NESTCON BERHAD ("NESTCON" OR "THE COMPANY")
- **PROPOSED ACQUISITION BY NESTCON SUSTAINABLE SOLUTIONS SDN. BHD., THE WHOLLY-OWNED SUBSIDIARY OF NESTCON OF ENTIRE EQUITY INTEREST IN CENTRAL SOLAR SDN. BHD.**

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1. INTRODUCTION

The Board of Directors of Nestcon (the "**Board**") wishes to announce that its wholly-owned subsidiary, Nestcon Sustainable Solutions Sdn. Bhd. ("**Nestcon SS**" or the "**Purchaser**"), had on 1 April 2022 entered into a Share Sale Agreement ("**SSA**") with Main Way Venture Sdn. Bhd. (the "**Vendor**") for the acquisition by Nestcon SS of **300,100 ordinary shares** in Central Solar Sdn. Bhd. ("**CSSB"**), representing **100%** of the equity interest in CSSB ("**Sale Shares**") from the Vendor for a total purchase consideration of Ringgit Malaysia Three Million (RM3,000,000.00) only ("**Purchase Consideration**") to be satisfied via the issuance and allotment of 2,209,900 ordinary shares of the Purchaser ("**Nestcon SS Shares**") ("**Shares Consideration**") at an issue price of RM0.51 per Share Consideration for a total shares consideration of Ringgit Malaysia One Million One Hundred Twenty-Seven Thousand and Forty-Nine (RM1,127,049.00) and cash consideration of Ringgit Malaysia One Million Eight Hundred Seventy-Two Thousand Nine Hundred and Fifty-One (RM1,872,951.00) (hereinafter referred to as "**Proposed Shares Acquisition**").

Post completion of the Proposed Shares Acquisition, Nestcon SS will hold 100% equity interest in CSSB.

2. DETAILS OF THE PROPOSED SHARES ACQUISITION

The Proposed Shares Acquisition entails the Vendor agreeing to dispose and the Purchaser agreeing to acquire the Sale Shares for the Purchase Consideration of RM3,000,000.00 which will be satisfied via the issuance and allotment of 2,209,900 new Nestcon SS Shares at an issue price of RM0.51 per Share Consideration for a total shares consideration of RM1,127,049.00 and cash consideration of RM1,872,951.00.

The Sale Shares from the Vendor are free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto. The Proposed Shares Acquisition shall be construed as all assets and liabilities of CSSB shall remain with CSSB.

Pursuant to the Proposed Shares Acquisition, the Vendor had provided an unconditionally and irrevocably guarantees that CSSB shall achieve an audited net Profit After Tax ("**PAT**") of RM2,000,000.00 for each of the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 ("**Guaranteed Period**") excluding non-operational revenue and after normalisation of non-operational and non-recurrent expenses beyond the Vendor's control ("**Profit Guarantee**"). The aggregate guaranteed sum of RM6,000,000.00 ("**Guaranteed Sum**") may be cumulated during the Guaranteed Period. Further details of the profit guarantee are set out in Paragraph 4 below.

3. INFORMATION ON THE PARTIES

3.1 INFORMATION ON NESTCON SS

Nestcon SS was incorporated in Malaysia as a private limited company by shares on 7 September 2021 and having its business address at No. 02-10, Jalan Kenari 13B, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan. The share capital of Nestcon SS as at the date of this announcement is RM2,300,100.00 comprising of 2,300,100 ordinary shares and it is a wholly-owned subsidiary of Nestcon, a public limited company listed on the ACE Market of Bursa Malaysia Securities Berhad.

Nestcon SS is principally involved in renewable energy activities and maintenance works.

The Directors of Nestcon SS are Datuk Ir. Dr. Lim Jee Gin and Mr. Ong Yong Chuan.

3.2 INFORMATION ON THE VENDOR

The Vendor was incorporated in Malaysia as a private limited company by shares on 8 October 2021 and having its registered address at B-5-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan.

The Vendor is principally involved in other specialised construction activities.

The sole director of the Vendor is Ms. Hew Wen Qi.

