, exports strengthened following improving demand from key trade partners and positive spillovers from the global technology upcycle. Meanwhile, imports grew at a much faster pace, driven by stronger demand for capital and intermediate goods to support rising investments and trade. From a sectoral perspective, services and manufacturing remained the primary growth drivers, with all sectors recording higher growth relative to 2023 due to improved domestic and external conditions.

The Malaysian economy is projected to grow between 4.5% to 5.5% in 2025: In the face of external uncertainties, domestic demand is expected to remain Malaysia's anchor of growth amid steady private sector expenditure. Higher household spending will be driven by employment and faster income growth as well as policy support. Meanwhile, investment activity will continue to see a robust expansion as the investment upcycle is expected to extend into 2025. The domestic growth outlook is subject to several downside risks, stemming primarily from the considerable uncertainties from the external front. More restrictive trade policies, subsequent retaliatory measures, and the potential escalation of geopolitical conflicts could disrupt global trade, and in turn affect Malaysia's trade performance. On the domestic front, downside risks could emanate from further disruptions in commodity production which could weigh on growth. Notwithstanding, higher external demand, greater positive spillovers from the global technology upcycle, more robust tourism activity and quicker implementation of new and existing investment projects could lift domestic growth. The materialisation of these downside or upside risks will land the economy closer to the lower or the upper end of the forecast range, respectively.

(Source: Economic and Monetary Review 2024, Bank Negara Malaysia)

The Malaysian economy expanded by 4.4% in the first quarter of 2025 (4Q 2024: 4.9%), driven by the steady expansion in domestic demand. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower mining exports. This was partially offset by stronger E&E exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

On the supply side, growth was driven by the services and manufacturing sectors. Services sector was supported by higher Government services while strong E&E production underpinned the performance in the manufacturing sector. However, normalisation in motor vehicle sales and production following strong performances over the last three years affected the growth of services and manufacturing sectors respectively. Overall growth was also weighed down by a contraction in the mining sector amid lower oil and gas production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.7% (4Q 2024: -0.2%).

The rapidly-evolving developments surrounding trade tariffs are expected to affect the global outlook for the rest of the year. Bank Negara Malaysia Governor Dato' Seri Abdul Rasheed Ghaffour says, 'As a small and open economy, Malaysia will inevitably face both direct and indirect impact from these tariffs. Growth of the Malaysian economy is expected to be slightly lower than the earlier forecast of 4.5% to 5.5% in 2025. The high uncertainty surrounding outcomes of trade negotiations and how these will reshape global trade complicates a clear assessment of their impact on growth at this juncture. The new official growth forecast will be released in the near future once there is a greater visibility in these factors.

Notwithstanding the external risks, growth will continue to be anchored primarily by resilient domestic demand. This provides a strong buffer against external headwinds. Household spending is expected to continue expanding, supported by continued wage and employment growth, particularly within domestic-oriented sectors as well as income-related policy measures. Investment activities will be driven by the continued implementation of multi-year projects across private and public sectors, further realisation of approved investments with a larger share by domestic players and the implementation of catalytic initiatives under the national master plans. Additionally, the continued demand for E&E goods, alongside higher tourist receipts will also provide cushion to growth.

(Source: Economic and Financial Developments in Malaysia in the first quarter of 2025, 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 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)

5.2 Overview and outlook of the property market in Malaysia

The property market performance continues to strengthen, supported by stable economic conditions and targeted government initiatives. A total of 420,545 transactions worth RM232.30 billion were recorded, expanded by 5.4% and 18.0% in volume and value of transactions, showing the highest market activities in Malaysia over the past decade. Of the total transactions, 77.7% (326,784 transactions) were transfers dated in 2024, 19.1% (80,487 transactions) were from 2023, and the remaining share consisted of transfers from previous years.

Sectoral market activity performance continued its upward momentum. All subsectors recorded year on-year growth in the volume of transactions. Higher increases were observed for the commercial subsector (13.6%) and development land and others (9.7%). Meanwhile, the industrial subsector also grew at a faster pace by 7.7%, driven by sustained demand for vacant industrial land nationwide. The residential and agricultural subsectors show modest growth of 4.0% and 4.1%, respectively. On the value front, all subsectors recorded higher growth, led by the commercial sub-sector (51.6%), followed by development land and others (32.7%), industrial (16.4%), residential (5.9%), and agricultural (4.8%).

The residential sub-sector retained the largest share of the overall property transactions, with a 62.0% contribution in volume. This was followed by agriculture (18.7%), commercial (10.9%), development land and others (6.3%), and industrial (2.1%). Similarly, in value, residential took the lead with a 46.0% share, followed by commercial (25.0%), industrial (12.0%), development land and others (8.6%), and agriculture (8.4%).

The commercial sub-sector continued to strengthen in 2024 and grew at a faster pace, following strong demand from major sales and vacant commercial plots, particularly in major states. The volume and value of transactions expanded by 13.6% and 51.6% to 45,985 transactions worth RM58.06 billion as compared to 2023 (40,463 transaction worth RM38.31 billion). The shop market performance expanded by 7.2% and 19.6% in volume and value, respectively, to 19,771 transactions worth RM19.26 billion (2023: 18,437 transactions worth RM16.10 billion). The shop transactions dominate 43.0% of the commercial property transaction volume and 33.2% of the total value.

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

The domestic property market showed significant improvement in 2024, with higher growth in market activity and positive performance across all sub-sectors. This growth was driven by the implementation of various government initiatives and sustained positive labour market conditions. Several initiatives outlined under Budgets 2023 and 2024 have contributed to the enhanced property market activities. The property market in general has witnessed a positive trajectory trend over the last two years since emerging from the shadow of the pandemic era. With great initiatives from the policy makers to jump start the economy with the aim of outperform statistics recorded from pre-pandemic time, the property market is expected to blossom despite uncertainties arising from the international stage.

(Source: Valuation Report)

5.3 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 acquire the Subject Properties with a total cash consideration of RM15.1 million, to centralise its offices by relocating the existing corporate offices to the Subject Properties within 12 months from the completion of the Proposed Acquisition. With all employees in close proximity, the Group will be 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 50 additional 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)

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Issued share capital

The Proposed Acquisition will not have any effect on the issued share capital in the Company as the Proposed Acquisition does not involve any issuance of new Nestcon Shares.

6.2 NA and gearing

For illustration purposes, based on the latest audited consolidated statements of the financial position of our Company as at 31 December 2024 and assuming that the Purchase Consideration is satisfied via internally generated funds of RM3.02 million (equivalent to 20.0% of the Purchase Consideration) and bank borrowings of RM12.08 million (equivalent to 80.0% of the Purchase Consideration), the pro forma effects of the Proposed Acquisition on the NA and gearing of our Group are as follows:

	Audited as at 31 December 2024 RM'000	After the Proposed Acquisition RM'000
Share capital	126,482	126,482
Merger reserves	(47,544)	(47,544)
Retained earnings	69,570	⁽¹⁾ 69,327
Equity attributable to the owners of the Company	148,508	148,265
Non-controlling interests	1,838	1,838
Total equity/ NA	150,346	150,103
No. of Shares ('000)	714,704	714,704
NA per share (RM)	0.21	0.21
Total borrowings, including lease liabilities (RM'000)	244,574	⁽²⁾ 256,654
Gearing (times)	1.63	1.71

Notes:

- (1) After deducting estimated expenses of approximately RM0.24 million in relation to the Proposed Acquisition.
- (2) Assuming Nestcon Group partially finances the Purchase Consideration using bank borrowings of RM12.08 million (equivalent to 80.0% of the Purchase Consideration).