Meanwhile, the shareholders of the Vendor are as follows:

	Direct		Indirect	
Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Hew Wen Qi	100	80.0	-	-
Say Qui Ken	25	20.0	-	-

3.3 INFORMATION ON CSSB

CSSB was incorporated in Malaysia as a private limited company by shares on 15 November 2019 and having its registered address at B-5-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan. The share capital of CSSB as at the date of this announcement is RM300,100.00 comprising of 300,100 ordinary shares, wholly-owned by the Vendor as at the date of announcement.

CSSB is principally involved in the provision of engineering, procurement, construction and commissioning of solar photovoltaic systems, and project management of all kind of renewable energy activities.

4. SALIENT TERMS OF THE SSA

4.1 PURCHASE CONSIDERATION

The Purchase Consideration was arrived on a willing seller willing buyer basis to purchase the Sale Shares free from all claims, charges, liens, encumbrances and equities whatsoever, together with all rights attached thereto, and all liabilities, dividends, rights and distributions, declared paid or made in respect thereof the entitlement date of which is on 1 April 2022 and taking into consideration of the audited net tangible asset of the CSSB as at 31 December 2021 of no less than Ringgit Malaysia One Million (RM1,000,000.00) and the Profit Guarantee to be provided by the Vendor.

The Purchase Consideration for the Sale Shares shall be satisfied by the Purchaser in in the following manner:

(a) **Shares Consideration** of Ringgit Malaysia One Million One Hundred Twenty-Seven Thousand and Forty-Nine (RM1,127,049.00) of the Purchase Consideration is to be settled by the issuance and allotment of 2,209,900 ordinary shares of the Purchaser to the Vendor at an issue price of RM0.51 per ordinary share which should represent 49% of the total issued and enlarged shares capital of the Purchaser within thirty (30) days after all conditions precedent as set out in Paragraph 4.3 have been fulfilled or waived ("**Completion Period**").

(b) **Cash Consideration** of Ringgit Malaysia One Million Eight Hundred Seventy-Two Thousand Nine Hundred and Fifty-One (RM1,872,951.00) of the Purchase Consideration is to be settled in cash, whereby:

   i. Ringgit Malaysia One Million (RM1,000,000.00) shall be paid to the Purchaser Solicitor within the Completion Period who are authorised and instructed to release the same to the Vendor within seven (7) days of the Completion Date; and

   ii. the remaining Cash Consideration of Ringgit Malaysia Eight Hundred Seventy-Two Thousand Nine Hundred and Fifty-One (RM872,951.00) shall be paid by the Purchaser to the Vendor by 6 September 2022.

4.2 COMPLETION DATE

The Completion Date of the sale and purchase of the Sale Shares shall be upon the Purchaser's performance of its obligation under Paragraphs 4.1(a) and 4.1(b)(i), notwithstanding the balance Cash Consideration in Paragraph 4.1(b)(ii) has yet to be settled by the Purchaser.

4.3 CONDITIONS PRECEDENT

The SSA shall be conditional upon the following being obtained, procured and/or fulfilled within the Conditional Period:

(a) satisfactory legal, financial and/or business due diligence findings on CSSB by the Purchaser;

(b) the execution of the Management Service Agreement (with the Chief Engineers of CSSB);

(c) approval of the Board in relation to the acquisition of Sale Shares and the consequent Shareholders' Agreement;

(d) approval of the directors and members of the Purchasers in relation to the acquisition of the Sale Shares and the issuance of the Shares' Consideration;

(e) execution of a binding shareholders' agreement to be entered into between the Vendor and the Board of the Purchaser; and

(f) approval of the directors and members of the Vendor in relation to the disposal of the Sale Shares and for the consequent Shareholders Agreement.

(collectively, "**Conditions Precedent**")

4.4 PROFIT GUARANTEE

The Vendor hereby unconditionally and irrevocably guarantees that CSSB shall achieve a PAT of RM2,000,000.00 for the Guaranteed Period, non-operational revenue excepted and after normalisation of non-operational and non-recurrent expenses beyond the Vendor's control. The aggregate guaranteed sum of RM6,000,000.00 may be cumulated during the Guaranteed Period. In the event CSSB fails to attain the Guaranteed Sum, the Vendor, shall be liable to pay the Purchaser the shortfall between aggregate Guaranteed Sum and the actual aggregate PAT of CSSB for the Guaranteed Period ("**Shortfall**"), within fourteen (14) days from the availability of the audited financial statements of CSSB for the financial year ending 31 December 2024. The Purchaser hereby agrees that the Shortfall shall be capped at RM1,500,000.00. In amplification of the foregoing, the audited financial statements of CSSB shall be audited in accordance with Malaysian Financial Reporting Standards.