6.3 Earnings and EPS

The Proposed Acquisition is not expected to have any immediate material effect on the earnings of the Group. However, the Board believes that the Proposed Acquisition will contribute positively to the Group's future earnings and EPS as and when the benefits of the Proposed Acquisition (such as rental savings opportunity of approximately RM0.16 million per annum) are realised.

6.4 Substantial shareholders' shareholdings

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

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is 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 Acquisition is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. HIGHEST PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is approximately 10.2% calculated based on Purchase Consideration compared to the audited NA attributable to the owners of Nestcon for FYE 2024. 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.

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

Save 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 Proposed Acquisition.

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 2.3 of Part A in this Circular. As such, he is interested in the Proposed Acquisition.

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

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

Accordingly, 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, if any, will also abstain from voting in respect of his/ their direct and/ or indirect shareholdings in Nestcon on the resolution pertaining to the Proposed Acquisition to be tabled at the EGM to be convened. Further, Datuk Ir. Dr. Lim has also undertaken to ensure that persons connected to him, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed Acquisition to be tabled at the EGM to be convened.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for Datuk Ir. Dr. Lim, who has abstained from deliberating and voting on the Proposed Acquisition) 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.

Accordingly, the Board (save for Datuk Ir. Dr. Lim) recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

11. 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 as set out in Part B of this Circular, 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.

12. TRANSACTIONS WITH THE RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the Proposed Acquisition and the total amount transacted (i.e. rental of current corporate office of Nestcon) between Nestcon Group and Datuk Ir. Dr. Lim of approximately RM0.1 million, there were no other transactions entered into by the Group with Datuk Ir. Dr. Lim for the past 12 months preceding the LPD.

13. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timetable in relation to the Proposed Acquisition is as follows:

Timeline	Key events
28 August 2025	• EGM for the Proposed Acquisition
October 2025	• Fulfilment of all the conditions precedent for the SPA • Completion of the Proposed Acquisition

14. CORPORATE EXERCISE/ SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition (being the subject matter of this Circular) and the corporate exercises as detailed below, the Board confirms that there are no other outstanding corporate exercise or scheme, which have been announced by the Company but are pending implementation or completion prior to the printing of this Circular.

14.1 Private Placement

On 12 July 2024, the Company had announced to undertake a private placement of up to 70,820,000 new Shares ("**Placement Shares**"), representing not more than 10% of the total number of issued shares of the Company (excluding treasury shares, if any) to third party investor(s) at an issue price to be determined later ("**Private Placement**"). Bursa Securities had vide its letter dated 31 July 2024 approved for the listing of and quotation for the new Placement Shares to be issued pursuant to the Private Placement. Subsequently, Bursa Securities had vide its letter dated 5 February 2025 approved the extension of time up to 30 July 2025 for the Company to complete the Private Placement.

As at LPD, 6,500,000 Placement Shares have been issued under the Private Placement.

14.2 Proposed Joint Development and Proposed Diversification

On 3 March 2025, the Company had announced to undertake the Proposed Joint Development and Proposed Diversification. On 4 June 2025, the Company had announced there will be revision to the details of the Proposed Joint Development and the Company requires additional time to conduct further due diligence on the Development Lands under the Proposed Joint Development, which is inter-conditional with the Proposed Diversification.

As at LPD, the Company is in the midst of conducting further due diligence on the Development Lands arising from the Proposed Joint Development.

The Proposed Acquisition is not conditional upon the Private Placement, Proposed Joint Development, Proposed Diversification and vice versa.

15. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at DoubleTree by Hilton Shah Alam i-City, Finance Avenue, 40000 Shah Alam, Selangor on Thursday, 28 August 2025 at 10:00 a.m, for the purpose of considering the Proposed Acquisition contained herein and if thought fit, passing the resolution so as to give effect to the Proposed Acquisition.

You may complete and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, to arrive at the office of the Company's share registrar, Symphony Corporate Services Sdn Bhd ("**Symphony**") at S-4-04, The Gamuda Biz Suites, Jalan Anggerik Vanilla 31/99, 40460 Kota Kemuning, Shah Alam, Selangor, not less than forty-eight (48) hours before the date and time stipulated for the EGM, or any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via Symphony's Online website at <https://www.symphonycorporateservices.com.my>. Please refer to the Administrative Guide for the EGM for further details. The lodging of the Proxy Form does not preclude you from attending the EGM and voting in person should you subsequently decide to do so.

16. FURTHER INFORMATION

Shareholders are requested to refer to the IAL as set out in Part B of this Circular and the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of
NESTCON BERHAD

ONG YONG CHUAN
EXECUTIVE DIRECTOR

PART B

**IAL TO THE NON-INTERESTED SHAREHOLDERS OF NESTCON
IN RELATION TO THE PROPOSED ACQUISITION**

EXECUTIVE SUMMARY

All definitions used in this IAL shall have the same meaning as the words and expressions provided in the “**Definitions**” section of this Circular and as defined in the IAL herein, except where the context herein requires otherwise. All references to “**you**” are references made to the non-interested shareholders of Nestcon (“**non-interested shareholders**”), whilst references to “**we**”, “**us**” or “**our**” are references to AER, being the Independent Adviser for the Proposed Acquisition.

Set out hereunder is an executive summary which serves to highlight some of the salient points arising from AER’s independent evaluation of the Proposed Acquisition. The non-interested shareholders are advised to read and understand the contents of the IAL and the entire Part A of this Circular, including the appendices thereof, for more comprehensive information, evaluation, and recommendation on the Proposed Acquisition, before voting on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

1. INTRODUCTION

On 3 March 2025, on behalf of the Board, M&A Securities announced that the Company proposed to undertake three proposals, namely Proposed Joint Development, Proposed Diversification and Proposed Acquisition, collectively Proposals. On 18 April 2025, an application has been submitted to Bursa Securities to seek an extension of time for the submission of the Proposals’ draft circular to Bursa Securities pursuant to Rule 9.32(1)(a) of Listing Requirements.

On 4 June 2025, the Company had announced that there will be revision to the details of the Proposed Joint Development, and the Company requires additional time to conduct further due diligence on the Development Lands under the Proposed Joint Development, which is inter-conditional with the Proposed Diversification. The announcement on the updated details of the Proposed Joint Development and Proposed Diversification will be made in due course.

The Proposed Acquisition is deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements, given the direct and indirect shareholdings of Datuk Ir. Dr. Lim in Nestcon (**Purchaser**) of 50.82% and nil respectively, as well as his direct and indirect shareholdings of 50.0% and nil respectively in Nestcity Cermerlang (**Vendor**) of 3 units of office space within a mixed development known as “Nest 2 Residences” (**Subject Properties**). For further details, please refer to **Section 2.1, Part A** in this Circular.

Accordingly, your Board had appointed AER on 26 December 2024, as the Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Acquisition, to provide the non-interested shareholders with:

- (a) comments as to:-
 - (i) whether the Proposed Acquisition is fair and reasonable as far as the non-interested shareholders are concerned; and
 - (ii) whether the Proposed Acquisition is detrimental to the interest of the non-interested shareholders; and

such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) advise non-interested shareholders on whether they should vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM; and
- (c) take all reasonable steps to satisfy ourselves that we have a reasonable basis to make the comments and advice in (a) and (b) above.

EXECUTIVE SUMMARY

2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following:

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.1	Basis and justifications for the Purchase Consideration	The Purchase Consideration for the Subject Properties at RM15.10 million when compared with the Comparison Method and Investment Method (cross-check method) of RM15.10 million and RM15.25 million is transacted at the fair market price as determined using the Comparison Method. Hence, we concluded the Purchase Consideration, to be <u>fair</u> and <u>reasonable</u>. The Comparison Method is a widely recognized property valuation technique that involves analyzing recent transactions of comparable properties. Adjustments are made for differences in location, property type, size, age, condition, and amenities to arrive at a value range. The Independent Valuer has appropriately classified the upper floor units as retail spaces and made necessary adjustments to account for key factors such as location, floor level, unit size, building age, tenure, and car park allocation. These adjustments ensure that the appraised value reflects the property's market conditions accurately. The Investment Method serves as a cross-check to the results obtained from the Comparison Method. It involves estimating the property's potential income, considering rental rates, outgoings, and void factors. The gross rental rates for ground and upper floor retail spaces, set at RM5.00 per sq. ft. and RM3.00 per sq. ft. respectively, align with the prevailing market conditions. The applied outgoings rate of RM0.90 per sq. ft. per month and a void factor of 5% are consistent with industry standards for newly completed developments. The methodology and assumptions applied are reasonable, thus affirming the appraised value of RM15.10 million as fair and appropriate. Therefore, the basis and justifications for the Purchase Consideration, is <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.2	Terms of payment of the Purchase Consideration	The Purchase Consideration will be paid in full in cash, financed through a mix of internally generated funds and bank borrowings. The full payment must be made within 120 days from the Unconditional Date, with a possible 30-day extension at a 6% interest rate. These terms are considered normal and <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.3	Salient terms of the SPA	We evaluated the salient terms of the SPA under the various headings as listed below:- (a) Sale and Purchase of the Subject Properties (b) Conditions Precedent (c) Mode of Payment (d) Default (e) Vacant Possession (f) Defect Liability Period We are of the view that the salient terms are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.4	Rationale of the Proposed Acquisition	The board's acquisition of a 2,520 square meter property is justified by Nestcon Group's plan to hire up to a total of additional 50 more employees in the next 24 months, addressing the inadequacy of the current 1,040.51 sq m office space. Owning the property instead of renting offers benefits such as potential capital appreciation and not exposed to future fluctuations of rental rates. This strategic investment enhances the company's asset base, supports operational efficiency, and ensures long-term success, making the decision <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.5	Effects of the Proposed Acquisition on substantial shareholders' shareholding	The Proposed Acquisition will not impact the substantial shareholders' shareholding as it does not involve issuing new shares. Additionally, the Proposed Joint Development and Proposed Diversification will similarly leave shareholders' stakes unchanged. Thus, the Proposed Acquisition is <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

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EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.6	Financial Effects of the Proposed Acquisition	NA per Share The immediate NA per Share will not be affected by the Proposed Acquisition. Although future interest costs may increase as no less than 70% (Note: In Section 6.2, Part A of the Circular, an equivalent to 80.0% of the Purchase Consideration was assumed for illustrative purpose for computing the NA and gearing), financing through borrowings, the avoidance of rental payments, which are recorded as interest costs and depreciations under Malaysian Financial Reporting Standards no. 16 (MFRS 16), will offset the future increase in interest expenses and depreciation. Additionally, the potential capital appreciation of freehold properties makes the Proposed Acquisition <u>reasonable</u> and <u>not detrimental</u> to non-interested shareholders. Gearing As of 31 December 2024, the Group had RM82.7 million in cash and bank balances, and RM244.57 million in bank borrowings. The gearing ratios were 1.63 times in 2024 and 1.71 times in 2023. The Proposed Acquisition will increase gearing as a result that 70% of the Purchase Consideration is funded by bank borrowings but the increase in gearing is mitigated by derecognition of lease liabilities in the balance sheet. Owning property is advantageous for avoiding rental fluctuations and providing potential capital appreciation. As an overall, the Proposed Acquisition <u>reasonable</u> and <u>not detrimental</u> to non-interested shareholders. EPS The immediate effect on earnings is not expected to be material. The Proposed Acquisition enables Nestcon to benefit from potential capital appreciation of freehold properties, which may offset any future increases in interest costs. Furthermore, the avoidance of rental payments is another advantage factor to the Group. The Proposed Acquisition is expected to improve the Group's future earnings and EPS once benefits like annual rental savings of about RM0.16 million are realised. We considered as an overall, the future effects on the EPS as a result of the Proposed Acquisition is <u>reasonable</u> and <u>not detrimental</u> to non-interested shareholders.

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.7	Evaluation of the prospect of the Nestcon Group as a result of the Proposed Acquisition	Nestcon Group plans to move its corporate office to new properties in Bandar Puchong Jaya, centralizing operations and enhancing collaboration among employees. The new office will have a built-up area of 2,520 sq m and accommodate 140 employees, compared to the current five rented shoplot units up to a total of housing 79 employees. This relocation supports business growth and increased demand for construction projects. Nestcon also plans to recruit up to a total of an additional 50 more employees over the next 24 months. The strategic location and potential for capital appreciation make the Proposed Acquisition <u>reasonable</u> and <u>not detrimental</u> to non-interested shareholders.

EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.8	Risk Factors	We have reviewed the risk factors associated with the Proposed Acquisition under various headings such as non-completion risk, financing risk and market valuation of the Subject Properties, together with the Group's corresponding mitigation strategies, and are of the view that they are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

Section in the IAL	Area of evaluation	AER's Commentary
Section 6.9	Overall	The overall terms of the SPA are structured as a commercial arrangement and are therefore deemed <u>reasonable</u> and <u>not detrimental</u> to non-interested shareholders.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition, and our evaluation is set out in **Section 6** of the IAL. The non-interested shareholders should consider all the merits and demerits of the Proposed Acquisition and based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

After having considered all the various factors included in our evaluation for the Proposed Acquisition and based on the information made available to us, we are of the opinion that the Proposed Acquisition is **fair** and **reasonable** insofar as the non-interested shareholders are concerned and it is **not detrimental** to the non-interested shareholders.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the resolutions pertaining to the Proposed Acquisition that is to be tabled at the Company's forthcoming EGM.