4.5 TERMINATION EVENT

If any of the following events occurs before the completion date, the other non-defaulting party may (but is not obliged to) give notice in writing to the defaulting party, requiring the defaulting party to remedy the said default or breach within fourteen (14) business days:

(a) **Breach:** breach of any material or fundamental terms or conditions of the SSA or a failure to perform or observe any material or fundamental undertakings, obligations or agreements expressed or implied in the SSA including the breach of any material warranties; or

(b) **Receiver:** a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertakings of the defaulting party; or

(c) **Arrangements:** save and except as stated in the SSA pursuant to the acquisition and disposal of the Sale Shares, the defaulting party enters into or resolves to enter into any arrangements, compositions or compromises with, or assignment for the benefit of, the defaulting party's creditors or any classes of them; or

(d) **Winding-Up:** an application, petition or order is made for the winding-up or dissolution of the defaulting party, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of the defaulting party, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the non-defaulting party; or

(e) **Cessation of Business:** the defaulting party ceases or threatens to cease carrying on a substantial portion of the defaulting party's business other than in compliance with the defaulting party's obligations under the SSA; or

(f) **Events of Default:** the defaulting party commits any act or omits to do an act which results in the breach or non-fulfilment of any terms or conditions of any banking, finance or credit facility which has the effect of causing the events specified in sub-clauses (b), (c), (d) and (e) to occur; or

(g) **Misrepresentation:** any representations, warranties or statements which is made (or acknowledged to have been made) by the parties in the SSA or which is contained in any certificates, statements, legal opinions, notices, replies made in the course of the due diligence review or information furnished in the due diligence review or provided under or in connection herewith or therewith proves to be incorrect in any material respect.

4.6 TERMINATION

If the defaulting party fails to remedy the relevant default or breach, the non-defaulting party may elect to terminate the SSA and claim damages.

(a) **<u>Purchaser's default:</u>** If the termination is due to the default or breach of the Purchaser, the Vendor shall have the option of giving the Purchaser a notice of termination and shall thereupon refund to the Purchaser all sum or sums paid by the Purchaser, if any, towards the Purchase Consideration free of interest.

Upon such refund being made the SSA shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SSA (save for the return of any documents belonging to the Vendor) and the Vendor shall have the right to resell the Sale Shares to such person in such manner at such price and on such terms as the Vendor may think fit and the Purchaser shall have no right to any part of the purchase money thereby arising.

(b) **<u>Vendor's default:</u>** In the event of termination due to the default or breach of the Vendor, the Purchaser shall have the option of giving the Vendor a notice of termination, and the Vendor shall within fourteen (14) business days from the date of receipt of the notice of termination from the Purchaser refund to the Purchaser the Purchase Consideration and all monies paid by the Purchaser towards the Purchase Consideration, if any, free of interest together with a sum equivalent to the five per cent (5%) of the Purchase Consideration only as agreed liquidated damages and not by way of penalty, without prejudice to the rights of the Purchaser against the Vendor for damages in respect of such breach and/or default and thereafter the SSA shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SSA (save for the return of any documents belonging to the Vendor).

4.7 SPECIFIC PERFORMANCE

The Purchaser shall be entitled to claim specific performance of the SSA against the other party and for this purpose the parties hereby agree that an alternative remedy of monetary compensation shall not be regarded as sufficient compensation for such other party's default in the performance of the terms and conditions of the SSA.

5. BASIS AND JUSTIFICATION IN ARRIVING AT THE PURCHASE CONSIDERATION

The Purchase Consideration for the Proposed Shares Acquisition is RM3,000,000.00 for a 100% equity stake in the share capital of CSSB. Such consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

(a) the audited net tangible asset of CSSB as at 31 December 2021 of no less than Ringgit Malaysia One Million (RM1,000,000.00).