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ASIA EQUITY RESEARCH SDN BHD

(License Number: eCMSL/A0330/2015)

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Selangor Darul Ehsan

Email: contact@aer.finance

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9 July 2025

To: The non-interested shareholders of Nestcon Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF NESTCON IN RELATION TO THE PROPOSED ACQUISITION

1. INTRODUCTION

On 3 March 2025, on behalf of the Board, M&A Securities announced that the Company proposed to undertake three proposals, namely Proposed Joint Development, Proposed Diversification and Proposed Acquisition.

On 4 June 2025, the Company had announced that there will be revision to the details of the Proposed Joint Development, and the Company requires additional time to conduct further due diligence on the Development Lands under the Proposed Joint Development, which is inter-conditional with the Proposed Diversification. The announcement on the updated details of the Proposed Joint Development and Proposed Diversification will be made in due course.

The Proposed Acquisition is deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements, given the direct and indirect shareholdings of Datuk Ir. Dr. Lim in Nestcon (Purchaser) of 50.82% and nil respectively, as well as his direct and indirect shareholdings of 50.0% and nil respectively in Nestcity Cermerlang (Vendor) of 3 units of office space within a mixed development known as "Nest 2 Residences" (Subject Properties). For further details, please refer to **Section 2.1, Part A** in this Circular.

Accordingly, your Board had appointed AER on 26 December 2024, as the Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Acquisition, to provide the non-interested shareholders with:

(a) comments as to:-

- (i) whether the Proposed Acquisition is fair and reasonable as far as the non-interested shareholders are concerned; and
- (ii) whether the Proposed Acquisition is detrimental to the interest of the non-interested shareholders; and

such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- (b) advise non-interested shareholders on whether they should vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM; and
- (c) take all reasonable steps to satisfy ourselves that we have a reasonable basis to make the comments and advise in (a) and (b) above.

The purpose of this IAL is to provide the non-interested shareholders with an independent evaluation of the Proposed Acquisition and our opinion and recommendation thereon subject to the scope and limitations specified herein. You should nonetheless rely on your own evaluation of the merits and demerits of the Proposed Acquisition before deciding on the course of action to be taken.

THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM OF THE COMPANY AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.

YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF AER

AER is licensed to provide two regulated activities by the Securities Commission Malaysia namely advisory services in corporate finance and investment advice.

The past credentials, professional experience, and expertise of AER, where AER had been appointed as an Independent Adviser in the past two (2) years, include, amongst others, the following transactions:

- (a) The proposed joint venture involves SC Estate Construction Sdn Bhd (SCESB) and Anjung Meriah Sdn Bhd (AMSB) collaborating to develop a Large-Scale Solar (LSS) Plant Project through a joint venture entity named AMSC Solar Sdn Bhd ("AMSC Solar"). SCESB holds a 40% ownership stake in AMSC Solar, while AMSB holds a 60% stake in the company. The independent advice letter was issued on 13 June 2025.
- (b) Proposed Joint Venture between Citaglobal Berhad ("Citaglobal"), Sinergi Dayang Sdn Bhd and Tree Technologies Sdn Bhd to undertake the development on a parcel of leasehold land held under H.S.(D) 61190, Lot No. PT 25082, Mukim Sungai Karang, Kawasan Perindustrian Gebeng, Daerah Kuantan, Pahang, measuring 999,521 square meters based on the participation interest of 65% and 35% for Sinergi Dayang and Tree Technologies respectively and Proposed option granted by Tree Technologies in favour of Sinergi Dayang to acquire the development land for a purchase consideration of RM90.00 million. The independent advice letter was issued on 24 March 2025.
- (c) Proposed acquisition of 732,464 ordinary shares in MSR Green Energy Sdn Bhd ("MSRGE") from Ong Kah Hui and Qiang, Xiaoyu, representing 10.00% equity interest in MSRGE for a total purchase consideration of RM21.00 million, to be satisfied through a combination of cash of RM3.00 million and issuance of 29,508,197 new ordinary shares in Seal Incorporated Berhad ("Seal") ("Consideration Shares") at an issue price of RM0.61 per Consideration Share, in which the independent advice letter was issued on 13 February 2025.
- (d) Proposed disposal by Hextar Technologies Solution Berhad ("HexTech") of the remaining unexpired period of the lease on a part of the leasehold land with factories and offices erected thereon with a lettable area of 193,365 square feet expiring on 11 November 2049 for a cash consideration of RM23.70 million by Channel Legion Sdn. Bhd., a wholly owned subsidiary of HexTech to Pacific Trustees Berhad as trustee of KIP Real Estate Investment Trust, in which the independent advice letter was issued on 24 December 2024.
- (e) Proposed partial settlement by One Glove Group Berhad ("One Glove") to ADA Capital Investments Limited, the major shareholder of One Glove amounting to RM45,840,000 via the

issuance of 191,000,000 new RCPS at the issue price of RM0.24 per RCPS, in which the independent advice letter was issued on 9 August 2024.

- (f) Proposed partial settlement by PRG Holdings Berhad ("PRG") to Dato' Lua Choon Hann and Dato' Ng Yan Cheng for the sum of RM6,482,290.32 and RM4,993,271.46 via the issuance of 30,333,600 and 23,365,800 new PRG shares respectively, in which the independent advice letter was issued on 22 July 2024.
- (g) Proposed disposal by PRG of 50 units of condominiums to PRG Land Sdn Bhd, a wholly-owned subsidiary of Furniweb Holdings Limited ("Furniweb") which is a 50.45% owned subsidiary of PRG for a total consideration of RM61,982,000 to be satisfied by cash and new ordinary shares of Furniweb at an issue price of HKD0.30 each, in which the independent advice letter was issued on 12 July 2024.
- (h) Proposed acquisition by Straits Marine Fuels and Energy Sdn Bhd, a wholly owned subsidiary of TMD Energy Limited, which is a wholly owned subsidiary of Straits Energy Resources Berhad of 49,000 ordinary shares in Straits Marine Services Pte Ltd ("SMS") representing 49% equity interest in SMS for a purchase consideration of RM3,324,902 in which the independent advice letter was issued on 15 May 2024.
- (i) Proposed disposal of 27,000,001 ordinary shares in Lumut Naval Shipyard Sdn Bhd ("Lunas") held by Perstim Industries Sdn Bhd, an indirect wholly owned subsidiary of Boustead Heavy Industries Corporation Berhad ("BHIC") to Ocean Sunshine Berhad for a cash consideration of RM1 and the waiver of trade receivables owing by Lunas to BHIC and its relevant subsidiaries for the amount of approximately RM334.76 million, in which the independent advice letter was issued on 18 April 2024.
- (j) Proposed acquisition and novation of lease by MTrustee Berhad, being the trustee for and on behalf of Hektar Real Estate Investment Trust, of KYS College in Melaka for a purchase consideration of RM150,000,000 in which the independent advice letter was issued on 21 December 2023.
- (k) Proposed settlement by Toyo Ventures Holdings Bhd with the creditors involving the interest of the interested shareholders, in which the independent advice letter was issued on 28 November 2023.
- (l) Proposed acquisition by Pacific Trustees Berhad, acting as the trustee for and on behalf of KIP Real Estate Investment Trust, of KIP Mall for a purchase consideration of RM80,000,000 to be satisfied by cash in which the independent advice letter was issued on 5 September 2023.
- (m) Proposed business venture between Brilliant Forward Sdn Bhd, a wholly owned subsidiary of Land & General Berhad ("L&G") and a director of L&G, to develop a parcel of leasehold land in which the independent advice letter was issued on 10 August 2023.

Premised on the above, AER is capable and competent and has the relevant experience in carrying out its role and responsibilities as an Independent Adviser to advise the non-interested directors of the Company and non-interested shareholders in relation to the Proposed Acquisition.

3. DECLARATION OF CONFLICT OF INTEREST

We confirm that there is no existing or potential conflict of interest situation for us to carry out our role as the Independent Adviser in connection with the Proposed Acquisition.

4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED ACQUISITION

AER was not involved in the formulation and structuring of the Proposed Acquisition and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Acquisition. In the past two (2) years prior from the date of this IAL, there is no other professional relationships between Nestcon and AER.

AER's scope as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Acquisition that involves the interest of the interested shareholder of Nestcon and whether the transaction is to the detriment of the non-interested shareholders, based on the following sources of information and documents:

- (a) information contained in Part A of the Circular, and the appendices enclosed therein;
- (b) other relevant information, documents, confirmations, and representations provided to us by the Board and management of Nestcon;
- (c) discussion and consultation with the senior management of Nestcon on 20 December 2024; 19 February 2025; and 27 February 2025;
- (d) a copy of an executed SPA dated 3 March 2025; and
- (e) other publicly available information that we consider relevant for our evaluation.

We have made all reasonable enquiries, performed reasonableness checks, and corroborated relevant information with independent sources, where possible. We are also guided by the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities. In addition, the Board and the management of Nestcon had undertaken to exercise due care to ensure that all information, data, documents, and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable, and free from any material omission in all material respects. Accordingly, AER shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omission of facts and information provided or represented by the Board and the management of Nestcon.

The directors of Nestcon have collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information, documents, data and statements provided to us and as contained herein in relation to the Proposed Acquisition (save and except for opinion expressed by AER which do not contain factual information provided by the Company and information procured or developed by AER independently of the Company) and confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to the Proposed Acquisition that are necessary for our evaluation have been completely and accurately disclosed to us and there is no omission of any material fact, the omission of which would render any such information provided to us false, incomplete, misleading and/or inaccurate.

We are satisfied with the information provided by the Board and the management of Nestcon and are not aware of any facts or matters not disclosed which may render any such information untrue, inaccurate, or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information we used is reasonable, accurate, complete, and free from material omission. We will notify the shareholders through a supplemental IAL, if we become aware of the following:

- (i) a significant change affecting the information contained in the IAL;
- (ii) there is a false, misleading / deceptive statement provided in the IAL; and
- (iii) there is a material omission in the IAL.

The non-interested shareholders should note that the views expressed by AER herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political, and other conditions prevailing up to the LPD. Accordingly, our evaluation and opinion in this IAL do not

consider information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

In rendering our advice, we had taken note of pertinent issues which we believe are necessary and of importance to an assessment of the implications of the Proposed Acquisition that are of general concern to the non-interested shareholders.

As such:

- (a) our evaluation and recommendation contained herein are based on the assessment of the fairness and reasonableness of the Proposed Acquisition. Comments or points of consideration which may be commercially oriented such as the rationale, financial effects, potential benefits, and prospects of the Proposed Acquisition are included for our overall evaluation as we deem necessary for disclosure purposes to enable the non-interested shareholders to consider and form their views in a more holistic manner thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition.
- (b) our views and advice as contained in this IAL only cater to the non-interested shareholders at large and not to any non-interested shareholder individually or any specific group of non-interested shareholders. Hence, in carrying out our evaluation, we have not given due consideration to the specific investment objectives, risk profiles, financials and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders.
- (c) we advise that any individual non-interested shareholder or any group of non-interested shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual investment objectives, risk profiles, financials and tax situations or needs, to consult their respective stockbrokers, bankers, solicitors, accountants, or other professional advisers immediately.

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5. SUMMARY OF THE PROPOSED ACQUISITION

Our comments and evaluation are restricted solely to the Proposed Acquisition, as it is deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements.

The summary of the Proposed Acquisition, extracted from Part A of this Circular, is intended to summarise the key points under the various captions and for further details, readers are advised to refer the corresponding relevant sections in Part A of this Circular.

Name	Number of shares	% held in Nestcon	Name	Number of shares held in Nestcity Cermerlang	% held in Nestcity Cermerlang
① Datuk Ir. Dr. Lim Group's Managing Director and major shareholder	363,243,758	50.82%	① Datuk Ir. Dr. Lim	500,000	50.0%
			Datuk Kwong Jee Kong	450,000	45.0%
			Tang Chi Cheong	50,000	5.0%
			Total	1,000,000	100%

Nestcon (Purchaser)

RM15.1 million, cash

←→

Nest 2 Residences

Nestcity Cermerlang (Vendor)

Nestcon had on 3 March 2025 entered into a conditional SPA with Nestcity Cermerlang to acquire 3 units of office space within a mixed development known as 'Nest 2 Residences', i.e. Property 1, Property 2 and Property 3, bearing postal addresses as follows:

- 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);
- N2-2-01, Level 2, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur; and
- N2-3-01, Level 3, Nest 2, No. 6, Jalan A, Off Jalan Puchong, 58200 Kuala Lumpur,

② **Basis and justification of the Purchase Consideration**
Total market value of the Subject Properties by Independent Valuer

	RM million	Built up area in sq meters
Property 1	7.40	1,128
Property 2	3.90	682
Property 3	3.80	710
	15.10	2,520

Tenure: Freehold
Approximate age of building: Approximately 1 year old

③ **Original cost of investment of Nestcity Cermerlang**
The original cost of investment for the properties is reflected in the management accounts of Nestcity Cermerlang as of 31 December 2024. Specifically:

- Property 1: RM5.7 million
- Property 2: RM3.0 million
- Property 3: RM3.0 million

④ **Mode of payment**
The Purchase Consideration shall be paid in full by the Purchaser to the Vendor within 120 days from the Unconditional Date (the "Completion Date"). If the Purchaser fails to make the payment within this period, the Vendor agrees to grant an extension of 30 days from the Completion Date. In consideration of this extension, the Purchaser shall pay the Vendor interest at the rate of 6%.