(b) The Profit Guarantee to be provided by the Vendor for the Guaranteed Period.

(c) The future prospects of the business of CSSB, involving in the provision of engineering, procurement, construction and commissioning of solar photovoltaic systems which the renewable energy industry is growing.

6. BASIS AND JUSTIFICATION IN ARRIVING AT THE ISSUE PRICE OF THE SHARES CONSIDERATION

The issue price of RM0.51 per Share Consideration was derived after taking into consideration, amongst others, the following:

(a) the rationale for the Proposed Share Acquisition as set out in Paragraph 12 of this announcement;

(b) Profit Guarantee of RM6,000,000.00 for the three (3) years ending 31 December 2024.

7. RANKING OF SHARES CONSIDERATION

The Shares Consideration shall, upon issuance and allotment to the Vendor, rank pari passu in all respects with the existing shares in Nestcon SS in issue, save and except that the Vendor shall not be entitled to any dividends or other distributions and entitlements declared or paid out period to the date of allotment of the Shares Consideration and/or which entitlement date shall precede the date of allotment of the Shares Consideration. Post completion of the issuance and allotment of Shares Consideration, the Vendor will hold 49% equity interest in Nestcon SS.

8. REASONABLENESS OF THE PROFIT GUARANTEE

The Board is of the opinion that the Profit Guarantee is reasonable and realistic after taking into consideration, amongst others, the prospective pipeline projects of CSSB to ascertain its earnings potential and taking into account the future prospects of CSSB in the renewable energy industry.

9. LIABILITIES TO BE ASSUMED BY NESTCON SS

There are no liabilities or contingent liabilities or guarantees to be assumed by Nestcon SS and/or Nestcon pursuant to the Proposed Shares Acquisition, save for the liabilities stated in the financial statements of CSSB, which will be consolidated into the financial statements of Nestcon and its group of companies ("**Nestcon Group**" or the "**Group**").

10. ESTIMATED FINANCIAL COMMITMENTS

The Board does not foresee any material financial commitments required following the completion of the Proposed Shares Acquisition.

11. SOURCE OF FUNDING

The total cash consideration of RM1,872,951.00 by Nestcon SS for the Proposed Shares Acquisition is envisaged to be funded by the internal generated funds.

12. RATIONALE FOR THE PROPOSED SHARES ACQUISITION

The Proposed Shares Acquisition is part of Nestcon's strategy to venture into renewable energy business and reduce the heavily reliance on the current building construction and infrastructure business model. The Proposed Shares Acquisition shall support Nestcon endeavour in actively resourcing and building a sustainable earnings portfolio that provides economic, environmental and social benefits.

13. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

13.1 OVERVIEW AND PROSPECTS OF THE SOLAR PHOTOVOLTAIC ("PV") INDUSTRY IN MALAYSIA

Malaysia has many renewable energy sources that can be developed such as solar, wind, biomass, hydro, geothermal and tidal wave. However, Malaysia has a huge potential in developing its solar energy due to its location in the equatorial zone, which is blessed with natural tropical climate with average daily solar radiation of 4500 kWh/m2 and abundant sunshine for about 10 hours per day.

(Source: International Journal of Renewable Energy Research; Soonmin H. etal., Vol.9, No.1, March 2019: Investigation of Solar Energy: The Case Study in Malaysia, Indonesia, Colombia and Nigeria)

According to International Renewable Energy Agency ("**IRENA**"), the market size of the solar PV industry in Malaysia, measured in terms of total installed capacity, stood at estimated of 536 megawatts ("**MW**") in 2018, and increased to an estimated of 882MW in 2019.

(Source: Renewable Capacity Statistics 2020, IRENA, www.irena.org)

As Malaysia pursues its sustainable development agenda as stipulated by the United Nations, Malaysia's commitment to the energy transition agenda has been recognised globally. The Energy Transition Index 2019, published by the World Economic Forum, placed Malaysia at the 38th placing amongst 115 countries being reviewed. Amongst the developing and emerging Asia region, Malaysia is ranked the highest. As part of the Association of Southeast Asian Nations ("**ASEAN**") block, Malaysia is committed in its contribution to the renewable energy targets set by ASEAN. Sustainability Energy Development Authority Malaysia ("**SEDA**") presently chairs the ASEAN Renewable Energy Sub-Sector Network in promoting further deployment of renewable energy in the ASEAN region via the ASEAN Plan of Action for Energy Cooperation.