⑤ **Condition precedents**
2.1 Conditions Precedent of the SPA

- 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;
- The Vendor having obtained the approval of its board of directors and/or shareholders for the disposal of the Subject Properties in accordance with the terms and conditions of the SPA (if applicable); and
- 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 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, rendering the SPA 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 the "Unconditional Date".

Summarised by AER

Source: -

- Information on Vendor – **Section 2.3, Part A of Circular.**
Information on Purchaser – **Section 9, Part A of Circular.**
- Information on Nest 2 Residences – **Section 2.1, Part A of Circular.**
Information on the basis and justification of the Purchase Consideration – **Section 2.2 Part A of Circular.**
- Information on the original cost of investment of the Subject Properties – **Section 2.7 Part A of Circular.**
- Information on mode of payment – **Section 3, Appendix I of Circular**
- Information on Condition precedents – **Section 2, Appendix I of Circular**

Notes

- (a) As at LPD, the directors of Nestcity Cemerlang are Datuk Ir. Dr. Lim (non-executive) and Datuk Kwong Jee Kong (executive). Datuk Ir. Dr. Lim is the Group Managing Director and major shareholder of the Company. He is a major shareholder of Nestcity Cemerlang.
- (b) Datuk Ir. Dr. Lim, the Group's Managing Director is deemed interested in the Proposed Acquisition.

As at the LPD, Nestcon Group operates from its existing corporate office located in Bandar Puchong Jaya, Selangor, comprising:

- a) Three (3) units of commercial shoplot offices rented from Datuk Ir. Dr. Lim; and
b) Two (2) units of commercial shoplot offices rented from third parties.

These five (5) units have a total built-up area of approximately 1,040.51 sq m and accommodate up to 79 employees. Moving forward, Nestcon Group intends to recruit up to a total of additional 50 employees within the next 24 months to support its business growth.

The Proposed Acquisition will enable the Group to relocate to the Subject Properties and establish a permanent corporate headquarters. This is expected to:

- Facilitate a centralised business facility for better operational and cost efficiencies;
- Enhance collaboration among departments through an integrated workspace; and
- Fulfil the Group's strategic need for a well-located and prominent business address within the Old Klang Road / Jalan Puchong vicinity.

The Board (save for Datuk Ir. Dr. Lim, being an interested party) is of the view that the Proposed Acquisition is in the best interest of the Group as it supports long-term operational scalability and strengthens the visibility of the Group's corporate identity.

Ordinary Resolutions to be tabled for approval

The Company has decided to proceed with the Proposed Acquisition independently, as additional time is required to conduct further due diligence on the Development Lands pertinent to the Proposed Joint Development.

In light of this, there will be one ordinary resolution in respect of the Proposed Acquisition to be tabled at the EGM for approval.

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6. EVALUATION OF THE PROPOSED ACQUISITION

The Proposed Acquisition is considered a related party transaction under Rule 10.08 of the Listing Requirements, due to the involvement of the Interested Director as detailed in **Section 9, Part A** of this Circular.

To evaluate the fairness and reasonableness of the Proposed Acquisition, we have considered the following: -

Factors	Section reference in IAL
Basis and justifications for the Purchase Consideration	6.1
Terms of payment of the Purchase Consideration	6.2
Salient terms of the SPA (a) Sale and Purchase of the Subject Properties (b) Conditions Precedent (c) Mode of Payment (d) Default (e) Vacant Possession (f) Defect Liability Period	6.3
Rationale of the Proposed Acquisition	6.4
Effects of the Proposed Acquisition on substantial shareholders' shareholding	6.5
Financial Effects of the Proposed Acquisition - NA per Share - Earnings of Loss per Share - Gearing	6.6
Evaluation of the prospect of the Nestcon Group as a result of the Proposed Acquisition	6.7
Risk Factors	6.8
Overall	6.9

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6.1 Evaluation of the basis and justification of arriving at the Purchase Consideration

As extracted from **Section 2.2, Part A** of this Circular

“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 Independent Valuer, vide its Valuation Report.

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 Independent Valuer on 15 January 2025. 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 Independent 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.”

Commentary by AER:-

We reviewed the Valuation Reports prepared by the Independent Valuer, evaluated the primary method being the **Comparison Approach** used, key basis and assumptions and performing the necessary re-computations to evaluate of the fairness of the Purchase Consideration.

Appended below are the key salient terms and basis adopted by the Independent Valuer and our corresponding comments for each key basis and assumptions.

Market Value Calculation (Comparison Approach):

Unit	Floor	Area (sq. ft.)	Rate (RM/sq. ft.)	Value (RM)
N2-G-01	Ground Floor	2,239	1,000	2,239,000
	Upper Floor Commercial Unit (Mezzanine)	990	525	519,750
	First Floor Shop/Office Unit	8,913	525	4,679,325
	Subtotal Valuer has rounded to RM7,400,000 (A)			7,438,075
N2-2-01	Second Floor	7,341	525	3,854,025
	Valuer has rounded to RM3,900,000 (B)			
N2-3-01	Third Floor	7,642	500	3,821,000
	Valuer has rounded to RM3,800,000 (C)			

Summarised from page 6 of the Valuation Certificate

The Valuer has selected a different set of comparable to compare for the ground floor and upper floors and hence the rate per sq feet is RM1,000/ sq. ft for the ground floor and RM525 per sq fee for the upper floors.

Hence, the total value is RM15,100,000. (A+B+C = 7,400,000+ 3,900,000 +3,800,000 = 15,100,0000)

We have evaluated the computation and conclude that it fair and reasonable as ground floor is higher in price compared to upper floors.

Item no.	As extracted from the Valuation Report	AER's Comments
1	Method of valuation (a) Primary method: - Comparison Approach The market value appraised under this approach was RM15.10 million. (b) Secondary method: Income Approach by Investment Method as a cross check of the results determined using the Comparison Approach. The value appraised under this approach was RM15.25 million.	<u>Comparison approach</u> The Comparison Approach is a widely used property valuation method that involves analysing recent transactions of comparable properties, adjusting for differences in factors such as location, property type, size, age, condition, and amenities. The adjusted sale prices provide a range of values for the Subject Properties, which are then reconciled to determine an estimated market value. The accuracy of this method depends on the availability of relevant and recent comparable sales data within the relevant market. We have taken note that the Independent Valuer has classified the upper floor units as retail space for the purpose of the valuation <i>“based on the highest and best use of the said units, given their unique attributes in term of accessibility within the building, exposure to the main road as well as the classification of these units as “shop & office” as stated in the approved building plans of the Subject Development.”</i> We also noted that the Independent Valuer has made the necessary adjustments to each of the key factors of the Subject Properties, particularly with regard to location, floor level, unit size, building age, tenure, and car park allocation. Based on our review, we are of the opinion that these adjustments are reasonable and consistent with standard property valuation practices. The adjustments appropriately reflect the differences between the Subject Properties and the comparables, taking into account the relevant factors that influence property values in the market. <u>Investment Approach</u> The gross rental rates for both ground and upper floor retail spaces, set at RM5.00 per sq. ft. and RM3.00 per sq. ft., respectively, align well with market conditions and rental trends in the vicinity. The adopted outgoings rate of RM0.90 per sq. ft. per month, based on similar nearby properties, is considered fair and appropriate given the Subject Properties characteristics and location. The applied void factor of 5% is typical for newly completed developments, considering the need for leasing activities and tenant transition periods. Overall, the methodology and assumptions applied in this valuation

Item no.	As extracted from the Valuation Report	AER's Comments
		are consistent with standard industry practices.