As such, SEDA continues with its promotional and awareness campaigns on Net Energy Metering ("**NEM**") to attract more Malaysians to be participants. Dialogue sessions are also frequently organised by SEDA to further promote awareness on NEM amongst the stakeholders. Plans are in the pipeline to use the mainstream media as a platform to embark upon an integrated NEM awareness campaign.

(Source: Chairman Message, Sustainable Energy Malaysia, Volume 4 Issue 9, August 2020, published by SEDA)

The Malaysian Government introduced the NEM scheme in November 2016 with quota allocation of 500MW, followed by NEM 2.0 was introduced on 1 January 2019, which were executed by the Ministry of Energy and Natural Resources ("**KeTSA**"), regulated by the Energy Commission, with SEDA as the Implementing Agency. The 500MW quota under the NEM 2.0 has been fully subscribed by 31 December 2020.

Due to overwhelming response from the PV industry and in an effort to boost the usage of solar energy, the KeTSA has introduced NEM 3.0 on 29 December 2020 to provide more opportunities to electricity consumers to install solar PV systems on the roofs of their premises to save on their electricity bill. The NEM 3.0 will be in effect from 2021 to 2023, and the total quota allocation is up to 800MW.

(Source: https://www.seda.gov.my/2021/02/net-energy-metering-3-0-program-nem-3-0/)

In 2021, KeTSA has implemented the Malaysia Renewable Energy Roadmap ("**MyRER**") to formulate strategies to reach 31% of renewable energy share in the national installed capacity mix by 2025 and to further decarbonize the power generation sector until 2035 by maintaining affordability and system stability. To achieve the stipulated renewable energy targets and aspirations, commitments by policy makers, industry players and strategic partners including financial institutions shall be the determinant in ensuring the successful implementation of this MyRER. This MyRER will optimise the socio-economic benefits from the development of renewable energy in Malaysia, whilst positively contributing towards the global climate-change agenda in decarbonising the power sector for a better future.

(Source: https://www.seda.gov.my/reportal/myrer/)

13.2 PROSPECTS OF CSSB

Premised on the outlook of the renewable energy industry as set out in Paragraph 13.1, the Group believes that the growth prospects for the solar PV industry in Malaysia is optimistic as the Malaysian Government is committed to support the growth of solar PV industry by setting notable target to have 31% of total power capacity to come from renewables by 2025. Malaysian Government has implemented various supportive policies and incentives for the growth of solar energy, which is aimed to stimulate the growth of Malaysia's domestic green economy. Extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until 2023 which was tabled in the Budget 2020 is in line with the Malaysian Government's initiatives towards a vibrant Renewable Energy Ecosystem for Malaysia.

CSSB will unlock a new robust revenue stream that rides on the rising demand for cleaner and greener energy in Malaysia. CSSB further strategies are to focus on solar PV rooftop system for commercial and industrial segment. In addition to NEM schemes, CSSB plans to explore opportunities for building large-scale solar PV plants. Based on the foregoing, the Group is optimistic of CSSB's growth prospects in the solar PV industry.

(Source: Management of Nestcon)

14. RISK FACTORS

14.1 NON-COMPLETION OF THE PROPOSED SHARES ACQUISITION

The completion of the Proposed Shares Acquisition is conditional upon the Conditions Precedent being satisfied. There can be no assurance that such Conditions Precedent will be satisfied as set out in the SSA within the timeframe prescribed therein.

Nevertheless, the Board will take reasonable steps to ensure that the Conditions Precedent as set out in the SSA are met within the stipulated timeframe and that every effort is made to obtain all necessary approvals for the Proposed Shares Acquisition in order to complete the Proposed Shares Acquisition in a timely manner.

14.2 ACHIEVABILITY OF THE PROFIT GUARANTEE

The Profit Guarantee is based on various bases and assumptions which are deemed reasonable, but nevertheless is subject to certain uncertainties and contingencies, which may be outside of CSSB's control. There can be no assurance that the Profit Guarantee will be met.

Nevertheless, in the event CSSB fails to attain the Profit Guarantee, the Vendor agrees and covenants to make good the Shortfall by paying to Nestcon SS the Shortfall which shall be capped at RM1.5 million.

14.3 INVESTMENT AND INTEGRATION RISK

Although the Proposed Shares Acquisition is expected to contribute positively to the future earnings of Nestcon Group, there is no guarantee that the anticipated benefits from the Proposed Shares Acquisition will be realised or that CSSB will be able to generate sufficient returns to offset the associated cost of investment.

As such, there is no assurance that the Proposed Shares Acquisition will enable the Group to improve its financial performance and the duration required for Nestcon Group to recoup its investment could be longer than anticipated.

Nevertheless, the Board has exercised due care in considering the potential risk and benefits associated with the Proposed Shares Acquisition will be value accretive to Nestcon Group, after taking into consideration, inter-alia, the future prospects of CSSB and the Profit Guarantee provided by the Vendor.

15. FINANCIAL EFFECTS

15.1 SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Proposed Shares Acquisition would not have any effect on the share capital and substantial shareholders' shareholdings in Nestcon as it does not involve any new issuance of shares in Nestcon.

15.2 NET ASSETS AND GEARING

The proforma effects of the Proposed Shares Acquisition on the consolidated net assets per share and gearing of Nestcon based on its pro forma consolidated statement of financial position as at 31 December 2020 as per the Prospectus dated 8 June 2021 and assuming the Proposed Shares Acquisition had been completed on 31 December 2020 is as follows:

	Pro Forma Financial Position as at 31 December 2020	**After Proposed Shares Acquisition as at 31 December 2020**
	RM'000	**RM'000**
Share capital	103,011	103,011
Merger reserve	(47,544)	(47,544)
Retained earnings	61,845	(1)62,261
Total equity attributable to owners of the Company	117,312	117,728
Non-controlling interests	-	495
Total equity	**117,312**	**118,223**
Number of ordinary shares ('000)	643,822	643,822
Net assets (RM)	117,312	118,223
Net assets per share (RM)	0.18	0.18
Borrowings (RM)	76,220	76,930
Gearing ratio (times)	0.65	0.65

Note:

(1) After taking into account of the estimated expenses for the Proposed Shares Acquisition of RM100,000.

15.3 EARNINGS PER SHARE ("EPS")

Assuming the Proposed Shares Acquisition is completed by second quarter of 2022 and taking into consideration the Profit Guarantee provided by the Vendor in respect of the Guaranteed Period, the Proposed Shares Acquisition is expected to contribute positively to the earnings of the Group for the financial year ending 31 December 2022 and onwards.

The Proposed Shares Acquisition are expected to contribute positively to the future earnings and EPS of Nestcon Group for the ensuing financial years arising from, amongst others, the earnings contribution from Nestcon SS as a result of equity interest in CSSB.

16. APPROVALS REQUIRED

No approval is required from the Company's shareholders to enter into the SSA with the Vendor and the Proposed Shares Acquisition.

17. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors and/or major shareholders of Nestcon or persons connected with them has any interests, direct or indirect, in the Proposed Shares Acquisition.

18. STATEMENT BY THE BOARD OF DIRECTORS

The Board after having considered all aspects of the Proposed Shares Acquisition and after careful deliberation, is of the opinion that the Proposed Shares Acquisition are in the best interest of the Company.

19. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Shares Acquisition pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is 7.01% which is the audited profit after taxation of CSSB for the financial year ended 31 December 2021 of approximately RM1,002,000.00 compared with the audited profit after taxation of Nestcon for the financial year ended 31 December 2020 of approximately RM14,301,000.00.

20. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Shares Acquisition is expected to be completed by second quarter of 2022.

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21. DOCUMENTS FOR INSPECTION

The SSA is available for inspection at the registered office of Nestcon during office hours from Monday to Friday (except for public holidays) at No. 7-1 Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Wilayah Persekutuan for a period of three (3) months from the date of this announcement.

This announcement is dated 1 April 2022.