6.2 Evaluation of the terms of payment the Purchase Consideration

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. As extracted from **Section 3, Appendix I** of this Circular, we noted that “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%.”

Commentary by AER:-

- i. The timing and percentage of payment of the Purchase Consideration are normal commercial terms.

Therefore, we conclude that the terms reasonable.

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6.3 Salient terms of the SPA

As extracted from Appendix I of this Circular	AER's commentary
1. SALE AND PURCHASE OF THE SUBJECT PROPERTIES <i>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.</i>	This clause is standard in property sale agreements, ensuring the vendor delivers the property free from encumbrances and with vacant possession. It also confirms that the sale is governed by the terms and conditions of the SPA, providing clarity on the conditions of the title and the transaction. Therefore, we conclude that this is reasonable and not detrimental to the non-interested shareholders.

Salient terms of the SPA

As extracted from Appendix I of this Circular	AER's commentary
2. CONDITIONS PRECEDENT 2.1 <i>The sale and purchase of the Subject Properties is conditional upon the following ("Conditions Precedent"):</i> (a) <i>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;</i> (b) <i>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</i> (c) <i>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.</i> 2.2 <i>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.</i> 2.3 <i>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".</i>	The Conditions Precedent outlined in the SPA are typical in property transactions, ensuring that both the Purchaser and Vendor obtain necessary approvals from their respective boards of directors and/or shareholders. Additionally, the requirement for the Purchaser to secure financing of no less than 70% of the Purchase Consideration ensures that the acquisition is adequately funded. The 120-day Conditional Period, with the possibility for mutual extension, provides a reasonable timeframe for fulfilling these conditions. In the event that the conditions are not met within the specified period, the clause allows either party to rescind the SPA, ensuring that both parties have an exit option should the necessary conditions not be satisfied. The reference to the "Unconditional Date" ensures clarity on when the conditions have been fulfilled and the SPA becomes binding. We are of the opinion that the Conditions Precedent clause as stipulated is reasonable and not detrimental to the non-interested shareholders.

Salient terms of the SPA

As extracted from Appendix I of this Circular	AER's commentary
3. MODE OF PAYMENT <i>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%.</i>	The payment terms outlined in the SPA are standard for property transactions, specifying that the Purchaser must settle the Purchase Consideration within 120 days from the Unconditional Date (Completion Date). In the event of a delay, the clause provides for a 30-day extension, subject to the Purchaser paying interest at a rate of 6%. We checked on the Base Lending Rate (BLR) by three commercial banks in Malaysia and noted the rates are 6.65%, 6.76% and 6.85% per annum. As the interest rate is lower than the normal BLR of prevailing commercial banks, the interest rate is reasonable. Further, the interest rate is a reasonable provision to encourage timely payment and compensate the Vendor for any delay. Overall, the terms are designed to provide flexibility to the Purchaser while safeguarding the Vendor's interests. We are of the opinion that Mode of Payment as stipulated is reasonable and not detrimental to the non-interested shareholders.

Salient terms of the SPA

As extracted from Appendix I of this Circular	AER's commentary
4. DEFAULT 4.1 <i>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 from the expiration of the 14 days pay to the Vendor interest of 6% per annum on all sums outstanding until the date of full settlement 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.</i> 4.2 <i>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</i>	The Default provisions in the SPA set out the consequences for failure to fulfill obligations by either party. In the case of the Purchaser's failure to pay the Purchase Consideration or any late interest, the Vendor is entitled to terminate the SPA and claim liquidated damages of 10% of the Purchase Consideration. Additionally, the Purchaser is required to return all transfer-related documents, redeliver vacant possession of the property, and withdraw any private caveat. These provisions protect the Vendor's interests by ensuring compensation in the event of non-payment. Similarly, if the Vendor fails to transfer the property free from encumbrances, the Purchaser has the option to either demand specific performance or terminate the SPA and seek liquidated damages, along with a refund of sums paid. The inclusion of interest and the return of documents and property further ensures that both parties are bound by their respective obligations. Overall, the Default provisions are balanced, offering clear remedies to both parties in the event of non-performance. We are of the opinion that the Default clause is reasonable and not detrimental to the non-interested shareholders.

As extracted from Appendix I of this Circular	AER's commentary
<i>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 from the expiration of the 14 days pay to the Purchaser interest of 6% per annum on all sums outstanding until the date of full settlement 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.</i>	

Salient terms of the SPA

As extracted from Appendix I of this Circular	AER's commentary
5. VACANT POSSESSION <i>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.</i> 6. DEFECT LIABILITY PERIOD <i>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.</i>	The Vacant Possession clause stipulates that vacant possession of the Subject Properties will be delivered by the Vendor upon full payment of the Purchase Consideration. In the event of delay, the Vendor is required to pay liquidated damages at a rate of 8% per annum, calculated on a daily basis, from the due date until the actual delivery of vacant possession. This provision is designed to protect the Purchaser's interests by providing compensation for delays in possession, ensuring that the Vendor has a financial incentive to fulfill this obligation promptly. The Defect Liability Period of 24 months allows the Purchaser to notify the Vendor of any defects or faults in the property, with the Vendor being responsible for repairs at their own cost within 30 days. If the Vendor fails to do so, the Purchaser can recover the repair costs from any sum held in escrow. This clause provides the Purchaser with recourse if defects arise after possession, ensuring that the property is delivered in a satisfactory condition. The stipulation that the Purchaser must notify the Vendor and provide an opportunity for repairs before proceeding with the work ensures fairness to the Vendor, while safeguarding the Purchaser's rights. We are of the opinion that the Vacant Possession and the Defect Liability Period clauses are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders.

6.4 Rationale of the Proposed Acquisition

As extracted from **Section 3, Part A** of this Circular

“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 are rented from Datuk Ir. Dr. Lim at a rental rate of RM9,700 per month; and (ii) 2 units of commercial shoplot office, which are rented from third parties at a rental rate of RM3,200 per month. Such 5 units of commercial shoplot office have a total built-up area of 1,040.51 sq m as compared to the Subject Properties which have a total built-up area of 2,520.0 sq m. Nestcon Group’s existing corporate office currently accommodate up to a total of 79 employees as compared to the Subject Properties which estimated will be able to accommodate up to a total 140 employees. Moving forward, Nestcon Group intends to recruit up to an 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 centralised 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.”

AER’s Commentary

The board's rationale for acquiring a property of 2,520 square meters is reasonable, particularly given Nestcon Group's plans to recruit up to a total of additional 50 additional employees within the next 24 months. The current office space of 1,040.51 square meters is insufficient to accommodate this increase in staff, necessitating a larger facility to support operational efficiency and employee collaboration.

Moreover, owning the property rather than renting offers significant advantages, including capital appreciation. This strategic investment not only enhances the company's asset base but also provides stability and control over the premises, mitigating the risks associated with rental agreements. Therefore, the board's decision to purchase the property is a **reasonable** and **not detrimental** to non-interested shareholders of Nestcon, to support the company's growth and long-term success.

6.5 Effects of the Proposed Acquisition on substantial shareholders’ shareholding

Reference is made to **Section 6.4, Part A** of this Circular

AER’s Commentary

The Proposed Acquisition **will not have any effect** on the substantial shareholders’ shareholding in the Company as it does not involve any issuance of new Nestcon Shares.

As such the Proposed Acquisition is **reasonable** and **not detrimental** to non-interested shareholders.

6.6 Financial Effects of the Proposed Acquisition

As extracted from **Section 6.2, Part A** on the effects of NA and gearing of this Circular

“For illustration purposes, based on the latest audited consolidated statements of the financial position of our Company as at 31 December 2024 and assuming that the Purchase Consideration is satisfied via internally generated funds of RM3.02 million (equivalent to 20.0% of the Purchase Consideration) and bank borrowings of RM12.08 million (equivalent to 80.0% of the Purchase Consideration), the pro forma effects of the Proposed Acquisition on the NA and gearing of our Group are as follows:”

	Audited as at 31 December 2024	After the Proposed Acquisition
NA per Share (RM)	0.21	0.21

(a) NA per Share

AER's Commentary

Immediately upon completion of Proposed Acquisition will not affect the Group's NA per Share. As of 31 December 2024 the NA per Share was RM0.21. Although the future interest cost may increase as no less than 70% of the Purchase Consideration being funded via bank borrowings, leading to a reduction in NA per Share, this is mitigated by the avoidance of making rental payments and hence the Group could offset the effects of the reduction in NA per Share as a result of future interest cost. Additionally, owning freehold properties allows the Group to benefit from future capital appreciation. Therefore, the Proposed Acquisition is considered reasonable and not detrimental to non-interested shareholders.

The Proposed Acquisition is considered reasonable and not detrimental to non-interested shareholders.

(b) Gearing

AER's Commentary

Based on the latest audited financial statements of the Group as of 31 December 2024, the Group has cash and bank balances and bank borrowings including lease liabilities of approximately RM82.7 million and RM244.57 million as at 31 December 2024.

The gearing of the Group as of 31 December 2024 (unaudited) and 31 December 2023 (audited), were 1.63 times and 1.71 times respectively.

The Proposed Acquisition will reduce gearing by eliminating the need to rent properties, which is recorded as a lease liability under MFRS 16 – Accounting for leases. However, it will also increase borrowings as 70% of the Purchase Consideration will be funded through additional borrowing. Strategically, owning property is advantageous, as it avoids future rental fluctuations and provides potential capital appreciation. Consequently, the Proposed Acquisition is reasonable and not detrimental to non-interested shareholders.

(c) Earnings and EPS

As extracted from **Section 6.3, Part A** on the effects of earnings and EPS of this Circular

“The Proposed Acquisition is not expected to have any immediate material effect on the earnings of the Group. However, the Board believes that the Proposed Acquisition will contribute positively to the Group's future earnings and EPS as and when the benefits of the Proposed Acquisition (such as rental savings opportunity of approximately RM0.16 million per annum) are realised.”

AER's Commentary

The immediate effect on earnings is not expected to be material. This Proposed Acquisition enables Nestcon to benefit from potential capital appreciation of freehold properties, which will offset any future increases in interest costs. Furthermore, the avoidance of rental payments is another advantage factor to the Group. We considered as an overall, the future effects on the EPS as a result of the Proposed Acquisition is **reasonable** and **not detrimental** to non-interested shareholders.

6.7 Evaluation of the prospect of the Nestcon Group as a result of the Proposed Acquisition

Reference is made to **Section 5.3, Part A** of this Circular

AER's Commentary

Nestcon Group plans to relocate its corporate office to new properties in Bandar Puchong Jaya to centralize its operations and improve communication and collaboration among employees. Currently, the Group's corporate office is spread across five rented shoplot units, accommodating 79 employees. The new properties will have a built-up area of 2,520 sq m, accommodating 140 employees.

This move is part of Nestcon Group's strategy to support business growth and the increasing demand for construction and infrastructure projects in Malaysia. The Group also plans to recruit up to a total of additional 50 employees over the next 24 months.

Given the strategic location of the new properties in Klang Valley and the potential for capital appreciation, the Proposed Acquisition is **reasonable** and are **not detrimental** to non-interested shareholders.

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6.8 Risk Factors

As extracted from **Section 4, part A** of this Circular in relation to risk factors and your Board's mitigation strategies

4.1 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 I. 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.

4.2 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 endeavour to manage its cash flow position and funding requirements prudently, to address the risk.

4.3 Market valuation of the Subject Properties

The valuation of the Subject Properties by the Independent 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 Independent 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, the Board endeavours to continuously assess the property market outlook within the surrounding area of Jalan Puchong and 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. Non-completion risk

We have reviewed the risk factors associated with the Proposed Acquisition, together with the Group's corresponding mitigation strategies, and are of the view that they are **reasonable** and **not detrimental** to the non-interested shareholders.

6.9 Overall summary

Therefore, it can be concluded that the Proposed Acquisition are **reasonable** and **not detrimental** to the non-interested shareholders.

7. CONCLUSION AND RECOMMENDATION

The non-interested shareholders should consider all the merits and demerits of the Proposed Acquisition based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

In our evaluation of the Proposed Acquisition and in arriving at our opinion, we have taken into consideration various factors as follows:

- (a) Basis and justifications for the Purchase Consideration;
- (b) Terms of payment of the Purchase Consideration;
- (c) The salient terms of the SPA;
 - (i) Sale and Purchase of the Subject Properties
 - (ii) Conditions Precedent
 - (iii) Mode of Payment
 - (iv) Default
 - (v) Vacant Possession
 - (vi) Defect Liability Period
- (d) Rationale of the Proposed Acquisition
- (e) The financial effects in terms of NA per Share, Earnings or Loss per Share and gearing are reasonable;
- (f) Prospects of the Nestcon Group as a result of the Proposed Acquisition; and
- (g) Risk factors associated with the Proposed Acquisition.

After having considered all the various factors included in our evaluation for the Proposed Acquisition, that is based on the information made available to us, we are of the opinion that the Proposed Acquisition is **fair** and **reasonable** insofar as to the non-interested shareholders are concerned and it is **not to the detriment** of the non-interested shareholders.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Acquisition which is to be tabled at the Company's forthcoming EGM.

Yours faithfully,
For and on behalf of
ASIA EQUITY RESEARCH SDN. BHD.

ONG TEE CHIN, CFA, FRM, CAIA
Director

FARIS AZMI BIN ABDUL RAHMAN, CPA (Aust)
Director